

CITY OF ALBEMARLE, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL YEAR
2017-2018**



ALBEMARLE
NORTH CAROLINA
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CITY OF ALBEMARLE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2018

FINANCE DEPARTMENT



ALBEMARLE

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Introductory Section



ALBEMARLE

NORTH CAROLINA

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December 18, 2018

Honorable Mayor, Members of the City Council, and Citizens of the City of Albemarle:

The Comprehensive Annual Financial Report (CAFR) of the City of Albemarle for the fiscal year ended June 30, 2018 is hereby submitted. The City is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures. Basic financial statements contained herein have been audited by the independent certified public accounting firm of Potter and Company, PLLC and their unmodified opinion is included in the financial section.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the data enclosed is accurate in all material respects and is reported in a manner designed to present fairly the financial position, and where applicable, the cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Potter and Company, PLLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Albemarle's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

Generally Accepted Accounting Principles (GAAP) requires 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 City of Albemarle's MD&A can be found immediately following the independent auditor's report.

The City is required to undergo an annual "Single Audit" in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and the auditor's reports on the internal control over financial reporting and compliance with applicable laws, regulations, contracts and grant agreements, is included in the compliance section of this report.

Profile of the Government

The City of Albemarle, incorporated in 1857, located in the piedmont region of North Carolina, positioned 42 miles east of the metropolitan area of Charlotte and 65 miles southwest of Greensboro, serves as the County seat of Stanly County. The City of Albemarle is empowered to levy a property tax on real property located within its boundaries. It currently occupies 17.05 square miles and serves a population of 16,109 according to the 2017 estimates issued from the State of North Carolina Office of State Budget and Management.

The City of Albemarle is governed by a council-manager form of government that consists of a seven member Council and a Mayor. Policy-making and legislative authority are vested in the governing council, four of whom are elected in districts and three are elected at large for four year staggered terms; the Mayor serves at large for a four year term. The Mayor and Council make appointments to various Boards and Commissions that help to guide the development of policy decisions. The Mayor and Council approve and appoint the City Manager who in turn appoints its department heads.

The City of Albemarle provides a full range of services, including police and fire protection; refuse collection; construction and maintenance of streets and other infrastructure; recreational and cultural activities; planning and development services; economic development; and general administration. In addition, the City of Albemarle owns and operates electric, water, wastewater, and landfill utilities. The City also has a Public Housing Department which provides housing and housing assistance programs for low income residents through the Department of Housing and Urban Development.

North Carolina General Statutes require formal budgetary accounting for all funds. The City Council is required to hold public hearings on the proposed budget and to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Albemarle's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. The City Manager is authorized to reallocate departmental appropriations as he considers necessary within the same fund and function; however, transfers between a fund and function need special approval from the governing board. Budgets are legally enacted by adoption by the governing board of an Annual Budget Ordinance which can be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. Budget to actual comparisons are included in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds.

Local economy

The City of Albemarle is positioned less than an hour's drive from the major cities of Charlotte and Greensboro, and Pinehurst. Major industries located within the government's boundaries or in close proximity include hospitals, retail stores, financial institutions, insurance companies, and manufacturers of automotive components, sprockets and gears, industrial fabrics, communications, energy, and solar cables. The Stanly County School District and the Carolinas Health Care System Stanly have a significant economic presence, employing in total more than 2,000 people.

Stanly County currently has a 3.7 percent unemployment rate compared to a statewide rate of 4.2 percent and a national average of 4.0 percent. Because of its location in a region with a varied economic base, unemployment had been relatively stable over the last year averaging between 4-5%. During the past ten years, the unemployment rate rose from an initial low of 4.86% (2007) to a decade high of 13.17% (2010); currently, we are back to a pre-recession unemployment rate of 3.7% (2018). Consistent with state and nationwide trends, Stanly County and the City of Albemarle continues to experience decreases in unemployment rates.

Overall new construction and renovation investment in the City of Albemarle for FY 17-18 was \$5,300,644. Construction of residential developments, stores, medical and institutional, experienced a decrease in FY 17-18 in comparison to previous year primarily due to less large scale renovations for hospital and other large complexes. Over the past six years, the government has experienced variations of economic growth and investment while in a period of post-recession recovery. Since 2012, more than \$60 million in new commercial, institutional, and residential development has been completed or is in various phases of development throughout the downtown and surrounding areas. Commercial construction and renovations made up the majority (83.56%) of development activity in Albemarle in FY 17-18 with over \$4.4M in commercial activity. Future projects such as Pfeiffer University's new campus will surely result in much higher commercial growth in FY 18-19. New residential construction continued in its trend of very little overall development activity with only 8 homes built. Several houses have since been constructed and with new subdivision and apartment projects on the horizon it is expected that FY18-19 will see much stronger overall residential growth. FY18-19 is gearing up to be a much more active year in all development sectors.

Median household incomes within the City of Albemarle are lower than for the state as a whole. According to the United Census Bureau American FactFinder data, the City's median family income was \$34,683, the County's was \$44,140, while the state's was \$48,256. The government's population recently increased from 15,902 (2010) to 16,109 as of July 1, 2017. Since new residential development has taken place within the downtown area we are expecting to see an increase next year.

MAJOR INITIATIVES

Fiscal Year 2017-2018 included the planning and implementation phases of several initiative as well as the continuation or completion of projects that began during the previous fiscal year.

Albemarle Corporate Center

The City has purchased 283 acres of land to be used as an industrial park and corporate center in the prior fiscal year. This land will be developed by the City and then sold to corporations that will construct facilities increasing tax base, creating jobs, and purchasing utilities. Currently the City has engaged an Engineer for plans to for development.

US 52 Water Treatment Facility Rehabilitation

The US 52 Water Treatment Plant project provides for substantial rehabilitation and improvements to the water treatment systems as well as the building and sub-systems within. The facility was placed into service in 1947 with an addition to the facility being placed into service in 1960. Since that time there had been no substantial modernization or maintenance activities. This project replaces and/or improves many of the treatment and building systems including structural systems that were at their end of life. As a result, exclusive of new regulatory requirements, no significant rehabilitation or maintenance activities are

anticipated for the facility after completion of the project for quite some time. The project cost is expected to be approximately \$11.5 million. A North Carolina Department of Environmental Quality State Revolving Fund loan was secured for the project. The project is now complete and debt service payments have begun and will continue to thru calendar year 2038.

Pfeiffer University Project

The City of Albemarle purchased property from Stanly County, demolished a building, and transferred the land to Pfeiffer University for the purpose of Economic Development. Pfeiffer University will bring two graduate health science programs to Albemarle's downtown area and will be investing approximately \$10 million creating at least 17 high paying jobs and bringing an influx of additional population into the downtown. The City also purchased land in the near vicinity to be used for additional parking.

Self-insured Health Insurance

With rising healthcare costs, the City believes it can avert huge healthcare increases by insurance companies.

Economic Development

The City continues to see the benefits of our in-house economic development activities. Without recent changes we have made to facilitate and enhance economic development opportunities, the agreement with Pfeiffer University to build a medical education facility may never have happened. The Albemarle Hotel sat in a deteriorated state for many years but has recently been sold and the necessary players to facilitate redevelopment are coming together. We continue to work with Retail Strategies to prevent retail leakage to other communities; this helps our sales tax revenue continue to rise.

New Police Headquarters

The City has hired an architect and construction manager at risk for the Police Building. We anticipate final plans and LGC loan approval by January 2019.

Parks and Recreation

The City of Albemarle completed significant renovations to the EE Waddell Center, invested \$150,000 into the Central Apartments Auditorium to bring it back to suitable use for community use, and completed a PARTIF Grant for Morehead Park which now includes a dog park.

New Solid Waste Administration and Employee Building

This project is for the design and construction of a new administration and employee facility. This building will provide office and training space, a kitchen facility an employee break room area and much needed adequate bath, shower and locker room accommodations for staff. This engineered building will be approximately 5,100 square feet. This is the first major building construction for the Solid Waste Facility since the City began operation of the landfill in 1972. The project has an estimated budget of \$1.6 million. Construction began in the spring of 2017 and should be complete by spring of 2019.

Leachate Force Main Project

The leachate force main project is for the design and construction of a leachate pump station and force main from our Sanitary Landfill on Stony Gap Rd to a tie-in point of the City's sanitary sewer system. This new delivery system will replace the pump and haul leachate disposal method with a direct force main connection and rehabilitate the existing pump station with a new, more efficient pump station. The project is expected to cost \geq \$2.5 million dollars. An application to the North Carolina Department of

Environmental Quality Clean Water State Revolving Fund Program was approved and financing is for 20 years at 2.21% interest. Construction began in May 2017 and is expected to be complete by December 2018.

Long-term Financial Planning and Major Initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 28.4 percent of total general fund revenues. The City continues to be above the 8 percent minimum fund balance recommended for local governments in North Carolina. A financial advisor has been procured to work with the City on structuring debt and plans to update investment and financial policies. The Council recently reviewed the City of Albemarle's long term capital needs and is prioritizing major projects to help prepare for long-term planning for the City's major upcoming projects. The City has renewed and updated policies for cash management & investments.

Staff maintains a five year Capital Improvement Plan for Water, Electric, Wastewater, Solid Waste Landfill, Public Housing, and the General Fund that are all updated annually. This plan serves as the City's planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. Under the guidance of a Capital Projects Policy, this process gives the City of Albemarle the ability to plan for its capital needs and plan to allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly within the annual budget. Within the Capital Improvement Plan 2017-2021, there were \$66,883,414 in capital needs anticipated for various infrastructure and facility improvements.

The City has also completed a new branding strategy and downtown streetscape master plan in FY 2015-16 which will be implemented over the next several years. This plan is expected to have an economic benefit within the City's downtown area that will spawn private investment and create greater tax growth and diversification.

To further address long range planning by the City, the following narratives of upcoming projects are provided below.

PARKS AND RECREATION

Chuck Morehead Park Renovations

Our Parks and Recreation department received a North Carolina Parks and Recreation Trust Fund (PARTF) grant in 2015 for the purpose of numerous updates and renovations at Morehead Park. The first renovation is complete, and consisted of repaving the park's outdoor basketball court and a full rebuild of the existing tennis courts. Still to be done are construction of a dog park, paving of a ¼ mile walking track around the dog park, renovation of the pool filter system, installation of shade structures on the pool deck and construction of a second picnic shelter and outdoor cornhole courts. Total cost of the project is \$260,000, of which 50% is reimbursed through the PARTF program and is anticipated to be completed in winter 2018.

Wiscassett Mills Athletic Complex

This is a repurpose project of a former industrial site and construction of a multi-field park primarily designed for softball and baseball, but also usable for soccer and lacrosse. Additionally, the park will have a skate park, batting cages, picnic areas, walking/jogging trails, restrooms, and concession areas and will be a major economic driver for the City and surrounding areas. The city purchased the property in 2007 and has committed approximately \$3 million toward the project with a total of \$1 million already in reserves. The remainder will be raised through grants, donations, sponsorships, and naming rights. The demolition of buildings took place in the current year but construction is slated for some time in the future.

Greenway Development

Since the late 1990's, the City has been planning and developing greenways and trails, completing three phases of the Snyder Greenway extending from West Main Street to Mason Street. However, development of the key segment of the trail, an abandoned rail line from downtown to Rock Creek Park, has been stalled by the inaction of Norfolk-Southern Railroad, which owns the corridor. In spring 2016, the Albemarle Greenway Commission (now merged with the Albemarle Parks and Recreation Advisory Board) agreed that the City should begin developing alternative greenway routes, possibly using utility easements and other natural corridors.

PUBLIC UTILITIES

Sanitary Sewer Rehabilitation (I&I) Phase II and Long Creek WWTP Electrical Rehabilitation and Screw Pump Replacements

This project provides for the replacement of approximately 7,000 linear feet of large diameter trunk line in sanitary sewer collection system, Phase I (of V) of the Long Creek Waste Water Treatment Plant's electrical distribution system rehabilitation, and the replacement of three screw pumps (A1, D1, and C1) at Long Creek. The project cost is currently estimated at approximately \$4.4 million subject to refinement as the project design matures. The City applied for a loan through the North Carolina Department of Environmental Quality State Revolving Fund loan program and received notification of intent to fund the project at the full \$4.4million, with debt forgiveness of principal in the amount of \$0.5M and the remaining being financed at 0% interest for 20 years. While the project is in the early stages of planning and design, the preliminary project schedule calls for construction to be complete mid-calendar year 2018 with debt service beginning in early calendar year 2019.

PUBLIC WORKS

Pavement Management Plan

Utilizing a pavement consultant with access to analysis software, a pavement management plan was prepared using the data from the pavement condition study and our annual level of funding. In this plan, several new pavement treatment options are included that had never been used before in the City's roadway infrastructure maintenance. The City is in the third year of its pavement management program and it provides to the City a consistent, cost effective and defensible plan for the preservation of our streets infrastructure. Plans are to evaluate the effectiveness of our process every five years.

Relevant Financial Policies

General governmental funds are presented on a modified accrual basis. Revenues are recorded when measurable and available, and expenditures are recorded when they are incurred. Adjustments are made to governmental funds to convert them to full accrual basis that is used in presenting the government-wide statements. Enterprise funds, while kept on a budgetary basis, are shown as full accrual. The City's internal controls are designed to provide reasonable assurance regarding the safekeeping of assets against loss and the reliability of financial records.

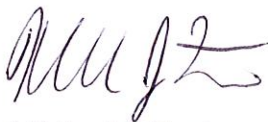
Awards and Acknowledgements

The City of Albemarle Public Utilities Electric Division was awarded the platinum level Reliable Public Power Provider (RP3) award in January 2018. Albemarle is now part of the 254 utilities that are currently recognized by the RP3 program as having demonstrated high proficiency in the four key areas of reliability, safety, workforce development and system improvement. Albemarle Electric Division has had the privilege of being awarded one gold, 3 platinum and one diamond with diamond being the highest one of all. Every three years, Albemarle goes through a rigorous process for both operational and business excellence.

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 Albemarle for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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 GFOA to determine its eligibility for another certificate.

