

**CITY OF ASHEBORO,
NORTH CAROLINA**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2021

Prepared by:

Finance Department

Deborah P. Reaves
Finance Officer

CITY OF ASHEBORO, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

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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

January 17, 2022

I am pleased to present the Annual Comprehensive Financial Report of the City of Asheboro, North Carolina, for the fiscal year ending June 30, 2021, 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 ***Annual Comprehensive 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, 2020, 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 the 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 27,191 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. In fiscal year 2020-2021, 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, Randolph County Chamber of Commerce, Downtown Asheboro Inc, RhinoLeap LLC, 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 ensure the proper use and adequate safeguarding of municipal assets and to provide reasonable assurance that all transactions are recorded promptly and accurately for subsequent reporting in accordance with generally accepted accounting principles. Management believes that the internal control structure now in place provides reasonable, but not absolute, assurance that these objectives are being met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits it is likely to produce, and that the valuation of these costs and benefits requires estimation based on the judgment of management.

ECONOMIC CONDITION AND OUTLOOK:

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

Asheboro enjoys a wide variety of manufacturing oriented employers. Textiles, furniture, consumer goods and paper products comprise the backbone of the area's manufacturing economy. In addition to the wide array of manufacturing employers, many of which appear on our principal taxpayers list, this area is also a large banking and professional services sector, health care sector and tourism. Additionally, small businesses are growing in comparison to prior years, bringing along innovation and jobs that are anticipated to be the backbone of our future economy. Diversification of the employment base and job creation continues to be critical to the future of Asheboro.

Traditionally, the local economy has weathered economic challenges comparatively well due to our manufacturing and service and professional employer diversity. During the 2019-2020 fiscal year, the overall environment was disrupted by Covid-19. Unemployment, as of October 2020, was at 5.90%. The City has adjusted and now, as of October 2021, unemployment was at 3.6%. Property Tax

collections on the current year tax levy for the fiscal year end June 30, 2021 was \$16,930,430 in comparison to \$16,866,561 the year prior. Sales tax revenue in 2020-2021 was \$7,632,784, a 15% increase over the prior year.

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

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

MAJOR INITIATIVES:

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, 2021, 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 remodeled an old bank office to be a police substation on the north side of the City. In addition, in 2020-2021, the City completed phase 1 of the multipurpose athletic park, Zoo City SportsPlex. Phase 2 is underway and the City hopes that the fields will be open for play in Spring 2023. Fields can be used for City / YMCA activities as well as tournaments that will bring families to the area and further build the City of Asheboro as a tourism destination.

Water line replacements and sewer extensions are ongoing and are necessary to assure quality of service provided to our customer base. The City has systematically been replacing waterlines to move away from the original galvanized pipe. As of June 30, 2021, there is only a minimal number of miles of old galvanized pipe remaining to be replaced. Additionally, the water and sewer maintenance department is systematically updating our technology in the ground by replacing old analog meters with radio read meters. All residences now have radio read meter technology as well as most businesses / industries.

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 on Sunset Avenue from Highway 220 to downtown and in the downtown Asheboro area of Church Street. Various artisan sculptures have been incorporated into the landscape of the downtown area. 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. Over the past few years, with federal funds, the City has been overseeing a lighting rehab project at the Airport. 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 adjusted to focus on safety in the time of the Covid-19 pandemic. Today, the City of Asheboro facilities are open but social distancing is considered in scheduling / hosting activities. Although not at the same level as with the onset of COVID-19, today’s environment is still filled with stay at home orders, working from home environments, Covid-19 quarantining, mask up signs posted for individuals who are not vaccinated, 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 2020-2021 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 2021-2022 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, 2021 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 2021-2022. Interest earned on General Fund investments and Water and Sewer Fund investments combined continue to be low due to the continued low interest rate environment. 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, 2021, 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 2021, there were no installment purchase contracts for the water & sewer fund and the installment purchase contracts for the governmental type activities was \$2,497,654.

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, 2021, the total notes payable balance for the water & sewer fund was \$3,543,730 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 has been completed and Phase 2 including the installation of field turf 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 as well as renovating the City of Asheboro McCrary ballpark with partners in the private sector.

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, 2020. 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,

A handwritten signature in black ink, appearing to read "Deborah P. Reaves". The signature is fluid and cursive, with the first name "Deborah" being more prominent.

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

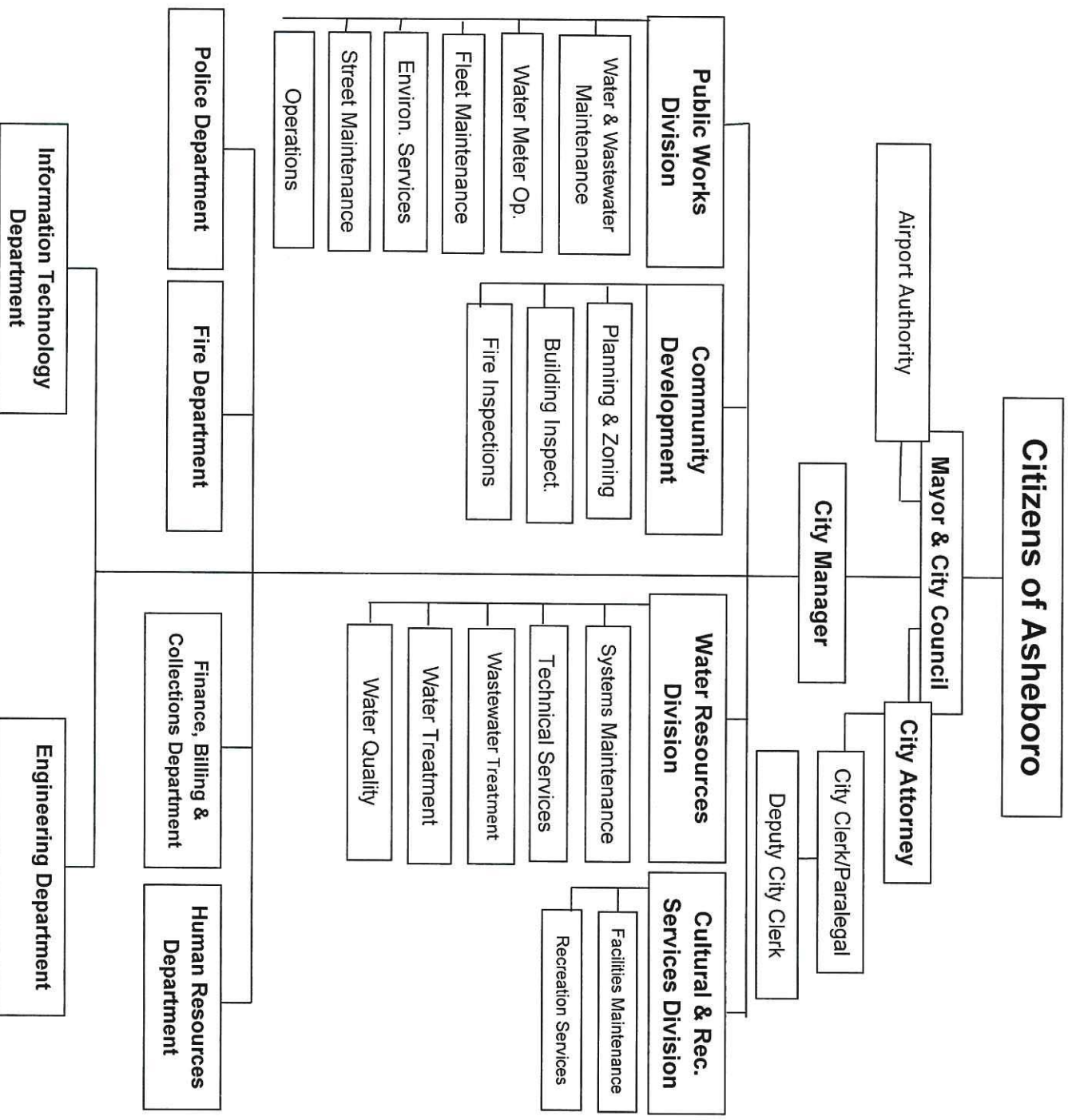
June 30, 2020

Christopher P. Morrell

Executive Director/CEO

Organizational Chart

City Divisions & Departments



CITY OF ASHEBORO, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2021

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 Reeves
Planning and Zoning Director	Trevor Nuttall
Police Chief	Mark Lineberry
Fire Chief	Willie Summers
Building Inspections Director	Eddie Garner
Fire Inspections Director	Tony Fruit
City Shop Director	Jeff Fox
City Engineer	Michael Leonard
Information Technology Director	Todd Stout
Public Works Director	David Hutchens
Public Works Director	R. Barry Hamilton
Human Resources Director	P. Douglas Kemp, Jr.
Recreation Director	Johnathan Sermon
Facilities Maintenance Director	Jimmy Cagle
Water Resources Director	Michael Rhoney
Water and Sewer Maintenance	
Water Meter Operations Director	Shannon White
Water Plant Director	Bryan Lanier
Wastewater Treatment Plant Director	Michael Wiseman
Water and Sewer Technical Services Director	Michele Dawes
Systems Maintenance Director	Jeff Cagle
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, 2021, 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, 2021, 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 fund financial statements, budgetary schedules, other schedules and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated January 17, 2022, 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.

January 17, 2022

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, 2021. 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

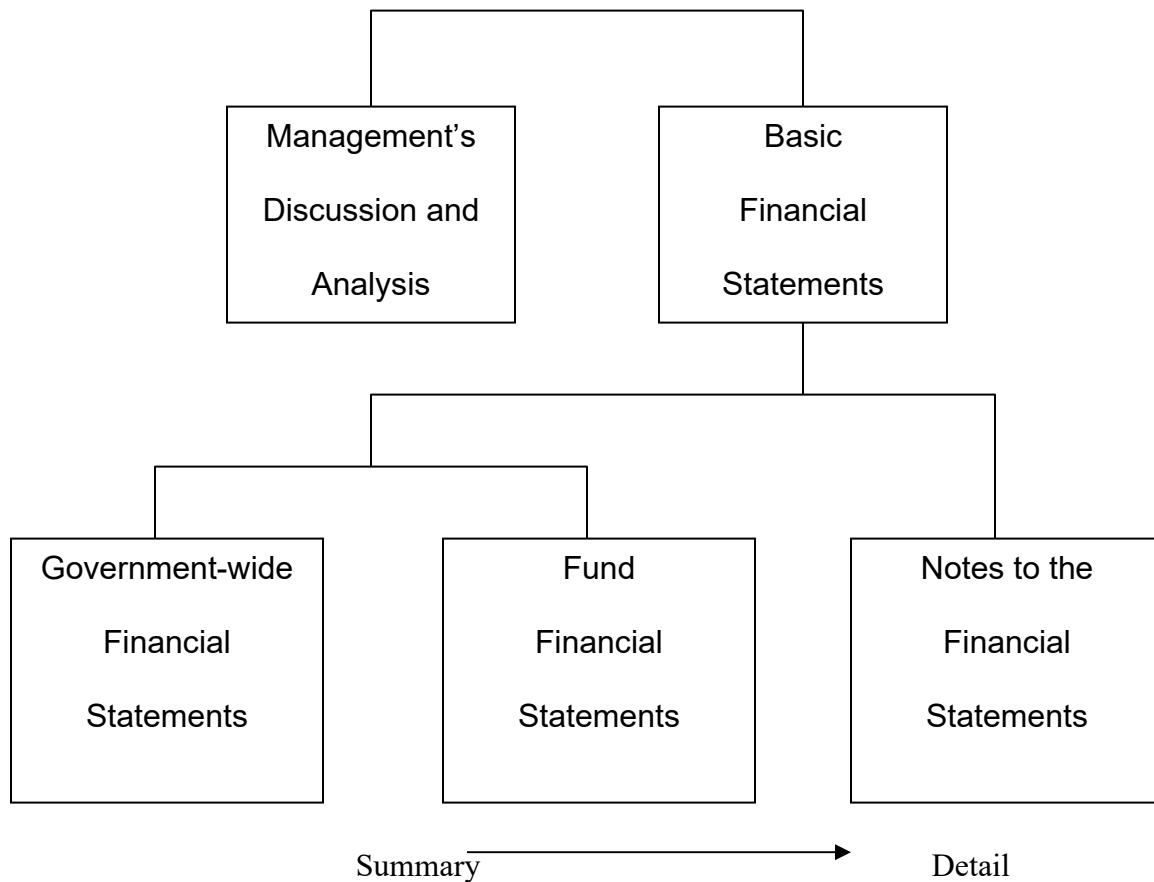
- The assets and deferred outflows of resources of the City of Asheboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$78,253,597 (*net position*).
- Governmental activities net position decreased by \$855,553. While total revenues did increase by \$1,366,180, total expenses increased \$3,941,162. All categories of expenses increased but the public safety area expenses increased more significantly. An increase of \$2,464,888 in public safety expenses offset the increase in revenues and thus is a main contributing factor to the decrease in net position. Business type net position decreased by \$2,278,861. 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 of the close of the current fiscal year, the City of Asheboro's governmental funds reported combined ending fund balances of \$25,325,797 with a net decrease of \$216,821. Approximately 21% percent of this total amount, or \$5,402,498, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,389,348 or 46% of total general fund expenditures and transfers out for the fiscal year.
- The City continues to invest in the development of a new multipurpose sports complex called the Zoo City Sportsplex with an overall June 30, 2021 investment to date of \$4,861,000 contributed from the General Operating Fund. Due to supply chain issues, the project has slowed but the City anticipates four fields being open for play Spring 2023.
- Sales tax revenue increased by \$1,002,575 showing improving economic conditions over prior year.
- The City of Asheboro's overall debt decreased by \$206,720 during the current fiscal year. Governmental activities net debt increased by \$262,645 due to issuance of new debt for equipment and Business type activities net debt decreased by \$469,365 due water sewer debt retirement.
- All City offices and facilities were closed to the public on March 16, 2020 due to COVID-19 pandemic but re-opened with restrictions about 18 months later. During the time the offices were closed to the public, staff adjusted operating procedures to allow business to continue. Local area businesses opened back up with schedules and capacity limits that fit the individual business.
- 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 Analysis

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

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

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

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

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

Management's Discussion and Analysis

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 government's 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 nine governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and one other major governmental fund. Data from the seven 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 (schedules 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 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 29,844,574	\$ 28,950,432	\$ 15,009,871	\$ 15,021,117	\$ 44,854,445	\$ 43,971,549
Capital assets	30,155,034	27,194,477	39,981,073	41,349,157	70,136,107	68,543,634
Total assets	59,999,608	56,144,909	54,990,944	56,370,274	114,990,552	112,515,183
Deferred outflow of resources	12,912,111	8,019,064	3,809,947	2,562,590	16,722,058	10,581,654
Long-term liabilities outstanding	33,191,807	24,728,801	11,443,840	9,648,440	44,635,647	34,377,241
Other liabilities	5,570,202	4,324,885	2,765,918	2,370,543	8,336,120	6,695,428
Total liabilities	38,762,009	29,053,686	14,209,758	12,018,983	52,971,767	41,072,669
Deferred inflow of resources	380,402	485,426	106,844	150,731	487,246	636,157
Net Position:						
Net Investment in						
Capital Assets	27,654,745	24,956,824	36,437,299	37,336,018	64,092,044	62,292,842
Restricted	7,206,941	9,841,317	-	-	7,206,941	9,841,317
Unrestricted	(1,092,378)	(173,280)	8,046,990	9,427,132	6,954,612	9,253,852
Total net position	\$ 33,769,308	\$ 34,624,861	\$ 44,484,289	\$ 46,763,150	\$ 78,253,597	\$ 81,388,011

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 \$78,253,597 at the close of the 2021 fiscal year. The City's net position decreased by \$3,134,414 for the fiscal year ended June 30, 2021.

