

**City of Asheboro  
North Carolina**

**Comprehensive Annual  
Financial Report**



**Fiscal Year Ended June 30, 2007**



**CITY OF ASHEBORO,  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2007**

**Prepared by:**

**Finance Department**

**Deborah P. Juberg  
Finance Officer**

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

TABLE OF CONTENTS

Exhibit      Page

**INTRODUCTORY SECTION**

|                             |  |        |
|-----------------------------|--|--------|
| Letter of Transmittal       |  | i-viii |
| GFOA Certificate            |  | ix     |
| Organizational Chart        |  | x      |
| List of Principal Officials |  | xi     |

**FINANCIAL SECTION**

|  |   |      |
|--|---|------|
| Independent Auditor's Report   |   | 1-2  |
| Management's Discussion and Analysis   |   | 3-12 |
| Basic Financial Statements:  |   |      |
| Government-wide Financial Statements:  |   |      |
| Statement of Net Assets  | 1 | 13   |
| Statement of Activities  | 2 | 14   |
| Fund Financial Statements:   |   |      |
| Balance Sheet -- Governmental Funds  | 3 | 15   |
| Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds  | 4 | 16   |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 4 | 17   |
| Statement of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual -- General Fund                                       | 5 | 18   |
| Statement of Net Assets -- Proprietary Fund  | 6 | 19   |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets -- Proprietary Fund  | 7 | 20   |

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

TABLE OF CONTENTS (Continued)

|  | <u>Exhibit/<br/>Schedule</u> | <u>Page</u> |
|--|------------------------------|-------------|
| <b>FINANCIAL SECTION (Continued)</b>   |                              |             |
| Fund Financial Statements (Concluded):   |                              |             |
| Statement of Cash Flows – Proprietary Fund   | 8                            | 21          |
| Notes to Basic Financial Statements  |                              | 22-47       |
| Required Supplemental Financial Data:  |                              |             |
| Law Enforcement Officers' Special Separation Allowance -<br>Schedule of Funding Progress                     |                              | 50          |
| Law Enforcement Officers' Special Separation Allowance -<br>Schedule of Employer Contributions               |                              | 51          |
| Combining and Individual Financial Statements and Schedules:   |                              |             |
| Schedule of Revenues, Expenditures, and Changes<br>in Fund Balance - Budget and Actual - General Fund        | 1                            | 53-67       |
| Combining Balance Sheet - Nonmajor Governmental Funds  | 2                            | 70-71       |
| Combining Statement of Revenues, Expenditures, and Changes<br>in Fund Balances - Nonmajor Governmental Funds | 3                            | 72-73       |
| Schedules of Revenues, Expenditures, and Changes in Fund<br>Balances - Budget and Actual – From Inception:   |                              |             |
| Home Program Special Revenue Fund  | 4                            | 74-75       |
| Economic Development Special Revenue Fund  | 5                            | 76-77       |
| Police Computer Grant Fund   | 6                            | 78-79       |
| Traffic 2005 Grant Fund  | 7                            | 80-81       |

CITY OF ASHEBORO, NORTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

TABLE OF CONTENTS (Continued)

| <b>FINANCIAL SECTION (Concluded)</b>                                     | <u>Schedule</u> | <u>Page</u> |
|--|-----------------|-------------|
| Combining and Individual Financial Statements and Schedules (Concluded): |                 |             |
| Schedules of Revenues, Expenditures, and Changes in Fund                 |                 |             |
| Balances - Budget and Actual – From Inception (Concluded):               |                 |             |
| Sunset Theater Capital Project Fund                                      | 8               | 82-83       |
| North Fayetteville Street Sidewalk Capital Project Fund                  | 9               | 84-85       |
| Asheboro Skate Park Capital Project Fund                                 | 10              | 86-87       |
| Airport Runway Extension Phase III Capital Project Fund                  | 11              | 88-89       |
| Schedule of Revenues and Expenditures - Budget and Actual<br>(Non-GAAP): |                 |             |
| Water and Sewer Fund   | 12              | 91-97       |
| Water and Sewer Systems Improvement Capital Project Fund                 | 13              | 98-99       |
| NCDOT Water and Sewer Systems Improvement Fund                           | 14              | 100-101     |
| Capital Assets Used in the Operation of Governmental Funds:              |                 |             |
| Comparative Schedules by Source  | 15              | 105         |
| Schedule by Function and Activity  | 16              | 106-107     |
| Schedule of Changes by Function and Activity                             | 17              | 108         |
| Other Supplemental Information:  |                 |             |
| Schedule of Ad Valorem Taxes Receivable                                  | 18              | 110         |
| Analysis of Current Tax Levy   | 19              | 111         |