Respectfully submitted,



Michael J. Ferris
City Manager



Colleen M. Conroy
Finance Director



Government Finance Officers Association

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

Presented to

**City of Albemarle
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF ALBEMARLE, NORTH CAROLINA

CITY GOVERNING BODY AND OFFICIALS

JUNE 30, 2018

MAYOR

G. R. MICHAEL

CITY COUNCIL

MARTHA SUE HALL - MAYOR PRO-TEM

DR. CHRIS BRAMLETT

BENTON H, DRY, II

CHRIS WHITLEY

BILL ALDRIDGE

DEXTER G. TOWNSEND

MARTHA E. HUGHES

OTHER OFFICIALS

MICHAEL J. FERRIS

CITY MANAGER

NYKI HARDY

ASSISTANT CITY MANAGER

COLLEEN CONROY

FINANCE OFFICER

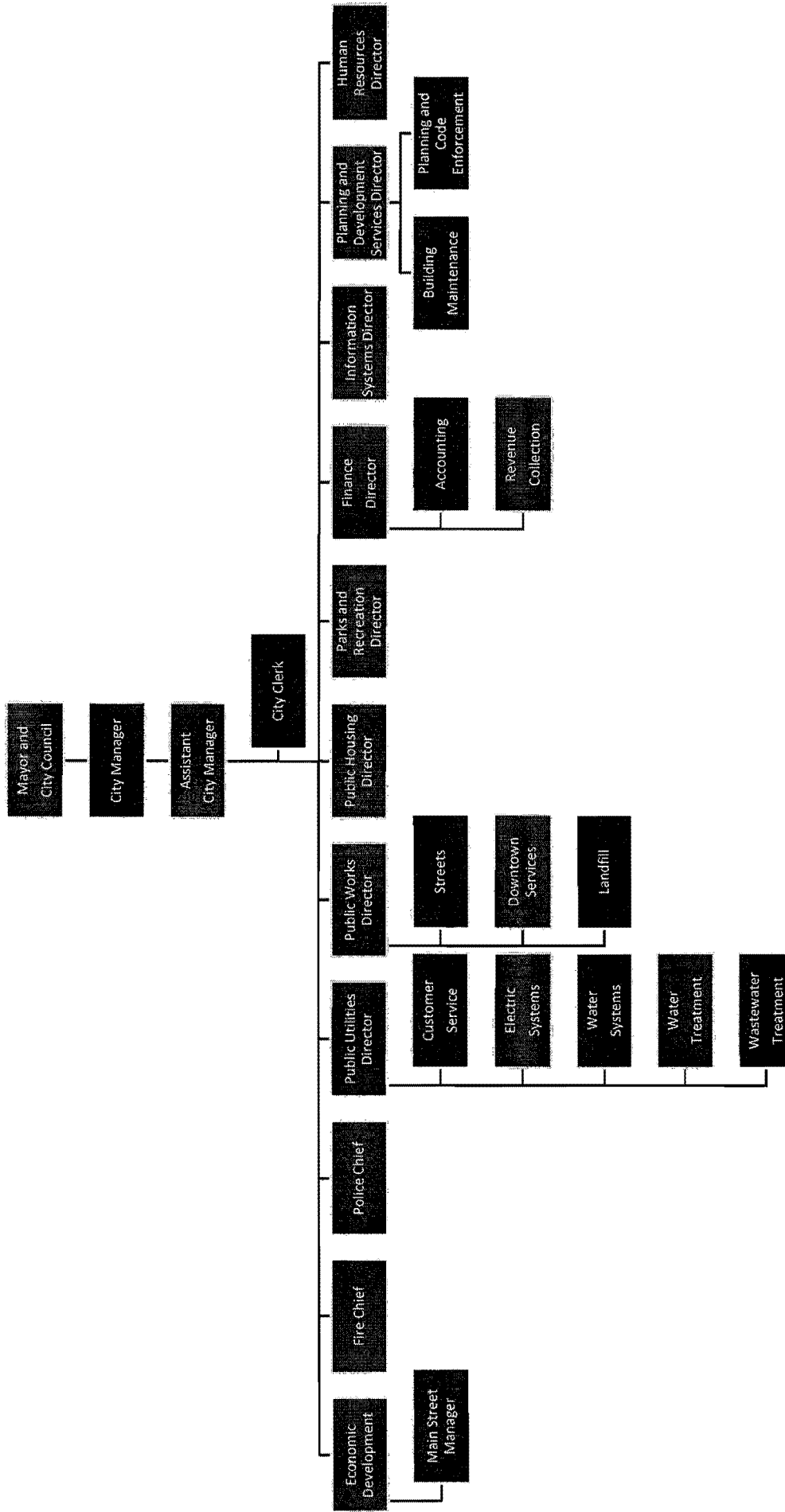
DAVID A. BEAVER

CITY ATTORNEY

PAULETTE BOWERS

CITY CLERK

CITY ORGANIZATIONAL CHART



Financial Section



ALBEMARLE
NORTH CAROLINA
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POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the City Council
City of Albemarle, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements 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 Albemarle, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Albemarle'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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Albemarle ABC Board which represent 100 percent of the assets, net position and revenue of the discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Albemarle ABC Board, is based solely on the report of other auditors. We conducted our 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 of the United States. Those standards require that we 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 Albemarle 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, we 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, 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 Albemarle, North Carolina as of June 30, 2018, 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 the Management's Discussion and Analysis, on pages 18 through 28, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 85 and 86, respectively, the Law Enforcement Officers' Special Separation Allowance schedules of Total Pension Liability and Changes in Total Pension Liability as a Percentage of Covered Payroll on pages 87 and 88, respectively, and the Schedules of Changes in the Total OPEB Liability and Related Ratios, on page 89, 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. We and the other auditors 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albemarle's basic financial statements. The introductory information, combining and individual fund schedules, budgetary schedules, other schedules, and the statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards 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 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund schedules, budgetary schedules, other schedules and the Schedule of Expenditures of

Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2018 on our consideration of City of Albemarle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City of Albemarle's internal control over financial reporting and compliance.

Monroe, North Carolina
December 18, 2018

A handwritten signature in black ink that reads "Potts & Company". The signature is written in a cursive, flowing style.

Management's Discussion and Analysis

As management of the City of Albemarle, we offer readers of the City of Albemarle's financial statements this narrative overview and analysis of the financial activities of the City of Albemarle for the fiscal year ended June 30, 2018. 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

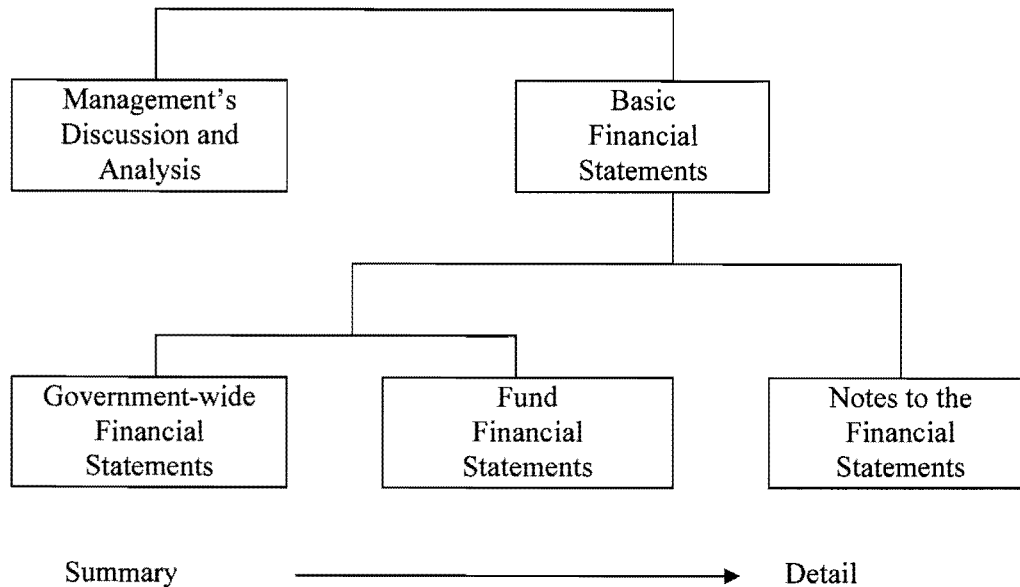
- The assets and deferred outflows of resources of the City of Albemarle exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$66,749,997.
- The government's total net position increased by \$3,513,489, primarily due to increased revenue in the Electric, Water/Sewer and Landfill funds as well as decreased expenditures in Landfill and Electric funds.
- As of the close of the current fiscal year, the City of Albemarle's governmental funds reported combined ending fund balances of \$7,149,254, a decrease of \$587,995 in comparison with the prior year. Approximately 36.0 percent of this total amount, or \$2,575,555, is restricted or non-spendable. At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,323,699, or 28.4 percent of total general fund expenditures for the fiscal year.
- The City of Albemarle's total debt increased by \$1,047,391 during the current fiscal year. The key factor of new debt is drawdown of loan funds for the Landfill Leachate Project.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Albemarle'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 Albemarle.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services, electric services, landfill services, and public housing offered by the City of Albemarle. The final category is the component unit. Although legally separate from the City, the ABC Board is important to the City. The City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) 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 Albemarle, 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 Albemarle 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. Most of the City's basic services are accounted for in governmental funds. These funds 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. 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. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Albemarle 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.

Proprietary Funds – The City of Albemarle has two types of proprietary funds, Enterprise and Internal Service. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Albemarle uses enterprise funds to account for its water and sewer activity, and for its electric, landfill and public housing operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City. The City uses an internal service fund to account for one activity – its self insurance health insurance plan. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

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 are on pages 43 through 82 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 Albemarle’s progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 85 through 89 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.

Government-Wide Financial Analysis

The City of Albemarle’s Net Position

Figure 2

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 9,322,086	\$ 9,059,428	\$ 22,753,356	\$ 19,470,836	\$32,075,442	\$28,530,264
Capital assets	<u>19,260,547</u>	<u>19,613,443</u>	<u>72,597,229</u>	<u>71,415,782</u>	<u>91,857,776</u>	<u>91,029,225</u>
Total assets	<u>28,582,633</u>	<u>28,672,871</u>	<u>95,350,585</u>	<u>90,886,618</u>	<u>123,933,218</u>	<u>119,559,489</u>
Total deferred outflows of resources	<u>1,772,712</u>	<u>2,257,848</u>	<u>1,096,546</u>	<u>1,426,115</u>	<u>2,869,258</u>	<u>3,683,963</u>
Long-term liabilities	13,729,629	10,850,743	36,437,278	35,658,704	50,166,907	46,509,447
Other liabilities	<u>1,718,779</u>	<u>751,350</u>	<u>7,306,998</u>	<u>5,234,318</u>	<u>9,025,777</u>	<u>5,985,968</u>
Total liabilities	<u>15,448,408</u>	<u>11,602,093</u>	<u>43,744,276</u>	<u>40,893,022</u>	<u>59,192,684</u>	<u>52,495,115</u>
Total deferred inflows of resources	<u>565,466</u>	<u>142,592</u>	<u>294,329</u>	<u>72,960</u>	<u>859,795</u>	<u>215,552</u>
Net position						
Net investment in capital assets	16,249,532	15,988,670	44,690,542	45,170,225	60,940,074	61,158,895
Restricted	2,490,055	2,567,750	-	-	2,490,055	2,567,750
Unrestricted	<u>(4,398,116)</u>	<u>629,614</u>	<u>7,717,984</u>	<u>6,176,526</u>	<u>3,319,868</u>	<u>6,806,140</u>
Total net position	<u>\$14,341,471</u>	<u>\$19,186,034</u>	<u>\$52,408,526</u>	<u>\$51,346,751</u>	<u>\$66,749,997</u>	<u>\$70,532,785</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the City of Albemarle exceeded liabilities and deferred inflows of resources by \$66,749,997 as of June 30, 2018. The City’s net position increased by \$3,513,489 for the fiscal year ended June 30, 2018. The largest portion of net position (91.3%) reflects the City’s net investment in capital assets (e.g. land, buildings, and equipment). The City of Albemarle uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Albemarle’s net investment in 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 Albemarle’s net position, \$2,490,055, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,319,868 is unrestricted.

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

- Increased sales tax revenue of approximately \$208,500 due to economic growth in the City
- Continued low cost of debt due to the City's good credit
- Continued diligence in collection of property taxes by maintaining a tax collection percentage of 97.36%

The following table provides a summary of the City's changes in net position:

The City of Albemarle's Changes Net Position

Figure 3

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,613,806	\$ 1,409,308	\$ 48,313,807	\$ 47,046,670	\$49,927,613	\$48,455,978
Operating grants and contributions	713,243	652,466	2,215,583	2,072,475	2,928,826	2,724,941
Capital grants and contributions	23,941	1,180,418	206,329	385,270	230,270	1,565,688
General revenues:						
Property taxes	6,218,480	6,075,216	-	-	6,218,480	6,075,216
Other taxes	5,678,176	5,397,619	169,766	142,620	5,847,942	5,540,239
Interest earned	46,992	17,090	69,370	17,254	116,362	34,344
Other	166,303	208,081	130,662	203,203	297,312	411,284
Total revenues	<u>14,460,941</u>	<u>14,940,198</u>	<u>51,105,517</u>	<u>49,867,492</u>	<u>65,566,805</u>	<u>64,807,690</u>
Expenses:						
General government	1,807,621	2,480,395	-	-	1,807,621	2,480,395
Public safety	7,740,486	7,877,876	-	-	7,740,486	7,877,876
Public works	3,362,049	3,167,899	-	-	3,362,049	3,167,899
Cultural and recreational	1,575,332	1,531,121	-	-	1,575,332	1,531,121
Interest on long-term debt	103,013	64,556	-	-	103,013	64,556
Water and sewer	-	-	9,748,310	9,278,188	9,748,310	9,278,188
Electric	-	-	31,976,701	32,943,240	31,976,701	32,943,240
Landfill	-	-	2,394,236	2,439,400	2,394,236	2,439,400
Public housing	-	-	3,345,221	3,030,163	3,345,221	3,030,163
Total expenses	<u>14,588,501</u>	<u>15,121,847</u>	<u>47,464,468</u>	<u>47,690,991</u>	<u>62,052,969</u>	<u>62,812,838</u>
Increase (decrease) in net position before transfers and special item	(127,560)	(181,649)	3,641,049	2,176,501	3,513,489	1,994,852
Transfers	793,152	907,319	(793,152)	(907,319)	-	-
Special item – loss on disposal of property	-	(227,361)	-	-	-	(227,361)
Change in net position	665,592	498,309	2,847,897	1,269,182	3,513,489	1,767,491
Net position, beginning, as restated	<u>13,675,879</u>	<u>18,687,725</u>	<u>49,560,629</u>	<u>50,077,569</u>	<u>63,236,508</u>	<u>68,765,294</u>
Net position, end of year	<u>\$ 14,341,471</u>	<u>\$19,186,034</u>	<u>\$ 52,408,526</u>	<u>\$ 51,346,751</u>	<u>\$66,749,997</u>	<u>\$70,532,785</u>

Governmental activities: Governmental activities increased the City's net position by \$665,592. Key elements of this increase are as follows:

- Leasehold improvements at the Central School Auditorium
- Agreement with Keller Partners to assist with lobbying in Washington to help secure funding via grants
- Erosion control measures on land the City anticipates selling

- Complete projects that were not completed the prior fiscal year for substandard Housing demolitions and completion of windows at EE Waddell Center
- Use of Powell Bill Funds for continued road maintenance
- Allocation of the increase in net position of the internal service fund to governmental funds

Business-type activities: Business-type activities increased the City of Albemarle's net position by \$3,071,471. Key elements of this increase are as follows:

- Reduction in wholesale power purchased from Electricities
- Continuation of savings reserve accounts in Water/Sewer & Electric Funds to save repayments from interfund loans
- Grant proceeds for Landfill Fund for the purchase of containers
- The City continues to upgrade infrastructure at the Water and Wastewater facilities leading to lower maintenance costs
- The City continues to upgrade Electric lines which give greater stability in the system

Financial Analysis of the City's Funds

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

Governmental Funds: The focus of the City of Albemarle's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Albemarle's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Albemarle. At the end of the current fiscal year, City of Albemarle's unassigned fund balance in the General Fund was \$4,323,699, while total fund balance amounted to \$6,572,796. Unassigned general fund balance represents 28.4 percent of total General Fund expenditures, while total fund balance represents 43.1 percent of that same amount.

At June 30, 2018, the governmental funds of City of Albemarle reported a combined fund balance of \$7,149,254, a 7.6 percent decrease as compared to the prior year. Included in this change in fund balance is the decrease in fund balance in the General Fund. The underlying reason for the decrease in fund balance of the General Fund relates to the City beginning a self-funded health insurance program. In the prior year, the City established a health insurance reserve that was included in the General Fund. During the year ended June 30, 2018 an internal service fund was established to account for the activities of the self-fund health insurance plan and the health insurance reserve was transferred from the general fund to the internal service fund.

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 following represent items for which budget amendments were made during the year:

- Amended budget to appropriate funds for retirement shortage of part time employee who worked over the number of hours to keep him exempt
- To appropriate fund balance for unspent funds during the prior fiscal year for Windows at the EE Waddell Center, unspent funds for housing demolitions from prior year.
- Appropriate fund balance in General Fund for upgrades to auditorium

- Appropriate funds from insurance settlement to purchase vehicle for police and repair parks and recreation vehicle
- Appropriate contribution from Wal-Mart for Christmas “shop with a cop”
- Appropriate fund balance payments to lobbying and grant writing firm
- To transfer funds from parks and recreation to a project fund for erosion control measures at Roosevelt Ingram Park

Proprietary Funds: The City of Albemarle’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,878,844, for the Electric Fund, \$4,419,664; Public Housing \$404,038; and for the Landfill Fund \$(273,965). The total change in net position for each fund was \$648,115, \$1,679,109, \$(427,973), and \$659,243, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Albemarle’s business-type activities.

- Appropriate Grant Funds at the Landfill
- Transfer funds from Landfill to Landfill Project Fund for Gravity Line Project.
- Appropriate additional Choice Voucher Funds and appropriate Fund Balance for HUD Section 8 program

Capital Assets and Debt Administration

Capital assets: The City of Albemarle’s investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$91,857,776 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of 4 Police Vehicles
- Replacement of HVAC for Information Systems area
- Purchase of 20Mz Servers for City’s Information System
- Renovations to the warehouse
- Roof replacement at City garage
- Diagnostic Scan tool for City garage
- Cameras & Access Control System at Fire Department
- Replace HVAC System at Fire Department
- Diesel Exhaust Extraction System at Fire Department
- Replaced Gymnasium Floor at EE Waddell Center for Parks/Recreation
- Purchased Audio visual system & lighting & drapery system for new auditorium
- Purchase of Pumps at highway 73 lift station
- Replacement 2 zero turn mowers for Parks/Recreation
- Silverado truck for W/S department
- Purchase of Tandem Dump Truck for W/S division
- Purchase of Bucket Truck for Electric Department
- Concrete Control House for Electric Department
- Landfill utility tractor
- Landfill Roll Off Containers
- Steel Deck Truck Scale at Landfill

**City of Albemarle's Capital Assets
Net of Accumulated Depreciation
Figure 4**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,281,615	\$ 4,258,937	\$ 1,047,061	\$ 1,047,061	\$ 5,328,676	\$ 5,305,998
Infrastructure	3,840,138	4,037,499	21,170,572	21,820,398	25,010,710	25,857,897
Other improvements	644,175	672,603	532,082	572,551	1,176,257	1,245,154
Buildings	7,341,628	7,510,335	38,160,830	28,605,378	45,502,458	36,115,713
Furniture and fixtures	28,797	49,330	47,810	79,857	76,607	129,187
Equipment	2,319,991	2,372,075	7,951,811	8,379,775	10,271,802	10,751,850
Construction in progress	804,203	712,664	3,687,063	10,910,762	4,491,266	11,623,426
Total	<u>\$ 19,260,547</u>	<u>\$ 19,613,443</u>	<u>\$ 72,597,229</u>	<u>\$ 71,415,782</u>	<u>\$ 91,857,776</u>	<u>\$ 91,029,225</u>

Additional information on the City's capital assets can be found in note 2.A. of the Basic Financial Statements.