By far, the largest portion of the City of Asheboro's net position (81.90%) 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 \$1,799,202 for the fiscal year ended June 30, 2021. Governmental activities capital assets increased by \$2,697,921 due to purchases of equipment and investment in capital projects and business activities capital assets decreased by \$898,719 due to annual 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 (9.21%) or \$7,206,941 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,954,612 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:

Management's Discussion and Analysis
City of Asheboro

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.58%
- ABC Profit Distribution of \$461,000, an increase in 11.08% showing the City of Asheboro has adjusted to changes in legislation allowing alcohol sales within city limits.
- A 15.12% increase in local option sales tax revenues, approximately \$1,002,575 showing economic diversity and strength in spite of restricted operations / restrictions on public events and activities during the ongoing COVID-19 pandemic.
- Continued low cost of debt due to the City's favorable bond rating.

City of Asheboro Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 2,522,363	\$ 2,424,750	\$ 12,424,438	\$ 12,274,138	\$ 14,946,801	\$ 14,698,888
Operating grants & contributions	1,215,358	850,045	-	-	1,215,358	850,045
Capital grants & contributions	526,476	649,934	-	-	526,476	649,934
General revenues						-
Property taxes	17,278,284	16,965,356	-	-	17,278,284	16,965,356
Other taxes	10,268,614	9,266,726	-	-	10,268,614	9,266,726
Grants & contributions not restricted to specific programs	-	-	-	-	-	-
Other	782,572	1,070,676	217,703	276,808	1,000,275	1,347,484
Total revenues	32,593,667	31,227,487	12,642,141	12,550,946	45,235,808	43,778,433
Expenses						
General government	4,073,165	3,895,095	-	-	4,073,165	3,895,095
Public safety	17,118,035	14,653,147	-	-	17,118,035	14,653,147
Transportation	4,964,157	4,549,659	-	-	4,964,157	4,549,659
Environmental Protection	2,073,684	1,893,008	-	-	2,073,684	1,893,008
Cultural and recreational	4,614,378	4,188,872	-	-	4,614,378	4,188,872
Economic development	561,473	289,296	-	-	561,473	289,296
Interest on long-term debt	44,328	38,981	-	-	44,328	38,981
Water and sewer	-	-	14,921,002	14,512,810	14,921,002	14,512,810
Total expenses	33,449,220	29,508,058	14,921,002	14,512,810	48,370,222	44,020,868
Change in net position before transfers	(855,553)	1,719,429	(2,278,861)	(1,961,864)	(3,134,414)	(242,435)
Transfers	-	-	-	-	-	-
Change in net position	(855,553)	1,719,429	(2,278,861)	(1,961,864)	(3,134,414)	(242,435)
Net position, July 1	34,624,861	32,905,432	46,763,150	48,725,014	81,388,011	81,630,446
Net position, June 30	\$ 33,769,308	\$ 34,624,861	\$ 44,484,289	\$ 46,763,150	\$ 78,253,597	\$ 81,388,011

(continued on next page)

Governmental activities. During the current fiscal year, net position for governmental activities decreased by \$855,553 from the prior fiscal year for an ending balance of \$33,769,308. The decrease in net position was the result of increased expenditures. The 2020-2021 COVID environment had an impact on operating expenses in a variety of areas. Salaries paid out, especially in the area of Public Safety, increased due to essential workers overtime needs to cover individuals out with illness, maintenance type of expenses increased as a result of enhancing the facilities to try to make the environment safer to deter transfer of illness and in general, cost increases associated with supply chain issues. In addition to the unplanned COVID related expenses, the City also had planned economic development support and capital expenditures that were budgeted at a higher level than prior year, including a new fire truck. City management continues to review and reduce non-essential programs and encourage cost saving strategies across City departments. Certain non-reoccurring expenses are continuously being reevaluated to try to a healthy net position despite uncontrollable factors.. 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 \$32,593,667 and operating expenses of \$33,449,220.
- Total governmental activities revenue increased by \$1,366,180. The most significant amount of this increase is attributable to the increase of \$1,002,575 in sales tax revenue.
- Total governmental activities expenses increased by \$3,941,162 with the largest increase in the area of public safety (\$2,464,888) due to an increase in the area of salaries and benefits and capital expenditures. Salary and benefit increases were a result of overtime paid to on call teams that were 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. Additionally, facilities at the Fire Department needed to be transformed to separate employees / shifts for social distancing and safety in the COVID-19 environment. In the area of capital expenditures, with payment over two fiscal years, the City of Asheboro added to its fleet a \$1.4 M fire truck.
- The City continues to focus on maintenance and repair of all 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 has continued its investment in the construction of Zoo City Sportsplex, a multipurpose athletic facility that will draw traveling sports teams and tourism to Asheboro / Randolph County.
- 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 \$2,278,861. Key elements of this decrease are as follows:

- Increase in business-type expenses by \$408,192 primarily relating to replacement of equipment at both treatment plants.
- Reduction in fee revenue due to restrictions imposed due to COVID-19. The City lost \$59,105 other revenue with the largest part late fee revenue.
- Reduction in service revenue of \$150,300 with a large portion of this coming from the delay in nonpayment of utility bills. The City billing office experienced a higher level of skips and moves from one location to another as customers try to find affordable housing on less income.

Management's Discussion and Analysis

City of Asheboro

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, 2021, measured as of June 30, 2020 is \$25,360,775. \$19,318,394 of this liability is in the governmental funds. There are 476 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 \$23,872,764 and the non-major governmental fund balance was \$1,453,033. As of June 30, 2021, the City of Asheboro's governmental funds reported total fund balance of \$25,325,797 a net decrease of \$216,821 or 0.85% in comparison with the prior year. Approximately 56.82% of the combined fund balance or \$14,389,348 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 (\$1,158,095), 2) legally required to be maintained intact by state statute (\$3,609,212), 3) restricted for particular purposes (\$635,191), or 3) committed for particular purposes (\$2,962,538) or assigned for subsequent year's expenditures (\$2,571,413).

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 \$14,389,348 was in the General Fund and its total fund balance reached \$21,516,140. The fund balance in the General Fund increased by \$2,218,431. An increase in sales tax revenue of \$1,002,575 and increase in ABC profit distribution of \$46,000 are factors that attribute to the increase in fund balance.

As a measure of the general fund's liquidity, it may be useful to compare fund balance to fund expenditures. The General Fund unassigned fund balance is 46% 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 2020-2021 was adopted on June 2, 2020 at \$31,829,273. The General Fund was amended during the year to a final adopted budget of \$32,198,303. The largest increase to the budget is related to the purchase of the leasehold interest in Hangar N at the Asheboro Regional Airport. This expense is for \$330,000. Additionally, the budget was amended by \$107,000 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 \$30,757,825.

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 \$8,046,990. The change in net position for the Water and Sewer Fund was a decrease of \$2,278,861, primarily due to costs associated with maintenance and repair and replacement of aging plant equipment.

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, 2021 totals \$171,847,590. 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 \$5,103,849 in governmental activities capital assets. Some of the major transactions that are included in the \$5.1M noted above are \$2,495,648 for an addition to construction in progress for Zoo City Sportsplex, \$1,594,856 increase in vehicles including a \$1.4M fire truck that was paid for over two fiscal years, \$348,500 related to Hangar N at the Asheboro Regional Airport and \$181,914 for the Police Satellite office leasehold improvements.
- An increase of \$708,971 in the area of business type capital assets resulting mostly from the purchase of vehicles and equipment with the largest item being a \$433,783 Vactor 21001 Positive Displacement Blower / Sewer Cleaning Unit to maintain sewer lines.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,429,073	\$ 5,428,073	\$ 3,242,682	\$ 3,242,682	\$ 8,671,755	\$ 8,670,755
Buildings	8,067,532	7,713,612	11,418,543	12,075,846	19,486,075	19,789,458
Improvements other than buildings	3,427,365	3,857,299	39,525	13,453	3,466,890	3,870,752
Plant and distribution systems			22,675,357	23,541,573	22,675,357	23,541,573
Street construction	3,964,749	4,267,711			3,964,749	4,267,711
Equipment	1,309,531	1,227,671	2,311,610	2,197,232	3,621,141	3,424,903
Vehicles	4,488,087	3,733,194	322,550	277,565	4,810,637	4,010,759
Construction in progress	3,468,697	966,917	806	806	3,469,503	967,723
Total	\$ 30,155,034	\$ 27,194,477	\$ 40,011,073	\$ 41,349,157	\$ 70,166,107	\$ 68,543,634

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, 2021, the City of Asheboro had no bonded debt outstanding. The installment purchase debt of \$2,497,654 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	
	2021	2020	2021	2020	2021	2020
Direct Placement:						
Installment Purchases	2,497,654	2,235,009	\$ -	\$ -	\$ 2,497,654	\$ 2,235,009
Notes payable	-	-	-	-	-	-
Direct Borrowing:						
Notes payable	-	-	3,543,730	4,013,095	3,543,730	4,013,095
Compensated absences	1,845,507	1,815,713	364,894	344,410	2,210,401	2,160,123
OPEB	19,318,394	13,978,816	6,042,381	4,369,635	25,360,775	18,348,451
Pension Related Debt- LGERS	6,465,952	4,695,228	2,196,032	1,645,427	8,661,984	6,340,655
Pension Related Debt - LEO	5,087,023	3,894,538	-	-	5,087,023	3,894,538
Total	\$35,214,530	\$ 26,619,304	\$ 12,147,037	\$ 10,372,567	\$47,361,567	\$36,991,871

The City of Asheboro's total outstanding long-term debt decreased by \$206,720 during the past fiscal year. This change is due to the combined effects of a reduction in notes payable of \$469,365 and a net increase in installment purchase obligations of \$262,645. 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, 2021, the legal debt margin for City of Asheboro is \$202,044,985.

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 2021 of 3.60% in comparison to last year of 5.90%. By comparison, the State of North Carolina unemployment rate is 3.7% in comparison to 6.1% last year.
- Growth, as measured by tax valuation increased 0.21%. Property valuation increased by \$5,319,743 due to discoveries in current year taxes that increased the original valuation.
- Growth, as measured by sales tax revenue has increased 15.12%% over the prior fiscal year.
- While operationally the City of Asheboro and its citizens and businesses have adapted to the initial impact of COVID-19, some of the challenges remain. Unemployment is down due to a number of new small businesses that have been born out of the COVID-19 employee displacements. The City of Asheboro is working in conjunction with the Chamber of Commerce to find ways to support these small businesses so that they can become sustainable in future economic challenges.
- On the Business Type Activities side of the City's operations, in 2019-2020, the NC Governor's Executive Order 124 and then 142 prohibited the assessment of late fees and disconnections for past due utility accounts. When the mandate expired in the 2020-2021 fiscal year and the City of Asheboro worked with customers as they try to catch up on payment of their utility bills. However, during this period, the City saw larger volume of charge-offs associated with utility bills at locations that had been vacated and the impact has been lost revenue realized in the 2020-2021 fiscal year. With federal funding of the HOPE program, many of the citizens who are still facing hardships are being given some relief.
- Phase 1 of the City of Asheboro Zoo City Sportsplex is complete. Phase 2 is underway and the City hopes the fields will be ready for play in 2023. Additionally, the City is partnering with private entities in the renovation of the City of Asheboro McCrary Baseball Park. Both of these projects should be a boost to the tourism industry and strengthen the City of Asheboro economy.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: No tax increase was recommended for adoption for the 2021-2022 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 \$34,647,069. 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 2020-2021 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 \$2,571,413 and Lease purchase financing in the amount of \$2,207,000. 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 2021-2022 as adopted for 2020-2021. 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. General operating expenses are budgeted at \$20,456,723. Included in this budget is an appropriation of retained earnings of \$4,171,283 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.

