

# **City of Asheboro North Carolina**

## **Comprehensive Annual Financial Report**



**Fiscal Year Ended June 30, 2016**

**CITY OF ASHEBORO,  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2016**

Prepared by:

Finance Department

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CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## **INTRODUCTORY SECTION**



# City of Asheboro

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

December 28, 2016

I am pleased to present the Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2016 for your approval. This report summarizes the financial transactions of all of the City's funds into statements of financial position and results of operations and cash flows and provides relevant disclosures and supplementary schedules to enhance their usefulness to readers. These financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Maxton C. McDowell, CPA; and that firm's unqualified opinion is included in the Financial Section of this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information in this report is accurate in all material respects and presents fairly the financial position and results of operations and cash flows of the City's various funds. We have included all the disclosures needed to enable the users of these financial statements to gain maximum understanding of the City's financial activities.

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

The **Introductory Section** portion consists of this transmittal letter, The Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2015, the City's organizational chart and a listing of the City's principal officials.

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

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

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

Home of NC Zoological Park

## **CITY PROFILE:**

The City of Asheboro has a population of 25,761 and covers approximately 19.095 square miles. Located in the center of the state, its proximity to Charlotte, the Greensboro-High Point area and Raleigh provides great opportunity for growth as the regional economy expands and diversifies. Asheboro serves as the intersection for four major highways, U.S. 220, U.S. 311, U.S. 64 and NC 49, which connect these major cities. Additionally, Asheboro is home to the nation's second largest interstate highway system. Completion of interstates 73/74 in Randolph County is was completed in early 2013, creating an artery linking the Midwest to the southern Atlantic coast. Asheboro is 75 miles west of Raleigh, 300 miles north of Atlanta and 480 miles south of New York. The City is served by Norfolk and Southern Railways.

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

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

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

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

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

The City's accounting records are organized and operated on the basis of funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other assets, related liabilities and equities and revenue and expenditures. The City has four fund types: general governmental, special revenue, capital projects and enterprise. The general governmental fund accounts for all current financial resources not required to be accounted for in another fund. The City has one such fund, the General Fund, which accounts for the ongoing, routine municipal operations independent of the Water and Sewer Fund. Special revenue funds are used where specified revenues are required to be expended for a

specific purpose. Capital project funds account for the revenues and expenditures involved in the construction or acquisition of a major capital asset. All of the foregoing fund types report on the modified accrual basis, where revenue is recognized when measurable and available and expenditures are recognized as incurred.

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

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

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

## **ECONOMIC CONDITION AND OUTLOOK:**

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

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

The City of Asheboro's economy has been in a state of transition over the past several years as it continues to transition away from its founding manufacturing sector and recovers from the recession of 2008-2009. Unemployment is at 4.5% in comparison to 5.6% in the prior year. Both Property Tax

revenue and Sales Tax revenue is increasing showing an economy that is growing and in recovery. Building permits issued in 2015 reflect an increase in activity in the construction sector. Total valuation of property construction, both residential and commercial, increased by more than \$14,400,000 in comparison to the prior year.

Diversification of the employment base and job creation continues to be critical to the future of Asheboro. Over the past several years, the City of Asheboro has been focusing on diversifying and expanding away from the historical textile manufacturing base industry development to other manufacturing industries, professional services, healthcare and tourism asset development. In 2015-2016, the local economy was impacted by new jobs and investment that was offset by closures and restructuring in the manufacturing sector. Small businesses are growing in comparison to prior years, bringing along innovation and jobs that are anticipated to be the backbone of our future economy. Thus, the diversification focus has and continues to help the City weather the smaller economic changes that has been affecting North Carolina over the past several years.

The City of Asheboro partners with the Randolph County Economic Development Corporation and Randolph County Government to provide economic incentives to various companies seeking to locate or expand in Randolph County / City of Asheboro area. The partnership has resulted in several expansions that will ultimately help improve the local economy. In October 2014, Technimark, announced their desire to once again expand its facility to expand its Asheboro injection molding operation to meet increasing worldwide customer demand. The expansion is expected to take five years, will result in a forty-six million dollar investment and 224 new jobs. In January, Technimark launched its new healthcare division, Technimark Healthcare after acquiring Ci Medical Technologies of Latrobe. Technimark is a global injection molder servicing healthcare, consumer packaging and industrial markets.

Other industries such as Kayser-Roth and MOM Brands continue to invest in their plants and along with expanding their product line, they have created new jobs. Kayser-Roth's 2013 60,000 square foot expansion will ultimately result in an investment of approximately ten million dollars and the creation of 50 new jobs when complete. As of August 2015, Kayser Roth had met their investment goal and had created 45 new jobs. MOM Brands is currently undergoing a second expansion amounting to an additional investment of about \$136 million dollars in plant and equipment and the creation of 50 more new jobs, over the next 2-3 years. These jobs will pay a weekly wage of \$663, about \$100 over the current county average weekly wage. As of May 2015, MOM brands had met their investment in plant and equipment goals.

In an effort to recruit business and industry to Asheboro, the City of Asheboro has begun the development of an industry park located on New Century Drive. It is expected that the infrastructure will be in place by the end of Fiscal year 2016-2017.

In January 2016, Asheboro-based JP Thomas & Company purchased the former Goodyear plant in north Asheboro as it has grown out of its Cherry Street location. JP Thomas & Company owns and operates eight Thomas Tire and Automotive locations as well as East Coast tires, a tire and wheel distribution facility.

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

surrounding area. In January 2011, Hospice of Randolph County completed its new 10,000 square ft addition to the Hospice campus. As a result of the addition, Hospice now has an inpatient facility (also known as a “hospice home”) which allows the hospice organization to offer care to individuals who would prefer to spend their last days in a home-like setting when it’s not possible to remain in their own home. These two expansions have expanded upon and improved the medical services provided in the area. In 2013, Randolph Hospital in partnership with Moses Cone Hospital and Hospice announced a project launch of a unique PACE (Program of All-inclusive Care for the Elderly) Center in a new state of the art center in Asheboro, serving a three county region. The Center opened in the fall of 2013 and continues the strong growth in health care of recent years. In July 2014 Randolph Hospital was recognized as one of 18 in the nation for quality health care in six key areas by Premier Inc, a Charlotte based health care company.

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

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

## **MAJOR INITIATIVES:**

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

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

The City of Asheboro was chartered December 25, 1796 and included 1,961 acres. As of June 30, 2016, 10,319.94 acres have been annexed allowing for a total City of Asheboro acreage of 12,280.94 acres. Areas that can be economically served with water and sewer services will continue to be studied and will be considered for annexation when funds are available.

In 1996, the City Council adopted a policy that requires any major residential development or any commercial or industrial development desiring water and sewer services from the City to request annexation prior to receiving these services. Additionally, citizens adjacent to city limits may voluntarily request annexation into the city limits. There were no requests for annexation pending as of June 30, 2016.

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

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

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

A \$1,500,000 expansion and renovation of the Library Building was completed in 1995 and in 2010-2011, the library parking lot was expanded. Expansion and renovation of the Wastewater Plant was completed in 1998. This expansion increases the treatment capacity from 6 MGD to 9 MGD and should meet the treatment needs of the City. The replacements of aging outfall lines are almost complete. The Wastewater Plant expansion and outfall line replacement was a \$15,000,000 project and was approved by voters in 1993. Since the wastewater plant expansion, several new sewer pump station and force main improvements have been completed as well. Maintenance and enhancement of the water and wastewater system continues to be a focus for the City of Asheboro. The city has 6 water tanks that are on regular maintenance and rehab schedule to protect the quality of the drinking water once it leaves the water plant. In 2009-2010, Water line replacements were completed along Booker T. Washington Ave, Highridge St and Rushwood Rd. Additionally, the construction of a sewer pump station on Monroe Avenue was completed. Construction of the Giles Chapel Road water line replacement was completed December 2013. Water line replacements and sewer extensions are ongoing and are necessary to assure quality of service provided to our customer base.

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

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

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

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

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

Improvements to the airport continue to be made. Projects completed include the extension of the runway to 5,500 feet in December 2000, the construction of the perimeter fencing completed in July 2001, and the paving and lighting of the parallel taxiway completed in October 2002. State and Federal funding has been allocated to pay 90% of the cost to widen the runway from 75' to 100' and to strengthen the runway, taxiways and a portion of the apron. These improvements were completed in the 2005-2006 fiscal year. In the 2006-2007 fiscal year, construction was completed on a 10,000 gallon "Jet-A" fuel tank and spill containment facility. In the 2007-2009 fiscal years, construction of additional T-Hangar taxilanes was completed and the NC Aviation museum parking lot was expanded and paved. Construction of a pump station that services the Airport and the extension of water and sewer lines from the airport to the Tot Hill Farm area were completed in fiscal year 2011-2012. Construction of an additional taxi lane and hangar site as well as clearing of obstructions at the north end of the runway was completed in 2013-2014. The grading portion of the taxi lane and hangar site prep was also in 2013-2014. The airport terminal building renovation is currently in the design phase and is expected to enter into the construction phase in 2017-2018.

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

## **FOR THE FUTURE:**

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

Many of the Asheboro 20/20 areas of importance were already identified as initiatives but as a result have received enhanced / renewed focus. As a result of the 20/20 initiative focus on quality of life, there was a reorganization of the Recreation department. In FY 2009-2010 the department was separated into two divisions to include a Cultural Arts component. The City of Asheboro Recreation Department continues to focus on not only youth and adult sports but also aquatic programs, opportunities at the municipal lakes, the Randolph County Senior Games, providing athletic events for Special Olympics, multiple special events including: 10K run, Rolling in Randolph bike ride, Trick or Treat in the Park, Easter Egg Hunts, Father/Daughter Dance and Special Trips. The Cultural Arts division was added to



help meet the social and cultural needs of the citizenry in addition to their physical needs that were being met by Recreation pursuits. The Cultural Services division includes programs associated with the Sunset Theatre, Farmers' Market, arts and craft classes in association with the Randolph Arts Guild and special events.

The budget for fiscal year 2015-2016 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 2016-2017 continues to provide resources to maintain the current level of service to our customers as well as focus on ongoing major initiatives which go hand in hand with the strategic planning initiatives referenced above. One of these initiatives was to establish the City of Asheboro as a "Fit Community". This goal is being reached by promoting citizens, and members of local area businesses and churches participation in wellness activities such as "Walk Across America" and the "Mayor's Walk" around downtown. As part of this effort, the City has organized walking teams and has marked several walking courses that go through various scenic areas of downtown for citizens to use. These paths range from 2 miles to 4.8 miles. The City will continue to utilize all resources available and pursue these initiatives as the resources allow.

### **CASH MANAGEMENT:**

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City or its agent. All investments held by the City during the year and at June 30, 2016 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 2016-2017. Interest earned on General Fund investments and Water and Sewer Fund investments combined continue to be low in comparison to historical periods due to the continued low interest rate environment resulting from a collapse of the financial system and the following economic recession. This reduction has had an impact on the annual budget and the loss of this revenue has required management to rely on other revenue sources for operation and continue to hold off on various small "wish list" projects until the economy turns around. We continue to try to maximize the return on the tax and utility dollars paid by the citizens of Asheboro to have those resources available to support operations.

### **RISK AND INSURANCE MANAGEMENT:**

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

Group health and life coverage is provided by Medcost, a self-insured plan. The City operates a health clinic and administers a comprehensive wellness program. Over the past four years, the City has continued to enhance its clinic and wellness program, now staffing a full time nurse and a part time nurse practitioner. This program has had a significant effect on managing and deterring health care costs as well as impacted productivity in the work environment. Employees can go to the health clinic for

minor, outpatient type of health care needs and often be back on the job in less than an hour. The City provides for claims, stop-loss coverage, and third party administrative costs on a pay as you go basis.

## **DEBT ADMINISTRATION:**

As of June 30, 2016, all bonded debt for the City of Asheboro is retired.

Prior to 2011, the City of Asheboro was able to provide for current operations and services without taking on new debt. In 2011, the City of Asheboro took on approximately \$800,000 new debt to allow for the purchase of much needed replacement vehicles and equipment. In 2012, the City of Asheboro entered into two installment purchase contracts, original total of \$1,865,995, to purchase vehicles and equipment for the public works and water and sewer maintenance departments. In 2013-2014, the City of Asheboro took on new debt of \$318,405 to purchase vehicles and equipment for public works and the various water & sewer fund departments. In 2014-2015, the City took on additional installment debt of \$690,040 for vehicles & equipment in the Emergency Services area and Street Maintenance area. In 2015-2016, the City of Asheboro took on new debt of \$920,000 for equipment in the Emergency Services area. Total outstanding principal balance due on installment purchase contracts as of June 30, 2016 for the water & sewer fund is \$358,237 and the installment purchase contracts for the governmental type activities is \$1,917,868.

In 2012-2013, the City of Asheboro issued new debt for the renovation of the historic Sunset Theatre in the amount of \$1,200,000. The total notes payable for the governmental type activities was \$557,142 as of June 30, 2016. Additionally, The City of Asheboro it entered into a contract of \$462,452 with the State of North Carolina to purchase radio read meters. As of June 30, 2016, the total notes payable balance for the water & sewer fund was \$5,511,906 providing for system wide enhancements and improvements.

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

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

## **INDEPENDENT AUDIT:**

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

auditor's report is included as a part of these financial statements.

## **AWARDS:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Asheboro for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

## ACKNOWLEDGMENTS

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Deborah P. Reaves". The signature is written in a cursive style with a large, stylized 'D' and 'R'.

Deborah P. Reaves  
Finance Officer



Government Finance Officers Association

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

Presented to

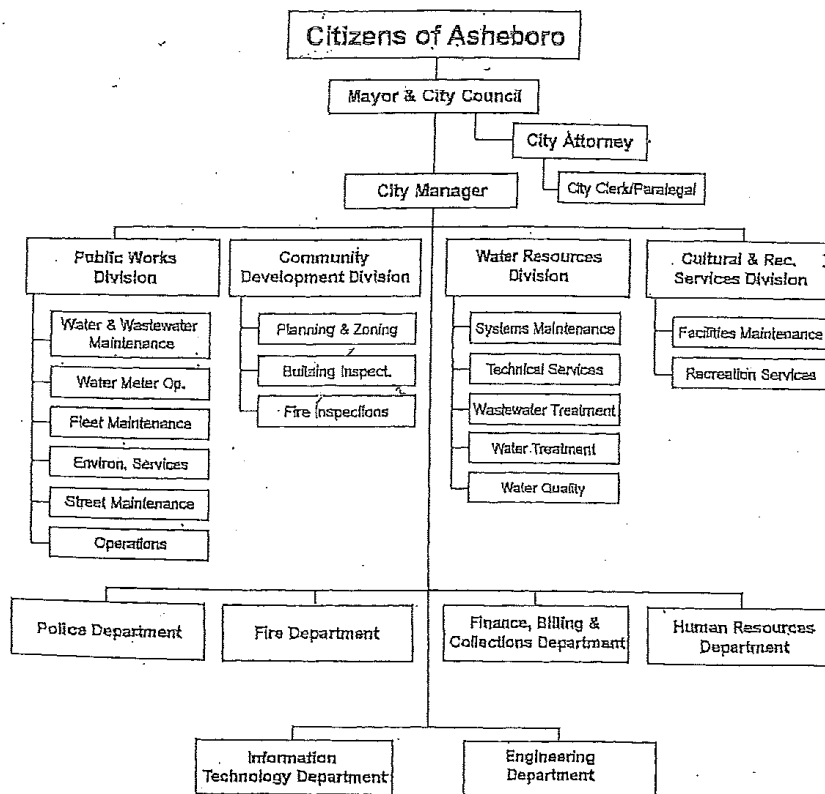
**City of Asheboro  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# Organizational Chart City Divisions & Departments



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2016

| Title                                            | Name              |
|--------------------------------------------------|-------------------|
| Mayor                                            | David Smith       |
| Mayor Pro Tem, Council Member                    | Walker Moffitt    |
| Council Member                                   | Clark Bell        |
| Council Member                                   | Eddie Burks       |
| Council Member                                   | Linda Carter      |
| Council Member                                   | Katie Snuggs      |
| Council Member                                   | Charles Swiers    |
| Council Member                                   | Jane Redding      |
| City Manager                                     | John Ogburn, III  |
| City Attorney                                    | Jeff Sugg         |
| Airport Authority Chair                          | Steve Knight      |
| Redevelopment Commission Chair                   | Linda Carter      |
| Planning Board Chair                             | Van Rich          |
| Board of Adjustment Chair                        | Van Rich          |
| Community Appearance Chair                       | Linda Carter      |
| City Clerk                                       | Holly Doerr       |
| Finance Officer                                  | Deborah Reaves    |
| Planning and Zoning Director                     | Trevor Nuttall    |
| Police Chief                                     | Jody Williams     |
| Fire Chief                                       | Roy Wright        |
| Building Inspections Director                    | Randy Purvis      |
| Fire Inspections Director                        | Tony Fruitt       |
| City Shop Director                               | Jeff Fox          |
| City Engineer                                    | Michael Leonard   |
| Information Technology Director                  | Todd Stout        |
| Public Works Director                            | David Hutchens    |
| Street Department Head                           | Dwain Maness      |
| Environmental Services/Transfer Station Director | Dwain Maness      |
| Human Resources Director                         | Stacy Griffin     |
| Recreation Director                              | Johnathan Sermon  |
| Facilities Maintenance Director                  | Jimmy Cagle       |
| Water Resources Director                         | Michael Rhoney    |
| Water and Sewer Maintenance                      |                   |
| Water Meter Operations Director                  | Andrew Connor     |
| Water Plant Director                             | Bryan Lanier      |
| Wastewater Treatment Plant Director              | Michael Wiseman   |
| Water and Sewer System Maintenance Director      | Jeff Cagle        |
| Water and Sewer Technical Services Director      | Michele Dawes     |
| Water Quality Director                           | Bernadine Wardlaw |

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## **FINANCIAL SECTION**



**MAXTON McDOWELL**

*Certified Public Accountant*

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Asheboro's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

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

## **Opinions**

In my opinion, based on my audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Asheboro, North Carolina, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

### **Supplementary and Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Asheboro, North Carolina. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied by me and the other auditor in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued a report dated December 28, 2016, on my consideration of the City of Asheboro's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Asheboro's internal control over financial reporting and compliance.

December 28, 2016

A handwritten signature in black ink, appearing to read "Maxine M. Dineen". The signature is fluid and cursive, with the first name "Maxine" and last name "Dineen" clearly distinguishable.

Certified Public Accountant  
Asheboro, North Carolina

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## Management's Discussion and Analysis

As management of the City of Asheboro, we offer readers of the City of Asheboro's financial statements this narrative overview and analysis of the financial activities of the City of Asheboro for the fiscal year ended June 30, 2016. 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

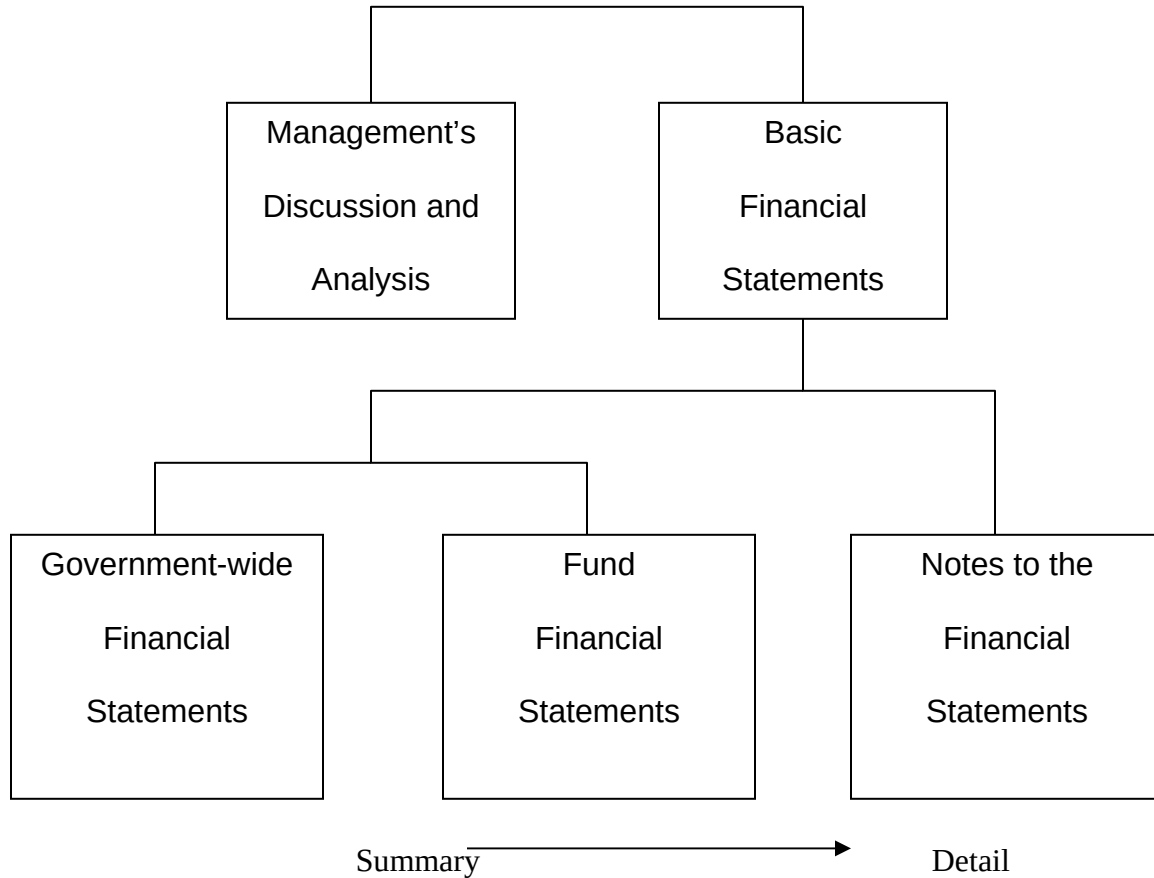
- The assets and deferred outflows of resources of the City of Asheboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$80,668,261 (*net position*).
- The government's total net position increased by \$4,819,239. Governmental activities net position increased by \$3,912,892 and business type net position increased by \$906,347.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$15,579,933 with a net change of \$4,015,665 in fund balance. Approximately 35% percent of this total amount, or \$5,439,201 is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,203,051 or 38% of total general fund expenditures for the fiscal year.
- Ad valorem tax revenue increased by \$900,751 in the current year due to an increase in property valuation and a slight increase in tax collection percentage.
- The City of Asheboro's total net debt decreased by \$150,396 (1.77%) during the current fiscal year. Governmental activities net debt increased by \$167,306 due to increase in installment purchases. Business type activities net debt decreased by \$318,305 as a result in decreases in both debt categories, primarily installment debt followed by notes payable.
- The City of Asheboro has maintained its AA bond rating from Moody's, "A+" from Standard & Poor's and a rating of 83 by the North Carolina Municipal Council.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The two government-wide statements report the City's net position and how it has changed.

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

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

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

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

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

## **Fund Financial Statements**

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

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



## Management's Discussion and Analysis City of Asheboro

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

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

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

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

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

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

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

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

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Asheboro's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found beginning on page 62 of this report.

## Government-Wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Asheboro, assets and deferred outflows exceed liabilities and deferred inflows by \$80,668,261 at the close of the 2016 fiscal year.

### The City of Asheboro's Net Position

Figure 2

|                                   | Governmental Activities |               | Business-Type Activities |               | Total         |               |
|-----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                   | 2016                    | 2015          | 2016                     | 2015          | 2016          | 2015          |
| Current and other assets          | \$ 17,951,012           | \$ 14,363,987 | \$ 13,465,026            | \$ 11,566,361 | \$ 31,416,038 | \$ 25,930,348 |
| Capital assets                    | 21,895,852              | 22,650,161    | 46,555,051               | 47,950,059    | 68,450,903    | 70,600,220    |
| Total Assets                      | 39,846,864              | 37,014,148    | 60,020,077               | 59,516,420    | 99,866,941    | 96,530,568    |
| Deferred outflow of resources     | 744,125                 | 802,378       | 241,356                  | 253,860       | 985,481       | 1,056,238     |
| Long-term liabilities outstanding | 6,848,260               | 6,380,487     | 6,347,135                | 6,431,767     | 13,195,395    | 12,812,254    |
| Other liabilities                 | 3,576,026               | 2,648,456     | 2,589,219                | 2,134,905     | 6,165,245     | 4,783,361     |
| Total Liabilities                 | 10,424,286              | 9,028,943     | 8,936,354                | 8,566,672     | 19,360,640    | 17,595,615    |
| Deferred inflow of resources      | 635,872                 | 3,169,644     | 187,649                  | 972,525       | 823,521       | 4,142,169     |
| Net Position:                     |                         |               |                          |               |               |               |
| Net Investment in                 |                         |               |                          |               |               |               |
| Capital Assets                    | 19,418,912              | 20,340,527    | 40,684,861               | 41,762,170    | 60,103,773    | 62,102,697    |
| Restricted                        | 5,378,405               | 4,481,550     | -                        | -             | 5,378,405     | 4,481,550     |
| Unrestricted                      | 4,733,514               | 795,862       | 10,452,569               | 8,468,913     | 15,186,083    | 9,264,775     |
| Total net position                | \$ 29,530,831           | \$ 25,617,939 | \$ 51,137,430            | \$ 50,231,083 | \$ 80,668,261 | \$ 75,849,022 |

By far, the largest portion of the City of Asheboro's net position (74.51%) 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 decreased by \$1,998,924 for the fiscal year ended June 30, 2016. The City of Asheboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Asheboro's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

## Management's Discussion and Analysis

### City of Asheboro

An additional portion of the City of Asheboro's net position (6.67%) or \$5,378,405 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,186,083 is unrestricted. These funds can be used to meet the government's ongoing obligations to its citizens and creditors without constraints established by debt covenants or other legal requirements.

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

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.69%
- A 6.20% increase in tax revenue, \$900,751 due to increased property valuations and tax collection percentage.
- Increase of \$475,171 in charges for services revenue due to an increase in both residential garbage collection fee and residential recycle collection fee.
- ABC Profit Distribution of \$339,875 showing the City of Asheboro has adjusted to changes in legislation allowing alcohol sales within city limits.
- Increases in local option sales tax revenues of approximately \$289,628 showing stronger signs of economic recovery in comparison to prior year.
- Continued low cost of debt due to the City's favorable bond rating.