Long-term Debt: As of June 30, 2018, the City of Albemarle had no outstanding bonded debt.

**City of Albemarle's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Installment debt	<u>\$3,011,015</u>	<u>\$3,624,773</u>	<u>\$27,906,687</u>	<u>\$26,245,557</u>	<u>\$30,917,702</u>	<u>\$29,870,330</u>

City of Albemarle's Outstanding Debt

The City of Albemarle's total debt increased \$1,047,372 during the past fiscal year, primarily due to plant upgrades for water and sewer, and the leachate force main project. The City also has inter-fund loans for the addition and renovation to the Public Safety Facility issued by the water/sewer and electric funds amounting to \$52,562, and \$510,187 for renovation of a building for parks and recreation issued by the electric fund.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Albemarle is \$52,982,867.

Additional information regarding the City of Albemarle's long-term debt can be found in note 2.B.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the current and underlying economic conditions surrounding the City of Albemarle.

- The unemployment rate in Stanly County was 3.7 percent which is below the statewide rate of 4.2% and a national average of 4.4% for June 2018.
- Overall new construction and renovation investment in the City of Albemarle for FY 17-18 was \$5,300,644. Construction of residential developments, stores, medical and institutional, experienced a decrease in FY 17-18 in comparison to previous year primarily due to less large scale renovations for

hospital and other large complexes. Over the past six years, the government has experienced variations of economic growth and investment while in a period of post-recession recovery. Since 2012, more than \$60 million in new commercial, institutional, and residential development has been completed or is in various phases of development throughout the downtown and surrounding areas. Commercial construction and renovations made up the majority (83.56%) of development activity in Albemarle in FY 17-18 with over \$4.4M in commercial activity. Future projects such as Pfeiffer University's new campus will surely result in much higher commercial growth in FY 18-19. New residential construction continued in its trend of very little overall development activity with only 8 homes built. Several houses have since been constructed and with new subdivision and apartment projects on the horizon it is expected that FY18-19 will see much stronger overall residential growth. FY18-19 is gearing up to be a much more active year in all development sectors

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities: The budget allows the City to continue to carry out its obligations in the General fund with a proposed property tax increase from 59 cents per \$100 of assessed valuation to 64 cents per \$100 of assessed valuation and minor increases in other fees. Overall, the General Fund budget totals \$16,183,448 representing a 4.56% decrease from the 17/18 Fiscal Year Adjusted budget. Major initiatives in the General Fund include full funding of the principal and interest payments of \$507,000 for the Albemarle Business Center and Police Headquarters. The budget also provides for removal of dilapidated residential structures, continues implementation of the branding and streetscape initiatives, as well as continue the services of Retail Strategies for the recruitment and retention of retail businesses to prevent leakage to other communities. The budget includes an increase in funding for street maintenance and repair, the acquisition of three police vehicles, the installation of LED lighting at City Hall and the warehouse, mapping software for the planning department, upgrades and improvements in parks and recreations facilities, and the continued bolstering of the City's technology infrastructure (cost shared by all funds). Additionally, the budget includes a one-time grant match of \$250,000 from fund balance to begin the construction of a road in the Albemarle Business Center. Other changes of note are funding for more aggressive measures related to minimum housing issues as well as addressing commercial maintenance code issues, should the City Council forward with the adoption of such a code.

The Powell Bill Fund is proposed at \$676,200 which is a 2.98% decrease from the prior year due to prior year having debt proceeds for the purchase of equipment. Overall, it does include a bulk of the funds for street repair and maintenance, totaling \$225,000 in Powell Bill Funds. It also includes the purchase of a new crew cab with a lift-gate in order to retire a 1998 vehicle. This will be the first daily use vehicle purchased to serve the Street Division in several years.

Business-Type Activities: The Water and Sewer Fund is proposed at \$10,239,955 which is 3.29% lower than the prior fiscal year adjusted budget. No increase is proposed for the water and sewer rates. According to the UNC Environmental Finance Center rate dashboard, the City continues to have rates in the lowest 10th percentile of all state-wide systems as well as in comparison to systems of comparable size. We are currently in the process of a water and sewer rate and cost of service study to provide information for determining how rates should be set moving forward to provide stability in revenues, equitable distribution of costs, and a path forward to support the current debt and our many future needs identified in our Capital Improvements Plan. The City has significant additional principal and interest payments coming online in 18/19 with the US Hwy 52 Plant project, and in future years, with the Phase 2 Inflow & Infiltration project. The City will continue to fund the existing debt service on the first phase of the sewer rehabilitation initiative to reduce inflow and infiltration, the improvements to the Old Whitney Raw Water pump station, the CKA project, the Headworks Project, and the Highway 52 equalization basin.

Proposed Water Treatment Plant projects are more routine in nature than in previous years considering the year to year capital improvements that have been made at the Tuckertown Plant and the major rehabilitation project at

the US Highway 52 water treatment plant. The budget for the Water Plant Division provides for the purchase of a vehicle, lab testing equipment and lab storage and shelving, and an actuator at the 52 Plant to control the flow into the EQ basin and replace the current manual procedure.

Proposed Waste Water Treatment Plant projects include the replacement of aerators, the replacement of filter media, and the purchase of a significant amount of laboratory testing equipment. We also continue with the principal and interest payments for the Headworks and Phase 1 Plant Project.

The Water & Sewer Systems Division section of the Budget includes a renovations and improvements to the offices at the warehouse, pre-design of water line relocations associated with the NC 24/27 widening project, continuation of our I&I work with sealing and venting of manholes, continuation of the project to move to AMR meters, water meter testing equipment to replace aging and failing equipment, and an arrow board for traffic control and work zone safety. We also continue to budget for principal and interest payments for the CKA project, a sewer jet truck, and for Phase 1 Inflow and Infiltration project.

The Electric Fund has a proposed budget of \$32,570,110 and represents a 5.56% decrease from the current adjusted budget. The budget is prepared with a 4.0% rate reduction to reflect a wholesale rate decrease to the City. This decrease will mark the second rate decrease in the last four years and mark the fourth consecutive year with no increase for our customers. We are fortunate that the recent restructuring of the debt by North Carolina Municipal Power Agency One has provided more stability with wholesale rates. As a City, we can be very proud of what we have been able to do with the rates for our customers, all while continuing to be one of only two municipal systems in North Carolina with a Diamond Level rating for reliability from the American Public Power Association. Overall, major initiatives include: replacement of one meter technician vehicle (a second is budgeted in Water & Sewer), purchase of electric system materials and supplies to address both planned and unforeseen needs, the continued use of contract labor to assist with the maintenance of our system, funding of the pole inspection and replacement program that began in 15/16, and appropriations to conduct an electric rate and cost of service study. We have also budgeted for the design and replacement of the control house at the Lee-Lynn electric substation, which serves as one of our three electric delivery points for the City. The Electric Fund budget also continues to fund its proportionate share of our overall economic development activities.

The Solid Waste Disposal Fund is proposed at \$3,050,396 in fiscal year 18/19, representing an increase of 1.18% from fiscal year 17/18 adjusted budget. For the second consecutive year, there is no recommended increase in the tipping fees for municipal solid waste (MSW) or construction and demolition (C&D) disposal, remaining at \$40 per ton. The budget also proposes no change in the \$1.00 per ton fee specifically designated to fund closure and post-closure costs. The Solid Waste Disposal Budget includes principal and interest payments for the force main sewer leachate line. It also includes a payment to continue to rebuild our reserves, as we used Landfill cash to pay for the construction of the employee facility and have committed to replenishing reserves. Additionally, the budget includes plans for the replacement and upsizing of the lines from the Landfill cell to the leachate pond. The leachate currently has to be pumped from the cell to the pond and the budget includes larger capacity gravity lines, thereby eliminating the need for pumps and saving on electricity costs and reducing the opportunity for problems. We also continue to budget for closure and post-closure costs. Finally, an articulating dump truck is included that is used daily to haul material serving as cover for cell.

In all funds, the budget does include a 1.8% cost of living adjustment for all employees to be effective in July. Additionally, it provides a .7% increase to focus on a variety of compensation issues including merit increases for top performers for the first time in over a decade, compression, leap-frogging, market competitiveness and other concerns. Overall, funding is at the same percentage level as it has been in recent years. By providing a COLA we keep up to date with salary study results of 4 years ago and enable employee pay to keep pace with the rising cost of goods and services they utilize in their lives. We also address the variety of other compensation issues that have been discussed recently by providing funds to the most pressing issues and concerns in each Department.

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 Albemarle, P O Box 190, Albemarle, North Carolina 28002.

Basic Financial Statements



ALBEMARLE

NORTH CAROLINA

Water. Air. Land. Opportunity.

CITY OF ALBEMARLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2018

Exhibit A
Page 1 of 2

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	City of Albemarle ABC Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,821,686	\$ 13,141,608	\$20,963,294	\$ 612,221
Restricted cash	217,742	1,106,179	1,323,921	-
Receivables:				
Taxes receivable - net	478,175	-	478,175	-
Accounts receivable - net	168,405	5,022,421	5,190,826	-
Due from other governments	1,402,052	-	1,402,052	-
Internal balances	(852,152)	852,152	-	-
Inventories	15,516	2,536,135	2,551,651	312,950
Prepaid expenses	70,662	94,861	165,523	8,335
Total current assets	<u>9,322,086</u>	<u>22,753,356</u>	<u>32,075,442</u>	<u>933,506</u>
Noncurrent assets				
Net pension asset	-	-	-	45,933
Capital assets				
Land and construction in progress	5,085,818	4,734,124	9,819,942	222,167
Other capital assets, net of depreciation	14,174,729	67,863,105	82,037,834	730,201
Total capital assets	<u>19,260,547</u>	<u>72,597,229</u>	<u>91,857,776</u>	<u>952,368</u>
Total noncurrent assets	<u>19,260,547</u>	<u>72,597,229</u>	<u>91,857,776</u>	<u>998,301</u>
Total assets	<u>28,582,633</u>	<u>95,350,585</u>	<u>123,933,218</u>	<u>1,931,807</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	1,492,553	907,977	2,400,530	27,210
OPEB deferrals	280,159	188,569	468,728	-
Total deferred outflows of resources	<u>1,772,712</u>	<u>1,096,546</u>	<u>2,869,258</u>	<u>27,210</u>
Total assets and deferred outflows of resources	<u>30,355,345</u>	<u>96,447,131</u>	<u>126,802,476</u>	<u>1,959,017</u>

Continued

CITY OF ALBEMARLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2018

Exhibit A
Page 2 of 2

	Primary Government			City of Albemarle ABC Board
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 866,072	\$ 3,655,020	\$ 4,521,092	\$ 204,446
Deposits	-	1,149,305	1,149,305	-
Current portion of long-term liabilities	844,486	2,437,168	3,281,654	-
Accrued interest payable	8,221	65,505	73,726	-
Total current liabilities	<u>1,718,779</u>	<u>7,306,998</u>	<u>9,025,777</u>	<u>204,446</u>
Long-term liabilities				
Accrued landfill closure and postclosure costs	-	4,422,971	4,422,971	-
Long-term liabilities:				
Due in more than one year	<u>13,729,629</u>	<u>32,014,307</u>	<u>45,743,936</u>	<u>73,683</u>
Total long-term liabilities	<u>13,729,629</u>	<u>36,437,278</u>	<u>50,166,907</u>	<u>73,683</u>
Total liabilities	<u>15,448,408</u>	<u>43,744,276</u>	<u>59,192,684</u>	<u>278,129</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid license fees	678	-	678	-
Pension deferrals	222,769	64,123	286,892	19,231
OPEB deferrals	<u>342,019</u>	<u>230,206</u>	<u>572,225</u>	<u>-</u>
Total deferred inflows of resources	<u>565,466</u>	<u>294,329</u>	<u>859,795</u>	<u>19,231</u>
Net Position				
Net investment in capital assets	16,249,532	44,690,542	60,940,074	952,368
Restricted for:				
Stabilization by State Statute	1,570,942	-	1,570,942	-
Streets	213,089	-	213,089	-
Other functions	706,024	-	706,024	94,226
Unrestricted	<u>(4,398,116)</u>	<u>7,717,984</u>	<u>3,319,868</u>	<u>615,063</u>
Total net position	<u>\$ 14,341,471</u>	<u>\$ 52,408,526</u>	<u>\$66,749,997</u>	<u>\$1,661,657</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALBEMARLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Units
					Governmental Activities	Business-type Activities	Total	City of Albemarle ABC Board
Primary government								
Governmental activities								
General government	\$ 1,807,621	\$ 27,704	\$ 89,675	\$ 19,380	\$ (1,670,862)	\$ -	\$ (1,670,862)	\$ -
Public safety	7,740,486	28,853	81,856	-	(7,629,777)	-	(7,629,777)	-
Public works	3,362,049	1,441,848	541,712	-	(1,378,489)	-	(1,378,489)	-
Cultural and recreational	1,575,332	115,401	-	4,561	(1,455,370)	-	(1,455,370)	-
Interest on long-term debt	103,013	-	-	-	(103,013)	-	(103,013)	-
Total governmental activities	<u>14,588,501</u>	<u>1,613,806</u>	<u>713,243</u>	<u>23,941</u>	<u>(12,237,511)</u>	<u>-</u>	<u>(12,237,511)</u>	<u>-</u>
Business-type activities								
Water and sewer	9,748,310	10,778,526	-	-	-	1,030,216	1,030,216	-
Electric	31,976,701	34,105,982	-	-	-	2,129,281	2,129,281	-
Landfill	2,394,236	2,897,365	6,476	-	-	509,605	509,605	-
Department of public housing	3,345,221	531,934	2,209,107	206,329	-	(397,851)	(397,851)	-
Total business-type activities	<u>47,464,468</u>	<u>48,313,807</u>	<u>2,215,583</u>	<u>206,329</u>	<u>-</u>	<u>3,271,251</u>	<u>3,271,251</u>	<u>-</u>
Total primary government	<u>\$ 62,052,969</u>	<u>\$ 49,927,613</u>	<u>\$ 2,928,826</u>	<u>\$ 230,270</u>	<u>(12,237,511)</u>	<u>3,271,251</u>	<u>(8,966,260)</u>	<u>-</u>
Component unit								
Albemarle ABC Board	\$ 3,178,998	\$ 3,195,294	\$ -	\$ -	-	-	-	16,296
Total component units	<u>\$ 3,178,998</u>	<u>\$ 3,195,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,296</u>
General revenues								
Taxes								
Property taxes, levied for general purposes					6,218,480	-	6,218,480	-
Local option sales tax					3,706,789	-	3,706,789	-
Other taxes and licenses					1,971,387	169,766	2,141,153	-
Unrestricted investment earnings					46,992	69,370	116,362	5,267
Miscellaneous					166,303	130,662	296,965	96,580
Total general revenues excluding transfers					12,109,951	369,798	12,479,749	101,847
Transfers					793,152	(793,152)	-	-
Total general revenues and transfers					12,903,103	(423,354)	12,479,749	101,847
Change in net position					665,592	2,847,897	3,513,489	118,143
Net position, beginning, previously reported					19,186,034	51,346,751	70,532,785	1,543,514
Restatement					(5,510,155)	(1,786,122)	(7,296,277)	-
Net position, beginning as restated					13,675,879	49,560,629	63,236,508	1,543,514
Net position, end of year					<u>\$ 14,341,471</u>	<u>\$ 52,408,526</u>	<u>\$ 66,749,997</u>	<u>\$ 1,661,657</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALBEMARLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

Exhibit C

	Major Fund	Total Non-Major	Total Governmental
	General	Funds	Funds
ASSETS			
Cash and cash equivalents	\$ 5,973,386	\$ 606,808	\$ 6,580,194
Restricted cash	217,742	-	217,742
Receivables, net			
Taxes	478,175	-	478,175
Accounts	168,282	-	168,282
Due from other governments	1,401,982	70	1,402,052
Inventories	15,516	-	15,516
Prepays	70,662	-	70,662
Total assets	\$ 8,325,745	\$ 606,878	\$ 8,932,623
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 711,347	\$ 30,420	\$ 741,767
Due to other funds	562,749	-	562,749
Total liabilities	1,274,096	30,420	1,304,516
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	478,175	-	478,175
Prepaid license fees	678	-	678
Total deferred inflows of resources	478,853	-	478,853
Fund balances			
Nonspendable			
Inventories	15,516	-	15,516
Prepays	69,984	-	69,984
Restricted			
Stabilization by State Statute	1,570,942	-	1,570,942
Streets - Powell Bill	213,089	-	213,089
Public safety	73,764	(74,700)	(936)
Parks and recreation	51,679	660,706	712,385
Economic development	4,123	(9,548)	(5,425)
Assigned			
Subsequent year's expenditures	250,000	-	250,000
Unassigned			
Total fund balances	6,572,796	576,458	7,149,254
Total liabilities, deferred inflows of resources and fund balances	\$ 8,325,745	\$ 606,878	\$ 8,932,623

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

Total Fund balance - governmental funds		\$ 7,149,254
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		19,260,547
Deferred outflows of resources related to pensions are not reported in the funds		1,492,553
Deferred outflows of resources related to OPEB are not reported in the funds		280,159
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		478,175
Internal service fund used by management to charge the costs of health insurance claims and premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,117,310
Consolidation adjustment for internal balances between internal service fund and the governmental funds		(289,403)
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Installment purchases	(3,011,015)	
Net law enforcement officers' separation allowance	(1,851,868)	
Other postemployment benefits	(7,250,953)	
Compensated absences	(650,837)	
Net pension liability	(1,809,442)	
Accrued interest payable	(8,221)	(14,582,336)
Deferred inflows of resources related to pensions are not reported in the funds		(222,769)
Deferred inflows of resources related to OPEB are not reported in the funds		(342,019)
Net position of governmental activities		\$ 14,341,471

The notes to the financial statements are an integral part of this statement.

