

**CITY OF ASHEBORO,
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2020

Prepared by:

Finance Department

Deborah P. Reaves
Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION



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



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

December 15, 2020

I am pleased to present the Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2020 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 William R. Huneycutt, CPA, PLLC; and that firm's unmodified opinion is included in the Financial Section of this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information in this report is accurate in all material respects and presents fairly the financial position and results of operations and cash flows of the City's various funds. We have included all the disclosures needed to enable the users of these financial statements to gain maximum understanding of the City's financial activities.

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

The **Introductory Section** portion consists of this transmittal letter, The Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2019, the City's organizational chart and a listing of the City's principal officials.

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

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

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

CITY PROFILE:

The City of Asheboro has a population of 25,791 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 and thus, 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 ensure that the City does not exceed the spending limits established by these budgets.

In addition to the budgetary controls described above, the City's management is responsible for establishing and maintaining other internal controls to 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. 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, healthcare and tourism asset development. Additionally, small businesses are growing in comparison to prior years, bringing along innovation and jobs that are anticipated to be the backbone of our future economy.

Traditionally, the local economy has weathered economic challenges comparatively well due to our

manufacturing and service and professional employer diversity. During the 2019-2020 fiscal year, the overall environment was disrupted by Covid-19. Unemployment, as of October 2020, is at 5.90% in comparison to 3.5% the year prior. Property Tax revenue increased in 2019-2020 but the taxes were paid prior to the pandemic. Sales tax revenue in 2019-2020 was not impacted a tremendous amount as individuals changed behaviors from shopping in person to online. It is unclear as to what the impact of Covid-19 will be for 2020-2021.

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 an effort to support the medical services sector in Asheboro, the City of Asheboro invested in the expansion of Randolph Hospital (now known as Randolph Health) to build a new outpatient facility and cancer center that serves Randolph County and the surrounding area. In addition, The City of Asheboro invested in the expansion of Hospice of Randolph County to add an inpatient facility 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. Over time, the medical industry has changed, not only in the area of coverage and reimbursements but how medicine is delivered. Rural health systems like Randolph Health have struggled to keep their doors open. Over the past year, the City of Asheboro and Randolph County has worked diligently to support Randolph Health as they have gone through restructuring and acquisition by American Healthcare Systems LLC. This acquisition preserves jobs and secures local access to healthcare in the future.

The City of Asheboro is supporting the branding of the City as a tourism destination. The North Carolina Zoological Park is located just to the southeast and is a large tourism draw for Asheboro. It is the nation's largest walk-through natural habitat zoo featuring more than 1,100 animals representing more than 200 species from Africa and North America and 40,000 different plant specimens that border its 5 miles of walking paths connecting the various exhibits. Each year, approximately 700,000 visitors from all 100 counties in North Carolina and all 50 States of the US travel to Asheboro, North Carolina to visit the Zoo making it the sixth largest number of annual visitors in zoo history. The draw for the NC Zoological Park has enhanced tourism in the area, resulting in new motel construction and the addition of several new restaurants in Asheboro over the past few years.

In early 2012, Asheboro was named the second Certified Retirement Community in the State of North Carolina. The award designates communities that offer unprecedented quality of living that is desirable to retirees including demographics, housing, healthcare, leisure and cultural opportunities. In 2016, The City of Asheboro was recognized by the National Civic League as an "All American City" for its work in engaging the Asheboro community in helping to assure the well-being of young people.

The availability of an educated 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 Klaussner manufacturing facility next to its campus. Additionally, in January 2013, the college opened a new LEED certified training center. These programs and others have been an enormous boost to the RCC campus. The commitment of area residents and organizations to high ideals and education bodes well for attracting and retaining new business ventures.

MAJOR INITIATIVES:

In 2007, the City Council and community leaders participated in the development of a strategic plan to guide us through 2020. This plan reinforced and expanded the focus noted above. In the 20/20 plan, the areas of focus were categorized as below.

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

The City of Asheboro was chartered December 25, 1796 and included 1,961 acres. As of June 30, 2020, 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.

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 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. In 2016-2017, both vision Drive and Church Street were revamped to enhance driver and pedestrian safety. The City Council continues to work for and support the I-73 / 74 projects and the Highway 64 / 40 bypass loop.

Increasing fiscal demands on the City and the citizens is an ever-increasing problem. The City continues to make every effort to improve efficiency in current operations as well as plan for the future. In 2008-2009, the City began to incorporate GIS technology into our day to day operations to help asses and take advantage of increased operational efficiencies. In May 2010, the City of Asheboro was awarded an "Outstanding Achievement in Innovation" award from the Alliance for Innovation for its Mobile 311 Program. The City of Asheboro's Mobile 311 program is a GIS-based tool using touch-screen mobile phones with cameras as data collectors allowing a wide range of City employees are able to submit information on utility issues, sanitation routes, maintenance projects, graffiti and more to a central location for evaluation and work schedule development. The City of Asheboro will continue to investigate and incorporate new technology that will allow us to realize efficiencies without

compromising quality of service. To enhance the success of our operations, the City fosters a cooperative effort between City personnel and the citizens.

The City continues to invest in expansion and renovation of its facilities. In December 2019, the renovation of the Acme McCrary gym was completed and Asheboro opened its Asheboro Recreation Facility. It was a two year long project where city crews have made major progress restoring the old pool, renovating the gymnasium and redoing the different auxiliary rooms they'll use for various amenities. It offers athletic activities, aquatic activities, tons of fitness opportunities and fitness classes and as well as a variety of social activities, cooking classes etc. It is the first and only recreation center run by the city located in the heart of downtown Asheboro. The Recreation Center complements the YMCA, which is on the other side of the City, and keeps people downtown. In the 2020-2021 fiscal year, the City is remodeling an old bank office to be a police substation on the north side of town. In addition, in 2019-2020, the City began clearing the land where it intends to build a multipurpose athletic park, Zoo City SportsPlex.

Water line replacements and sewer extensions are ongoing and are necessary to assure quality of service provided to our customer base. Additionally, the water and sewer maintenance department is systematically updating our technology in the ground by replacing old analog meters with radio read meters. They expect all residences to have radio read meter technology available to them by the end of fiscal year 2019-2020.

Community appearance is another priority for the City of Asheboro. The City refurbished Sunset Avenue business district adding trees and extending the sidewalks. 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. Mayor Jarrell began a tree planting initiative which resulted in the creation of the "Mayor's Grove" at North Asheboro Park and has continued with the strategic plantings of trees in the medians along various major and minor thoroughfares. A focus on promoting community appearance also continues with the Mayor's community cleanup days and the future development of the David and Pauline Jarrell Center City Garden. Playground equipment upgrades, as well as landscaping projects, continue to be a priority in our City parks. Through enforcement of various planning and zoning ordinances, City personnel continue with their efforts to 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.

Improvements to the airport continue to be made. In 2016, the City finished a complete remodel / modernization of the existing terminal building at the airport along with the completion of grading for an additional hangar sites on the south end of the runway. In 2017-2018, a full depth rebuild of Apron #1 was completed using Division of Aviation Funds, and additional properties were purchased adjacent to the airport using Non-Primary Entitlement funding. Construction of a new airport terminal building is currently in the design phase and if federal funding becomes available, may enter into the construction phase in 2021-2022.

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

FOR THE FUTURE:

The City of Asheboro continues to adjust with the changing local economic environment. Over the past year, day to day operations have been disrupted by the Covid-19 pandemic. Today, the City of Asheboro facilities remain closed to the public by executive order or adhere to a capacity standard that allows for social distancing. Today's environment is filled with stay at home orders, Covid-19 quarantining, mask mandates limited dining, socially distant school classroom seating, remote learning, and Zoom meetings. These conditions are presenting challenges to local businesses. The City has partnered with Downtown Asheboro LLC to develop an environment where conversation moves freely among the business owners and the City in an effort to set an atmosphere which allows continued growth for the downtown businesses. Additionally, the City is working closely with Randolph County to develop programs and run operations in a manner that will mitigate illness.

The budget for fiscal year 2019-2020 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 2020-2021 continues to provide resources to maintain the current level of service to our customers as well as focus on ongoing major initiatives which go hand in hand with the strategic planning initiatives referenced above.

The City will continue to utilize all resources available and pursue these initiatives as the resources allow.

CASH MANAGEMENT:

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City or its agent. All investments held by the City during the year and at June 30, 2020 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 2020-2021. 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, 2020, 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. Every year since 2011, the City has taken on new debt for the purpose of replacement of vehicles and equipment in the various departments. As old debt is retired, new debt is taken on to finance vehicles for public works, planning, police and recreation departments. As of June 2020, there were no installment purchase contracts for the water & sewer fund and the installment purchase contracts for the governmental type activities was \$2,235,009.

The City of Asheboro entered into various contracts with the state, tapping into the State Clean Water loan program for improvements in the wastewater collection system, the water distribution system and equipment improvements. The most recent was a contract of \$462,452 with the State of North Carolina to purchase radio read meters. As of June 30, 2020, the total notes payable balance for the water & sewer fund was \$4,013,095 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 the governmental funds area, the grading for the Zoo City Sportsplex is underway and discussion is ongoing about the development of the David & Pauline Jarrell Center City Garden. The city has also been looking at developing a passive park with walking and biking trails at Lake Lucas.

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

INDEPENDENT AUDIT:

An annual audit is required by the North Carolina General Statutes for all units of local government and by the Office of Management and Budget for most recipients of Federal grant monies. The auditor must be approved by the North Carolina Local Government Commission and is selected by and reports to the City Council. 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, 2019. 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 William R. Huneycutt, CPA, PLLC offered valuable advice on the form and content of much of the special information required to qualify this document for consideration by the Government Finance Officers Association for their Certificate of Achievement for Excellence in Financial Reporting Award. We greatly appreciate the assistance of these organizations.

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

Respectfully submitted,



Deborah P. Reaves
Finance Officer



Government Finance Officers Association

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

Presented to

**City of Asheboro
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

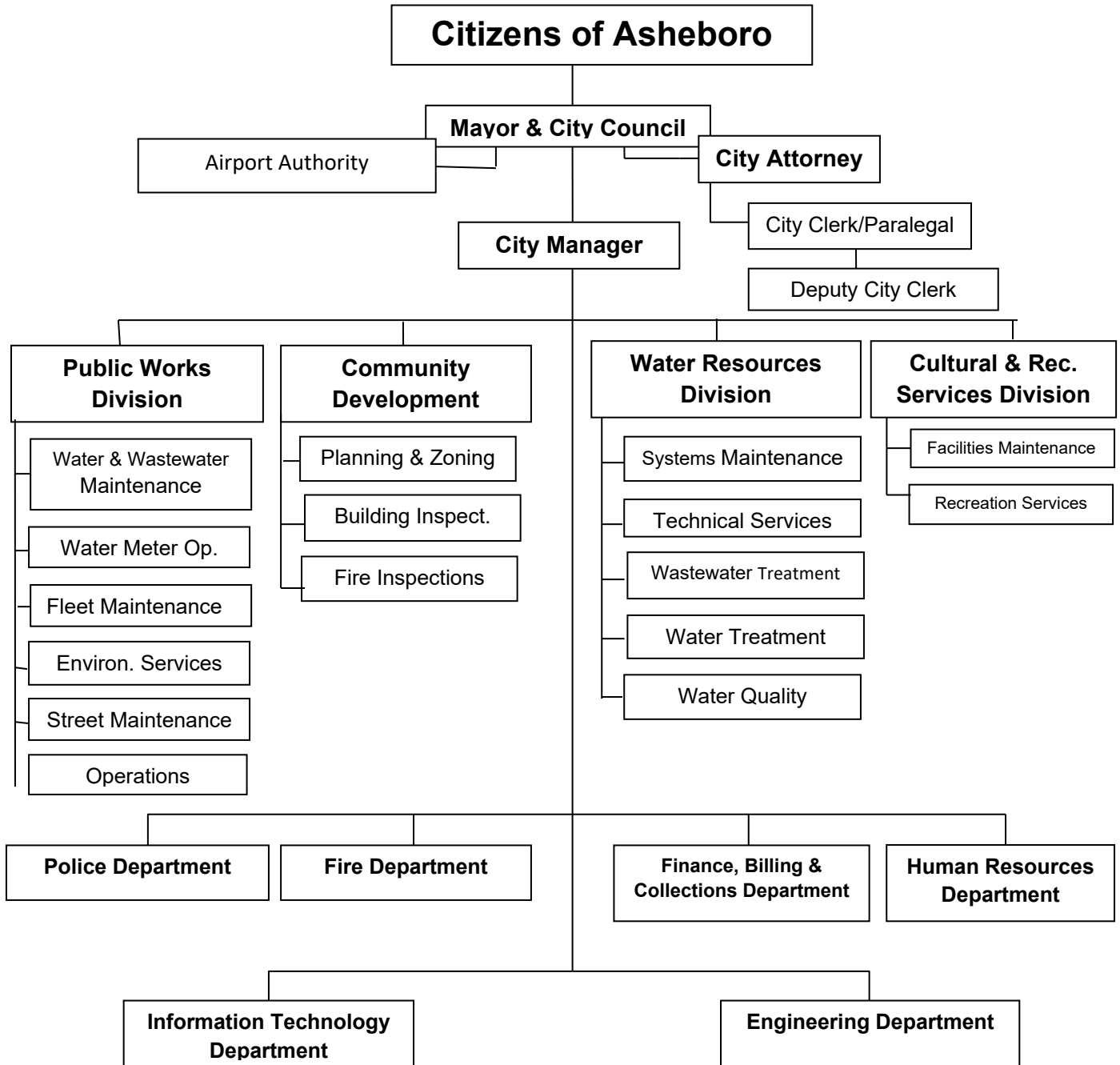
June 30, 2019

Christopher P. Morill

Executive Director/CEO

Organizational Chart

City Divisions & Departments



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2020

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

FINANCIAL SECTION



WILLIAM R. HUNEYCUTT

CERTIFIED PUBLIC ACCOUNTANT PLLC

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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, 2020, 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, 2020, 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 Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll and the Changes in Total OPEB Liability and Related Ratios and 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 15, 2020, 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 15, 2020

A handwritten signature in black ink that reads "William R. Huneycutt, CPA, PLLC". The signature is written in a cursive, flowing style.

William R. Huneycutt, CPA, PLLC
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, 2020. 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

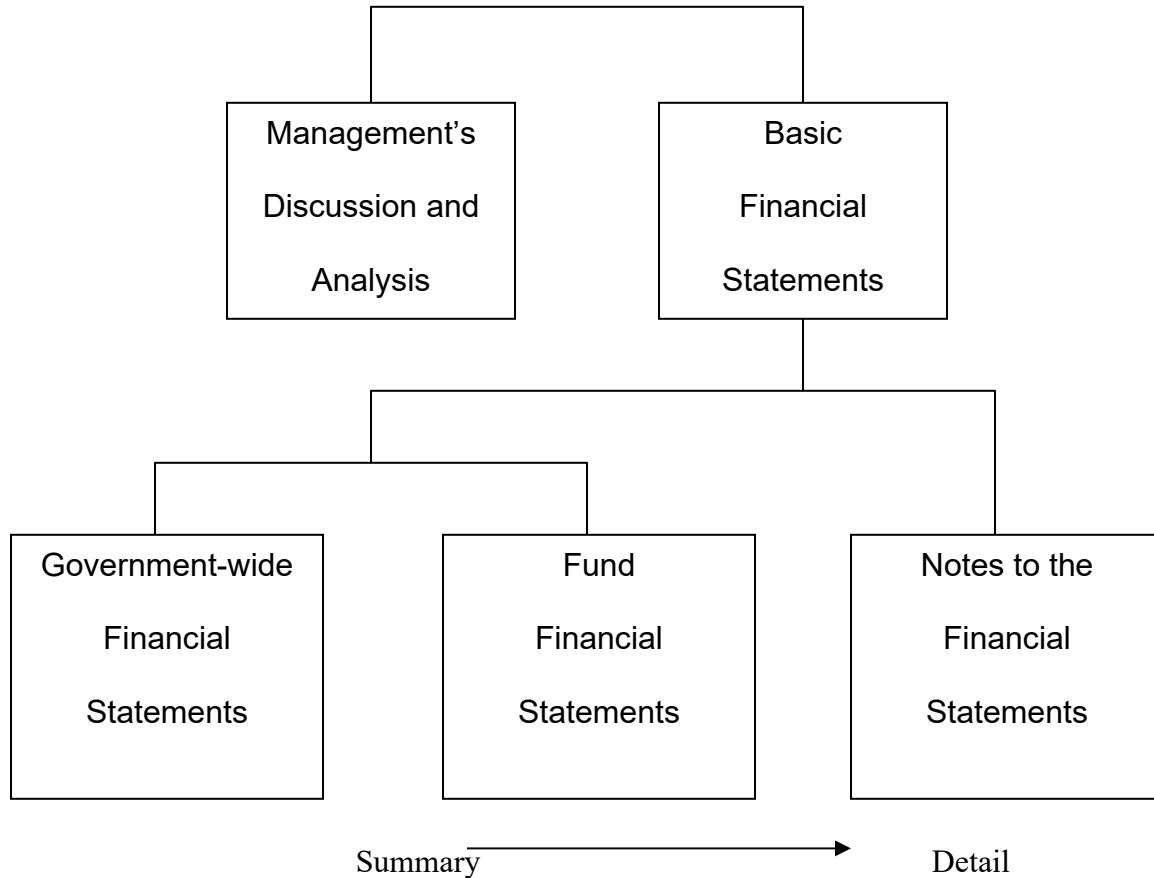
- The assets and deferred outflows of resources of the City of Asheboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$81,388,011 (*net position*).
- Governmental activities net position increased by \$1,719,429. The increases in the area of cash and cash equivalents as well as an increase in pension and OPEB liability deferrals (outflows of resources) equally contributed to this increase. Business type net position decreased by \$1,961,864. Contributing factors to this decrease was a decrease in cash associated with maintenance on its aging plants and an increase in liabilities as the City started paying back debt with the State of North Carolina obtained for a drinking water filtration system. As a result, the government's total net position decreased by \$242,435.
- As of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$25,542,618 with a net increase of \$287,220. Approximately 21% percent of this total amount, or \$5,346,934, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,441,071 or 35% of total general fund expenditures and transfers out for the fiscal year.
- Sales tax revenue increased by \$308,203 due to improving economic conditions over prior year.
- The City of Asheboro's debt decreased by \$169,956 during the current fiscal year. Governmental activities net debt increased by \$299,407 and Business type activities net debt decreased by \$496,363. The decrease is due to debt retirement.
- The City of Asheboro Recreation Center, after 2 years of renovation, was opened to the public at the end of December 2019.
- All City offices and facilities were closed to the public on March 16, 2020 due to COVID-19 pandemic. In the fall of 2020, the City of Asheboro Recreation Center did open back up to the public with attendance restrictions. Offices continue to be closed to the public but staff continues to conduct business. Local area businesses are open with minimum capacity restrictions.
- The City of Asheboro has maintained its AA bond rating from Moody's, "A+" from Standard & Poor's and a rating of 83 by the North Carolina Municipal Council.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Asheboro, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All 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 how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Such information may be useful in assessing a governments near-term financing requirements.

