



## RANDOLPH COUNTY ADMINISTRATION DEPARTMENT

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Asheboro, North Carolina 27204-4728 ☐ County Manager: (336) 318-6300

November 23, 2009

To The Board of Commissioners, County Manager, and Citizens of Randolph County,  
North Carolina

State law requires that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of Randolph County (County) for the fiscal year ended June 30, 2009. This CAFR was prepared for readers to gain an understanding of the County's financial activities over the last fiscal year, by presenting financial information which conforms to high reporting standards.

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

The County's financial statements have been audited by Cherry, Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a

reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

### **Financial Reporting Entity**

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The Financial Statements include all funds and account groups of the County, including all activities considered to be part of (controlled by or dependent on) the County. Control by, or dependence on, the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

The financial reporting entity includes all funds and account groups of Randolph County, as well as its component unit. Component units are legally separate entities for which Randolph County is financially accountable. The Randolph County Tourism Development Authority is included as a component unit and presented in the financial statements as if it is a separate governmental fund of the County. Additional information on this authority can be found in Note I.A. in the notes to the financial statements.

## **Profile of Randolph County**

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Randolph County is strategically located in the geographic center of North Carolina; it is a part of the Piedmont Triad region, a six-county area whose central location puts it within 90 miles of the Blue Ridge Mountains to the west and within 200 miles of the Atlantic Ocean to the east. The County sits in the middle of the Eastern Seaboard, within 500 miles of half of the nation's population and largest markets.

Randolph County contains 790 square miles of gently rolling hills, river valleys, and forest land. Randolph County is home to the Uwharrie Mountains, one of the world's oldest mountain ranges. Founded by Quaker settlers in the 1780's, the area offered rich farmland and rivers that provided abundant waterpower.

Randolph County was formed in 1779 from the southern section of Guilford County by an act of the NC General Assembly. The County was named for Peyton Randolph of Virginia, a popular leader and President of the Continental Congress of 1774 and 1775.

Randolph County is the 11th largest county in North Carolina and has the 19th highest population in the state. Nine municipalities are incorporated within the County with Asheboro as the county seat. Asheboro is approximately 70 miles from Raleigh, the State Capital, and from Charlotte, the state's largest city.

Randolph County has long been known as a manufacturing center; traditional industries have included textiles, apparel, and furniture. The area's economic base continues to transition with more diversified and technology-based manufacturing. Agriculture remains an important part of the local economy, with Randolph ranked near the top of the State in beef cattle, milk cows, and poultry production.

Randolph County is home to the North Carolina State Zoological Park, the nation's largest natural-habitat zoo with 500 acres of exhibits and over 1,000 animals. Also located in the County are the Richard Petty Museum (celebrating NASCAR's all-time career victory leader), the Uwharrie National Forest, and the Seagrove area potteries, which enjoy an international reputation for exceptional hand thrown pottery.

Randolph County is also proud to be the home of the Victory Junction Gang Camp, founded by NASCAR's famed Petty family. This facility provides camping experiences for chronically ill children on a 65-acre site near Randleman. The camp is the latest of the "Hole in the Wall Gang Camps" founded by actor Paul Newman.

## **Profile of the County Government**

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The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from districts, at-large, on a partisan basis and serve staggered four-year terms. Commissioners hold policy-making authority and are responsible for adopting the budget and hiring the manager. The county manager is responsible for implementing policies of the governing board, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The assistant county manager functions as budget officer, ensuring fiscal compliance with the annual budget adopted by the Board.

Randolph County government provides a wide range of services, including public safety, environmental protection, human services (Social Services and Public Health), planning and zoning, cultural, general administration and others. This report includes all the County's activities in maintaining these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are Randolph County Board of Education, Asheboro City Board of Education, Randolph Community College, Sandhill Center, Randolph County Senior Adults Association, and Randolph County Economic Development Corporation.

## **Factors Affecting Financial Condition**

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### Local economy

For the last decade, the County's economy has been transitioning from low skilled manufacturing to high-tech production. Impacts of that trend include companies that need fewer workers but offer higher wage skilled positions. These same companies continually reinvest in technology and cutting edge equipment, adding incremental and sustainable growth to the tax base. The majority of Randolph County industries are export oriented, focused on products and services delivered across the US and international markets.