CITY OF ALBEMARLE, NORTH CAROLINA **Exhibit D**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Major Fund		Total Non-Major Funds		Total Governmental Funds
	General				
Revenues					
Ad valorem taxes	\$ 6,260,114	\$ -		\$ 6,260,114	
Other taxes and licenses	242,641	-		242,641	
Unrestricted intergovernmental	5,435,535	-		5,435,535	
Restricted intergovernmental	713,243	4,561		717,804	
Permits and fees	56,409	-		56,409	
Sales and services	1,557,397	-		1,557,397	
Investment earnings	45,886	1,106		46,992	
Miscellaneous	203,884	-		203,884	
	<u>14,515,109</u>		<u>5,667</u>		<u>14,520,776</u>
Expenditures					
Current					
General government	1,692,325	-		1,692,325	
Public safety	7,982,448	-		7,982,448	
Public works	3,168,184	-		3,168,184	
Cultural and recreation	1,683,416	-		1,683,416	
Debt service:					
Principal retirement	613,758	-		613,758	
Interest and other charges	107,036	-		107,036	
Capital outlay	-	167,791		167,791	
	<u>15,247,167</u>		<u>167,791</u>		<u>15,414,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(732,058)</u>	<u>(162,124)</u>		<u>(894,182)</u>	
Other financing sources (uses)					
Transfers from other funds	818,152	105,000		923,152	
Transfers to other funds	(130,000)	-		(130,000)	
	<u>688,152</u>	<u>105,000</u>		<u>793,152</u>	
Net change in fund balances	(43,906)	(57,124)		(101,030)	
Fund balances - beginning, as restated	<u>6,616,702</u>	<u>633,582</u>		<u>7,250,284</u>	
Fund balances - end of year	<u>\$ 6,572,796</u>	<u>\$ 576,458</u>		<u>\$ 7,149,254</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF ALBEMARLE, NORTH CAROLINA **Exhibit E**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		\$ (101,030)
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.		
Capital outlay		740,396
Depreciation		(1,075,087)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		19,380
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		562,881
Benefit payments paid and administrative expense for the LEOSSA are not included in the Statement of Activities		71,140
OPEB benefit payments and administrative costs made in the current fiscal year are not included in the Statement of Activities		289,396
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Taxes including interest and penalties		(41,633)
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	46,605	
Pension expense (LGERS)	(611,645)	
Pension expense (LEOSSA)	(36,957)	
OPEB plan expense	<u>(118,992)</u>	
		(720,989)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on installment purchase obligations	613,758	
Decrease in accrued interest payable	<u>4,023</u>	617,781
Consolidation adjustment for the Internal Service Fund and the Governmental Funds		
Net revenue of the internal service fund	630,345	
Portion of net revenue allocated to business-type activities	<u>(289,403)</u>	340,942
Net book value of property disposed of during the year		<u>(37,585)</u>
Total changes in net position of governmental activities		<u>\$ 665,592</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ALBEMARLE, NORTH CAROLINA **Exhibit F**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 6,130,825	\$ 6,130,825	\$ 6,260,114	\$ 129,289
Other taxes and licenses	219,500	219,500	242,641	23,141
Unrestricted intergovernmental	5,526,450	5,526,450	5,435,535	(90,915)
Restricted intergovernmental	655,250	655,250	713,243	57,993
Permits and fees	40,100	40,100	56,409	16,309
Sales and services	1,488,850	1,488,850	1,557,397	68,547
Investment earnings	16,800	16,800	45,886	29,086
Miscellaneous	80,200	117,810	203,884	86,074
Total revenues	14,157,975	14,195,585	14,515,109	319,524
Expenditures				
Current				
General government	1,809,355	1,835,855	1,692,325	143,530
Public safety	8,040,575	8,147,575	7,982,448	165,127
Public works	3,340,600	3,340,600	3,168,184	172,416
Cultural and recreational	1,552,875	1,772,886	1,683,416	89,470
Debt service				
Principal	658,500	658,500	613,758	44,742
Interest	189,875	114,875	107,036	7,839
Contingency	10,000	10,000	-	10,000
Total expenditures	15,601,780	15,880,291	15,247,167	633,124
Revenues over (under) expenditures	(1,443,805)	(1,684,706)	(732,058)	952,648
Other financing sources (uses)				
Transfers from other funds	1,207,575	1,207,575	818,152	(389,423)
Transfers to other funds	(25,000)	(130,000)	(130,000)	-
Total other financing sources (uses)	1,182,575	1,077,575	688,152	(389,423)
Appropriated fund balance	261,230	607,131	-	(607,131)
Net change in fund balance	\$ -	\$ -	(43,906)	\$ (43,906)
Fund balance - beginning , as restated			6,616,702	
Fund balance - end of year			\$ 6,572,796	

The notes to the financial statements are an integral part of this statement.

CITY OF ALBEMARLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

Exhibit G

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
Assets						
Current assets						
Cash and cash equivalents	\$ 4,494,051	\$ 2,738,679	\$ 4,915,155	\$ 993,723	\$ 13,141,608	\$ 1,241,492
Accounts receivable - net	1,118,858	3,625,125	274,159	4,279	5,022,421	123
Due from other funds	52,562	510,187	-	226	562,975	-
Inventories	343,620	2,192,515	-	-	2,536,135	-
Prepaid expenses	31,226	47,646	14,719	1,270	94,861	-
Restricted cash and cash equivalents	147,496	958,683	-	-	1,106,179	-
Total current assets	6,187,813	10,072,835	5,204,033	999,498	22,464,179	1,241,615
Noncurrent assets						
Capital assets						
Land, improvements and construction in progress	500,077	145,963	3,924,579	163,505	4,734,124	-
Other capital assets, net of depreciation	51,220,033	9,508,237	1,771,283	5,363,552	67,863,105	-
Total capital assets, net	51,720,110	9,654,200	5,695,862	5,527,057	72,597,229	-
Total noncurrent assets	51,720,110	9,654,200	5,695,862	5,527,057	72,597,229	-
Total assets	57,907,923	19,727,035	10,899,895	6,526,555	95,061,408	1,241,615
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	466,966	259,325	103,821	77,865	907,977	-
OPEB deferrals	96,980	53,857	21,561	16,171	188,569	-
Total deferred outflows of resources	563,946	313,182	125,382	94,036	1,096,546	-
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	197,549	3,027,150	373,405	56,916	3,655,020	124,305
Due to other funds	-	-	-	226	226	-
Customer deposits	147,496	958,683	-	43,126	1,149,305	-
Compensated absences - current	107,850	79,111	23,515	18,380	228,856	-
Accrued interest payable	31,903	4,055	29,547	-	65,505	-
Installment purchase agreements payable - current	1,783,482	142,068	282,417	345	2,208,312	-
Total current liabilities	2,268,280	4,211,067	708,884	118,993	7,307,224	124,305
Noncurrent liabilities						
Accrued landfill closure and postclosure costs	-	-	4,422,971	-	4,422,971	-
Compensated absences	100,409	71,420	23,054	22,682	217,565	-
Other postemployment benefits	2,509,992	1,393,901	558,046	418,534	4,880,473	-
Installment purchase agreements payable - noncurrent	23,450,290	560,001	1,688,084	-	25,698,375	-
Net pension liability	626,345	347,970	139,188	104,391	1,217,894	-
Total noncurrent liabilities	26,687,036	2,373,292	6,831,343	545,607	36,437,278	-
Total liabilities	28,955,316	6,584,359	7,540,227	664,600	43,744,502	124,305
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	32,978	18,314	7,332	5,499	64,123	-
OPEB deferrals	118,393	65,749	26,322	19,742	230,206	-
Total deferred inflows of resources	151,371	84,063	33,654	25,241	294,329	-
Net position						
Net investment in capital assets	26,486,338	8,952,131	3,725,361	5,526,712	44,690,542	-
Unrestricted	2,878,844	4,419,664	(273,965)	404,038	7,428,581	1,117,310
Total net position	\$ 29,365,182	\$ 13,371,795	\$ 3,451,396	\$ 5,930,750	52,119,123	\$ 1,117,310
Adjustment to reflection the consolidation of internal service fund activities related to enterprise funds					512,977	
Net position of business-type activities					\$ 52,632,100	

The notes to the financial statements are an integral part of this statement.

CITY OF ALBEMARLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

Exhibit H

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
Operating Revenues						
Charges for sales and services	\$10,778,526	\$33,057,144	\$ 2,835,214	\$ -	\$ 46,670,884	\$ -
Rental income	-	-	-	489,427	489,427	-
Interfund charges and employee contributions	-	-	-	-	-	3,456,804
Other	-	1,048,838	62,151	42,507	1,153,496	-
Total operating revenues	<u>10,778,526</u>	<u>34,105,982</u>	<u>2,897,365</u>	<u>531,934</u>	<u>48,313,807</u>	<u>3,456,804</u>
Operating Expenses						
Administration	1,248,724	1,585,332	-	752,457	3,586,513	186,241
Water treatment plant	2,197,157	-	-	-	2,197,157	-
Sewer treatment plant	1,931,801	-	-	-	1,931,801	-
Systems division	1,846,924	-	-	-	1,846,924	-
Customer service	85,137	86,740	-	-	171,877	-
Electric operations	-	29,714,607	-	-	29,714,607	-
Landfill operations	-	-	1,664,107	-	1,664,107	-
Landfill closure and postclosure care costs	-	-	245,923	-	245,923	-
Utilities	-	-	-	400,438	400,438	-
Ordinary maintenance and operation	-	-	-	306,630	306,630	-
General expenses	-	-	-	51,419	51,419	-
Housing assistance program	-	-	-	1,440,931	1,440,931	-
Depreciation	2,201,148	655,823	476,772	424,037	3,757,780	-
Health benefit claims and premiums	-	-	-	-	-	2,642,022
Total operating expense	<u>9,510,891</u>	<u>32,042,502</u>	<u>2,386,802</u>	<u>3,375,912</u>	<u>47,316,107</u>	<u>2,828,263</u>
Operating income (loss)	<u>1,267,635</u>	<u>2,063,480</u>	<u>510,563</u>	<u>(2,843,978)</u>	<u>997,700</u>	<u>628,541</u>
Nonoperating revenues (expenses)						
Solid waste, scrap tire and white goods disposal tax	-	-	169,766	-	169,766	-
Operating grants	-	-	6,476	2,209,107	2,215,583	-
Gain (loss) on disposal of assets	(12,352)	5,400	-	7,058	106	-
Investment earnings	13,072	23,014	30,196	3,088	69,370	1,804
Interest and other charges	(383,053)	(17,853)	(36,858)	-	(437,764)	-
Other	73,388	57,068	-	100	130,556	-
Total nonoperating revenues (expenses)	<u>(308,945)</u>	<u>67,629</u>	<u>169,580</u>	<u>2,219,353</u>	<u>2,147,617</u>	<u>1,804</u>
Income (loss) before contributions and transfers	958,690	2,131,109	680,143	(624,625)	3,145,317	630,345
Capital contributions	-	-	-	206,329	206,329	-
Transfers from (to) other funds	<u>(310,575)</u>	<u>(452,000)</u>	<u>(20,900)</u>	<u>(9,677)</u>	<u>(793,152)</u>	<u>-</u>
Change in net position	648,115	1,679,109	659,243	(427,973)	2,558,494	630,345
Total net position, beginning (as restated)	<u>28,717,067</u>	<u>11,692,686</u>	<u>2,792,153</u>	<u>6,358,723</u>	<u>49,560,629</u>	<u>486,965</u>
Total net position, ending	<u>\$29,365,182</u>	<u>\$13,371,795</u>	<u>\$ 3,451,396</u>	<u>\$ 5,930,750</u>	52,119,123	<u>\$ 1,117,310</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					289,403	
Change in net position - business-type activities					<u>\$ 52,408,526</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF ALBEMARLE, NORTH CAROLINA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

Exhibit I

	Major Funds					Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	
Cash flows from operating activities:						
Cash received from customers	\$ 10,794,880	\$ 33,994,448	\$ 2,888,058	\$ 530,430	\$ 48,207,816	\$ 3,456,681
Cash paid for goods and services	(3,295,976)	(28,646,915)	(821,389)	(2,333,024)	(35,097,304)	(2,703,958)
Cash paid to employees for services	(3,649,877)	(2,634,243)	(826,984)	(596,880)	(7,707,984)	-
Other operating revenues	47,124	20,720	166,602	39	234,485	-
Net cash provided (used) by operating activities	<u>3,896,151</u>	<u>2,734,010</u>	<u>1,406,287</u>	<u>(2,399,435)</u>	<u>5,637,013</u>	<u>752,723</u>
Cash flows from noncapital financing activities:						
Operating grants and subsidies	-	-	-	2,209,107	2,209,107	-
Decreases in due from other funds	51,014	193,174	-	-	244,188	-
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(310,575)	(452,000)	(20,900)	(9,677)	(793,152)	-
Total cash flows from noncapital financing activities	<u>(259,561)</u>	<u>(258,826)</u>	<u>(20,900)</u>	<u>2,199,430</u>	<u>1,660,143</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(2,558,722)	(378,911)	(2,719,651)	(33,210)	(5,690,494)	-
Principal paid on bonds and installment purchase agreements	(1,260,107)	(147,796)	(209,002)	(1,299)	(1,618,204)	-
Interest paid on bonds and installment purchase agreements	(389,250)	(18,664)	(7,552)	-	(415,466)	-
Proceeds from issuance of long-term debt	2,061,078	-	1,611,672	-	3,672,750	-
Capital grants	-	-	-	206,329	206,329	-
Proceeds from sale of assets	5,370	5,400	-	-	10,770	-
Net cash provided (used) by capital and related financing activities	<u>(2,141,631)</u>	<u>(539,971)</u>	<u>(1,324,533)</u>	<u>171,820</u>	<u>(3,834,315)</u>	<u>-</u>
Cash flows from investing activities:						
Interest earned on investments	13,072	23,014	30,196	3,088	69,370	1,804
Net increase (decrease) in cash and cash equivalents	1,508,031	1,958,227	91,050	(25,097)	3,532,211	754,527
Cash and cash equivalents at beginning of year	<u>3,133,516</u>	<u>1,739,135</u>	<u>4,824,105</u>	<u>1,018,820</u>	<u>10,715,576</u>	<u>486,965</u>
Cash and cash equivalents at end of year	<u>\$ 4,641,547</u>	<u>\$ 3,697,362</u>	<u>\$ 4,915,155</u>	<u>\$ 993,723</u>	<u>\$ 14,247,787</u>	<u>\$ 1,241,492</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	<u>\$ 1,267,635</u>	<u>\$ 2,063,480</u>	<u>\$ 510,563</u>	<u>\$ (2,843,978)</u>	<u>\$ 997,700</u>	<u>\$ 628,541</u>
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	2,201,148	655,823	476,772	424,037	3,757,780	-
Other receipts	73,388	57,068	176,242	100	306,798	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts receivable	155,505	(232,221)	(5,234)	(10,887)	(92,837)	(123)
Increase (decrease) in allowance for doubtful accounts	(171,337)	-	-	9,990	(161,347)	-
(Increase) decrease in inventory	37,423	194,657	-	-	232,080	-
(Increase) decrease in prepaid expenses	(26,264)	(36,348)	(13,713)	(61)	(76,386)	-
(Increase) decrease in deferred outflows - pensions	204,974	207,030	60,648	45,486	518,138	-
(Increase) decrease in deferred outflows - OPEB	(96,980)	(53,857)	(21,561)	(16,171)	(188,569)	-
Increase (decrease) in accounts payable and accrued liabilities	47,637	123,070	16,335	14,489	201,531	124,305
Increase (decrease) in net pension liability	(167,531)	(202,883)	(55,231)	(41,423)	(467,068)	-
Increase (decrease) in deferred inflows of resources - pensions	(1,398)	(5,545)	(1,082)	(812)	(8,837)	-
Increase (decrease) in deferred inflows of resources - OPEB	118,393	65,749	26,322	19,742	230,206	-
Increase (decrease) in customer deposits	32,186	120,687	-	(606)	152,267	-
Increase (decrease) in compensated absences	17,241	(16,237)	(3,346)	5,423	3,081	-
Increase (decrease) in postemployment benefits payable	204,131	(206,463)	(6,351)	(4,764)	(13,447)	-
Increase (decrease) in accrued landfill postclosure costs	-	-	245,923	-	245,923	-
Total adjustments	<u>2,628,516</u>	<u>670,530</u>	<u>895,724</u>	<u>444,543</u>	<u>4,639,313</u>	<u>124,182</u>
Net cash provided (used) by operating activities	<u>\$ 3,896,151</u>	<u>\$ 2,734,010</u>	<u>\$ 1,406,287</u>	<u>\$ (2,399,435)</u>	<u>\$ 5,637,013</u>	<u>\$ 752,723</u>
NONCASH TRANSACTIONS						
Debt issued during the year	\$ 1,667,681	\$ -	\$ 1,611,672	\$ -	\$ 3,279,353	\$ -
Change in accounts receivable other governments	393,397	-	-	-	393,397	-
Proceeds From Long Term Debt	<u>\$ 2,061,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,672,750</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements



ALBEMARLE

NORTH CAROLINA

Water. Air. Land. Opportunity.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Albemarle, North Carolina and its discretely presented component units 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 Albemarle, North Carolina, is a municipal corporation which is governed by an elected mayor and a six-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 Albemarle 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 located at 1930 E. Main Street, Albemarle, North Carolina 28001.