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government			City of Asheboro ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and Cash Equivalents	\$ 19,911,650	\$ 11,238,388	\$ 31,150,038	\$ 737,206
Receivables:				
Taxes Receivable - Net	139,103	-	139,103	-
Accounts Receivable	179,961	2,017,543	2,197,504	-
Due From Other Governments	3,262,280	4,462	3,266,742	-
Notes Receivable	990,696	88,890	1,079,586	-
Inventories	483,208	1,030,196	1,513,404	399,928
Deferred Charge - Future Revenues	324,887	-	324,887	-
Prepaid Expenses	-	-	-	7,735
Restricted Assets:				
Cash and Cash Equivalents	4,544,320	630,392	5,174,712	-
Due From Other Governments	8,469	-	8,469	-
Total Current Assets	29,844,574	15,009,871	44,854,445	1,144,869
Capital Assets:				
Land, and Construction in Progress	8,897,770	3,243,488	12,141,258	-
Other Capital Assets, Net of Depreciation	21,257,264	36,737,585	57,994,849	20,537
Total Capital Assets	30,155,034	39,981,073	70,136,107	20,537
Deposits	-	-	-	110
Total Non-current Assets	30,155,034	39,981,073	70,136,107	20,647
Total Assets	59,999,608	54,990,944	114,990,552	1,165,516
Deferred Outflows of Resources	12,912,111	3,809,947	16,722,058	-
Liabilities:				
Accounts Payable and Accrued Liabilities	2,059,809	1,285,684	3,345,493	133,039
Deposits	12,800	630,392	643,192	-
Payable From Restricted Assets	962,445	-	962,445	-
Retainage Payable	140,349	-	140,349	-
Unearned Revenues	372,076	136,173	508,249	-
Accrued Interest Payable	-	10,472	10,472	-
Due to Primary Government	-	-	-	26,624
Current Portion of Long-Term Liabilities	2,022,723	703,197	2,725,920	-
Total Current Liabilities	5,570,202	2,765,918	8,336,120	159,663
Long-Term Liabilities:				
Net Pension Liability	6,465,952	2,196,032	8,661,984	59,676
Total Pension Liability	5,087,023	-	5,087,023	-
Total OPEB Liability	19,318,394	6,042,381	25,360,775	-
Due in More Than One Year	2,320,438	3,205,427	5,525,865	-
Total Long-Term Liabilities	33,191,807	11,443,840	44,635,647	59,676
Total Liabilities	38,762,009	14,209,758	52,971,767	219,339
Deferred Inflows of Resources	380,402	106,844	487,246	34,120
Net Position:				
Net Investment in Capital Assets	27,654,745	36,437,299	64,092,044	20,537
Restricted For:				
Transportation	186,621	-	186,621	-
Stabilization by State Statute	3,609,212	-	3,609,212	-
Economic Development	539,003	-	539,003	-
Capital Projects	2,872,105	-	2,872,105	286,555
Working Capital	-	-	-	151,128
Unrestricted	(1,092,378)	8,046,990	6,954,612	453,837
Total Net Position	\$ 33,769,308	\$ 44,484,289	\$ 78,253,597	\$ 912,057

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

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	\$ 4,073,165	\$ 29,374	\$ -	\$ -	\$ (4,043,791)	\$ -	\$ (4,043,791)	\$ -
Public Safety	17,118,035	233,222	532,135	-	(16,352,678)	-	(16,352,678)	-
Transportation	4,964,157	33,625	659,274	419,296	(3,851,962)	-	(3,851,962)	-
Environmental Protection	2,073,684	1,891,377	5,450	-	(176,857)	-	(176,857)	-
Cultural and Recreational	4,614,378	334,765	-	107,180	(4,172,433)	-	(4,172,433)	-
Economic and Physical Development	561,473	-	18,499	-	(542,974)	-	(542,974)	-
Interest on Long-term Debt	44,328	-	-	-	(44,328)	-	(44,328)	-
Total Governmental Activities	33,449,220	2,522,363	1,215,358	526,476	(29,185,023)	-	(29,185,023)	-
Business-Type Activities:								
Water and Sewer	14,921,002	12,424,438	-	-	-	(2,496,564)	(2,496,564)	-
Total Business-Type Activities	14,921,002	12,424,438	-	-	-	(2,496,564)	(2,496,564)	-
Total Primary Government	\$ 48,370,222	\$ 14,946,801	\$ 1,215,358	\$ 526,476	(29,185,023)	(2,496,564)	(31,681,587)	
Component Unit:								
ABC Board	\$ 3,707,412	\$ 3,939,965	\$ -	\$ -	-	-	-	232,553
Total Component Unit	\$ 3,707,412	\$ 3,939,965	\$ -	\$ -	-	-	-	232,553
General Revenues:								
Taxes:								
Property taxes, levied for general purpose					17,278,284	-	17,278,284	-
Sales taxes					5,795,504	-	5,795,504	-
Franchise taxes					2,429,450	-	2,429,450	-
Sales taxes - hold harmless					1,837,280	-	1,837,280	-
Other taxes					206,380	-	206,380	-
Unrestricted investment earnings					17,393	4,246	21,639	50
Miscellaneous revenues					765,179	213,457	978,636	-
Total General Revenues					28,329,470	217,703	28,547,173	50
Change in Net Position					(855,553)	(2,278,861)	(3,134,414)	232,603
Net Position Beginning of Year, Previously Reported					34,624,861	46,763,150	81,388,011	679,454
Net Position End of Year					\$ 33,769,308	\$ 44,484,289	\$ 78,253,597	\$ 912,057

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

BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Major Funds		Total Non-Major	Total
	General	Zoo City Park Sportsplex	Funds	Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 19,392,647	\$ -	\$ 519,003	\$ 19,911,650
Receivables:				
Taxes Receivable - Net	139,103	-	-	139,103
Accounts Receivable	165,148	-	14,813	179,961
Due From Other Governments	3,249,890	12,390	-	3,262,280
Due From Other Funds	350,000	-	-	350,000
Notes Receivable	613,006	-	377,690	990,696
Inventories	483,208	-	-	483,208
Deferred Charge - Future Revenues	324,887	-	-	324,887
Restricted Assets:				
Cash and Cash Equivalents	199,421	3,436,738	908,161	4,544,320
Due From Other Governments	-	-	8,469	8,469
Total Assets	\$ 24,917,310	\$ 3,449,128	\$ 1,828,136	\$ 30,194,574
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 2,059,809	\$ -	\$ -	\$ 2,059,809
Due to Other Funds	-	-	350,000	350,000
Deposits	12,800	-	-	12,800
Payable From Restricted Assets	-	952,155	10,290	962,445
Retainage Payable	-	140,349	-	140,349
Unearned Revenues	372,076	-	-	372,076
Total Liabilities	2,444,685	1,092,504	360,290	3,897,479
Deferred Inflows of Resources	956,485	-	14,813	971,298
Fund Balances:				
Nonspendable:				
Long-term Receivables	350,000	-	-	350,000
Inventories	483,208	-	-	483,208
Deferred Charge - Future Revenues	324,887	-	-	324,887
Restricted:				
Streets	186,621	-	-	186,621
Stabilization by State Statute	3,210,663	12,390	386,159	3,609,212
Economic and Physical Development	-	-	11,494	11,494
Capital Projects	-	-	437,076	437,076
Cultural and Recreational	-	-	-	-
Committed:				
Capital Projects	-	2,344,234	90,795	2,435,029
Economic and Physical Development	-	-	527,509	527,509
Assigned:				
Subsequent Year's Expenditures	2,571,413	-	-	2,571,413
Unassigned	14,389,348	-	-	14,389,348
Total Fund Balances	21,516,140	2,356,624	1,453,033	25,325,797
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,917,310	\$ 3,449,128	\$ 1,828,136	

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	\$ 77,138,839	
Accumulated depreciation	(46,983,805)	30,155,034
Deferred outflows of resources related to pensions.		3,562,442
Deferred outflows of resources related to OPEB.		7,872,249
Deferred outflows of resources related to LEOSSA		1,477,420
Net pension liability		(6,465,952)
Total pension liability		(5,087,023)
Total OPEB liability		(19,318,394)
Deferred inflows of resources related to pensions		(60,866)
Deferred inflows of resources related to OPEB.		(280,218)
Liabilities for earned revenues considered deferred inflows in fund statements.		931,980
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.		(4,343,161)
		<u>\$ 33,769,308</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, 2021

	<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	\$ 17,299,178	\$ -	\$ -	\$ 17,299,178
Other Taxes and Licenses	42,577	-	-	42,577
Intergovernmental Revenues:				
Unrestricted	10,677,076	-	-	10,677,076
Restricted	1,239,174	-	89,295	1,328,469
Permits and Fees	230,242	-	-	230,242
Sales and Services	2,282,962	-	-	2,282,962
Investment Earnings	9,178	-	8,215	17,393
Miscellaneous Revenue	292,469	107,180	300	399,949
Total Revenues	32,072,856	107,180	97,810	32,277,846
Expenditures:				
Current:				
General Government	3,718,560	-	-	3,718,560
Public Safety	15,706,471	-	-	15,706,471
Transportation	4,083,462	-	-	4,083,462
Environmental Protection	2,019,521	-	-	2,019,521
Cultural and Recreational	4,023,520	-	-	4,023,520
Economic and Physical Development	-	-	548,629	548,629
Debt Service	685,091	-	-	685,091
Capital Outlay	-	2,495,648	117,165	2,612,813
Total Expenditures	30,236,625	2,495,648	665,794	33,398,067
Excess (Deficiency) of Revenues Over Expenditures	1,836,231	(2,388,468)	(567,984)	(1,120,221)
Other Financing Sources (Uses):				
Transfers to Other Funds	(521,200)	-	-	(521,200)
Transfers From Other Funds	-	57,500	463,700	521,200
Lease Purchase Obligations Issued	903,400	-	-	903,400
Total Other Financing Sources (Uses)	382,200	57,500	463,700	903,400
Net Change in Fund Balances	2,218,431	(2,330,968)	(104,284)	(216,821)
Fund Balance Beginning of Year, July 1	19,297,709	4,687,592	1,557,317	25,542,618
Fund Balance End of Year, June 30	\$ 21,516,140	\$ 2,356,624	\$ 1,453,033	\$ 25,325,797

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, 2021

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

Net changes in fund balances - total governmental funds	\$	(216,821)
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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	\$	4,900,682	
Depreciation expense for governmental assets		<u>(2,195,407)</u>	2,705,275

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	(38,812)
Donated assets	348,500
Loss on Sale of Capital Assets	(93,218)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,370,184
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Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	187,531
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OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,218,676
--	-----------

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.

	(262,637)
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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	(29,803)
Pension expense	(2,690,043)
OPEB plan expense	<u>(3,354,385)</u>

Total changes in net position of governmental activities	\$	<u>(855,553)</u>
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The Notes to Financial Statements are an integral part of these Statements.

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

For the Year Ended June 30, 2021

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad Valorem Taxes	\$ 16,325,982	\$ 16,325,982	\$ 17,299,178	\$ 973,196
Other Taxes and Licenses	372,335	40,533	42,577	2,044
Intergovernmental Revenues:				
Unrestricted	8,228,000	8,599,192	10,677,076	2,077,884
Restricted	662,190	799,040	1,239,174	440,134
Permits and Fees	203,489	203,489	230,242	26,753
Sales and Services	2,111,600	2,161,245	2,282,962	121,717
Investment Earnings	-	102,038	9,178	(92,860)
Miscellaneous Revenue	598,653	386,896	292,469	(94,427)
Total Revenues	28,502,249	28,618,415	32,072,856	3,454,441
Expenditures:				
Current:				
General Government	4,237,946	4,036,906	3,718,560	318,346
Public Safety	15,431,737	15,813,709	15,706,471	107,238
Transportation	4,727,727	4,779,136	4,083,462	695,674
Environmental Protection	2,162,637	2,037,807	2,019,521	18,286
Cultural and Recreational	4,475,244	4,324,454	4,023,520	300,934
Debt Service	677,282	685,091	685,091	-
Total Expenditures	31,712,573	31,677,103	30,236,625	1,440,478
Revenues Over (Under) Expenditures	(3,210,324)	(3,058,688)	1,836,231	4,894,919
Other Financing Sources (Uses):				
Transfers to Other Funds	(116,700)	(521,200)	(521,200)	-
Sale of Capital Assets	82,126	-	-	-
Installment Purchase Obligations Issued	933,662	933,622	903,400	(30,222)
Total Other Financing Sources (Uses)	899,088	412,422	382,200	(30,222)
Appropriated Fund Balance	2,311,236	2,646,266	-	(2,646,266)
Net Change in Fund Balance	\$ -	\$ -	2,218,431	\$ 2,218,431
Fund Balance Beginning of Year, July 1			19,297,709	
Fund Balance End of Year, June 30			\$ 21,516,140	

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, 2021

	<u>Water and Sewer Fund</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 11,238,388
Accounts Receivable - Net	2,017,543
Due From Other Governments	4,462
Note Receivable	88,890
Inventories	1,030,196
Restricted Assets:	
Cash and Cash Equivalents	<u>630,392</u>
Total Current Assets	<u>15,009,871</u>
Capital Assets:	
Land, Improvements and Construction in Progress	3,243,488
Other Capital Assets, Net of Depreciation	<u>36,737,585</u>
Total Capital Assets (Net)	<u>39,981,073</u>
Total Noncurrent Assets	<u>39,981,073</u>
Total Assets	<u><u>\$ 54,990,944</u></u>
Deferred Outflows of Resources	<u><u>\$ 3,809,947</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	1,285,684
Customer Deposits	630,392
Unearned Revenues	136,173
Accrued Interest Payable	10,472
Compensated Absences - Current	233,833
Notes Payable State of North Carolina - Current	<u>469,364</u>
Total Current Liabilities	<u>2,765,918</u>
Noncurrent Liabilities:	
Total OPEB Liability	6,042,381
Compensated Absences	131,061
Net Pension Liability	2,196,032
Notes Payable State of North Carolina - Noncurrent	<u>3,074,366</u>
Total Noncurrent Liabilities	<u>11,443,840</u>
Total Liabilities	<u>14,209,758</u>
Deferred Inflows of Resources	<u>106,844</u>
Net Position:	
Net Investment in Capital Assets	36,437,299
Unrestricted	<u>8,046,990</u>
Total Net Position	<u><u>\$ 44,484,289</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, 2021

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Water Sales	\$ 6,518,497
Sewer Charges	5,099,122
Water and Sewer Taps	126,667
Sampling and Monitoring Fees	23,000
Surcharges	152,992
Other Operating Revenues	<u>504,160</u>
Total Operating Revenues	<u>12,424,438</u>
Operating Expenses:	
Billing and Collections	532,301
Water Meter Operations	955,562
Water Supply Treatment	2,642,996
Wastewater Treatment	3,283,276
Water Maintenance	1,402,248
Wastewater Maintenance	1,308,157
Technical Services	280,206
Systems Maintenance	1,597,795
Water Quality	765,042
Depreciation	<u>2,081,370</u>
Total Operating Expenses	<u>14,848,953</u>
Operating Loss	<u>(2,424,515)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	4,246
Interest and Other Charges	(72,049)
Other Nonoperating Revenues	<u>213,457</u>
Total Nonoperating Revenues (Expenses)	<u>145,654</u>
Change in Net Position	(2,278,861)
Total Net Position Beginning of Year, Previously Reported	<u>46,763,150</u>
Total Net Position - End of Year	<u><u>\$ 44,484,289</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, 2021

	Water and Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 11,927,282
Cash Paid for Goods and Services	(5,576,304)
Cash Paid to Employees for Services	(5,883,405)
Customer Deposits Received	6,392
Other Operating Revenues	717,617
Net Cash Provided by Operating Activities	1,191,582
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(713,287)
Principal Paid on Bonds and Installment Purchase Agreements	(469,364)
Interest Paid on Bonds and Installment Purchase Agreements	(72,049)
Net Cash (Used) by Capital and Related Financing Activities	(1,254,700)
Cash Flows from Investing Activities:	
Interest Earned on Investments	4,246
Net Decrease in Cash and Cash Equivalents	(58,872)
Cash and Cash Equivalents at Beginning of Year	11,927,652
Cash and Cash Equivalents at End of Year	\$ 11,868,780
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ (2,424,515)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	2,081,370
Other Nonoperating Revenue	213,457
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(170)
(Increase) in Inventory	(47,456)
(Increase) in Deferred Outflows of Resources - Pension	(263,722)
Increase in Net Pension Liability	550,605
(Decrease) in Deferred Inflows of Resources - Pension	(20,335)
(Increase) in Deferred Outflows of Resources - OPEB	(983,633)
Increase in OPEB Liability	1,672,747
(Decrease) in Deferred Inflows of Resources - OPEB	(23,552)
Increase in Accounts Payable and Accrued Liabilities	402,737
Increase in Customer Deposits	6,392
Increase in Accrued Compensated Absences	20,483
Increase in Unearned Revenues	7,174
Total Adjustments	3,616,097
Net Cash Provided by Operating Activities	\$ 1,191,582

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, 2021

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 City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The American Rescue Plan 2021 Special Revenue Fund. This fund accounts for grant funds to be used for water, sewer and broadband infrastructure and other allowable uses.