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

The City of Asheboro maintains six governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and other major governmental funds. 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.

The basic governmental fund financial statements can be found on pages 21 through 24 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

Management's Discussion and Analysis
City of Asheboro

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 25 through 27 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 28 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 68 of this report.

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

Government-Wide Financial Analysis

The City of Asheboro's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 28,950,432	\$ 28,018,530	\$ 15,021,117	\$ 15,636,978	\$ 43,971,549	\$ 43,655,508
Capital assets	27,194,477	25,143,600	41,349,157	42,855,084	68,543,634	67,998,684
Total assets	56,144,909	53,162,130	56,370,274	58,492,062	112,515,183	111,654,192
Deferred outflow of resources	8,019,064	6,861,624	2,562,590	2,233,748	10,581,654	9,095,372
Long-term liabilities outstanding	24,728,801	23,517,017	9,648,440	9,605,039	34,377,241	33,122,056
Other liabilities	4,324,885	3,085,720	2,370,543	2,030,971	6,695,428	5,116,691
Total liabilities	29,053,686	26,602,737	12,018,983	11,636,010	41,072,669	38,238,747
Deferred inflow of resources	485,426	515,585	150,731	364,786	636,157	880,371
Net Position:						
Net Investment in						
Capital Assets	24,956,824	23,205,351	37,336,018	38,372,581	62,292,842	61,577,932
Restricted	9,841,317	5,953,123	-	-	9,841,317	5,953,123
Unrestricted	(173,280)	3,746,958	9,427,132	10,352,433	9,253,852	14,099,391
Total net position	\$ 34,624,861	\$ 32,905,432	\$ 46,763,150	\$ 48,725,014	\$ 81,388,011	\$ 81,630,446

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 \$81,388,011 at the close of the 2020 fiscal year. The City's net position decreased by \$242,435 for the fiscal year ended June 30, 2020.

Management's Discussion and Analysis

City of Asheboro

By far, the largest portion of the City of Asheboro's net position (76.54%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles and infrastructure). The City's net position in capital assets increased by \$714,910 for the fiscal year ended June 30, 2020. Governmental activities capital assets increased by \$2M which is attributable to the addition of the Asheboro Recreation Center. Business activities capital assets decreased by \$1.5M due to depreciation on the treatment plants and equipment. The City of Asheboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Asheboro's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Asheboro's net position (12.09%) or \$9,841,317 represents resources that are subject to external restrictions on how they may be used. The largest part of the restricted funds relates to an appropriation for the construction Phase 1 of Zoo City Sportsplex. Additional restrictions relate to funds appropriated for Powell Bill use (street maintenance) and federal funds allocated for the Airport. The remaining balance of \$9,253,852 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.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.41%
- ABC Profit Distribution of \$415,000 showing the City of Asheboro has adjusted to changes in legislation allowing alcohol sales within city limits.
- A 4.87% increase in local option sales tax revenues, approximately \$308,303 showing economic diversity and strength in spite of restricted operations / restrictions on public events and activities during the first phase of the COVID-19 pandemic.
- Continued low cost of debt due to the City's favorable bond rating.

Management's Discussion and Analysis
City of Asheboro

City of Asheboro Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 2,424,750	\$ 2,413,688	\$ 12,274,138	\$ 12,702,865	\$ 14,698,888	\$ 15,116,553
Operating grants & contributions	850,045	1,799,493	-	282,197	850,045	2,081,690
Capital grants & contributions	649,934	708,526	-	-	649,934	708,526
General revenues						-
Property taxes	16,965,356	16,056,663	-	-	16,965,356	16,056,663
Other taxes	9,266,726	9,044,639	-	-	9,266,726	9,044,639
Grants & contributions not restricted to specific programs	-	-	-	-	-	-
Other	1,070,676	1,079,648	276,808	336,386	1,347,484	1,416,034
Total revenues	31,227,487	31,102,657	12,550,946	13,321,448	43,778,433	44,424,105
Expenses						
General government	3,895,095	4,130,528	-	-	3,895,095	4,130,528
Public safety	14,653,147	13,581,696	-	-	14,653,147	13,581,696
Transportation	4,549,659	4,272,703	-	-	4,549,659	4,272,703
Environmental Protection	1,893,008	1,939,019	-	-	1,893,008	1,939,019
Cultural and recreational	4,188,872	3,972,893	-	-	4,188,872	3,972,893
Economic development	289,296	596,079	-	-	289,296	596,079
Interest on long-term debt	38,981	37,217	-	-	38,981	37,217
Water and sewer	-	-	14,512,810	14,052,448	14,512,810	14,052,448
Total expenses	29,508,058	28,530,135	14,512,810	14,052,448	44,020,868	42,582,583
Change in net position before transfers	1,719,429	2,572,522	(1,961,864)	(731,000)	(242,435)	1,841,522
Transfers	-	-	-	-	-	-
Change in net position	1,719,429	2,572,522	(1,961,864)	(731,000)	(242,435)	1,841,522
Net position, July 1	32,905,432	30,332,910	48,725,014	49,456,014	81,630,446	79,788,924
Net position, June 30	\$ 34,624,861	\$ 32,905,432	\$ 46,763,150	\$ 48,725,014	\$ 81,388,011	\$ 81,630,446

(continued on next page)

Governmental activities. During the current fiscal year, net position for governmental activities increased by \$1,719,429 from the prior fiscal year for an ending balance of \$34,624,861. The economy is showing signs of strength with reasonable stable sales tax revenue during the first three months of restrictions due to COVID-19 pandemic. The increase in net position was the result of increased revenue generation, primarily in the area of property taxes, as well as continued effort to control costs and manage expenses. City management continues to review and reduce non-essential programs and encourage cost saving strategies across City departments. Certain non-reoccurring expenses were postponed maintaining a healthy net position. Management continues to invest in the City and economic development opportunities with the expectation of a resulting increase in future revenues and a stronger economic base. Key elements impacting net position are as follows:

- Total governmental revenues are \$31,227,487 in comparison to expenses of \$29,508,058.
- Total governmental activities revenue increased by \$124,830. The most significant amount of this increase is attributable to the increase of \$908,693 in tax revenue associated with revaluation. Taxpayer revenue was paid in the first half of the year.
- Total governmental activities expenses increased by \$977,923 with the largest increase in the areas of public safety (\$1,071,451) due to an increase in the area of salaries and benefits having a large impact on the increase in public safety expenditures. Some of this increase was associated with on call teams being used more heavily than in past to continue to provide proper front line safety services while a variety of employees were out related to COVID-19. About \$70,000 of expense relates to purchase of PPE related equipment and materials.
- The City continues to focus on maintenance and repair of existing equipment to extend the life of its equipment, so that large ticket purchases for garbage trucks and fire trucks do not occur each year,
- The City continues to invest in improvements at the Asheboro Regional Airport to be competitive with other small area airports.

Business-type activities: Business-type activities net position decreased by \$1,961,864. Key elements of this decrease are as follows:

- Increase in business-type expenses by \$460,362 primarily relating to replacement of equipment at both treatment plants.
- Reduction in revenue due to restrictions imposed due to COVID-19. The City lost an average of \$45,000 in fee revenue per month during the period of March-June by not being allowed to assess late fees in accordance with the Governor's executive order.
- Reduction in service revenue of \$428,727 with a large portion of this coming from the delay in paying / nonpayment of utility bills during the period of March thru June.

The implementation of GASB Statement No. 75, focusing on OPEB liability, has had a significant impact on Net Position for the City of Asheboro. OPEB are benefits other than pensions that governmental entities provide to retirees. The City of Asheboro provides health insurance benefits to its retirees. With this change, the OPEB liability is established by an actuarial valuation and reported on the face of the financial statements. Since the City of Asheboro does not provide OPEB through a trust, there are no assets to offset the entire liability, which is recognized on the financial statements. The City's total OPEB liability as of June 30, 2020, measured as of June 30, 2019 is \$18,348,451. \$13,978,816 of this liability is in the governmental funds. There are 426 total active and retirees on the City of Asheboro plan.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Asheboro's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Asheboro's financing requirements.

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

The City of Asheboro has two major funds, the General Operating Fund and the Zoo City Sportsplex Fund. The major fund balances combined were \$23,985,301 and the non-major governmental fund balance was \$1,557,317. As of June 30, 2020, the City of Asheboro's governmental funds reported total fund balance of \$25,542,618, a net increase of \$287,220 or 1.14% in comparison with the prior year. Approximately 48.61% of the combined fund balance or \$12,415,541 constitutes unassigned fund balance. These funds are available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$848,691), 2) legally required to be maintained intact by state statute (\$3,440,593), 3) restricted for particular purposes (\$1,057,650), or 3) committed for particular purposes (\$5,468,907) or assigned for subsequent year's expenditures (\$2,311,236).

The General Fund is the chief operating fund of the City of Asheboro. At the end of the current fiscal year, the City of Asheboro's unassigned fund balance of \$12,441,071 was in the General Fund and its total fund balance reached \$19,297,709. The fund balance in the General Fund decreased by \$3,775,553. This decrease is primarily due to the transfer from the General Fund to the Zoo City Sportsplex Fund of \$4,502,000 is for the phase 1 construction (engineering / design and grading).

As a measure of the general fund's liquidity, it may be useful to compare fund balance to fund expenditures. The General Fund unassigned fund balance is 35% of general fund expenditures.

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

The General Fund budget for 2019-2020 was adopted on June 24, 2019 at \$31,743,697. The General Fund was amended during the year to a final adopted budget of \$37,339,945. The largest increase to the budget is related to funding phase 1 of the construction of Zoo City Sportsplex. This expense contract is for \$4,502,000. Additionally, the budget was amended by \$252,000 to allow for the purchase of police

Management's Discussion and Analysis
City of Asheboro

protective equipment using restricted drug forfeiture assets, and by \$363,648 to expand and enhance the footprint of the David and Pauline Jarrell Center City Garden. Although there were significant increases in the budget, the City continued to watch expenditures in relation to revenues. As a result of continued efforts to control expenditures in all areas, the General Fund final audited expenditures were \$35,418,010.

Proprietary Fund: The City of Asheboro's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted Water and Sewer Fund net position at the end of the fiscal year amounted to \$9,427,132. The change in net position for the Water and Sewer Fund was a decrease of \$1,961,864, primarily due to lost revenue due to restrictions imposed related to COVID-19 and costs related to equipment replacement.

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, 2020 totals \$166,034,770. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, plant and distribution system and vehicles.

Major capital asset transactions during the year include the following:

- An increase of \$3,461,161 in governmental activities capital assets. \$372,526 of this is in the area of purchased land for The David and Pauline Jarrell City Center Garden (formerly referred to as the arboretum). Additionally, the McCrary Gym renovation, now referred to as the Asheboro Recreation Center, was completed and \$2,530,525 was added to buildings. The City also began construction on the Zoo City Sportsplex which accounts for an addition of \$426,400 to construction in progress.
- A decrease of \$1,505,927 in the area of business type capital assets resulting mostly from depreciation in the plant and distribution system.

City of Asheboro's Capital Assets

(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,428,073	\$ 4,964,882	\$ 3,242,682	\$ 3,242,682	\$ 8,670,755	\$ 8,207,564
Buildings	7,713,612	5,527,526	12,075,846	12,733,149	19,789,458	18,260,675
Improvements other than buildings	3,857,299	4,334,611	13,453	17,381	3,870,752	4,351,992
Plant and distribution systems			23,541,573	24,464,503	23,541,573	24,464,503
Street construction	4,267,711	4,613,669			4,267,711	4,613,669
Equipment	1,227,671	875,255	2,197,232	2,041,970	3,424,903	2,917,225
Vehicles	3,733,194	2,726,452	277,565	354,593	4,010,759	3,081,045
Construction in progress	966,917	2,101,205	806	806	967,723	2,102,011
Total	\$ 27,194,477	\$ 25,143,600	\$ 41,349,157	\$ 42,855,084	\$ 68,543,634	\$ 67,998,684

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, 2020, the City of Asheboro had no bonded debt outstanding. The installment purchase debt of \$2,235,009 is backed by security interest in the property for which it was issued.

City of Asheboro's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Direct Placement:						
Installment Purchases	2,235,009	1,892,745	\$ -	\$ -	\$ 2,235,009	\$ 1,892,745
Notes payable	-	42,857	-	-	-	42,857
Direct Borrowing:						
Notes payable	-	-	4,013,095	4,482,458	4,013,095	4,482,458
Compensated absences	1,815,713	1,759,059	344,410	355,886	2,160,123	2,114,945
OPEB	13,978,816	12,964,631	4,369,635	4,056,040	18,348,451	17,020,671
Pension Related Debt- LGERS	4,695,228	4,289,496	1,645,427	1,314,213	6,340,655	5,603,709
Pension Related Debt - LEO	3,894,538	3,806,397	-	-	3,894,538	3,806,397
Total	\$26,619,304	\$ 24,755,185	\$ 10,372,567	\$ 10,208,597	\$36,991,871	\$34,963,782

The City of Asheboro's total outstanding long-term debt decreased by \$169,956 during the past fiscal year. This change is due to the combined effects of a reduction in notes payable of \$512,220 and a net increase in installment purchase obligations of \$342,264. 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 & Poor's and a rating of 83 by the North Carolina Municipal Council. This bond rating is indicative of the sound financial condition of City of Asheboro.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. As of June 30, 2020, the legal debt margin for City of Asheboro is \$201,882,051.

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 as of October 2020 of 5.90% in comparison to last year of 3.5%. By comparison, the State of North Carolina unemployment rate is 6.1% in comparison to 3.6% last year.
- Growth, as measured by tax valuation increased 5.75%. Property valuation increased by \$138,841,877 due to periodic county revaluation.
- Growth, as measured by sales tax revenue has increased 4.88% over the prior fiscal year.
- Covid-19 has brought an unanticipated disruption to the economic operating environment. All businesses, schools and citizens have been impacted. As evidenced by the increase in the unemployment rate, many citizens became unemployed as various sectors made tough decisions to adjust to issues impacting the workforce such as the state stay at home order, remote learning, and remote working. Despite the interruption associated with a changing environment, Covid-19 has also inspired local manufactures to be innovative. Textile manufacturing has always been part of the economic base in Asheboro. With the onset of Covid-19, the textile industry dried up almost overnight with cancelled orders coming in hourly as store fronts across the globe closed due to emergency mandates. However, while production of traditional products was put on hold, a new market, the PPE market, emerged. Asheboro based manufactures (ACE Narrow Fabrics, Bossong Medical, Elastic Therapy, Klaussner Home Furnishings and Trotters Sewing Company) highlighted their innovative side as they revamped operations to provide materials for / design and becoming much needed producers of PPE equipment. These industries once facing closure have been able to keep their doors open and employ their workers and even experience some growth.
- The City of Asheboro closed the doors to the public under emergency declaration in March but has continued to operate and provide support in the community. Not understanding the disease and thus not anticipating an extended closure, the City of Asheboro quickly adapted by equipping its facilities with PPE and clear barriers with intent to protect both citizens and staff. As the time of closure has been prolonged, the City of Asheboro is allocating resources to update systems to allow for contactless operations.
- On the Business Type Activities side of the City's operations, NC Governor's Executive Order 124 and then 142 prohibited the assessment of late fees and disconnections for past due utility accounts. This resulted in a loss of fee revenue of about \$155,000 during the period of March 2020 and June 2020. When the mandate expired (in the 2020-2021 fiscal year), the City of Asheboro set up past due accounts on payment plans and continues to work with customers as they try to catch up on payment of their utility bills. The City has seen a larger volume of charge-offs (forced closure of accounts due to non-payment) associated with utility bills at locations that were vacated during the period of no disconnections. This lost revenue will be realized in the 2020-2021 fiscal year.
- The City of Asheboro partnered with Randolph Health Department and Randolph County to organize, sponsor and staff free of charge Covid testing sites for all citizens. The City is also working in conjunction with the County Government to continue to encourage citizens to practice the 3 W's (Wear face mask, Wash hands frequently, Wait 6 ft. away) as the number of Covid cases in Randolph County continue to rise to its highest levels in what appears to be a second wave. The impact on the economy and the City is unknown.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: No tax increase was recommended for adoption for the 2020-2021 operating year. The tax rate remains as \$0.665 per \$100 valuation. The last property revaluation was January 2019. There were no recommended changes to the fee structure for the City of Asheboro.

Budgeted expenditures in the General Fund are appropriated at \$31,829,273. This allocation is only \$85,576 higher than the 2019-2020 adopted budget. The largest component in the budget is personnel costs, usual salary and fringe benefits outlined in the adopted pay plan. Unlike in prior years, the appropriation for health insurance remained the same as in 2019-2020 budget. Other expenditures included are government 10% matches to 90% grant awards and capital outlay for equipment in various departments. Budgeted revenues do include an appropriation of fund balance of \$2,311,236. Some of the intended use of this fund balance appropriation are for uses in the areas of public safety, community development and building maintenance and improvement.

Business – type Activities: A water and sewer rates remain the same for 2020-2020 as adopted for 2019-2020. 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 \$2,222,967. General operating expenses are budgeted at \$16,420,237. Included in this budget is an appropriation of retained earnings of \$2,283,237 for planned upgrades / replacement of aging equipment and building maintenance and repair.