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. 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.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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 that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, and state-shared revenues. The primary expenditures are for public safety, public works, cultural and recreation, and general governmental services.

The City reports the following non-major governmental funds:

Albemarle Business Park Capital Project Fund. This fund is used to account for grant and other funds for construction of a business center.

Albemarle Police Headquarters Capital Project Fund. This fund is used to account for loan proceeds and other funds for construction and rehabilitation of a building for police headquarters.

Parks and Recreation Trust Grant Fund. This fund is used to account for grant and other funds for the renovation of Morehead Park.

Parks and Recreation Sports Complex Capital Project Fund. This fund is used to account for contributions and other funds for construction of the Wiscasset Sports Complex.

Parks and Recreation Roosevelt Ingram Park Erosion Control Capital Project Fund. This fund is used to account for funds for erosion control measures at Roosevelt Ingram Park.

The City reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operations. The Water and Sewer (CKA) Capital Project Fund, Waste Water Treatment Improvements Capital Project Fund, Inflow & Infiltration Sewer Project Fund, and Water Treatment Plant Rehabilitation Project Fund have been consolidated into the Water and Sewer Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Electric Fund. This fund is used to account for the City's electric operations.

Municipal Solid Waste Landfill Fund. This fund is used to account for the City's landfill operations. The Landfill Capital Project Fund, the Landfill Gravity Line Capital Project Fund and the Solid Waste Operations Facility Project Fund have been consolidated into the Landfill Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

Albemarle Department of Public Housing. This fund is used to account for the City's public housing operations.

The City reports the following fund type:

Internal Service Fund. The Health Insurance Fund is used to account for the accumulation and allocation of costs associated with employee, retiree and family medical and dental claims. The Health Insurance Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however for statement presentation it is consolidated in the Internal Service Fund.

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 and proprietary 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 for the City enterprise funds 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 enterprise funds 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.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 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. 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 utilities franchise 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 Albemarle because the tax is levied by Stanly 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 is 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 Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds, and the Enterprise Capital Project Funds. The Enterprise Capital Project Funds are consolidated with their respective operating funds for reporting purposes. The City's Health Insurance Fund, and internal service fund, operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments 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.

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) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The ABC Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

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 because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

City of Albemarle Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 217,742
Total Governmental Activities	<u>217,742</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	147,496
Electric Fund	
Customer deposits	<u>958,683</u>
Total Business-type Activities	<u>1,106,179</u>
Total Restricted Cash	<u>\$ 1,323,921</u>

3. 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 1st, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017. 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.

4. 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.

5. Inventories and Prepaid Items

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 expenditures as used rather than when purchased.

The inventories of the City's Enterprise Funds consist of materials and supplies held for subsequent use. The inventories of the ABC Board consist of items held for resale. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements and expensed as the items are used.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for the following types of assets: land, improvements, buildings, infrastructure, substations, lines, plant and distribution systems, equipment and vehicles. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the time of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure capital assets consist of roads, bridges, streets and sidewalks, curbs and gutters, water and sewer system assets and electric system assets. General infrastructure capital assets acquired prior to July 1, 2003, or that received substantial improvements subsequent to July 1, 1980, are reported at estimated historical cost using deflated replacement cost. 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.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	25 – 30
Electric Distribution System	25
Water Distribution Lines	30 – 50
Sewer Distribution Lines	30
Infrastructure	30 – 50
Equipment	5 – 15
Vehicles	4 – 6

Property and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and Improvements	40
Equipment	5 – 10

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. 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 and OPEB related deferrals for the 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid license fees, property taxes receivable, and pension and OPEB related deferrals.

8. 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.

In fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

9. Compensated Absences

The vacation policy of the City provides for the accumulation of up to two hundred (200) hours earned vacation leave with such leave being fully vested when earned. The number of earned hours depends on years of service. 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 ABC Board vacation policy does not permit carryforward of unused hours to a subsequent calendar year.

The City's and the ABC Board'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 and the ABC Board have no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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:

Non-spendable 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 balance of ending inventories, which are not spendable resources.

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

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

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

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

Restricted for Parks and Recreation – portion of fund balance that is restricted by revenue source for certain parks and recreation expenditures.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain public safety expenditures.

Restricted for Economic Development – portion of fund balance that is restricted by revenue source for economic development.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 Albemarle’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that the City of Albemarle 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; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$1,000.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Albemarle has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

11. Defined Benefit Pension 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 Albemarle’s employer contributions are recognized when due and the City of Albemarle 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 ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed 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 noninterest 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 or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City or 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 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, 2018, the City's deposits had a carrying amount of \$13,057,744 and a bank balance of \$13,084,179. Of the bank balance, \$1,108,453 was covered by federal depository insurance, \$445,918 was covered by collateral held under the dedicated method and \$11,529,808 was covered by collateral held under the pooling method. At June 30, 2018, the City's petty cash fund totaled \$3,248. At June 30, 2018, the carrying amount of deposits for the ABC Board was \$609,765 and the bank balance was \$630,105. Of the bank balance, the portion not covered by federal depository insurance was collateralized under the pooling method. At June 30, 2018, the ABC Board's petty cash fund totaled \$2,456.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

2. Investments

At June 30, 2018, the City’s investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/18</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Government Portfolio	Amortized Cost	\$ 859,662	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	<u>8,366,561</u>	0.09 years	Unrated
Total		<u>\$ 9,226,223</u>		

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

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy limits 100% of the City’s investment portfolio to maturities of less than 12 months.

Credit Risk. The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City’s investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor’s as of June 30, 2018. The City’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2018 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ <u>206,140</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 4,258,937	\$ 22,678	\$ -	\$ 4,281,615
Construction in progress	<u>712,664</u>	<u>167,791</u>	<u>76,252</u>	<u>804,203</u>
Total capital assets not being depreciated	<u>4,971,601</u>	<u>190,469</u>	<u>76,252</u>	<u>5,085,818</u>
Capital assets being depreciated:				
Buildings	11,797,713	245,105	32,926	12,009,892
Other improvements	1,167,471	-	-	1,167,471
Infrastructure	6,881,727	-	-	6,881,727
Furniture and fixtures	211,999	-	-	211,999
Equipment	<u>7,351,806</u>	<u>438,619</u>	<u>332,503</u>	<u>7,457,922</u>
Total capital assets being depreciated	<u>27,410,716</u>	<u>683,724</u>	<u>365,429</u>	<u>27,729,011</u>
Less accumulated depreciation:				
Buildings	4,287,378	416,901	36,015	4,668,264
Other improvements	494,868	28,428	-	523,296
Infrastructure	2,844,228	197,361	-	3,041,589
Furniture and fixtures	162,669	20,533	-	183,202
Equipment	<u>4,979,731</u>	<u>411,864</u>	<u>253,664</u>	<u>5,137,931</u>
Total accumulated depreciation	<u>12,768,874</u>	<u>1,075,087</u>	<u>289,679</u>	<u>13,554,282</u>
Total capital assets being depreciated – net	<u>14,641,842</u>			<u>14,174,729</u>
Governmental Activities				
Capital assets - net	\$ <u>19,613,443</u>			\$ <u>19,260,547</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 271,078
Public safety	280,263
Public works	310,057
Cultural and recreation	<u>213,689</u>
Total depreciation expense	\$ <u>1,075,087</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

Capital asset activity for Business-type activities for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities				
Water and Sewer Fund				
Capital assets not being depreciated				
Land	\$ 155,812	\$ -	\$ -	\$ 155,812
Construction in progress	10,009,837	1,566,469	11,232,041	344,265
Total capital assets not being depreciated	<u>10,165,649</u>	<u>1,566,469</u>	<u>11,232,041</u>	<u>500,077</u>
Capital assets being depreciated				
Buildings	41,439,731	10,996,218	26,249	52,409,700
Water and sewer lines	40,369,886	268,238	-	40,638,124
Furniture and fixtures	95,991	-	-	95,991
Equipment and vehicles	9,116,685	307,131	86,018	9,337,798
Total capital assets being depreciated	<u>91,022,293</u>	<u>11,571,587</u>	<u>112,267</u>	<u>102,481,613</u>
Less accumulated depreciation				
Buildings	23,039,920	883,272	12,337	23,910,855
Water and sewer lines	22,529,925	709,314	-	23,239,239
Furniture and fixtures	71,993	9,600	-	81,593
Equipment and vehicles	3,513,138	598,962	82,207	4,029,893
Total accumulated depreciation	<u>49,154,976</u>	<u>2,201,148</u>	<u>94,544</u>	<u>51,261,580</u>
Total capital assets being depreciated – net	<u>41,867,317</u>			<u>51,220,033</u>
Water and Sewer Fund				
Capital assets - net	<u>52,032,966</u>			<u>51,720,110</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities (Continued)				
Electric Fund				
Capital assets not being depreciated				
Land	\$ 145,963	\$ -	\$ -	\$ 145,963
Total capital assets not being depreciated	<u>145,963</u>	<u>-</u>	<u>-</u>	<u>145,963</u>
Capital assets being depreciated				
Buildings	6,702,762	79,321	-	6,782,083
Distribution lines	18,542,509	-	-	18,542,509
Furniture and fixtures	191,983	-	-	191,983
Equipment and vehicles	3,277,089	299,590	173,191	3,403,488
Total capital assets being depreciated	<u>28,714,343</u>	<u>378,911</u>	<u>173,191</u>	<u>28,920,063</u>
Less accumulated depreciation				
Buildings	2,059,877	242,534	-	2,302,411
Distribution lines	14,610,400	206,636	-	14,817,036
Furniture and fixtures	143,987	19,198	-	163,185
Equipment and vehicles	2,114,930	187,455	173,191	2,129,194
Total accumulated depreciation	<u>18,929,194</u>	<u>655,823</u>	<u>173,191</u>	<u>19,411,826</u>
Total capital assets being depreciated – net	<u>9,785,149</u>			<u>9,508,237</u>
Electric Fund Capital Assets - Net	<u>9,931,112</u>			<u>9,654,200</u>
Landfill Fund				
Capital assets not being depreciated				
Land	581,781	-	-	581,781
Construction in progress	900,925	2,441,873	-	3,342,798
Total capital assets not being depreciated	<u>1,482,706</u>	<u>2,441,873</u>	<u>-</u>	<u>3,924,579</u>
Capital assets being depreciated				
Buildings	758,732	-	-	758,732
Landfill cell construction	6,814,278	-	-	6,814,278
Equipment and vehicles	4,065,875	203,991	27,058	4,242,808
Total capital assets being depreciated	<u>11,638,885</u>	<u>203,991</u>	<u>27,058</u>	<u>11,815,818</u>
Less accumulated depreciation				
Buildings	233,728	28,681	-	262,409
Landfill cell construction	6,765,950	2,114	-	6,768,064
Equipment and vehicles	2,581,036	460,084	27,058	3,014,062
Total accumulated depreciation	<u>9,580,714</u>	<u>490,879</u>	<u>27,058</u>	<u>10,044,535</u>
Total capital assets being depreciated – net	<u>2,058,171</u>			<u>1,771,283</u>
Landfill Fund Capital Assets - Net	<u>3,540,877</u>			<u>5,695,862</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities (Continued)				
Department of Public Housing				
Capital assets not being depreciated				
Land	\$ 163,505	\$ -	\$ -	\$ 163,505
Total capital assets not being depreciated	<u>163,505</u>	<u>-</u>	<u>-</u>	<u>163,505</u>
Capital assets being depreciated				
Buildings	11,326,510	-	-	11,326,510
Improvements	1,095,734	-	-	1,095,734
Furniture and fixtures	32,487	-	-	32,487
Equipment	<u>636,826</u>	<u>49,410</u>	<u>26,502</u>	<u>659,734</u>
Total capital assets being depreciated	<u>13,091,557</u>	<u>49,410</u>	<u>26,502</u>	<u>13,114,465</u>
Less accumulated depreciation				
Buildings	6,288,832	351,688	-	6,640,520
Improvements	523,183	40,469	-	563,652
Furniture and fixtures	24,624	3,249	-	27,873
Equipment	<u>507,596</u>	<u>28,631</u>	<u>17,359</u>	<u>518,868</u>
Total accumulated depreciation	<u>7,344,235</u>	<u>424,037</u>	<u>17,359</u>	<u>7,750,913</u>
Total capital assets being depreciated – net	<u>5,747,322</u>			<u>5,363,552</u>
Department of Public Housing Capital Assets - Net	<u>5,910,827</u>			<u>5,527,057</u>
Business-Type Activities Capital Assets, Net	<u>\$ 71,415,782</u>			<u>\$ 72,597,229</u>

The government has active construction projects as of June 30, 2018. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-To- Date</u>	<u>Remaining Commitment</u>
Leachate force main	\$ 1,221,377	\$ 476,228
Solid waste operations facility	<u>990,049</u>	<u>201,788</u>
	<u>\$ 2,211,426</u>	<u>\$ 678,016</u>

On October 17, 2018 the City entered into a contract for design services related to the Albemarle Business Park project amounting to \$238,170.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

Discretely Presented Component Unit

Capital asset activity for the City of Albemarle ABC Board for the ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated				
Land	\$ 261,417	\$ -	\$ 39,250	\$ 222,167
Capital assets being depreciated				
Buildings	1,035,540	40,019	20,580	1,054,979
Equipment	206,340	47	-	206,387
Total capital assets being depreciated	<u>1,241,880</u>	<u>40,066</u>	<u>20,580</u>	<u>1,261,366</u>
Less accumulated depreciation				
Buildings	323,102	29,008	6,388	345,722
Equipment	180,558	4,885	-	185,443
Total accumulated depreciation	<u>503,660</u>	<u>33,893</u>	<u>6,388</u>	<u>531,165</u>
Total capital assets being depreciated – net	<u>738,220</u>			<u>730,201</u>
ABC Board Capital Assets - Net	\$ <u>999,637</u>			\$ <u>952,368</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities			
General	\$ 532,434	\$ 303,219	\$ 835,653
Other governmental	30,419	-	30,419
Total Governmental Activities	<u>\$ 562,853</u>	<u>\$ 303,219</u>	<u>\$ 866,072</u>
Business-Type Activities			
Water and sewer fund	\$ 87,666	\$ 109,883	\$ 197,549
Electric fund	2,946,226	80,924	3,027,150
Landfill fund	350,994	22,411	373,405
Department of public housing	33,726	23,190	56,916
Total Business-Type Activities	<u>\$ 3,418,612</u>	<u>\$ 236,408</u>	<u>\$ 3,655,020</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City and the ABC Board are participating employers 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 governmental 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 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

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

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City 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’s contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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. Contributions to the pension plan from the City of Albemarle were \$911,189 for the year ended June 30, 2018.

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, 2018, the City reported a liability of \$3,027,336 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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 future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the City’s proportion was .19816%, which was a decrease of .00261% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$1,002,184. At June 30, 2018, 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
Differences between expected and actual experience	\$ 174,404	\$ 85,694
Changes in assumptions	432,345	-
Net difference between projected and actual earnings on pension plan investments	735,040	-
Changes in proportion and differences between City contributions and proportionate share of contributions	3,986	73,698
City contributions subsequent to the measurement date	911,189	-
Total	<u>\$ 2,256,964</u>	<u>\$ 159,392</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

\$911,189 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	141,898
2020		856,201
2021		426,211
2022		(237,927)
2023		-
Thereafter		-
Total	\$	<u>1,186,383</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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. All mortality rates are projected from RP-2014 Total Data Set Mortality Tables using generational improvement with Scale MP-2015.

The actuarial assumptions used in the December 31, 2016 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.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

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 foregoing 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, 2017 are summarized in the following table:

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	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. 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 ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

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 7.20 percent, 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 one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 9,088,131	\$ 3,027,336	\$ (2,031,515)

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

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description

The City of Albemarle, NC 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. The plan does not issue a separate financial report.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	45
Total	<u>57</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – 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 normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 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, 2017.

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. All mortality rates are projected from RP-2014 Total Data Set Mortality Tables using generational improvement with Scale MP-2015.