Randolph County's economy is being impacted by changes in the national and global economies. The recession has hit the local manufacturing sector hard. For many years, the County unemployment rate continued to be one of the lowest in North Carolina, and normally below the state average. However, the current unemployment rate stands at 12.3%, with the statewide rate at 11.2%. Most of the increase has come from reductions in force by existing employers across all sectors and affecting both large and small businesses. Job growth is centered in health care, niche manufacturing, specialized services, and tourism. The economy is supported by strong commitment from Randolph Community College, which has broadened the skills of the local work force.

Continuous attention is placed on meeting the needs of existing industry. Randolph County has an excellent transportation system and a dedicated work force that contributes to the continued success of our existing companies. While many geographic areas have companies that are reducing capacity by closing plants and reducing their work force, Randolph County has recently benefited by having some of this capacity transferred to our area's existing industry. Many companies are using this economic downturn to diversify their current operations by developing new product lines and improving efficiency by implementing lean manufacturing and quality enhancement. Local companies are finding ways to compete in a global environment and choosing Randolph County for expansion.

The manufacturing sector is the primary tax base and job sector with 34% of the county's employment. Services have grown to 25% of the job base, driven primarily by an increase in health care. The fundamental strengths of our local economy remain healthy but the short-term outlook is clouded. The slowdowns in housing along with tight credit markets are affecting many of our core industries such as furniture. Furniture currently stands at 12.11% of the job base when combined with lumber and other wood products. Contract furniture is strong but residential furniture sales are in decline. Textiles continue to decline as a percentage of the overall job and tax base, now at 4.12% of the jobs in the County.

Strongest growth is occurring in food processing, chemical, plastics, and precision tooling production. Companies that include Kennametal, The Timken Company, Technimark, Starpet, Dart Container and Metals USA have invested \$172 million and added 210 jobs in the last four years. Acquisitions of local companies are bringing strengthened capital and markets including Michelin and Teleflex Medical, both adding employees and capital investment to local operations. Malt-O-Meal Company opened a new cereal production operation in May 2009, an investment of \$140 million that has created 133 new jobs. Malt-O-Meal anticipates additional expansion in the short term to meet rising demand for value cereal products. Malt-O-Meal has become the second largest taxpayer in the county.

The Randolph County Economic Development Corporation (RCEDC), formed in 1985 and funded significantly by the County, has been responsible for a large portion of the County's industrial growth and diversity since its inception. The Corporation's overall goal is to promote Randolph County as an attractive area for industrial and commercial growth. In the last five years, new industrial investment has totaled nearly \$308 million by both new and existing industries. This increased investment generated more than 1,900 new jobs in diverse sectors including food processing, precision equipment, transportation equipment, chemicals and plastics.

The Greensboro/High Point Metropolitan Statistical Area that includes Randolph County was ranked Number One in the most new and expanded private capital projects for 2006 & 2007. Despite the economic slowdown, the region continues to see strategic growth including the long awaited opening of a FedEx Air Hub in Greensboro in 2009.

Four years ago, the Randolph County Board of Commissioners joined with the Randolph County Economic Development Corporation to more aggressively work towards a diverse and stable economy and initiated an Economic Development Program. Several recent expansion projects were assisted through incentives from the Economic Development Program. The other emphasis in the Economic Development Program was the need for developed commercial and industrial sites, with infrastructure already available for prospective companies. In 2008, the West Randleman Business Park was expanded and improved and infrastructure extensions are underway for two other industrial sites.

Several major infrastructure capital projects are underway across Randolph County. The NC Department of Transportation has awarded two \$100 million contracts to construct Interstate 74 in northern Randolph County. When completed by 2012, the project will provide access to the Port of Wilmington and the Upper Midwest. NC Department of Transportation has built two new Visitor's Centers in southern Randolph County, the only centers on Interstates 73 and 74. The \$19 million project will enhance the tourism sector of Randolph County and the surrounding region. The Piedmont Triad Water Authority has begun construction of a new regional water treatment plant in northern Randolph County and new distribution lines are underway. These projects provide a boost in construction spending and lay the groundwork for future growth in the industrial, distribution and tourism sectors of the economy.

Tourism plays a vital role in the County's economy, including job creation, increased tax revenues, increased employment and family income. Tourists that visit and spend money locally generated an annual tax savings of \$57 per County resident in 2008. The County is proud to be the home of the North Carolina Zoo in Asheboro. Recognized as one of the nation's finest zoos, it is the largest "natural habitat" zoo in the United States. The Seagrove area, home to nearly 100 pottery shops and galleries, is the self-proclaimed pottery capital of the world where artisans create handcrafted pottery made in the same tradition that began here more than 200 years ago.