Requests for Information

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

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STATEMENT OF NET POSITION

June 30, 2020

	Primary Government			City of Asheboro ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and Cash Equivalents	\$ 17,955,130	\$ 11,303,654	\$ 29,258,784	\$ 663,450
Receivables:				
Taxes Receivable - Net	159,997	-	159,997	-
Accounts Receivable	191,746	2,019,397	2,211,143	-
Due From Other Governments	3,006,633	2,438	3,009,071	-
Notes Receivable	1,022,608	88,890	1,111,498	-
Inventories	479,026	982,740	1,461,766	332,497
Prepaid Expenses	-	-	-	8,701
Restricted Assets:				
Cash and Cash Equivalents	6,102,251	623,998	6,726,249	-
Due From Other Governments	33,041	-	33,041	-
Total Current Assets	28,950,432	15,021,117	43,971,549	1,004,648
Capital Assets:				
Land, and Construction in Progress	6,394,990	3,243,488	9,638,478	-
Other Capital Assets, Net of Depreciation	20,799,487	38,105,669	58,905,156	26,624
Total Capital Assets	27,194,477	41,349,157	68,543,634	26,624
Deposits	-	-	-	110
Total Non-current Assets	27,194,477	41,349,157	68,543,634	26,734
Total Assets	56,144,909	56,370,274	112,515,183	1,031,382
Deferred Outflows of Resources	8,019,064	2,562,590	10,581,654	(2,489)
Liabilities:				
Accounts Payable and Accrued Liabilities	2,053,302	881,345	2,934,647	269,161
Deposits	12,400	623,998	636,398	-
Payable From Restricted Assets	24,746	-	24,746	-
Unearned Revenues	343,935	128,999	472,934	-
Accrued Interest Payable	-	12,074	12,074	-
Due to Primary Government	-	-	-	9,863
Current Portion of Long-Term Liabilities	1,890,502	724,127	2,614,629	-
Total Current Liabilities	4,324,885	2,370,543	6,695,428	279,024
Long-Term Liabilities:				
Net Pension Liability	4,695,228	1,645,427	6,340,655	66,820
Total Pension Liability	3,894,538	-	3,894,538	-
Total OPEB Liability	13,978,816	4,369,635	18,348,451	-
Due in More Than One Year	2,160,219	3,633,378	5,793,597	-
Total Long-Term Liabilities	24,728,801	9,648,440	34,377,241	66,820
Total Liabilities	29,053,686	12,018,983	41,072,669	345,844
Deferred Inflows of Resources	485,426	150,731	636,157	3,595
Net Position:				
Net Investment in Capital Assets	24,956,824	37,336,018	62,292,842	26,624
Restricted For:				
Transportation	569,491	-	569,491	-
Stabilization by State Statute	3,440,593	-	3,440,593	-
Economic Development	805,587	-	805,587	-
Capital Projects	5,025,646	-	5,025,646	246,505
Working Capital	-	-	-	126,495
Unrestricted	(173,280)	9,427,132	9,253,852	279,830
Total Net Position	\$ 34,624,861	\$ 46,763,150	\$ 81,388,011	\$ 679,454

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government			City of Asheboro ABC Board
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government	\$ 3,895,095	\$ 24,002	\$ -	\$ -	\$ (3,871,093)	\$ -	\$ (3,871,093)	\$ -
Public Safety	14,653,147	174,412	111,218	274,343	(14,093,174)	-	(14,093,174)	-
Transportation	4,549,659	36,325	657,092	264,911	(3,591,331)	-	(3,591,331)	-
Environmental Protection	1,893,008	1,866,419	16,109	-	(10,480)	-	(10,480)	-
Cultural and Recreational	4,188,872	323,592	-	110,680	(3,754,600)	-	(3,754,600)	-
Economic and Physical Development	289,296	-	65,626	-	(223,670)	-	(223,670)	-
Interest on Long-term Debt	38,981	-	-	-	(38,981)	-	(38,981)	-
Total Governmental Activities	29,508,058	2,424,750	850,045	649,934	(25,583,329)	-	(25,583,329)	-
Business-Type Activities:								
Water and Sewer	14,512,810	12,274,138	-	-	-	(2,238,672)	(2,238,672)	-
Total Business-Type Activities	14,512,810	12,274,138	-	-	-	(2,238,672)	(2,238,672)	-
Total Primary Government	\$ 44,020,868	\$ 14,698,888	\$ 850,045	\$ 649,934	(25,583,329)	(2,238,672)	(27,822,001)	
Component Unit:								
ABC Board	\$ 3,281,348	\$ 3,301,776	\$ -	\$ -	-	-	-	20,428
Total Component Unit	\$ 3,281,348	\$ 3,301,776	\$ -	\$ -	-	-	-	20,428
General Revenues:								
Taxes:								
Property taxes, levied for general purpose					16,965,356	-	16,965,356	-
Sales taxes					5,044,116	-	5,044,116	-
Franchise taxes					2,429,909	-	2,429,909	-
Sales taxes - hold harmless					1,586,093	-	1,586,093	-
Other taxes					206,608	-	206,608	-
Unrestricted investment earnings					254,940	91,073	346,013	2,121
Miscellaneous revenues					815,736	185,735	1,001,471	-
Total General Revenues					27,302,758	276,808	27,579,566	2,121
Change in Net Position					1,719,429	(1,961,864)	(242,435)	22,549
Net Position Beginning of Year, Previously Reported					32,905,432	48,725,014	81,630,446	656,905
Net Position End of Year					\$ 34,624,861	\$ 46,763,150	\$ 81,388,011	\$ 679,454

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major Funds		Total Non-Major	Total
	General	Zoo City Park Sportsplex	Funds	Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 17,149,543	\$ -	\$ 805,587	\$ 17,955,130
Receivables:				
Taxes Receivable - Net	159,997	-	-	159,997
Accounts Receivable	176,633	-	15,113	191,746
Due From Other Governments	3,003,937	955	1,741	3,006,633
Due From Other Funds	369,665	-	-	369,665
Notes Receivable	619,139	-	403,469	1,022,608
Inventories	479,026	-	-	479,026
Restricted Assets:				
Cash and Cash Equivalents	707,724	4,705,518	689,009	6,102,251
Due From Other Governments	-	-	33,041	33,041
Total Assets	\$ 22,665,664	\$ 4,706,473	\$ 1,947,960	\$ 29,320,097
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 2,053,302	\$ -	\$ -	\$ 2,053,302
Due to Other Funds	-	-	369,665	369,665
Deposits	12,400	-	-	12,400
Payable From Restricted Assets	-	18,881	5,865	24,746
Unearned Revenues	343,935	-	-	343,935
Total Liabilities	2,409,637	18,881	375,530	2,804,048
Deferred Inflows of Resources	958,318	-	15,113	973,431
Fund Balances:				
Nonspendable:				
Long-term Receivables	369,665	-	-	369,665
Inventories	479,026	-	-	479,026
Restricted:				
Streets	569,491	-	-	569,491
Stabilization by State Statute	3,001,387	955	438,251	3,440,593
Capital Projects	-	23,317	339,009	362,326
Cultural and Recreational	-	-	-	-
Unspent Debt Proceeds	125,833	-	-	125,833
Committed:				
Capital Projects	-	4,663,320	-	4,663,320
Economic and Physical Development	-	-	805,587	805,587
Assigned:				
Subsequent Year's Expenditures	2,311,236	-	-	2,311,236
Unassigned	12,441,071	-	(25,530)	12,415,541
Total Fund Balances	19,297,709	4,687,592	1,557,317	25,542,618
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,665,664	\$ 4,706,473	\$ 1,947,960	

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	\$ 72,034,990	
Accumulated depreciation	(44,840,513)	27,194,477
Deferred outflows of resources related to pensions.		2,725,518
Deferred outflows of resources related to OPEB.		4,745,058
Deferred outflows of resources related to LEOSSA		548,488
Net pension liability		(4,695,228)
Total pension liability		(3,894,538)
Total OPEB liability		(13,978,816)
Deferred inflows of resources related to pensions		(125,891)
Deferred inflows of resources related to OPEB.		(356,896)
Liabilities for earned revenues considered deferred inflows in fund statements.		970,792
Some liabilities, including bonds payable, notes payable, installment purchases payable, accrued interest, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(4,050,721)
		<u>\$ 34,624,861</u>

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 4
(Page 1 of 2)

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2020

	<u>Major Funds</u>		<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Zoo City Park Sportsplex</u>		
Revenues:				
Ad Valorem Taxes	\$ 16,924,061	\$ -	\$ -	\$ 16,924,061
Other Taxes and Licenses	39,659	-	-	39,659
Intergovernmental Revenues:				
Unrestricted	9,632,190	-	-	9,632,190
Restricted	1,096,174	-	327,792	1,423,966
Permits and Fees	201,901	-	-	201,901
Sales and Services	2,218,217	-	-	2,218,217
Investment Earnings	246,233	-	8,707	254,940
Miscellaneous Revenue	362,084	110,680	3,045	475,809
Total Revenues	<u>30,720,519</u>	<u>110,680</u>	<u>339,544</u>	<u>31,170,743</u>
Expenditures:				
Current:				
General Government	3,644,107	-	-	3,644,107
Public Safety	15,348,885	-	-	15,348,885
Transportation	4,154,354	-	-	4,154,354
Environmental Protection	1,892,708	-	-	1,892,708
Cultural and Recreational	5,181,743	-	-	5,181,743
Economic and Physical Development	-	-	314,966	314,966
Debt Service	661,513	-	-	661,513
Capital Outlay	-	406,056	201,129	607,185
Total Expenditures	<u>30,883,310</u>	<u>406,056</u>	<u>516,095</u>	<u>31,805,461</u>
Deficiency of Revenues Over Expenditures	<u>(162,791)</u>	<u>(295,376)</u>	<u>(176,551)</u>	<u>(634,718)</u>
Other Financing Sources (Uses):				
Transfers to Other Funds	(4,534,700)	-	-	(4,534,700)
Transfers From Other Funds	-	4,502,000	32,700	4,534,700
Lease Purchase Obligations Issued	921,938	-	-	921,938
Total Other Financing Sources (Uses)	<u>(3,612,762)</u>	<u>4,502,000</u>	<u>32,700</u>	<u>921,938</u>
Net Change in Fund Balances	<u>(3,775,553)</u>	<u>4,206,624</u>	<u>(143,851)</u>	<u>287,220</u>
Fund Balance Beginning of Year, July 1	<u>23,073,262</u>	<u>480,968</u>	<u>1,701,168</u>	<u>25,255,398</u>
Fund Balance End of Year, June 30	<u>\$ 19,297,709</u>	<u>\$ 4,687,592</u>	<u>\$ 1,557,317</u>	<u>\$ 25,542,618</u>

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

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 4
(Page 2 of 2)

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

For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$	287,220
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$	4,119,690	
Depreciation expense for governmental assets		<u>(2,019,827)</u>	2,099,863

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

Change in unavailable revenues	56,218
Loss on Sale of Capital Assets	(48,986)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,167,805
Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	196,614
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,937,680

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.

	(299,406)
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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	(56,654)
Pension expense	(2,251,500)
OPEB plan expense	<u>(1,369,425)</u>

Total changes in net position of governmental activities	\$	<u>1,719,429</u>
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The Notes to Financial Statements are an integral part of these Statements.

CITY OF ASHEBORO, NORTH CAROLINA

Exhibit 5

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

For the Year Ended June 30, 2020

	General Fund			Variance With
	Original	Final	Actual	Final Budget -
				Positive
				(Negative)
Revenues:				
Ad Valorem Taxes	\$ 16,325,983	\$ 16,325,983	\$ 16,924,061	\$ 598,078
Other Taxes and Licenses	372,734	40,533	39,659	(874)
Intergovernmental Revenues:				
Unrestricted	8,228,000	8,597,192	9,632,190	1,034,998
Restricted	662,190	1,017,462	1,096,174	78,712
Permits and Fees	205,689	203,489	201,901	(1,588)
Sales and Services	2,179,144	2,242,210	2,218,217	(23,993)
Investment Earnings	-	102,038	246,233	144,195
Miscellaneous Revenue	550,937	429,556	362,084	(67,472)
Total Revenues	28,524,677	28,958,463	30,720,519	1,762,056
Expenditures:				
Current:				
General Government	4,193,551	4,053,710	3,644,107	409,603
Public Safety	15,758,545	15,975,845	15,348,885	626,960
Transportation	4,457,305	4,458,395	4,154,354	304,041
Environmental Protection	2,026,410	2,091,608	1,892,708	198,900
Cultural and Recreational	4,593,828	5,544,329	5,181,743	362,586
Debt Service	681,358	681,358	661,513	19,845
Total Expenditures	31,710,997	32,805,245	30,883,310	1,921,935
Revenues Over (Under) Expenditures	(3,186,320)	(3,846,782)	(162,791)	3,683,991
Other Financing Sources (Uses):				
Transfers to Other Funds	(32,700)	(4,534,700)	(4,534,700)	-
Sale of Capital Assets	82,126	-	-	-
Installment Purchase Obligations Issued	921,938	921,938	921,938	-
Total Other Financing Sources (Uses)	971,364	(3,612,762)	(3,612,762)	-
Appropriated Fund Balance	2,214,956	7,459,544	-	(7,459,544)
Net Change in Fund Balance	\$ -	\$ -	(3,775,553)	\$ (3,775,553)
Fund Balance Beginning of Year, July 1			23,073,262	
Fund Balance End of Year, June 30			\$ 19,297,709	

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, 2020

	<u>Water and Sewer Fund</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 11,303,654
Accounts Receivable - Net	2,019,397
Due From Other Governments	2,438
Note Receivable	88,890
Inventories	982,740
Restricted Assets:	
Cash and Cash Equivalents	623,998
Total Current Assets	<u>15,021,117</u>
Capital Assets:	
Land, Improvements and Construction in Progress	3,243,488
Other Capital Assets, Net of Depreciation	38,105,669
Total Capital Assets (Net)	<u>41,349,157</u>
Total Noncurrent Assets	<u>41,349,157</u>
Total Assets	<u><u>\$ 56,370,274</u></u>
Deferred Outflows of Resources	<u>\$ 2,562,590</u>
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	881,345
Customer Deposits	623,998
Unearned Revenues	128,999
Accrued Interest Payable	12,074
Compensated Absences - Current	254,763
Notes Payable State of North Carolina - Current	469,364
Total Current Liabilities	<u>2,370,543</u>
Noncurrent Liabilities:	
Total OPEB Liability	4,369,635
Compensated Absences	89,648
Net Pension Liability	1,645,427
Notes Payable State of North Carolina - Noncurrent	3,543,730
Total Noncurrent Liabilities	<u>9,648,440</u>
Total Liabilities	<u>12,018,983</u>
Deferred Inflows of Resources	<u>150,731</u>
Net Position:	
Net Investment in Capital Assets	37,336,018
Unrestricted	9,427,132
Total Net Position	<u><u>\$ 46,763,150</u></u>

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, 2020

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Water Sales	\$ 6,510,274
Sewer Charges	5,069,826
Water and Sewer Taps	108,266
Sampling and Monitoring Fees	22,506
Surcharges	170,252
Other Operating Revenues	<u>393,014</u>
Total Operating Revenues	<u>12,274,138</u>
Operating Expenses:	
Billing and Collections	509,620
Water Meter Operations	1,191,161
Water Supply Treatment	2,730,185
Wastewater Treatment	3,148,157
Water Maintenance	1,337,804
Wastewater Maintenance	1,063,578
Technical Services	208,163
Systems Maintenance	1,423,308
Water Quality	683,178
Depreciation	<u>2,136,053</u>
Total Operating Expenses	<u>14,431,207</u>
Operating Loss	<u>(2,157,069)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	91,073
Interest and Other Charges	(81,603)
Other Nonoperating Revenues	<u>185,735</u>
Total Nonoperating Revenues (Expenses)	<u>195,205</u>
Change in Net Position	(1,961,864)
Total Net Position Beginning of Year, Previously Reported	<u>48,725,014</u>
Total Net Position - End of Year	<u><u>\$ 46,763,150</u></u>

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

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2020

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 12,354,762
Cash Paid for Goods and Services	(6,202,183)
Cash Paid to Employees for Services	(5,792,146)
Customer Deposits Received	16,132
Other Operating Revenues	578,749
Net Cash Provided by Operating Activities	955,314
Cash Flows From Noncapital Financing Activities:	
Decrease in Due to Other Funds	(15,470)
Total Cash Flows From Noncapital Financing Activities	(15,470)
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(630,126)
Principal Paid on Bonds and Installment Purchase Agreements	(469,364)
Interest Paid on Bonds and Installment Purchase Agreements	(81,603)
Net Cash (Used) by Capital and Related Financing Activities	(1,181,093)
Cash Flows from Investing Activities:	
Interest Earned on Investments	91,073
Net Decrease in Cash and Cash Equivalents	(150,176)
Cash and Cash Equivalents at Beginning of Year	12,077,828
Cash and Cash Equivalents at End of Year	\$ 11,927,652
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ (2,157,069)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	2,136,053
Other Nonoperating Revenue	185,735
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	469,243
Decrease in Inventory	11,913
Decrease in Deferred Outflows of Resources - Pension	135,590
Increase in Net Pension Liability	331,214
(Decrease) in Deferred Inflows of Resources - Pension	(189,750)
(Increase) in Deferred Outflows of Resources - OPEB	(464,432)
Increase in OPEB Liability	313,594
(Decrease) in Deferred Inflows of Resources - OPEB	(24,305)
Increase in Accounts Payable and Accrued Liabilities	198,475
Increase in Customer Deposits	16,132
Increase in Accrued Compensated Absences	(11,475)
Increase in Unearned Revenues	4,396
Total Adjustments	3,112,383
Net Cash Provided by Operating Activities	\$ 955,314

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, 2020

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

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 Sidewalk Improvements Project Special Revenue Fund. This fund accounts for City commitments and grant funds to address sidewalk infrastructure in certain areas of the City.

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 Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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 debt proceeds are classified as restricted cash in the General Fund due to the debt being for capital outlay. Funds in the Airport Improvements Project Fund are restricted for expenditures for federal grant reimbursement. Funds in the Zoo City Park Sportsplex Project Fund are restricted for expenditures committed by the City council and restricted by donors.