(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 amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$145,787 as benefits came due for the reporting period.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

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

At June 30, 2018, the City reported a total pension liability of \$1,851,868. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2018, the City recognized pension expense of \$112,473.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 104,481
Changes of assumptions	72,426	23,019
City benefit payments and plan administrative expense made subsequent to the measurement date	<u>71,140</u>	<u>-</u>
Total	\$ <u>143,566</u>	\$ <u>127,500</u>

\$71,140 reported as deferred outflows of resources related to pensions resulting from 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ (15,014)
2020	(15,014)
2021	(15,014)
2022	(9,873)
2023	(159)
Thereafter	-

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.16 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	<u>1% Decrease (2.16%)</u>	<u>Discount Rate (3.16%)</u>	<u>1% Increase (4.16%)</u>
Total pension liability	\$ 1,983,214	\$ 1,851,868	\$ 1,731,136

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

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

		2018
Beginning balance	\$	1,917,124
Service cost		55,801
Interest on the total pension liability		71,066
Changes of benefit terms		-
Differences between expected and actual experience in the measurement of the total pension liability		(130,471)
Changes of assumptions or other inputs		90,442
Benefit payments		(152,094)
Other changes		-
Ending balance of the total pension liability	\$	1,851,868

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

Following is information related to all pension plans:

		LGERS		LEOSSA		Total
Pension Expense	\$	1,002,184	\$	112,473	\$	1,114,657
Pension Liability		3,027,336		1,851,868		4,879,204
Proportionate share of the net pension liability		.19816%		N/A		N/A
Deferred of Outflows of Resources						
Differences between expected and actual experience		174,404		-		174,404
Changes of assumptions		432,345		72,426		504,771
Net difference between projected and actual earnings on plan investments		735,040		-		735,040
Changes in proportion and differences between contributions and proportionate share of contributions		3,986		-		3,986
City contributions (LGERS) and benefit payments and administrative costs (LEOSSA) paid subsequent to the measurement date		911,189		71,140		982,329
Deferred of Inflows of Resources						
Differences between expected and actual experience		85,694		104,481		190,175
Changes of assumptions		-		23,019		23,019
Net difference between projected and actual earnings on plan investments		-		-		-
Changes in proportion and differences between contributions and proportionate share of contributions		73,698		-		73,698

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan. The City made contributions of \$113,096 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for City Employees (non-law enforcement employees)

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 all active full-time employees of the City that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding policy: The City does not make contributions for non-law enforcement employees. The City's employees may make voluntary contributions to the plan. Contribution requirements are established and may be amended by the City Council.

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB 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 ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

Benefits Provided. As of July 1, 1984 this plan provides postemployment healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City. The City has elected to partially pay the future overall cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the City's group rates. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	36	12
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	222	48
Total	<u>258</u>	<u>60</u>

Total OPEB Liability

The City's total OPEB liability of \$12,131,426 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 to 7.75 percent, average, including inflation
Discount rate	3.56 percent
Healthcare cost trend rates	7.5 percent for 2017 decreasing to an ultimate rate of 5.0% by 2023

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

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2017	
Changes for the year	12,377,137
Service cost	596,719
Interest	364,403
Changes of benefit terms	-
Differences between expected and actual experience	(20,701)
Changes in assumptions or other inputs	(640,656)
Benefit payments	(545,476)
Net changes	<u>(245,711)</u>
Balance at June 30, 2018	<u>12,131,426</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

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, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate (3.56%)</u>	<u>1 % Increase</u>
Total OPEB liability	\$ 13,325,041	\$ 12,131,426	\$ 11,060,887

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate (7.5%)</u>	<u>1 % Increase</u>
Total OPEB liability	\$ 10,811,279	\$ 12,131,426	\$ 13,696,826

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$326,514. At June 30, 2018, 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
Differences between expected and actual experience	\$ -	\$ 17,911
Changes of assumptions	-	554,314
Benefit payments and administrative costs made subsequent to the measurement date	468,728	-
Total	<u>\$ 468,728</u>	<u>\$ 572,225</u>

\$468,728 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2019	\$ (89,132)
2020	(89,132)
2021	(89,132)
2022	(89,132)
2023	(89,132)
Thereafter	(126,565)

f. Other Employment Benefits

The City has also 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 month's 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

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. The City considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

The City had deferred outflows of resources comprised of the following:

Contributions to pension plan subsequent to the measurement date (LGERS)	\$	911,189
Benefit payments and administrative expenses paid subsequent to the measurement date (LEOSSA)		71,140
Benefit payments for the OPEB plan paid subsequent to the measurement date		468,728
Differences between expected and actual experience – (LGERS)		174,404
Changes of assumptions (LGERS, LEOSSA)		504,771
Net difference between projected and actual investment earnings (LGERS)		735,040
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)		3,986
Total	\$	<u>2,869,258</u>

Deferred inflows of resources at year-end are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid licenses (General fund)	\$ 678	\$ 678
Taxes receivable, less penalties (General fund)	-	478,175
Changes in assumptions (LEOSSA, OPEB)	577,333	-
Differences between expected and actual experience (LGERS, LEOSSA, OPEB)	208,086	-
Changes in proportion and differences between employer contributions and proportionate share of Contributions (LGERS)	73,698	-
Total	<u>\$ 859,795</u>	<u>478,853</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

4. 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 \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, and excess loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

Effective July 1, 2017, the City established an internal service fund to account for its self-insured plan to provide health and dental benefits. In this self-insured plan, claims are administered and paid directly from the plan by Blue Cross and Blue Shield. Specific stop loss is set at \$135,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a maximum aggregate attachment point of \$2,514,101 and a contract period maximum of \$1,000,000. Claim reserves are established at the end of the Plan year based on the City's and third-party administrator's analysis of claims submission, processing and payment.

Unpaid liabilities as of June 30, 2018 are as follows:

Unpaid claims, July 1, 2017	\$	-
Incurred claims and premiums		2,642,023
Claims and premiums paid		<u>(2,517,718)</u>
Unpaid claims and premiums	\$	<u>124,305</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

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 ABC Board 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 ABC Board has insurance coverage for property, general liability, workers' compensation, employee health coverage and liquor legal liability coverage. 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. In accordance with G.S. 18B-700(i), each Board member is bonded in the amount of \$50,000, secured by a corporate surety.

The City does not carry flood insurance as none of their buildings are located in flood prone areas.

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 and tax collector are each individually bonded for \$150,000 and \$100,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2018, 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.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

6. Long-Term Obligations

a. Installment Purchases

	Serviced by	
	Governmental Activities	Business-Type Activities
Installment financing contract with a bank for fire trucks and related equipment; payable in twenty eight quarterly installments of \$31,908, including interest at 1.89%, secured by trucks and equipment.	\$ 63,366	\$ -
Installment financing contract with a bank for the expansion of the New City Hall Building; payable in sixty quarterly installments of \$87,500 through April 2023, plus interest at 2.37%, secured by land and building.	700,000	1,050,000
Lease-purchase agreement with Motorola Solutions, Inc.; payable in four annual installments of \$80,831, including interest at 2.91%, secured by equipment.	78,737	-
Note payable to a bank for fire department radios; payable in fifteen quarterly installments of \$13,507 through April 2020, including interest at 1.579%, secured by equipment.	106,136	-
Installment financing contract with a bank for land; payable in quarterly installments of \$31,780 through April 2032, plus interest at 3.73%, secured by Deed of Trust on land.	1,779,660	-
Note payable to a bank for transportation equipment; payable in monthly installments of \$7,585 through February 2021, including interest at 1.584%, secured by equipment.	237,723	-
2010 Clean Water State Revolving Loan through the N.C. Department of Environment and Natural Resources; payable in annual installments of \$143,969 through May 2023, plus semi-annual interest payments at 2.22%.	-	2,159,549
Installment financing contract with a bank for the Highway 52 EQ Basin; payable in forty quarterly installments of \$35,003, plus interest at 1.97%, secured by land and building.	-	664,929
Lease-purchase agreement with a finance company for information systems equipment; payable in quarterly installments of \$7,064, including interest imputed at 9.71%, secured by equipment.	2,414	4,482
Installment financing contract with a bank for the CKA Water Line Extension Project; payable in quarterly installments of \$80,000 through September 2033, plus interest at 3.59%, secured by land and building.	-	4,880,000
Installment financing contract with a bank for the Rehabilitation of Old Whitney Raw Water Pump Station; payable in quarterly installments of \$43,054 through September 2020, plus interest at 1.63%, secured by equipment.	-	387,482

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

	Serviced by	
	Governmental Activities	Business-Type Activities
2014 Clean Water Revolving Loan through N.C. Department of Environment and Natural Resources the Water/Sewer Inflow & Infiltration System; payable in annual installments of \$169,430, plus semi-annual interest payments at 2.0%, secured by equipment.	\$ -	\$ 2,880,311
Installment financing contract with a bank for the purchase of equipment; payable in monthly installments of \$4,584 through July 2018, including interest at 1.616%, secured by equipment.	-	4,577
Installment financing contract with a bank for the purchase of equipment; payable in monthly installments of \$6,779 through March 2019, including interest at 1.55%, secured by equipment.	-	60,615
Installment financing contract with a bank for the purchase of equipment; payable in monthly installments of \$13,354 including interest at 1.579%, secured by equipment.	-	353,907
2015 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Waste Water Treatment Headworks Project, payable in twenty annual installments of \$158,282 beginning November 2016 through May 2036, plus semi-annual interest payments at 2%.	-	2,665,706
Note payable to a bank for computer equipment; payable in monthly installments of \$2,556 through November 2019, including interest of 1.45%, unsecured.	42,979	-
2015 Water Revolving Loan from the Drinking Water State Revolving Fund (SRF) for the US Highway 52 Water Treatment Plant Rehabilitation, payable in twenty annual installments of \$552,240 beginning May 2018. The loan is non-interest bearing and is in the draw down period at June 30, 2018.	-	11,183,457
2017 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Leachate Upgrade Landfill Project, payable in twenty annual installments of \$121,772 beginning May 2019 through May 2038, plus semi-annual interest payments at 1.84%. This loan is in the draw down period at June 30, 2018.	-	1,611,672
Total Installment Purchases	\$ 3,011,015	\$ 27,906,687

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

b. Installment Purchases

Annual debt service payments of the installment purchase contracts as of June 30, 2018, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 582,374	\$ 87,535	\$ 2,208,312	\$ 434,304
2020	422,646	74,194	2,159,483	383,455
2021	327,695	64,187	1,912,048	348,229
2022	267,120	55,770	1,829,039	316,916
2023	267,120	47,711	1,793,900	285,850
2024-2028	635,676	157,061	7,395,127	1,059,460
2029-2033	508,384	40,300	7,180,220	463,406
2034-2039	-	-	3,428,558	28,598
Totals	\$ <u>3,011,015</u>	\$ <u>526,758</u>	\$ <u>27,906,687</u>	\$ <u>3,320,218</u>

At June 30, 2018 the City had a legal debt margin of \$52,982,867.

c. Changes in Long-Term Liabilities

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2018:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Governmental Activities:					
Installment purchases	\$ 3,624,773	\$ -	\$ 613,758	3,011,015	\$ 582,374
Compensated absences	697,441	279,412	326,016	650,837	262,112
Net pension obligation (LEO)	1,917,124	-	65,256	1,851,868	-
Net pension liability (LGERS)	2,576,048	-	766,606	1,809,442	-
Other postemployment benefits	7,483,217	-	232,264	7,250,953	-
Governmental Activity Long-Term Liabilities	\$ <u>16,298,603</u>	\$ <u>279,412</u>	\$ <u>2,003,900</u>	\$ <u>14,574,115</u>	\$ <u>844,486</u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

	Balance <u>July 1, 2017</u>	Increases	Decreases	Balance <u>June 30, 2018</u>	Current Portion of Balance
Business-Type Activities:					
Water and Sewer Fund					
Installment purchases	\$ 24,826,198	\$ 1,667,681	\$ 1,260,107	\$ 25,233,772	\$ 1,783,482
Compensated absences	191,018	100,542	83,301	208,259	107,850
Net pension liability (LGERS)	793,876	-	167,531	626,345	-
Other postemployment benefits	2,305,861	204,131	-	2,509,992	-
Total Water and Sewer Fund	<u>28,116,953</u>	<u>1,972,354</u>	<u>1,510,939</u>	<u>28,578,368</u>	<u>1,891,332</u>
Business-Type Activities:					
Electric Fund					
Installment purchases	849,865	-	147,796	702,069	142,068
Compensated absences	166,768	58,240	74,477	150,531	79,111
Net pension liability (LGERS)	550,853	-	202,883	347,970	-
Other postemployment benefits	1,600,364	-	206,463	1,393,901	-
Total Electric Fund	<u>3,167,850</u>	<u>58,240</u>	<u>631,619</u>	<u>2,594,471</u>	<u>221,179</u>
Business-Type Activities:					
Landfill Fund					
Installment purchases	567,831	1,611,672	209,002	1,970,501	282,417
Compensated absences	49,915	18,102	21,448	46,569	23,515
Net pension liability (LGERS)	194,419	-	55,231	139,188	-
Other postemployment benefits	564,398	-	6,352	558,046	-
Total Landfill Fund	<u>1,376,563</u>	<u>1,629,774</u>	<u>292,033</u>	<u>2,714,304</u>	<u>305,932</u>
Business-Type Activities:					
Public Housing Fund					
Installment purchases	1,644	-	1,299	345	345
Compensated absences	35,639	19,429	14,006	41,062	18,380
Net pension liability (LGERS)	145,814	-	41,423	104,391	-
Other postemployment benefits	423,298	-	4,764	418,534	-
Total Public Housing Fund	<u>606,395</u>	<u>19,429</u>	<u>61,492</u>	<u>564,332</u>	<u>18,725</u>
Total Business Activity					
Long-Term Liabilities	<u>\$ 33,267,761</u>	<u>\$ 3,679,797</u>	<u>\$ 2,496,083</u>	<u>\$ 34,451,475</u>	<u>\$ 2,437,168</u>

Compensated absences, net pension obligations and other postemployment benefits for governmental activities have typically been liquidated in the general fund.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

C. Interfund Balances and Activity

1. Balances due/to from other funds at June 30, 2018, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer Fund (1)	General Fund	\$ 52,562
Electric Fund (1)	General Fund	510,187
General Fund (2)	Water and Sewer Fund	258,140
General Fund (2)	Electric Fund	148,280
General Fund (2)	Landfill Fund	52,156
General Fund (2)	Public Housing Fund	54,401

- 1) Interfund loan – On March 1, 2004, the General Fund borrowed a total of \$1,935,000 from the Electric and Water and Sewer Funds to fund construction of a public safety facility. The terms of the arrangement require the General Fund to repay the Electric and Water and Sewer Funds over 15 years with an interest of 3.0%.

Interfund loan – On December 30, 2012, the General Fund borrowed a total of \$911,300 from the Electric and Water and Sewer Funds to fund construction of a parks and recreation facility. The terms of the arrangement require the General Fund to repay the Electric and Water and Sewer Funds over 10 years with an interest rate of 2%.

- 2) Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

2. Transfers to/from other funds at June 30, 2018, consist of the following:

From the Water and Sewer Fund to the General Fund for payment in lieu of taxes	\$ 310,575
From the Electric Fund to the General Fund for payment in lieu of taxes	477,000
From the Landfill Fund to the General Fund for payment in lieu of taxes	20,900
From the Public Housing Fund to the General Fund for payment in lieu of taxes	9,677
	<u>\$ 818,152</u>
From the General Fund to the Parks and Recreation Trust Grant Fund to supplement other funding sources	\$ 85,000
From the General Fund to the Economic Development Fund to supplement other funding sources	20,000
From the General Fund to the Electric Fund for street lights	25,000
	<u>\$ 130,000</u>

Transfers from the general fund are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided for matching funds for various grant programs.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 - JOINTLY GOVERNED ORGANIZATIONS

North Carolina Municipal Power Agency Number 1

The City, in conjunction with twenty other local governments, is a member of the North Carolina City Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The twenty-one members who receive power from the Agency have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2018 were \$25,596,161.

Centralina Council of Governments

The City, in conjunction with nine counties and sixty-four other municipalities, participates in the Centralina 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.

NOTE 4 - 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 moneys.

Claims, Judgements and Contingent Liabilities

The City is a party to various lawsuits and legal actions. In the opinion of management and the City's attorney, the ultimate outcome of these legal matters is not expected to have a material impact on the City's financial position.

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 5 - CLOSURE AND POST-CLOSURE CARE COSTS – CITY OF ALBEMARLE LANDFILL FACILITY

The City operates two landfills which are referred to as the “MSW Landfill” and the “C&D Landfill.” State and federal laws and regulations require the City to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although certain closure and post-closure care costs will be paid only near or after the date each landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,422,971 reported as landfill closure and post-closure care liability at June 30, 2018 represents a cumulative amount reported to date, based on the use of 53.9% and 29.7% of the total estimated capacity of the MSW landfill and the C&D landfill, respectively. At June 30, 2018, there was an increase in the liability amounting to \$245,923. The City will recognize the remaining estimated cost of closure and post-closure care of \$5.6 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements.