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

|                                                            | Governmental Activities |               | Business-Type Activities |               | Total         |               |
|------------------------------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                                            | 2016                    | 2015          | 2016                     | 2015          | 2016          | 2015          |
| Revenues                                                   |                         |               |                          |               |               |               |
| Program revenues                                           |                         |               |                          |               |               |               |
| Charges for services                                       | \$ 2,612,806            | \$ 2,137,635  | \$ 12,045,164            | \$ 11,993,022 | \$ 14,657,970 | \$ 14,130,657 |
| Operating grants & contributions                           | 764,474                 | 937,279       | 756,947                  | 638,507       | 1,521,421     | 1,575,786     |
| Capital grants & contributions                             | 256,912                 | 248,682       | -                        | 94,325        | 256,912       | 343,007       |
| General revenues                                           |                         |               |                          |               |               | -             |
| Property taxes                                             | 15,400,126              | 14,507,360    |                          |               | 15,400,126    | 14,507,360    |
| Other taxes                                                | 7,721,363               | 7,236,410     |                          |               | 7,721,363     | 7,236,410     |
| Grants & contributions not restricted to specific programs |                         |               |                          |               |               | -             |
| Other                                                      | 909,968                 | 678,944       | 35,552                   | (30,073)      | 945,520       | 648,871       |
| Total revenues                                             | 27,665,649              | 25,746,310    | 12,837,663               | 12,695,781    | 40,503,312    | 38,442,091    |
| Expenses                                                   |                         |               |                          |               |               |               |
| General government                                         | 2,814,426               | 3,200,467     |                          |               | 2,814,426     | 3,200,467     |
| Public safety                                              | 11,232,356              | 11,694,632    |                          |               | 11,232,356    | 11,694,632    |
| Transportation                                             | 4,120,997               | 4,343,125     |                          |               | 4,120,997     | 4,343,125     |
| Environmental Protection                                   | 2,104,593               | 2,303,227     |                          |               | 2,104,593     | 2,303,227     |
| Cultural and recreational                                  | 3,141,542               | 3,483,175     |                          |               | 3,141,542     | 3,483,175     |
| Economic development                                       | 305,104                 | 230,330       |                          |               | 305,104       | 230,330       |
| Interest on long-term debt                                 | 33,739                  | 42,586        |                          |               | 33,739        | 42,586        |
| Water and sewer                                            |                         |               | 11,931,316               | 12,862,542    | 11,931,316    | 12,862,542    |
| Total expenses                                             | 23,752,757              | 25,297,542    | 11,931,316               | 12,862,542    | 35,684,073    | 38,160,084    |
| Change in net position before transfers                    | 3,912,892               | 448,768       | 906,347                  | (166,761)     | 4,819,239     | 282,007       |
| Transfers                                                  | -                       | 500,000       | -                        | (500,000)     | -             | -             |
| Change in net position                                     | 3,912,892               | 948,768       | 906,347                  | (666,761)     | 4,819,239     | 282,007       |
| Net position, July 1                                       | 25,617,939              | 26,213,257    | 50,231,083               | 51,775,309    | 75,849,022    | 77,988,566    |
| Restatement                                                | -                       | (1,852,729)   | -                        | (568,822)     |               | (2,421,551)   |
| Net Position, July 1 Restated                              | 25,617,939              | 24,360,528    | 50,231,083               | 51,206,487    | 75,849,022    | 75,567,015    |
| Prior Period Adjustment                                    | -                       | 308,643       | -                        | (308,643)     |               |               |
| Net position, June 30                                      | \$ 29,530,831           | \$ 25,617,939 | \$ 51,137,430            | \$ 50,231,083 | \$ 80,668,261 | \$ 75,849,022 |

(continued on next page)

**Governmental activities.** During the current fiscal year, net position for governmental activities increased by \$3,912,892 from the prior fiscal year for an ending balance of \$29,530,831. This fiscal year, the City of Asheboro economy is finally showing signs of recovery from the recession of 2008-2009. Even though they are seeing signs of recovery, management continues to monitor revenues in relation to expenditures and mitigates expenditures when possible (e.g., delaying certain nonrecurring expenses, reducing expenses related to non-essential ongoing programs in the culture and recreation function etc.) in an attempt to neutralize its effect on governmental activities. An increase in real property revenue, sales tax revenue and changes in fees charged for services allowed revenues to surpass expenses. Key elements impacting net position are as follows:

- Total governmental revenues are \$27,655,649 in comparison to expenses of \$23,752,757.
- Total governmental activities revenue increased by \$1,919,339. The most significant amount of this increase is attributable to an increase of \$892,766 in property tax revenue followed by an increase of \$484,953 in other taxes and \$475,171 in charges for service revenue category as a result of the increase in fees for the service of curbside garbage and recycle collection.
- Total governmental activities expenses decreased by \$1,544,785. The main contributors to this decrease is a decrease in public safety expenses of \$462,276 followed by a decrease of \$386,041 in general government and \$341,633 in cultural and recreational expenses.

**Business-type activities:** Business-type activities net position increased by \$906,347. Key elements of this increase are as follows:

- Business-type revenues are \$12,837,633 in comparison to expenses of \$11,931,316.
- Business-type revenues increased by \$141,882. A majority of this increase was an increase in operating grants and contributions.
- Business-type expenses decreased by \$931,226.

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

The non-major governmental fund balance was \$1,547,965. At June 30, 2016, the City of Asheboro's governmental funds reported combined fund balances of \$15,579,933, a net increase of \$4,015,665 or 34.72% in comparison with the prior year. Approximately 59.07% of the combined fund balance or \$9,220,728 constitutes unassigned fund balance in the general fund. These funds are available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, or committed to indicate that it is 1) not in spendable form (\$998,477), 2) legally required to

Management's Discussion and Analysis  
City of Asheboro

be maintained intact (\$2,933,216), 3) restricted for particular purposes (\$1,507,508), or 4) committed for particular purposes (\$937,681). Included in this change in fund balance is an increase in fund balance in the General Fund, a decrease in non major special revenue funds and a slight increase in Capital Projects Funds. A significant component in the increase in overall governmental fund balance comes from the General Fund operation.

The General Fund is the chief operating fund of the City of Asheboro. At the end of the current fiscal year, the City of Asheboro's unassigned fund balance in the General Fund was \$9,220,728 and its total fund balance reached \$14,031,968. The primary reason for an increase in fund balance is an increase in cash associated with increased revenue from ad valorem taxes and unrestricted intergovernmental revenues (sales tax) and sales and service income associated with an increase in rates for residential and recycle collection. In addition to the revenue increases, overall governmental expenditures decreased. 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 38.22% of general fund expenditures, while total fund balance represents 40.78% of the same amount.

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

The General Fund budget for 2015-2016 was adopted in June 29, 2016 at \$26,398,207. Although there were changes in individual budgeted line items within the various departments within the General Fund budget, the overall General Fund Budgeted amount did not change. Expenditures were held in check and some capital expenses planned for in the third and fourth quarters of the year were deferred. As a result of continued efforts to control expenditures in all areas, the General Fund final audited expenditures were \$24,124,126. This amount is \$2,234,485 under the amended budget.

**Proprietary Fund:** The City of Asheboro proprietary fund provides the same type of information found in the government-wide statements but in more detail. The Water and Sewer Fund budget for 2015-2016 was adopted in June 29, 2016 at \$13,084,464. The budget was amended during the year to \$13,134,463. The Water & Sewer Fund year end expenditures were \$11,034,423 due to a delay in the completion of a large plant improvement planned for 2015-2016 fiscal year.

## 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, 2016 totals \$151,987,540. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, plant and distribution system and vehicles.

Major capital asset transactions during the year include the following:

- A decrease of \$754,309 in governmental activities capital assets with the largest net decrease of \$400,954 in street construction due to depreciation.
- A decrease of \$1,395,008 in the area of business type capital assets resulting mostly from depreciation of \$971,397 in plant and distribution systems.
- There was a decrease of \$299,943 due to the sale of property formerly used by the Senior Adults Center.

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

**Figure 4**

|                                   | Governmental  | Business-Type |               | Governmental  | Business-Type |               |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                   | Activities    | Activities    | Total         | Activities    | Activities    | Total         |
|                                   | 2016          | 2016          | 2016          | 2015          | 2015          | 2015          |
| Land                              | \$ 4,013,379  | \$ 3,223,182  | \$ 7,236,561  | \$ 4,056,379  | \$ 3,223,182  | \$ 7,279,561  |
| Buildings                         | 6,292,714     | 13,846,777    | 20,139,491    | 6,592,657     | 14,425,460    | 21,018,117    |
| Improvements other than buildings | 4,059,149     | 29,165        | 4,088,314     | 3,995,880     | 33,093        | 4,028,973     |
| Plant and distribution systems    |               | 24,917,381    | 24,917,381    |               | 25,888,778    | 25,888,778    |
| Street construction               | 4,108,847     |               | 4,108,847     | 4,509,801     |               | 4,509,801     |
| Equipment                         | 1,338,131     | 2,544,104     | 3,882,235     | 1,479,876     | 2,757,357     | 4,237,233     |
| Vehicles                          | 1,929,065     | 726,194       | 2,655,259     | 1,479,357     | 835,173       | 2,314,530     |
| Construction in progress          | 154,567       | 1,268,248     | 1,422,815     | 536,211       | 787,016       | 1,323,227     |
| Total                             | \$ 21,895,852 | \$ 46,555,051 | \$ 68,450,903 | \$ 22,650,161 | \$ 47,950,059 | \$ 70,600,220 |

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

**Long-term Debt:** As of June 30, 2016, the City of Asheboro had no bonded debt outstanding.  
**City of Asheboro's Outstanding Debt**

**Figure 5**

|                               | Governmental<br>Activities | Governmental<br>Activities | Business-Type<br>Activities | Business-Type<br>Activities | Total        | Total        |
|-------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|--------------|--------------|
|                               | 2016                       | 2015                       | 2016                        | 2015                        | 2016         | 2015         |
| Installment Purchases         | \$ 1,917,868               | \$ 1,579,133               | \$ 358,237                  | \$ 529,063                  | \$ 2,276,105 | \$ 2,108,196 |
| Notes payable                 | 557,142                    | 728,571                    | 5,511,906                   | 5,658,782                   | 6,069,048    | 6,387,353    |
| OPEB                          | 3,005,665                  | 3,028,993                  | 942,159                     | 949,378                     | 3,947,824    | 3,978,371    |
| Pension Related Debt -<br>LEO | 806,875                    | 833,870                    | -                           | -                           | 806,875      | 833,870      |
| Total                         | \$ 6,287,550               | \$ 6,170,567               | \$ 6,812,302                | \$ 7,137,223                | \$13,099,852 | \$13,307,790 |

The City of Asheboro's total outstanding long-term debt decreased by \$207,938 during the past fiscal year. This change is due to the combined effects of a reduction in notes payable of \$318,305 offset by a net increase in installment purchase obligations of \$167,909. The City's general obligation debt was retired in 2014.

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Asheboro is \$182,484,276.

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

### **Economic Factors**

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

- Unemployment. The City of Asheboro / Randolph County unemployment rate of 4.5% is slightly lower than the State average of 4.9%.
- Growth, as measured by tax valuation, increased .99 % due to increase in property valuation of \$22,542,559.
- Growth, as measured by sales tax revenue has increased 8.41% over the prior fiscal year.
- Growth as measured by building and inspection permits for commercial and residential properties is positive after several years of decreasing or flat growth. In the period of January 1, 2015 to December 31, 2015, total valuation for building permits issued was \$23,823,200 in comparison to 9,459,021 in 2014. The total commercial valuations for 2015 were \$19,097,300



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City of Asheboro

in comparison to \$5,477,871 in 2014. The total residential construction valuations for 2015 were \$4,725,900 in comparison to \$3,981,150 in 2014. A total of 37 new residential building permits was issued in 2015. There were 24 single family permits and 13 townhome permits issued.

**Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities:** No tax increase was recommended for adoption for the 2016-2017 operating year. The tax rate remains as \$0.665 per \$100 valuation. The last property revaluation was January 2014. There were no recommended changes to the fee structure for the City of Asheboro.

Budgeted expenditures in the General Fund are appropriated at \$25,578,369. The largest component in the budget is personnel costs, usual salary and fringe benefits with an incremental appropriation for increased health insurance costs and benefits adjustments. Considering the current economic environment, there is no across the board employee cost of living increase included in the General Fund budget. Other expenditures included are government 10% matches to 90% grant awards and capital outlay for equipment in various departments.

**Business – type Activities:** A water and sewer rates remain the same for June 30, 2017 as adopted for 2016. The minimum inside city limits water rate remains at \$13.91 with a consumption factor of \$2.74 per 100 CF. The minimum inside city limits sewer rate remains at \$17.18 with a consumption factor of \$2.81 per 100 CF. Budgeted revenues do include an allocation of retained earnings of \$158,070. General operating expenses are budgeted at \$12,627,032. As noted for the General Fund budget, there is no across the board employee cost of living increase included in the water and sewer fund budget.

**Requests for Information**

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

## STATEMENT OF NET POSITION

June 30, 2016

|                                              | Primary Government         |                             |               | City of<br>Asheboro<br>ABC Board |
|----------------------------------------------|----------------------------|-----------------------------|---------------|----------------------------------|
|                                              | Governmental<br>Activities | Business-Type<br>Activities | Total         |                                  |
| <b>Assets:</b>                               |                            |                             |               |                                  |
| Cash and Cash Equivalents                    | \$ 11,527,380              | \$ 10,012,840               | \$ 21,540,220 | \$ 433,426                       |
| Receivables:                                 |                            |                             |               |                                  |
| Taxes Receivable - Net                       | 162,171                    | -                           | 162,171       | -                                |
| Accounts Receivable                          | 190,219                    | 2,132,034                   | 2,322,253     | -                                |
| Due From Other Governments                   | 2,557,029                  | 496,510                     | 3,053,539     | 14,434                           |
| Due From Other Funds                         | 149,114                    | (149,114)                   | -             | -                                |
| Notes Receivable                             | 1,129,398                  | 88,890                      | 1,218,288     | -                                |
| Inventories                                  | 499,363                    | 883,866                     | 1,383,229     | 271,340                          |
| Prepaid Expenses                             | -                          | -                           | -             | 7,653                            |
| Total Current Assets                         | 16,214,674                 | 13,465,026                  | 29,679,700    | 726,853                          |
| Restricted Assets:                           |                            |                             |               |                                  |
| Cash and Cash Equivalents                    | 1,736,338                  | -                           | 1,736,338     | -                                |
| Capital Assets:                              |                            |                             |               |                                  |
| Land, and Construction in Progress           | 4,167,946                  | 4,491,430                   | 8,659,376     | -                                |
| Other Capital Assets, Net<br>of Depreciation | 17,727,906                 | 42,063,621                  | 59,791,527    | 83,932                           |
| Total Capital Assets                         | 21,895,852                 | 46,555,051                  | 68,450,903    | 83,932                           |
| Deposits                                     | -                          | -                           | -             | 110                              |
| Total Non-current Assets                     | 23,632,190                 | 46,555,051                  | 70,187,241    | 84,042                           |
| <b>Total Assets</b>                          | 39,846,864                 | 60,020,077                  | 99,866,941    | 810,895                          |
| <b>Deferred Outflows of Resources</b>        | 744,125                    | 241,356                     | 985,481       | 14,085                           |
| <b>Liabilities:</b>                          |                            |                             |               |                                  |
| Accounts Payable and Accrued Liabilities     | 1,042,357                  | 814,353                     | 1,856,710     | 169,005                          |
| Retainage Payable                            | -                          | 21,049                      | 21,049        | -                                |
| Deposits                                     | 20,564                     | 526,447                     | 547,011       | -                                |
| Payable From Restricted Assets               | 1,570                      | -                           | 1,570         | -                                |
| Unearned Revenues                            | 321,681                    | 120,739                     | 442,420       | -                                |
| Accrued Interest Payable                     | -                          | 19,552                      | 19,552        | -                                |
| Due to Primary Government                    | -                          | -                           | -             | 9,517                            |
| Current Portion of Long-Term Liabilities     | 2,189,854                  | 1,087,079                   | 3,276,933     | -                                |
| Total Current Liabilities                    | 3,576,026                  | 2,589,219                   | 6,165,245     | 178,522                          |
| Long-Term Liabilities:                       |                            |                             |               |                                  |
| Net Pension Liability                        | 947,335                    | 290,531                     | 1,237,866     | 10,189                           |
| Due in More Than One Year                    | 5,900,925                  | 6,056,604                   | 11,957,529    | -                                |
| Total Long-Term Liabilities                  | 6,848,260                  | 6,347,135                   | 13,195,395    | 10,189                           |
| <b>Total Liabilities</b>                     | 10,424,286                 | 8,936,354                   | 19,360,640    | 188,711                          |
| <b>Deferred Inflows of Resources</b>         | 635,872                    | 187,649                     | 823,521       | 4,020                            |
| <b>Net Position:</b>                         |                            |                             |               |                                  |
| Net Investment in Capital Assets             | 19,418,912                 | 40,684,861                  | 60,103,773    | 84,042                           |
| Restricted For:                              |                            |                             |               |                                  |
| Transportation                               | 461,872                    | -                           | 461,872       | -                                |
| Stabilization by State Statute               | 2,933,216                  | -                           | 2,933,216     | -                                |
| Economic Development                         | 937,681                    | -                           | 937,681       | -                                |
| Capital Projects                             | 1,045,636                  | -                           | 1,045,636     | 80,534                           |
| Working Capital                              | -                          | -                           | -             | 99,014                           |
| Unrestricted                                 | 4,733,514                  | 10,452,569                  | 15,186,083    | 368,709                          |
| <b>Total Net Position</b>                    | \$ 29,530,831              | \$ 51,137,430               | \$ 80,668,261 | \$ 632,299                       |

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

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016

| Functions/Programs                                          | Expenses             | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                      |                             |
|-------------------------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|----------------------|-----------------------------|
|                                                             |                      | Charges For Services | Operating Grants And Contributions | Capital Grants And Contributions | Primary Government                                |                          |                      | City of Asheville ABC Board |
|                                                             |                      |                      |                                    |                                  | Governmental Activities                           | Business-Type Activities | Total                |                             |
| <b>Governmental Activities:</b>                             |                      |                      |                                    |                                  |                                                   |                          |                      |                             |
| General Government                                          | \$ 2,814,426         | \$ 26,346            | \$ -                               | \$ -                             | \$ (2,788,080)                                    | \$ -                     | \$ (2,788,080)       | \$ -                        |
| Public Safety                                               | 11,232,356           | 133,091              | 1,024                              | -                                | (11,098,241)                                      | -                        | (11,098,241)         | -                           |
| Transportation                                              | 4,120,997            | 37,436               | 684,616                            | 213,386                          | (3,185,559)                                       | -                        | (3,185,559)          | -                           |
| Environmental Protection                                    | 2,104,593            | 2,024,615            | -                                  | -                                | (79,978)                                          | -                        | (79,978)             | -                           |
| Cultural and Recreational                                   | 3,141,542            | 391,318              | -                                  | 43,526                           | (2,706,698)                                       | -                        | (2,706,698)          | -                           |
| Economic and Physical Development                           | 305,104              | -                    | 78,834                             | -                                | (226,270)                                         | -                        | (226,270)            | -                           |
| Interest on Long-term Debt                                  | 33,739               | -                    | -                                  | -                                | (33,739)                                          | -                        | (33,739)             | -                           |
| <b>Total Governmental Activities</b>                        | <b>23,752,757</b>    | <b>2,612,806</b>     | <b>764,474</b>                     | <b>256,912</b>                   | <b>(20,118,565)</b>                               | <b>-</b>                 | <b>(20,118,565)</b>  | <b>-</b>                    |
| <b>Business-Type Activities:</b>                            |                      |                      |                                    |                                  |                                                   |                          |                      |                             |
| Water and Sewer                                             | 11,931,316           | 12,045,164           | 756,947                            | -                                | -                                                 | 870,795                  | 870,795              | -                           |
| <b>Total Business-Type Activities</b>                       | <b>11,931,316</b>    | <b>12,045,164</b>    | <b>756,947</b>                     | <b>-</b>                         | <b>-</b>                                          | <b>870,795</b>           | <b>870,795</b>       | <b>-</b>                    |
| <b>Total Primary Government</b>                             | <b>\$ 35,684,073</b> | <b>\$ 14,657,970</b> | <b>\$ 1,521,421</b>                | <b>\$ 256,912</b>                | <b>(20,118,565)</b>                               | <b>870,795</b>           | <b>(19,247,770)</b>  |                             |
| <b>Component Unit:</b>                                      |                      |                      |                                    |                                  |                                                   |                          |                      |                             |
| ABC Board                                                   | \$ 2,553,044         | \$ 2,586,511         | \$ -                               | \$ -                             | -                                                 | -                        | -                    | 33,467                      |
| <b>Total Component Unit</b>                                 | <b>\$ 2,553,044</b>  | <b>\$ 2,586,511</b>  | <b>\$ -</b>                        | <b>\$ -</b>                      | <b>-</b>                                          | <b>-</b>                 | <b>-</b>             | <b>33,467</b>               |
| <b>General Revenues:</b>                                    |                      |                      |                                    |                                  |                                                   |                          |                      |                             |
| Taxes:                                                      |                      |                      |                                    |                                  |                                                   |                          |                      |                             |
| Property taxes, levied for general purpose                  |                      |                      |                                    |                                  | 15,400,126                                        | -                        | 15,400,126           | -                           |
| Sales taxes                                                 |                      |                      |                                    |                                  | 3,720,840                                         | -                        | 3,720,840            | -                           |
| Franchise taxes                                             |                      |                      |                                    |                                  | 2,493,755                                         | -                        | 2,493,755            | -                           |
| Sales taxes - hold harmless                                 |                      |                      |                                    |                                  | 1,342,070                                         | -                        | 1,342,070            | -                           |
| Other taxes                                                 |                      |                      |                                    |                                  | 164,698                                           | -                        | 164,698              | -                           |
| Unrestricted investment earnings                            |                      |                      |                                    |                                  | 28,151                                            | 11,552                   | 39,703               | 778                         |
| Gain on disposal of capital assets                          |                      |                      |                                    |                                  | 51,654                                            | 24,000                   | 75,654               | -                           |
| Miscellaneous revenues                                      |                      |                      |                                    |                                  | 830,163                                           | -                        | 830,163              | -                           |
| <b>Total General Revenues Not Including Transfers</b>       |                      |                      |                                    |                                  | <b>24,031,457</b>                                 | <b>35,552</b>            | <b>24,067,009</b>    | <b>778</b>                  |
| <b>Transfers</b>                                            |                      |                      |                                    |                                  | <b>-</b>                                          | <b>-</b>                 | <b>-</b>             | <b>-</b>                    |
| <b>Total General Revenues, Special Items, and Transfers</b> |                      |                      |                                    |                                  | <b>24,031,457</b>                                 | <b>35,552</b>            | <b>24,067,009</b>    | <b>778</b>                  |
| <b>Change in Net Position</b>                               |                      |                      |                                    |                                  | <b>3,912,892</b>                                  | <b>906,347</b>           | <b>4,819,239</b>     | <b>34,245</b>               |
| <b>Net Position Beginning of Year, Previously Reported</b>  |                      |                      |                                    |                                  | <b>25,617,939</b>                                 | <b>50,231,083</b>        | <b>75,849,022</b>    | <b>598,054</b>              |
| <b>Net Position End of Year</b>                             |                      |                      |                                    |                                  | <b>\$ 29,530,831</b>                              | <b>\$ 51,137,430</b>     | <b>\$ 80,668,261</b> | <b>\$ 632,299</b>           |

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

|                                                                           | Major Fund<br>General | Total Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------------------------------------------|-----------------------|--------------------------|--------------------------------|
| <b>Assets:</b>                                                            |                       |                          |                                |
| Cash and Cash Equivalents                                                 | \$ 10,584,678         | \$ 942,702               | \$ 11,527,380                  |
| Restrictd Cash                                                            | 1,402,445             | 333,893                  | 1,736,338                      |
| Receivables:                                                              |                       |                          |                                |
| Taxes Receivable - Net                                                    | 162,171               | -                        | 162,171                        |
| Accounts Receivable                                                       | 173,110               | 17,109                   | 190,219                        |
| Due From Other Governments                                                | 2,430,866             | 126,163                  | 2,557,029                      |
| Due From Other Funds                                                      | 499,114               | -                        | 499,114                        |
| Notes Receivable                                                          | 627,600               | 501,798                  | 1,129,398                      |
| Inventories                                                               | 499,363               | -                        | 499,363                        |
| <b>Total Assets</b>                                                       | <u>\$ 16,379,347</u>  | <u>\$ 1,921,665</u>      | <u>\$ 18,301,012</u>           |
| <b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>      |                       |                          |                                |
| <b>Liabilities:</b>                                                       |                       |                          |                                |
| Accounts Payable and Accrued Liabilities                                  | \$ 1,037,336          | \$ 5,021                 | \$ 1,042,357                   |
| Due to Other Funds                                                        | -                     | 350,000                  | 350,000                        |
| Deposits                                                                  | 20,564                | -                        | 20,564                         |
| Payable From Restricted Assets                                            | -                     | 1,570                    | 1,570                          |
| Unearned Revenues                                                         | 321,681               | -                        | 321,681                        |
| <b>Total Liabilities</b>                                                  | <u>1,379,581</u>      | <u>356,591</u>           | <u>1,736,172</u>               |
| <b>Deferred Inflows of Resurces</b>                                       | <u>967,798</u>        | <u>17,109</u>            | <u>984,907</u>                 |
| <b>Fund Balances:</b>                                                     |                       |                          |                                |
| Nonspendable:                                                             |                       |                          |                                |
| Long-term Receivables                                                     | 499,114               | -                        | 499,114                        |
| Inventories                                                               | 499,363               | -                        | 499,363                        |
| Restricted:                                                               |                       |                          |                                |
| Streets                                                                   | 461,872               | -                        | 461,872                        |
| Stabilization by State Statute                                            | 2,430,891             | 502,325                  | 2,933,216                      |
| Capital Projects                                                          | 920,000               | 125,636                  | 1,045,636                      |
| Committed:                                                                |                       |                          |                                |
| Capital Projects                                                          | -                     | -                        | -                              |
| Economic and Physical Development                                         | -                     | 937,681                  | 937,681                        |
| Assigned:                                                                 |                       |                          |                                |
| Subsequent Year's Expenditures                                            | -                     | -                        | -                              |
| Unassigned                                                                | 9,220,728             | (17,677)                 | 9,203,051                      |
| <b>Total Fund Balances</b>                                                | <u>14,031,968</u>     | <u>1,547,965</u>         | <u>15,579,933</u>              |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <u>\$ 16,379,347</u>  | <u>\$ 1,921,665</u>      |                                |

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

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

|                                         |               |            |
|-----------------------------------------|---------------|------------|
| Gross capital assets at historical cost | \$ 60,970,176 |            |
| Accumulated depreciation                | (39,074,324)  | 21,895,852 |

|                                                     |  |         |
|-----------------------------------------------------|--|---------|
| Deferred outflows of resources related to pensions. |  | 744,125 |
|-----------------------------------------------------|--|---------|

|                       |  |           |
|-----------------------|--|-----------|
| Net pension liability |  | (947,335) |
|-----------------------|--|-----------|

|                                                   |  |           |
|---------------------------------------------------|--|-----------|
| Deferred inflows of resources related to pensions |  | (630,930) |
|---------------------------------------------------|--|-----------|

|                                                                                 |  |         |
|---------------------------------------------------------------------------------|--|---------|
| Liabilities for earned revenues considered deferred inflows in fund statements. |  | 979,965 |
|---------------------------------------------------------------------------------|--|---------|

|                                                                                                                                                                                                                             |  |                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------|
| Some liabilities, including bonds payable, accrued interest, pension and other postemployment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the funds. |  | (8,090,779)          |
|                                                                                                                                                                                                                             |  | <u>\$ 29,530,831</u> |

**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, 2016

|                                                              | Major Fund<br>General | Total Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------|-----------------------|--------------------------|--------------------------------|
| <b>Revenues:</b>                                             |                       |                          |                                |
| Ad Valorem Taxes                                             | \$ 15,419,773         | \$ -                     | \$ 15,419,773                  |
| Other Taxes and Licenses                                     | 39,010                | -                        | 39,010                         |
| Intergovernmental Revenues:                                  |                       |                          |                                |
| Unrestricted                                                 | 8,016,905             | -                        | 8,016,905                      |
| Restricted                                                   | 716,662               | 175,636                  | 892,298                        |
| Permits and Fees                                             | 166,459               | -                        | 166,459                        |
| Sales and Services                                           | 2,386,673             | -                        | 2,386,673                      |
| Investment Earnings                                          | 17,645                | 10,506                   | 28,151                         |
| Miscellaneous Revenue                                        | 453,907               | 73,138                   | 527,045                        |
| <b>Total Revenues</b>                                        | <b>27,217,034</b>     | <b>259,280</b>           | <b>27,476,314</b>              |
| <b>Expenditures:</b>                                         |                       |                          |                                |
| Current:                                                     |                       |                          |                                |
| General Government                                           | 2,914,210             | -                        | 2,914,210                      |
| Public Safety                                                | 11,848,353            | -                        | 11,848,353                     |
| Transportation                                               | 3,351,320             | -                        | 3,351,320                      |
| Environmental Protection                                     | 1,985,502             | -                        | 1,985,502                      |
| Cultural and Recreational                                    | 3,205,708             | -                        | 3,205,708                      |
| Economic and Physical Development                            | -                     | 277,744                  | 277,744                        |
| Debt Service                                                 | 786,433               | -                        | 786,433                        |
| Capital Outlay                                               | -                     | 106,179                  | 106,179                        |
| <b>Total Expenditures</b>                                    | <b>24,091,526</b>     | <b>383,923</b>           | <b>24,475,449</b>              |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>3,125,508</b>      | <b>(124,643)</b>         | <b>3,000,865</b>               |
| <b>Other Financing Sources (Uses):</b>                       |                       |                          |                                |
| Transfers From Other Funds                                   | 86,968                | 32,600                   | 119,568                        |
| Transfers to Other Funds                                     | (32,600)              | (86,968)                 | (119,568)                      |
| Sale of Capital Assets                                       | 94,800                | -                        | 94,800                         |
| Lease Purchase Obligations Issued                            | 920,000               | -                        | 920,000                        |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>1,069,168</b>      | <b>(54,368)</b>          | <b>1,014,800</b>               |
| <b>Net Change in Fund Balances</b>                           | <b>4,194,676</b>      | <b>(179,011)</b>         | <b>4,015,665</b>               |
| <b>Fund Balance Beginning of Year, July 1</b>                | <b>9,837,292</b>      | <b>1,726,976</b>         | <b>11,564,268</b>              |
| <b>Fund Balance End of Year, June 30</b>                     | <b>\$ 14,031,968</b>  | <b>\$ 1,547,965</b>      | <b>\$ 15,579,933</b>           |