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)**

3. Restricted Assets (Concluded)

<u>City of Asheboro - Restricted Cash</u>	
Governmental Activities:	
General Fund:	
Deposits	\$ 12,400
Transportation – Streets	569,491
Unspent Debt Proceeds	125,833
Other Governmental:	
Capital Outlay	5,394,527
Water and Sewer Fund:	
Deposits	623,998
Total Restricted Cash	<u>\$6,726,249</u>

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, 2019. 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.

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)

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

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

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

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 two items that meet this criterion – pension deferrals and OPEB deferrals for the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of

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)

8. Deferred Outflows/Inflows of Resources (Concluded)

net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet this criterion – prepaid taxes, property taxes receivable, notes receivable, OPEB deferrals and pension deferrals for the current fiscal year.

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.

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

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

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)

Net Position (Concluded).

regulations of other governments or imposed by law through state statute.

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

Fund Balances.

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

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

The governmental fund types classify fund balances as follows:

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.

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).

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

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

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

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

Restricted for Cultural and Recreational – portion of fund balance restricted by donors for expenditures related to the Asheboro Arboretum.

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

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

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

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. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City 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 \$ 9,082,243 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)	\$ 72,034,990
Less Accumulated Depreciation	(44,840,513)
Net Capital Assets	<u>27,194,477</u>
Pension related deferred outflows of resources:	
Contributions made to pension plan in current fiscal year	1,167,805
Benefit payments and pension administrative costs for LEOSSA	196,614
Pension deferrals	1,557,713
Pension deferrals - LEOSSA	351,874
Benefit payments for OPEB	1,937,680
OPEB deferrals	2,807,378
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements	970,792
Deferred inflows of resources reported in government-wide statements but not fund statements:	
Pension deferrals	(125,891)
OPEB deferrals	(356,896)
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	(2,235,005)
Compensated Absences	(1,815,716)
Net Pension Liability	(4,695,228)
Total Pension Liability	(3,894,538)
Total OPEB Liability	<u>(13,978,816)</u>
Total Adjustment	<u><u>\$ 9,082,243</u></u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of \$1,432,209 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,119,690
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(2,019,827)
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	(921,938)
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	622,532
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	1,167,805
Benefit payments and administrative costs for LEOSA are deferred outflows of resources on the statement of net position	196,614
Benefit payments and administrative costs for OPEB are deferred outflows of resources on the statement of net position	1,937,680
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	(2,251,500)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(56,654)
OPEB plan expense	(1,369,425)
Loss on disposal of capital assets	(48,986)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred inflows - taxes receivable at June 30, 2020	41,295
Increase in deferred inflows – service charges receivable at June 30, 2020	15,749
Decrease in deferred inflows - notes receivable at June 30, 2020	(826)
Total Adjustment	<u>\$ 1,432,209</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, 2020, the City's deposits had a carrying amount of \$15,845,246 and a bank balance of \$16,259,424. Of the bank balance, \$500,000 was covered by federal depository insurance and \$15,759,424 was covered by collateral held under the Pooling Method. At June 30, 2020, the City's petty cash fund totaled \$12,700. The carrying amount of deposits for the ABC Board was \$412,223 and the bank balance was \$649,969. 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 \$4,722.

2. Investments

At June 30, 2020, the City of Asheboro and the ABC Board had \$1,633,677 and \$246,505, respectively, invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's, and the North Carolina Capital Management Trust's Term Portfolio, which is not rated. 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)

2. Investments (Concluded)

Investment Type	Valuation Measurement Method	Book Value at 6/30/20	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 1,633,677	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	<u>18,493,410</u>	.15 years	Unrated
Total		<u>\$20,127,087</u>		

All investments are measured using the market approach; using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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

Interest Rate Risk. The City has no formal investment policy regarding interest rate risk.

Credit Risk. The City has no formal policy regarding credit risk. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables - Allowances for Doubtful Accounts

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

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

Fund	6/30/2020
General Fund:	
Taxes Receivable	\$ 35,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u>\$ 110,000</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, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,964,882	\$ 463,191	\$ -	\$ 5,428,073
Construction in Progress	2,101,205	1,480,427	2,614,715	966,917
Total Capital Assets Not Being Depreciated	<u>7,066,087</u>	<u>1,943,618</u>	<u>2,614,715</u>	<u>6,394,990</u>
Capital Assets Being Depreciated:				
Land Improvements	13,069,541	-	-	13,069,541
Buildings	13,781,794	2,530,525	-	16,312,319
Street Construction	17,292,025	-	-	17,292,025
Computer Equipment	602,864	-	4,315	598,549
Equipment	4,920,286	532,629	31,790	5,421,125
Vehicles	11,841,232	1,727,634	622,425	12,946,441
Total Capital Assets Being Depreciated	<u>61,507,742</u>	<u>4,790,788</u>	<u>658,530</u>	<u>65,640,000</u>
Less Accumulated Depreciation For:				
Land Improvements	8,734,930	477,312	-	9,212,242
Buildings	8,254,268	344,439	-	8,598,707
Street Construction	12,678,356	345,958	-	13,024,314
Computer Equipment	268,169	22,844	4,315	286,698
Equipment	4,379,726	157,310	31,731	4,505,305
Vehicles	9,114,780	671,964	573,497	9,213,247
Total Accumulated Depreciation	<u>43,430,229</u>	<u>\$ 2,019,827</u>	<u>\$ 609,543</u>	<u>44,840,513</u>
Total Capital Assets Being Depreciated, Net	<u>18,077,513</u>			<u>20,799,487</u>
Governmental Activity Capital Assets, Net	<u>\$ 25,143,600</u>			<u>\$ 27,194,477</u>

Depreciation expense was charged to functions/programs as follows:

General Government	176,835
Public Safety	452,016
Transportation	964,822
Environmental	125,569
Cultural and Recreational	273,225
Economic Development	27,360
	<u>\$ 2,019,827</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 Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,242,682	\$ -	\$ -	\$ 3,242,682
Construction in Progress	806	-	-	806
Total Capital Assets Not Being Depreciated	3,243,488	-	-	3,243,488
Capital Assets Being Depreciated:				
Land Improvements	78,560	-	-	78,560
Buildings	31,311,731	-	-	31,311,731
Plant and Distribution Systems	48,783,942	-	-	48,783,942
Computer Equipment	143,208	-	-	143,208
Equipment	6,839,951	563,526	39,120	7,364,357
Vehicles	3,035,000	66,600	27,106	3,074,494
Total Capital Assets Being Depreciated	90,192,392	630,126	66,226	90,756,292
Less Accumulated Depreciation For:				
Land Improvements	61,179	3,928	-	65,107
Buildings	18,578,582	657,303	-	19,235,885
Plant and Distribution Systems	24,319,439	922,930	-	25,242,369
Computer Equipment	141,614	1,190	-	142,804
Equipment	4,799,575	407,074	39,120	5,167,529
Vehicles	2,680,407	143,628	27,106	2,796,929
Total Accumulated Depreciation	50,580,796	\$ 2,136,053	\$ 66,226	52,650,623
Total Capital Assets Being Depreciated, Net	39,611,596			38,105,669
Business-type Activities Capital Assets, Net	\$ 42,855,084			\$ 41,349,157

Construction Commitments:

The government has active construction contracts as of June 30, 2020. At year end the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Zoo City Park Sportsplex Capital Project	\$ 377,623	\$ 3,322,692
Airport Improvement Project	113,555	23,521
	\$ 491,178	\$ 3,346,213

Activity for the ABC Board for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Being Depreciated:				
Leasehold Improvements	\$ 620	\$ -	\$ -	\$ 620
Furniture and Equipment	226,927	11,313	26,276	211,964
Total Capital Assets Being Depreciated	227,547	11,313	26,276	212,584
Less Accumulated Depreciation For:				
Leasehold Improvements	620	-	-	620
Furniture and Equipment	199,562	12,054	26,276	185,340
Total Accumulated Depreciation	200,182	\$ 12,054	\$ 26,276	185,960
ABC Capital Assets, Net	\$ 27,365			\$ 26,624

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, 2020, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 2,036,294	\$ 17,008	\$ --	\$ 2,053,302
Other Governmental	--	--	--	--
Total Governmental Activities	<u>\$ 2,036,294</u>	<u>\$ 17,008</u>	<u>\$ --</u>	<u>\$ 2,053,302</u>
Business-type Activities:				
Water and Sewer	<u>\$ 881,345</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 881,345</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.

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, 2020 was 9.56% of compensation for law enforcement officers and 8.95% 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, 2020 was \$1,536,147.

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, 2020, the City reported a liability of \$6,340,655 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 and June 30, 2018 (measurement dates), the City's proportion was .232% and .236%, respectively.

For the year ended June 30, 2020, the City recognized pension expense of \$2,717,131. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,085,681	\$ - 0 -
Changes of assumptions	1,033,421	- 0 -
Net difference between expected and actual earnings on pension plan investments	154,657	- 0 -
Changes in proportion and differences between City contributions and proportionate share of contributions	- 0 -	165,443
City contributions subsequent to measurement date	<u>1,536,147</u>	<u>- 0 -</u>
Total	<u>\$ 3,809,906</u>	<u>\$ 165,443</u>

The \$1,536,147 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2021	\$ 1,047,700
2022	300,342
2023	586,874
2024	173,400
2025	--
Thereafter	<u>--</u>
	<u>\$ 2,108,316</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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. 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, 2018 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 Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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 7.0%. 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 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of net pension liability (asset)	\$ 14,502,237	\$ 6,340,655	(\$ 443,273)

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	24
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	71
Total	<u>95</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 criteria which are outlined in GASB Statement 73.

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Investment rate of return	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 year High Grade Rate Index as of December 31, 2018.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on scale AA.

(4) Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The City paid \$353,169 as benefits came due for the reporting period.

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

At June 30, 2020, the City reported a total pension liability of \$3,894,538. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of

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. (Continued)

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

December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$354,144.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 291,597	\$ - 0 -
Changes of assumptions and other inputs	60,278	- 0 -
Benefit payments and administrative expenses subsequent to measurement date	196,614	- 0 -
Total	<u>\$ 548,489</u>	<u>\$ - 0 -</u>

The \$196,614 reported as deferred outflows of resources related to pensions resulting from the benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2021	\$ 112,295
2022	120,698
2023	82,092
2024	36,790
2025	- -
Thereafter	- -
	<u>\$ 351,875</u>

\$195,952 paid as benefits came due and \$662 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 3.26%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 4,166,722	\$ 3,894,538	\$ 3,644,471

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

Beginning Balance	\$3,806,397
Service Costs	109,059
Interest on Pension Liability	132,125
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience in the Measurement of Total Pension Liability	102,563
Changes of Assumptions and Other Inputs	97,563
Benefit Payments	(353,169)
Other Changes	- 0 -
Ending Balance Total Pension Liability	<u>\$3,894,538</u>

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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. Total Expense, Liabilities, and Deferred Outflows
and Inflows of Resources related to Pensions**

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 2,717,131	\$ 354,144	\$ 3,071,275
Pension Liability	\$ 6,340,655	\$ 3,894,538	\$10,235,193
Proportionate Share of Net Pension Liability	.232%	N/A	

Deferred Outflows of Resources:

Differences Between Expected & Actual

Experience	\$ 1,085,681	\$ 291,597	\$ 1,377,278
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Changes of Assumptions	\$ 1,033,421	\$ 60,278	\$ 1,093,699
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Net Difference Between Projected & Actual

Earnings on Plan Investments	\$ 154,657	\$ - 0 -	\$ 154,657
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Changes in Proportion & Differences Between

Contributions & Proportionate Share of Contributions	\$ - 0 -	\$ - 0 -	\$ - 0 -
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Benefit Payments & Administrative Costs Paid

Subsequent to the Measurement Date	\$ 1,536,147	\$ 196,614	\$ 1,732,761
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Deferred Inflows of Resources:

Differences Between Expected & Actual

Experience	\$ - 0 -	\$ - 0 -	\$ - 0 -
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Changes of Assumptions	\$ - 0 -	\$ - 0 -	\$ - 0 -
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Net Difference Between Projected & Actual

Earnings on Plan Investments	\$ - 0 -	\$ - 0 -	\$ - 0 -
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Changes in Proportion & Differences Between

Contributions & Proportionate Share of Contributions	\$ 165,443	\$ - 0 -	\$ 165,443
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d. Supplemental Retirement Income Plan.

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees and law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the 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 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.

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. Supplemental Retirement Income Plan for Law Enforcement Officers (Concluded).

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers and general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020, were \$435,222, which consisted of \$208,015 from the City, \$87,817 from the law enforcement officers, and \$139,390 from the general employees.

e. Other Post-Employment Benefits.

Healthcare Benefits

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

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

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

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)

e. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	61	- -
Terminated plan members entitled to but not yet receiving benefits	- -	- -
Active plan members	<u>296</u>	<u>69</u>
Total	<u>357</u>	<u>69</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.

Total OPEB Liability.

The City's total OPEB liability of \$18,348,451 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 to 7.75 percent, including wage inflation
Discount rate	3.50 percent
Healthcare cost trend rates	Pre-medicare 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
	Dental – 4.00%
	Vision – 2.50%

The discount rate is based on the June average of the Bond Buyer General Obligation 20 year Municipal Bond Index published weekly by the Bond Buyer.

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)

e. Other Post-Employment Benefits. (Continued)

Healthcare Benefits (Continued)

Changes in the Total OPEB Liability.

Schedule of Changes in Total OPEB Liability	
Beginning Balance	\$ 17,020,671
Service Costs	686,612
Interest on OPEB Liability	629,553
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience	1,057,320
Changes of Assumptions and Other Inputs	643,990
Benefit Payments	(1,689,695)
Other Changes	- 0 -
Ending Balance Total OPEB Liability	<u>\$ 18,348,451</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate. The following presents the City's total OPEB liability calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 20,125,399	\$ 18,348,451	\$ 16,749,373

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ 16,237,344	\$ 18,348,451	\$ 20,837,575

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)

e. Other Post-Employment Benefits. (Concluded)

Healthcare Benefits (Concluded)

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$1,848,863. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,850,301	\$ - 0 -
Changes of assumptions	831,644	468,079
Benefit payments and administrative costs subsequent to measurement date	2,541,314	- 0 -
Total	<u>\$ 6,223,259</u>	<u>\$ 468,079</u>

The \$2,541,314 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative costs incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2021	\$ 532,698
2022	532,698
2023	532,698
2024	532,698
2025	562,499
Thereafter	520,575
	<u>\$ 3,213,866</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

3. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the city does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2020, the City made contributions to the State for death benefits of \$15,975. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% of covered payroll, respectively.

4. Deferred Outflows / Inflows of Resources

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

Contributions to pension plan in the current fiscal year	\$ 1,536,147
Benefit payments made and administrative expenses for LEOSA	196,614
Benefit payments made and administrative expenses for OPEB	2,541,314
Differences between expected and actual experience	4,227,579
Changes in assumptions	1,925,343
Net differences between projected and actual earnings on pension plan investments	154,657
Total	<u><u>\$ 10,581,654</u></u>

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 (Concluded)

Deferred inflows of resources at June 30, 2020 is comprised of the following:

	Unavailable Revenue	Unearned Revenue
Prepaid Taxes (General)	\$ - -	\$ 2,639
Taxes Receivable, Net (General)	159,997	--
Garbage Collections Receivable (General)	176,543	--
Note Receivable (General)	619,139	--
Notes Receivable (Special Revenue)	15,113	--
Difference between expected and actual experience	- -	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	165,443	--
Changes in assumptions	468,079	--

5. Risk Management

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

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

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

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$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, 2020, 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 2016, the City entered into a direct placement installment purchase contract with BB&T Bank to finance vehicles for the public works department. The vehicles are pledged as collateral for the debt while the debt is outstanding. 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 a direct placement installment purchase contract with BB&T Bank to finance vehicles for the fire department. The vehicles are pledged as collateral for the debt while the debt is outstanding. The contract is for \$650,000, to be repaid monthly at \$8,210, including interest at 1.69% over five years.

In May 2017, the City entered into a direct placement installment purchase contract with BB&T Bank to finance vehicles for the police department. The vehicles are pledged as collateral for the debt while the debt is outstanding. The contract is for \$331,331, to be repaid monthly at \$5,932, including interest at 2.19% over five years.

In June 2018, the City entered into a direct placement installment purchase contract with Regions Finance Corporation to finance vehicles for the public works, planning, police and recreation departments. The vehicles are pledged as collateral for the debt while the debt is outstanding. The contract is for \$643,175, to be repaid monthly at \$11,485, including interest at 2.75% over five years.

In May 2019, the City entered into a direct placement installment purchase contract with BB&T Bank to finance vehicles for the public works, fire, and police departments. The vehicles are pledged as collateral for the debt while the debt is outstanding. The contract is for \$611,738, to be repaid monthly at \$11,096, including interest at 2.76% over five years.

In June 2020, the City entered into a direct placement installment purchase contract with Trust Bank to finance vehicles for the public works and police departments. The vehicles are pledged as collateral for the debt while the debt is outstanding. The contract is for \$921,938, to be repaid monthly at \$16,423, including interest at 1.99% over five years.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

a. Installment Purchases (Concluded).

The future minimum payments of the installment purchase contracts as of June 30, 2020, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 640,763	\$ 44,338	\$ --	\$ --
2022	596,021	29,884	--	--
2023	520,811	16,842	--	--
2024	301,021	7,020	--	--
2025	176,393	1,785	--	--
Totals	\$ 2,235,009	\$ 99,869	\$ --	\$ --

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 \$2,542,173 direct borrowing 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 second is a \$5,331,881 direct borrowing revolving loan from the State Clean Water Revolving Loan Program for improvements to the City's water distribution system. This agreement requires payments over twenty years at a rate of 2.66%. Proceeds received from this loan amounted to \$4,987,267. The promissory note requires annual payments of \$249,363, plus interest. The third is a \$475,857 direct borrowing loan from the State of North Carolina for the purchase of radio read water meters. The promissory note requires annual payments over twelve years of \$39,655 at a rate not to exceed 4%. The fourth is a \$1,143,936 direct borrowing loan from the State of North Carolina for a drinking water filtration system. The promissory note requires annual payments over twenty years of \$57,197 at a 0% rate.

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 (Concluded).