NOTE 6 - FUND BALANCE

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

Total fund balance, General Fund	\$ <u>6,572,796</u>
Less:	
Inventories	15,516
Prepays	69,984
Stabilization by State Statute	1,570,942
Appropriated fund balance in 2019 budget	250,000
Streets – Powell Bill	213,089
Parks and Recreation	51,679
Public Safety	73,764
Economic Development	4,123
Remaining Fund Balance	\$ <u><u>4,323,699</u></u>

CITY OF ALBEMARLE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENTS

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75; *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$5,510,155 and \$3,603,363 for the business-type activities.

During the year ended June 30, 2018, the City determined that the landfill closure and post-closure liability had been calculated incorrectly. Therefore, an adjustment to the beginning closure and post-closure care liability and net position has been recorded, the effect of which decreased the closure and post-closure care liability and increased net position of the landfill fund and business-type activities by \$1,817,241.

During the year ended June 30, 2018, the City established an internal service fund to account for its self insured employee health insurance plan. The Health Insurance Reserve Fund which was previously consolidated in the General Fund was consolidated with the Internal Service Fund effective July 1, 2017. As a result, the beginning net position and cash and cash equivalents of the Internal Service Fund, and the beginning fund balance and cash and cash equivalents of the General Fund decreased by \$486,965.

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2018, the date the financial statements were available to be issued.

NOTE 9 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

North Carolina General Statutes prohibits the City from having a deficit fund balance in any fund. The Albemarle Business Park and Albemarle Police Headquarters Capital Project Funds had deficit fund balances in the amount of \$9,548 and \$74,700, respectively. The deficit balance in fund balances resulted from professional service expenditures incurred before grant proceeds and financing proceeds were received. These deficits will be reduced as grant proceeds and installment financing proceeds are received.

Required Supplemental Financial Data

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

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



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CITY OF ALBEMARLE, NORTH CAROLINA
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
*Last Five Fiscal Years**

Exhibit J

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Albemarle's proportion of the net pension liability (asset) %	0.19816%	0.20077%	0.19907%	0.20039%	0.19690%
Albemarle's proportion of net pension liability (asset) \$	\$ 3,027,336	\$ 4,261,010	\$ 893,414	\$ (1,181,792)	\$ 2,373,401
Albemarle's covered payroll	\$11,827,787	\$11,796,289	\$ 11,148,197	\$ 10,816,329	\$ 10,757,264
Albemarle's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	25.60%	36.12%	8.01%	(10.93%)	22.06%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

This schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.

CITY OF ALBEMARLE, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Five Fiscal Years

Exhibit K

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 911,189	\$ 871,049	\$ 806,049	\$ 795,267	\$ 769,059
Contributions in relation to the contractually required contribution	911,189	871,049	806,049	795,267	769,059
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Albemarle's covered-employee payroll	\$ 11,921,550	\$ 11,827,787	\$ 11,796,289	\$ 11,148,197	\$ 10,816,329
Contributions as a percentage of covered- employee payroll	7.64%	7.36%	6.83%	7.13%	7.11%

This schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.

CITY OF ALBEMARLE, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

Exhibit L

Law Enforcement Officers' Special Separation Allowance

	2018	2017
Beginning Balance	\$ 1,917,124	\$ 1,969,751
Service cost	55,801	62,541
Interest on the total pension liability	71,066	67,718
Differences between expected and actual experience in the measurement of the total pension liability	(130,471)	-
Changes of assumptions or other inputs	90,442	(37,099)
Benefit payments	(152,094)	(145,787)
Ending balance of the total pension liability	\$ 1,851,868	\$ 1,917,124

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 as it becomes available.

CITY OF ALBEMARLE, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

Exhibit M

Law Enforcement Officers' Special Separation Allowance

	2018	2017
Total pension liability	\$ 1,851,868	\$ 1,917,124
Covered payroll	2,200,701	2,298,076
Total pension liability as a percentage of covered payroll	84.15%	83.42%

Notes to the schedules:

The City of Albemarle 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 as it becomes available.

CITY OF ALBEMARLE, NORTH CAROLINA *Exhibit N*
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Healthcare Benefits Plan

Total OPEB Liability

	2018
Service Cost	\$ 596,719
Interest	364,403
Changes of benefit terms	-
Differences between expected and actual experience	(20,701)
Changes of assumptions	(640,656)
Benefit payments	(545,476)
Net change in OPEB liability	(245,711)
Total OPEB liability - beginning	12,377,137
Total OPEB liability - ending	\$ 12,131,426

Covered payroll

Total OPEB liability as a percentage of covered payroll

Notes to 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:

2018
3.56%

The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

This schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.



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Combining and Individual Fund Financial Statements



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Major Governmental Funds

General Fund – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.



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

*Schedule 1
Page 1 of 6*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Ad valorem taxes			
Current year	\$ 5,914,150	\$ 6,043,439	\$ 129,289
Prior years	160,575	156,126	(4,449)
Penalties and interest	56,100	60,549	4,449
Total	<u>6,130,825</u>	<u>6,260,114</u>	<u>129,289</u>
Other taxes and licenses			
Gross receipts tax on short-term rental property	26,000	27,087	1,087
Local occupancy tax	127,500	148,354	20,854
Privilege license fee	1,000	1,055	55
Motor vehicle fees	65,000	66,145	1,145
Total	<u>219,500</u>	<u>242,641</u>	<u>23,141</u>
Unrestricted intergovernmental revenues			
Local option sales tax	3,731,700	3,706,789	(24,911)
Utility franchise tax	1,170,000	1,070,474	(99,526)
Telecommunications tax	135,550	124,921	(10,629)
Cable TV franchise	120,000	113,988	(6,012)
Piped natural gas sales tax	32,200	46,931	14,731
Beer and wine tax	73,000	69,824	(3,176)
ABC profit distribution	250,000	290,000	40,000
DENR grant	14,000	12,608	(1,392)
Total	<u>5,526,450</u>	<u>5,435,535</u>	<u>(90,915)</u>
Restricted intergovernmental revenue			
ABC - law enforcement	12,000	18,578	6,578
Powell Bill allocation	517,000	516,443	(557)
Street sweeper contract	8,500	8,486	(14)
Federal grants	5,000	6,296	1,296
State grants	6,250	4,401	(1,849)
Drug tax distribution	-	31,878	31,878
Federal shared revenues	-	20,703	20,703
Right of way mowing	16,800	16,783	(17)
Schools	89,700	89,675	(25)
Total	<u>655,250</u>	<u>713,243</u>	<u>57,993</u>

Continued

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

*Schedule 1
Page 2 of 6*

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues (continued)			
Permits and fees			
Fire Department fees	\$ 27,600	\$ 28,705	\$ 1,105
Inspection and rezoning fees	8,500	7,630	(870)
Nuisance abatements	-	18,159	18,159
Miscellaneous permits/fees	4,000	1,915	(2,085)
Total	<u>40,100</u>	<u>56,409</u>	<u>16,309</u>
Sales and service			
Court costs and fees	250	148	(102)
Refuse collection fees	1,400,000	1,441,848	41,848
Cultural and recreational fees	88,600	115,401	26,801
Total	<u>1,488,850</u>	<u>1,557,397</u>	<u>68,547</u>
Investment earnings	<u>16,800</u>	<u>45,886</u>	<u>29,086</u>
Miscellaneous			
Miscellaneous	13,000	11,658	(1,342)
Sale of surplus property	10,000	18,066	8,066
Sale of fixed assets	-	15,532	15,532
Rental revenue	29,200	31,006	1,806
Contributions	30,000	47,803	17,803
Insurance reimbursement	35,610	79,819	44,209
Total	<u>117,810</u>	<u>203,884</u>	<u>86,074</u>
Total revenues	<u>14,195,585</u>	<u>14,515,109</u>	<u>319,524</u>
Expenditures			
General government			
Administration			
Salaries and employee benefits	155,980	157,328	(1,348)
Other operating expenditures	251,280	189,499	61,781
Capital outlay	-	3,297	(3,297)
Total	<u>407,260</u>	<u>350,124</u>	<u>57,136</u>

Continued

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

*Schedule 1
Page 3 of 6*

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	2018		Variance Positive (Negative)
	Budget	Actual	
Expenditures (Continued)			
General government (continued)			
Information systems			
Salaries and employees benefits	\$ 305,475	\$ 257,346	\$ 48,129
Other operating expenditures	403,800	393,566	10,234
Capital outlay	66,000	64,078	1,922
Reimbursement - proprietary funds	(546,400)	(475,492)	(70,908)
Total	<u>228,875</u>	<u>239,498</u>	<u>(10,623)</u>
Economic Development			
Salaries and employees benefits	98,935	98,972	(37)
Other operating expenditures	101,750	41,610	60,140
Reimbursement - proprietary funds	(152,350)	(107,881)	(44,469)
Total	<u>48,335</u>	<u>32,701</u>	<u>15,634</u>
Human resources			
Salaries and employee benefits	79,615	77,094	2,521
Other operating expenditures	23,950	13,514	10,436
Total	<u>103,565</u>	<u>90,608</u>	<u>12,957</u>
Finance			
Salaries and employee benefits	142,775	139,515	3,260
Other operating expenditures	203,175	193,467	9,708
Total	<u>345,950</u>	<u>332,982</u>	<u>12,968</u>
Community Development			
Salaries and employee benefits	371,020	367,323	3,697
Other operating expenditures	225,450	186,259	39,191
Total	<u>596,470</u>	<u>553,582</u>	<u>42,888</u>
Downtown Development			
Salaries and employee benefits	85,850	75,509	10,341
Other operating expenditures	19,550	17,321	2,229
Total	<u>105,400</u>	<u>92,830</u>	<u>12,570</u>
Total general government	<u>1,835,855</u>	<u>1,692,325</u>	<u>143,530</u>

Continued

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

**Schedule 1
Page 4 of 6**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	2018		Variance Positive (Negative)
	Budget	Actual	
Expenditures (Continued)			
Public safety			
Police			
Salaries and employee benefits	\$ 3,866,400	\$ 3,849,642	\$ 16,758
School resource officers	149,350	144,616	4,734
Other operating expenditures	676,800	629,977	46,823
Capital outlay	120,000	119,900	100
Total	<u>4,812,550</u>	<u>4,744,135</u>	<u>68,415</u>
Fire department			
Salaries and employee benefits	2,884,025	2,824,387	59,638
Other operating expenditures	406,250	368,578	37,672
Capital outlay	44,750	45,348	(598)
Total	<u>3,335,025</u>	<u>3,238,313</u>	<u>96,712</u>
Total public safety	<u>8,147,575</u>	<u>7,982,448</u>	<u>165,127</u>
Public works			
Administration			
Salaries and employees benefits	121,100	122,035	(935)
Solid waste disposal fee	282,000	311,078	(29,078)
Downtown services	125,850	119,489	6,361
Other operating expenditures	48,350	38,141	10,209
Capital outlay	7,500	-	7,500
Total	<u>584,800</u>	<u>590,743</u>	<u>(5,943)</u>
Streets and Highways			
Salaries and employee benefits	873,075	723,933	149,142
Other operating expenditures	524,275	514,346	9,929
Capital outlay	44,050	42,216	1,834
Total	<u>1,441,400</u>	<u>1,280,495</u>	<u>160,905</u>
Shop and Warehouse			
Salaries and employee benefits	80,350	73,948	6,402
Other operating expenditures	81,650	88,050	(6,400)
Capital outlay	41,900	29,133	12,767
Total	<u>203,900</u>	<u>191,131</u>	<u>12,769</u>

Continued

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

**Schedule 1
Page 5 of 6**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Expenditures (Continued)			
Public works (Continued)			
Solid Waste Division			
Solid waste	\$ 1,097,000	\$ 1,097,008	\$ (8)
Bad debt expense	13,500	8,807	4,693
Total	<u>1,110,500</u>	<u>1,105,815</u>	<u>4,685</u>
Total public works	<u>3,340,600</u>	<u>3,168,184</u>	<u>172,416</u>
Cultural and recreation			
Parks and recreation			
Salaries and employee benefits	1,063,911	1,032,495	31,416
Other operating expenditures	421,800	382,288	39,512
Capital outlay	<u>287,175</u>	<u>268,633</u>	<u>18,542</u>
Total cultural and recreation	<u>1,772,886</u>	<u>1,683,416</u>	<u>89,470</u>
Debt service			
Principal retirement	658,500	613,758	44,742
Interest and fees	<u>114,875</u>	<u>107,036</u>	<u>7,839</u>
Total debt service	<u>773,375</u>	<u>720,794</u>	<u>52,581</u>
Contingency	<u>10,000</u>	-	<u>10,000</u>
Total expenditures	<u>15,880,291</u>	<u>15,247,167</u>	<u>633,124</u>
Revenues over (under) expenditures	<u>(1,684,706)</u>	<u>(732,058)</u>	<u>952,648</u>
Other financing sources (uses)			
Operating transfers (to) from other funds			
Water and sewer fund	310,575	310,575	-
Electric fund	862,000	477,000	(385,000)
Landfill fund	20,900	20,900	-
Public housing fund	14,100	9,677	(4,423)
Electric fund	(25,000)	(25,000)	-
Economic development fund	(20,000)	(20,000)	-
Parks and recreation grant fund	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,077,575</u>	<u>688,152</u>	<u>(389,423)</u>

Continued

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues over (under) expenditures and other financing sources (uses)	\$ (607,131)	\$ (43,906)	\$ 563,225
Fund balance appropriated	607,131	-	(607,131)
Net change in fund balance	<u>\$ -</u>	(43,906)	<u>\$ (43,906)</u>
Fund balance - beginning, as restated		<u>6,616,702</u>	
Fund balance - ending		<u>\$ 6,572,796</u>	

Non-Major Governmental Funds

Capital Project Funds

Albemarle Business Park Project Fund – This fund is used to account for grant and other funds for the construction of a business center.

Albemarle Police Headquarters Project Fund – This fund is used to account for loan proceeds and other funds for construction and rehabilitation of a building for police headquarters.

Parks and Recreation Trust Grant Fund – This fund is used to account for grant funds restricted for Morehead Park renovation.

Parks and Recreation Sports Complex – This fund is used to account for contributions restricted for construction of a sports complex and related expenditures.

Parks and Recreation Roosevelt Ingram Park Erosion Control – This fund is used to account for funds for erosion control measures at Roosevelt Ingram Park.



ALBEMARLE

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CITY OF ALBEMARLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

Schedule 2

	Capital Project Funds					
	Albemarle Business Park	Albemarle Police Headquarters	Parks And Recreation Trust Grant Fund	Parks And Recreation Sports Complex Project	Parks And Recreation Roosevelt Ingram Park Erosion Control	Total Capital Project Funds
ASSETS						
Current Assets						
Cash and investments	\$ 17,583	\$ (74,700)	\$ 8,291	\$ 575,569	\$ 80,065	\$ 606,808
Due from other governments	<u>2</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>8</u>	<u>70</u>
Total assets	<u>\$ 17,585</u>	<u>\$ (74,700)</u>	<u>\$ 8,291</u>	<u>\$ 575,629</u>	<u>\$ 80,073</u>	<u>\$ 606,878</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 27,133	\$ -	\$ 3,287	\$ -	\$ -	\$ 30,420
Total liabilities	<u>27,133</u>	<u>-</u>	<u>3,287</u>	<u>-</u>	<u>-</u>	<u>30,420</u>
Fund balances (deficit)						
Restricted						
Economic development	(9,548)	-	-	-	-	(9,548)
Public safety	-	(74,700)	-	-	-	(74,700)
Cultural and recreational	<u>-</u>	<u>-</u>	<u>5,004</u>	<u>575,629</u>	<u>80,073</u>	<u>660,706</u>
Total fund balances (deficit)	<u>(9,548)</u>	<u>(74,700)</u>	<u>5,004</u>	<u>575,629</u>	<u>80,073</u>	<u>576,458</u>
Total liabilities and fund balances	<u>\$ 17,585</u>	<u>\$ (74,700)</u>	<u>\$ 8,291</u>	<u>\$ 575,629</u>	<u>\$ 80,073</u>	<u>\$ 606,878</u>

CITY OF ALBEMARLE, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

Schedule 3

	Capital Project Funds					Total Capital Project Funds
	Albemarle Business Park	Albemarle Police Headquarters	Parks And Recreation Trust Grant Fund	Parks And Recreation Sports Complex Project	Parks And Recreation Roosevelt Ingram Park Erosion Control	
Revenues						
Restricted intergovernmental	\$ -	\$ -	\$ 4,561	\$ -	\$ -	\$ 4,561
Investment earnings	<u>30</u>	<u>-</u>	<u>15</u>	<u>988</u>	<u>73</u>	<u>1,106</u>
Total revenues	<u>30</u>	<u>-</u>	<u>4,576</u>	<u>988</u>	<u>73</u>	<u>5,667</u>
Expenditures						
Capital outlay	<u>29,578</u>	<u>74,700</u>	<u>63,165</u>	<u>348</u>	<u>-</u>	<u>167,791</u>
Total expenditures	<u>29,578</u>	<u>74,700</u>	<u>63,165</u>	<u>348</u>	<u>-</u>	<u>167,791</u>
Revenues over (under) expenditures	<u>(29,548)</u>	<u>(74,700)</u>	<u>(58,589)</u>	<u>640</u>	<u>73</u>	<u>(162,124)</u>
Other financing sources (uses)						
Transfers from (to) other funds						
General Fund	<u>20,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>80,000</u>	<u>105,000</u>
Total other financing sources (uses)	<u>20,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>80,000</u>	<u>105,000</u>
Net change in fund balances	(9,548)	(74,700)	(53,589)	640	80,073	(57,124)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>58,593</u>	<u>574,989</u>	<u>-</u>	<u>633,582</u>
Fund balance (deficit) - ending	<u>\$ (9,548)</u>	<u>\$ (74,700)</u>	<u>\$ 5,004</u>	<u>\$ 575,629</u>	<u>\$ 80,073</u>	<u>\$ 576,458</u>