The famous Richard Petty Museum in Randleman showcases more than 14 race cars, awards, photos and an extensive collection of personal memorabilia honoring the King of NASCAR, a life-long resident of the County, his family and race team. The City of Archdale is located just four miles from High Point, home of the largest home furnishings industry trade show and shopping district in the world. Other area attractions include the NC Aviation Museum & Hall of Fame, American Classic Motorcycle Museum, John Deere Vintage Tractor Museum, NC Pottery Center, and Richland Creek ZipLine.

With the recent release of the 2008 Economic Impact of Travel on North Carolina, the overall County numbers on tourism indicate that tourism spending grew by 5.5%, the 11th highest visitor spending growth in the state. With the economic challenges ahead for 2009, Randolph County will work hard to hold our market share in hopes that the Piedmont Triad region continues to be fairly insulated from national economic trends as we continue working to increase tourism's positive economic impact in Randolph County.

### Long-term Financial Planning

For years, the County has been actively building and renovating public school facilities in order to accommodate student growth and maintain a safe environment for students. Currently, the Board of Commissioners has approved the construction of two new high schools and renovation of an elementary school to lighten the overcrowding. Debt of \$41,195,000 was issued in August 2006 and another \$36,345,000 was issued in September 2007. The elementary school renovation was completed for the 2007-08 school year. The first high school opened in August 2008; the second high school has now opened for the 2009-10 year.

Over the next few years, the County will be evaluating the need for water lines along the major growth areas of the County. Through all available partnerships, Randolph County is moving forward with a strategy to distribute water to various regions of the County not currently served by municipal or non-profit water systems. Over half of the county's population lives outside of municipalities, with approximately 40,000 private wells in use.

Currently, there are two municipal systems with a surplus capacity of treated water. Randolph County is working with the City of Asheboro to construct a three mile water line going east on Highway 64; financed with grant funds, this line will be constructed in early 2010. Also, as a member of the Piedmont Triad Regional Water Authority, Randolph County has a water source to meet future needs throughout the County. Water from the Authority's water treatment plant is expected to be available by mid-2010.

The County has also completed a strategic technology plan, managed by a consultant from the Institute of Government, a school of the University of North Carolina. The goals were a) to develop a means of anticipating and planning solutions for our technology need, b) to prioritize projects utilizing our resources and outside options, and c) to develop a means of measuring the effectiveness of all technology projects. This plan serves as the basis for updating our information technology systems, which we have been accomplishing for the past few years.

There are still many critical needs in both school districts, the community college, and the County government which will have to be addressed in later years. The County's debt capacity will be limited for a few years, and the County will carefully assess its financial situation before proceeding with any new commitments. The Board will discuss its capital improvement plan in the spring, set priorities for projects, develop realistic timetables, and evaluate financing methods.

### **Awards and acknowledgements**

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Randolph County for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 20th consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Randolph County also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year ended June 30, 2009. This was the fifth consecutive year that the County has received this prestigious award. In order to receive this award, the governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

We would like to recognize the cooperation of the County's departments in providing efficient financial operations throughout the year. This was an especially difficult year, but employees worked especially hard to manage budgets while preserving the essential services expected by our citizens. We are very proud of the dedication and professionalism of County employees and greatly appreciate their efforts.

Also, the preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Office. We have set high standards of service, which is reflected in this report. In addition, Bonnie Renfro of the Economic Development Corporation provided much of the economic data, which is greatly appreciated.