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

Year Ending June 30	Business-type Activities		Governmental-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 469,364	\$ 73,650	\$ - -	\$ - -
2022	473,324	66,589	- -	- -
2023	473,324	56,574	- -	- -
2024	473,324	46,561	- -	- -
2025	457,486	36,546	- -	- -
2026 – 2030	1,323,092	66,330	- -	- -
2031 – 2035	285,984	- -	- -	- -
2036 - 2040	57,196	- -	- -	- -
Totals	\$ 4,013,095	\$ 346,250	\$ - -	\$ - -

At June 30, 2020 the City's legal debt margin is \$ 201,882,051.

c. Changes in Long-Term Liabilities.

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Governmental Activities:					
Direct Placement:					
Installment Purchases	\$ 1,892,745	\$ 921,938	\$ 579,674	\$ 2,235,009	\$ 640,763
Notes Payable	42,857	- -	42,857	- -	- -
Compensated Absences	1,759,059	1,306,393	1,249,739	1,815,713	1,249,739
Total OPEB Liability	12,964,631	1,014,185	- -	13,978,816	- -
Net Pension Liability (LGERS)	4,289,496	405,732	- -	4,695,228	- -
Total Pension Liability (LEO)	3,806,397	88,141	- -	3,894,538	- -
Governmental Activity Long-term Liabilities	\$ 24,755,185	\$ 3,736,379	\$ 1,872,270	\$ 26,619,304	\$1,890,502

The liability for pension related debt and compensated absences are fully liquidated by the General Fund.

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 (Concluded).

	Balance			Balance	Current
Business-type Activities:	July 1, 2019	Increases	Decreases	June 30, 2020	Portion of
Direct Borrowing:					Balance
Notes Payable	\$ 4,482,458	\$ - -	\$ 469,363	\$ 4,013,095	\$ 469,364
Compensated Absences	355,886	243,287	254,763	344,410	254,763
Net Pension Liability					
(LGERS)	1,314,213	331,214	- -	1,645,427	- -
Total OPEB Liability	4,056,040	313,595	- -	4,369,635	- -
Business-type Activity					
Long-term Liabilities	\$ 10,208,597	\$ 888,096	\$ 724,126	\$ 10,372,567	\$ 724,127

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2020, consists of the following:

From the General Fund to the Asheboro Housing Development Fund per the terms of a matching grant.	\$ 16,000
From the General Fund to the Airport Improvements Capital Project Fund per the terms of a matching grant.	16,700
From the General Fund to the Zoo City Park Sportsplex Capital Project Fund to satisfy the commitments of the City council.	4,502,000
	<u>\$ 4,534,700</u>

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2020, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects:	
	Airport Improvements Project Fund - to fund grant project.	\$ 350,000
	Sidewalk Improvements Project Fund – to satisfy terms of a matching grant.	19,665
		<u>\$ 369,665</u>

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. DETAIL NOTES ON ALL FUNDS (Concluded)

D. FUND BALANCE.

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

Total Fund Balance – General Fund	\$19,297,709
Less:	
Long-term receivables	369,665
Inventories	479,026
Streets – Powell Bill	569,491
Stabilization by State Statute	3,001,387
Unspent Debt Proceeds	125,833
Appropriated Fund Balance in 2020 Budget	2,311,236
Remaining Fund balance	<u>\$12,441,071</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 -

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, 2019, 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, 2019. 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.

CITY OF ASHEBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

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 \$5,415 to the Council during the fiscal year ended June 30, 2020.

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.

**CITY OF ASHEBORO
NORTH CAROLINA**

Required Supplemental Financial Data

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

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

CITY OF ASHEBORO, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2020	2019	2018	2017
Beginning Balance	\$ 3,806,397	\$ 3,741,358	\$ 3,593,947	\$ 3,729,984
Service Costs	109,059	115,753	99,477	101,001
Interest on Total Pension Liability	132,125	112,899	132,170	127,902
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience in the				
Measurement of Total Pension Liability	102,563	296,961	74,707	-
Changes of Assumptions or Other Inputs	97,563	(123,375)	180,790	(70,377)
Benefit Payments	(353,169)	(337,199)	(339,733)	(294,563)
Other Changes	-	-	-	-
Ending Balance Total Pension Liability	<u>\$ 3,894,538</u>	<u>\$ 3,806,397</u>	<u>\$ 3,741,358</u>	<u>\$ 3,593,947</u>

Notes to the schedule:

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

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

CITY OF ASHEBORO, NORTH CAROLINA

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 3,894,538	\$ 3,806,397	\$ 3,741,358	\$ 3,593,947
Covered-employee Payroll	\$ 3,834,217	\$ 3,752,969	\$ 3,646,949	\$ 3,576,040
Total Pension Liability as a Percentage of Covered-employee Payroll	101.57%	101.42%	102.59%	100.50%

Notes to the schedule:

The City of Asheboro has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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

CITY OF ASHEBORO, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 17,020,671	\$ 14,225,691	\$ 14,347,711
Service Costs	686,612	619,457	667,438
Interest on Total OPEB Liability	629,553	484,181	424,086
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,057,320	2,578,601	76,061
Changes of Assumptions or Other Inputs	643,990	373,996	(768,772)
Benefit Payments	(1,689,695)	(1,261,255)	(520,833)
Other Changes	-	-	-
Ending Balance Total OPEB Liability	<u>\$ 18,348,451</u>	<u>\$ 17,020,671</u>	<u>\$ 14,225,691</u>
Covered-employee Payroll	\$ 14,027,936	\$ 14,027,936	\$ 14,511,142
Total OPEB Liability as a Percentage of Covered-employee Payroll	130.80%	121.33%	98.03%

Notes to the schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

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

CITY OF ASHEBORO

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

Local Government Employees' Retirement System
 Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.232%	0.236%	0.248%	0.258%	0.276%	0.280%	0.290%
City's proportionate share of the net pension liability (asset)	\$ 6,340,655	\$ 5,603,709	\$ 3,783,867	\$ 5,465,224	\$ 1,237,864	\$ (1,646,807)	\$ 3,465,479
City's covered payroll	\$ 15,941,762	\$ 14,795,708	\$ 15,004,952	\$ 14,598,118	\$ 14,770,443	\$ 14,660,663	\$ 14,642,084
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.77%	37.87%	25.22%	37.44%	8.38%	(11.23%)	23.67%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

Notes to the schedule:

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

CITY OF ASHEBORO

SCHEDULE OF THE CITY'S CONTRIBUTIONS

Local Government Employees' Retirement System

Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,536,146	\$ 1,259,235	\$ 1,131,925	\$ 1,109,939	\$ 985,481	\$ 1,056,238	\$ 1,043,927
Contributions in relation to the contractually required contribution	<u>1,536,146</u>	<u>1,259,235</u>	<u>1,131,925</u>	<u>1,109,939</u>	<u>985,481</u>	<u>1,056,238</u>	<u>1,043,927</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 16,883,270	\$ 15,941,762	\$ 14,795,708	\$ 15,004,942	\$ 14,598,118	\$ 14,770,443	\$ 14,660,663
Contributions as a percentage of covered payroll	9.10%	7.90%	7.65%	7.40%	6.75%	7.15%	7.12%

Notes to the schedule:

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

**CITY OF ASHEBORO
NORTH CAROLINA**

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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current Year	\$ 16,300,000	\$ 16,868,509	\$ 568,509
Prior Years	-	30,713	30,713
Penalties and Interest	25,983	24,839	(1,144)
Total	16,325,983	16,924,061	598,078
Other Taxes and Licenses:			
Gross Receipts Tax on Short-Term Rental Property	39,831	37,917	(1,914)
Animal Taxes	-	210	210
Privilege Licenses	702	1,532	830
Total	40,533	39,659	(874)
Intergovernmental Revenues:			
Unrestricted:			
Local Option Sales Tax	4,340,000	5,044,116	704,116
Utilities Franchise Tax	2,488,000	2,429,909	(58,091)
Hold Harmless	1,400,000	1,586,093	186,093
Court Fees	11,689	8,153	(3,536)
Beer and Wine Tax	116,503	111,182	(5,321)
ABC Profit Distribution	214,000	415,000	201,000
Payment in Lieu of Taxes	27,000	37,737	10,737
Total	8,597,192	9,632,190	1,034,998
Restricted:			
State Street Aid Allocation	662,190	657,092	(5,098)
Solid Waste Disposal	17,450	19,562	2,112
FEMA Grant	13,422	16,109	2,687
U.S. Treasury/Justice Allocation	300,000	274,343	(25,657)
Other	22,000	111,218	89,218
ABC Revenue for Law Enforcement	2,400	17,850	15,450
Total	1,017,462	1,096,174	78,712
Permits and Fees:			
Building Permits and Inspection Fees	142,161	148,409	6,248
Franchise Fees	36,263	31,022	(5,241)
Rezoning and Cemetery Fees	25,065	22,470	(2,595)
Total	203,489	201,901	(1,588)
Sales and Services:			
Rents and Concessions	59,378	47,799	(11,579)
Cemeteries	2,200	7,630	5,430
Recreation Service Revenues	331,416	275,793	(55,623)
Refuse Collection	1,819,967	1,850,670	30,703
Contracted Maintenance - NCDOT	24,033	23,966	(67)
Airport Revenue	5,216	12,359	7,143
Total	\$ 2,242,210	\$ 2,218,217	\$ (23,993)

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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues (Concluded):			
Investment Earnings	\$ 102,038	\$ 246,233	\$ 144,195
Miscellaneous:			
Sales of Material and Services	82,126	40,887	(41,239)
Reimbursements	256,000	194,801	(61,199)
Other	91,430	126,396	34,966
Total	429,556	362,084	(67,472)
Total Revenues	28,958,463	30,720,519	1,762,056
Expenditures:			
General Government:			
Governing Body:			
Salaries and Employee Benefits		124,220	
Other Operating Expenditures		17,332	
Total	147,385	141,552	5,833
Administration:			
Salaries and Employee Benefits		165,633	
Operating Expenditures		46,342	
Total	212,255	211,975	280
Information Technology:			
Salaries and Employee Benefits		166,645	
Operating Expenditures		153,550	
Total	332,897	320,195	12,702
Finance:			
Salaries and Employee Benefits		131,887	
Operating Expenditures		55,490	
Total	187,964	187,377	587
Public Buildings:			
Operating Expenditures		84,806	
Total	97,200	84,806	12,394
Tax Collections:			
Tax Collection Fees		360,235	
Total	360,400	360,235	165
Legal Services:			
Salaries and Employee Benefits		211,599	
Operating Expenditures		19,660	
Total	\$ 239,448	\$ 231,259	\$ 8,189

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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued):			
General Government (Concluded):			
Planning and Zoning:			
Salaries and Employee Benefits	\$	\$ 455,099	\$
Other Operating Expenditures		394,563	
Total	1,008,759	849,662	159,097
City Shop:			
Salaries and Employee Benefits		983,506	
Operating Expenditures		143,641	
Capital Outlay		5,495	
Reimbursement - Proprietary Fund		(168,903)	
Total	1,164,719	963,739	200,980
Human Resources:			
Salaries and Employee Benefits		179,587	
Operating Expenditures		113,720	
Total	302,683	293,307	9,376
Total General Government	4,053,710	3,644,107	409,603
Public Safety:			
Police:			
Salaries and Employee Benefits		7,008,647	
Operating Expenditures		1,599,678	
Capital Outlay		623,478	
Total	9,254,920	9,231,803	23,117
Fire:			
Salaries and Employee Benefits		4,257,497	
Operating Expenditures		744,745	
Capital Outlay		684,213	
Total	6,283,899	5,686,455	597,444
Inspections:			
Salaries and Employee Benefits		102,050	
Operating Expenditures		8,917	
Total	115,551	110,967	4,584
Fire Inspections:			
Salaries and Employee Benefits		249,646	
Operating Expenditures		17,936	
Capital Outlay		52,078	
Total	321,475	319,660	1,815
Total Public Safety	\$ 15,975,845	\$ 15,348,885	\$ 626,960

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, 2020

	2020		Variance Positive (Negative)	
	<u>Budget</u>	<u>Actual</u>		
Expenditures (Continued):				
Transportation:				
Operations:				
Salaries and Employee Benefits	\$	\$ 569,297	\$	
Operating Expenditures		239,695		
Capital Outlay		<u>19,652</u>		
Total	<u>914,224</u>	<u>828,644</u>	<u>85,580</u>	
Street and Highways:				
Salaries and Employee Benefits		1,167,666		
Operating Expenditures		1,162,296		
Capital Outlay		<u>501,200</u>		
Total	<u>3,025,630</u>	<u>2,831,162</u>	<u>194,468</u>	
City Engineer Office:				
Salaries and Employee Benefits		184,538		
Operating Expenditures		93,054		
Capital Outlay		<u>53,284</u>		
Total	<u>341,051</u>	<u>330,876</u>	<u>10,175</u>	
Airport Authority:				
Operating Expenditures		138,277		
Capital Outlay		<u>25,395</u>		
Total	<u>177,490</u>	<u>163,672</u>	<u>13,818</u>	
Total Transportation	<u>4,458,395</u>	<u>4,154,354</u>	<u>304,041</u>	
Environmental Protection:				
Sanitation:				
Salaries and Employee Benefits		754,843		
Operating Expenditures		984,248		
Capital Outlay		<u>153,617</u>		
Total	<u>2,091,608</u>	<u>1,892,708</u>	<u>198,900</u>	
Total Environmental Protection	<u>2,091,608</u>	<u>1,892,708</u>	<u>198,900</u>	
Cultural and Recreational:				
Recreation:				
Salaries and Employee Benefits		919,298		
Operating Expenditures		1,303,950		
Capital Outlay		<u>380,400</u>		
Total	<u>\$ 2,680,745</u>	<u>\$ 2,603,648</u>	<u>\$ 77,097</u>	

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, 2020

	<u>2020</u>		Variance Positive (Negative)	
	<u>Budget</u>	<u>Actual</u>		
Expenditures (Concluded):				
Cultural and Recreational (Concluded):				
Grounds Maintenance:				
Salaries and Employee Benefits	\$	\$ 1,385,210	\$	
Operating Expenditures		402,755		
Capital Outlay		113,577		
Total	<u>2,009,537</u>	<u>1,901,542</u>		<u>107,995</u>
Golf Course:				
Salaries and Employee Benefits		120,063		
Operating Expenditures		58,956		
Total	<u>191,081</u>	<u>179,019</u>		<u>12,062</u>
Arts and Cultural Services:				
Salaries and Employee Benefits		94,099		
Operating Expenditures		248,062		
Capital Outlay		22,015		
Total	<u>529,376</u>	<u>364,176</u>		<u>165,200</u>
Library:				
Operating Expenditures	<u>133,590</u>	<u>133,358</u>		<u>232</u>
Total Cultural and Recreational	<u>5,544,329</u>	<u>5,181,743</u>		<u>362,586</u>
Debt Service:				
Principal Retirement		622,532		
Interest and Fees		38,981		
Total Debt Service	<u>681,358</u>	<u>661,513</u>		<u>19,845</u>
Total Expenditures	<u>32,805,245</u>	<u>30,883,310</u>		<u>1,921,935</u>
Revenues Over (Under) Expenditures	<u>(3,846,782)</u>	<u>(162,791)</u>		<u>3,683,991</u>
Other Financing Sources (Uses):				
Transfers to Other Funds:				
To Asheboro Housing Development Fund	(16,000)	(16,000)		-
To Zoo City Park Sportsplex Fund	(4,502,000)	(4,502,000)		-
To Airport Improvement Fund	(16,700)	(16,700)		-
Installment Purchase Obligations Issued	<u>921,938</u>	<u>921,938</u>		<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,612,762)</u>	<u>(3,612,762)</u>		<u>-</u>
Appropriated Fund Balance	<u>7,459,544</u>	<u>-</u>		<u>(7,459,544)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(3,775,553)</u>		<u>\$ (3,775,553)</u>
Fund Balance:				
Beginning of Year, July 1		<u>23,073,262</u>		
End of Year, June 30		<u>\$ 19,297,709</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.

The Sidewalk Improvements Project Special Revenue Fund. This fund accounts for City commitments and grant funds to address sidewalk infrastructure in certain areas of the City.