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 4  
(Page 2 of 2)

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

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

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    |                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------|
| Net changes in fund balances - total governmental funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$ | 4,015,665          |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.                                                                                                                                                                                                                                                                                      |    |                    |
| Capital outlay expenditures which were capitalized                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$ | 1,126,977          |
| Depreciation expense for governmental assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |    | <u>(1,925,890)</u> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    | (798,913)          |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:                                                                                                                                                                                                                                                                                                                                                                                                                                                             |    |                    |
| Donated Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    | 87,750             |
| Change in unavailable revenues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    | 49,931             |
| Loss on Sale of Capital Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    | (43,146)           |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |    |                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    | 744,125            |
| 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. |    |                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    | (167,306)          |
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    | 447,596            |
| Pension expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    | (473,133)          |
| Net pension obligation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    | 26,995             |
| Other Postemployment Benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    | <u>23,328</u>      |
| Total changes in net position of governmental activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$ | <u>3,912,892</u>   |

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

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

For the Year Ended June 30, 2016

|                                               | General Fund      |                   |                      | Variance With<br>Final Budget -<br>Positive<br>(Negative) |
|-----------------------------------------------|-------------------|-------------------|----------------------|-----------------------------------------------------------|
|                                               | Original          | Final             | Actual               |                                                           |
| <b>Revenues:</b>                              |                   |                   |                      |                                                           |
| Ad Valorem Taxes                              | \$ 14,955,823     | \$ 14,909,251     | \$ 15,419,773        | \$ 510,522                                                |
| Other Taxes and Licenses                      | 320,000           | 28,000            | 39,010               | 11,010                                                    |
| Intergovernmental Revenues:                   |                   |                   |                      |                                                           |
| Unrestricted                                  | 6,640,678         | 6,995,250         | 8,016,905            | 1,021,655                                                 |
| Restricted                                    | 675,000           | 701,000           | 716,662              | 15,662                                                    |
| Permits and Fees                              | 113,000           | 113,300           | 166,459              | 53,159                                                    |
| Sales and Services                            | 2,329,406         | 2,325,406         | 2,386,673            | 61,267                                                    |
| Investment Earnings                           | -                 | 11,000            | 17,645               | 6,645                                                     |
| Miscellaneous Revenue                         | 404,300           | 365,000           | 453,907              | 88,907                                                    |
| <b>Total Revenues</b>                         | <b>25,438,207</b> | <b>25,448,207</b> | <b>27,217,034</b>    | <b>1,768,827</b>                                          |
| <b>Expenditures:</b>                          |                   |                   |                      |                                                           |
| Current:                                      |                   |                   |                      |                                                           |
| General Government                            | 3,510,470         | 3,618,370         | 2,914,210            | 704,160                                                   |
| Public Safety                                 | 12,591,416        | 12,525,416        | 11,848,353           | 677,063                                                   |
| Transportation                                | 3,729,373         | 3,776,373         | 3,351,320            | 425,053                                                   |
| Environmental Protection                      | 2,231,166         | 2,076,166         | 1,985,502            | 90,664                                                    |
| Cultural and Recreational                     | 3,413,214         | 3,463,414         | 3,205,708            | 257,706                                                   |
| Debt Service                                  | 905,868           | 905,868           | 786,433              | 119,435                                                   |
| <b>Total Expenditures</b>                     | <b>26,381,507</b> | <b>26,365,607</b> | <b>24,091,526</b>    | <b>2,274,081</b>                                          |
| <b>Revenues Over (Under) Expenditures</b>     | <b>(943,300)</b>  | <b>(917,400)</b>  | <b>3,125,508</b>     | <b>4,042,908</b>                                          |
| <b>Other Financing Sources (Uses):</b>        |                   |                   |                      |                                                           |
| Transfers to Other Funds                      | (16,700)          | (32,600)          | (32,600)             | -                                                         |
| Transfers From Other Funds                    | -                 | -                 | 86,968               | 86,968                                                    |
| Sale of Capital Assets                        | 40,000            | 30,000            | 94,800               | 64,800                                                    |
| Installment Purchase Obligations Issued       | 920,000           | 920,000           | 920,000              | -                                                         |
| <b>Total Other Financing Sources (Uses)</b>   | <b>943,300</b>    | <b>917,400</b>    | <b>1,069,168</b>     | <b>151,768</b>                                            |
| <b>Appropriated Fund Balance</b>              |                   | -                 | -                    | -                                                         |
| <b>Net Change in Fund Balance</b>             | <b>\$ -</b>       | <b>\$ -</b>       | <b>4,194,676</b>     | <b>\$ 4,194,676</b>                                       |
| <b>Fund Balance Beginning of Year, July 1</b> |                   |                   | <b>9,837,292</b>     |                                                           |
| <b>Fund Balance End of Year, June 30</b>      |                   |                   | <b>\$ 14,031,968</b> |                                                           |

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Exhibit 6

**STATEMENT OF NET POSITION****PROPRIETARY FUND**

June 30, 2016

|                                                      | <u>Water and<br/>Sewer Fund</u> |
|------------------------------------------------------|---------------------------------|
| <b>Assets:</b>                                       |                                 |
| Current Assets:                                      |                                 |
| Cash and Cash Equivalents                            | \$ 10,012,840                   |
| Accounts Receivable - Net                            | 2,132,034                       |
| Due From Other Governments                           | 496,510                         |
| Note Receivable                                      | 88,890                          |
| Inventories                                          | <u>883,866</u>                  |
| Total Current Assets                                 | <u>13,614,140</u>               |
| Capital Assets:                                      |                                 |
| Land, Improvements and Construction in Progress      | 4,491,430                       |
| Other Capital Assets, Net of Depreciation            | <u>42,063,621</u>               |
| Total Capital Assets (Net)                           | <u>46,555,051</u>               |
| Total Noncurrent Assets                              | <u>46,555,051</u>               |
| <b>Total Assets</b>                                  | <b><u>\$ 60,169,191</u></b>     |
| <b>Deferred Outflows of Resources:</b>               |                                 |
| Contributions to Pension Plan                        | <u>\$ 241,356</u>               |
| <b>Liabilities:</b>                                  |                                 |
| Current Liabilities:                                 |                                 |
| Accounts Payable and Accrued Liabilities             | 814,353                         |
| Retainage Payable                                    | 21,049                          |
| Due to Other Funds                                   | 149,114                         |
| Customer Deposits                                    | 526,447                         |
| Unearned Revenues                                    | 120,739                         |
| Accrued Interest Payable                             | 19,552                          |
| Compensated Absences - Current                       | 212,910                         |
| Installment Purchase Agreements Payable - Current    | 154,805                         |
| Notes Payable State of North Carolina - Current      | <u>719,364</u>                  |
| Total Current Liabilities                            | <u>2,738,333</u>                |
| Noncurrent Liabilities:                              |                                 |
| Other Postemployment Benefits                        | 942,159                         |
| Compensated Absences                                 | 118,471                         |
| Net Pension Liability                                | 290,531                         |
| Installment Purchase Agreements Payable - Noncurrent | 203,432                         |
| Notes Payable State of North Carolina - Noncurrent   | <u>4,792,542</u>                |
| Total Noncurrent Liabilities                         | <u>6,347,135</u>                |
| <b>Total Liabilities</b>                             | <b><u>9,085,468</u></b>         |
| <b>Deferred Inflows of Resources:</b>                |                                 |
| Pension Deferrals                                    | <u>187,649</u>                  |
| <b>Net Position:</b>                                 |                                 |
| Net Investment in Capital Assets                     | 40,684,861                      |
| Unrestricted                                         | <u>10,452,569</u>               |
| <b>Total Net Position</b>                            | <b><u>\$ 51,137,430</u></b>     |

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



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

## PROPRIETARY FUND TYPE

For the Year Ended June 30, 2016

|                                                                  | Water and<br>Sewer Fund |
|------------------------------------------------------------------|-------------------------|
| <b>Operating Revenues:</b>                                       |                         |
| Water Sales                                                      | \$ 6,627,419            |
| Sewer Charges                                                    | 5,237,123               |
| Water and Sewer Taps                                             | 62,500                  |
| Sampling and Monitoring Fees                                     | 29,681                  |
| Surcharges                                                       | 88,441                  |
| Septic Tank Discharge                                            | -                       |
| Other Operating Revenues                                         | 480,907                 |
| <b>Total Operating Revenues</b>                                  | <b>12,526,071</b>       |
| <b>Operating Expenses:</b>                                       |                         |
| Billing and Collections                                          | 335,084                 |
| Water Meter Operations                                           | 717,989                 |
| Water Supply Treatment                                           | 2,179,633               |
| Wastewater Treatment                                             | 2,499,945               |
| Water Maintenance                                                | 913,361                 |
| Wastewater Maintenance                                           | 1,080,589               |
| Technical Services                                               | 175,496                 |
| Systems Maintenance                                              | 1,179,852               |
| Water Quality                                                    | 619,454                 |
| Depreciation                                                     | 2,082,623               |
| <b>Total Operating Expenses</b>                                  | <b>11,784,026</b>       |
| <b>Operating Income</b>                                          | <b>742,045</b>          |
| <b>Nonoperating Revenues (Expenses):</b>                         |                         |
| Investment Earnings                                              | 11,552                  |
| Interest and Other Charges                                       | (147,290)               |
| Other Nonoperating Revenues                                      | 226,041                 |
| Gain on Disposal of Fixed Assets                                 | 24,000                  |
| <b>Total Nonoperating Revenues (Expenses)</b>                    | <b>114,303</b>          |
| <b>Income Before Contributions</b>                               | <b>856,348</b>          |
| <b>Capital Contributions</b>                                     | <b>49,999</b>           |
| <b>Change in Net Position</b>                                    | <b>906,347</b>          |
| <b>Total Net Position Beginning of Year, Previously Reported</b> | <b>50,231,083</b>       |
| <b>Total Net Position - End of Year</b>                          | <b>\$ 51,137,430</b>    |

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

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUND

For the Year Ended June 30, 2016

|                                                                                       | Water and<br>Sewer Fund |
|---------------------------------------------------------------------------------------|-------------------------|
| <b>Cash Flows From Operating Activities:</b>                                          |                         |
| Cash Received From Customers                                                          | \$ 11,505,086           |
| Cash Paid for Goods and Services                                                      | (4,558,170)             |
| Cash Paid to Employees for Services                                                   | (4,954,738)             |
| Customer Deposits Received                                                            | 50,194                  |
| Other Operating Revenues                                                              | 730,948                 |
| <b>Net Cash Provided by Operating Activities</b>                                      | <b>2,773,320</b>        |
| <b>Cash Flows From Noncapital Financing Activities:</b>                               |                         |
| Decrease in Due to Other Funds                                                        | (86,293)                |
| <b>Total Cash Flows From Noncapital Financing Activities</b>                          | <b>(86,293)</b>         |
| <b>Cash Flows From Capital and Related Financing Activities:</b>                      |                         |
| State Water Loan Proceeds                                                             | 515,293                 |
| Contributions - State Grant                                                           | 49,999                  |
| Acquisition of Capital Assets                                                         | (687,621)               |
| Principal Paid on Bonds and Installment Purchase Agreements                           | (832,992)               |
| Interest Paid on Bonds and Installment Purchase Agreements                            | (147,290)               |
| <b>Net Cash (Used) by Capital and Related Financing Activities</b>                    | <b>(1,102,611)</b>      |
| <b>Cash Flows from Investing Activities:</b>                                          |                         |
| Interest Earned on Investments                                                        | 11,552                  |
| <b>Net Decrease in Cash and Cash Equivalents</b>                                      | <b>1,595,968</b>        |
| <b>Cash and Cash Equivalents at Beginning of Year</b>                                 | <b>8,416,872</b>        |
| <b>Cash and Cash Equivalents at End of Year</b>                                       | <b>\$ 10,012,840</b>    |
| <b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b> |                         |
| Operating Income                                                                      | \$ 742,045              |
| <b>Adjustments to Reconcile Operating Loss to Net Cash</b>                            |                         |
| <b>Provided by Operating Activities:</b>                                              |                         |
| Depreciation                                                                          | 2,082,623               |
| Other Nonoperating Revenue                                                            | 250,041                 |
| <b>Changes in Assets and Liabilities:</b>                                             |                         |
| (Increase) in Accounts Receivable                                                     | (553,510)               |
| (Increase) in Inventory                                                               | (49,782)                |
| Decrease in Net Pension Asset                                                         | 386,888                 |
| Decrease in Deferred Outflows of Resources - Pension                                  | 12,505                  |
| Increase in Net Pension Liability                                                     | 290,531                 |
| (Decrease) in Deferred Inflows of Resources - Pension                                 | (784,875)               |
| Increase in Accounts Payable and Accrued Liabilities                                  | 344,663                 |
| Increase in Customer Deposits                                                         | 50,194                  |
| (Decrease) in Accrued Compensated Absences                                            | (4,216)                 |
| (Decrease) in Other Postemployment Benefits                                           | (7,219)                 |
| Increase in Deferred Revenues                                                         | 13,432                  |
| <b>Total Adjustments</b>                                                              | <b>2,031,275</b>        |
| <b>Net Cash Provided by Operating Activities</b>                                      | <b>\$ 2,773,320</b>     |

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2016

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. REPORTING ENTITY.

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

City of Asheboro ABC Board.

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

##### B. BASIS OF PRESENTATION.

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

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

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

The City reports the following non-major governmental funds:

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

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

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

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

The City reports the following major enterprise fund:

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources. Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Asheboro because the tax is levied by Randolph County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

##### D. BUDGETARY DATA.

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

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

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

###### 1. Deposits and Investments

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

###### 1. Deposits and Investments (Concluded)

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

The City's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

###### 2. Cash and Cash Equivalents

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

###### 3. Restricted Assets

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

| <u>City of Asheboro - Restricted Cash</u> |                    |
|-------------------------------------------|--------------------|
| Governmental Activities:                  |                    |
| General Fund:                             |                    |
| Deposits                                  | \$ 20,564          |
| Transportation - Streets                  | 461,872            |
| Unexpended Loan Proceeds                  | 920,009            |
| Other Governmental:                       |                    |
| Capital Outlay                            | 333,893            |
| Total Restricted Cash                     | <u>\$1,736,338</u> |

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

###### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

###### 5. Allowances for Doubtful Accounts

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

###### 6. Inventory

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as inventory when purchased and expended when consumed. The inventories of the City's enterprise fund and those of the ABC Board consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed.

###### 7. Capital Assets

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

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

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



## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

###### 7. Capital Assets (Concluded)

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

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

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

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

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

###### 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion – contributions made to the pension plan in 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 only four items that meet this criterion – prepaid ad valorem taxes, property taxes receivable, notes receivable and deferrals of pension expense that result from the implementation of GASB 68.

###### 9. Long-Term Obligations

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

###### 9. Long-Term Obligations (Concluded)

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

###### 10. Compensated Absences

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

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

###### 11. Net Position/Fund Balances

###### Net Position.

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

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

###### Fund Balances.

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

Fund Balances (Continued).

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

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Fund Balances (Concluded).

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

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

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

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

###### 12. Pensions

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**F. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$13,950,898 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) | \$ 60,970,176        |
| Less Accumulated Depreciation                                                                                                                                                                                 | ( 39,074,324)        |
| Net Capital Assets                                                                                                                                                                                            | <u>21,895,852</u>    |
| Pension related deferred outflows of resources:                                                                                                                                                               |                      |
| Contributions made to pension plan in current fiscal year                                                                                                                                                     | 744,125              |
| Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements                                                                                          | 979,965              |
| Deferred inflows of resources related to pensions:                                                                                                                                                            |                      |
| Differences between expected and actual experience                                                                                                                                                            | ( 334,992)           |
| Differences between expected and actual earnings on plan investments                                                                                                                                          | ( 295,938)           |
| Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:                                  |                      |
| Installment Financing Agreements                                                                                                                                                                              | ( 2,475,010)         |
| Compensated Absences                                                                                                                                                                                          | ( 1,803,229)         |
| Net Pension Obligation                                                                                                                                                                                        | ( 806,875)           |
| Net Pension Liability                                                                                                                                                                                         | ( 947,335)           |
| Other Postemployment Benefits                                                                                                                                                                                 | <u>( 3,005,665)</u>  |
| Total Adjustment                                                                                                                                                                                              | <u>\$ 13,950,898</u> |

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of (\$102,773) as follows:

| Description                                                                                                                                                                                              | Amount              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities                                                                                     | \$ 1,126,977        |
| Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements                                             | ( 1,925,890)        |
| 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 | ( 920,000)          |
| Principal payments on debt owed are recorded as a use of funds on the fund statements but effect only the statement of net position in the government-wide statements                                    | 752,694             |
| Contributions to the pension plan in the current fiscal year are not included on the statement of activities                                                                                             | 744,125             |
| 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                                                                                                                                                                                          | ( 473,133)          |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources                                                              | 447,596             |
| Decrease in net pension obligation                                                                                                                                                                       | 26,995              |
| Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources                                                     | 23,328              |
| Loss on disposal of capital assets                                                                                                                                                                       | ( 43,146)           |
| Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:                                                              |                     |
| Donated Assets                                                                                                                                                                                           | 87,750              |
| Decrease in deferred inflows - taxes receivable at June 30, 2016                                                                                                                                         | ( 19,647)           |
| Increase in deferred inflows – service charges receivable at June 30, 2016                                                                                                                               | 70,356              |
| Decrease in deferred inflows - notes receivable at June 30, 2016                                                                                                                                         | ( 778)              |
| Total Adjustment                                                                                                                                                                                         | <u>(\$ 102,773)</u> |

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### II. DETAIL NOTES ON ALL FUNDS

##### A. ASSETS.

###### 1. Deposits

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

At June 30, 2016, the City's deposits had a carrying amount of \$21,834,168 and a bank balance of \$22,517,040. Of the bank balance, \$503,182 was covered by federal depository insurance and \$22,013,858 was covered by collateral held under the Pooling Method. At June 30, 2016, the City's petty cash fund totaled \$9,965. The carrying amount of deposits for the ABC Board was \$348,123 and the bank balance was \$399,689. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder under the Pooling Method. The ABC Board's petty cash fund totaled \$4,769.

###### 2. Investments

At June 30, 2016, the City of Asheboro and the ABC Board had \$1,432,425 and \$80,534, respectively, invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk or interest rate risk.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

3. Receivables - Allowances for Doubtful Accounts

The amount of taxes receivable presented in the balance sheet and the statement of net position includes penalties levied and outstanding in the amount of \$4,289.

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

| Fund                         | 6/30/2016         |
|------------------------------|-------------------|
| General Fund:                |                   |
| Taxes Receivable             | \$ 28,000         |
| Enterprise Fund:             |                   |
| Customer Accounts Receivable | <u>75,000</u>     |
| Total                        | <u>\$ 103,000</u> |



**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**A. ASSETS. (Continued)**

**4. Capital Assets**

Primary Government:

Capital asset activity for the primary government for the year ended June 30, 2016, was as follows:

|                                             | <u>Beginning<br/>Balances</u> | <u>Increases</u>    | <u>Decreases</u>  | <u>Ending<br/>Balances</u> |
|---------------------------------------------|-------------------------------|---------------------|-------------------|----------------------------|
| Governmental Activities:                    |                               |                     |                   |                            |
| Capital Assets Not Being Depreciated:       |                               |                     |                   |                            |
| Land                                        | \$ 4,056,379                  | \$ -                | \$ 43,000         | \$ 4,013,379               |
| Construction in Progress                    | <u>536,211</u>                | <u>106,179</u>      | <u>487,823</u>    | <u>154,567</u>             |
| Total Capital Assets Not Being Depreciated  | <u>4,592,590</u>              | <u>106,179</u>      | <u>530,823</u>    | <u>4,167,946</u>           |
| Capital Assets Being Depreciated:           |                               |                     |                   |                            |
| Land Improvements                           | 10,916,684                    | 487,823             | -                 | 11,404,507                 |
| Buildings                                   | 13,626,126                    | -                   | -                 | 13,626,126                 |
| Street Construction                         | 15,701,910                    | 87,750              | -                 | 15,789,660                 |
| Computer Equipment                          | 578,524                       | 11,908              | -                 | 590,432                    |
| Equipment                                   | 4,947,925                     | 138,842             | 17,000            | 5,069,767                  |
| Vehicles                                    | <u>9,722,875</u>              | <u>870,048</u>      | <u>271,185</u>    | <u>10,321,738</u>          |
| Total Capital Assets Being Depreciated      | <u>55,494,044</u>             | <u>1,596,371</u>    | <u>288,185</u>    | <u>56,802,230</u>          |
| Less Accumulated Depreciation For:          |                               |                     |                   |                            |
| Land Improvements                           | 6,920,804                     | 424,554             | -                 | 7,345,358                  |
| Buildings                                   | 7,033,469                     | 299,943             | -                 | 7,333,412                  |
| Street Construction                         | 11,192,109                    | 488,704             | -                 | 11,680,813                 |
| Computer Equipment                          | 350,125                       | 11,978              | -                 | 362,103                    |
| Equipment                                   | 3,696,448                     | 280,517             | 17,000            | 3,959,965                  |
| Vehicles                                    | <u>8,243,518</u>              | <u>420,194</u>      | <u>271,039</u>    | <u>8,392,673</u>           |
| Total Accumulated Depreciation              | <u>37,436,473</u>             | <u>\$ 1,925,890</u> | <u>\$ 288,039</u> | <u>39,074,324</u>          |
| Total Capital Assets Being Depreciated, Net | <u>18,057,571</u>             |                     |                   | <u>17,727,906</u>          |
| Governmental Activity Capital Assets, Net   | <u>\$ 22,650,161</u>          |                     |                   | <u>\$ 21,895,852</u>       |

Depreciation expense was charged to functions/programs as follows:

|                           |                     |
|---------------------------|---------------------|
| General Government        | 81,764              |
| Public Safety             | 376,253             |
| Transportation            | 1,045,381           |
| Environmental             | 158,634             |
| Cultural and Recreational | 236,498             |
| Economic Development      | <u>27,360</u>       |
|                           | <u>\$ 1,925,890</u> |

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Concluded)

4. Capital Assets (Concluded)

|                                              | Beginning<br>Balances | Increases    | Decreases  | Ending<br>Balances |
|----------------------------------------------|-----------------------|--------------|------------|--------------------|
| Business-type Activities:                    |                       |              |            |                    |
| Capital Assets Not Being Depreciated:        |                       |              |            |                    |
| Land                                         | \$ 3,223,182          | \$ -         | \$ -       | \$ 3,223,182       |
| Construction in Progress                     | 787,016               | 481,232      | -          | 1,268,248          |
| Total Capital Assets Not Being Depreciated   | 4,010,198             | 481,232      | -          | 4,491,430          |
| Capital Assets Being Depreciated:            |                       |              |            |                    |
| Land Improvements                            | 78,560                | -            | -          | 78,560             |
| Buildings                                    | 30,525,520            | -            | -          | 30,525,520         |
| Plant and Distribution Systems               | 46,280,252            | 9,513        | -          | 46,289,765         |
| Computer Equipment                           | 137,254               | 5,954        | -          | 143,208            |
| Equipment                                    | 6,422,872             | 111,140      | 84,585     | 6,449,427          |
| Vehicles                                     | 3,141,977             | 79,776       | 182,299    | 3,039,454          |
| Total Capital Assets Being Depreciated       | 86,586,435            | 206,383      | 266,884    | 86,525,934         |
| Less Accumulated Depreciation For:           |                       |              |            |                    |
| Land Improvements                            | 45,467                | 3,928        | -          | 49,395             |
| Buildings                                    | 16,100,060            | 578,683      | -          | 16,678,743         |
| Plant and Distribution Systems               | 20,391,474            | 980,910      | -          | 21,372,384         |
| Computer Equipment                           | 103,703               | 14,891       | -          | 118,594            |
| Equipment                                    | 3,699,066             | 315,456      | 84,585     | 3,929,937          |
| Vehicles                                     | 2,306,804             | 188,755      | 182,299    | 2,313,260          |
| Total Accumulated Depreciation               | 42,646,574            | \$ 2,082,623 | \$ 266,884 | 44,462,313         |
| Total Capital Assets Being Depreciated, Net  | 43,939,861            |              |            | 42,063,621         |
| Business-type Activities Capital Assets, Net | \$ 47,950,059         |              |            | \$ 46,555,051      |

Discretely Presented Component Unit:

Activity for the ABC Board for the year ended June 30, 2016, was as follows:

|                                        | Beginning<br>Balances | Increases | Decreases | Ending<br>Balances |
|----------------------------------------|-----------------------|-----------|-----------|--------------------|
| Capital Assets Being Depreciated:      |                       |           |           |                    |
| Leasehold Improvements                 | \$ 620                | \$ -      | \$ -      | \$ 620             |
| Furniture and Equipment                | 205,036               | 5,408     | -         | 210,444            |
| Total Capital Assets Being Depreciated | 205,656               | 5,408     | -         | 211,064            |
| Less Accumulated Depreciation For:     |                       |           |           |                    |
| Leasehold Improvements                 | 408                   | 62        | -         | 470                |
| Furniture and Equipment                | 100,394               | 26,268    | -         | 126,662            |
| Total Accumulated Depreciation         | 100,802               | \$ 26,330 | \$ -      | 127,132            |
| ABC Capital Assets, Net                | \$ 104,854            |           |           | \$ 83,932          |

Construction Commitments

The City has active construction projects as of June 30, 2016. At year-end, the City's commitments with contractors are as follows:

| Project                                   | Spent to<br>Date | Remaining<br>Commitment |
|-------------------------------------------|------------------|-------------------------|
| Water and Sewer Systems Improvements Fund | \$ 399,933       | \$ 749,730              |

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES.**

**1. Payables**

Payables at the government-wide level at June 30, 2016, were as follows:

|                               | Vendors             | Salaries and<br>Benefits | Other        | Total               |
|-------------------------------|---------------------|--------------------------|--------------|---------------------|
| Governmental Activities:      |                     |                          |              |                     |
| General                       | \$ 1,037,336        | \$ --                    | \$ --        | \$ 1,037,336        |
| Other Governmental            | 6,591               | --                       | --           | 6,591               |
| Total Governmental Activities | <u>\$ 1,043,927</u> | <u>\$ --</u>             | <u>\$ --</u> | <u>\$ 1,043,927</u> |
| Business-type Activities:     |                     |                          |              |                     |
| Water and Sewer               | <u>\$ 814,353</u>   | <u>\$ --</u>             | <u>\$ --</u> | <u>\$ 814,353</u>   |

**2. Pension Plan and Postemployment Obligations**

**a. Local Governmental Employees' Retirement System.**

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

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### II. DETAIL NOTES ON ALL FUNDS (Continued)

##### B. LIABILITIES.

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Asheboro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Asheboro's contractually required contribution rate for the year ended June 30, 2016 was 7.01% of compensation for law enforcement officers and 6.67% 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, 2016 was \$985,481.

*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, 2016, the City reported a liability of \$1,237,866 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES.**

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

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

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

future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016 and June 30, 2015, the City's proportion was .276% and .279%, respectively.