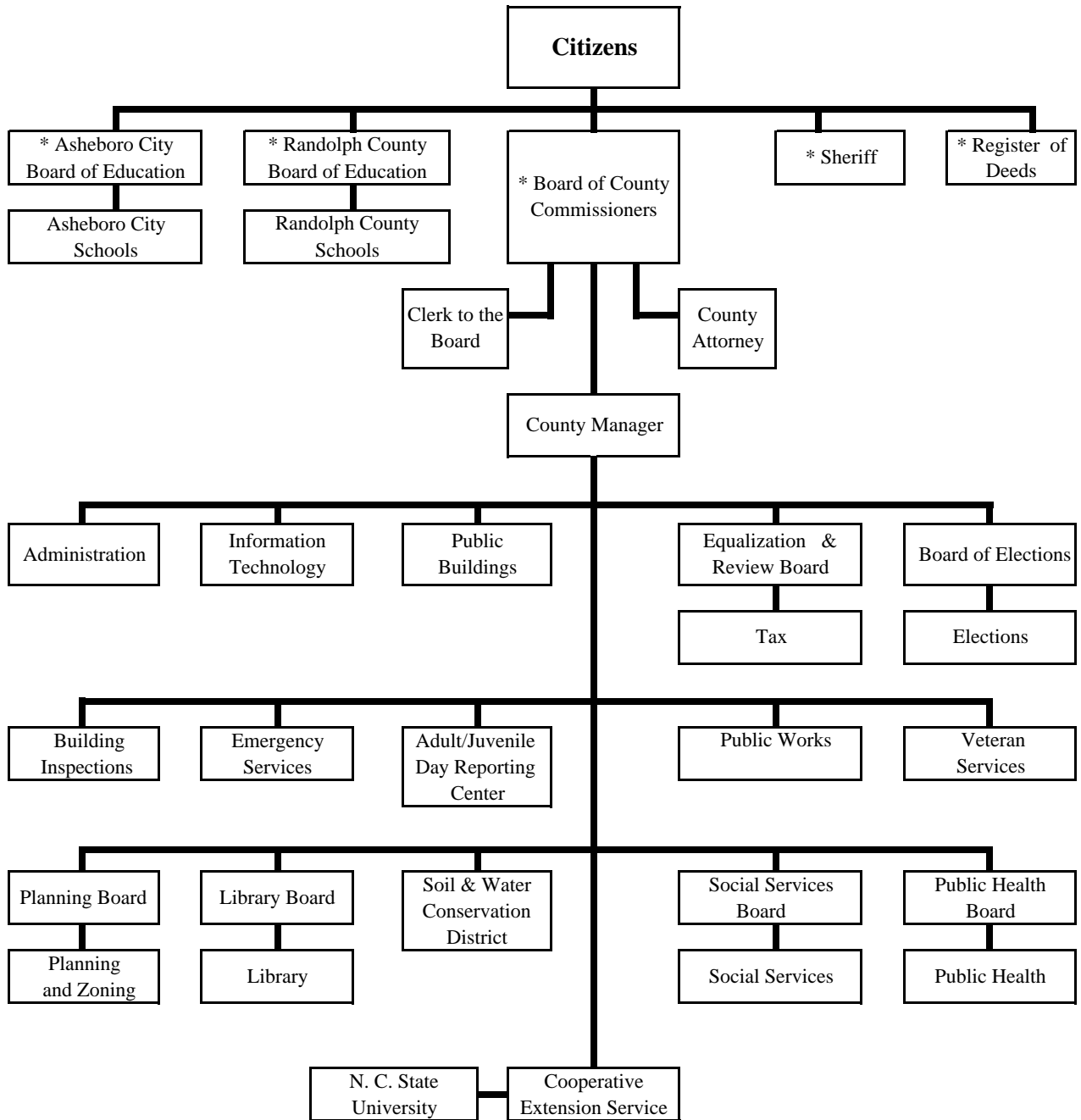
Finally, we would like to thank the members of the Board of Commissioners for their dedication to the citizens of Randolph County and for their continued interest and support throughout the past year. Their leadership makes possible the excellent financial position of the County through their support in planning and conducting the financial affairs of the County in a responsible manner.

Respectfully,

*Richard T. Wells*  
Richard T. Wells  
County Manager

*William L. Massie*  
William L. Massie, CPA  
Assistant County Manager / Finance Officer

**RANDOLPH COUNTY, NORTH CAROLINA**  
ORGANIZATIONAL CHART



\* Elected Officials

# Randolph County, North Carolina

## List of Principal Officials

June 30, 2009



### Elected Officials

County Commissioner .....J. Harold Holmes, *Chairman*  
County Commissioner .....Darrell L. Frye, *Vice Chairman*  
County Commissioner .....Stan Haywood  
County Commissioner .....Phil Kemp  
County Commissioner .....Arnold Lanier  
Sheriff .....Maynard Reid  
Register of Deeds .....Krista Lowe

### County Officials

County Manager.....Richard Wells  
Assistant County Manager / Finance Officer.....William Massie  
County Attorney.....Aimee Scotton  
Tax Administrator.....Debra Hill  
Director of Building Inspections.....Paxton Arthurs  
Director of Building Maintenance .....James Chriscoe  
Director of Cooperative Extension .....Carolyn Langley  
Director of Information Technology.....Michael Rowland  
Director of Elections .....Patsy Foscue  
Director of Emergency Services .....Donovan Davis  
Director of Planning /Zoning .....Hal Johnson  
Director of Public Health .....Mimi Cooper  
Director of Public Library.....Suzanne Tate  
Director of Public Works .....David Townsend, III  
Director of Social Services .....Beth Duncan

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Randolph County  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director