Capital Project Funds:

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, 2020

	Special Revenue Funds				Capital Project Fund		
	Asheboro Housing Development	Economic and Tourism Development Fund	Sidewalk Improvements Project Fund	Total Nonmajor Special Revenue Funds	Airport Improvements Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:							
Current Assets:							
Cash and Cash Equivalents	\$ 263,977	\$ 541,610	\$ -	\$ 805,587	\$ -	\$ -	\$ 805,587
Restrictd Cash	-	-	-	-	689,009	689,009	689,009
Accounts Receivable	15,113	-	-	15,113	-	-	15,113
Note Receivable	403,469	-	-	403,469	-	-	403,469
Due From Other Governments	1,741	-	33,041	34,782	-	-	34,782
					-		
Total Assets	\$ 684,300	\$ 541,610	\$ 33,041	\$ 1,258,951	\$ 689,009	\$ 689,009	\$ 1,947,960
Liabilities, Deferred Inflows of Resources and Fund Balances:							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payable From Restricted Assets	-	-	5,865	5,865	-	-	5,865
Due to Other Funds	-	-	19,665	19,665	350,000	350,000	369,665
Total Liabilities	-	-	25,530	25,530	350,000	350,000	375,530
Deferred Inflows of Resources:							
Accounts Receivable	15,113	-	-	15,113	-	-	15,113
Fund Balances:							
Restricted:							
Stabilization by State Statute	405,210	-	33,041	438,251	-	-	438,251
Capital Projects	-	-	-	-	339,009	339,009	339,009
Committed:							
Capital Projects	-	-	-	-		-	-
Economic and Physical Development	263,977	541,610	-	805,587	-	-	805,587
Unassigned	-	-	(25,530)	(25,530)	-	-	(25,530)
Total Fund Balances	669,187	541,610	7,511	1,218,308	339,009	339,009	1,557,317
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 684,300	\$ 541,610	\$ 33,041	\$ 1,258,951	\$ 689,009	\$ 689,009	\$ 1,947,960

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, 2020

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Capital Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Asheboro Housing Development	Economic and Tourism Development Fund	Sidewalk Improvements Project Fund		Airport Improvements Project Fund		
Revenues:							
Restricted Intergovernmental	\$ 29,840	\$ -	\$ 33,041	\$ 62,881	\$ 264,911	\$ 264,911	\$ 327,792
Restricted Other	-	2,745	-	2,745	-	-	2,745
Investment Earnings	8,707	-	-	8,707	-	-	8,707
Miscellaneous	300	-	-	300	-	-	300
Total Revenues	38,847	2,745	33,041	74,633	264,911	264,911	339,544
Expenditures:							
Economic and Physical Development	78,111	184,682	52,173	314,966	-	-	314,966
Capital Outlay	-	-	-	-	201,129	201,129	201,129
Total Expenditures	78,111	184,682	52,173	314,966	201,129	201,129	516,095
Revenues Over (Under) Expenditures	(39,264)	(181,937)	(19,132)	(240,333)	63,782	63,782	(176,551)
Other Financing Sources (Uses):							
Transfers From Other Funds:							
From General Fund	16,000	-	-	16,000	16,700	16,700	32,700
From Water and Sewer Fund	-	-	-	-	-	-	-
Transfers to Other Funds:							
To General Fund	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	16,000	-	-	16,000	16,700	16,700	32,700
Net Change in Fund Balances	(23,264)	(181,937)	(19,132)	(224,333)	80,482	80,482	(143,851)
Fund Balances:							
Beginning of Year, July 1	692,451	723,547	26,643	1,442,641	258,527	258,527	1,701,168
End of Year, June 30	<u>\$ 669,187</u>	<u>\$ 541,610</u>	<u>\$ 7,511</u>	<u>\$ 1,218,308</u>	<u>\$ 339,009</u>	<u>\$ 339,009</u>	<u>\$ 1,557,317</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, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
HOME Program Grant	\$ 375,000	\$ 375,000	\$ -	\$ 375,000	\$ -
Urgent Repair Grant - N.C. Housing Finance	150,000	100,000	29,840	129,840	(20,160)
Investment Earnings	-	72,728	8,707	81,435	81,435
Miscellaneous:					
Program Income - Repayments	343,267	347,942	300	348,242	4,975
Total Revenues	868,267	895,670	38,847	934,517	66,250
Expenditures:					
Economic and Physical Development:					
Mill Lofts Rehabilitation	560,000	-	-	-	560,000
Downtown Improvements	2,500	2,500	-	2,500	-
Urgent Repair Grant:					
Professional Services	5,000	5,000	-	5,000	-
Construction	166,000	49,479	78,111	127,590	38,410
Original Programs:					
Down Payment Assistance	69,750	69,750	-	69,750	-
Owner Occupied Rehabilitation	186,000	186,000	-	186,000	-
Investor Owned Rehabilitation	93,000	93,000	-	93,000	-
Administration	27,248	27,245	-	27,245	3
Revolving Loans:					
Down Payment Assistance	11,152	11,152	-	11,152	-
Owner Occupied Rehabilitation	103,127	99,508	-	99,508	3,619
Investor Owned Rehabilitation	26,337	26,336	-	26,336	1
Down Payment/Closing Cost	7,608	7,608	-	7,608	-
Administration - Down Payment	2,621	2,620	-	2,620	1
Fiscal Agent Fees	10,924	10,021	-	10,021	903
Total Expenditures	1,271,267	590,219	78,111	668,330	602,937
Revenues Over (Under) Expenditures	(403,000)	305,451	(39,264)	266,187	669,187
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	431,000	415,000	16,000	431,000	-
Transfers to Other Funds:					
Downtown Farmer's Market Project Fund	(28,000)	(28,000)	-	(28,000)	-
Total Other Financing Sources (Uses)	403,000	387,000	16,000	403,000	-
Net Change in Fund Balance	\$ -	\$ 692,451	(23,264)	\$ 669,187	\$ 669,187
Fund Balance:					
Beginning of Year, July 1			692,451		
End of Year, June 30			<u>\$ 669,187</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, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Repayment of Expired Incentives	\$ 50,000	\$ 175,000	\$ -	\$ 175,000	\$ 125,000
Restricted Intergovernmental:					
CDBG Grant - Allen Industries	154,360	154,360	-	154,360	-
CDBG Grant - Technimark Railspur	490,000	490,000	-	490,000	-
N.C. Industrial Development Fund - Allen Industries	69,195	69,190	-	69,190	(5)
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	208,148	72,944	2,745	75,689	(132,459)
Rural Economic Development Center - Allen Industri	72,100	72,094	-	72,094	(6)
Rural Economic Development Center	40,000	40,000	-	40,000	-
Investment Earnings	4,000	-	-	-	(4,000)
Total Revenues	1,523,778	1,509,563	2,745	1,512,308	(7,470)
Expenditures:					
Economic and Physical Development:					
Cranford Property Redevelopment	169,500	163,636	-	163,636	5,864
Pigs and Pedals Event	210,844	181,162	29,682	210,844	-
Unilever/Bestfoods	125,000	125,000	-	125,000	-
Technimark	849,400	589,400	80,000	669,400	180,000
Starpet	325,000	325,000	-	325,000	-
N.C. Zoological Society	100,000	100,000	-	100,000	-
N.C. Zoo Feasiblity Study	25,000	25,000	-	25,000	-
Malt-O-Meal	2,422,500	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	230,000	180,000	25,000	205,000	25,000
Economic Development Corporation	466,000	361,000	50,000	411,000	55,000
Piedmont Traid Partnership	5,000	5,000	-	5,000	-
Piedmont Triad Regional Council	15,000	14,826	-	14,826	174
Premiere Fibers	40,000	40,000	-	40,000	-
Allen Industries	339,288	337,004	-	337,004	2,284
Randolph County Senior Adults Association	500,000	500,000	-	500,000	-
Family Crisis Child Advocacy Center	25,000	25,000	-	25,000	-
Technimark Railspur	675,340	572,831	-	572,831	102,509
Fibertex Steam Mitigation	102,648	102,648	-	102,648	-
Local Transportation Study	25,000	-	-	-	25,000
Kayser Roth	25,000	25,000	-	25,000	-
Total Expenditures	7,300,520	6,720,007	184,682	6,904,689	395,831
Revenues Over (Under) Expenditures	(5,776,742)	(5,210,444)	(181,937)	(5,392,381)	384,361
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	3,030,220	1,680,141	-	1,680,141	(1,350,079)
Water and Sewer Fund	2,894,022	4,401,350	-	4,401,350	1,507,328
Transfers to Other Funds:					
General Fund	(147,500)	(147,500)	-	(147,500)	-
Total Other Financing Sources (Uses)	5,776,742	5,933,991	-	5,933,991	157,249
Net Change in Fund Balance	\$ -	\$ 723,547	(181,937)	\$ 541,610	\$ 541,610
Fund Balance:					
Beginning of Year, July 1			723,547		
End of Year, June 30			<u>\$ 541,610</u>		

CITY OF ASHEBORO, NORTH CAROLINA
SPECIAL REVENUE FUND - SIDEWALK IMPROVEMENTS PROJECT FUND

Schedule 6

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

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
NCDOT Grant	\$ 174,000	\$ -	\$ 33,041	\$ 33,041	\$ (140,959)
Randolph Community College	35,000	-	-	-	(35,000)
Total Revenues	<u>209,000</u>	<u>-</u>	<u>33,041</u>	<u>33,041</u>	<u>(175,959)</u>
Expenditures:					
Economic and Physical Development:					
Professional Services	25,000	-	-	-	25,000
Land Acquisition and Easements	857	857	-	857	-
Construction	148,100	-	52,173	52,173	95,927
Construction Administration	22,200	-	-	-	22,200
NCDOT Oversight	21,700	-	-	-	21,700
Miscellaneous	18,643	-	-	-	18,643
Total Expenditures	<u>236,500</u>	<u>857</u>	<u>52,173</u>	<u>53,030</u>	<u>183,470</u>
Revenues Over (Under) Expenditures	<u>(27,500)</u>	<u>(857)</u>	<u>(19,132)</u>	<u>(19,989)</u>	<u>7,511</u>
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	27,500	27,500	-	27,500	-
Total Other Financing Sources	<u>27,500</u>	<u>27,500</u>	<u>-</u>	<u>27,500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 26,643</u>	<u>(19,132)</u>	<u>\$ 7,511</u>	<u>\$ 7,511</u>
Fund Balance:					
Beginning of Year, July 1			26,643		
End of Year, June 30			<u>\$ 7,511</u>		

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, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal Grants	\$ 4,708,526	\$ 4,175,454	\$ 264,911	\$ 4,440,365	\$ (268,161)
State Grants	3,048,500	3,047,477	-	3,047,477	(1,023)
Investment Earnings	15,000	30,196	-	30,196	15,196
Total Revenues	<u>7,772,026</u>	<u>7,253,127</u>	<u>264,911</u>	<u>7,518,038</u>	<u>(253,988)</u>
Expenditures:					
Capital Outlay:					
Professional Services	1,255,070	1,124,020	113,554	1,237,574	17,496
Administration	116,443	112,569	-	112,569	3,874
Contractors	6,628,962	6,335,369	-	6,335,369	293,593
Land	579,718	434,351	87,575	521,926	57,792
ALP Update	195,312	184,912	-	184,912	10,400
Miscellaneous	28,950	13,755	-	13,755	15,195
Contingency	177	-	-	-	177
Total Expenditures	<u>8,804,632</u>	<u>8,204,976</u>	<u>201,129</u>	<u>8,406,105</u>	<u>398,527</u>
Revenues Over (Under) Expenditures	<u>(1,032,606)</u>	<u>(951,849)</u>	<u>63,782</u>	<u>(888,067)</u>	<u>144,539</u>
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	1,378,596	1,388,376	16,700	1,405,076	26,480
Transfers to Other Funds:					
General Fund	<u>(345,990)</u>	<u>(178,000)</u>	<u>-</u>	<u>(178,000)</u>	<u>167,990</u>
Total Other Financing Sources (Uses)	<u>1,032,606</u>	<u>1,210,376</u>	<u>16,700</u>	<u>1,227,076</u>	<u>194,470</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 258,527</u>	<u>80,482</u>	<u>\$ 339,009</u>	<u>\$ 339,009</u>
Fund Balance:					
Beginning of Year, July 1			<u>258,527</u>		
End of Year, June 30			<u>\$ 339,009</u>		

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**CITY OF ASHEBORO,
NORTH CAROLINA**

Other Major Fund

Capital Project Funds:

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

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

Schedule 8

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
Randolph County	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Contributions	19,180	230,328	110,680	341,008	321,828
Total Revenues	19,180	430,328	110,680	541,008	521,828
Expenditures:					
Capital Outlay:					
Professional Services	29,180	-	19,180	19,180	10,000
Construction	4,542,000	-	386,876	386,876	4,155,124
Land Acquisition	250,000	250,000	-	250,000	-
Administration	1,500	860	-	860	640
Total Expenditures	4,822,680	250,860	406,056	656,916	4,165,764
Revenues Over (Under) Expenditures	(4,803,500)	179,468	(295,376)	(115,908)	4,687,592
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	4,803,500	301,500	4,502,000	4,803,500	-
Total Other Financing Sources:	4,803,500	301,500	4,502,000	4,803,500	-
Net Change in Fund Balance	\$ -	\$ 480,968	4,206,624	\$ 4,687,592	\$ 4,687,592
Fund Balance:					
Beginning of Year, July 1			480,968		
End of Year, June 30			\$ 4,687,592		

**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 10. It is consolidated with the Water and Sewer Fund on Exhibit 6.

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

Schedule 9
(Page 1 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues:			
Water Sales	\$ 6,600,000	\$ 6,510,274	\$ (89,726)
Sewer Charges	5,126,000	5,069,826	(56,174)
Water and Sewer Taps	43,000	108,266	65,266
Sampling and Monitoring Fees	25,000	22,506	(2,494)
Surcharges	100,000	170,252	70,252
Other Operating Revenues	418,468	393,014	(25,454)
Total Operating Revenues	12,312,468	12,274,138	(38,330)
Nonoperating Revenues:			
Interest Earned on Investments	20,000	91,073	71,073
Sales of Materials and Services	18,000	7,510	(10,490)
Other Nonoperating Revenues	145,300	178,225	32,925
Total Nonoperating Revenues	183,300	276,808	93,508
Total Revenues	12,495,768	12,550,946	55,178
Expenditures:			
Billing and Collections:			
Salaries and Employee Benefits		272,465	
Supplies		64,035	
Other Operating Expenditures		167,495	
Total	584,055	503,995	80,060
Water Meter Operations:			
Salaries and Employee Benefits		603,869	
Supplies		525,762	
Other Operating Expenditures		49,840	
Total	1,191,680	1,179,471	12,209
Water Supply and Treatment:			
Salaries and Employee Benefits		852,585	
Supplies		548,940	
Maintenance		460,660	
Other Operating Expenditures		860,884	
Total	2,825,881	2,723,069	102,812
Wastewater Treatment:			
Salaries and Employee Benefits		978,429	
Supplies		304,380	
Maintenance		520,042	
Other Operating Expenditures		1,328,885	
Total	3,682,920	3,131,736	551,184
Water Maintenance:			
Salaries and Employee Benefits		958,332	
Supplies		230,881	
Maintenance		43,383	
Other Operating Expenditures		88,685	
Total	\$ 1,376,800	\$ 1,321,281	\$ 55,519

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

Schedule 9
 (Page 2 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
 For the Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Concluded):			
Wastewater Maintenance:			
Salaries and Employee Benefits	\$	\$ 773,027	\$
Supplies		75,127	
Maintenance		66,375	
Other Operating Expenditures		154,747	
Total	1,216,708	1,069,276	147,432
Technical Services:			
Salaries and Employee Benefits		168,836	
Supplies		20,904	
Other Operating Expenditures		10,554	
Total	200,852	200,294	558
Systems Maintenance:			
Salaries and Employee Benefits		758,669	
Supplies		146,634	
Maintenance		419,013	
Other Operating Expenditures		79,803	
Total	1,564,983	1,404,119	160,864
Water Quality:			
Salaries and Employee Benefits		425,935	
Supplies		124,046	
Other Operating Expenditures		121,496	
Total	755,131	671,477	83,654
Debt Service:			
Principal on Bonds and Note		469,364	
Interest and Fees		83,074	
Total	657,800	552,438	105,362
Capital Outlay:			
Water Meter Operations		25,926	
Water Supply and Treatment		154,808	
Water Maintenance		252,027	
Wastewater Maintenance		95,978	
Systems Maintenance		101,387	
Total	661,925	630,126	31,799
Total Expenditures	14,718,735	13,387,282	1,331,453
Revenues Over (Under) Expenditures (Forward)	\$ (2,222,967)	\$ (836,336)	\$ 1,386,631

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

Schedule 9
(Page 3 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues Over (Under) Expenditures (Brought Forward)	<u>\$ (2,222,967)</u>	<u>\$ (836,336)</u>	<u>\$ 1,386,631</u>
Appropriated Fund Balance	<u>2,222,967</u>	<u>-</u>	<u>(2,222,967)</u>
Revenues Under Expenditures and Other Sources (Uses)	<u>\$ -</u>	<u>\$ (836,336)</u>	<u>\$ (836,336)</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues Under Expenditures and Other Sources (Uses)		<u>\$ (836,336)</u>	
Payment of Bond and Note Principal		469,364	
Capital Outlay		630,126	
Depreciation		(2,136,053)	
Decrease In Accrued Compensated Absences		11,475	
Increase in OPEB Liability		(313,594)	
Increase in Deferred Outflows of Resources - OPEB		464,432	
Decrease in Deferred Inflows of Resources - OPEB		24,305	
Increase in Net Pension Liability		(331,214)	
Decrease in Deferred Outflows of Resources - Pension		(135,590)	
Decrease in Deferred Inflows of Resources - Pensions		189,750	
Decrease In Accrued Interest Expense		1,471	
Total Reconciling Items		<u>(1,125,528)</u>	
Change in Net Position		<u>\$ (1,961,864)</u>	

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

Schedule 10

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Miscellaneous	\$ 78,990	\$ 78,990	\$ -	\$ 78,990	\$ -
Expenditures:					
Construction - Sewer Forced Main	444,000	423,613	-	423,613	20,387
Construction -Pump Station	399,000	362,598	-	362,598	36,402
Construction	217,494	213,851	-	213,851	3,643
Engineering	337,105	219,729	-	219,729	117,376
Construction	1,220,000	809,879	-	809,879	410,121
Construction - Filter Project	1,150,176	1,015,455	-	1,015,455	134,721
Land Acquisition	7,100	6,155	-	6,155	945
Design	11,000	9,250	-	9,250	1,750
Meter Purchase	447,600	447,600	-	447,600	-
Miscellaneous	27,254	22,879	-	22,879	4,375
Contingency	48,109	-	-	-	48,109
Administration	19,875	12,774	-	12,774	7,101
Total Expenditures	4,328,713	3,543,783	-	3,543,783	784,930
Revenues Over (Under) Expenditures	(4,249,723)	(3,464,793)	-	(3,464,793)	784,930
Other Financing Sources:					
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	(131,444)
Proceeds of State Water Loan	1,801,391	1,619,793	-	1,619,793	(181,598)
Total Other Financing Sources	4,249,723	3,936,681	-	3,936,681	(313,042)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 471,888	\$ -	\$ 471,888	\$ 471,888

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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 11

COMPARATIVE SCHEDULES BY SOURCE

June 30, 2020

	<u>2020</u>	<u>2019</u>
Governmental Funds Capital Assets:		
Land	\$ 5,277,054	\$ 4,813,863
Land Improvements	13,023,817	13,023,817
Buildings	16,511,560	13,981,033
Street Construction	17,284,635	17,284,635
Computer Equipment	609,252	613,567
Equipment	4,997,970	4,497,130
Vehicles	13,363,785	12,258,579
Construction in Progress	<u>966,917</u>	<u>2,101,205</u>
Total Capital Assets	<u><u>\$ 72,034,990</u></u>	<u><u>\$ 68,573,829</u></u>
Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 32,763,544	\$ 29,982,943
Special Revenue Funds	256,771	203,741
Capital Projects Funds	25,682,223	25,054,693
Donations	<u>13,332,452</u>	<u>13,332,452</u>
	<u><u>\$ 72,034,990</u></u>	<u><u>\$ 68,573,829</u></u>