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

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. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is 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 they 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. 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. Funds in the CDBG – CV Special Revenue Fund are restricted for expenditures to be reimbursed by grant proceeds. Funds in the David and Pauline Jarrell Center City Garden Project Fund are restricted for expenditures committed by the City council.

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	\$ 12,800
Transportation – Streets	186,621
Other Governmental:	
Capital Outlay	4,324,899
Economic and Physical Development	20,000
Water and Sewer Fund:	
Deposits	<u>630,392</u>
Total Restricted Cash	<u>\$5,174,712</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, 2020. 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 recoded at acquisition value. Minimum capitalization costs are \$3,500 for the following types of assets: land, land improvements, buildings, infrastructure, equipment, and vehicles. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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.

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

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

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 \$ 8,443,511 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)	\$ 77,138,839
Less Accumulated Depreciation	(46,983,805)
Net Capital Assets	30,155,034
Pension related deferred outflows of resources:	
Contributions made to pension plan in current fiscal year	1,370,184
Benefit payments and pension administrative costs for LEOSSA	187,531
Pension deferrals	2,192,258
Pension deferrals - LEOSSA	1,289,889
Benefit payments for OPEB	1,218,676
OPEB deferrals	6,653,573
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements	931,980
Deferred inflows of resources reported in government-wide statements but not fund statements:	
Pension deferrals	(60,866)
OPEB deferrals	(280,218)
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	(2,497,642)
Compensated Absences	(1,845,519)
Net Pension Liability	(6,465,952)
Total Pension Liability	(5,087,023)
Total OPEB Liability	(19,318,394)
Total Adjustment	<u>\$ 8,443,511</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 (\$638,732) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,900,682
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	(2,195,407)
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	(903,400)
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	640,763
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	1,370,184
Benefit payments and administrative costs for LEOSSA are deferred outflows of resources on the statement of net position	187,531
Benefit payments and administrative costs for OPEB are deferred outflows of resources on the statement of net position	1,218,676
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	(2,690,043)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(29,803)
OPEB plan expense	(3,354,385)
Loss on disposal of capital assets	(93,218)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Donated assets	348,500
Decrease in deferred inflows - taxes receivable at June 30, 2021	(20,894)
Decrease in deferred inflows – service charges receivable at June 30, 2021	(11,485)
Decrease in deferred inflows - notes receivable at June 30, 2021	(6,433)
Total Adjustment	<u>(\$ 638,732)</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, 2021, the City's deposits had a carrying amount of \$16,142,211 and a bank balance of \$16,985,092. Of the bank balance, \$500,000 was covered by federal depository insurance and \$16,485,092 was covered by collateral held under the Pooling Method. At June 30, 2021, the City's petty cash fund totaled \$23,798. The carrying amount of deposits for the ABC Board was \$444,555 and the bank balance was \$444,555. 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 \$6,096.

2. Investments

At June 30, 2021, the City of Asheboro and the ABC Board had \$20,158,741 and \$286,555, 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)

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	6/30/2021
General Fund:	
Taxes Receivable	\$ 42,000
Enterprise Fund:	
Customer Accounts Receivable	<u>75,000</u>
Total	<u>\$ 117,000</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, 2021, 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	\$ 5,428,073	\$ 1,000	\$ -	\$ 5,429,073
Construction in Progress	<u>966,917</u>	<u>2,627,330</u>	<u>125,550</u>	<u>3,468,697</u>
Total Capital Assets Not Being Depreciated	<u>6,394,990</u>	<u>2,628,330</u>	<u>125,550</u>	<u>8,897,770</u>
Capital Assets Being Depreciated:				
Land Improvements	13,069,541	46,885	-	13,116,426
Buildings	16,312,319	743,465	-	17,055,784
Street Construction	17,292,025	-	-	17,292,025
Computer Equipment	598,549	-	112,791	485,758
Equipment	5,421,125	361,196	-	5,782,321
Vehicles	<u>12,946,441</u>	<u>1,594,856</u>	<u>32,542</u>	<u>14,508,755</u>
Total Capital Assets Being Depreciated	<u>65,640,000</u>	<u>2,746,402</u>	<u>145,333</u>	<u>68,241,069</u>
Less Accumulated Depreciation For:				
Land Improvements	9,212,242	476,819	-	9,689,061
Buildings	8,598,707	389,545	-	8,988,252
Street Construction	13,024,314	302,962	-	13,327,276
Computer Equipment	286,698	17,003	19,573	284,128
Equipment	4,505,305	169,115	-	4,674,420
Vehicles	<u>9,213,247</u>	<u>839,963</u>	<u>32,542</u>	<u>10,020,668</u>
Total Accumulated Depreciation	<u>44,840,513</u>	<u>\$ 2,195,407</u>	<u>\$ 52,115</u>	<u>46,983,805</u>
Total Capital Assets Being Depreciated, Net	<u>20,799,487</u>			<u>21,257,264</u>
Governmental Activity Capital Assets, Net	<u>\$ 27,194,477</u>			<u>\$ 30,155,034</u>

Depreciation expense was charged to functions/programs as follows:

General Government	147,990
Public Safety	560,957
Transportation	971,739
Environmental	158,541
Cultural and Recreational	328,820
Economic Development	<u>27,360</u>
	<u>\$ 2,195,407</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)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
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	<u>3,243,488</u>	<u>-</u>	<u>-</u>	<u>3,243,488</u>
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	7,364,357	554,602	-	7,918,959
Vehicles	3,074,494	158,684	4,315	3,228,863
Total Capital Assets Being Depreciated	<u>90,756,292</u>	<u>713,286</u>	<u>4,315</u>	<u>91,465,263</u>
Less Accumulated Depreciation For:				
Land Improvements	65,107	3,928	-	69,035
Buildings	19,235,885	657,303	-	19,893,188
Plant and Distribution Systems	25,242,369	866,216	-	26,108,585
Computer Equipment	142,804	694	-	143,498
Equipment	5,167,529	439,530	-	5,607,059
Vehicles	2,796,929	113,699	4,315	2,906,313
Total Accumulated Depreciation	<u>52,650,623</u>	<u>\$ 2,081,370</u>	<u>\$ 4,315</u>	<u>54,727,678</u>
Total Capital Assets Being Depreciated, Net	<u>38,105,669</u>			<u>36,737,585</u>
Business-type Activities Capital Assets, Net	<u>\$ 41,349,157</u>			<u>\$ 39,981,073</u>

Construction Commitments:

The government has active construction contracts as of June 30, 2021. At year end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Zoo City Park Sportsplex Capital Project	<u>\$ 2,806,991</u>	<u>\$ 1,522,526</u>

Activity for the ABC Board for the year ended June 30, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Being Depreciated:				
Leasehold Improvements	\$ 620	\$ -	\$ -	\$ 620
Furniture and Equipment	211,964	-	6,553	205,411
Total Capital Assets Being Depreciated	<u>212,584</u>	<u>-</u>	<u>6,553</u>	<u>206,031</u>
Less Accumulated Depreciation For:				
Leasehold Improvements	620	-	-	620
Furniture and Equipment	185,340	6,087	6,553	184,874
Total Accumulated Depreciation	<u>185,960</u>	<u>\$ 6,087</u>	<u>\$ 6,553</u>	<u>185,494</u>
ABC Capital Assets, Net	<u>\$ 26,624</u>			<u>\$ 20,537</u>

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, 2021, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 2,048,419	\$ 11,390	\$ --	\$ 2,059,809
Other Governmental	--	--	--	--
Total Governmental Activities	\$ 2,048,419	\$ 11,390	\$ --	\$ 2,059,809
Business-type Activities:				
Water and Sewer	\$ 1,285,684	\$ --	\$ --	\$ 1,285,684

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System.

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

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

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, 2021 was 10.70% of compensation for law enforcement officers and 10.15% 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, 2021 was \$1,803,812.

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, 2021, the City reported a liability of \$8,661,984 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 and June 30, 2019 (measurement dates), the City's proportion was .242% and .232%, respectively.

For the year ended June 30, 2021, the City recognized pension expense of \$2,939,133. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,093,857	\$ - 0 -
Changes of assumptions	644,622	- 0 -
Net difference between expected and actual earnings on pension plan investments	1,218,942	- 0 -
Changes in proportion and differences between City contributions and proportionate share of contributions	149,321	80,082
City contributions subsequent to measurement date	1,803,812	- 0 -
Total	<u>\$ 4,910,554</u>	<u>\$ 80,082</u>

The \$1,803,812 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, 2022. 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>	
2022	\$ 834,127
2023	1,132,296
2024	699,493
2025	360,744
2026	--
Thereafter	--
	<u>\$ 3,026,660</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, 2019 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, 2019 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, 2020 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 2019 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)	\$ 17,574,223	\$ 8,661,984	\$ 1,255,288

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

b. Law Enforcement Officers Special Separation Allowance.

(1) Plan Description

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	25
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	72
Total	<u>97</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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	1.93 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, 2019.

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 \$369,753 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, 2021, the City reported a total pension liability of \$5,087,023. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 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, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$624,885.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 424,921	\$ - 0 -
Changes of assumptions and other inputs	864,969	- 0 -
Benefit payments and administrative expenses subsequent to measurement date	187,531	- 0 -
Total	<u>\$ 1,477,421</u>	<u>\$ - 0 -</u>

The \$187,531 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, 2022. 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>	
2022	\$ 380,675
2023	342,069
2024	296,767
2025	259,977
2026	10,402
Thereafter	- -
	<u>\$ 1,289,890</u>

\$186,862 paid as benefits came due and \$669 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 1.93%, 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 (.93%) or 1 percentage point higher (2.93%) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total Pension Liability	\$ 5,472,951	\$ 5,087,023	\$ 4,733,569

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

Beginning Balance	\$3,894,538
Service Costs	131,016
Interest on Pension Liability	120,935
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience in the Measurement of Total Pension Liability	284,324
Changes of Assumptions and Other Inputs	1,025,963
Benefit Payments	(369,753)
Other Changes	- 0 -
Ending Balance Total Pension Liability	<u>\$5,087,023</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, 2019 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	\$ 2,939,133	\$ 624,885	\$ 3,564,018
Pension Liability	\$ 8,661,984	\$ 5,087,023	\$13,749,007
Proportionate Share of Net Pension Liability	.242%	N/A	

Deferred Outflows of Resources:

Differences Between Expected & Actual

Experience	\$ 1,093,857	\$ 424,921	\$ 1,518,778
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Changes of Assumptions	\$ 644,622	\$ 864,969	\$ 1,509,591
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Net Difference Between Projected & Actual

Earnings on Plan Investments	\$ 1,218,942	\$ - 0 -	\$ 1,218,942
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Changes in Proportion & Differences Between

Contributions & Proportionate Share of Contributions	\$ 149,321	\$ - 0 -	\$ 149,321
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Benefit Payments & Administrative Costs Paid

Subsequent to the Measurement Date	\$ 1,803,812	\$ 187,531	\$ 1,991,343
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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	\$ 80,082	\$ - 0 -	\$ 80,082
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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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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, 2021, were \$472,749, which consisted of \$212,075 from the City, \$111,365 from the law enforcement officers, and \$149,309 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, 2020, the date of the latest valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	67	- -
Terminated plan members entitled to but not yet receiving benefits	- -	- -
Active plan members	<u>338</u>	<u>71</u>
Total	<u>405</u>	<u>71</u>

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

Total OPEB Liability.

The City's total OPEB liability of \$25,360,775 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 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 7.0% for 2020 decreasing to an ultimate rate of 4.5% by 2030
	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	\$ 18,348,451
Service Costs	742,828
Interest on OPEB Liability	652,161
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience	3,581,340
Changes of Assumptions and Other Inputs	2,960,160
Benefit Payments	(924,165)
Other Changes	- 0 -
Ending Balance Total OPEB Liability	<u>\$ 25,360,775</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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, 2020 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 2.21%, 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 (1.21%) or 1 percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 27,819,617	\$ 20,360,775	\$ 23,139,797

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	\$ 22,543,579	\$ 25,360,775	\$ 28,692,479

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, 2021, the City recognized OPEB expense of \$2,783,904. At June 30, 2021, 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	\$ 5,466,226	\$ - 0 -
Changes of assumptions	3,268,073	367,848
Benefit payments and administrative costs subsequent to measurement date	1,599,784	- 0 -
Total	<u>\$ 10,334,083</u>	<u>\$ 367,848</u>

The \$1,599,784 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, 2022. 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>	
2022	\$ 1,388,915
2023	1,388,915
2024	1,388,915
2025	1,418,716
2026	1,269,746
Thereafter	1,511,244
	<u>\$ 8,366,451</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, 2021, the City made contributions to the State for death benefits of \$15,183. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07% 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	\$ 1,803,812
Benefit payments made and administrative expenses for LEOSA	187,531
Benefit payments made and administrative expenses for OPEB	1,599,784
Differences between expected and actual experience	6,985,004
Changes in assumptions	4,777,664
Net differences between projected and actual earnings on pension plan investments	1,218,942
Changes in proportion and differences between employer contributions and proportionate share of contributions	149,321
Total	<u>\$ 16,722,058</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, 2021 is comprised of the following:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid Taxes (General)	\$ 39,318	\$ 39,318
Taxes Receivable, Net (General)	--	139,103
Garbage Collections Receivable (General)	--	165,058
Note Receivable (General)	--	613,006
Notes Receivable (Special Revenue)	--	14,813
Difference between expected and actual experience	--	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	80,082	--
Changes in assumptions	367,846	--

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, 2021, 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 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.