For the year ended June 30, 2016, the City recognized pension expense of \$512,420. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                           | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                                                         | \$ - 0 -                          | \$ 290,969                       |
| Changes of assumptions                                                                                    | - 0 -                             | - 0 -                            |
| Net difference between expected and actual earnings on pension plan investments                           | - 0 -                             | 352,413                          |
| Changes in proportion and differences between City contributions and proportionate share of contributions | - 0 -                             | 175,197                          |
| City contributions subsequent to measurement date                                                         | 985,481                           | - 0 -                            |
| Total                                                                                                     | <u>\$ 985,481</u>                 | <u>\$ 818,579</u>                |

The \$985,481 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 |                     |
|---------------------|---------------------|
| 2017                | (\$ 463,366)        |
| 2018                | ( 463,366)          |
| 2019                | ( 462,604)          |
| 2020                | 570,757             |
| 2021                | --                  |
| Thereafter          | --                  |
|                     | <u>(\$ 818,579)</u> |

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### II. DETAIL NOTES ON ALL FUNDS (Continued)

##### B. LIABILITIES.

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

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

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

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                                                           |
|---------------------------|---------------------------------------------------------------------------|
| Inflation                 | 3.0 percent                                                               |
| Salary increases          | 4.25 to 8.55 percent, including inflation and productivity factor         |
| Investment rate of return | 7.25 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 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009. 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, 2015 are summarized in the following table:

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES.**

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

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

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

*Actuarial Assumptions (Concluded).*

| Asset Class          | Target Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|----------------------|-------------------|----------------------------------------------|
| Fixed Income         | 29.0%             | 2.2%                                         |
| Global Equity        | 42.0%             | 5.8%                                         |
| Real Estate          | 8.0%              | 5.2%                                         |
| Alternatives         | 8.0%              | 9.8%                                         |
| Credit               | 7.0%              | 6.8%                                         |
| Inflation Protection | 6.0%              | 3.4%                                         |
| Total                | 100%              |                                              |

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES.**

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

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

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

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

|                                                                  | 1% Decrease<br>(6.25%) | Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|------------------------------------------------------------------|------------------------|--------------------------|------------------------|
| System's proportionate share<br>of net pension liability (asset) | \$ 8,631,798           | \$ 1,237,866             | (\$ 4,991,362)         |

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

**b. Law Enforcement Officers Special Separation Allowance.**

*(1) Plan Description*

The City of Asheboro administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. 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, 2015, the Separation Allowance's membership consisted of:

|                                                                      |           |
|----------------------------------------------------------------------|-----------|
| Retirees receiving benefits                                          | 17        |
| Terminate plan members entitled<br>to but not yet receiving benefits | 0         |
| Active plan members                                                  | 71        |
| Total                                                                | <u>88</u> |



**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES.**

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

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

*(2) Summary of Significant Accounting Policies*

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- a) Contributions to the pension plan and earnings on those contributions are irrevocable
- b) Pension plan assets are dedicated to providing benefits to plan members
- c) Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members

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

*(3) Contributions.*

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

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 3.50% to 7.35% per year. Both (a) and (b) included an inflation component of 3%. The assumptions did not include post-employment benefit increases.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

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

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

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

|                                               |                   |
|-----------------------------------------------|-------------------|
| Annual Required Contribution                  | \$ 283,200        |
| Interest on Net Pension Obligations           | 41,693            |
| Adjustment to Annual Required Contribution    | <u>( 73,277)</u>  |
| Annual Pension Cost                           | 251,616           |
| Contributions Made                            | <u>(278,611)</u>  |
| Increase (Decrease) in Net Pension Obligation | ( 26,995)         |
| Net Pension Obligation, Beginning of Year     | <u>833,870</u>    |
| Net Pension Obligation, End of Year           | <u>\$ 806,875</u> |

| Fiscal<br>Year<br>Ended | General Fund                    |                                     |                              |
|-------------------------|---------------------------------|-------------------------------------|------------------------------|
|                         | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
| 6/30/14                 | \$213,296                       | 80.38%                              | \$ 791,762                   |
| 6/30/15                 | \$265,504                       | 84.14%                              | \$ 833,870                   |
| 6/30/16                 | \$251,616                       | 110.73%                             | \$ 806,875                   |

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

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$3,729,984. The covered payroll (annual payroll of active employees covered by the plan) was \$3,576,040, and the ratio of the UAAL to the covered payroll was 104.30 percent.

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### II. DETAIL NOTES ON ALL FUNDS (Continued)

##### B. LIABILITIES. (Continued)

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

##### c. Supplemental Retirement Income Plan for Law Enforcement Officers.

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016, were \$209,998, which consisted of \$174,603 from the City and \$35,395 from the law enforcement officers.

##### d. Other Post-Employment Benefits.

##### Healthcare Benefits

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

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

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

**d. Other Post-Employment Benefits. (Continued)**

**Healthcare Benefits (Continued)**

Membership of the HCB Plan consisted of the following at December 31, 2014, the date of the latest valuation:

|                                                                    | <u>General<br/>Employees</u> | <u>Law Enforcement<br/>Officers</u> |
|--------------------------------------------------------------------|------------------------------|-------------------------------------|
| Retirees and dependents receiving benefits                         | 43                           | - -                                 |
| Terminated plan members entitled to but not yet receiving benefits | - -                          | - -                                 |
| Active plan members                                                | <u>256</u>                   | <u>71</u>                           |
| Total                                                              | <u>299</u>                   | <u>71</u>                           |

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

The current annual required contribution (ARC) rate is 6.78% of annual covered payroll. For the current year, the City contributed \$1,202,004, or 8.25% of annual covered payroll. The City is self-insured. There were no contributions made by employees. The City's obligation to contribute to the HCB Plan is established and may be amended by the City Council.

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

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

**d. Other Post-Employment Benefits. (Continued)**

**Healthcare Benefits (Continued)**

|                                            |                     |
|--------------------------------------------|---------------------|
| Annual Required Contribution               | \$ 1,171,457        |
| Interest on Net OPEB Obligation            | - 0 -               |
| Adjustment to Annual Required Contribution | - 0 -               |
| Annual OPEB Cost (Expense)                 | <u>1,171,457</u>    |
| Contributions Made                         | <u>( 1,202,004)</u> |
| Increase (Decrease) in Net OPEB Obligation | <u>( 30,947)</u>    |
| Net OPEB Obligation, Beginning of Year     | 3,978,371           |
| Net OPEB Obligation, End of Year           | <u>\$ 3,947,824</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 were as follows:

| <u>For Year Ended</u><br><u>June 30</u> | <u>Annual</u><br><u>OPEB Cost</u> | <u>Percentage of Annual</u><br><u>OPEB Cost Contributed</u> | <u>Net OPEB</u><br><u>Obligation</u> |
|-----------------------------------------|-----------------------------------|-------------------------------------------------------------|--------------------------------------|
| 2014                                    | \$ 1,274,683                      | 55.63%                                                      | \$ 3,138,652                         |
| 2015                                    | \$ 1,177,068                      | 28.70%                                                      | \$ 3,978,371                         |
| 2016                                    | \$ 1,171,457                      | 102.60%                                                     | \$ 3,947,824                         |

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$11,561,691. The covered payroll (annual payroll of active employees covered by the plan) was \$14,576,865, and the ratio of the UAAL to the covered payroll was 79.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### II. DETAIL NOTES ON ALL FUNDS (Continued)

##### B. LIABILITIES. (Continued)

##### 2. Pension Plan and Postemployment Obligations (Concluded)

##### d. Other Post-Employment Benefits. (Concluded)

##### Healthcare Benefits (Concluded)

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

##### 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, 2016, the City made contributions to the State for death benefits of \$14,872. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

**4. Deferred Outflows / Inflows of Resources**

The amount of deferred outflows of resources is contributions to the pension plan in the current fiscal year of \$985,481.

Deferred inflows of resources at June 30, 2016 is comprised of the following:

|                                          | Unavailable<br>Revenue | Unearned<br>Revenue |
|------------------------------------------|------------------------|---------------------|
| Prepaid Taxes (General)                  | \$ - -                 | \$ 4,942            |
| Taxes Receivable, Net (General)          | 162,171                | --                  |
| Garbage Collections Receivable (General) | 173,085                | --                  |
| Note Receivable (General)                | 627,600                | --                  |
| Notes Receivable (Special Revenue)       | 17,109                 | --                  |
| Pension Deferrals                        | 818,579                | --                  |

**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, and employee health insurance. The pools are reinsured through commercial companies for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities.

The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

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

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

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

At June 30, 2016, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

**7. Long-Term Obligations**

**a. Installment Purchases.**

In May 2013, the City entered into an installment purchase contract with Suntrust Bank to finance vehicles for the public works and water and sewer maintenance departments. The contract is for \$1,558,254, to be repaid monthly at \$27,248, including interest at 1.26% over five years.

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

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

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

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

The future minimum payments of the installment purchase contracts as of June 30, 2016, are as follows:

| Year Ending June 30 | Governmental Activities |           | Business-type Activities |          |
|---------------------|-------------------------|-----------|--------------------------|----------|
|                     | Principal               | Interest  | Principal                | Interest |
| 2017                | \$ 520,262              | \$ 25,774 | \$ 154,805               | \$ 4,387 |
| 2018                | 507,368                 | 18,196    | 149,704                  | 2,063    |
| 2019                | 292,352                 | 12,356    | 53,728                   | 401      |
| 2020                | 268,620                 | 7,669     | --                       | --       |
| 2021                | 145,514                 | 4,381     | --                       | --       |
| 2022 - 2026         | 183,752                 | 3,154     | --                       | --       |
| Totals              | \$ 1,917,868            | \$ 71,530 | \$ 358,237               | \$ 6,851 |



**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Continued)**

**7. Long-Term Obligations (Continued)**

**b. Notes Payable.**

The notes payable shown in the Water and Sewer Fund consist of the balances due on four loans: the first is a \$5,000,000 loan from the State of North Carolina for the construction of improvements to the City's Wastewater Treatment Plant. The promissory note requires annual payments of \$250,000, plus interest semi-annually at 3.43% per annum. The second is a \$2,542,173 revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's wastewater collection system. This agreement requires payments over twenty years at a rate of 2.66%. Proceeds received from this loan amounted to \$2,462,986. The promissory note requires annual payments of \$127,109, plus interest. The third is a \$5,331,881 revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's water distribution system. This agreement requires payments over twenty years at a rate of 2.66%. Proceeds received from this loan amounted to \$4,987,267. The promissory note requires annual payments of \$249,363, plus interest. The fourth is a \$475,857 loan from the State of North Carolina for the purchase of radio read water meters. The promissory note requires annual payments over twelve years of \$39,655 at a rate not to exceed 4%. The fifth is a \$1,143,936 loan from the State of North Carolina for a drinking water filtration system. The promissory note requires annual payments over twenty years of \$57,197 at a 0% rate.

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

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

| Year Ending June 30 | Business-type Activities |            | Governmental-type Activities |           |
|---------------------|--------------------------|------------|------------------------------|-----------|
|                     | Principal                | Interest   | Principal                    | Interest  |
| 2017                | \$ 719,364               | \$ 119,920 | \$ 171,429                   | \$ 9,167  |
| 2018                | 473,324                  | 106,646    | 171,429                      | 5,978     |
| 2019                | 473,324                  | 96,631     | 171,429                      | 2,790     |
| 2020                | 473,324                  | 86,617     | 42,855                       | 199       |
| 2021                | 473,324                  | 76,603     | - -                          | - -       |
| 2022 – 2026         | 2,151,159                | 232,803    | - -                          | - -       |
| 2027 – 2031         | 748,087                  | 39,798     | - -                          | - -       |
| Totals              | \$ 5,511,906             | \$ 759,018 | \$ 557,142                   | \$ 18,134 |

At June 30, 2016 the City's legal debt margin is \$ 182,484,276.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**B. LIABILITIES. (Concluded)**

**7. Long-Term Obligations (Concluded)**

**c. Changes in Long-Term Liabilities.**

|                                                | Balance             |                     |                     | Balance             | Current            |
|------------------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Governmental Activities:                       | July 1, 2015        | Increases           | Decreases           | June 30, 2016       | Portion of         |
| Installment Purchases                          | \$ 1,579,133        | \$ 920,000          | \$ 581,265          | \$ 1,917,868        | \$ 520,262         |
| Notes Payable                                  | 728,571             | --                  | 171,429             | 557,142             | 171,429            |
| Compensated Absences                           | 2,250,825           | 1,178,498           | 1,498,164           | 1,803,229           | 1,498,163          |
| Other Postemployment<br>Benefits               | 3,028,993           | --                  | 23,328              | 3,005,665           | --                 |
| Net Pension Liability<br>(LGERS)               | --                  | 947,335             | --                  | 947,335             | --                 |
| Net Pension Obligation<br>(LEO)                | 833,870             | --                  | 26,995              | 806,875             | --                 |
| Governmental Activity<br>Long-term Liabilities | <u>\$ 8,421,392</u> | <u>\$ 3,045,833</u> | <u>\$ 2,301,181</u> | <u>\$ 9,038,114</u> | <u>\$2,189,854</u> |

|                                                 | Balance             |                    |                     | Balance             | Current            |
|-------------------------------------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| Business-type Activities:                       | July 1, 2015        | Increases          | Decreases           | June 30, 2016       | Portion of         |
| Installment Purchases                           | \$ 529,063          | \$ --              | \$ 170,826          | \$ 358,237          | \$ 154,805         |
| Notes Payable                                   | 5,658,782           | 515,293            | 662,169             | 5,511,906           | 719,364            |
| Compensated Absences                            | 335,598             | 208,693            | 212,910             | 331,381             | 212,910            |
| Net Pension Liability<br>(LGERS)                | --                  | 290,531            | --                  | 290,531             | --                 |
| Other Postemployment<br>Benefits                | 949,378             | --                 | 7,219               | 942,159             | --                 |
| Business-type Activity<br>Long-term Liabilities | <u>\$ 7,472,821</u> | <u>\$1,014,517</u> | <u>\$ 1,053,124</u> | <u>\$ 7,434,214</u> | <u>\$1,087,079</u> |

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

The LGERS plan had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

**CITY OF ASHEBORO, NORTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**II. DETAIL NOTES ON ALL FUNDS (Concluded)**

**C. INTERFUND BALANCES AND ACTIVITY.**

**1. Transfers To / From Other Funds**

Transfers to / from other funds at June 30, 2016, consists of the following:

|                                                                                                           |                   |
|-----------------------------------------------------------------------------------------------------------|-------------------|
| From the General Fund to the Airport Improvements Capital Project Fund per the terms of a matching grant. | \$ 27,600         |
| From Sunset Theater Project Fund to the General Fund to pay debt service on notes issued for Project.     | 86,968            |
| From the General Fund to the Asheboro Housing Development Fund per the terms of a matching grant.         | 5,000             |
| Total                                                                                                     | <u>\$ 119,568</u> |

**2. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2016, are as follows:

| Receivable<br>Fund | Payable Fund                                                            | Amount            |
|--------------------|-------------------------------------------------------------------------|-------------------|
| General Fund       | Capital Projects:                                                       |                   |
|                    | Airport Runway Extension Phase III -<br>to fund grant project.          | \$ 350,000        |
|                    | Water and Sewer Fund - to repay General Fund<br>for prior period costs. | 149,114           |
|                    |                                                                         | <u>\$ 499,114</u> |

**D. FUND BALANCE.**

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

|                                   |                     |
|-----------------------------------|---------------------|
| Total Fund Balance – General Fund | <u>\$14,031,968</u> |
| Less:                             |                     |
| Long-term receivables             | 499,114             |
| Inventories                       | 499,363             |
| Streets – Powell Bill             | 461,872             |
| Stabilization by State Statute    | 2,430,891           |
| Capital Projects                  | 920,000             |
| Remaining Fund balance            | <u>\$ 9,220,728</u> |

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

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

## CITY OF ASHEBORO, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

#### III. JOINT VENTURE

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2016, 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, 2016. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

#### IV. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven counties and thirty nine other municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$5,392 to the Council during the fiscal year ended June 30, 2016.

#### V. RELATED ORGANIZATION

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

#### VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

##### FEDERAL AND STATE ASSISTED PROGRAMS

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

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**CITY OF ASHEBORO  
NORTH CAROLINA**

Required Supplemental Financial Data

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

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

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued Liability<br>(AAL) Projected<br>Unit Credit<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>( c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|----------------------------------------|-------------------------------------------------------------------------|--------------------------------------|--------------------------|----------------------------|---------------------------------------------------------------|
| 12/31/06                       | -                                      | \$ 1,027,622                                                            | \$ 1,027,622                         | -                        | \$ 2,825,320               | 36.37%                                                        |
| 12/31/07                       | -                                      | \$ 1,214,083                                                            | \$ 1,214,083                         | -                        | \$ 3,094,126               | 39.24%                                                        |
| 12/31/08                       | -                                      | \$ 1,453,990                                                            | \$ 1,453,990                         | -                        | \$ 3,177,527               | 45.76%                                                        |
| 12/31/09                       | -                                      | \$ 1,955,394                                                            | \$ 1,955,394                         | -                        | \$ 3,358,348               | 58.22%                                                        |
| 12/31/10                       | -                                      | \$ 1,751,552                                                            | \$ 1,751,552                         | -                        | \$ 3,436,384               | 50.97%                                                        |
| 12/31/11                       | -                                      | \$ 1,993,825                                                            | \$ 1,993,825                         | -                        | \$ 3,525,741               | 56.55%                                                        |
| 12/31/12                       | -                                      | \$ 2,306,990                                                            | \$ 2,306,990                         | -                        | \$ 3,684,065               | 62.62%                                                        |
| 12/31/13                       | -                                      | \$ 2,461,793                                                            | \$ 2,461,793                         | -                        | \$ 3,513,830               | 70.06%                                                        |
| 12/31/14                       | -                                      | \$ 2,288,468                                                            | \$ 2,288,468                         | -                        | \$ 3,505,229               | 65.29%                                                        |
| 12/31/15                       | -                                      | \$ 3,729,984                                                            | \$ 3,729,984                         | -                        | \$ 3,576,040               | 104.30%                                                       |

**CITY OF ASHEBORO, NORTH CAROLINA**

**OTHER POSTEMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued Liability<br>(AAL) Projected<br>Unit Credit<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>( c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|----------------------------------------|-------------------------------------------------------------------------|--------------------------------------|--------------------------|----------------------------|---------------------------------------------------------------|
| 12/31/07                       | -                                      | \$ 10,173,395                                                           | \$ 10,173,395                        | -                        | \$ 11,625,500              | 87.50%                                                        |
| 12/31/10                       | -                                      | \$ 12,459,443                                                           | \$ 12,459,443                        | -                        | \$ 13,863,896              | 89.90%                                                        |
| 12/31/12                       | -                                      | \$ 11,978,194                                                           | \$ 11,978,194                        | -                        | \$ 14,362,691              | 83.40%                                                        |
| 12/31/14                       | -                                      | \$ 11,561,691                                                           | \$ 11,561,691                        | -                        | \$ 14,576,865              | 79.30%                                                        |



**CITY OF ASHEBORO, NORTH CAROLINA**

**OTHER POSTEMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| <u>Year Ended<br/>June 30,</u> | <u>Annual Required<br/>Contribution</u> | <u>Percentage<br/>Contributed</u> |
|--------------------------------|-----------------------------------------|-----------------------------------|
| 2009                           | \$ 1,000,842                            | 65.65%                            |
| 2010                           | \$ 1,000,842                            | 45.10%                            |
| 2011                           | \$ 1,237,556                            | 76.64%                            |
| 2012                           | \$ 1,237,556                            | 39.10%                            |
| 2013                           | \$ 1,274,683                            | 50.32%                            |
| 2014                           | \$ 1,274,683                            | 55.63%                            |
| 2015                           | \$ 1,171,457                            | 28.79%                            |
| 2016                           | \$ 1,171,457                            | 102.60%                           |

Notes to the Required Schedules:

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

|                               |                           |
|-------------------------------|---------------------------|
| Valuation Date                | 12/31/2014                |
| Actuarial Cost Method         | Projected Unit Credit     |
| Amortization Method           | Level Percent of Pay Open |
| Remaining Amortization Period | 30 Years                  |
| Asset Valuation Method        | Market Value              |
| Actuarial Assumptions:        |                           |
| Investment Rate of Return *   | 4.00%                     |
| Medical Cost Trend            | 8.50% - 5.00%             |
| *Includes Inflation at        | 3.00%                     |
| Cost-of-Living Adjustments    | None                      |

**CITY OF ASHEBORO**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (ASSET)**

Local Government Employees' Retirement System  
Last Three Fiscal Years

|                                                                                                                    | <u>2016</u>   | <u>2015</u>    | <u>2014</u>   |
|--------------------------------------------------------------------------------------------------------------------|---------------|----------------|---------------|
| City's proportion of the net pension liability (asset)                                                             | 0.28%         | 0.28%          | 0.29%         |
| City's proportionate share of the net pension liability (asset)                                                    | \$ 1,237,864  | \$ (1,646,807) | \$ 3,465,479  |
| City's covered-employee payroll                                                                                    | \$ 14,770,443 | \$ 14,660,663  | \$ 14,642,084 |
| City's proportionate share of the net pension liability (asset)<br>as a percentage of its covered-employee payroll | 8.38%         | (11.23%)       | 23.67%        |
| Plan fiduciary net position as a percentage of the total pension liability                                         | 98.29%        | 102.64%        | 94.35%        |

**CITY OF ASHEBORO**

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**

Local Government Employees' Retirement System  
Last Three Fiscal Years

|                                                                      | <u>2016</u>    | <u>2015</u>      | <u>2014</u>      |
|----------------------------------------------------------------------|----------------|------------------|------------------|
| Contractually required contribution                                  | \$ 985,481     | \$ 1,056,238     | \$ 1,043,927     |
| Contributions in relation to the contractually required contribution | <u>985,481</u> | <u>1,056,238</u> | <u>1,043,927</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>      | <u>\$ -</u>      |
| City's covered-employee payroll                                      | \$ 14,598,118  | \$ 14,770,443    | \$ 14,660,663    |
| Contributions as a percentage of covered-employee payroll            | 6.75%          | 7.15%            | 7.12%            |

**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, 2016

|                                                  | 2016          |               | Variance               |
|--------------------------------------------------|---------------|---------------|------------------------|
|                                                  | Budget        | Actual        | Positive<br>(Negative) |
| <b>Revenues:</b>                                 |               |               |                        |
| Ad Valorem Taxes:                                |               |               |                        |
| Current Year                                     | \$ 14,829,751 | \$ 15,307,774 | \$ 478,023             |
| Prior Years                                      | -             | 50,784        | 50,784                 |
| Penalties and Interest                           | 79,500        | 61,215        | (18,285)               |
| Total                                            | 14,909,251    | 15,419,773    | 510,522                |
| Other Taxes and Licenses:                        |               |               |                        |
| Gross Receipts Tax on Short-Term Rental Property | 28,000        | 34,679        | 6,679                  |
| Privilege Licenses                               | -             | 4,331         | 4,331                  |
| Total                                            | 28,000        | 39,010        | 11,010                 |
| Intergovernmental Revenues:                      |               |               |                        |
| Unrestricted:                                    |               |               |                        |
| Local Option Sales Tax                           | 3,337,000     | 3,720,840     | 383,840                |
| Utilities Franchise Tax                          | 2,100,000     | 2,493,755     | 393,755                |
| Hold Harmless                                    | 1,240,000     | 1,342,070     | 102,070                |
| Court Fees                                       | 10,250        | 7,043         | (3,207)                |
| Beer and Wine Tax                                | 95,000        | 113,322       | 18,322                 |
| ABC Profit Distribution                          | 186,000       | 339,875       | 153,875                |
| Payment in Lieu of Taxes                         | 27,000        | -             | (27,000)               |
| Total                                            | 6,995,250     | 8,016,905     | 1,021,655              |
| Restricted:                                      |               |               |                        |
| State Street Aid Allocation                      | 675,000       | 684,616       | 9,616                  |
| Local Fire Protection and Training               | 1,000         | 1,024         | 24                     |
| Solid Waste Disposal                             | 14,000        | 16,697        | 2,697                  |
| ABC Revenue for Law Enforcement                  | 11,000        | 14,325        | 3,325                  |
| Total                                            | 701,000       | 716,662       | 15,662                 |
| Permits and Fees:                                |               |               |                        |
| Building Permits and Inspection Fees             | 70,300        | 111,723       | 41,423                 |
| Franchise Fees                                   | 23,000        | 32,721        | 9,721                  |
| Rezoning and Cemetery Fees                       | 20,000        | 22,015        | 2,015                  |
| Total                                            | 113,300       | 166,459       | 53,159                 |
| Sales and Services:                              |               |               |                        |
| Rents and Concessions                            | 68,400        | 55,175        | (13,225)               |
| Cemeteries                                       | 2,000         | 3,660         | 1,660                  |
| Recreation Service Revenues                      | 328,400       | 336,143       | 7,743                  |
| Refuse Collection                                | 1,868,206     | 1,942,524     | 74,318                 |
| Recycling Revenues                               | 21,000        | 11,735        | (9,265)                |
| Contracted Maintenance - NCDOT                   | 32,000        | 32,000        | -                      |
| Airport Revenue                                  | 5,400         | 5,436         | 36                     |
| Total                                            | \$ 2,325,406  | \$ 2,386,673  | \$ 61,267              |

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Schedule 1  
(Page 2 of 5)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2016

|                                | 2016       |            | Variance               |
|--------------------------------|------------|------------|------------------------|
|                                | Budget     | Actual     | Positive<br>(Negative) |
| <b>Revenues (Concluded):</b>   |            |            |                        |
| Investment Earnings            | \$ 11,000  | \$ 17,645  | \$ 6,645               |
| Miscellaneous:                 |            |            |                        |
| Sales of Material and Services | 10,000     | 107,393    | 97,393                 |
| Reimbursements                 | 240,000    | 246,292    | 6,292                  |
| Other                          | 115,000    | 100,222    | (14,778)               |
| Total                          | 365,000    | 453,907    | 88,907                 |
| <b>Total Revenues</b>          | 25,448,207 | 27,217,034 | 1,768,827              |
| <b>Expenditures:</b>           |            |            |                        |
| General Government:            |            |            |                        |
| Governing Body:                |            |            |                        |
| Salaries and Employee Benefits |            | 120,137    |                        |
| Other Operating Expenditures   |            | 26,472     |                        |
| Total                          | 147,646    | 146,609    | 1,037                  |
| Administration:                |            |            |                        |
| Salaries and Employee Benefits |            | 152,530    |                        |
| Operating Expenditures         |            | 42,253     |                        |
| Total                          | 201,597    | 194,783    | 6,814                  |
| Information Technology:        |            |            |                        |
| Salaries and Employee Benefits |            | 86,084     |                        |
| Operating Expenditures         |            | 59,780     |                        |
| Capital Outlay                 |            | 5,954      |                        |
| Total                          | 162,126    | 151,818    | 10,308                 |
| Finance:                       |            |            |                        |
| Salaries and Employee Benefits |            | 117,217    |                        |
| Operating Expenditures         |            | 49,539     |                        |
| Total                          | 189,132    | 166,756    | 22,376                 |
| Public Buildings:              |            |            |                        |
| Operating Expenditures         | 108,800    | 100,763    | 8,037                  |
| Tax Collections:               |            |            |                        |
| Tax Collection Fees            |            | 220,076    |                        |
| Tax Refunds                    |            | 35,157     |                        |
| Total                          | \$ 265,000 | \$ 255,233 | \$ 9,767               |

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Schedule 1  
(Page 3 of 5)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2016

|                                  | 2016       |            | Variance               |
|----------------------------------|------------|------------|------------------------|
|                                  | Budget     | Actual     | Positive<br>(Negative) |
| <b>Expenditures (Continued):</b> |            |            |                        |
| General Government (Concluded):  |            |            |                        |
| Marketing and Communications:    |            |            |                        |
| Salaries and Employee Benefits   | \$         | \$ 16,346  | \$                     |
| Operating Expenditures           |            | 44,126     |                        |
| Total                            | 70,515     | 60,472     | 10,043                 |
| Legal Services:                  |            |            |                        |
| Salaries and Employee Benefits   |            | 142,710    |                        |
| Operating Expenditures           |            | 22,473     |                        |
| Total                            | 169,847    | 165,183    | 4,664                  |
| Planning and Zoning:             |            |            |                        |
| Salaries and Employee Benefits   |            | 387,888    |                        |
| Other Operating Expenditures     |            | 143,628    |                        |
| Total                            | 579,608    | 531,516    | 48,092                 |
| City Shop:                       |            |            |                        |
| Salaries and Employee Benefits   |            | 807,590    |                        |
| Operating Expenditures           |            | 19,802     |                        |
| Capital Outlay                   |            | 7,300      |                        |
| Total                            | 1,245,444  | 834,692    | 410,752                |
| Human Resources:                 |            |            |                        |
| Salaries and Employee Benefits   |            | 208,440    |                        |
| Operating Expenditures           |            | 91,991     |                        |
| Capital Outlay                   |            | 5,954      |                        |
| Total                            | 478,655    | 306,385    | 172,270                |
| Total General Government         | 3,618,370  | 2,914,210  | 704,160                |
| Public Safety:                   |            |            |                        |
| Police:                          |            |            |                        |
| Salaries and Employee Benefits   |            | 5,803,281  |                        |
| Operating Expenditures           |            | 1,116,229  |                        |
| Capital Outlay                   |            | 11,540     |                        |
| Total                            | 7,360,690  | 6,931,050  | 429,640                |
| Fire:                            |            |            |                        |
| Salaries and Employee Benefits   |            | 3,382,503  |                        |
| Operating Expenditures           |            | 493,384    |                        |
| Capital Outlay                   |            | 662,278    |                        |
| Total                            | 4,734,294  | 4,538,165  | 196,129                |
| Inspections:                     |            |            |                        |
| Salaries and Employee Benefits   |            | 144,770    |                        |
| Operating Expenditures           |            | 6,159      |                        |
| Total                            | \$ 156,410 | \$ 150,929 | \$ 5,481               |