**STATISTICAL SECTION**

| <b>STATISTICAL SECTION</b>                       | <u>Table</u> | <u>Page</u> |
|--|--------------|-------------|
| Net Assets by Component - Last Four Fiscal Years | 1            | 115         |

CITY OF ASHEBORO, NORTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

TABLE OF CONTENTS (Continued)

| <b>STATISTICAL SECTION (Continued)</b>   | <u>Table</u> | <u>Page</u> |
|--|--------------|-------------|
| Changes in Net Assets - Last Four Fiscal Years   | 2            | 116 - 117   |
| Governmental Activities Tax Revenues by Source -<br>Last Four Fiscal Years               | 3            | 118         |
| Fund Balances of Governmental Funds -<br>Last Ten Fiscal Years                           | 4            | 119         |
| Changes in Fund Balances of Governmental Funds -<br>Last Ten Fiscal Years                | 5            | 120         |
| General Governmental Tax Revenues by Source -<br>Last Ten Fiscal Years                   | 6            | 121         |
| Assessed Value and Estimated Actual Value of Taxable Property -<br>Last Ten Fiscal Years | 7            | 122         |
| Property Tax Rates – Direct and Overlapping Governments -<br>Last Ten Fiscal Years       | 8            | 123         |
| Principal Property Taxpayers   | 9            | 124         |
| Property Tax Levies and Collections - Last Ten Fiscal Years                              | 10           | 125         |
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years                               | 11           | 126         |
| Ratios of General Bonded Debt by Outstanding - Last Ten Fiscal Years                     | 12           | 127         |
| Direct and Overlapping Governmental Activities Debt                                      | 13           | 128         |
| Legal Debt Margin Information - Last Ten Fiscal Years                                    | 14           | 129         |
| Demographic and Economic Statistics - Last Ten Fiscal Years                              | 15           | 130         |
| Principal Employers - Current Year and Nine Years Ago                                    | 16           | 131         |
| Full-time Equivalent City Government Employees by Function -<br>Last Ten Fiscal Years    | 17           | 132         |
| Operating Indicators by Function -Last Ten Fiscal Years                                  | 18           | 133         |

CITY OF ASHEBORO, NORTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

TABLE OF CONTENTS (Concluded)

STATISTICAL SECTION (Concluded)

|  | <u>Table</u> | <u>Page</u> |
|--|--------------|-------------|
| Capital Assets Statistics by Function - Last Four Fiscal Years | 19           | 134         |

# City of Asheboro

146 North Church Street  
PO Box 1106  
Asheboro, N.C. 27204-1106



Tel: 336-626-1201  
Fax: 336-626-1218

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

November 28, 2007

The Comprehensive Annual Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2007, is submitted for your approval. This report summarizes the financial transactions of all of the City's funds into statements of financial position, results of operations and cash flows, providing relevant disclosures and supplementary schedules to enhance their usefulness to readers. These financial statements have been audited by Maxton C. McDowell, CPA and their report is included herein. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We believe the information in this report is accurate in all material respects and presents fairly the financial position, 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, 2006, 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 require 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 23,219 and covers 16.69 square miles. Located in the center of the state, its proximity to Charlotte, the Greensboro-High Point area and Raleigh provides great opportunity for growth as the regional economy expands and diversifies. Asheboro serves as the intersection for four major highways, U.S. 220, U.S. 311, U.S. 64 and NC 49, which connect these major cities. Asheboro is 75 miles west of Raleigh, 300 miles north of Atlanta and 480 miles south of New York. The City is served by Norfolk and Southern Railways.

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

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

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

The City of Asheboro provides a full range of services for its citizens: police and fire protection, refuse collection, an airport, recreational facilities and programs, street construction and maintenance and general administration and infrastructure. In addition to these general government functions, the City provides and maintains a water and sewer system, which is included in the reporting entity. Although a related activity, the Asheboro Housing Authority does not meet the established criteria for inclusion in the reporting entity and, accordingly, is excluded from this report.

The City's accounting records are organized and operated on the basis of funds and account groups. 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 account groups are not funds, and they do not report financial position. Account groups are used to establish accountability for the City's general fixed assets and general long-term debt.

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