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

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, 2021, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 772,490	\$ 39,296	\$ --	\$ --
2023	699,531	24,004	--	--
2024	481,735	12,188	--	--
2025	361,330	4,936	--	--
2026	182,568	1,113	--	--
Totals	\$ 2,497,654	\$ 81,537	\$ --	\$ --

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
2022	\$ 469,364	\$ 64,226	\$ - -	\$ - -
2023	473,324	56,574	- -	- -
2024	473,324	46,561	- -	- -
2025	461,445	36,546	- -	- -
2026	346,215	33,165	- -	- -
2027 – 2031	1,034,074	39,798	- -	- -
2032 – 2036	285,984	- -	- -	- -
Totals	<u>\$ 3,543,730</u>	<u>\$ 276,870</u>	<u>\$ - -</u>	<u>\$ - -</u>

At June 30, 2021 the City's legal debt margin is \$ 202,044,985.

c. Changes in Long-Term Liabilities.

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental Activities:					
Direct Placement:					
Installment Purchases	\$ 2,235,009	\$ 903,400	\$ 640,755	\$ 2,497,654	\$ 772,490
Compensated Absences	1,815,713	1,280,027	1,250,233	1,845,507	1,250,233
Total OPEB Liability	13,978,816	5,339,578	- -	19,318,394	- -
Net Pension Liability (LGERS)	4,695,228	1,770,724	- -	6,465,952	- -
Total Pension Liability (LEO)	3,894,538	1,192,485	- -	5,087,023	- -
Governmental Activity Long-term Liabilities	<u>\$ 26,619,304</u>	<u>\$10,486,214</u>	<u>\$ 1,890,988</u>	<u>\$ 35,214,530</u>	<u>\$2,022,723</u>

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 July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Business-type Activities:					
Direct Borrowing:					
Notes Payable	\$ 4,013,095	\$ - -	\$ 469,365	\$ 3,543,730	\$ 469,364
Compensated Absences	344,410	254,317	233,833	364,894	233,833
Net Pension Liability (LGERS)	1,645,427	550,605	- -	2,196,032	- -
Total OPEB Liability	4,369,635	1,672,746	- -	6,042,381	- -
Business-type Activity					
Long-term Liabilities	\$ 10,372,567	\$ 2,477,668	\$ 703,198	\$ 12,147,037	\$ 703,197

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

Transfers to / from other funds at June 30, 2021, consists of the following:

From the General Fund to the Economic and Tourism Development Fund to satisfy commitments by the City council for downtown development.	\$ 200,000
From the General Fund to the Airport Improvements Capital Project Fund per the terms of a matching grant.	136,700
From the General Fund to the Zoo City Park Sportsplex Capital Project Fund to satisfy the commitments of the City council.	57,500
From the General Fund to the CDBG Coronavirus Fund per the terms of a matching grant	20,000
From the General Fund to the David and Pauline Jarrell Center City Garden Project Fund to satisfy commitments of the City council.	107,000
	<u>\$ 521,200</u>

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2021, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects: Airport Improvements Project Fund - to fund grant project.	<u>\$ 350,000</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	\$21,516,140
Less:	
Long-term receivables	350,000
Inventories	483,208
Deferred Charge – Future Revenues	324,887
Streets – Powell Bill	186,621
Stabilization by State Statute	3,210,663
Appropriated Fund Balance in 2022 Budget	2,571,348
Remaining Fund balance	<u>\$14,389,348</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, 2021, 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, 2021. 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 \$5,428 to the Council during the fiscal year ended June 30, 2021.

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

Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 3,894,538	\$ 3,806,397	\$ 3,741,358	\$ 3,593,947	\$ 3,729,984
Service Costs	131,016	109,059	115,753	99,477	101,001
Interest on Total Pension Liability	120,935	132,125	112,899	132,170	127,902
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience in the Measurement of Total Pension Liability	284,324	102,563	296,961	74,707	-
Changes of Assumptions or Other Inputs	1,025,963	97,563	(123,375)	180,790	(70,377)
Benefit Payments	(369,753)	(353,169)	(337,199)	(339,733)	(294,563)
Other Changes	-	-	-	-	-
Ending Balance Total Pension Liability	<u>\$ 5,087,023</u>	<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

Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 5,087,023	\$ 3,894,538	\$ 3,806,397	\$ 3,741,358	\$ 3,593,947
Covered-employee Payroll	\$ 4,088,728	\$ 3,834,217	\$ 3,752,969	\$ 3,646,949	\$ 3,576,040
Total Pension Liability as a Percentage of Covered-employee Payroll	124.42%	101.57%	101.42%	102.59%	100.50%

Notes to the schedule:

The City of Asheboro has no assets accumulated in a trust that meets the criteria 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

Last Four Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 18,348,451	\$ 17,020,671	\$ 14,225,691	\$ 14,347,711
Service Costs	742,828	686,612	619,457	667,438
Interest on Total OPEB Liability	652,160	629,553	484,181	424,086
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	3,581,340	1,057,320	2,578,601	76,061
Changes of Assumptions or Other Inputs	2,960,160	643,990	373,996	(768,772)
Benefit Payments	(924,164)	(1,689,695)	(1,261,255)	(520,833)
Other Changes	-	-	-	-
Ending Balance Total OPEB Liability	<u>\$ 25,360,775</u>	<u>\$ 18,348,451</u>	<u>\$ 17,020,671</u>	<u>\$ 14,225,691</u>
Covered-employee Payroll	\$ 16,024,259	\$ 14,027,936	\$ 14,027,936	\$ 14,511,142
Total OPEB Liability as a Percentage of Covered-employee Payroll	158.26%	130.80%	121.33%	98.03%

Notes to the schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

The City of Asheboro has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

CITY OF ASHEBORO

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

Local Government Employees' Retirement System
Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.242%	0.232%	0.236%	0.248%	0.258%	0.276%	0.280%	0.290%
City's proportionate share of the net pension liability (asset)	\$ 8,661,984	\$ 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	\$ 16,883,270	\$ 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	51.31%	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%	96.45%

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 Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,803,812	\$ 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>1,803,812</u>	<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>	<u>\$ -</u>
City's covered payroll	\$ 17,547,047	\$ 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	10.28%	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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current Year	\$ 16,300,000	\$ 17,203,468	\$ 903,468
Prior Years	-	68,630	68,630
Penalties and Interest	25,982	27,080	1,098
Total	16,325,982	17,299,178	973,196
Other Taxes and Licenses:			
Gross Receipts Tax on Short-Term Rental Property	39,831	40,848	1,017
Animal Taxes	-	105	105
Privilege Licenses	702	1,624	922
Total	40,533	42,577	2,044
Intergovernmental Revenues:			
Unrestricted:			
Local Option Sales Tax	4,340,000	5,795,504	1,455,504
Utilities Franchise Tax	2,488,000	2,429,450	(58,550)
Hold Harmless	1,400,000	1,837,280	437,280
Court Fees	11,689	7,930	(3,759)
Beer and Wine Tax	116,503	108,895	(7,608)
ABC Profit Distribution	216,000	461,000	245,000
Payment in Lieu of Taxes	27,000	37,017	10,017
Total	8,599,192	10,677,076	2,077,884
Restricted:			
State Street Aid Allocation	662,190	629,274	(32,916)
Solid Waste Disposal	17,450	19,515	2,065
FEMA Grant	70,000	5,450	(64,550)
COVID Relief Funds - Randolph County	-	528,812	528,812
N.C. Department of Transportation	-	30,000	30,000
Other	47,000	3,323	(43,677)
ABC Revenue for Law Enforcement	2,400	22,800	20,400
Total	799,040	1,239,174	440,134
Permits and Fees:			
Building Permits and Inspection Fees	142,161	202,492	60,331
Franchise Fees	36,263	-	(36,263)
Rezoning and Cemetery Fees	25,065	27,750	2,685
Total	203,489	230,242	26,753
Sales and Services:			
Rents and Concessions	52,326	33,986	(18,340)
Cemeteries	2,178	11,710	9,532
Recreation Service Revenues	289,757	300,779	11,022
Refuse Collection	1,801,768	1,902,862	101,094
Contracted Maintenance - NCDOT	10,000	14,794	4,794
Airport Revenue	5,216	18,831	13,615
Total	\$ 2,161,245	\$ 2,282,962	\$ 121,717

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues (Concluded):			
Investment Earnings	\$ 102,038	\$ 9,178	\$ (92,860)
Miscellaneous:			
Sales of Material and Services	82,126	27,085	(55,041)
Reimbursements	256,000	215,523	(40,477)
Other	48,770	49,861	1,091
Total	386,896	292,469	(94,427)
Total Revenues	28,618,415	32,072,856	3,454,441
Expenditures:			
General Government:			
Governing Body:			
Salaries and Employee Benefits		117,908	
Other Operating Expenditures		4,103	
Total	127,884	122,011	5,873
Administration:			
Salaries and Employee Benefits		168,260	
Operating Expenditures		41,740	
Total	212,488	210,000	2,488
Information Technology:			
Salaries and Employee Benefits		172,693	
Operating Expenditures		98,706	
Total	292,026	271,399	20,627
Finance:			
Salaries and Employee Benefits		137,193	
Operating Expenditures		51,525	
Total	196,228	188,718	7,510
Public Buildings:			
Operating Expenditures		98,872	
Capital Outlay		135,721	
Total	243,900	234,593	9,307
Tax Collections:			
Tax Collection Fees		257,347	
Total	257,350	257,347	3
Legal Services:			
Salaries and Employee Benefits		214,017	
Operating Expenditures		16,925	
Total	\$ 242,947	\$ 230,942	\$ 12,005

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued):			
General Government (Concluded):			
Planning and Zoning:			
Salaries and Employee Benefits	\$	\$ 461,160	\$
Other Operating Expenditures		309,974	
Total	816,072	771,134	44,938
City Shop:			
Salaries and Employee Benefits		1,002,179	
Operating Expenditures		182,893	
Capital Outlay		57,213	
Reimbursement - Proprietary Fund		(142,306)	
Total	1,297,897	1,099,979	197,918
Human Resources:			
Salaries and Employee Benefits		187,009	
Operating Expenditures		115,304	
Capital Outlay		30,124	
Total	350,114	332,437	17,677
Total General Government	4,036,906	3,718,560	318,346
Public Safety:			
Police:			
Salaries and Employee Benefits		6,953,000	
Operating Expenditures		1,636,580	
Capital Outlay		499,910	
Total	9,144,391	9,089,490	54,901
Fire:			
Salaries and Employee Benefits		4,619,425	
Operating Expenditures		782,164	
Capital Outlay		833,033	
Total	6,281,392	6,234,622	46,770
Inspections:			
Salaries and Employee Benefits		115,547	
Operating Expenditures		6,300	
Total	124,776	121,847	2,929
Fire Inspections:			
Salaries and Employee Benefits		250,336	
Operating Expenditures		10,176	
Total	263,150	260,512	2,638
Total Public Safety	\$ 15,813,709	\$ 15,706,471	\$ 107,238

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Continued):			
Transportation:			
Operations:			
Salaries and Employee Benefits	\$	\$ 602,790	\$
Operating Expenditures		248,026	
Capital Outlay		16,732	
Total	978,661	867,548	111,113
Street and Highways:			
Salaries and Employee Benefits		1,136,692	
Operating Expenditures		1,266,022	
Capital Outlay		362,835	
Total	3,002,379	2,765,549	236,830
City Engineer Office:			
Salaries and Employee Benefits		188,652	
Operating Expenditures		90,353	
Total	287,406	279,005	8,401
Airport Authority:			
Operating Expenditures		152,984	
Capital Outlay		18,376	
Total	510,690	171,360	339,330
Total Transportation	4,779,136	4,083,462	695,674
Environmental Protection:			
Sanitation:			
Salaries and Employee Benefits		816,766	
Operating Expenditures		984,735	
Capital Outlay		218,020	
Total	2,037,807	2,019,521	18,286
Total Environmental Protection	2,037,807	2,019,521	18,286
Cultural and Recreational:			
Recreation:			
Salaries and Employee Benefits		985,969	
Operating Expenditures		556,400	
Capital Outlay		30,995	
Total	\$ 1,635,892	\$ 1,573,364	\$ 62,528

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Concluded):			
Cultural and Recreational (Concluded):			
Grounds Maintenance:			
Salaries and Employee Benefits	\$	\$ 1,368,257	\$
Operating Expenditures		362,875	
Capital Outlay		70,394	
Total	1,979,231	1,801,526	177,705
Golf Course:			
Salaries and Employee Benefits		125,361	
Operating Expenditures		66,652	
Total	199,377	192,013	7,364
Arts and Cultural Services:			
Salaries and Employee Benefits		84,676	
Operating Expenditures		241,182	
Total	375,504	325,858	49,646
Library:			
Operating Expenditures	134,450	130,759	3,691
Total Cultural and Recreational	4,324,454	4,023,520	300,934
Debt Service:			
Principal Retirement		640,763	
Interest and Fees		44,328	
Total Debt Service	685,091	685,091	-
Total Expenditures	31,677,103	30,236,625	1,440,478
Revenues Over (Under) Expenditures	(3,058,688)	1,836,231	4,894,919
Other Financing Sources (Uses):			
Transfers to Other Funds:			
To Economic and Tourism Development Fund	(200,000)	(200,000)	-
To Zoo City Park Sportsplex Fund	(57,500)	(57,500)	-
To Airport Improvement Fund	(136,700)	(136,700)	-
To CDBG Coronavirus Fund	(20,000)	(20,000)	-
To David and Pauline Jarrell Center City Garden Fund	(107,000)	(107,000)	-
Installment Purchase Obligations Issued	933,622	903,400	(30,222)
Total Other Financing Sources (Uses)	412,422	382,200	(30,222)
Appropriated Fund Balance	2,646,266	-	(2,646,266)
Net Change in Fund Balance	\$ -	2,218,431	\$ 2,218,431
Fund Balance:			
Beginning of Year, July 1		19,297,709	
End of Year, June 30		<u>\$ 21,516,140</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.

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

The American Rescue Plan 2021 Special Revenue Fund. This fund accounts for grant funds to be used for water, sewer and broadband infrastructure and other allowable uses.

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.