**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Schedule 1  
(Page 4 of 5)

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016

|                                  | 2016         |              | Variance               |
|----------------------------------|--------------|--------------|------------------------|
|                                  | Budget       | Actual       | Positive<br>(Negative) |
| <b>Expenditures (Continued):</b> |              |              |                        |
| Public Safety (Concluded):       |              |              |                        |
| Fire Inspections:                |              |              |                        |
| Salaries and Employee Benefits   | \$           | \$ 211,027   | \$                     |
| Operating Expenditures           |              | 17,182       |                        |
| Total                            | 274,022      | 228,209      | 45,813                 |
| Total Public Safety              | 12,525,416   | 11,848,353   | 677,063                |
| Transportation:                  |              |              |                        |
| Operations:                      |              |              |                        |
| Salaries and Employee Benefits   |              | 514,916      |                        |
| Operating Expenditures           |              | 312,780      |                        |
| Capital Outlay                   |              | 24,647       |                        |
| Total                            | 888,110      | 852,343      | 35,767                 |
| Street and Highways:             |              |              |                        |
| Salaries and Employee Benefits   |              | 1,044,907    |                        |
| Operating Expenditures           |              | 991,491      |                        |
| Capital Outlay                   |              | 197,413      |                        |
| Total                            | 2,615,988    | 2,233,811    | 382,177                |
| City Engineer Office:            |              |              |                        |
| Salaries and Employee Benefits   |              | 138,626      |                        |
| Operating Expenditures           |              | 28,855       |                        |
| Capital Outlay                   |              | 20,154       |                        |
| Total                            | 191,925      | 187,635      | 4,290                  |
| Airport Authority:               |              |              |                        |
| Operating Expenditures           | 80,350       | 77,531       | 2,819                  |
| Total Transportation             | 3,776,373    | 3,351,320    | 425,053                |
| Environmental Protection:        |              |              |                        |
| Sanitation:                      |              |              |                        |
| Salaries and Employee Benefits   |              | 852,762      |                        |
| Operating Expenditures           |              | 1,028,418    |                        |
| Total                            | 1,945,107    | 1,881,180    | 63,927                 |
| Recycling Transfer Station:      |              |              |                        |
| Salaries and Employee Benefits   |              | 58,028       |                        |
| Operating Expenditures           |              | 46,294       |                        |
| Total                            | 131,059      | 104,322      | 26,737                 |
| Total Environmental Protection   | \$ 2,076,166 | \$ 1,985,502 | \$ 90,664              |



**CITY OF ASHEBORO, NORTH CAROLINA**  
**GENERAL FUND**

Schedule 1  
(Page 5 of 5)

**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2016

|                                             | 2016              |                      | Variance               |
|---------------------------------------------|-------------------|----------------------|------------------------|
|                                             | Budget            | Actual               | Positive<br>(Negative) |
| <b>Expenditures (Concluded):</b>            |                   |                      |                        |
| Cultural and Recreational:                  |                   |                      |                        |
| Recreation:                                 |                   |                      |                        |
| Salaries and Employee Benefits              | \$                | \$ 570,057           | \$                     |
| Operating Expenditures                      |                   | 385,519              |                        |
| Total                                       | 954,100           | 955,576              | (1,476)                |
| Grounds Maintenance:                        |                   |                      |                        |
| Salaries and Employee Benefits              |                   | 1,231,736            |                        |
| Operating Expenditures                      |                   | 341,403              |                        |
| Capital Outlay                              |                   | 85,557               |                        |
| Total                                       | 1,848,975         | 1,658,696            | 190,279                |
| Golf Course:                                |                   |                      |                        |
| Salaries and Employee Benefits              |                   | 118,424              |                        |
| Operating Expenditures                      |                   | 73,951               |                        |
| Total                                       | 194,794           | 192,375              | 2,419                  |
| Arts and Cultural Services:                 |                   |                      |                        |
| Salaries and Employee Benefits              |                   | 88,669               |                        |
| Operating Expenditures                      |                   | 189,814              |                        |
| Total                                       | 344,545           | 278,483              | 66,062                 |
| Library:                                    |                   |                      |                        |
| Operating Expenditures                      | 121,000           | 120,578              | 422                    |
| Total Cultural and Recreational             | 3,463,414         | 3,205,708            | 257,706                |
| Debt Service:                               |                   |                      |                        |
| Principal Retirement                        |                   | 752,694              |                        |
| Interest and Fees                           |                   | 33,739               |                        |
| Total Debt Service                          | 905,868           | 786,433              | 119,435                |
| <b>Total Expenditures</b>                   | <b>26,365,607</b> | <b>24,091,526</b>    | <b>2,274,081</b>       |
| <b>Revenues Over (Under) Expenditures</b>   | <b>(917,400)</b>  | <b>3,125,508</b>     | <b>4,042,908</b>       |
| <b>Other Financing Sources (Uses):</b>      |                   |                      |                        |
| Transfers From Other Funds:                 |                   |                      |                        |
| From Sunset Theater Project Fund            | -                 | 86,968               | 86,968                 |
| Transfers to Other Funds:                   |                   |                      |                        |
| To Asheboro Housing Development Fund        | (5,000)           | (5,000)              | -                      |
| To Airport Improvement Fund                 | (27,600)          | (27,600)             | -                      |
| Sale of Capital Assets                      | 30,000            | 94,800               | 64,800                 |
| Installment Purchase Obligations Issued     | 920,000           | 920,000              | -                      |
| <b>Total Other Financing Sources (Uses)</b> | <b>917,400</b>    | <b>1,069,168</b>     | <b>151,768</b>         |
| <b>Appropriated Fund Balance</b>            | <b>-</b>          | <b>-</b>             | <b>-</b>               |
| <b>Net Change in Fund Balance</b>           | <b>\$ -</b>       | <b>4,194,676</b>     | <b>\$ 4,194,676</b>    |
| <b>Fund Balance:</b>                        |                   |                      |                        |
| Beginning of Year, July 1                   |                   | 9,837,292            |                        |
| End of Year, June 30                        |                   | <u>\$ 14,031,968</u> |                        |

**CITY OF ASHEBORO,  
NORTH CAROLINA**

Combining Statements for Nonmajor Funds

Special Revenue Funds:

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

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

Capital Project Funds:

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

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

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

Schedule 2

**NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2016

|                                                                               | <u>Special Revenue Funds</u>                |                                                      |                                                         | <u>Capital Project Funds</u>               |                                                  |                                                         |                                                      |
|-------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------|---------------------------------------------------------|--------------------------------------------|--------------------------------------------------|---------------------------------------------------------|------------------------------------------------------|
|                                                                               | <u>Asheboro<br/>Housing<br/>Development</u> | <u>Economic and<br/>Tourism<br/>Development Fund</u> | <u>Total<br/>Nonmajor<br/>Special<br/>Revenue Funds</u> | <u>Sunset<br/>Theater<br/>Project Fund</u> | <u>Airport<br/>Improvements<br/>Project Fund</u> | <u>Total<br/>Nonmajor<br/>Capital Project<br/>Funds</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
| <b>Assets:</b>                                                                |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| Current Assets:                                                               |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| Cash and Cash Equivalents                                                     | \$ 114,493                                  | \$ 828,209                                           | \$ 942,702                                              | \$ -                                       | \$ -                                             | \$ -                                                    | \$ 942,702                                           |
| Restrictd Cash                                                                | -                                           | -                                                    | -                                                       | -                                          | 333,893                                          | 333,893                                                 | 333,893                                              |
| Accounts Receivable                                                           | 17,109                                      | -                                                    | 17,109                                                  | -                                          | -                                                | -                                                       | 17,109                                               |
| Note Receivable                                                               | 501,798                                     | -                                                    | 501,798                                                 | -                                          | -                                                | -                                                       | 501,798                                              |
| Due From Other Governments                                                    | 527                                         | -                                                    | 527                                                     | -                                          | 125,636                                          | 125,636                                                 | 126,163                                              |
|                                                                               |                                             |                                                      |                                                         | -                                          |                                                  |                                                         |                                                      |
| <b>Total Assets</b>                                                           | <u><u>\$ 633,927</u></u>                    | <u><u>\$ 828,209</u></u>                             | <u><u>\$ 1,462,136</u></u>                              | <u><u>\$ -</u></u>                         | <u><u>\$ 459,529</u></u>                         | <u><u>\$ 459,529</u></u>                                | <u><u>\$ 1,921,665</u></u>                           |
| <b>Liabilities, Deferred Inflows of Resources<br/>and Fund Balances:</b>      |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| Liabilities:                                                                  |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| Accounts Payable and Accrued Liabilities                                      | \$ 5,021                                    | \$ -                                                 | \$ 5,021                                                | \$ -                                       | \$ -                                             | \$ -                                                    | \$ 5,021                                             |
| Payable From Restricted Assets                                                | -                                           | -                                                    | -                                                       | -                                          | 1,570                                            | 1,570                                                   | 1,570                                                |
| Due to Other Funds                                                            | -                                           | -                                                    | -                                                       | -                                          | 350,000                                          | 350,000                                                 | 350,000                                              |
|                                                                               |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| <b>Total Liabilities</b>                                                      | <u>5,021</u>                                | <u>-</u>                                             | <u>5,021</u>                                            | <u>-</u>                                   | <u>351,570</u>                                   | <u>351,570</u>                                          | <u>356,591</u>                                       |
| Deferred Inflows of Resources:                                                |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| Accounts Receivable                                                           | <u>17,109</u>                               | <u>-</u>                                             | <u>17,109</u>                                           | <u>-</u>                                   | <u>-</u>                                         | <u>-</u>                                                | <u>17,109</u>                                        |
| Fund Balances:                                                                |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| Restricted:                                                                   |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| Stabilization by State Statute                                                | 502,325                                     | -                                                    | 502,325                                                 | -                                          | -                                                | -                                                       | 502,325                                              |
| Capital Projects                                                              | -                                           | -                                                    | -                                                       | -                                          | 125,636                                          | 125,636                                                 | 125,636                                              |
| Committed:                                                                    |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| Capital Projects                                                              | -                                           | -                                                    | -                                                       | -                                          | -                                                | -                                                       | -                                                    |
| Economic and Physical Development                                             | 109,472                                     | 828,209                                              | 937,681                                                 | -                                          | -                                                | -                                                       | 937,681                                              |
| Unassigned                                                                    | <u>-</u>                                    | <u>-</u>                                             | <u>-</u>                                                | <u>-</u>                                   | <u>(17,677)</u>                                  | <u>(17,677)</u>                                         | <u>(17,677)</u>                                      |
|                                                                               |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| <b>Total Fund Balances</b>                                                    | <u>611,797</u>                              | <u>828,209</u>                                       | <u>1,440,006</u>                                        | <u>-</u>                                   | <u>107,959</u>                                   | <u>107,959</u>                                          | <u>1,547,965</u>                                     |
|                                                                               |                                             |                                                      |                                                         |                                            |                                                  |                                                         |                                                      |
| <b>Total Liabilities, Deferred Inflows of Resources<br/>and Fund Balances</b> | <u><u>\$ 633,927</u></u>                    | <u><u>\$ 828,209</u></u>                             | <u><u>\$ 1,462,136</u></u>                              | <u><u>\$ -</u></u>                         | <u><u>\$ 459,529</u></u>                         | <u><u>\$ 459,529</u></u>                                | <u><u>\$ 1,921,665</u></u>                           |

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

Schedule 3

**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2016

|                                             | Special Revenue Funds              |                                             | Total<br>Nonmajor<br>Special<br>Revenue Funds | Capital Project Funds             |                                         | Total<br>Nonmajor<br>Capital Project<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------------------------------|------------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------|-----------------------------------------|-----------------------------------------------|--------------------------------------------|
|                                             | Asheboro<br>Housing<br>Development | Economic and<br>Tourism<br>Development Fund |                                               | Sunset<br>Theater<br>Project Fund | Airport<br>Improvements<br>Project Fund |                                               |                                            |
| <b>Revenues:</b>                            |                                    |                                             |                                               |                                   |                                         |                                               |                                            |
| Restricted Intergovernmental                | \$ 50,000                          | \$ -                                        | \$ 50,000                                     | \$ -                              | \$ 125,636                              | \$ 125,636                                    | \$ 175,636                                 |
| Restricted Other                            | -                                  | 28,814                                      | 28,814                                        | 43,526                            | -                                       | 43,526                                        | 72,340                                     |
| Investment Earnings                         | 10,506                             | -                                           | 10,506                                        | -                                 | -                                       | -                                             | 10,506                                     |
| Miscellaneous                               | 798                                | -                                           | 798                                           | -                                 | -                                       | -                                             | 798                                        |
| <b>Total Revenues</b>                       | <b>61,304</b>                      | <b>28,814</b>                               | <b>90,118</b>                                 | <b>43,526</b>                     | <b>125,636</b>                          | <b>169,162</b>                                | <b>259,280</b>                             |
| <b>Expenditures:</b>                        |                                    |                                             |                                               |                                   |                                         |                                               |                                            |
| Economic and Physical Development           | 54,479                             | 223,265                                     | 277,744                                       | -                                 | -                                       | -                                             | 277,744                                    |
| Capital Outlay                              | -                                  | -                                           | -                                             | -                                 | 106,179                                 | 106,179                                       | 106,179                                    |
| <b>Total Expenditures</b>                   | <b>54,479</b>                      | <b>223,265</b>                              | <b>277,744</b>                                | <b>-</b>                          | <b>106,179</b>                          | <b>106,179</b>                                | <b>383,923</b>                             |
| <b>Revenues Over (Under) Expenditures</b>   | <b>6,825</b>                       | <b>(194,451)</b>                            | <b>(187,626)</b>                              | <b>43,526</b>                     | <b>19,457</b>                           | <b>62,983</b>                                 | <b>(124,643)</b>                           |
| <b>Other Financing Sources (Uses):</b>      |                                    |                                             |                                               |                                   |                                         |                                               |                                            |
| Transfers From Other Funds:                 |                                    |                                             |                                               |                                   |                                         |                                               |                                            |
| From General Fund                           | 5,000                              | -                                           | 5,000                                         | -                                 | 27,600                                  | 27,600                                        | 32,600                                     |
| From Water and Sewer Fund                   | -                                  | -                                           | -                                             | -                                 | -                                       | -                                             | -                                          |
| Transfers to Other Funds:                   |                                    |                                             |                                               |                                   |                                         |                                               |                                            |
| To General Fund                             | -                                  | -                                           | -                                             | (86,968)                          | -                                       | (86,968)                                      | (86,968)                                   |
| <b>Total Other Financing Sources (Uses)</b> | <b>5,000</b>                       | <b>-</b>                                    | <b>5,000</b>                                  | <b>(86,968)</b>                   | <b>27,600</b>                           | <b>(59,368)</b>                               | <b>(54,368)</b>                            |
| <b>Net Change in Fund Balances</b>          | <b>11,825</b>                      | <b>(194,451)</b>                            | <b>(182,626)</b>                              | <b>(43,442)</b>                   | <b>47,057</b>                           | <b>3,615</b>                                  | <b>(179,011)</b>                           |
| <b>Fund Balances:</b>                       |                                    |                                             |                                               |                                   |                                         |                                               |                                            |
| Beginning of Year, July 1                   | 599,972                            | 1,022,660                                   | 1,622,632                                     | 43,442                            | 60,902                                  | 104,344                                       | 1,726,976                                  |
| End of Year, June 30                        | <u>\$ 611,797</u>                  | <u>\$ 828,209</u>                           | <u>\$ 1,440,006</u>                           | <u>\$ -</u>                       | <u>\$ 107,959</u>                       | <u>\$ 107,959</u>                             | <u>\$ 1,547,965</u>                        |

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

Schedule 4

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception and For the Year Ended June 30, 2016

|                                             | Project<br>Authorization | Prior<br>Years    | Actual<br>Current<br>Year | Total<br>To Date  |
|---------------------------------------------|--------------------------|-------------------|---------------------------|-------------------|
| <b>Revenues:</b>                            |                          |                   |                           |                   |
| Restricted Intergovernmental Revenues:      |                          |                   |                           |                   |
| HOME Program Grant                          | \$ 375,000               | \$ 375,000        | \$ -                      | \$ 375,000        |
| Urgent Repair Grant - N.C. Housing Finance  | 50,000                   | -                 | 50,000                    | 50,000            |
| Investment Earnings                         | -                        | 33,277            | 10,506                    | 43,783            |
| Miscellaneous:                              |                          |                   |                           |                   |
| Program Income - Repayments                 | 343,267                  | 345,435           | 798                       | 346,233           |
| <b>Total Revenues</b>                       | <b>768,267</b>           | <b>753,712</b>    | <b>61,304</b>             | <b>815,016</b>    |
| <b>Expenditures:</b>                        |                          |                   |                           |                   |
| Economic and Physical Development:          |                          |                   |                           |                   |
| Mill Lofts Rehabilitation                   | 560,000                  | -                 | -                         | -                 |
| Downtown Improvements                       | 2,500                    | 2,500             | -                         | 2,500             |
| Urgent Repair Grant:                        |                          |                   |                           |                   |
| Professional Services                       | 5,000                    | -                 | 5,000                     | 5,000             |
| Construction                                | 50,000                   | -                 | 49,479                    | 49,479            |
| 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            |
| Revolving Loans:                            |                          |                   |                           |                   |
| Down Payment Assistance                     | 11,152                   | 11,152            | -                         | 11,152            |
| Owner Occupied Rehabilitation               | 103,127                  | 99,508            | -                         | 99,508            |
| Investor Owned Rehabilitation               | 26,337                   | 26,336            | -                         | 26,336            |
| Down Payment/Closing Cost                   | 7,608                    | 7,608             | -                         | 7,608             |
| Administration - Down Payment               | 2,621                    | 2,620             | -                         | 2,620             |
| Fiscal Agent Fees                           | 10,924                   | 10,021            | -                         | 10,021            |
| <b>Total Expenditures</b>                   | <b>1,155,267</b>         | <b>535,740</b>    | <b>54,479</b>             | <b>590,219</b>    |
| <b>Revenues Over (Under) Expenditures</b>   | <b>(387,000)</b>         | <b>217,972</b>    | <b>6,825</b>              | <b>224,797</b>    |
| <b>Other Financing (Uses):</b>              |                          |                   |                           |                   |
| Transfers From Other Funds:                 |                          |                   |                           |                   |
| General Fund                                | 415,000                  | 410,000           | 5,000                     | 415,000           |
| Transfers to Other Funds:                   |                          |                   |                           |                   |
| Downtown Farmer's Market Project Fund       | (28,000)                 | (28,000)          | -                         | (28,000)          |
| <b>Total Other Financing Sources (Uses)</b> | <b>387,000</b>           | <b>382,000</b>    | <b>5,000</b>              | <b>387,000</b>    |
| <b>Net Change in Fund Balance</b>           | <b>\$ -</b>              | <b>\$ 599,972</b> | <b>11,825</b>             | <b>\$ 611,797</b> |
| <b>Fund Balance:</b>                        |                          |                   |                           |                   |
| Beginning of Year, July 1                   |                          |                   | 599,972                   |                   |
| End of Year, June 30                        |                          |                   | <u>\$ 611,797</u>         |                   |

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

Schedule 5

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception and For the Year Ended June 30, 2016

|                                                      | Project<br>Authorization | Prior<br>Years      | Actual<br>Current<br>Year | Total<br>To Date   |
|------------------------------------------------------|--------------------------|---------------------|---------------------------|--------------------|
| <b>Revenues:</b>                                     |                          |                     |                           |                    |
| Repayment of Expired Incentives                      | \$ -                     | \$ 175,000          | \$ -                      | \$ 175,000         |
| Restricted Intergovernmental:                        |                          |                     |                           |                    |
| CDBG Grant - Allen Industries                        | 154,360                  | 154,360             | -                         | 154,360            |
| N.C. Industrial Development Fund - Allen Industries  | 69,195                   | 69,190              | -                         | 69,190             |
| Randolph County - Allen Industries                   | 10,975                   | 10,975              | -                         | 10,975             |
| N.C. Department of Commerce                          | 75,000                   | 75,000              | -                         | 75,000             |
| N.C. Department of Commerce - NC One Grant           | 350,000                  | 350,000             | -                         | 350,000            |
| Restricted Other:                                    |                          |                     |                           |                    |
| Miscellaneous Contributions                          |                          | -                   | 28,814                    | 28,814             |
| Rural Economic Development Center - Allen Industries | 72,100                   | 72,094              | -                         | 72,094             |
| Rural Economic Development Center                    | 40,000                   | 40,000              | -                         | 40,000             |
| <b>Total Revenues</b>                                | <b>771,630</b>           | <b>946,619</b>      | <b>28,814</b>             | <b>975,433</b>     |
| <b>Expenditures:</b>                                 |                          |                     |                           |                    |
| Economic and Physical Development:                   |                          |                     |                           |                    |
| Cranford Property Redevelopment                      | 127,000                  | 126,576             | -                         | 126,576            |
| Pigs and Pedals Event                                | 70,500                   | 35,470              | 31,765                    | 67,235             |
| Unilever/Bestfoods                                   | 125,000                  | 125,000             | -                         | 125,000            |
| Technimark                                           | 349,400                  | 341,900             | 7,500                     | 349,400            |
| Starpet                                              | 325,000                  | 325,000             | -                         | 325,000            |
| N.C. Zoological Society                              | 100,000                  | 100,000             | -                         | 100,000            |
| N.C. Zoo Feasibility Study                           | 25,000                   | 25,000              | -                         | 25,000             |
| Malt-O-Meal                                          | 3,410,000                | 2,422,500           | -                         | 2,422,500          |
| Randolph Hospital                                    | 500,000                  | 500,000             | -                         | 500,000            |
| Hospice of Randolph County                           | 125,000                  | 125,000             | -                         | 125,000            |
| Chamber of Commerce                                  | 115,000                  | 95,000              | 20,000                    | 115,000            |
| Economic Development Corporation                     | 232,000                  | 192,000             | 39,000                    | 231,000            |
| Piedmont Traid Partnership                           | 6,000                    | 5,000               | -                         | 5,000              |
| Premiere Fibers                                      | 40,000                   | 40,000              | -                         | 40,000             |
| Allen Industries                                     | 446,405                  | 337,004             | -                         | 337,004            |
| Randolph County Senior Adults Association            | 500,000                  | 300,000             | 100,000                   | 400,000            |
| Asheboro Elastics Corporation                        | 15,000                   | -                   | -                         | -                  |
| New Century Drive                                    | 395,000                  | -                   | -                         | -                  |
| Kennametal                                           | 90,000                   | -                   | -                         | -                  |
| Kayser Roth                                          | 75,000                   | -                   | 25,000                    | 25,000             |
| <b>Total Expenditures</b>                            | <b>7,071,305</b>         | <b>5,095,450</b>    | <b>223,265</b>            | <b>5,318,715</b>   |
| <b>Revenues (Under) Expenditures</b>                 | <b>(6,299,675)</b>       | <b>(4,148,831)</b>  | <b>(194,451)</b>          | <b>(4,343,282)</b> |
| <b>Other Financing Sources:</b>                      |                          |                     |                           |                    |
| Transfers From Other Funds:                          |                          |                     |                           |                    |
| General Fund                                         | 3,942,225                | 1,680,141           | -                         | 1,680,141          |
| Water and Sewer Fund                                 | 2,357,450                | 3,491,350           | -                         | 3,491,350          |
| <b>Total Other Financing Sources</b>                 | <b>6,299,675</b>         | <b>5,171,491</b>    | <b>-</b>                  | <b>5,171,491</b>   |
| <b>Net Change in Fund Balance</b>                    | <b>\$ -</b>              | <b>\$ 1,022,660</b> | <b>(194,451)</b>          | <b>\$ 828,209</b>  |
| <b>Fund Balance:</b>                                 |                          |                     |                           |                    |
| Beginning of Year, July 1                            |                          |                     | 1,022,660                 |                    |
| End of Year, June 30                                 |                          |                     | <b>\$ 828,209</b>         |                    |

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

Schedule 6

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception and For the Year Ended June 30, 2016

|                                             | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>To Date |
|---------------------------------------------|--------------------------|----------------|---------------------------|------------------|
| <b>Revenues:</b>                            |                          |                |                           |                  |
| Restricted Intergovernmental:               |                          |                |                           |                  |
| State Grant - N.C. Department of Commerce   | \$ -                     | \$ 50,000      | \$ -                      | \$ 50,000        |
| Timken Foundation Contribution              | 75,000                   | 75,000         | -                         | 75,000           |
| Investment Earnings                         | -                        | -              | -                         | -                |
| Contributions                               | 1,170,343                | 1,058,760      | 43,526                    | 1,102,286        |
| <b>Total Revenues</b>                       | 1,245,343                | 1,183,760      | 43,526                    | 1,227,286        |
| <b>Expenditures:</b>                        |                          |                |                           |                  |
| Capital Outlay:                             |                          |                |                           |                  |
| Professional Services                       | 332,152                  | 332,152        | -                         | 332,152          |
| Roof Replacement                            | 170,121                  | 170,121        | -                         | 170,121          |
| Facade Renovations                          | 118,244                  | 118,243        | -                         | 118,243          |
| Construction                                | 1,707,490                | 1,689,464      | -                         | 1,689,464        |
| Furnishings                                 | 25,842                   | 25,841         | -                         | 25,841           |
| Audio Visual Equipment                      | 27,292                   | 27,291         | -                         | 27,291           |
| Miscellaneous                               | 22,354                   | 22,354         | -                         | 22,354           |
| <b>Total Expenditures</b>                   | 2,403,495                | 2,385,466      | -                         | 2,385,466        |
| <b>Revenues Over (Under) Expenditures</b>   | (1,158,152)              | (1,201,706)    | 43,526                    | (1,158,180)      |
| <b>Other Financing Sources (Uses):</b>      |                          |                |                           |                  |
| Transfers From Other Funds:                 |                          |                |                           |                  |
| General Fund                                | 567,836                  | 567,836        | -                         | 567,836          |
| Transfers to Other Funds:                   |                          |                |                           |                  |
| General Fund                                | (609,684)                | (522,688)      | (86,968)                  | (609,656)        |
| Proceeds From Issuance of Note              | 1,200,000                | 1,200,000      | -                         | 1,200,000        |
| <b>Total Other Financing Sources (Uses)</b> | 1,158,152                | 1,245,148      | (86,968)                  | 1,158,180        |
| <b>Net Change in Fund Balance</b>           | \$ -                     | \$ 43,442      | (43,442)                  | \$ -             |
| <b>Fund Balance:</b>                        |                          |                |                           |                  |
| Beginning of Year, July 1                   |                          |                | 43,442                    |                  |
| End of Year, June 30                        |                          |                | \$ -                      |                  |

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

Schedule 7

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
From Inception and For the Year Ended June 30, 2016

|                                           | Project<br>Authorization | Prior<br>Years   | Actual<br>Current<br>Year | Total<br>To Date  |
|-------------------------------------------|--------------------------|------------------|---------------------------|-------------------|
| <b>Revenues:</b>                          |                          |                  |                           |                   |
| Restricted Intergovernmental:             |                          |                  |                           |                   |
| Federal Grant                             | \$ 4,092,798             | \$ 3,664,872     | \$ 125,636                | \$ 3,790,508      |
| State Grant                               | 2,517,500                | 2,517,500        | -                         | 2,517,500         |
| Investment Earnings                       | 15,000                   | 30,196           | -                         | 30,196            |
| <b>Total Revenues</b>                     | <b>6,625,298</b>         | <b>6,212,568</b> | <b>125,636</b>            | <b>6,338,204</b>  |
| <b>Expenditures:</b>                      |                          |                  |                           |                   |
| Capital Outlay:                           |                          |                  |                           |                   |
| Professional Services                     | 1,071,670                | 881,968          | 1,280                     | 883,248           |
| Administration                            | 116,443                  | 7,670            | 104,899                   | 112,569           |
| Contractors                               | 5,916,232                | 5,727,153        | -                         | 5,727,153         |
| Land                                      | 260,500                  | 258,024          | -                         | 258,024           |
| Miscellaneous                             | 15,000                   | 13,755           | -                         | 13,755            |
| Contingency                               | 177                      | -                | -                         | -                 |
| <b>Total Expenditures</b>                 | <b>7,380,022</b>         | <b>6,888,570</b> | <b>106,179</b>            | <b>6,994,749</b>  |
| <b>Revenues Over (Under) Expenditures</b> | <b>(754,724)</b>         | <b>(676,002)</b> | <b>19,457</b>             | <b>(656,545)</b>  |
| <b>Other Financing Sources:</b>           |                          |                  |                           |                   |
| Transfers From Other Funds:               |                          |                  |                           |                   |
| General Fund                              | 754,724                  | 736,904          | 27,600                    | 764,504           |
| <b>Net Change in Fund Balance</b>         | <b>\$ -</b>              | <b>\$ 60,902</b> | <b>47,057</b>             | <b>\$ 107,959</b> |
| <b>Fund Balance:</b>                      |                          |                  |                           |                   |
| Beginning of Year, July 1                 |                          |                  | 60,902                    |                   |
| End of Year, June 30                      |                          |                  | <b>\$ 107,959</b>         |                   |



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**CITY OF ASHEBORO,  
NORTH CAROLINA**

Enterprise Fund

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

The City of Asheboro has a single enterprise fund, the Water and Sewer Fund, and one Water and Sewer Capital Project Fund; the Water and Sewer Systems Improvements Project Fund, which accounts for capital installation for a specific area of the City. The detail activity in this fund appears on Schedule 9. It is consolidated with the Water and Sewer Fund on Exhibit 8.