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

Schedule 12

SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2020

Function and Activity	Land	Land Improvements	Buildings	Street Construction	Computer Equipment	Equipment	Vehicles	Construction In Progress	Total
General Government:									
Governing Body	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,631	\$ -	\$ -	\$ 6,631
Administration	-	-	-	-	-	-	-	-	-
Personnel and City Clerk	-	-	-	-	-	7,048	-	-	7,048
Finance	-	-	-	-	40,701	-	-	-	40,701
Human Resources	13,908	-	41,725	-	88,174	28,425	-	-	172,232
Legal Services	-	-	-	-	-	-	-	-	-
Planning and Zoning	-	-	-	-	16,029	8,142	35,070	-	59,241
Public Buildings	214,578	122,605	751,773	-	784	-	37,320	-	1,127,060
Information Technology	-	-	-	-	88,998	98,128	-	-	187,126
Marketing and Communications	-	-	-	-	-	-	-	-	-
City Shop	67,274	-	-	-	28,855	314,984	301,584	-	712,697
Total General Government	295,760	122,605	793,498	-	263,541	463,358	373,974	-	2,312,736
Public Safety:									
Police	116,129	35,591	643,046	-	77,215	503,527	3,064,555	-	4,440,063
Fire	25,247	13,313	452,951	-	175,696	621,721	2,885,661	-	4,174,589
Inspections	-	-	-	-	-	-	2,884	-	2,884
Total Public Safety	141,376	48,904	1,095,997	-	252,911	1,125,248	5,953,100	-	8,617,536
Transportation:									
Public Works	273,697	-	4,751,692	-	29,765	178,812	281,108	-	5,515,074
Streets	258,238	169,319	9,800	17,284,635	-	890,112	2,386,911	-	20,999,015
City Engineer	-	-	-	-	29,058	77,191	57,470	-	163,719
Airport	1,108,313	10,260,153	671,466	-	-	331,968	27,000	-	12,398,900
Total Transportation	1,640,248	10,429,472	5,432,958	17,284,635	58,823	1,478,083	2,752,489	-	39,076,708
Environmental Protection:									
Sanitation	71,755	-	699,940	-	28,025	960,711	3,275,308	-	5,035,739
Cultural and Recreational:									
Parks, Lakes and Playgrounds	1,698,191	1,954,969	5,439,747	-	5,952	337,321	53,799	-	9,489,979
Municipal Golf Course	28,015	186,149	67,418	-	-	-	-	-	281,582
Grounds Maintenance	85,675	65,918	151,066	-	-	633,249	955,115	-	1,891,023
Library	171,418	11,425	-	-	-	-	-	-	182,843
Total Cultural and Recreational	1,983,299	2,218,461	5,658,231	-	5,952	970,570	1,008,914	-	11,845,427
Economic and Physical Development:									
Community Promotion	1,144,616	204,375	2,830,936	-	-	-	-	-	4,179,927
Construction in Progress	-	-	-	-	-	-	-	966,917	966,917
Total Governmental Funds Capital Assets	\$ 5,277,054	\$ 13,023,817	\$ 16,511,560	\$ 17,284,635	\$ 609,252	\$ 4,997,970	\$ 13,363,785	\$ 966,917	\$ 72,034,990

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

Schedule 13

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2020

Function and Activity	Governmental Fund Capital Assets June 30, 2019	Additions	Retirements	Governmental Fund Capital Assets June 30, 2020
General Government:				
Governing Body	\$ 6,631	\$ -	\$ -	\$ 6,631
Administration	-	-	-	-
Personnel and City Clerk	7,048	-	-	7,048
Finance	40,701	-	-	40,701
Human Resources	172,232	-	-	172,232
Legal Services	-	-	-	-
Planning and Zoning	59,241	-	-	59,241
Public Buildings	1,127,060	-	-	1,127,060
Information Technology	187,126	-	-	187,126
Marketing and Communications	-	-	-	-
City Shop	707,202	5,495	-	712,697
Total General Government	2,307,241	5,495	-	2,312,736
Public Safety:				
Police	3,917,740	623,478	101,155	4,440,063
Fire	3,847,334	740,935	413,680	4,174,589
Inspections	2,884	-	-	2,884
Total Public Safety	7,767,958	1,364,413	514,835	8,617,536
Transportation:				
Public Works	5,491,071	24,003	-	5,515,074
Streets	20,605,407	554,231	160,623	20,999,015
City Engineer	110,435	53,284	-	163,719
Airport	12,289,316	109,584	-	12,398,900
Total Transportation	38,496,229	741,102	160,623	39,076,708
Environmental Protection:				
Sanitation	4,893,331	153,617	11,209	5,035,739
Cultural and Recreational:				
Parks, Lakes and Playgrounds	6,561,135	2,936,158	7,314	9,489,979
Municipal Golf Course	281,582	-	-	281,582
Grounds Maintenance	1,802,378	109,227	20,582	1,891,023
Library	182,843	-	-	182,843
Total Cultural and Recreational	8,827,938	3,045,385	27,896	11,845,427
Economic and Physical Development:				
Community Promotion	4,179,927	-	-	4,179,927
Construction in Progress	2,101,205	1,480,427	2,614,715	966,917
Total Governmental Fund Capital Assets	\$ 68,573,829	\$ 6,790,439	\$ 3,329,278	\$ 72,034,990

**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 CAROLINASchedule 14**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

For the Year Ended June 30, 2020

<u>Fiscal Year</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2020</u>
2019-2020	\$ -	\$ 16,967,230	\$ 16,866,561	\$ 100,669
2018-2019	50,966	425	-	51,391
2017-2018	55,173		41,417	13,756
2016-2017	7,983		2,016	5,967
2015-2016	6,382		1,057	5,325
2014-2015	4,559		154	4,405
2013-2014	3,893		190	3,703
2012-2013	3,528		244	3,284
2011-2012	2,702		116	2,586
2010-2011	3,974		63	3,911
2009-2010	4,542		4,542	-
	<u>\$ 143,702</u>	<u>\$ 16,967,655</u>	<u>\$ 16,916,360</u>	194,997
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(35,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 159,997</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 16,924,061	
Discounts Allowed			217,590	
Releases and Adjustments			(204,994)	
Taxes Written Off			4,542	
Interest Collected			<u>(24,839)</u>	
Total Collections and Credits			<u>\$ 16,916,360</u>	

ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2020

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 2,608,757,546	.665	\$ 17,348,238	\$ 16,102,948	\$ 1,245,290
Motor Vehicles Taxed at Prior Year's Rate	-	.665	-	-	-
Total	<u>2,608,757,546</u>		<u>17,348,238</u>	<u>16,102,948</u>	<u>1,245,290</u>
Discoveries:					
Current Year Taxes	1,715,278	.665	11,406	11,406	-
Prior Years Taxes	<u>2,185,516</u>	.665	<u>14,533</u>	<u>14,533</u>	<u>-</u>
	<u>3,900,794</u>		<u>25,939</u>	<u>25,939</u>	<u>-</u>
Abatements	<u>(61,195,090)</u>		<u>(406,947)</u>	<u>(406,947)</u>	<u>-</u>
Total Valuation	<u>\$ 2,551,463,250</u>				
Net Levy			16,967,230	15,721,940	1,245,290
Uncollected Taxes at June 30, 2020			<u>(100,669)</u>	<u>(95,119)</u>	<u>(5,550)</u>
Current Year's Taxes Collected			<u>\$ 16,866,561</u>	<u>\$ 15,626,821</u>	<u>\$ 1,239,740</u>
Current Levy Collection Percentage			<u>99.41%</u>	<u>99.39%</u>	<u>99.55%</u>

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**CITY OF ASHEBORO,
NORTH CAROLINA**

STATISTICAL SECTION

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

Contents	Page
Financial Trends	105
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	111
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	116
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	120
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	122
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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in capital assets	\$ 23,434,409	\$ 22,576,050	\$ 21,550,155	\$ 21,135,500	\$ 20,340,527	\$ 19,418,912	\$ 20,589,583	\$ 23,074,036	\$ 23,205,351	\$ 24,956,824
Restricted	4,918,519	4,975,395	5,031,627	4,911,902	4,481,550	5,378,405	5,189,258	5,158,364	5,953,123	9,841,317
Unrestricted	2,801,658	2,158,991	696,013	165,855	795,862	4,733,514	6,384,294	2,100,510	3,746,958	(173,280)
Total Governmental activities net position	<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>	<u>\$ 32,163,135</u>	<u>\$ 30,332,910</u>	<u>\$ 32,905,432</u>	<u>\$ 34,624,861</u>
Business-type activities										
Net Investment in capital assets	\$ 38,207,155	\$ 39,489,368	\$ 41,926,766	\$ 41,842,479	\$ 41,762,170	\$ 40,684,861	\$ 39,826,001	\$ 38,693,420	\$ 38,372,581	\$ 37,336,018
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	10,882,193	10,240,633	10,079,768	9,932,830	8,468,913	10,452,569	11,605,944	10,762,594	10,352,433	9,427,132
Total business-type activities net position	<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>	<u>\$ 51,431,945</u>	<u>\$ 49,456,014</u>	<u>\$ 48,725,014</u>	<u>\$ 46,763,150</u>
Primary government										
Net Investment in capital assets	\$ 61,641,564	\$ 62,065,418	\$ 63,476,921	\$ 62,977,979	\$ 62,102,697	\$ 60,103,773	\$ 60,415,584	\$ 61,767,456	\$ 61,577,932	\$ 62,292,842
Restricted	4,918,519	4,975,395	5,031,627	4,911,902	4,481,550	5,378,405	5,189,258	5,158,364	5,953,123	9,841,317
Unrestricted	13,683,851	12,399,624	10,775,781	10,098,685	9,264,775	15,186,083	17,990,238	12,863,104	14,099,391	9,253,852
Total primary government net position	<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>	<u>\$ 83,595,080</u>	<u>\$ 79,788,924</u>	<u>\$ 81,630,446</u>	<u>\$ 81,388,011</u>

CITY OF ASHEBORO, NORTH CAROLINA

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

Table 2

(Page 1 of 2)

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 3,286,240	\$ 3,061,766	\$ 3,207,455	\$ 3,123,857	\$ 3,200,467	\$ 2,814,426	\$ 3,302,841	\$ 3,614,889	\$ 4,130,528	\$ 3,895,095
Public safety	10,505,454	10,936,883	11,277,560	12,023,084	11,694,632	11,232,356	12,545,696	11,640,779	13,581,696	14,653,147
Transportation	4,394,627	4,416,483	4,357,965	4,411,887	4,343,125	4,120,997	4,067,976	3,018,536	4,272,703	4,549,659
Environmental protection	2,278,866	2,416,231	2,403,358	2,549,074	2,303,227	2,104,593	2,086,231	1,800,856	1,939,019	1,893,008
Cultural and recreational	3,283,907	3,342,904	3,695,508	3,402,045	3,483,175	3,141,542	3,587,708	3,271,440	3,972,893	4,188,872
Economic and physical development	847,495	867,040	1,019,712	392,371	230,330	305,104	315,026	573,124	596,079	289,296
Interest on long-term debt	47,797	57,384	60,147	60,664	42,586	33,739	35,125	30,524	37,217	38,981
Total governmental activities expenses	24,644,386	25,098,691	26,021,705	25,962,982	25,297,542	23,752,757	25,940,603	23,950,148	28,530,135	29,508,058
Business-type activities:										
Water and Sewer	11,036,882	11,225,841	11,772,761	11,810,383	12,862,542	11,931,316	12,427,411	12,059,988	14,052,448	14,512,810
Total business-type activities expenses	11,036,882	11,225,841	11,772,761	11,810,383	12,862,542	11,931,316	12,427,411	12,059,988	14,052,448	14,512,810
Total primary government expenses	\$ 35,681,268	\$ 36,324,532	\$ 37,794,466	\$ 37,773,365	\$ 38,160,084	\$ 35,684,073	\$ 38,368,014	\$ 36,010,136	\$ 42,582,583	\$ 44,020,868
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 327,154	\$ 330,415	\$ 341,430	\$ 341,277	\$ 313,367	\$ 26,346	\$ 26,858	\$ 34,554	\$ 26,252	\$ 24,002
Public safety	129,416	157,330	111,356	93,840	109,897	133,091	144,718	191,255	162,075	174,412
Transportation	26,305	27,635	27,247	27,836	37,556	37,436	26,106	27,216	28,949	36,325
Environmental protection	991,579	946,203	909,082	899,217	1,265,347	2,024,615	1,959,250	1,803,191	1,822,318	1,866,419
Cultural and recreational	434,208	439,003	363,595	400,520	411,468	391,318	413,810	392,698	374,094	323,592
Operating grants and contributions	845,436	1,085,673	729,487	1,015,043	937,279	764,474	908,827	1,273,101	1,799,493	850,045
Capital grants and contributions	614,292	593,839	611,822	1,021,526	248,682	256,912	2,073,131	54,770	708,526	649,934
Total governmental activities program revenues	3,368,390	3,580,098	3,094,019	3,799,259	3,323,596	3,634,192	5,552,700	3,776,785	4,921,707	3,924,729
Business-type activities:										
Charges for services:										
Water and Sewer	11,988,495	11,481,001	11,900,646	11,602,642	11,993,022	12,045,164	12,710,003	12,595,720	12,702,865	12,274,138
Operating grants and contributions	557,339	596,180	594,645	659,685	638,507	756,947	200,000	2,571	282,197	-
Capital grants and contributions	2,255,680	577,292	2,364,158	75,873	94,325	-	-	-	-	-
Total business-type activities program revenues	14,801,514	12,654,473	14,859,449	12,338,200	12,725,854	12,802,111	12,910,003	12,598,291	12,985,062	12,274,138
Total primary government program revenues	\$ 18,169,904	\$ 16,234,571	\$ 17,953,468	\$ 16,137,459	\$ 16,049,450	\$ 16,436,303	\$ 18,462,703	\$ 16,375,076	\$ 17,906,769	\$ 16,198,867
Net (Expense)/Revenue										
Governmental activities	\$ (21,275,996)	\$ (21,518,593)	\$ (22,927,686)	\$ (22,163,723)	\$ (21,973,946)	\$ (20,118,565)	\$ (20,387,903)	\$ (20,173,363)	\$ (23,608,428)	\$ (25,583,329)
Business-type activities	3,764,632	1,428,632	3,086,688	527,817	(136,688)	870,795	482,592	538,303	(1,067,386)	(2,238,672)
Total primary government net expense	\$ (17,511,364)	\$ (20,089,961)	\$ (19,840,998)	\$ (21,635,906)	\$ (22,110,634)	\$ (19,247,770)	\$ (19,905,311)	\$ (19,635,060)	\$ (24,675,814)	\$ (27,822,001)

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

Net Position	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Taxes										
Property taxes	\$ 11,947,797	\$ 12,024,717	\$ 12,219,356	\$ 12,968,405	\$ 14,507,360	\$ 15,400,126	\$ 15,803,180	\$ 15,409,790	\$ 16,056,663	\$ 16,965,356
Sales taxes	2,926,393	2,991,930	3,044,107	3,162,311	3,431,212	3,720,840	4,322,926	4,499,854	4,755,545	5,044,116
Franchise taxes	2,148,736	2,041,272	2,042,949	2,022,680	2,338,786	2,493,755	2,488,259	2,501,249	2,514,864	2,429,909
Other taxes and licenses	1,441,057	1,474,713	1,483,535	1,438,056	1,466,412	1,506,768	1,645,252	1,699,412	1,774,230	1,792,701
Investment earnings	38,702	23,500	15,031	33,436	42,488	28,151	36,942	55,175	202,284	254,940
Miscellaneous	611,123	740,428	892,494	706,297	636,456	881,817	951,890	764,195	877,364	815,736
Transfers	731,994	777,883	800,000	768,000	500,000	-	400,000	510,000	-	-
Total governmental activities	<u>19,845,802</u>	<u>20,074,443</u>	<u>20,497,472</u>	<u>21,099,185</u>	<u>22,922,714</u>	<u>24,031,457</u>	<u>25,648,449</u>	<u>25,439,675</u>	<u>26,180,950</u>	<u>27,302,758</u>
Business-type activities:										
Investment earnings	28,848	13,271	10,090	8,958	9,231	11,552	17,674	37,423	101,917	91,073
Miscellaneous	-	(23,367)	-	-	(39,304)	24,000	194,249	175,254	234,469	185,735
Transfers	(731,994)	(777,883)	(800,000)	(768,000)	(500,000)	-	(400,000)	(510,000)	-	-
Total business-type activities	<u>(703,146)</u>	<u>(787,979)</u>	<u>(789,910)</u>	<u>(759,042)</u>	<u>(530,073)</u>	<u>35,552</u>	<u>(188,077)</u>	<u>(297,323)</u>	<u>336,386</u>	<u>276,808</u>
Total primary government	<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>	<u>\$ 25,460,372</u>	<u>\$ 25,142,352</u>	<u>\$ 26,517,336</u>	<u>\$ 27,579,566</u>
Change in Net Position										
Governmental activities	\$ (1,430,194)	\$ (1,444,150)	\$ (2,430,214)	\$ (1,064,538)	\$ 948,768	\$ 3,912,892	\$ 5,260,546	\$ 5,266,312	\$ 2,572,522	\$ 1,719,429
Business-type activities	3,061,486	640,653	2,296,778	(231,225)	(666,761)	906,347	294,515	240,980	(731,000)	(1,961,864)
Total primary government	<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>	<u>\$ 5,555,061</u>	<u>\$ 5,507,292</u>	<u>\$ 1,841,522</u>	<u>\$ (242,435)</u>

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

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
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
2017	15,803,180	4,322,926	2,488,259	1,645,252	24,259,617
2018	15,409,790	4,499,854	2,501,249	1,699,412	24,110,305
2019	16,056,663	4,755,545	2,514,864	1,774,230	25,101,302
2020	16,965,356	5,044,116	2,429,909	1,792,701	26,232,082