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

CITY OF ASHEBORO, NORTH CAROLINA
COMBINING BALANCE SHEET

Schedule 2

NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue Funds						Capital Project Funds			
	Asheboro Housing Development	Economic and Tourism Development Fund	Sidewalk Improvements Project Fund	CDBG Coronavirus (CDBG-CV) Fund	American Rescue Plan Act 2021 Fund	Total Nonmajor Special Revenue Funds	Airport Improvements Project Fund	David and Pauline Jarrell Center City Garden Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:										
Current Assets:										
Cash and Cash Equivalents	\$ 300,012	\$ 207,497	\$ 11,494	\$ -	\$ -	\$ 519,003	\$ -	\$ -	\$ -	\$ 519,003
Restrictd Cash	-	-	-	20,000	-	20,000	797,366	90,795	888,161	908,161
Accounts Receivable	14,813	-	-	-	-	14,813	-	-	-	14,813
Note Receivable	377,690	-	-	-	-	377,690	-	-	-	377,690
Due From Other Governments	-	-	-	-	-	-	8,469	-	8,469	8,469
Total Assets	\$ 692,515	\$ 207,497	\$ 11,494	\$ 20,000	\$ -	\$ 931,506	\$ 805,835	\$ 90,795	\$ 896,630	\$ 1,828,136
Liabilities, Deferred Inflows of Resources and Fund Balances:										
Liabilities:										
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payable From Restricted Assets	-	-	-	-	-	-	10,290	-	10,290	10,290
Due to Other Funds	-	-	-	-	-	-	350,000	-	350,000	350,000
Total Liabilities	-	-	-	-	-	-	360,290	-	360,290	360,290
Deferred Inflows of Resources:										
Accounts Receivable	14,813	-	-	-	-	14,813	-	-	-	14,813
Fund Balances:										
Restricted:										
Stabilization by State Statute	377,690	-	-	-	-	377,690	8,469	-	8,469	386,159
Economic and Physical Development	-	-	11,494	-	-	11,494	-	-	-	11,494
Capital Projects	-	-	-	-	-	-	437,076	-	437,076	437,076
Committed:										
Capital Projects	-	-	-	-	-	-	-	90,795	90,795	90,795
Economic and Physical Development	300,012	207,497	-	20,000	-	527,509	-	-	-	527,509
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	677,702	207,497	11,494	20,000	-	916,693	445,545	90,795	536,340	1,453,033
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 692,515	\$ 207,497	\$ 11,494	\$ 20,000	\$ -	\$ 931,506	\$ 805,835	\$ 90,795	\$ 896,630	\$ 1,828,136

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, 2021

	Special Revenue Funds					Capital Project Funds				
	Asheboro Housing Development	Economic and Tourism Development Fund	Sidewalk Improvements Project Fund	CDBG Coronavirus (CDBG-CV) Fund	American Rescue Plan Act 2021 Fund	Total Nonmajor Special Revenue Funds	Airport Improvements Project Fund	David and Pauline Jarrell Center City Garden Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:										
Restricted Intergovernmental	\$ -	\$ -	\$ 18,499	\$ -	\$ -	\$ 18,499	\$ 70,796	\$ -	\$ 70,796	\$ 89,295
Restricted Other	-	-	-	-	-	-	-	-	-	-
Investment Earnings	8,215	-	-	-	-	8,215	-	-	-	8,215
Miscellaneous	300	-	-	-	-	300	-	-	-	300
Total Revenues	8,515	-	18,499	-	-	27,014	70,796	-	70,796	97,810
Expenditures:										
Economic and Physical Development	-	534,113	14,516	-	-	548,629	-	-	-	548,629
Capital Outlay	-	-	-	-	-	-	100,960	16,205	117,165	117,165
Total Expenditures	-	534,113	14,516	-	-	548,629	100,960	16,205	117,165	665,794
Revenues Over (Under) Expenditures	8,515	(534,113)	3,983	-	-	(521,615)	(30,164)	(16,205)	(46,369)	(567,984)
Other Financing Sources (Uses):										
Transfers From Other Funds:										
From General Fund	-	200,000	-	20,000	-	220,000	136,700	107,000	243,700	463,700
From Water and Sewer Fund	-	-	-	-	-	-	-	-	-	-
Transfers to Other Funds:										
To General Fund	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	200,000	-	20,000	-	220,000	136,700	107,000	243,700	463,700
Net Change in Fund Balances	8,515	(334,113)	3,983	20,000	-	(301,615)	106,536	90,795	197,331	(104,284)
Fund Balances:										
Beginning of Year, July 1	669,187	541,610	7,511	-	-	1,218,308	339,009	-	339,009	1,557,317
End of Year, June 30	\$ 677,702	\$ 207,497	\$ 11,494	\$ 20,000	\$ -	\$ 916,693	\$ 445,545	\$ 90,795	\$ 536,340	\$ 1,453,033

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, 2021

	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	129,840	-	129,840	(20,160)
Investment Earnings	-	81,435	8,215	89,650	89,650
Miscellaneous:					
Program Income - Repayments	343,267	348,242	300	348,542	5,275
Total Revenues	868,267	934,517	8,515	943,032	74,765
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	127,590	-	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	668,330	-	668,330	602,937
Revenues Over (Under) Expenditures	(403,000)	266,187	8,515	274,702	677,702
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	431,000	431,000	-	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	403,000	-	403,000	-
Net Change in Fund Balance	\$ -	\$ 669,187	8,515	\$ 677,702	\$ 677,702
Fund Balance:					
Beginning of Year, July 1			669,187		
End of Year, June 30			<u>\$ 677,702</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, 2021

	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	108,148	75,689	-	75,689	(32,459)
Rural Economic Development Center - Allen Industries	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	1,423,778	1,512,308	-	1,512,308	92,530
Expenditures:					
Economic and Physical Development					
Cranford Property Redevelopment	195,500	163,636	23,974	187,610	7,890
Pigs and Pedals Event	210,844	210,844	-	210,844	-
Unilever/Bestfoods	125,000	125,000	-	125,000	-
Technimark	849,400	669,400	-	669,400	180,000
Starpet	325,000	325,000	-	325,000	-
N.C. Zoological Society	100,000	100,000	-	100,000	-
N.C. Zoo Feasibility Study	25,000	25,000	-	25,000	-
Malt-O-Meal	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	205,000	25,000	230,000	-
Chamber of Commerce - Main Street Program	25,000	-	20,833	20,833	4,167
Chamber of Commerce - Media Campaign	30,000	-	29,910	29,910	90
Asheboro Downtown, Inc.	100,000	-	100,000	100,000	-
Downtown Redevelopment	319,000	-	204,396	204,396	114,604
Highway 64 Branding	185,000	-	-	-	185,000
Economic Development Corporation	466,000	411,000	50,000	461,000	5,000
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	80,000	652,831	22,509
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	7,985,520	6,904,689	534,113	7,438,802	546,718
Revenues Over (Under) Expenditures	(6,561,742)	(5,392,381)	(534,113)	(5,926,494)	635,248
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	3,715,220	1,680,141	200,000	1,880,141	(1,835,079)
Water and Sewer Fund	2,994,022	4,401,350	-	4,401,350	1,407,328
Transfers to Other Funds:					
General Fund	(147,500)	(147,500)	-	(147,500)	-
Total Other Financing Sources (Uses)	6,561,742	5,933,991	200,000	6,133,991	(427,751)
Net Change in Fund Balance	\$ -	\$ 541,610	(334,113)	\$ 207,497	\$ 207,497
Fund Balance:					
Beginning of Year, July 1			541,610		
End of Year, June 30			<u>\$ 207,497</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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
NCDOT Grant	\$ 174,000	\$ 33,041	\$ 18,499	\$ 51,540	\$ (122,460)
Randolph Community College	35,000	-	-	-	(35,000)
Total Revenues	209,000	33,041	18,499	51,540	(157,460)
Expenditures:					
Economic and Physical Development:					
Professional Services	25,000	-	-	-	25,000
Land Acquisition and Easements	857	857	-	857	-
Construction	148,100	52,173	14,516	66,689	81,411
Construction Administration	22,200	-	-	-	22,200
NCDOT Oversight	21,700	-	-	-	21,700
Miscellaneous	18,643	-	-	-	18,643
Total Expenditures	236,500	53,030	14,516	67,546	168,954
Revenues Over (Under) Expenditures	(27,500)	(19,989)	3,983	(16,006)	11,494
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	27,500	27,500	-	27,500	-
Total Other Financing Sources	27,500	27,500	-	27,500	-
Net Change in Fund Balance	\$ -	\$ 7,511	3,983	\$ 11,494	\$ 11,494
Fund Balance:					
Beginning of Year, July 1			7,511		
End of Year, June 30			<u>\$ 11,494</u>		

CITY OF ASHEBORO, NORTH CAROLINA
SPECIAL REVENUE FUND - CDBG CORONAVIRUS (CDBG-CV) FUND

Schedule 7

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
Community Development Block Grant	\$ 900,000	\$ -	\$ -	\$ -	\$ (900,000)
Total Revenues	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(900,000)</u>
Expenditures:					
Economic and Physical Development:					
Administration	90,000	-	-	-	90,000
Public Services	830,000	-	-	-	830,000
Total Expenditures	<u>920,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920,000</u>
Revenues Over (Under) Expenditures	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	20,000	-	20,000	20,000	-
Total Other Financing Sources	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			<u>\$ 20,000</u>		

CITY OF ASHEBORO, NORTH CAROLINA
SPECIAL REVENUE FUND - AMERICAN RESCUE PLAN ACT 2021 FUND

Schedule 8

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental Revenues:					
American Rescue Plan Act Grant	\$ 7,590,000	\$ -	\$ -	\$ -	\$ (7,590,000)
Total Revenues	7,590,000	-	-	-	(7,590,000)
Expenditures:					
Economic and Physical Development:					
Zoo City Sportsplex - Water and Sewer	700,000	-	-	-	700,000
Commerce Drive - Water and Sewer	1,250,000	-	-	-	1,250,000
Highway 64 East - Water and Sewer	1,250,000	-	-	-	1,250,000
Broadband Internet	319,000	-	-	-	319,000
Lake Lucas Valve Replacement	1,500,000	-	-	-	1,500,000
Other	2,571,000	-	-	-	2,571,000
Total Expenditures	7,590,000	-	-	-	7,590,000
Revenues Over (Under) Expenditures	-	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			\$ -		

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

Schedule 9

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal Grants	\$ 5,878,526	\$ 4,440,365	\$ 70,796	\$ 4,511,161	\$ (1,367,365)
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>8,942,026</u>	<u>7,518,038</u>	<u>70,796</u>	<u>7,588,834</u>	<u>(1,353,192)</u>
Expenditures:					
Capital Outlay:					
Professional Services	1,255,070	1,237,574	19,012	1,256,586	(1,516)
Administration	116,443	112,569	-	112,569	3,874
Contractors	7,828,962	6,335,369	-	6,335,369	1,493,593
Land	579,718	521,926	-	521,926	57,792
ALP Update	195,312	184,912	3,283	188,195	7,117
Miscellaneous	118,950	13,755	78,665	92,420	26,530
Contingency	177	-	-	-	177
Total Expenditures	<u>10,094,632</u>	<u>8,406,105</u>	<u>100,960</u>	<u>8,507,065</u>	<u>1,587,567</u>
Revenues Over (Under) Expenditures	<u>(1,152,606)</u>	<u>(888,067)</u>	<u>(30,164)</u>	<u>(918,231)</u>	<u>234,375</u>
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	1,498,596	1,405,076	136,700	1,541,776	43,180
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>1,152,606</u>	<u>1,227,076</u>	<u>136,700</u>	<u>1,363,776</u>	<u>211,170</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 339,009</u>	<u>106,536</u>	<u>\$ 445,545</u>	<u>\$ 445,545</u>
Fund Balance:					
Beginning of Year, July 1			<u>339,009</u>		
End of Year, June 30			<u>\$ 445,545</u>		

CITY OF ASHEBORO, NORTH CAROLINA
CAPITAL PROJECT FUND - DAVID AND PAULINE JARRELL CENTER CITY GARDEN PROJECT FUND

Schedule 10

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Expenditures:					
Capital Outlay:					
Professional Services	107,000	-	16,205	16,205	90,795
Total Expenditures	107,000	-	16,205	16,205	90,795
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	107,000	-	107,000	107,000	-
Total Other Financing Sources:	107,000	-	107,000	107,000	-
Net Change in Fund Balance	\$ -	\$ -	90,795	\$ 90,795	\$ 90,795
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			\$ 90,795		

**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 11

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2021

	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	341,008	107,180	448,188	429,008
Total Revenues	19,180	541,008	107,180	648,188	629,008
Expenditures:					
Capital Outlay:					
Professional Services	86,680	19,180	-	19,180	67,500
Construction	4,542,000	386,876	2,495,648	2,882,524	1,659,476
Land Acquisition	250,000	250,000	-	250,000	-
Administration	1,500	860	-	860	640
Total Expenditures	4,880,180	656,916	2,495,648	3,152,564	1,727,616
Revenues Over (Under) Expenditures	(4,861,000)	(115,908)	(2,388,468)	(2,504,376)	2,356,624
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	4,861,000	4,803,500	57,500	4,861,000	-
Total Other Financing Sources:	4,861,000	4,803,500	57,500	4,861,000	-
Net Change in Fund Balance	\$ -	\$ 4,687,592	(2,330,968)	\$ 2,356,624	\$ 2,356,624
Fund Balance:					
Beginning of Year, July 1			4,687,592		
End of Year, June 30			\$ 2,356,624		

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

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

Schedule 12
(Page 1 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues:			
Water Sales	\$ 6,200,000	\$ 6,518,497	\$ 318,497
Sewer Charges	4,720,000	5,099,122	379,122
Water and Sewer Taps	61,000	126,667	65,667
Sampling and Monitoring Fees	27,000	23,000	(4,000)
Surcharges	120,000	152,992	32,992
Other Operating Revenues	357,000	504,160	147,160
Total Operating Revenues	11,485,000	12,424,438	939,438
Nonoperating Revenues:			
Interest Earned on Investments	50,000	4,246	(45,754)
Sales of Materials and Services	10,000	4,511	(5,489)
Other Nonoperating Revenues	293,000	208,946	(84,054)
Total Nonoperating Revenues	353,000	217,703	(135,297)
Total Revenues	11,838,000	12,642,141	804,141
Expenditures:			
Billing and Collections:			
Salaries and Employee Benefits		279,318	
Supplies		61,541	
Other Operating Expenditures		146,080	
Total	529,010	486,939	42,071
Water Meter Operations:			
Salaries and Employee Benefits		572,169	
Supplies		229,205	
Other Operating Expenditures		52,057	
Total	870,568	853,431	17,137
Water Supply and Treatment:			
Salaries and Employee Benefits		836,581	
Supplies		485,739	
Maintenance		406,713	
Other Operating Expenditures		775,438	
Total	2,543,867	2,504,471	39,396
Wastewater Treatment:			
Salaries and Employee Benefits		1,060,163	
Supplies		184,629	
Maintenance		354,911	
Other Operating Expenditures		1,513,343	
Total	3,126,488	3,113,046	13,442
Water Maintenance:			
Salaries and Employee Benefits		922,871	
Supplies		201,220	
Maintenance		29,684	
Other Operating Expenditures		99,801	
Total	\$ 1,296,247	\$ 1,253,576	\$ 42,671