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

Schedule 8  
(Page 1 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Year Ended June 30, 2016

|                                           | 2016         |              | Variance<br>Positive<br>(Negative) |  |
|-------------------------------------------|--------------|--------------|------------------------------------|--|
|                                           | Budget       | Actual       |                                    |  |
| <b>Revenues:</b>                          |              |              |                                    |  |
| Operating Revenues:                       |              |              |                                    |  |
| Water Sales                               | \$ 6,658,162 | \$ 6,627,419 | \$ (30,743)                        |  |
| Sewer Charges                             | 5,157,000    | 5,237,123    | 80,123                             |  |
| Water and Sewer Taps                      | 43,000       | 62,500       | 19,500                             |  |
| Sampling and Monitoring Fees              | 25,000       | 29,681       | 4,681                              |  |
| Surcharges                                | 100,000      | 88,441       | (11,559)                           |  |
| Septic Tank Discharge                     | 43,000       | -            | (43,000)                           |  |
| Other Operating Revenues                  | 417,500      | 480,907      | 63,407                             |  |
| Total Operating Revenues                  | 12,443,662   | 12,526,071   | 82,409                             |  |
| Nonoperating Revenues:                    |              |              |                                    |  |
| Interest Earned on Investments            | 6,000        | 11,552       | 5,552                              |  |
| Sales of Materials and Services           | 18,000       | 9,624        | (8,376)                            |  |
| North Carolina Technical Assistance Grant | 49,999       | 49,999       | -                                  |  |
| Other Nonoperating Revenues               | 99,300       | 216,417      | 117,117                            |  |
| Total Nonoperating Revenues               | 173,299      | 287,592      | 114,293                            |  |
| <b>Total Revenues</b>                     | 12,616,961   | 12,813,663   | 196,702                            |  |
| <b>Expenditures:</b>                      |              |              |                                    |  |
| Billing and Collections:                  |              |              |                                    |  |
| Salaries and Employee Benefits            |              | 192,568      |                                    |  |
| Supplies                                  |              | 58,888       |                                    |  |
| Other Operating Expenditures              |              | 86,592       |                                    |  |
| Total                                     | 375,409      | 338,048      | 37,361                             |  |
| Water Meter Operations:                   |              |              |                                    |  |
| Salaries and Employee Benefits            |              | 527,233      |                                    |  |
| Supplies                                  |              | 162,327      |                                    |  |
| Other Operating Expenditures              |              | 41,890       |                                    |  |
| Total                                     | 732,000      | 731,450      | 550                                |  |
| Water Supply and Treatment:               |              |              |                                    |  |
| Salaries and Employee Benefits            |              | 720,064      |                                    |  |
| Supplies                                  |              | 365,780      |                                    |  |
| Maintenance                               |              | 344,581      |                                    |  |
| Other Operating Expenditures              |              | 773,861      |                                    |  |
| Total                                     | 2,480,150    | 2,204,286    | 275,864                            |  |
| Wastewater Treatment:                     |              |              |                                    |  |
| Salaries and Employee Benefits            |              | 855,005      |                                    |  |
| Supplies                                  |              | 252,605      |                                    |  |
| Maintenance                               |              | 725,992      |                                    |  |
| Other Operating Expenditures              |              | 670,511      |                                    |  |
| Total                                     | 3,379,299    | 2,504,113    | 875,186                            |  |
| Water Maintenance:                        |              |              |                                    |  |
| Salaries and Employee Benefits            |              | 693,141      |                                    |  |
| Supplies                                  |              | 167,044      |                                    |  |
| Maintenance                               |              | 26,984       |                                    |  |
| Other Operating Expenditures              |              | 38,945       |                                    |  |
| Total                                     | \$ 1,084,092 | \$ 926,114   | \$ 157,978                         |  |

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

Schedule 8  
(Page 2 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Year Ended June 30, 2016

|                                                     | 2016         |              | Variance               |
|-----------------------------------------------------|--------------|--------------|------------------------|
|                                                     | Budget       | Actual       | Positive<br>(Negative) |
| <b>Expenditures (Concluded):</b>                    |              |              |                        |
| Wastewater Maintenance:                             |              |              |                        |
| Salaries and Employee Benefits                      | \$           | \$ 816,800   | \$                     |
| Supplies                                            |              | 154,631      |                        |
| Maintenance                                         |              | 15,166       |                        |
| Other Operating Expenditures                        |              | 114,974      |                        |
| Total                                               | 1,391,734    | 1,101,571    | 290,163                |
| Technical Services:                                 |              |              |                        |
| Salaries and Employee Benefits                      |              | 151,192      |                        |
| Supplies                                            |              | 14,998       |                        |
| Other Operating Expenditures                        |              | 13,791       |                        |
| Total                                               | 190,780      | 179,981      | 10,799                 |
| Systems Maintenance:                                |              |              |                        |
| Salaries and Employee Benefits                      |              | 636,410      |                        |
| Supplies                                            |              | 157,106      |                        |
| Maintenance                                         |              | 141,958      |                        |
| Other Operating Expenditures                        |              | 255,319      |                        |
| Total                                               | 1,234,082    | 1,190,793    | 43,289                 |
| Water Quality:                                      |              |              |                        |
| Salaries and Employee Benefits                      |              | 362,325      |                        |
| Supplies                                            |              | 104,791      |                        |
| Other Operating Expenditures                        |              | 164,317      |                        |
| Total                                               | 690,349      | 631,433      | 58,916                 |
| Debt Service:                                       |              |              |                        |
| Principal on Bonds and Note                         |              | 832,992      |                        |
| Interest and Fees                                   |              | 150,225      |                        |
| Total                                               | 1,095,020    | 983,217      | 111,803                |
| Capital Outlay:                                     |              |              |                        |
| Billing and Collections                             |              | 19,035       |                        |
| Water Supply and Treatment                          |              | 5,215        |                        |
| Wastewater Treatment                                |              | 15,364       |                        |
| Water Maintenance                                   |              | 29,677       |                        |
| Wastewater Maintenance                              |              | 56,962       |                        |
| Systems Maintenance                                 |              | 80,130       |                        |
| Total                                               | 481,548      | 206,383      | 275,165                |
| <b>Total Expenditures</b>                           | 13,134,463   | 10,997,389   | 2,137,074              |
| <b>Revenues Over (Under) Expenditures (Forward)</b> | \$ (517,502) | \$ 1,816,274 | \$ 2,333,776           |

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

Schedule 8  
(Page 3 of 3)

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Year Ended June 30, 2016

|                                                                                          | 2016         |              |                                    |
|------------------------------------------------------------------------------------------|--------------|--------------|------------------------------------|
|                                                                                          | Budget       | Actual       | Variance<br>Positive<br>(Negative) |
| <b>Revenues Over (Under) Expenditures (Brought Forward)</b>                              | \$ (517,502) | \$ 1,816,274 | \$ 2,333,776                       |
| <b>Other Financing Sources:</b>                                                          |              |              |                                    |
| Sale of Capital Assets                                                                   | -            | 24,000       | 24,000                             |
| <b>Total Other Financing Sources</b>                                                     | -            | 24,000       | 24,000                             |
| <b>Appropriated Fund Balance</b>                                                         | 517,502      | -            | (517,502)                          |
| <b>Revenues Under Expenditures and Other Sources (Uses)</b>                              | \$ -         | \$ 1,840,274 | \$ 1,840,274                       |
| <b>Reconciliation From Budgetary Basis (Modified Accrual)<br/>to Full Accrual Basis:</b> |              |              |                                    |
| <b>Revenues Over Expenditures and Other Sources (Uses)</b>                               |              | \$ 1,840,274 |                                    |
| Payment of Bond and Note Principal                                                       |              | 832,992      |                                    |
| Capital Outlay                                                                           |              | 206,383      |                                    |
| Depreciation                                                                             |              | (2,082,623)  |                                    |
| Decrease In Accrued Compensated Absences                                                 |              | 4,216        |                                    |
| Decrease in OPEB Liability                                                               |              | 7,219        |                                    |
| Decrease in Net Pension Asset                                                            |              | (386,888)    |                                    |
| Decrease in Deferred Outflows of Resources - Pension                                     |              | (12,505)     |                                    |
| Increase in Net Pension Liability                                                        |              | (290,531)    |                                    |
| Decrease in Deferred Inflows of Resources - Pensions                                     |              | 784,875      |                                    |
| Decrease In Accrued Interest Expense                                                     |              | 2,935        |                                    |
| <b>Total Reconciling Items</b>                                                           |              | (933,927)    |                                    |
| <b>Change in Net Position</b>                                                            |              | \$ 906,347   |                                    |

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

Schedule 9

**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
From Inception and For the Year Ended June 30, 2016

|                                                                           | Project<br>Authorization | Prior<br>Years     | Actual<br>Current<br>Year | Total<br>To Date   |
|---------------------------------------------------------------------------|--------------------------|--------------------|---------------------------|--------------------|
| <b>Revenues:</b>                                                          |                          |                    |                           |                    |
| Miscellaneous                                                             | \$ 78,990                | \$ 78,990          | \$ -                      | \$ 78,990          |
| <b>Expenditures:</b>                                                      |                          |                    |                           |                    |
| Construction - Sewer Forced Main                                          | 444,000                  | 423,613            | -                         | 423,613            |
| Construction -Pump Station                                                | 399,000                  | 362,598            | -                         | 362,598            |
| Construction                                                              | 217,494                  | 213,851            | -                         | 213,851            |
| Engineering                                                               | 337,105                  | 101,165            | 85,008                    | 186,173            |
| Construction                                                              | 1,220,000                | 809,879            | -                         | 809,879            |
| Construction - Filter Project                                             | 1,150,176                | -                  | 396,223                   | 396,223            |
| Land Acquisition                                                          | 7,100                    | 6,155              | -                         | 6,155              |
| Design                                                                    | 11,000                   | 9,250              | -                         | 9,250              |
| Meter Purchase                                                            | 447,600                  | 447,600            | -                         | 447,600            |
| Miscellaneous                                                             | 27,254                   | -                  | -                         | -                  |
| Contingency                                                               | 48,109                   | -                  | -                         | -                  |
| Administration                                                            | 19,875                   | 12,774             | -                         | 12,774             |
| <b>Total Expenditures</b>                                                 | <b>4,328,713</b>         | <b>2,386,885</b>   | <b>481,231</b>            | <b>2,868,116</b>   |
| <b>Revenues (Under) Expenditures</b>                                      | <b>(4,249,723)</b>       | <b>(2,307,895)</b> | <b>(481,231)</b>          | <b>(2,789,126)</b> |
| <b>Other Financing Sources:</b>                                           |                          |                    |                           |                    |
| Transfers From Other Funds:                                               |                          |                    |                           |                    |
| General Fund                                                              | 12,000                   | 12,000             | -                         | 12,000             |
| Water and Sewer Fund                                                      | 2,436,332                | 2,304,888          | -                         | 2,304,888          |
| Proceeds of State Water Loan                                              | 1,801,391                | 475,857            | 515,293                   | 991,150            |
| <b>Total Other Financing Sources</b>                                      | <b>4,249,723</b>         | <b>2,792,745</b>   | <b>515,293</b>            | <b>3,308,038</b>   |
| <b>Revenues and Other Financing Sources Over<br/>(Under) Expenditures</b> | <b>\$ -</b>              | <b>\$ 484,850</b>  | <b>\$ 34,062</b>          | <b>\$ 518,912</b>  |

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**CITY OF ASHEBORO,  
NORTH CAROLINA**

Capital Assets Used in the Operation of  
Governmental Funds



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

Schedule 10

**COMPARATIVE SCHEDULES BY SOURCE**

June 30, 2016

|                                                                     | <u>2016</u>                 | <u>2015</u>                 |
|---------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Governmental Funds Capital Assets:</b>                           |                             |                             |
| Land                                                                | \$ 3,811,757                | \$ 3,854,760                |
| Land Improvements                                                   | 11,409,386                  | 10,921,563                  |
| Buildings                                                           | 13,825,365                  | 13,825,365                  |
| Street Construction                                                 | 15,782,270                  | 15,694,520                  |
| Computer Equipment                                                  | 602,028                     | 590,120                     |
| Equipment                                                           | 4,631,324                   | 4,509,483                   |
| Vehicles                                                            | 10,753,479                  | 10,154,614                  |
| Construction in Progress                                            | <u>154,567</u>              | <u>536,211</u>              |
| <b>Total Capital Assets</b>                                         | <u><u>\$ 60,970,176</u></u> | <u><u>\$ 60,086,636</u></u> |
| <b>Investment in Governmental Funds Capital Assets - by Source:</b> |                             |                             |
| General Fund                                                        | \$ 25,300,794               | \$ 24,611,182               |
| Special Revenue Funds                                               | 203,741                     | 203,741                     |
| Capital Projects Funds                                              | 23,415,607                  | 23,309,429                  |
| Donations                                                           | <u>12,050,034</u>           | <u>11,962,284</u>           |
|                                                                     | <u><u>\$ 60,970,176</u></u> | <u><u>\$ 60,086,636</u></u> |

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

Schedule 11

**SCHEDULE BY FUNCTION AND ACTIVITY**

June 30, 2016

| Function and Activity                          | Land                | Land<br>Improvements | Buildings            | Street<br>Construction | Computer<br>Equipment | Equipment           | Vehicles             | Construction<br>In Progress | Total                |
|------------------------------------------------|---------------------|----------------------|----------------------|------------------------|-----------------------|---------------------|----------------------|-----------------------------|----------------------|
| <b>General Government:</b>                     |                     |                      |                      |                        |                       |                     |                      |                             |                      |
| Governing Body                                 | \$ -                | \$ -                 | \$ -                 | \$ -                   | \$ -                  | \$ 10,676           | \$ -                 | \$ -                        | \$ 10,676            |
| Administration                                 | -                   | -                    | -                    | -                      | -                     | -                   | -                    | -                           | -                    |
| Personnel and City Clerk                       | -                   | -                    | -                    | -                      | -                     | 7,048               | -                    | -                           | 7,048                |
| Finance                                        | -                   | -                    | -                    | -                      | 58,931                | -                   | -                    | -                           | 58,931               |
| Human Resources                                | 13,908              | -                    | 41,725               | -                      | 9,650                 | 1,685               | 11,273               | -                           | 78,241               |
| Legal Services                                 | -                   | -                    | -                    | -                      | 6,731                 | -                   | -                    | -                           | 6,731                |
| Planning and Zoning                            | -                   | -                    | -                    | -                      | 20,393                | 8,142               | 16,806               | -                           | 45,341               |
| Public Buildings                               | 251,411             | 122,605              | 774,885              | -                      | 784                   | -                   | -                    | -                           | 1,149,685            |
| Information Technology                         | -                   | -                    | -                    | -                      | 25,759                | 98,128              | -                    | -                           | 123,887              |
| Marketing and Communications                   | -                   | -                    | -                    | -                      | -                     | -                   | -                    | -                           | -                    |
| City Shop                                      | 67,274              | -                    | -                    | -                      | 53,293                | 277,672             | 209,507              | -                           | 607,746              |
| <b>Total General Government</b>                | <b>332,593</b>      | <b>122,605</b>       | <b>816,610</b>       | <b>-</b>               | <b>175,541</b>        | <b>403,351</b>      | <b>237,586</b>       | <b>-</b>                    | <b>2,088,286</b>     |
| <b>Public Safety:</b>                          |                     |                      |                      |                        |                       |                     |                      |                             |                      |
| Police                                         | 116,129             | 35,591               | 643,046              | -                      | 159,630               | 379,172             | 2,167,380            | -                           | 3,500,948            |
| Fire                                           | 227,495             | 13,313               | 452,951              | -                      | 175,696               | 584,620             | 2,307,159            | -                           | 3,761,234            |
| Inspections                                    | -                   | -                    | -                    | -                      | -                     | -                   | 23,278               | -                           | 23,278               |
| <b>Total Public Safety</b>                     | <b>343,624</b>      | <b>48,904</b>        | <b>1,095,997</b>     | <b>-</b>               | <b>335,326</b>        | <b>963,792</b>      | <b>4,497,817</b>     | <b>-</b>                    | <b>7,285,460</b>     |
| <b>Transportation:</b>                         |                     |                      |                      |                        |                       |                     |                      |                             |                      |
| Public Works                                   | 273,697             | -                    | 4,751,692            | -                      | 29,765                | 151,119             | 281,108              | -                           | 5,487,381            |
| Streets                                        | 222,638             | 45,070               | 9,800                | 15,782,270             | -                     | 935,376             | 1,860,673            | -                           | 18,855,827           |
| City Engineer                                  | -                   | -                    | -                    | -                      | 29,058                | 52,406              | 28,971               | -                           | 110,435              |
| Airport                                        | 854,500             | 9,435,531            | 671,466              | -                      | -                     | 306,573             | 27,000               | -                           | 11,295,070           |
| <b>Total Transportation</b>                    | <b>1,350,835</b>    | <b>9,480,601</b>     | <b>5,432,958</b>     | <b>15,782,270</b>      | <b>58,823</b>         | <b>1,445,474</b>    | <b>2,197,752</b>     | <b>-</b>                    | <b>35,748,713</b>    |
| <b>Environmental Protection:</b>               |                     |                      |                      |                        |                       |                     |                      |                             |                      |
| Sanitation                                     | 21,152              | -                    | 699,940              | -                      | 28,025                | 891,003             | 3,037,588            | -                           | 4,677,708            |
| <b>Cultural and Recreational:</b>              |                     |                      |                      |                        |                       |                     |                      |                             |                      |
| Parks, Lakes and Playgrounds                   | 877,579             | 1,289,409            | 2,739,572            | -                      | 4,313                 | 308,091             | 79,233               | -                           | 5,298,197            |
| Municipal Golf Course                          | 28,015              | 186,149              | 67,418               | -                      | -                     | -                   | -                    | -                           | 281,582              |
| Grounds Maintenance                            | 85,675              | 65,918               | 141,934              | -                      | -                     | 619,613             | 703,503              | -                           | 1,616,643            |
| Library                                        | 171,418             | 11,425               | -                    | -                      | -                     | -                   | -                    | -                           | 182,843              |
| <b>Total Cultural and Recreational</b>         | <b>1,162,687</b>    | <b>1,552,901</b>     | <b>2,948,924</b>     | <b>-</b>               | <b>4,313</b>          | <b>927,704</b>      | <b>782,736</b>       | <b>-</b>                    | <b>7,379,265</b>     |
| <b>Economic and Physical Development:</b>      |                     |                      |                      |                        |                       |                     |                      |                             |                      |
| Community Promotion                            | 600,866             | 204,375              | 2,830,936            | -                      | -                     | -                   | -                    | -                           | 3,636,177            |
| <b>Construction in Progress</b>                | <b>-</b>            | <b>-</b>             | <b>-</b>             | <b>-</b>               | <b>-</b>              | <b>-</b>            | <b>-</b>             | <b>154,567</b>              | <b>154,567</b>       |
| <b>Total Governmental Funds Capital Assets</b> | <b>\$ 3,811,757</b> | <b>\$ 11,409,386</b> | <b>\$ 13,825,365</b> | <b>\$ 15,782,270</b>   | <b>\$ 602,028</b>     | <b>\$ 4,631,324</b> | <b>\$ 10,753,479</b> | <b>\$ 154,567</b>           | <b>\$ 60,970,176</b> |

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

Schedule 12

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

For the Year Ended June 30, 2016

| <b>Function and Activity</b>                  | Governmental Fund<br>Capital Assets<br>June 30, 2015 | Additions           | Retirements       | Governmental Fund<br>Capital Assets<br>June 30, 2015 |
|-----------------------------------------------|------------------------------------------------------|---------------------|-------------------|------------------------------------------------------|
| <b>General Government:</b>                    |                                                      |                     |                   |                                                      |
| Governing Body                                | \$ 10,676                                            | \$ -                | \$ -              | \$ 10,676                                            |
| Administration                                | -                                                    | -                   | -                 | -                                                    |
| Personnel and City Clerk                      | 7,048                                                | -                   | -                 | 7,048                                                |
| Finance                                       | 58,931                                               | -                   | -                 | 58,931                                               |
| Human Resources                               | 72,287                                               | 5,954               | -                 | 78,241                                               |
| Legal Services                                | 6,731                                                | -                   | -                 | 6,731                                                |
| Planning and Zoning                           | 45,341                                               | -                   | -                 | 45,341                                               |
| Public Buildings                              | 1,149,685                                            | -                   | -                 | 1,149,685                                            |
| Information Technology                        | 117,933                                              | 5,954               | -                 | 123,887                                              |
| Marketing and Communications                  | -                                                    | -                   | -                 | -                                                    |
| City Shop                                     | 600,446                                              | 7,300               | -                 | 607,746                                              |
| <b>Total General Government</b>               | <b>2,069,078</b>                                     | <b>19,208</b>       | <b>-</b>          | <b>2,088,286</b>                                     |
| <b>Public Safety:</b>                         |                                                      |                     |                   |                                                      |
| Police                                        | 3,510,896                                            | 11,540              | 21,488            | 3,500,948                                            |
| Fire                                          | 3,314,911                                            | 662,278             | 215,955           | 3,761,234                                            |
| Inspections                                   | 23,278                                               | -                   | -                 | 23,278                                               |
| <b>Total Public Safety</b>                    | <b>6,849,085</b>                                     | <b>673,818</b>      | <b>237,443</b>    | <b>7,285,460</b>                                     |
| <b>Transportation:</b>                        |                                                      |                     |                   |                                                      |
| Public Works                                  | 5,462,734                                            | 24,647              | -                 | 5,487,381                                            |
| Streets                                       | 18,658,927                                           | 285,163             | 88,263            | 18,855,827                                           |
| City Engineer                                 | 90,281                                               | 20,154              | -                 | 110,435                                              |
| Airport                                       | 10,807,247                                           | 487,823             | -                 | 11,295,070                                           |
| <b>Total Transportation</b>                   | <b>35,019,189</b>                                    | <b>817,787</b>      | <b>88,263</b>     | <b>35,748,713</b>                                    |
| <b>Environmental Protection:</b>              |                                                      |                     |                   |                                                      |
| Sanitation                                    | 4,683,188                                            | -                   | 5,480             | 4,677,708                                            |
| <b>Cultural and Recreational:</b>             |                                                      |                     |                   |                                                      |
| Parks, Lakes and Playgrounds                  | 5,298,197                                            | -                   | -                 | 5,298,197                                            |
| Municipal Golf Course                         | 281,582                                              | -                   | -                 | 281,582                                              |
| Grounds Maintenance                           | 1,531,086                                            | 85,557              | -                 | 1,616,643                                            |
| Library                                       | 182,843                                              | -                   | -                 | 182,843                                              |
| <b>Total Cultural and Recreational</b>        | <b>7,293,708</b>                                     | <b>85,557</b>       | <b>-</b>          | <b>7,379,265</b>                                     |
| <b>Economic and Physical Development:</b>     |                                                      |                     |                   |                                                      |
| Community Promotion                           | 3,636,177                                            | -                   | -                 | 3,636,177                                            |
| <b>Construction in Progress</b>               | <b>536,211</b>                                       | <b>106,179</b>      | <b>487,823</b>    | <b>154,567</b>                                       |
| <b>Total Governmental Fund Capital Assets</b> | <b>\$ 60,086,636</b>                                 | <b>\$ 1,702,549</b> | <b>\$ 819,009</b> | <b>\$ 60,970,176</b>                                 |

**CITY OF ASHEBORO,  
NORTH CAROLINA**

Other Supplemental Information

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

**CITY OF ASHEBORO, NORTH CAROLINA**Schedule 13**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

For the Year Ended June 30, 2016

| <u>Fiscal Year</u>                                              | <u>Balance<br/>July 1,<br/>2015</u> | <u>Additions</u>     | <u>Collections<br/>and Credits</u> | <u>Balance<br/>June 30,<br/>2016</u> |
|-----------------------------------------------------------------|-------------------------------------|----------------------|------------------------------------|--------------------------------------|
| 2014-2015                                                       | \$ -                                | \$ 15,390,363        | \$ 15,342,064                      | \$ 48,299                            |
| 2013-2014                                                       | 51,844                              | 44,292               | -                                  | 96,136                               |
| 2012-2013                                                       | 121,444                             |                      | 109,819                            | 11,625                               |
| 2011-2012                                                       | 8,152                               |                      | 2,458                              | 5,694                                |
| 2010-2011                                                       | 11,013                              |                      | 689                                | 10,324                               |
| 2009-2010                                                       | 5,485                               |                      | 833                                | 4,652                                |
| 2008-2009                                                       | 5,741                               |                      | 116                                | 5,625                                |
| 2007-2008                                                       | 3,309                               |                      | 89                                 | 3,220                                |
| 2006-2007                                                       | 1,826                               |                      | -                                  | 1,826                                |
| 2005-2006                                                       | 2,781                               |                      | 11                                 | 2,770                                |
| 2004-2005                                                       | 1,223                               |                      | 1,223                              | -                                    |
|                                                                 | <u>\$ 212,818</u>                   | <u>\$ 15,434,655</u> | <u>\$ 15,457,302</u>               | 190,171                              |
| Less Allowance for Uncollectible<br>Ad Valorem Taxes Receivable |                                     |                      |                                    | <u>(28,000)</u>                      |
| Ad Valorem Taxes Receivable - Net                               |                                     |                      |                                    | <u>\$ 162,171</u>                    |
| Reconciliation with Revenues:                                   |                                     |                      |                                    |                                      |
| Ad Valorem Taxes Collected - General Fund                       |                                     |                      | \$ 15,419,773                      |                                      |
| Discounts Allowed                                               |                                     |                      | 196,488                            |                                      |
| Releases and Adjustments                                        |                                     |                      | (98,967)                           |                                      |
| Taxes Written Off                                               |                                     |                      | 1,223                              |                                      |
| Interest Collected                                              |                                     |                      | <u>(61,215)</u>                    |                                      |
| Total Collections and Credits                                   |                                     |                      | <u>\$ 15,457,302</u>               |                                      |

## ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2016

|                                           | City-Wide               |      |                      | Total Levy                                            |                                 |
|-------------------------------------------|-------------------------|------|----------------------|-------------------------------------------------------|---------------------------------|
|                                           | Property<br>Valuation   | Rate | Total<br>Levy        | Property<br>Excluding<br>Registered<br>Motor Vehicles | Registered<br>Motor<br>Vehicles |
| <b>Original Levy:</b>                     |                         |      |                      |                                                       |                                 |
| Property Taxed at Current Year's Rate     | \$ 2,339,076,173        | .665 | \$ 15,554,857        | \$ 14,485,640                                         | \$ 1,069,217                    |
| Motor Vehicles Taxed at Prior Year's Rate | -                       | .63  | -                    |                                                       | -                               |
| Penalties                                 |                         |      | 23,494               | 23,494                                                |                                 |
| <b>Total</b>                              | <u>2,339,076,173</u>    |      | <u>15,578,351</u>    | <u>14,509,134</u>                                     | <u>1,069,217</u>                |
| <b>Discoveries:</b>                       |                         |      |                      |                                                       |                                 |
| Current Year Taxes                        | 4,023,546               | .665 | 26,757               | 26,757                                                |                                 |
| Prior Years Taxes                         | 7,778,847               | .665 | 51,729               | 51,538                                                | 191                             |
| Penalties                                 |                         |      | 8,663                | 8,663                                                 |                                 |
|                                           | <u>11,802,393</u>       |      | <u>87,149</u>        | <u>86,958</u>                                         | <u>191</u>                      |
| <b>Abatements</b>                         | <u>(41,373,806)</u>     |      | <u>(275,136)</u>     | <u>(274,230)</u>                                      | <u>(906)</u>                    |
| <b>Total Valuation</b>                    | <u>\$ 2,309,504,760</u> |      |                      |                                                       |                                 |
| Net Levy                                  |                         |      | 15,390,363           | 14,321,862                                            | 1,068,502                       |
| Uncollected Taxes at June 30, 2016        |                         |      | <u>(48,299)</u>      | <u>(43,590)</u>                                       | <u>(4,709)</u>                  |
| Current Year's Taxes Collected            |                         |      | <u>\$ 15,342,064</u> | <u>\$ 14,278,272</u>                                  | <u>\$ 1,063,793</u>             |
| Current Levy Collection Percentage        |                         |      | <u>99.69%</u>        | <u>99.70%</u>                                         | <u>99.56%</u>                   |