CITY OF ASHEBORO, NORTH CAROLINA

Table 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund:										
Nonspendable	\$ 1,250,055	\$ 857,493	\$ 859,119	\$ 862,114	\$ 1,089,527	\$ 998,477	\$ 1,201,406	\$ 860,623	\$ 845,284	\$ 848,691
Restricted	3,590,464	3,138,140	3,431,128	3,104,020	2,757,574	3,812,763	3,266,860	3,297,829	3,770,987	3,696,711
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	224,428	-	-	225,000	-	-	304,152	-	2,214,956	2,311,236
Unassigned	4,165,717	5,134,816	4,144,624	3,845,050	5,990,191	9,220,728	13,697,299	16,363,953	16,242,035	12,441,071
Total General Fund	<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>	<u>\$ 18,469,717</u>	<u>\$ 20,522,405</u>	<u>\$ 23,073,262</u>	<u>\$ 19,297,709</u>
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	621,144	1,626,574	1,145,849	915,705	629,631	627,961	969,948	689,545	1,123,109	801,532
Committed	706,911	210,681	454,650	892,177	1,097,345	937,681	952,450	1,170,990	1,059,027	5,468,907
Assigned	-	-	-	(148,559)	-	(17,677)	-	-	-	(25,530)
Total all other governmental funds	<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>	<u>\$ 1,922,398</u>	<u>\$ 1,860,535</u>	<u>\$ 2,182,136</u>	<u>\$ 6,244,909</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 11,923,685	\$ 12,270,703	\$ 12,276,415	\$ 13,014,586	\$ 14,519,022	\$ 15,419,773	\$ 15,836,160	\$ 15,415,804	\$ 16,061,138	\$ 16,924,061
Other taxes and licences	327,265	332,284	340,369	346,197	323,903	39,010	39,105	40,744	44,380	39,659
Intergovernmental	7,707,645	7,951,037	8,014,704	8,720,755	8,686,356	8,909,203	10,528,295	10,324,156	11,538,055	11,056,156
Permits and fees	154,706	185,476	162,991	121,736	139,882	166,459	189,015	236,694	196,727	201,901
Sales and services	1,451,400	1,423,719	1,311,794	1,325,556	1,687,425	2,386,673	2,422,699	2,229,866	2,219,610	2,218,217
Investment earnings	38,702	23,500	15,031	33,436	42,488	28,151	36,942	55,175	202,284	254,940
Miscellaneous	824,642	845,771	709,474	575,080	393,497	527,045	399,907	406,854	691,515	475,809
Total revenues	22,428,045	23,032,490	22,830,778	24,137,346	25,792,573	27,476,314	29,452,123	28,709,293	30,953,709	31,170,743
Expenditures										
General government	3,219,001	2,972,245	3,755,674	3,017,602	3,151,731	2,914,210	3,227,755	3,783,552	3,968,927	3,644,107
Public safety	10,288,725	10,473,547	11,327,871	11,382,276	12,302,052	11,848,353	11,930,627	12,137,191	13,154,522	15,348,885
Transportation	3,197,031	3,318,995	3,243,380	3,262,437	3,486,959	3,351,320	3,713,248	3,645,195	3,494,990	4,154,354
Environmental protection	2,582,776	2,232,722	2,383,417	2,574,066	2,169,598	1,985,502	1,970,874	2,294,394	1,795,686	1,892,708
Culture and recreation	3,249,141	3,170,744	3,319,294	3,138,685	3,218,540	3,205,708	3,319,057	4,007,872	5,015,632	5,181,743
Economic and physical development	820,135	839,680	992,352	365,011	329,546	277,744	287,666	545,764	568,719	314,966
Capital outlay	222,473	168,216	1,642,806	702,180	48,385	106,179	719,723	692,046	49,318	607,185
Debt service:										
Principal	378,596	346,305	519,827	768,242	712,562	752,694	719,175	744,105	661,824	622,532
Interest	44,256	54,519	59,269	60,260	42,562	33,739	35,665	30,524	37,217	38,981
Other charges										
Total expenditures	24,002,134	23,576,973	27,243,890	25,270,759	25,461,935	24,475,449	25,923,790	27,880,643	28,746,835	31,805,461
Excess of revenues over (under) expenditures	(1,574,089)	(544,483)	(4,413,112)	(1,133,413)	330,638	3,000,865	3,528,333	828,650	2,206,874	(634,718)
Other financing sources (uses)										
Transfers in	1,242,169	794,550	969,713	975,700	703,673	119,568	961,468	1,210,204	-	4,534,700
Transfers out	(510,175)	(16,667)	(169,713)	(207,700)	(203,673)	(119,568)	(561,468)	(700,204)	-	(4,534,700)
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	331,331	643,175	611,738	921,938
Sale of assets	-	37,091	336,533	-	39,440	94,800	552,518	9,000	53,846	-
Total other financing sources (uses)	1,554,829	953,468	3,480,778	793,550	1,229,480	1,014,800	1,283,849	1,162,175	665,584	921,938
Net change in fund balances	\$ (19,260)	\$ 408,985	\$ (932,334)	\$ (339,863)	\$ 1,560,118	\$ 4,015,665	\$ 4,812,182	\$ 1,990,825	\$ 2,872,458	\$ 287,220
Debt services as a percentage of noncapital expenditures	1.8%	1.7%	2.2%	3.3%	3.1%	3.4%	3.0%	3.3%	2.7%	2.4%

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

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
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
2017	15,836,160	4,322,926	2,488,259	1,529,649	24,176,994
2018	15,415,804	4,499,854	2,501,249	1,699,412	24,116,319
2019	16,061,138	4,755,545	2,514,864	1,774,230	25,105,777
2020	16,924,061	5,044,116	2,429,909	1,792,701	26,190,787

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

Table 7

Fiscal Year	Real Property	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)	
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%
2017	1,669,305,592	655,836,756	171,705,414	484,131,342	42,437,644	2,367,579,992	0.665	2,557,610,448	92.57%
2018	1,682,981,490	584,378,890	171,613,383	412,765,507	44,172,773	2,311,533,153	0.665	2,563,527,951	90.17%
2019	1,767,155,754	600,606,147	179,081,053	421,525,094	44,859,472	2,412,621,373	0.665	2,651,232,278	91.00%
2020	1,858,734,494	645,023,777	187,261,654	457,762,123	47,704,979	2,551,463,250	0.665	2,977,203,326	85.70%

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 91% (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, 2019 and is the basis for fiscal 2020 taxes

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

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

Table 8

Fiscal Year	City Direct Rate	Overlapping Rates		Total
	Total City Rate	Total County Rate	Total School District	Direct & Overlapping Rates
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
2017	0.665	0.6525	0.136	1.454
2018	0.665	0.6525	0.136	1.454
2019	0.665	0.6525	0.136	1.454
2020	0.665	0.6525	0.136	1.454

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, 2020

Table 9

Taxpayer	2020			2010		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
MOM Brands Company	160,811,553	1	6.30%	111,344,306	1	5.18%
Energizer Battery Co,	106,718,751	2	4.18%	106,798,756	2	4.97%
Technimark, Inc.	85,833,844	3	3.36%	39,830,346	4	1.85%
Starpet, Inc. & Starpet Subsidiary	41,706,292	4	1.63%	61,975,628	3	2.88%
Kennametal	31,629,160	5	1.24%			
Duke Energy Progress Inc	27,353,750	6	1.07%			
Centerpoint Plaza	26,104,480	7	1.02%	21,639,270	9	1.01%
Georgia Pacific Corrugated	20,880,128	8	0.82%			
Kayser Roth	19,252,920	9	0.75%			
Oliver Rubber Co.	19,053,428	10	0.75%			
Klaussner Furniture Industries				24,027,058	7	1.12%
Schwartz Properties LLC				35,313,390	5	1.64%
Goodyear Tire & Rubber Co.				26,932,259	6	1.25%
Arrow International				22,271,007	8	1.04%
Kennametal				20,139,586	10	0.94%
Totals	<u>\$ 539,344,306</u>		<u>21.14%</u>	<u>\$ 470,271,606</u>		<u>21.88%</u>

Total Assessed Value of Taxable Property \$ 2,551,463,250

Source: Randolph County Finance Department

Top Ten Assessments in Asheboro City 2019 for 2019-2020 Fiscal Year

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

Last Ten Fiscal Years

Table 10

<u>Fiscal Year</u>	<u>Total Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in 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>
2011	11,926,300	11,590,252	97.18%	332,137	11,922,389	99.97%
2012	11,961,536	11,791,030	98.57%	167,920	11,958,950	99.98%
2013	12,271,887	12,103,551	98.63%	165,052	12,268,603	99.97%
2014	12,272,823	12,151,194	99.01%	117,926	12,269,120	99.97%
2015	14,436,674	14,384,830	99.64%	47,439	14,432,269	99.97%
2016	15,390,363	15,342,064	99.69%	42,974	15,385,038	99.97%
2017	15,887,444	15,839,229	99.70%	42,248	15,881,477	99.96%
2018	15,410,216	15,363,262	99.70%	33,198	15,396,460	99.91%
2019	16,043,932	15,992,966	99.68%	-	15,992,966	99.68%
2020	16,967,230	16,866,561	99.41%	-	16,866,561	99.41%

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

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Debt as Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Installment Purchases	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable			
2011	308,219	1,144,306	-	2,571,430	-	7,712,631	11,736,586	1.53%	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	1.43%	449
2014	7,492	1,422,735	900,000	62,508	722,280	6,320,949	9,435,964	1.11%	368
2015	-	1,579,133	728,571	-	529,063	5,658,782	8,495,549	0.97%	330
2016	-	1,917,868	557,142	-	358,237	5,511,906	8,345,153	0.93%	324
2017	-	1,700,905	385,713	-	203,522	5,421,186	7,711,326	0.83%	299
2018	-	1,771,402	214,284	-	53,729	4,951,822	6,991,237	0.72%	269
2019		1,892,745	42,857	-	-	4,482,458	6,418,060	0.64%	249
2020		2,235,009	-	-	-	4,013,095	6,248,104	0.62%	242

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

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

CITY OF ASHEBORO, NORTH CAROLINA

Table 12

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Assessed Property Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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
2017	-	-	-	2,367,579,992	0.00%	0.00
2018	-	-	-	2,311,533,153	0.00%	0.00
2019	-	-	-	2,412,621,373	0.00%	0.00
2020	-	-	-	2,551,463,250	0.00%	0.00

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, 2020

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: Randolph County	\$ 75,596,031	21.60%	\$ 16,325,716
Subtotal, overlapping debt			<u>16,325,716</u>
City of Asheboro direct debt			<u>2,235,009</u>
Total direct and overlapping debt			<u><u>\$ 18,560,725</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 173,151,379	\$ 173,816,481	\$ 177,859,372	\$ 178,123,220	\$ 182,956,976	\$ 184,760,381	\$ 189,406,399	\$ 184,922,652	\$ 193,009,710	\$ 204,117,060
Total net debt applicable to limit	<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>	<u>1,904,427</u>	<u>1,825,132</u>	<u>1,892,745</u>	<u>2,235,009</u>
Legal debt margin	<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>	<u>\$ 187,501,972</u>	<u>\$ 183,097,520</u>	<u>\$ 191,116,965</u>	<u>\$ 201,882,051</u>
Total net debt applicable to the limit as a percentage of debt limit	2.32%	1.78%	1.88%	1.24%	1.15%	1.23%	1.01%	0.99%	0.98%	1.09%
Assessed Value										2,551,463,250
Debt Limit (8% of total assessed value)										<u>\$ 204,117,060</u>
Debt Applicable to Limit										
General Obligation Bonds										-
Installment Purchase Agreements										<u>2,235,009</u>
Total Net Debt Applicable to Limit										<u>2,235,009</u>
Legal Debt Margin										<u>\$ 201,882,051</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 Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2010	25,504	753,949,248	29,562	39.1	4,485	10.80%
2011	25,262	767,030,106	30,363	39.5	4,565	9.70%
2012	25,262	799,895,968	31,664	39.6	4,683	9.40%
2013	25,262	794,540,424	31,452	40.0	4,694	8.10%
2014	25,656	853,267,248	33,258	40.2	4,689	6.40%
2015	25,761	879,119,886	34,126	40.5	4,723	5.30%
2016	25,761	896,894,976	34,816	41.1	4,648	4.90%
2017	25,761	928,581,006	36,046	41.5	4,594	3.90%
2018	25,993	976,608,996	37,572	41.5	4,606	2.80%
2019	25,791	1,003,063,572	38,892	41.7	4,485	3.50%
2020	25,850	1,005,358,200	38,892	41.7	4,490	5.90%

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	2020			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Technimark	1,500	1	6.25%	491	8	2.31%
Klaussner Furniture Industries	1,202	2	5.01%	967	2	4.54%
Randolph Helath	1,000	3	4.17%	1,194	1	5.61%
NC Zoological Park & Society	750	4				
Asheboro City Schools	637	5	2.66%	670	7	3.15%
Energizer Battery	405	6	1.69%	734	5	3.45%
City of Asheboro	330	7	1.38%			
DJO Global/Elastic Therapy	240	8	1.00%	670	6	3.15%
Bossong Hosiery	405	9	1.69%			
Post Consumer Brands	230	10	0.96%			
Wal-Mart				750	4	3.52%
Teleflex, Inc.				774	3	3.64%
Prestige Fabricators				332	9	1.56%
Wells Hosiery				300	10	1.40%
Total	<u>6,699</u>		<u>24.80%</u>	<u>6,882</u>		<u>32.33%</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	39	39	38	38	28	35	36	37	37	37
Public safety:										
Police:										
Officers	78	77	77	77	90	73	75	74	74	97
Civilians	7	7	7	7	7	7	7	7	7	7
Fire:										
Firefighters and officers	51	51	53	52	49	52	50	53	53	62
Civilians	0	0	0	0	0	1	1	1	1	1
Inspections										
Building	3	3	2	2	2	2	1	1	1	1
Fire	3	3	3	3	3	2	2	2	2	3
Highways and streets:										
Engineering	4	4	4	3	4	3	3	3	3	5
Operations	9	10	10	14	13	14	13	10	10	12
Street Maintenance	20	20	20	21	20	18	18	17	17	20
Sanitation	19	19	19	20	19	17	14	15	15	15
Culture, Recreation, Facilities	62	62	62	60	91	75	80	39	39	62
Water	28	27	28	25	33	33	31	34	34	34
Sewer	44	43	43	35	37	36	37	35	35	33
Total	<u>367</u>	<u>365</u>	<u>366</u>	<u>357</u>	<u>396</u>	<u>368</u>	<u>367</u>	<u>328</u>	<u>328</u>	<u>389</u>

Source: Finance Office

CITY OF ASHEBORO, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 18

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Physical arrests	3,108	3,408	2,674	2,288	1,943	1,717	1,879	1,930	1,869	1,745
Parking violations	119	82	110	110	126	33	40	70	101	73
Traffic violations	8,136	6,551	6,603	4,665	4,030	3,458	6,426	6,743	6,583	5,610
Fire:										
Number of calls answered	1,522	1,520	1,379	2,204	2,450	2,535	2,469	2,760	3,759	3,912
Inspections	1,489	1,811	1,671	2,203	2,240	1,550	1,464	1,329	1,535	1,435
Highways and streets										
Street resurfacing (miles)	0.883	0.631	0.327	0.636	0.882	0.882	0.189	1.220	0.315	0.373
Leaf Collection Loads (Nov-June)	635	701	756	812	829	829	798	825	652	611
Potholes repaired	1,106	1,182	912	887	869	869	670	852	1,117	1,467
Sanitation										
Refuse collected (tons/day)	71.38	52.17	53.41	58.08	55.32	70.25	70.25	70.17	72.62	70.62
Recyclables collected (tons/day)	9.18	19.96	8.11	8.23	8.15	20.00	41.50	32.35	29.58	27.30
Yard Waste collected (tons/day)				14.37	10.10	10.10	4.25	7.17	9.31	6.00
Culture and recreation										
Separate programs / events offered	154	151	98	127	178	203	247	324	445	558
Estimated number of program participants	75,272	86,924	54,815	53,388	67,323	73,708	87,869	89,921	86,997	73,295
Water										
New meter connections	145	115	46	34	10	23	75	79	26	26
Water mains breaks	133	94	111	91	90	68	67	108	83	83
Average daily consumption (MGD)	4.360	4.354	4.288	4.005	4.424	4.621	4.817	4.727	4.772	4.758
Wastewater										
Average daily sewage treatment (MGD)	3.326	3.410	3.377	3.843	3.466	3.900	3.553	3.454	4.556	3.888

Sources: Various government departments.

N/A: Data not available.

CITY OF ASHEBORO, NORTH CAROLINA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table 19

Function	Fiscal Year End									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	100	100	100	71	72	72	75	96	96	96
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire Apparatus							13	13	13	13
Sanitation:										
Collection trucks	9.00	9.00	9.00	9.00	9.00	9.00	11.00	11.00	11.00	11.00
Highways and streets:										
Streets (miles)	98.24	98.24	98.24	98.24	98.24	98.24	98.99	99.78	99.78	99.78
City Streetlights	3,182	3,182	3,182	3,182	3,182	3,182	3,182	3,190	3,190	3,190
Traffic signals	27	27	27	27	27	27	27	27	27	27
Airport:										
Number of operations per year (est.)	6,100	6,100	6,100	6,100	6,100	6,100	8,300	8,700	8,700	15,500
Aircraft storage capacity:										
Hangars	47	47	47	47	47	47	47	47	47	45
Tie Downs	38	38	38	38	38	38	38	38	38	39
Length of runway in feet	5,500	5,500	5,500	5,500	5,500	5,500	5,501	5,501	5,501	5,501
Total facility area - acreage	461.00	461.00	461.00	461.00	461.00	461.00	461.00	463.50	463.50	463.50
Culture and recreation:										
Parks acreage	103,220	103,220	103,220	103,220	103,220	103,220	103,220	103,220	103,220	103,302
Parks	11	11	11	11	11	11	11	11	11	12
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)	238.2	238.2	243.6	243.6	244.2	244.2	244.2	244.2	244.2	244.2
Fire hydrants (est.)	1,546	1,546	1,570	1,570	1,570	1,577	1,583	1,589	1,589	1,589
Maximum daily capacity (thousands of gallons)	12	12	12	12	12	12	12	12	12	12
Sewer:										
Sanitary sewers (miles)	213.3	213.3	213.3	213.3	219.4	219.7	222.3	222.6	222.6	235.8
Maximum daily treatment capacity (thousands of gallons)	9	9	9	9	9	9	9	9	9	9

Sources: Various city departments.

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