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

Schedule 12
(Page 2 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2021

	2021		Variance Positive (Negative)	
	Budget	Actual		
Expenditures (Concluded):				
Wastewater Maintenance:				
Salaries and Employee Benefits	\$	\$ 758,663	\$	
Supplies		121,838		
Maintenance		58,744		
Other Operating Expenditures		244,027		
Total	1,228,153	1,183,272	44,881	
Technical Services:				
Salaries and Employee Benefits		228,472		
Supplies		19,086		
Other Operating Expenditures		12,363		
Total	265,668	259,921	5,747	
Systems Maintenance:				
Salaries and Employee Benefits		787,893		
Supplies		116,507		
Maintenance		469,789		
Other Operating Expenditures		91,832		
Total	1,688,051	1,466,021	222,030	
Water Quality:				
Salaries and Employee Benefits		437,275		
Supplies		138,891		
Other Operating Expenditures		118,147		
Total	707,350	694,313	13,037	
Debt Service:				
Principal on Bonds and Note		469,364		
Interest and Fees		73,651		
Total	543,015	543,015	-	
Capital Outlay:				
Water Maintenance		95,680		
Wastewater Maintenance		569,798		
Systems Maintenance		22,602		
Water Quality		25,207		
Total	713,290	713,287	3	
Total Expenditures	13,511,707	13,071,292	440,415	
Revenues Over (Under) Expenditures (Forward)	\$ (1,673,707)	\$ (429,151)	\$ 1,244,556	

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

Schedule 12
(Page 3 of 3)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues Over (Under) Expenditures (Brought Forward)	<u>\$ (1,673,707)</u>	<u>\$ (429,151)</u>	<u>\$ 1,244,556</u>
Appropriated Fund Balance	<u>1,673,707</u>	<u>-</u>	<u>(1,673,707)</u>
Revenues Under Expenditures and Other Sources (Uses)	<u>\$ -</u>	<u>\$ (429,151)</u>	<u>\$ (429,151)</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues Under Expenditures and Other Sources (Uses)		<u>\$ (429,151)</u>	
Payment of Bond and Note Principal		469,364	
Capital Outlay		713,287	
Depreciation		(2,081,370)	
Increase In Accrued Compensated Absences		(20,483)	
Increase in OPEB Liability		(1,672,747)	
Increase in Deferred Outflows of Resources - OPEB		983,633	
Decrease in Deferred Inflows of Resources - OPEB		23,552	
Increase in Net Pension Liability		(550,605)	
Increase in Deferred Outflows of Resources - Pension		263,722	
Decrease in Deferred Inflows of Resources - Pensions		20,335	
Decrease In Accrued Interest Expense		1,602	
Total Reconciling Items		<u>(1,849,710)</u>	
Change in Net Position		<u>\$ (2,278,861)</u>	

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

Schedule 13

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

From Inception and For the Year Ended June 30, 2021

	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 14

COMPARATIVE SCHEDULES BY SOURCE

June 30, 2021

	<u>2021</u>	<u>2020</u>
Governmental Funds Capital Assets:		
Land	\$ 5,278,054	\$ 5,277,054
Land Improvements	13,074,447	13,023,817
Buildings	17,251,280	16,511,560
Street Construction	17,284,635	17,284,635
Computer Equipment	496,461	609,252
Equipment	5,359,166	4,997,970
Vehicles	14,926,100	13,363,785
Construction in Progress	<u>3,468,697</u>	<u>966,917</u>
Total Capital Assets	<u><u>\$ 77,138,840</u></u>	<u><u>\$ 72,034,990</u></u>
Investment in Governmental Funds Capital Assets - by Source:		
General Fund	\$ 34,891,564	\$ 32,763,544
Special Revenue Funds	271,287	256,771
Capital Projects Funds	28,295,037	25,682,223
Donations	<u>13,680,952</u>	<u>13,332,452</u>
	<u><u>\$ 77,138,840</u></u>	<u><u>\$ 72,034,990</u></u>

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

Schedule 15

SCHEDULE BY FUNCTION AND ACTIVITY

June 30, 2021

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	3,745	41,725	-	88,174	28,425	26,379	-	202,356
Legal Services	-	-	-	-	-	-	-	-	-
Planning and Zoning	-	-	-	-	16,029	8,142	35,070	-	59,241
Public Buildings	214,578	122,605	869,358	-	784	18,136	37,320	-	1,262,781
Information Technology	-	-	-	-	59,788	98,128	-	-	157,916
City Shop	67,274	-	-	-	28,855	326,517	347,264	-	769,910
Total General Government	295,760	126,350	911,083	-	234,331	493,027	446,033	-	2,506,584
Public Safety:									
Police	116,129	35,591	824,960	-	6,206	520,376	3,365,701	-	4,868,963
Fire	25,247	13,313	514,677	-	175,696	621,721	3,656,969	-	5,007,623
Inspections	-	-	-	-	-	-	2,884	-	2,884
Total Public Safety	141,376	48,904	1,339,637	-	181,902	1,142,097	7,025,554	-	9,879,470
Transportation:									
Public Works	273,697	-	4,751,692	-	17,193	195,544	281,108	-	5,519,234
Streets	258,238	169,319	9,800	17,284,635	-	961,829	2,678,029	-	21,361,850
City Engineer	-	-	-	-	29,058	77,191	57,470	-	163,719
Airport	1,108,313	10,307,038	1,019,966	-	-	429,009	27,000	-	12,891,326
Total Transportation	1,640,248	10,476,357	5,781,458	17,284,635	46,251	1,663,573	3,043,607	-	39,936,129
Environmental Protection:									
Sanitation	71,755	-	699,940	-	28,025	1,019,505	3,401,992	-	5,221,217
Cultural and Recreational:									
Parks, Lakes and Playgrounds	1,699,191	1,954,969	5,469,742	-	5,952	337,321	53,799	-	9,520,974
Municipal Golf Course	28,015	186,149	67,418	-	-	-	-	-	281,582
Grounds Maintenance	85,675	65,918	151,066	-	-	703,643	955,115	-	1,961,417
Library	171,418	11,425	-	-	-	-	-	-	182,843
Total Cultural and Recreational	1,984,299	2,218,461	5,688,226	-	5,952	1,040,964	1,008,914	-	11,946,816
Economic and Physical Development:									
Community Promotion	1,144,616	204,375	2,830,936	-	-	-	-	-	4,179,927
Construction in Progress	-	-	-	-	-	-	-	3,468,697	3,468,697
Total Governmental Funds Capital Assets	\$ 5,278,054	\$ 13,074,447	\$ 17,251,280	\$ 17,284,635	\$ 496,461	\$ 5,359,166	\$ 14,926,100	\$ 3,468,697	\$ 77,138,840

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

Schedule 16

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2021

Function and Activity	Governmental Fund Capital Assets June 30, 2020	Additions	Retirements	Governmental Fund Capital Assets June 30, 2021
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	30,124	-	202,356
Legal Services	-	-	-	-
Planning and Zoning	59,241	-	-	59,241
Public Buildings	1,127,060	135,721	-	1,262,781
Information Technology	187,126	-	29,210	157,916
City Shop	712,697	57,213	-	769,910
Total General Government	2,312,736	223,058	29,210	2,506,584
Public Safety:				
Police	4,440,063	499,909	71,009	4,868,963
Fire	4,174,589	833,034	-	5,007,623
Inspections	2,884	-	-	2,884
Total Public Safety	8,617,536	1,332,943	71,009	9,879,470
Transportation:				
Public Works	5,515,074	16,732	12,572	5,519,234
Streets	20,999,015	362,835	-	21,361,850
City Engineer	163,719	-	-	163,719
Airport	12,398,900	492,426	-	12,891,326
Total Transportation	39,076,708	871,993	12,572	39,936,129
Environmental Protection:				
Sanitation	5,035,739	218,019	32,541	5,221,217
Cultural and Recreational:				
Parks, Lakes and Playgrounds	9,489,979	30,995	-	9,520,974
Municipal Golf Course	281,582	-	-	281,582
Grounds Maintenance	1,891,023	70,394	-	1,961,417
Library	182,843	-	-	182,843
Total Cultural and Recreational	11,845,427	101,389	-	11,946,816
Economic and Physical Development:				
Community Promotion	4,179,927	-	-	4,179,927
Construction in Progress	966,917	2,627,330	125,550	3,468,697
Total Governmental Fund Capital Assets	\$ 72,034,990	\$ 5,374,732	\$ 270,882	\$ 77,138,840

**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 17**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

For the Year Ended June 30, 2021

<u>Fiscal Year</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2021</u>
2020-2021	\$ -	\$ 17,002,607	\$ 16,930,430	\$ 72,177
2019-2020	100,669		47,947	52,722
2018-2019	51,391		32,324	19,067
2017-2018	13,756		1,416	12,340
2016-2017	5,967		204	5,763
2015-2016	5,325		60	5,265
2014-2015	4,405		88	4,317
2013-2014	3,703		92	3,611
2012-2013	3,284		-	3,284
2011-2012	2,586		29	2,557
2010-2011	3,911		3,911	-
	<u>\$ 194,997</u>	<u>\$ 17,002,607</u>	<u>\$ 17,016,501</u>	181,103
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(42,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 139,103</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 17,299,178	
Discounts Allowed			227,118	
Releases and Adjustments			(486,626)	
Taxes Written Off			3,911	
Interest Collected			<u>(27,080)</u>	
Total Collections and Credits			<u>\$ 17,016,501</u>	

ANALYSIS OF CURRENT TAX LEVY

For the Year Ended June 30, 2021

	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	\$ 2,588,958,829	.665	\$ 17,216,576	\$ 16,045,243	\$ 1,171,333
Motor Vehicles Taxed at Prior Year's Rate	-	.665	-	-	-
Total	<u>2,588,958,829</u>		<u>17,216,576</u>	<u>16,045,243</u>	<u>1,171,333</u>
Discoveries:					
Current Year Taxes	10,499,205	.665	69,820	69,820	-
Prior Years Taxes	<u>878,881</u>	.665	<u>5,845</u>	<u>5,845</u>	<u>-</u>
	<u>11,378,086</u>		<u>75,665</u>	<u>75,665</u>	<u>-</u>
Abatements	<u>(43,553,922)</u>		<u>(289,634)</u>	<u>(289,634)</u>	<u>-</u>
Total Valuation	<u>\$ 2,556,782,993</u>				
Net Levy			17,002,607	15,831,274	1,171,333
Uncollected Taxes at June 30, 2021			<u>(72,177)</u>	<u>(66,857)</u>	<u>(5,320)</u>
Current Year's Taxes Collected			<u>\$ 16,930,430</u>	<u>\$ 15,764,417</u>	<u>\$ 1,166,013</u>
Current Levy Collection Percentage			<u>99.58%</u>	<u>99.58%</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	107
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	113
These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	118
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	122
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	124
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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 27,654,745
Restricted	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	7,206,941
Unrestricted	2,158,991	696,013	165,855	795,862	4,733,514	6,384,294	2,100,510	3,746,958	(173,280)	(1,092,378)
Total Governmental activities net position	<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>	<u>\$ 33,769,308</u>
Business-type activities										
Net Investment in capital assets	\$ 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	\$ 36,437,299
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	8,046,990
Total business-type activities net position	<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>	<u>\$ 44,484,289</u>
Primary government										
Net Investment in capital assets	\$ 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	\$ 64,092,044
Restricted	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	7,206,941
Unrestricted	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	6,954,612
Total primary government net position	<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>	<u>\$ 78,253,597</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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 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	\$ 4,073,165
Public safety	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	17,118,035
Transportation	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	4,964,157
Environmental protection	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	2,073,684
Cultural and recreational	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	4,614,378
Economic and physical development	867,040	1,019,712	392,371	230,330	305,104	315,026	573,124	596,079	289,296	561,473
Interest on long-term debt	57,384	60,147	60,664	42,586	33,739	35,125	30,524	37,217	38,981	44,328
Total governmental activities expenses	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	33,449,220
Business-type activities:										
Water and Sewer	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	14,921,002
Total business-type activities expenses	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	14,921,002
Total primary government expenses	<u>\$ 36,324,532</u>	<u>\$ 37,794,466</u>	<u>\$ 37,773,365</u>	<u>\$ 38,160,084</u>	<u>\$ 35,684,073</u>	<u>\$ 38,368,014</u>	<u>\$ 36,010,136</u>	<u>\$ 42,582,583</u>	<u>\$ 44,020,868</u>	<u>\$ 48,370,222</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 330,415	\$ 341,430	\$ 341,277	\$ 313,367	\$ 26,346	\$ 26,858	\$ 34,554	\$ 26,252	\$ 24,002	\$ 29,374
Public safety	157,330	111,356	93,840	109,897	133,091	144,718	191,255	162,075	174,412	233,222
Transportation	27,635	27,247	27,836	37,556	37,436	26,106	27,216	28,949	36,325	33,625
Environmental protection	946,203	909,082	899,217	1,265,347	2,024,615	1,959,250	1,803,191	1,822,318	1,866,419	1,891,377
Cultural and recreational	439,003	363,595	400,520	411,468	391,318	413,810	392,698	374,094	323,592	334,765
Operating grants and contributions	1,085,673	729,487	1,015,043	937,279	764,474	908,827	1,273,101	1,799,493	850,045	1,215,358
Capital grants and contributions	593,839	611,822	1,021,526	248,682	256,912	2,073,131	54,770	708,526	649,934	526,476
Total governmental activities program revenues	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	4,264,197
Business-type activities:										
Charges for services:										
Water and Sewer	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	12,424,438
Operating grants and contributions	596,180	594,645	659,685	638,507	756,947	200,000	2,571	282,197	-	-
Capital grants and contributions	577,292	2,364,158	75,873	94,325	-	-	-	-	-	-
Total business-type activities program revenues	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	12,424,438
Total primary government program revenues	<u>\$ 16,234,571</u>	<u>\$ 17,953,468</u>	<u>\$ 16,137,459</u>	<u>\$ 16,049,450</u>	<u>\$ 16,436,303</u>	<u>\$ 18,462,703</u>	<u>\$ 16,375,076</u>	<u>\$ 17,906,769</u>	<u>\$ 16,198,867</u>	<u>\$ 16,688,635</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (29,185,023)
Business-type activities	1,428,632	3,086,688	527,817	(136,688)	870,795	482,592	538,303	(1,067,386)	(2,238,672)	(2,496,564)
Total primary government net expense	<u>\$ (20,089,961)</u>	<u>\$ (19,840,998)</u>	<u>\$ (21,635,906)</u>	<u>\$ (22,110,634)</u>	<u>\$ (19,247,770)</u>	<u>\$ (19,905,311)</u>	<u>\$ (19,635,060)</u>	<u>\$ (24,675,814)</u>	<u>\$ (27,822,001)</u>	<u>\$ (31,681,587)</u>