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**CITY OF ASHEBORO,  
NORTH CAROLINA**

**STATISTICAL SECTION**

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

| <b>Contents</b>                                                                                                                                                                                                 | <b>Page</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Financial Trends                                                                                                                                                                                                | 97          |
| These tables contain trend information to help the reader understand how the City's Financial performance and well-being have changed over time.                                                                |             |
| Revenue Capacity                                                                                                                                                                                                | 103         |
| These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.                                                                                  |             |
| Debt Capacity                                                                                                                                                                                                   | 108         |
| These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                    |             |
| Demographic and Economic Information                                                                                                                                                                            | 112         |
| These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                                   |             |
| Operating Information                                                                                                                                                                                           | 114         |
| These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. |             |



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**CITY OF ASHEBORO, NORTH CAROLINA**

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

Table 1

|                                             | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in capital assets            | \$ 22,828,193        | \$ 24,474,397        | \$ 23,882,980        | \$ 24,440,730        | \$ 23,434,409        | \$ 22,576,050        | \$ 21,550,155        | \$ 21,135,500        | \$ 20,340,527        | \$ 19,418,912        |
| Restricted                                  | 1,705,253            | 1,615,678            | 1,508,368            | 1,469,071            | 4,918,519            | 4,975,395            | 5,031,627            | 4,911,902            | 4,481,550            | 5,378,405            |
| Unrestricted                                | 8,576,022            | 8,994,693            | 8,013,501            | 6,674,979            | 2,801,658            | 2,158,991            | 696,013              | 165,855              | 795,862              | 4,733,514            |
| Total Governmental activities net position  | <u>\$ 33,109,468</u> | <u>\$ 35,084,768</u> | <u>\$ 33,404,849</u> | <u>\$ 32,584,780</u> | <u>\$ 31,154,586</u> | <u>\$ 29,710,436</u> | <u>\$ 27,277,795</u> | <u>\$ 26,213,257</u> | <u>\$ 25,617,939</u> | <u>\$ 29,530,831</u> |
| Business-type activities                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in capital assets            | \$ 30,654,567        | \$ 32,213,011        | \$ 33,946,915        | \$ 35,840,750        | \$ 38,207,155        | \$ 39,489,368        | \$ 41,926,766        | \$ 41,842,479        | \$ 41,762,170        | \$ 40,684,861        |
| Restricted                                  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Unrestricted                                | 10,447,520           | 10,700,555           | 11,032,403           | 10,187,112           | 10,882,193           | 10,240,633           | 10,079,768           | 9,932,830            | 8,468,913            | 10,452,569           |
| Total business-type activities net position | <u>\$ 41,102,087</u> | <u>\$ 42,913,566</u> | <u>\$ 44,979,318</u> | <u>\$ 46,027,862</u> | <u>\$ 49,089,348</u> | <u>\$ 49,730,001</u> | <u>\$ 52,006,534</u> | <u>\$ 51,775,309</u> | <u>\$ 50,231,083</u> | <u>\$ 51,137,430</u> |
| Primary government                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in capital assets            | \$ 53,482,760        | \$ 56,687,408        | \$ 57,829,895        | \$ 60,281,480        | \$ 61,641,564        | \$ 62,065,418        | \$ 63,476,921        | \$ 62,977,979        | \$ 62,102,697        | \$ 60,103,773        |
| Restricted                                  | 1,705,253            | 1,615,678            | 1,508,368            | 1,469,071            | 4,918,519            | 4,975,395            | 5,031,627            | 4,911,902            | 4,481,550            | 5,378,405            |
| Unrestricted                                | 19,023,542           | 19,695,248           | 19,045,904           | 16,862,091           | 13,683,851           | 12,399,624           | 10,775,781           | 10,098,685           | 9,264,775            | 15,186,083           |
| Total primary government net position       | <u>\$ 74,211,555</u> | <u>\$ 77,998,334</u> | <u>\$ 78,384,167</u> | <u>\$ 78,612,642</u> | <u>\$ 80,243,934</u> | <u>\$ 79,440,437</u> | <u>\$ 79,284,329</u> | <u>\$ 77,988,566</u> | <u>\$ 75,849,022</u> | <u>\$ 80,668,261</u> |

**CITY OF ASHEBORO, NORTH CAROLINA**

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

Table 2  
(Page 1 of 2)

| <b>Expenses</b>                                 | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                   | 2014                   | 2015                   | 2016                   |
|-------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental activities:                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                              | \$ 2,639,306           | \$ 2,787,687           | \$ 2,852,960           | \$ 3,010,464           | \$ 3,286,240           | \$ 3,061,766           | \$ 3,207,455           | \$ 3,123,857           | \$ 3,200,467           | \$ 2,814,426           |
| Public safety                                   | 8,379,264              | 9,019,026              | 9,756,723              | 10,263,312             | 10,505,454             | 10,936,883             | 11,277,560             | 12,023,084             | 11,694,632             | 11,232,356             |
| Transportation                                  | 3,402,172              | 4,437,635              | 5,489,676              | 4,233,131              | 4,394,627              | 4,416,483              | 4,357,965              | 4,411,887              | 4,343,125              | 4,120,997              |
| Environmental protection                        | 1,946,752              | 2,316,831              | 2,267,470              | 2,436,284              | 2,278,866              | 2,416,231              | 2,403,358              | 2,549,074              | 2,303,227              | 2,104,593              |
| Cultural and recreational                       | 2,251,055              | 2,806,614              | 2,763,632              | 3,435,526              | 3,283,907              | 3,342,904              | 3,695,508              | 3,402,045              | 3,483,175              | 3,141,542              |
| Economic and physical development               | 933,186                | 198,711                | 222,884                | 551,395                | 847,495                | 867,040                | 1,019,712              | 392,371                | 230,330                | 305,104                |
| Interest on long-term debt                      | 142,358                | 110,973                | 83,051                 | 63,232                 | 47,797                 | 57,384                 | 60,147                 | 60,664                 | 42,586                 | 33,739                 |
| Total governmental activities expenses          | 19,694,093             | 21,677,477             | 23,436,396             | 23,993,344             | 24,644,386             | 25,098,691             | 26,021,705             | 25,962,982             | 25,297,542             | 23,752,757             |
| Business-type activities:                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Water and Sewer                                 | 8,325,034              | 9,512,246              | 9,896,112              | 10,583,741             | 11,036,882             | 11,225,841             | 11,772,761             | 11,810,383             | 12,862,542             | 11,931,316             |
| Total business-type activities expenses         | 8,325,034              | 9,512,246              | 9,896,112              | 10,583,741             | 11,036,882             | 11,225,841             | 11,772,761             | 11,810,383             | 12,862,542             | 11,931,316             |
| Total primary government expenses               | <u>\$ 28,019,127</u>   | <u>\$ 31,189,723</u>   | <u>\$ 33,332,508</u>   | <u>\$ 34,577,085</u>   | <u>\$ 35,681,268</u>   | <u>\$ 36,324,532</u>   | <u>\$ 37,794,466</u>   | <u>\$ 37,773,365</u>   | <u>\$ 38,160,084</u>   | <u>\$ 35,684,073</u>   |
| <b>Program Revenues</b>                         |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                              | \$ 44,383              | \$ 322,953             | \$ 300,341             | \$ 338,398             | \$ 327,154             | \$ 330,415             | \$ 341,430             | \$ 341,277             | \$ 313,367             | \$ 26,346              |
| Public safety                                   | 175,835                | 163,586                | 104,332                | 106,149                | 129,416                | 157,330                | 111,356                | 93,840                 | 109,897                | 133,091                |
| Transportation                                  | 23,594                 | 26,088                 | 26,253                 | 28,786                 | 26,305                 | 27,635                 | 27,247                 | 27,836                 | 37,556                 | 37,436                 |
| Environmental protection                        | 857,224                | 1,041,908              | 1,026,343              | 969,105                | 991,579                | 946,203                | 909,082                | 899,217                | 1,265,347              | 2,024,615              |
| Cultural and recreational                       | 498,179                | 524,163                | 471,441                | 425,789                | 434,208                | 439,003                | 363,595                | 400,520                | 411,468                | 391,318                |
| Operating grants and contributions              | 894,251                | 936,907                | 1,656,175              | 649,810                | 845,436                | 1,085,673              | 729,487                | 1,015,043              | 937,279                | 764,474                |
| Capital grants and contributions                | 1,288,059              | 1,415,364              | 239,227                | 1,869,824              | 614,292                | 593,839                | 611,822                | 1,021,526              | 248,682                | 256,912                |
| Total governmental activities program revenues  | 3,781,525              | 4,430,969              | 3,824,112              | 4,387,861              | 3,368,390              | 3,580,098              | 3,094,019              | 3,799,259              | 3,323,596              | 3,634,192              |
| Business-type activities:                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Water and Sewer                                 | 9,839,077              | 11,161,593             | 10,214,764             | 10,615,103             | 11,988,495             | 11,481,001             | 11,900,646             | 11,602,642             | 11,993,022             | 12,045,164             |
| Operating grants and contributions              | 301,228                | 345,637                | 417,006                | 484,152                | 557,339                | 596,180                | 594,645                | 659,685                | 638,507                | 756,947                |
| Capital grants and contributions                | -                      | 244,799                | 606,183                | 442,638                | 2,255,680              | 577,292                | 2,364,158              | 75,873                 | 94,325                 | -                      |
| Total business-type activities program revenues | 10,140,305             | 11,752,029             | 11,237,953             | 11,541,893             | 14,801,514             | 12,654,473             | 14,859,449             | 12,338,200             | 12,725,854             | 12,802,111             |
| Total primary government program revenues       | <u>\$ 13,921,830</u>   | <u>\$ 16,182,998</u>   | <u>\$ 15,062,065</u>   | <u>\$ 15,929,754</u>   | <u>\$ 18,169,904</u>   | <u>\$ 16,234,571</u>   | <u>\$ 17,953,468</u>   | <u>\$ 16,137,459</u>   | <u>\$ 16,049,450</u>   | <u>\$ 16,436,303</u>   |
| <b>Net (Expense)/Revenue</b>                    |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                         | \$ (15,912,568)        | \$ (17,246,508)        | \$ (19,612,284)        | \$ (19,605,483)        | \$ (21,275,996)        | \$ (21,518,593)        | \$ (22,927,686)        | \$ (22,163,723)        | \$ (21,973,946)        | \$ (20,118,565)        |
| Business-type activities                        | 1,815,271              | 2,239,783              | 1,341,841              | 958,152                | 3,764,632              | 1,428,632              | 3,086,688              | 527,817                | (136,688)              | 870,795                |
| Total primary government net expense            | <u>\$ (14,097,297)</u> | <u>\$ (15,006,725)</u> | <u>\$ (18,270,443)</u> | <u>\$ (18,647,331)</u> | <u>\$ (17,511,364)</u> | <u>\$ (20,089,961)</u> | <u>\$ (19,840,998)</u> | <u>\$ (21,635,906)</u> | <u>\$ (22,110,634)</u> | <u>\$ (19,247,770)</u> |

**CITY OF ASHEBORO, NORTH CAROLINA**

**Changes in Net Position**

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

(Page 2 of 2)

**General Revenues and Other Changes in**

| <b>Net Position</b>            | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                  | 2015                 | 2016                 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| Governmental activities:       |                      |                      |                      |                      |                      |                      |                      |                       |                      |                      |
| Taxes                          |                      |                      |                      |                      |                      |                      |                      |                       |                      |                      |
| Property taxes                 | \$ 10,171,208        | \$ 11,239,034        | \$ 11,595,398        | \$ 11,887,696        | \$ 11,947,797        | \$ 12,024,717        | \$ 12,219,356        | \$ 12,968,405         | \$ 14,507,360        | \$ 15,400,126        |
| Sales taxes                    | 4,122,316            | 4,232,034            | 3,538,343            | 2,934,243            | 2,926,393            | 2,991,930            | 3,044,107            | 3,162,311             | 3,431,212            | 3,720,840            |
| Franchise taxes                | 1,793,517            | 2,078,291            | 2,091,430            | 2,162,520            | 2,148,736            | 2,041,272            | 2,042,949            | 2,022,680             | 2,338,786            | 2,493,755            |
| Other taxes and licenses       | 441,637              | 172,275              | 583,184              | 1,183,638            | 1,441,057            | 1,474,713            | 1,483,535            | 1,438,056             | 1,466,412            | 1,506,768            |
| Investment earnings            | 410,921              | 471,825              | 205,532              | 64,275               | 38,702               | 23,500               | 15,031               | 33,436                | 42,488               | 28,151               |
| Miscellaneous                  | 396,833              | 198,009              | 460,275              | 584,956              | 611,123              | 740,428              | 892,494              | 706,297               | 636,456              | 881,817              |
| Transfers                      | 1,851,550            | 830,340              | (541,797)            | (31,914)             | 731,994              | 777,883              | 800,000              | 768,000               | 500,000              | -                    |
| Total governmental activities  | 19,187,982           | 19,221,808           | 17,932,365           | 18,785,414           | 19,845,802           | 20,074,443           | 20,497,472           | 21,099,185            | 22,922,714           | 24,031,457           |
| Business-type activities:      |                      |                      |                      |                      |                      |                      |                      |                       |                      |                      |
| Investment earnings            | 596,908              | 395,814              | 182,114              | 58,478               | 28,848               | 13,271               | 10,090               | 8,958                 | 9,231                | 11,552               |
| Miscellaneous                  | -                    | 6,222                | -                    | -                    | -                    | (23,367)             | -                    | -                     | (39,304)             | 24,000               |
| Transfers                      | (1,851,550)          | (830,340)            | 541,797              | 31,914               | (731,994)            | (777,883)            | (800,000)            | (768,000)             | (500,000)            | -                    |
| Total business-type activities | (1,254,642)          | (428,304)            | 723,911              | 90,392               | (703,146)            | (787,979)            | (789,910)            | (759,042)             | (530,073)            | 35,552               |
| Total primary government       | <u>\$ 17,933,340</u> | <u>\$ 18,793,504</u> | <u>\$ 18,656,276</u> | <u>\$ 18,875,806</u> | <u>\$ 19,142,656</u> | <u>\$ 19,286,464</u> | <u>\$ 19,707,562</u> | <u>\$ 20,340,143</u>  | <u>\$ 22,392,641</u> | <u>\$ 24,067,009</u> |
| <b>Change in Net Position</b>  |                      |                      |                      |                      |                      |                      |                      |                       |                      |                      |
| Governmental activities        | \$ 3,275,414         | \$ 1,975,300         | \$ (1,679,919)       | \$ (820,069)         | \$ (1,430,194)       | \$ (1,444,150)       | \$ (2,430,214)       | \$ (1,064,538)        | \$ 948,768           | \$ 3,912,892         |
| Business-type activities       | 560,629              | 1,811,479            | 2,065,752            | 1,048,544            | 3,061,486            | 640,653              | 2,296,778            | (231,225)             | (666,761)            | 906,347              |
| Total primary government       | <u>\$ 3,836,043</u>  | <u>\$ 3,786,779</u>  | <u>\$ 385,833</u>    | <u>\$ 228,475</u>    | <u>\$ 1,631,292</u>  | <u>\$ (803,497)</u>  | <u>\$ (133,436)</u>  | <u>\$ (1,295,763)</u> | <u>\$ 282,007</u>    | <u>\$ 4,819,239</u>  |

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

Table 3

| Fiscal<br>Year | Property<br>Tax | Sales<br>Tax | Franchise<br>Tax | Other     | Total      |
|----------------|-----------------|--------------|------------------|-----------|------------|
| 2007           | 10,171,208      | 4,122,316    | 1,793,517        | 441,637   | 16,528,678 |
| 2008           | 11,239,034      | 4,323,034    | 2,078,291        | 172,275   | 17,812,634 |
| 2009           | 11,595,398      | 3,538,343    | 2,091,430        | 583,184   | 17,808,355 |
| 2010           | 11,887,696      | 2,934,243    | 2,162,520        | 1,183,638 | 18,168,097 |
| 2011           | 11,947,797      | 2,926,393    | 2,148,736        | 1,441,057 | 18,463,983 |
| 2012           | 12,024,717      | 2,991,930    | 2,041,272        | 1,474,713 | 18,532,632 |
| 2013           | 12,219,356      | 3,044,107    | 2,042,949        | 1,483,535 | 18,789,947 |
| 2014           | 12,968,405      | 3,162,311    | 2,022,680        | 1,438,056 | 19,591,452 |
| 2015           | 14,507,360      | 3,431,212    | 2,338,786        | 1,466,412 | 21,743,770 |
| 2016           | 15,400,126      | 3,720,840    | 2,493,755        | 1,506,768 | 23,121,489 |

**CITY OF ASHEBORO, NORTH CAROLINA**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 4

|                                    | 2007                 | 2008                 | 2009                 | 2010                 | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| General Fund:                      |                      |                      |                      |                      |                     |                     |                     |                     |                     |                      |
| Reserved                           | \$ 6,499,419         | \$ 5,142,623         | \$ 4,300,178         | \$ 4,979,724         |                     |                     |                     |                     |                     |                      |
| Unreserved                         | 4,582,323            | 5,988,877            | 6,617,624            | 5,050,791            |                     |                     |                     |                     |                     |                      |
| Nonspendable                       |                      |                      |                      |                      | 1,250,055           | 857,493             | 859,119             | 862,114             | 1,089,527           | 998,477              |
| Restricted                         |                      |                      |                      |                      | 3,590,464           | 3,138,140           | 3,431,128           | 3,104,020           | 2,757,574           | 3,812,763            |
| Committed                          |                      |                      |                      |                      | -                   | -                   | -                   | -                   | -                   | -                    |
| Assigned                           |                      |                      |                      |                      | 224,428             | -                   | -                   | 225,000             | -                   | -                    |
| Unassigned                         |                      |                      |                      |                      | 4,165,717           | 5,134,816           | 4,144,624           | 3,845,050           | 5,990,191           | 9,220,728            |
| Total General Fund                 | <u>\$ 11,081,742</u> | <u>\$ 11,131,500</u> | <u>\$ 10,917,802</u> | <u>\$ 10,030,515</u> | <u>\$ 9,230,664</u> | <u>\$ 9,130,449</u> | <u>\$ 8,434,871</u> | <u>\$ 8,036,184</u> | <u>\$ 9,837,292</u> | <u>\$ 14,031,968</u> |
| All other governmental funds       |                      |                      |                      |                      |                     |                     |                     |                     |                     |                      |
| Reserved                           | \$ 118,498           | \$ 31,681            | \$ 6,750             | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                 |
| Unreserved, reported in:           | -                    | -                    |                      |                      |                     |                     |                     |                     |                     |                      |
| Special revenue funds              | 303,538              | 306,792              | 259,470              | 263,162              | -                   | -                   | -                   | -                   | -                   | -                    |
| Capital projects funds             | 214,267              | 728,175              | 243,690              | 284,302              | -                   | -                   | -                   | -                   | -                   | -                    |
| Nonspendable                       |                      |                      |                      |                      | -                   | -                   | -                   | -                   | -                   | -                    |
| Restricted                         |                      |                      |                      |                      | 621,144             | 1,626,574           | 1,145,849           | 915,705             | 629,631             | 627,961              |
| Committed                          |                      |                      |                      |                      | 706,911             | 210,681             | 454,650             | 892,177             | 1,097,345           | 937,681              |
| Assigned                           |                      |                      |                      |                      | -                   | -                   | -                   | (148,559)           | -                   | (17,677)             |
| Total all other governmental funds | <u>\$ 636,303</u>    | <u>\$ 1,066,648</u>  | <u>\$ 509,910</u>    | <u>\$ 547,464</u>    | <u>\$ 1,328,055</u> | <u>\$ 1,837,255</u> | <u>\$ 1,600,499</u> | <u>\$ 1,659,323</u> | <u>\$ 1,726,976</u> | <u>\$ 1,547,965</u>  |

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

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

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

Table 5

|                                                             | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|-------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                             | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          |
| <b>Revenues</b>                                             |               |               |               |               |               |               |               |               |               |               |
| Taxes                                                       | \$ 10,125,705 | \$ 11,190,147 | \$ 11,531,005 | \$ 11,770,534 | \$ 11,923,685 | \$ 12,270,703 | \$ 12,276,415 | \$ 13,014,586 | \$ 14,519,022 | \$ 15,419,773 |
| Other taxes and licences                                    | 300,808       | 303,218       | 299,201       | 337,094       | 327,265       | 332,284       | 340,369       | 346,197       | 323,903       | 39,010        |
| Intergovernmental                                           | 7,232,645     | 8,023,327     | 8,352,387     | 7,197,417     | 7,707,645     | 7,951,037     | 8,014,704     | 8,720,755     | 8,686,356     | 8,909,203     |
| Permits and fees                                            | 323,595       | 205,658       | 128,723       | 131,817       | 154,706       | 185,476       | 162,991       | 121,736       | 139,882       | 166,459       |
| Sales and services                                          | 1,388,838     | 1,577,365     | 1,532,697     | 1,430,572     | 1,451,400     | 1,423,719     | 1,311,794     | 1,325,556     | 1,687,425     | 2,386,673     |
| Investment earnings                                         | 410,921       | 471,825       | 205,532       | 64,275        | 38,702        | 23,500        | 15,031        | 33,436        | 42,488        | 28,151        |
| Miscellaneous                                               | 480,230       | 320,800       | 304,261       | 394,277       | 824,642       | 845,771       | 709,474       | 575,080       | 393,497       | 527,045       |
| Total revenues                                              | 20,262,742    | 22,092,340    | 22,353,806    | 21,325,986    | 22,428,045    | 23,032,490    | 22,830,778    | 24,137,346    | 25,792,573    | 27,476,314    |
| <b>Expenditures</b>                                         |               |               |               |               |               |               |               |               |               |               |
| General government                                          | 2,635,489     | 2,761,672     | 2,796,054     | 2,936,039     | 3,219,001     | 2,972,245     | 3,755,674     | 3,017,602     | 3,151,731     | 2,914,210     |
| Public safety                                               | 8,260,209     | 9,152,688     | 9,415,863     | 9,676,631     | 10,288,725    | 10,473,547    | 11,327,871    | 11,382,276    | 12,302,052    | 11,848,353    |
| Transportation                                              | 2,576,252     | 2,939,089     | 2,739,653     | 2,860,124     | 3,197,031     | 3,318,995     | 3,243,380     | 3,262,437     | 3,486,959     | 3,351,320     |
| Environmental protection                                    | 1,906,343     | 2,721,881     | 2,121,376     | 2,259,681     | 2,582,776     | 2,232,722     | 2,383,417     | 2,574,066     | 2,169,598     | 1,985,502     |
| Culture and recreation                                      | 2,570,856     | 2,886,940     | 2,595,713     | 3,086,400     | 3,249,141     | 3,170,744     | 3,319,294     | 3,138,685     | 3,218,540     | 3,205,708     |
| Economic and physical development                           | 857,606       | 750,098       | 1,680,034     | 524,035       | 820,135       | 839,680       | 992,352       | 365,011       | 329,546       | 277,744       |
| Capital outlay                                              | 517,657       | 651,541       | 633,651       | 320,127       | 222,473       | 168,216       | 1,642,806     | 702,180       | 48,385        | 106,179       |
| Debt service:                                               |               |               |               |               |               |               |               |               |               |               |
| Principal                                                   | 493,833       | 501,957       | 521,939       | 450,160       | 378,596       | 346,305       | 519,827       | 768,242       | 712,562       | 752,694       |
| Interest                                                    | 136,076       | 105,377       | 78,162        | 58,997        | 44,256        | 54,519        | 59,269        | 60,260        | 42,562        | 33,739        |
| Other charges                                               | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Total expenditures                                          | 19,954,321    | 22,471,243    | 22,582,445    | 22,172,194    | 24,002,134    | 23,576,973    | 27,243,890    | 25,270,759    | 25,461,935    | 24,475,449    |
| Excess of revenues<br>over (under) expenditures             | 308,421       | (378,903)     | (228,639)     | (846,208)     | (1,574,089)   | (544,483)     | (4,413,112)   | (1,133,413)   | 330,638       | 3,000,865     |
| <b>Other financing sources (uses)</b>                       |               |               |               |               |               |               |               |               |               |               |
| Transfers in                                                | 2,016,017     | 1,622,679     | 972,316       | 766,401       | 1,242,169     | 794,550       | 969,713       | 975,700       | 703,673       | 119,568       |
| Transfers out                                               | (164,467)     | (792,339)     | (1,514,113)   | (798,315)     | (510,175)     | (16,667)      | (169,713)     | (207,700)     | (203,673)     | (119,568)     |
| Payments to refunded bond escrow agent                      | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Refunding bonds issued                                      | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Premium on bonds issued                                     | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Installment purchase obligations / Notes                    | -             | -             | -             | -             | 822,835       | 138,494       | 2,344,245     | 25,550        | 690,040       | 920,000       |
| Sale of assets                                              | 4,515         | 28,666        | -             | 28,389        | -             | 37,091        | 336,533       | -             | 39,440        | 94,800        |
| Total other financing<br>sources (uses)                     | 1,856,065     | 859,006       | (541,797)     | (3,525)       | 1,554,829     | 953,468       | 3,480,778     | 793,550       | 1,229,480     | 1,014,800     |
| Net change in fund balances                                 | \$ 2,164,486  | \$ 480,103    | \$ (770,436)  | \$ (849,733)  | \$ (19,260)   | \$ 408,985    | \$ (932,334)  | \$ (339,863)  | \$ 1,560,118  | \$ 4,015,665  |
| Debt services as a percentage of noncapital<br>expenditures | 3.3%          | 2.9%          | 2.7%          | 2.3%          | 1.8%          | 1.7%          | 2.2%          | 3.3%          | 3.1%          | 3.4%          |

**CITY OF ASHEBORO, NORTH CAROLINA****General Governmental Tax Revenues By Source****Table 6**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

| <u>Fiscal<br/>Year</u> | <u>Property<br/>Tax</u> | <u>Sales<br/>Tax</u> | <u>Franchise<br/>Tax</u> | <u>Other</u> | <u>Total</u> |
|------------------------|-------------------------|----------------------|--------------------------|--------------|--------------|
| 2007                   | 10,125,705              | 4,122,316            | 1,793,517                | 441,637      | 16,483,175   |
| 2008                   | 11,190,147              | 4,232,034            | 2,078,291                | 172,275      | 17,672,747   |
| 2009                   | 11,531,005              | 3,538,343            | 2,091,430                | 583,184      | 17,743,962   |
| 2010                   | 11,770,534              | 2,934,243            | 2,162,520                | 1,123,956    | 17,991,253   |
| 2011                   | 11,923,685              | 2,926,393            | 2,148,736                | 1,378,411    | 18,377,225   |
| 2012                   | 12,270,703              | 2,991,930            | 2,041,272                | 1,405,904    | 18,709,809   |
| 2013                   | 12,276,415              | 3,044,107            | 2,042,949                | 1,417,431    | 18,780,902   |
| 2014                   | 13,014,586              | 3,162,311            | 2,022,680                | 1,370,107    | 19,569,684   |
| 2015                   | 14,519,022              | 3,431,212            | 2,338,786                | 1,389,610    | 21,678,630   |
| 2016                   | 15,419,773              | 3,720,840            | 2,493,755                | 1,455,392    | 23,089,760   |



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

| Fiscal Year | Real Property (5) | Personal Property | Personal Property |             | Public Service Companies (4) | Total Taxable Assessed Value | Total Direct Tax Rate | Real Property                      | Assessed Value as a Percentage of Actual Value (2) |
|-------------|-------------------|-------------------|-------------------|-------------|------------------------------|------------------------------|-----------------------|------------------------------------|----------------------------------------------------|
|             |                   |                   | Motor Vehicles    | Other       |                              |                              |                       | Estimated Actual Taxable Value (1) |                                                    |
| 2007        | 1,250,881,728     | 568,142,908       | 178,085,722       | 390,057,186 | 34,791,121                   | 1,853,815,757                | 0.55                  | 2,115,144,926                      | 86.00%                                             |
| 2008 (3)    | 1,417,978,237     | 606,419,641       | 174,630,404       | 431,789,237 | 39,129,255                   | 2,063,527,133                | 0.55                  | 2,087,008,122                      | 97.00%                                             |
| 2009        | 1,466,396,225     | 611,866,614       | 152,459,633       | 459,406,981 | 39,130,524                   | 2,117,393,363                | 0.55                  | 2,157,216,980                      | 96.34%                                             |
| 2010        | 1,706,000,373     | 406,175,673       | 148,411,636       | 257,764,037 | 37,017,283                   | 2,149,193,329                | 0.55                  | 2,310,960,569                      | 93.00%                                             |
| 2011        | 1,524,473,286     | 604,532,190       | 141,988,051       | 462,544,139 | 35,386,767                   | 2,164,392,243                | 0.55                  | 2,219,889,480                      | 97.50%                                             |
| 2012        | 1,662,268,789     | 476,124,588       | 154,163,455       | 321,961,133 | 34,312,633                   | 2,172,706,010                | 0.55                  | 2,228,416,421                      | 97.50%                                             |
| 2013        | 1,647,091,279     | 541,838,233       | 155,760,545       | 386,077,688 | 34,312,633                   | 2,223,242,145                | 0.55                  | 2,280,248,354                      | 97.50%                                             |
| 2014 (3)    | 1,603,259,908     | 582,862,082       | 90,265,091        | 492,596,991 | 40,418,254                   | 2,226,540,244                | 0.55                  | 2,120,514,518                      | 105.00%                                            |
| 2015        | 1,670,505,337     | 573,003,851       | 161,265,079       | 411,738,772 | 43,453,013                   | 2,286,962,201                | 0.63                  | 2,319,434,281                      | 98.60%                                             |
| 2016        | 1,670,665,657     | 595,386,088       | 160,784,511       | 434,601,577 | 43,453,014                   | 2,309,504,759                | 0.665                 | 2,354,235,229                      | 98.10%                                             |

Source: Randolph County Government

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

(1) The estimated market value for real property is calculated by dividing the assessed value by an assessment- to- sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The actual ratio for the most recent year is not yet available; an estimated ratio of 105% (2) has been provided by the Randolph County Tax Department.