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

Table 2
(Page 2 of 2)

**General Revenues and Other Changes in
Net Position**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 17,278,284
Sales taxes	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	5,795,504
Franchise taxes	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	2,429,450
Other taxes and licenses	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	2,043,660
Investment earnings	23,500	15,031	33,436	42,488	28,151	36,942	55,175	202,284	254,940	17,393
Miscellaneous	740,428	892,494	706,297	636,456	881,817	951,890	764,195	877,364	815,736	765,179
Transfers	777,883	800,000	768,000	500,000	-	400,000	510,000	-	-	-
Total governmental activities	<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>	<u>28,329,470</u>
Business-type activities:										
Investment earnings	13,271	10,090	8,958	9,231	11,552	17,674	37,423	101,917	91,073	4,246
Miscellaneous	(23,367)	-	-	(39,304)	24,000	194,249	175,254	234,469	185,735	213,457
Transfers	(777,883)	(800,000)	(768,000)	(500,000)	-	(400,000)	(510,000)	-	-	-
Total business-type activities	<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>	<u>217,703</u>
Total primary government	<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>	<u>\$ 28,547,173</u>
Change in Net Position										
Governmental activities	\$ (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	\$ (855,553)
Business-type activities	640,653	2,296,778	(231,225)	(666,761)	906,347	294,515	240,980	(731,000)	(1,961,864)	(2,278,861)
Total primary government	<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>	<u>\$ (3,134,414)</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
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
2021	17,278,284	5,795,504	2,429,450	2,043,660	27,546,898

CITY OF ASHEBORO, NORTH CAROLINA

Table 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<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>	<u>2021</u>
General Fund:										
Nonspendable	\$ 857,493	\$ 859,119	\$ 862,114	\$ 1,089,527	\$ 998,477	\$ 1,201,406	\$ 860,623	\$ 845,284	\$ 848,691	\$ 1,158,095
Restricted	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	3,397,284
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	225,000	-	-	304,152	-	2,214,956	2,311,236	2,571,413
Unassigned	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	14,389,348
Total General Fund	<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>	<u>\$ 21,516,140</u>
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,626,574	1,145,849	915,705	629,631	627,961	969,948	689,545	1,123,109	801,532	847,119
Committed	210,681	454,650	892,177	1,097,345	937,681	952,450	1,170,990	1,059,027	5,468,907	2,962,538
Assigned	-	-	(148,559)	-	(17,677)	-	-	-	(25,530)	-
Total all other governmental funds	<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>	<u>\$ 3,809,657</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 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	\$ 17,299,178
Other taxes and licences	332,284	340,369	346,197	323,903	39,010	39,105	40,744	44,380	39,659	42,577
Intergovernmental	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	12,005,545
Permits and fees	185,476	162,991	121,736	139,882	166,459	189,015	236,694	196,727	201,901	230,242
Sales and services	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	2,282,962
Investment earnings	23,500	15,031	33,436	42,488	28,151	36,942	55,175	202,284	254,940	17,393
Miscellaneous	845,771	709,474	575,080	393,497	527,045	399,907	406,854	691,515	475,809	399,949
Total revenues	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	32,277,846
Expenditures										
General government	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	3,718,560
Public safety	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	15,706,471
Transportation	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	4,083,462
Environmental protection	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	2,019,521
Culture and recreation	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	4,023,520
Economic and physical development	839,680	992,352	365,011	329,546	277,744	287,666	545,764	568,719	314,966	548,629
Capital outlay	168,216	1,642,806	702,180	48,385	106,179	719,723	692,046	49,318	607,185	2,612,813
Debt service:										
Principal	346,305	519,827	768,242	712,562	752,694	719,175	744,105	661,824	622,532	640,763
Interest	54,519	59,269	60,260	42,562	33,739	35,665	30,524	37,217	38,981	44,328
Other charges										
Total expenditures	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	33,398,067
Excess of revenues over (under) expenditures	(544,483)	(4,413,112)	(1,133,413)	330,638	3,000,865	3,528,333	828,650	2,206,874	(634,718)	(1,120,221)
Other financing sources (uses)										
Transfers in	794,550	969,713	975,700	703,673	119,568	961,468	1,210,204	-	4,534,700	521,200
Transfers out	(16,667)	(169,713)	(207,700)	(203,673)	(119,568)	(561,468)	(700,204)	-	(4,534,700)	(521,200)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-
Installment purchase obligations / Notes	138,494	2,344,245	25,550	690,040	920,000	331,331	643,175	611,738	921,938	903,400
Sale of assets	37,091	336,533	-	39,440	94,800	552,518	9,000	53,846	-	-
Total other financing sources (uses)	953,468	3,480,778	793,550	1,229,480	1,014,800	1,283,849	1,162,175	665,584	921,938	903,400
Net change in fund balances	\$ 408,985	\$ (932,334)	\$ (339,863)	\$ 1,560,118	\$ 4,015,665	\$ 4,812,182	\$ 1,990,825	\$ 2,872,458	\$ 287,220	\$ (216,821)
Debt services as a percentage of noncapital expenditures	1.7%	2.2%	3.3%	3.1%	3.4%	3.0%	3.3%	2.7%	2.4%	2.3%

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

Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
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
2021	17,299,178	5,795,504	2,429,450	2,043,660	27,567,792

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)	
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%
2021	1,858,980,316	649,041,919	176,140,301	472,901,618	48,760,758	2,556,782,993	0.665	3,355,358,259	76.20%

Source: Randolph County Government

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

(1) The estimated market value for real property is calculated by dividing the assessed value by an assessment- to- sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The actual ratio for the most recent year is not yet available; an estimated ratio 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
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
2021	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, 2021

Table 9

Taxpayer	2021			2011		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
MOM Brands Company	151,398,044	1	5.92%	108,557,899	1	5.18%
Energizer Battery Co,	108,936,236	2	4.26%	103,375,372	2	4.97%
Technimark, Inc.	101,704,493	3	3.98%	41,333,553	4	1.85%
Starpet, Inc. & Starpet Subsidiary	39,135,708	4	1.53%	57,508,600	3	2.88%
Kennametal	34,550,759	5	1.35%			
Duke Energy Progress Inc	27,366,395	6	1.07%			
Oliver Rubber Co.	20,872,725	7	0.82%			
Georgia Pacific Corrugated	20,605,793	8	0.81%			
Kayser Roth	18,803,008	9	0.74%			
Middlton Income Investors Asheboro LLC	17,217,810	10	0.67%			
Centerpoint Plaza				21,962,130	8	1.01%
Klaussner Furniture Industries				23,038,407	7	1.12%
Schwartz Properties LLC				27,111,813	5	1.64%
Goodyear Tire & Rubber Co.				25,755,928	6	1.25%
Arrow International				21,931,899	9	1.04%
Kennametal				19,750,749	10	0.94%
Totals	<u>\$ 540,590,971</u>		<u>21.14%</u>	<u>\$ 450,326,350</u>		<u>21.88%</u>

Total Assessed Value of Taxable Property \$ 2,556,782,993

Source: Randolph County Finance Department

Top Ten Assessments in Asheboro City 2020 for 2020-2021 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>
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%	22,003	16,014,969	99.82%
2020	16,967,230	16,866,561	99.41%	60,865	16,927,426	99.77%
2021	17,002,607	16,930,430	99.58%	-	16,930,430	99.58%

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			
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
2021	-	2,497,654	-	-	-	3,543,730	6,041,384	0.45%	222

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
Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Table 12

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
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
2021	-	-	-	2,556,782,993	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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Randolph County	\$ 161,854,755	21.08%	\$ 34,114,665
Subtotal, overlapping debt			<u>34,114,665</u>
City of Asheboro direct debt			<u>2,497,654</u>
Total direct and overlapping debt			<u>\$ 36,612,319</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>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>	<u>2021</u>
Debt limit	\$ 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	\$ 204,542,639
Total net debt applicable to limit	<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>	<u>2,497,654</u>
Legal debt margin	<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>	<u>\$ 202,044,985</u>
Total net debt applicable to the limit as a percentage of debt limit	1.78%	1.88%	1.24%	1.15%	1.23%	1.01%	0.99%	0.98%	1.09%	1.22%
Assessed Value										2,556,782,993
Debt Limit (8% of total assessed value)										<u>\$ 204,542,639</u>
Debt Applicable to Limit										
General Obligation Bonds										-
Installment Purchase Agreements										<u>2,497,654</u>
Total Net Debt Applicable to Limit										<u>2,497,654</u>
Legal Debt Margin										<u>\$ 202,044,985</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)
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%
2021	27,191	1,328,253,159	48,849	41.7	4,505	3.60%

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	2021			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Technimark	1,500	1	6.25%	650	7	2.85%
Klaussner Furniture Industries	1,100	2	4.59%	927	2	4.06%
Randolph Helath	1,084	3	4.52%	1,224	1	5.37%
NC Zoological Park & Society	630	4	2.63%			
Asheboro City Schools	620	5	2.58%	670	6	2.94%
Energizer Battery	405	6	1.69%	734	5	3.22%
City of Asheboro	330	7	1.38%	410	9	1.80%
DJO Global/Elastic Therapy	240	8	1.00%			
Post Consumer Brands	230	9	0.96%			
Bossong Hosiery	225	10	0.94%			
Wal-Mart				690	4	3.02%
Teleflex, Inc.				774	3	3.39%
Acme McCrary				615	8	2.70%
Hyosung USA				318	10	1.39%
Total	6,364		26.53%	7,012		30.74%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	39	38	38	28	35	36	37	37	37	37
Public safety:										
Police:										
Officers	77	77	77	90	73	75	74	74	97	103
Civilians	7	7	7	7	7	7	7	7	7	7
Fire:										
Firefighters and officers	51	53	52	49	52	50	53	53	62	56
Civilians	0	0	0	0	1	1	1	1	1	1
Inspections										
Building	3	2	2	2	2	1	1	1	1	1
Fire	3	3	3	3	2	2	2	2	3	3
Highways and streets:										
Engineering	4	4	3	4	3	3	3	3	5	4
Operations	10	10	14	13	14	13	10	10	12	13
Street Maintenance	20	20	21	20	18	18	17	17	20	22
Sanitation	19	19	20	19	17	14	15	15	15	17
Culture, Recreation, Facilities	62	62	60	91	75	80	39	39	62	64
Water	27	28	25	33	33	31	34	34	34	36
Sewer	43	43	35	37	36	37	35	35	33	32
Total	<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>	<u>395</u>

Source: Finance Office

CITY OF ASHEBORO, NORTH CAROLINA

Table 18

Operating Indicators by Function

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Physical arrests	3,408	2,674	2,288	1,943	1,717	1,879	1,930	1,869	1,745	1,890
Parking violations	82	110	110	126	33	40	70	101	73	8
Traffic violations	6,551	6,603	4,665	4,030	3,458	6,426	6,743	6,583	5,610	4,753
Fire:										
Number of calls answered	1,520	1,379	2,204	2,450	2,535	2,469	2,760	3,759	3,912	2,844
Inspections	1,811	1,671	2,203	2,240	1,550	1,464	1,329	1,535	1,435	357
Highways and streets										
Street resurfacing (miles)	0.631	0.327	0.636	0.882	0.882	0.189	1.220	0.315	0.373	1.440
Leaf Collection Loads (Nov-June)	701	756	812	829	829	798	825	652	611	582
Potholes repaired	1,182	912	887	869	869	670	852	1,117	1,467	975
Sanitation										
Refuse collected (tons/day)	52.17	53.41	58.08	55.32	70.25	70.25	70.17	72.62	70.62	129.82
Recyclables collected (tons/day)	19.96	8.11	8.23	8.15	20.00	41.50	32.35	29.58	27.30	4.95
Yard Waste collected (tons/day)			14.37	10.10	10.10	4.25	7.17	9.31	6.00	13.23
Culture and recreation										
Separate programs / events offered	151	98	127	178	203	247	324	445	558	232
Estimated number of program participant	86,924	54,815	53,388	67,323	73,708	87,869	89,921	86,997	73,295	48,831
Water										
New meter connections	115	46	34	10	23	75	79	26	58	98
Water mains breaks	94	111	91	90	68	67	108	83	96	101
Average daily consumption (MGD)	4.354	4.288	4.005	4.424	4.621	4.817	4.727	4.772	4.758	4.975
Wastewater										
Average daily sewage treatment (MGD)	3.410	3.377	3.843	3.466	3.900	3.553	3.454	4.556	3.888	4.202

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	71	72	72	75	96	96	96	136
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire Apparatus						13	13	13	13	14
Sanitation:										
Collection trucks	9.00	9.00	9.00	9.00	9.00	11.00	11.00	11.00	11.00	11.00
Highways and streets:										
Streets (miles)	98.24	98.24	98.24	98.24	98.24	98.99	99.78	99.78	99.78	99.78
City Streetlights	3,182	3,182	3,182	3,182	3,182	3,182	3,190	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	8,300	8,700	8,700	15,500	15,500
Aircraft storage capacity:										
Hangars	47	47	47	47	47	47	47	47	45	45
Tie Downs	38	38	38	38	38	38	38	38	39	39
Length of runway in feet	5,500	5,500	5,500	5,500	5,500	5,501	5,501	5,501	5,501	5,501
Total facility area - acreage	461.00	461.00	461.00	461.00	461.00	461.00	463.50	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	103,302	103,302
Parks	11	11	11	11	11	11	11	11	12	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	243.6	243.6	244.2	244.2	244.2	244.2	244.2	244.2	244.2
Fire hydrants (est.)	1,546	1,570	1,570	1,570	1,577	1,583	1,589	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	219.4	219.7	222.3	222.6	222.6	235.8	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.