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

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

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

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

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

Table 8

| Fiscal<br>Year | City Direct Rate      | Overlapping Rates       |                             | Total                            |
|----------------|-----------------------|-------------------------|-----------------------------|----------------------------------|
|                | Total<br>City<br>Rate | Total<br>County<br>Rate | Total<br>School<br>District | Direct &<br>Overlapping<br>Rates |
| 2007           | 0.550                 | 0.535                   | 0.139                       | 1.224                            |
| 2008           | 0.550                 | 0.535                   | 0.139                       | 1.224                            |
| 2009           | 0.550                 | 0.555                   | 0.139                       | 1.244                            |
| 2010           | 0.550                 | 0.555                   | 0.139                       | 1.244                            |
| 2011           | 0.550                 | 0.586                   | 0.139                       | 1.275                            |
| 2012           | 0.550                 | 0.586                   | 0.139                       | 1.275                            |
| 2013           | 0.550                 | 0.586                   | 0.139                       | 1.275                            |
| 2014           | 0.630                 | 0.610                   | 0.139                       | 1.379                            |
| 2015           | 0.630                 | 0.655                   | 0.136                       | 1.421                            |
| 2016           | 0.665                 | 0.655                   | 0.136                       | 1.456                            |

Source: Randolph County Government

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

**CITY OF ASHEBORO, NORTH CAROLINA**Principal Property Taxpayers

June 30, 2016

Table 9

| Taxpayer                         | 2016                   |      |                                            | 2006                   |      |                                            |
|----------------------------------|------------------------|------|--------------------------------------------|------------------------|------|--------------------------------------------|
|                                  | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| MOM Brands Company               | 193,293,095            | 1    | 8.37%                                      |                        |      |                                            |
| Energizer (Eveready) Battery Co, | 97,884,733             | 2    | 4.24%                                      | 128,788,859            | 1    | 7.15%                                      |
| Technimark, Inc.                 | 67,606,267             | 3    | 2.93%                                      | 24,858,720             | 5    | 1.38%                                      |
| Starpet, Inc.                    | 37,701,515             | 4    | 1.63%                                      | 20,066,968             | 6    | 1.11%                                      |
| Kennametal                       | 24,041,964             | 5    | 1.04%                                      |                        |      |                                            |
| Arrow International              | 23,109,029             | 6    | 1.00%                                      |                        |      |                                            |
| Duke Energy Progress Inc         | 22,038,349             | 7    | 0.95%                                      |                        |      |                                            |
| Centerpoint Plaza                | 21,606,638             | 8    | 0.94%                                      | 18,831,120             | 7    | 1.05%                                      |
| Klaussner Furniture Industries   | 21,264,131             | 9    | 0.92%                                      | 28,872,684             | 3    | 1.60%                                      |
| Kayser Roth                      | 17,907,953             | 10   | 0.78%                                      |                        |      |                                            |
| Goodyear Tire & Rubber Co.       |                        |      |                                            | 30,069,732             | 2    | 1.67%                                      |
| Unilever - Best Foods            |                        |      |                                            | 27,628,357             | 4    | 1.53%                                      |
| Oliver Rubber                    |                        |      |                                            | 17,932,192             | 8    | 1.00%                                      |
| Central Telephone                |                        |      |                                            | 17,741,290             | 9    | 0.98%                                      |
| JG Randolph LLC                  |                        |      |                                            | 16,274,970             | 10   | 0.90%                                      |
| Totals                           | <u>\$ 526,453,674</u>  |      | <u>22.80%</u>                              | <u>\$ 331,064,892</u>  |      | <u>18.37%</u>                              |

Total Assessed Value of Taxable Property \$ 2,309,504,760

Source: Randolph County Finance Department

**CITY OF ASHEBORO, NORTH CAROLINA****Table 10****Property Tax Levies and Collections**

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Total<br/>Levy for<br/>Fiscal Year</u> | <u>Collected within the<br/>Fiscal Year of the Levy</u> |                           | <u>Collections in<br/>Subsequent Years</u> | <u>Total Collections to Date</u> |                           |
|--------------------|-------------------------------------------|---------------------------------------------------------|---------------------------|--------------------------------------------|----------------------------------|---------------------------|
|                    |                                           | <u>Amount</u>                                           | <u>Percentage of Levy</u> |                                            | <u>Amount</u>                    | <u>Percentage of Levy</u> |
| 2007               | 10,207,113                                | 10,046,676                                              | 98.43%                    | 157,656                                    | 10,204,332                       | 99.97%                    |
| 2008               | 11,289,067                                | 11,105,656                                              | 98.38%                    | 181,585                                    | 11,287,241                       | 99.98%                    |
| 2009               | 11,696,492                                | 11,426,065                                              | 97.69%                    | 267,118                                    | 11,693,183                       | 99.97%                    |
| 2010               | 11,851,550                                | 11,517,135                                              | 97.18%                    | 328,674                                    | 11,845,809                       | 99.95%                    |
| 2011               | 11,926,300                                | 11,590,252                                              | 97.18%                    | 330,563                                    | 11,920,815                       | 99.95%                    |
| 2012               | 11,961,536                                | 11,791,030                                              | 98.57%                    | 159,493                                    | 11,950,523                       | 99.91%                    |
| 2013               | 12,271,887                                | 12,103,551                                              | 98.63%                    | 160,184                                    | 12,263,735                       | 99.93%                    |
| 2014               | 12,272,823                                | 12,151,194                                              | 99.01%                    | 185                                        | 12,151,194                       | 99.01%                    |
| 2015               | 14,436,674                                | 14,384,830                                              | 99.64%                    | -                                          | 14,384,830                       | 99.64%                    |
| 2016               | 15,390,363                                | 15,342,064                                              | 99.69%                    | -                                          | 15,342,064                       | 99.69%                    |

**CITY OF ASHEBORO, NORTH CAROLINA****Table 11****Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

| Fiscal<br>Year | Governmental Activities        |                          |                  | Business-type Activities       |                          |                  | Total<br>Primary<br>Government | Debt as<br>Percentage<br>of Personal<br>Income <b>(1)</b> | Debt<br>Per<br>Capita <b>(1)</b> |
|----------------|--------------------------------|--------------------------|------------------|--------------------------------|--------------------------|------------------|--------------------------------|-----------------------------------------------------------|----------------------------------|
|                | General<br>Obligation<br>Bonds | Installment<br>Purchases | Notes<br>Payable | General<br>Obligation<br>Bonds | Installment<br>Purchases | Notes<br>Payable |                                |                                                           |                                  |
| 2007           | 743,665                        | 1,724,582                | -                | 6,204,294                      | -                        | 7,772,289        | 16,444,830                     | 2.45%                                                     | 708                              |
| 2008           | 633,108                        | 1,337,685                | -                | 5,281,923                      | -                        | 9,166,811        | 16,419,527                     | 2.36%                                                     | 692                              |
| 2009           | 522,921                        | 929,738                  | -                | 4,362,657                      | -                        | 8,957,656        | 14,772,972                     | 2.14%                                                     | 617                              |
| 2010           | 414,838                        | 590,892                  | -                | 3,460,932                      | -                        | 8,335,143        | 12,801,805                     | 1.72%                                                     | 502                              |
| 2011           | 308,219                        | 1,144,306                | -                | 2,571,430                      | -                        | 7,712,631        | 11,736,586                     | 1.56%                                                     | 465                              |
| 2012           | 204,434                        | 1,044,066                | -                | 1,705,566                      | 152,145                  | 7,090,118        | 10,196,329                     | 1.27%                                                     | 404                              |
| 2013           | 99,541                         | 1,901,949                | 1,071,429        | 830,459                        | 518,469                  | 6,930,057        | 11,351,904                     | 1.41%                                                     | 449                              |
| 2014           | 7,492                          | 1,422,735                | 900,000          | 62,508                         | 722,280                  | 6,320,949        | 9,435,964                      | 1.15%                                                     | 368                              |
| 2015           | -                              | 1,579,133                | 728,571          | -                              | 529,063                  | 5,658,782        | 8,495,549                      | 1.03%                                                     | 330                              |
| 2016           | -                              | 1,917,868                | 557,142          | -                              | 358,237                  | 5,511,906        | 8,345,153                      | 1.02%                                                     | 324                              |

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 12

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

| Fiscal Year | General<br>Obligation<br>Bonds | Less: Amounts<br>Available in Debt<br>Service Fund | Total     | Assessed<br>Property<br>Value | Percentage of<br>Estimated<br>Actual Taxable<br>Value of<br>Property | Per<br>Capita |
|-------------|--------------------------------|----------------------------------------------------|-----------|-------------------------------|----------------------------------------------------------------------|---------------|
| 2007        | 6,947,959                      | -                                                  | 6,947,959 | 1,853,815,757                 | 0.37%                                                                | 299.24        |
| 2008        | 5,915,031                      | -                                                  | 5,915,031 | 2,063,527,133                 | 0.29%                                                                | 254.75        |
| 2009        | 4,885,578                      | -                                                  | 4,885,578 | 2,117,393,364                 | 0.23%                                                                | 204.08        |
| 2010        | 3,875,770                      | -                                                  | 3,875,770 | 2,149,193,329                 | 0.18%                                                                | 151.97        |
| 2011        | 2,879,649                      | -                                                  | 2,879,649 | 2,164,392,243                 | 0.13%                                                                | 112.91        |
| 2012        | 1,910,000                      | -                                                  | 1,910,000 | 2,164,392,243                 | 0.09%                                                                | 74.89         |
| 2013        | 930,000                        | -                                                  | 930,000   | 2,223,242,145                 | 0.04%                                                                | 36.46         |
| 2014        | 70,000                         | -                                                  | 70,000    | 2,226,540,244                 | 0.00%                                                                | 2.74          |
| 2015        | -                              | -                                                  | -         | 2,286,962,201                 | 0.00%                                                                | 0.00          |
| 2016        | -                              | -                                                  | -         | 2,309,504,760                 | 0.00%                                                                | 0.00          |

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

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

**CITY OF ASHEBORO, NORTH CAROLINA**  
**Direct and Overlapping Governmental Activities Debt**  
As of June 30, 2016

Table 13

| <u>Governmental Unit</u>                         | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable (1)</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|--------------------------------------------------|-----------------------------|----------------------------------------------------|--------------------------------------------------------|
| Debt repaid with property taxes: Randolph County | \$ 96,233,332               | 21.94%                                             | <u>\$ 21,110,172</u>                                   |
| Subtotal, overlapping debt                       |                             |                                                    | 21,110,172                                             |
| City of Asheboro direct debt                     |                             |                                                    | <u>2,475,010</u>                                       |
| Total direct and overlapping debt                |                             |                                                    | <u><u>\$ 23,585,182</u></u>                            |

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

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

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

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

Table 14

|                                                                         | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                         |
|-------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
|                                                                         | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>           | <u>2015</u>           | <u>2016</u>             |
| Debt limit                                                              | \$ 148,305,261        | \$ 165,082,171        | \$ 169,391,469        | \$ 171,935,466        | \$ 173,151,379        | \$ 173,816,481        | \$ 177,859,372        | \$ 178,123,220        | \$ 182,956,976        | \$ 184,760,381          |
| Total net debt applicable to limit                                      | <u>8,672,541</u>      | <u>7,252,715</u>      | <u>5,815,316</u>      | <u>4,466,662</u>      | <u>4,023,955</u>      | <u>3,090,440</u>      | <u>3,350,418</u>      | <u>2,215,015</u>      | <u>2,108,196</u>      | <u>2,276,105</u>        |
| Legal debt margin                                                       | <u>\$ 139,632,720</u> | <u>\$ 157,829,456</u> | <u>\$ 163,576,153</u> | <u>\$ 167,468,804</u> | <u>\$ 169,127,424</u> | <u>\$ 170,726,041</u> | <u>\$ 174,508,954</u> | <u>\$ 175,908,205</u> | <u>\$ 180,848,780</u> | <u>\$ 182,484,276</u>   |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 5.85%                 | 4.39%                 | 3.43%                 | 2.60%                 | 2.32%                 | 1.78%                 | 1.88%                 | 1.24%                 | 1.15%                 | 1.23%                   |
| Assessed Value                                                          |                       |                       |                       |                       |                       |                       |                       |                       |                       | <u>\$ 2,309,504,760</u> |
| Debt Limit (8% of total assessed value)                                 |                       |                       |                       |                       |                       |                       |                       |                       |                       | <u>\$ 184,760,381</u>   |
| Debt Applicable to Limit                                                |                       |                       |                       |                       |                       |                       |                       |                       |                       |                         |
| General Obligation Bonds                                                |                       |                       |                       |                       |                       |                       |                       |                       |                       | -                       |
| Installment Purchase Agreements                                         |                       |                       |                       |                       |                       |                       |                       |                       |                       | <u>2,276,105</u>        |
| Total Net Debt Applicable to Limit                                      |                       |                       |                       |                       |                       |                       |                       |                       |                       | <u>2,276,105</u>        |
| Legal Debt Margin                                                       |                       |                       |                       |                       |                       |                       |                       |                       |                       | <u>\$ 182,484,276</u>   |

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



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

Last Ten Fiscal Years

Table 15

| Fiscal<br>Year | Population (1) | Personal<br>Income | Per<br>Capita<br>Personal<br>Income (2) | Median<br>Age (3) | School<br>Enrollment (4) | Unemployment<br>Rate (5) |
|----------------|----------------|--------------------|-----------------------------------------|-------------------|--------------------------|--------------------------|
| 2007           | 23,219         | 670,286,092        | 28,868                                  | 34.0              | 4,415                    | 4.50%                    |
| 2008           | 23,729         | 695,639,364        | 29,316                                  | 34.0              | 4,453                    | 6.90%                    |
| 2009           | 23,940         | 689,424,120        | 28,798                                  | 34.0              | 4,510                    | 11.10%                   |
| 2010           | 25,504         | 744,461,760        | 29,190                                  | 37.2              | 4,485                    | 10.80%                   |
| 2011           | 25,262         | 754,323,320        | 29,860                                  | 37.2              | 4,565                    | 9.70%                    |
| 2012           | 25,262         | 800,224,374        | 31,677                                  | 37.4              | 4,683                    | 9.40%                    |
| 2013           | 25,262         | 803,382,124        | 31,802                                  | 37.4              | 4,694                    | 8.10%                    |
| 2014           | 25,656         | 818,323,776        | 31,896                                  | 41.0              | 4,689                    | 6.40%                    |
| 2015           | 25,761         | 821,672,856        | 31,896                                  | 41.0              | 4,723                    | 5.30%                    |
| 2016           | 25,761         | 821,672,856        | 31,896                                  | 41.0              | 4,723                    | 4.90%                    |

Source: (1) NC Department of Revenue

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

Source: (3) NC Department of Commerce

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

Source: (5) Bureau of Labor Statistics

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 16

Principal Employers  
Current Year and Ten Years Ago

| Employer                       | 2016      |      |                                           | 2006      |      |                                           |
|--------------------------------|-----------|------|-------------------------------------------|-----------|------|-------------------------------------------|
|                                | Employees | Rank | Percentage<br>of Total City<br>Employment | Employees | Rank | Percentage<br>of Total City<br>Employment |
| Randolph Hospital              | 1,195     | 1    | 4.98%                                     | 880       | 3    | 4.12%                                     |
| Technimark                     | 1,089     | 2    | 4.54%                                     | 400       | 9    | 1.87%                                     |
| Klaussner Furniture Industries | 1,001     | 3    | 4.17%                                     | 1,822     | 1    | 8.53%                                     |
| Asheboro City Schools          | 689       | 4    | 2.87%                                     | 586       | 7    | 2.74%                                     |
| Energizer Battery              | 577       | 5    | 2.41%                                     | 1,104     | 2    | 5.17%                                     |
| NC Zoo                         | 370       | 6    | 1.54%                                     |           |      | 0.00%                                     |
| City of Asheboro               | 330       | 7    | 1.38%                                     |           |      | 0.00%                                     |
| Acme-McCrary                   | 300       | 8    | 1.25%                                     | 696       | 6    |                                           |
| Kayser Roth                    | 293       | 9    | 1.22%                                     |           |      |                                           |
| Prestige Fabricators           | 268       | 10   | 1.12%                                     | 800       | 4    | 3.75%                                     |
| Wal-Mart                       |           |      |                                           | 718       | 5    | 3.36%                                     |
| Arrow International            |           |      |                                           | 500       | 8    |                                           |
| Technimark                     |           |      |                                           | 400       | 9    |                                           |
| Good Year Tire & Rubber        |           |      |                                           | 400       | 10   | 1.87%                                     |
| Total                          | 6,112     |      | 25.48%                                    | 8,306     |      | 31.42%                                    |

Population

Source: Randolph County Economic Development Commission

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

Table 17

| Function                        | Full-time Equivalent Employees as of June 30 |            |            |            |            |            |            |            |            |            |
|---------------------------------|----------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                 | 2007                                         | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       |
| General government              | 28                                           | 31         | 31         | 37         | 39         | 39         | 38         | 38         | 28         | 35         |
| Public safety:                  |                                              |            |            |            |            |            |            |            |            |            |
| Police:                         |                                              |            |            |            |            |            |            |            |            |            |
| Officers                        | 76                                           | 78         | 78         | 78         | 78         | 77         | 77         | 77         | 90         | 73         |
| Civilians                       | 6                                            | 7          | 7          | 7          | 7          | 7          | 7          | 7          | 7          | 7          |
| Fire:                           |                                              |            |            |            |            |            |            |            |            |            |
| Firefighters and officers       | 49                                           | 49         | 52         | 51         | 51         | 51         | 53         | 52         | 49         | 52         |
| Civilians                       | 1                                            | 1          | 1          | 0          | 0          | 0          | 0          | 0          | 0          | 1          |
| Inspections                     |                                              |            |            |            |            |            |            |            |            |            |
| Building                        |                                              |            |            |            | 3          | 3          | 2          | 2          | 2          | 2          |
| Fire                            |                                              |            |            |            | 3          | 3          | 3          | 3          | 3          | 2          |
| Highways and streets:           |                                              |            |            |            |            |            |            |            |            |            |
| Engineering                     | 4                                            | 4          | 4          | 4          | 4          | 4          | 4          | 3          | 4          | 3          |
| Operations                      |                                              |            |            |            | 9          | 10         | 10         | 14         | 13         | 14         |
| Street Maintenance              | 19                                           | 19         | 19         | 20         | 20         | 20         | 20         | 21         | 20         | 18         |
| Sanitation                      | 19                                           | 19         | 19         | 18         | 19         | 19         | 19         | 20         | 19         | 17         |
| Culture, Recreation, Facilities | 37                                           | 37         | 37         | 39         | 62         | 62         | 62         | 60         | 91         | 75         |
| Water                           | 29                                           | 31         | 32         | 28         | 28         | 27         | 28         | 25         | 33         | 33         |
| Sewer                           | 37                                           | 41         | 41         | 44         | 44         | 43         | 43         | 35         | 37         | 36         |
| Total                           | <u>305</u>                                   | <u>317</u> | <u>321</u> | <u>326</u> | <u>367</u> | <u>365</u> | <u>366</u> | <u>357</u> | <u>396</u> | <u>368</u> |

Source: Finance Office

**CITY OF ASHEBORO, NORTH CAROLINA**

Table 18

Operating Indicators by Function

Last Ten Fiscal Years

| Function                                | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   |
|-----------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Police:                                 |        |        |        |        |        |        |        |        |        |        |
| Physical arrests                        | 5,840  | 5,352  | 5,913  | 5,699  | 3,108  | 3,408  | 2,674  | 2,288  | 1,943  | 1,717  |
| Parking violations                      | 226    | 431    | 216    | 165    | 119    | 82     | 110    | 110    | 126    | 33     |
| Traffic violations                      | 7,436  | 9,338  | 9,107  | 10,002 | 8,136  | 6,551  | 6,603  | 4,665  | 4,030  | 3,458  |
| Fire:                                   |        |        |        |        |        |        |        |        |        |        |
| Number of calls answered                | 1,337  | 1,425  | 1,356  | 1,517  | 1,522  | 1,520  | 1,379  | 1,693  | 2,451  | 2,526  |
| Inspections                             | 845    | 1,326  | 1,271  | 1,330  | 1,489  | 1,811  | 1,671  | 1,787  | 1,787  | 1,787  |
| Highways and streets                    |        |        |        |        |        |        |        |        |        |        |
| Street resurfacing (miles)              | 0.518  | 0.814  | 0.826  | 0.431  | 0.883  | 0.631  | 0.327  | 0.636  | 0.882  | 0.882  |
| Leaf Collection Loads (Nov-June)        |        |        |        |        | 635    | 701    | 756    | 812    | 829    | 829    |
| Potholes repaired                       | 627    | 781    | 768    | 808    | 1,106  | 1,182  | 912    | 887    | 869    | 869    |
| Sanitation                              |        |        |        |        |        |        |        |        |        |        |
| Refuse collected (tons/day)             | 73.51  | 66.43  | 71.58  | 61.39  | 71.38  | 52.17  | 53.41  | 58.08  | 55.32  | 70.25  |
| Recyclables collected (tons/day)        | 3.84   | 5.77   | 4.83   | 4.21   | 9.18   | 19.96  | 8.11   | 8.23   | 8.15   | 20.00  |
| Yard Waste collected (tons/day)         |        |        |        |        |        |        |        | 14.37  | 10.10  | 10.10  |
| Culture and recreation                  |        |        |        |        |        |        |        |        |        |        |
| Separate programs / events offered      | 72     | 93     | 135    | 141    | 154    | 151    | 98     | 127    | 178    | 203    |
| Estimated number of program participant | 68,150 | 63,541 | 68,895 | 95,799 | 75,272 | 86,924 | 54,815 | 53,388 | 67,323 | 73,708 |
| Water                                   |        |        |        |        |        |        |        |        |        |        |
| New meter connections                   | 170    | 173    | 111    | 153    | 145    | 115    | 46     | 34     | 10     | 23     |
| Water mains breaks                      | 167    | 180    | 95     | 94     | 133    | 94     | 111    | 91     | 90     | 68     |
| Average daily consumption<br>(MGD)      | 5.047  | 4.968  | 4.659  | 4.311  | 4.360  | 4.354  | 4.288  | 4.005  | 4.424  | 4.621  |
| Wastewater                              |        |        |        |        |        |        |        |        |        |        |
| Average daily sewage treatment<br>(MGD) | 4.030  | 4.650  | 3.801  | 3.950  | 3.326  | 3.410  | 3.377  | 3.843  | 3.466  | 3.900  |

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 |         |         |         |         |         |         |         |         |         |
|------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                                            | 2007            | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    |
| 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                                               | 76              | 99      | 99      | 100     | 100     | 100     | 100     | 71      | 72      | 72      |
| Fire stations                                              | 2               | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       |
| Sanitation:                                                |                 |         |         |         |         |         |         |         |         |         |
| Collection trucks                                          | 9.00            | 9.00    | 9.00    | 9.00    | 9.00    | 9.00    | 9.00    | 9.00    | 9.00    | 9.00    |
| Highways and streets:                                      |                 |         |         |         |         |         |         |         |         |         |
| Streets (miles)                                            | 92.43           | 92.43   | 95.98   | 95.93   | 98.24   | 98.24   | 98.24   | 98.24   | 98.24   | 98.24   |
| City Streetlights                                          | 3,030           | 3,030   | 3,122   | 3,122   | 3,206   | 3,206   | 3,206   | 3,206   | 3,295   | 3,295   |
| Traffic signals                                            | 27              | 27      | 27      | 27      | 27      | 27      | 27      | 27      | 27      | 27      |
| Airport:                                                   |                 |         |         |         |         |         |         |         |         |         |
| Number of operations per year (est.)                       | 5,574           | 6,100   | 6,100   | 6,100   | 6,100   | 6,100   | 6,100   | 6,100   | 6,100   | 6,100   |
| Aircraft storage capacity:                                 |                 |         |         |         |         |         |         |         |         |         |
| Hangars                                                    | 36              | 37      | 47      | 47      | 47      | 47      | 47      | 47      | 47      | 47      |
| Tie Downs                                                  | 38              | 38      | 38      | 38      | 38      | 38      | 38      | 38      | 38      | 38      |
| Length of runway in feet                                   | 5,500           | 5,500   | 5,500   | 5,500   | 5,500   | 5,500   | 5,500   | 5,500   | 5,500   | 5,500   |
| Total facility area - acreage                              | 461.00          | 461.00  | 461.00  | 461.00  | 461.00  | 461.00  | 461.00  | 461.00  | 461.00  | 461.00  |
| Culture and recreation:                                    |                 |         |         |         |         |         |         |         |         |         |
| Parks acreage                                              | 103,220         | 103,220 | 103,220 | 103,220 | 103,220 | 103,220 | 103,220 | 103,220 | 103,220 | 103,220 |
| Parks                                                      | 11              | 11      | 11      | 11      | 11      | 11      | 11      | 11      | 11      | 11      |
| Swimming pools                                             | 2               | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       |
| Tennis courts                                              | 11              | 11      | 11      | 11      | 11      | 11      | 11      | 11      | 11      | 11      |
| City owned ballfields - acreage                            | 28.6            | 28.6    | 28.6    | 28.6    | 28.6    | 28.6    | 28.6    | 28.6    | 28.6    | 28.6    |
| City maintained ballfields - acreage                       | 16.6            | 16.6    | 16.6    | 16.6    | 16.6    | 16.6    | 16.6    | 16.6    | 16.6    | 16.6    |
| Water:                                                     |                 |         |         |         |         |         |         |         |         |         |
| Water mains (miles)                                        | 232.9           | 232.9   | 232.9   | 233.5   | 238.2   | 238.2   | 243.6   | 243.6   | 244.2   | 244.2   |
| Fire hydrants (est.)                                       | 1,477           | 1,480   | 1,494   | 1,546   | 1,546   | 1,546   | 1,570   | 1,570   | 1,570   | 1,577   |
| Maximum daily capacity<br>(thousands of gallons)           | 12              | 12      | 12      | 12      | 12      | 12      | 12      | 12      | 12      | 12      |
| Sewer:                                                     |                 |         |         |         |         |         |         |         |         |         |
| Sanitary sewers (miles)                                    | 206.1           | 206.1   | 206.1   | 209.5   | 213.3   | 213.3   | 213.3   | 213.3   | 219.4   | 219.7   |
| Maximum daily treatment capacity<br>(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.