ALBEMARLE BUSINESS PARK

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

BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues					
Restricted intergovernmental revenues					
Rural center grant	\$ 750,000	\$ -	\$ -	\$ -	\$ (750,000)
Investment earnings	-	-	30	30	30
Total revenues	750,000	-	30	30	(749,970)
Expenditures					
Professional services	150,000	-	29,578	29,578	120,422
Buildings, structures and improvements	3,200,000	-	-	-	3,200,000
Other improvements	244,000	-	-	-	244,000
Roadway and paving	3,420,000	-	-	-	3,420,000
Landscaping	150,000	-	-	-	150,000
Sewerage	1,014,777	-	-	-	1,014,777
Water improvements	657,773	-	-	-	657,773
Distributions lines	1,621,400	-	-	-	1,621,400
Construction	3,914,725	-	-	-	3,914,725
Contingency	524,025	-	-	-	524,025
Total expenditures	14,896,700	-	29,578	29,578	14,867,122
Revenues over (under) expenditures	(14,146,700)	-	(29,548)	(29,548)	14,117,152
Other financing sources					
Transfers from other funds					
General fund	250,000	-	20,000	20,000	(230,000)
Water and sewer fund	672,550	-	-	-	(672,550)
Electric fund	621,400	-	-	-	(621,400)
	1,543,950	-	20,000	20,000	(1,523,950)
Proceeds from installment financing	12,602,750	-	-	-	(12,602,750)
Total other financing sources	14,146,700	-	20,000	20,000	(14,126,700)
Net change in fund balance	\$ -	\$ -	(9,548)	\$ (9,548)	\$ (9,548)
Fund balance - beginning			-		
Fund balance - ending			\$ (9,548)		

ALBEMARLE POLICE HEADQUARTERS

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

BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Actual Total To Date	Variance Positive (Negative)
Expenditures					
Professional services	\$ 500,000	\$ -	\$ 74,700	\$ 74,700	\$ 425,300
Office furniture	300,000	-	-	-	300,000
Contingency	2,400,000	-	-	-	2,400,000
Building structure improvements					
Total expenditures	<u>3,200,000</u>	<u>-</u>	<u>74,700</u>	<u>74,700</u>	<u>3,125,300</u>
Revenues over (under) expenditures	<u>(3,200,000)</u>	<u>-</u>	<u>(74,700)</u>	<u>(74,700)</u>	<u>3,125,300</u>
Other financing sources					
Proceeds from installment financing	<u>3,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,200,000)</u>
Total other financing sources	<u>3,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,200,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(74,700)</u>	<u>\$ (74,700)</u>	<u>\$ (74,700)</u>
Fund balance - beginning			<u>-</u>		
Fund balance - ending			<u>\$ (74,700)</u>		

**CITY OF ALBEMARLE, NORTH CAROLINA
PARKS AND RECREATION TRUST GRANT FUND**

Schedule 6

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

From Inception and for the Year Ended June 30, 2018

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
Private grant	\$ 130,492	\$ 112,882	\$ 4,561	\$ 117,443	\$ (13,049)
Investment earnings	-	-	15	15	15
	<u>130,492</u>	<u>112,882</u>	<u>4,576</u>	<u>117,458</u>	<u>(13,034)</u>
Total revenues					
Expenditures					
Salary and benefits	7,536	-	-	-	7,536
Legal	2,000	-	-	-	2,000
Engineering	10,000	-	-	-	10,000
Equipment	80,000	11,982	42,320	54,302	25,698
Landscaping	-	-	2,961	2,961	(2,961)
Equipment rent	2,400	-	-	-	2,400
Construction	156,500	182,735	8,941	191,676	(35,176)
Contingency	12,484	-	8,943	8,943	3,541
	<u>270,920</u>	<u>194,717</u>	<u>63,165</u>	<u>257,882</u>	<u>13,038</u>
Total expenditures					
Revenues over (under) expenditures	<u>(140,428)</u>	<u>(81,835)</u>	<u>(58,589)</u>	<u>(140,424)</u>	<u>4</u>
Other financing sources					
Transfers from other funds					
From General Fund	140,428	140,428	5,000	145,428	5,000
Total other financing sources	<u>140,428</u>	<u>140,428</u>	<u>5,000</u>	<u>145,428</u>	<u>5,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 58,593</u>	<u>(53,589)</u>	<u>\$ 5,004</u>	<u>\$ 5,004</u>
Fund balance - beginning			<u>58,593</u>		
Fund balance - ending			<u>\$ 5,004</u>		

CITY OF ALBEMARLE, NORTH CAROLINA *Schedule 7*
PARKS AND RECREATION SPORTS COMPLEX PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues					
Contributions	\$ 4,600,000	\$ -	\$ -	\$ -	\$(4,600,000)
Investment earnings	<u>-</u>	<u>-</u>	<u>988</u>	<u>988</u>	<u>988</u>
Total revenues	<u>4,600,000</u>	<u>-</u>	<u>988</u>	<u>988</u>	<u>(4,599,012)</u>
Expenditures					
Construction	<u>7,000,000</u>	<u>430,011</u>	<u>348</u>	<u>430,359</u>	<u>6,569,641</u>
Total expenditures	<u>7,000,000</u>	<u>430,011</u>	<u>348</u>	<u>430,359</u>	<u>6,569,641</u>
Revenues over (under) expenditures	<u>(2,400,000)</u>	<u>(430,011)</u>	<u>640</u>	<u>(429,371)</u>	<u>1,970,629</u>
Other financing sources					
Transfers from other funds					
From General Fund	<u>2,400,000</u>	<u>1,005,000</u>	<u>-</u>	<u>1,005,000</u>	<u>(1,395,000)</u>
Total other financing sources	<u>2,400,000</u>	<u>1,005,000</u>	<u>-</u>	<u>1,005,000</u>	<u>(1,395,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 574,989</u>	<u>640</u>	<u>\$ 575,629</u>	<u>\$ 575,629</u>
Fund balance - beginning			<u>574,989</u>		
Fund balance - ending			<u>\$ 575,629</u>		

CITY OF ALBEMARLE, NORTH CAROLINA **Schedule 8**
PARKS AND RECREATION - ROOSEVELT INGRAM PARK - EROSION CONTROL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Investment earnings	\$ -	\$ -	\$ 73	\$ 73	\$ 73
Expenditures					
Engineering	19,500	-	-	-	19,500
Environmental remediation	52,700	-	-	-	52,700
Contingency	7,800	-	-	-	7,800
Total expenditures	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Revenues over (under) expenditures	<u>(80,000)</u>	<u>-</u>	<u>73</u>	<u>73</u>	<u>80,073</u>
Other financing sources					
Transfers from other funds					
From General Fund	80,000	-	80,000	80,000	-
Total other financing sources	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>80,073</u>	<u>\$ 80,073</u>	<u>\$ 80,073</u>
Fund balance - beginning			-		
Fund balance - ending			<u>\$ 80,073</u>		



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Enterprise Funds

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.

Water and Sewer Fund – This fund is used to account for the City’s water and sewer operations.

Electric Fund – This fund is used to account for the City’s electric operations.

Municipal Solid Waste Landfill Fund – This fund is used to account for the City’s landfill operations.

Albemarle Department of Public Housing – This fund is used to account for the City’s public housing operations.



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CITY OF ALBEMARLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 9
Page 1 of 4

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues			
Water sales:			
Residential	\$ 1,515,600	\$ 1,570,908	\$ 55,308
Commercial and industrial	5,151,750	5,721,667	569,917
Municipal usage	<u>62,400</u>	<u>63,091</u>	<u>691</u>
Total	<u>6,729,750</u>	<u>7,355,666</u>	<u>625,916</u>
Sewer charges:			
Residential	1,273,000	1,273,951	951
Commercial and industrial	2,233,750	1,896,147	(337,603)
Municipal usage	<u>86,000</u>	<u>69,435</u>	<u>(16,565)</u>
Total	<u>3,592,750</u>	<u>3,239,533</u>	<u>(353,217)</u>
Water and sewer taps	<u>10,000</u>	<u>30,084</u>	<u>20,084</u>
Other operating revenues	<u>139,050</u>	<u>153,243</u>	<u>14,193</u>
Total operating revenues	<u>10,471,550</u>	<u>10,778,526</u>	<u>306,976</u>
Nonoperating revenues			
Investment earnings	800	12,236	11,436
Sale of assets	-	5,370	5,370
Other	<u>45,750</u>	<u>73,388</u>	<u>27,638</u>
Total nonoperating revenues	<u>46,550</u>	<u>90,994</u>	<u>44,444</u>
Total revenues	<u>10,518,100</u>	<u>10,869,520</u>	<u>351,420</u>
Expenditures			
Water and Sewer Administration			
Salaries and employees benefits	672,880	692,921	(20,041)
Professional services	88,950	31,527	57,423
Postage	48,000	43,254	4,746
Repairs	8,000	5,481	2,519
Supplies	9,800	3,804	5,996
Other operating expenditures	575,265	438,821	136,444
Utilities	<u>34,450</u>	<u>25,581</u>	<u>8,869</u>
Total	<u>1,437,345</u>	<u>1,241,389</u>	<u>195,956</u>

Continued

CITY OF ALBEMARLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 9
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Water and Sewer Customer Service			
Salaries and employees benefits	\$ 84,662	\$ 83,998	\$ 664
Other operating expenditures	-	1,139	(1,139)
Total	<u>84,662</u>	<u>85,137</u>	<u>(475)</u>
Water Treatment Plant			
Salaries and employees benefits	1,039,665	766,785	272,880
Supplies	59,000	57,124	1,876
Repairs	74,898	58,818	16,080
Contracted services	210,550	240,530	(29,980)
Utilities	393,550	592,150	(198,600)
Other operating expenditures	500,500	398,520	101,980
Total	<u>2,278,163</u>	<u>2,113,927</u>	<u>164,236</u>
Sewer Treatment Plant			
Salaries and employees benefits	880,030	960,838	(80,808)
Supplies	35,500	37,038	(1,538)
Repairs	126,000	119,086	6,914
Contracted services	211,360	165,585	45,775
Utilities	457,550	396,672	60,878
Other operating expenditures	147,530	169,357	(21,827)
Total	<u>1,857,970</u>	<u>1,848,576</u>	<u>9,394</u>
System Division			
Salaries and employee benefits	1,229,735	1,237,987	(8,252)
Supplies	284,530	324,350	(39,820)
Repairs	74,800	42,955	31,845
Contracted services	51,430	34,332	17,098
Utilities	15,000	17,482	(2,482)
Other operating expenditures	152,660	84,777	67,883
Total	<u>1,808,155</u>	<u>1,741,883</u>	<u>66,272</u>
Debt Service			
Principal retirement	1,810,690	1,260,107	550,583
Interest and fees	391,420	389,250	2,170
Total	<u>2,202,110</u>	<u>1,649,357</u>	<u>552,753</u>

Continued

CITY OF ALBEMARLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 9
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Capital Outlay			
Utility administration	\$ 1,350	\$ 1,340	\$ 10
Water treatment plant	25,000	22,990	2,010
Sewer treatment plant	261,000	64,060	196,940
Systems division	<u>237,270</u>	<u>250,079</u>	<u>(12,809)</u>
Total	<u>524,620</u>	<u>338,469</u>	<u>186,151</u>
Total expenditures	<u>10,193,025</u>	<u>9,018,738</u>	<u>1,174,287</u>
Revenues over (under) expenditures	<u>325,075</u>	<u>1,850,782</u>	<u>1,525,707</u>
Other financing sources (uses)			
Transfers (to) from other funds			
General fund	(259,575)	(310,575)	(51,000)
Waste water treatment improvements capital project fund	-	(62,545)	(62,545)
Inflow & infiltration sewer project fund	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(344,575)</u>	<u>(458,120)</u>	<u>(113,545)</u>
Revenues and other financing sources (uses) over (under) expenditures	(19,500)	1,392,662	1,412,162
Fund balance appropriated	<u>19,500</u>	<u>-</u>	<u>(19,500)</u>
	<u>\$ -</u>	<u>\$ 1,392,662</u>	<u>\$ 1,392,662</u>

Continued

CITY OF ALBEMARLE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 9
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Reconciliation from budgetary basis (modified accrual)
to full accrual basis

Net change in fund balance	\$ <u>1,392,662</u>
Principal retirement	1,260,107
Capital outlay	338,469
Depreciation	(2,201,148)
Loss on disposal of capital assets	(17,722)
Decrease in deferred outflows of resources - pensions	(204,974)
Decrease in net pension liability	167,531
Decrease in deferred inflows of resources - pensions	1,398
Decrease in installment purchase interest accrued	6,197
Increase in accrued compensated absences	(17,242)
Increase in deferred outflows - OPEB	96,980
Increase in other postemployment benefits	(204,131)
Increase in deferred inflows of resources - OPEB	(118,393)
Interest income from Capital Project Funds	836
Transfer to Waste Water Treatment Improvements Capital Project Fund	62,545
Transfer to Inflow & Infiltration Sewer Project Fund	<u>85,000</u>
Total reconciling items	<u>(744,547)</u>
Change in net position	<u>\$ 648,115</u>

CITY OF ALBEMARLE, NORTH CAROLINA
WATER & SEWER CAPITAL (CKA) PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Schedule 10

	Project Authorization	Actual			Variance Positive Negative
		Prior Years	Current Year	Total to Date	
Revenues					
Investment earnings	\$ -	\$ 1,384	\$ 124	\$ 1,508	\$ 1,508
Total revenues	-	1,384	124	1,508	1,508
Expenditures					
Administration	188,585	231,321	1,078	232,399	(43,814)
Legal	11,000	7,962	-	7,962	3,038
Engineering	412,600	326,389	-	326,389	86,211
Land	20,000	19,784	-	19,784	216
Data processing equipment	96,200	103,946	-	103,946	(7,746)
Advertising	-	33	-	33	(33)
Contingency	266,725	8,758	-	8,758	257,967
Construction in process	5,814,600	6,039,488	-	6,039,488	(224,888)
Total expenditures	6,809,710	6,737,681	1,078	6,738,759	70,951
Revenues (under) expenditures	(6,809,710)	(6,736,297)	(954)	(6,737,251)	72,459
Other financing sources (uses)					
Transfers from other funds					
Water and sewer fund	409,710	409,710	-	409,710	-
Installment purchase obligations issued	6,400,000	6,400,000	-	6,400,000	-
Total other financing sources (uses)	6,809,710	6,809,710	-	6,809,710	-
Revenues and other sources (uses)					
over (under) expenditures	\$ -	\$ 73,413	\$ (954)	\$ 72,459	\$ 72,459

CITY OF ALBEMARLE, NORTH CAROLINA
WASTE WATER TREATMENT IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Schedule 11

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive Negative</u>
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Legal	50,000	3,654	-	3,654	46,346
Engineering	203,895	212,973	-	212,973	(9,078)
Administration	220,300	229,791	-	229,791	(9,491)
Demolition	180,000	-	-	-	180,000
Building	2,775,000	2,660,417	-	2,660,417	114,583
Contingency	295,500	-	-	-	295,500
Total expenditures	<u>3,724,695</u>	<u>3,106,835</u>	<u>-</u>	<u>3,106,835</u>	<u>617,860</u>
Revenues (under) expenditures	<u>(3,724,695)</u>	<u>(3,106,835)</u>	<u>-</u>	<u>(3,106,835)</u>	<u>617,860</u>
Other financing sources (uses)					
Transfers from other funds					
Water and sewer fund	60,300	62,019	62,545	124,564	64,264
Installment purchase obligations issued	3,664,395	2,982,271	-	2,982,271	(682,124)
Total other financing sources (uses)	<u>3,724,695</u>	<u>3,044,290</u>	<u>62,545</u>	<u>3,106,835</u>	<u>(617,860)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (62,545)</u>	<u>\$ 62,545</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ALBEMARLE, NORTH CAROLINA
INFLOW & INFILTRATION SEWER PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Schedule 12

	Project Authorization	Actual		Total to Date	Variance Positive Negative
		Prior Years	Current Year		
Revenues					
Restricted intergovernmental revenues					
Clean water grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Expenditures					
Legal	30,000	-	-	-	30,000
Engineering, construction management and administration	603,000	-	343,460	343,460	259,540
Easement and encroachment	35,000	-	-	-	35,000
Loan costs	85,000	-	-	-	85,000
Construction	3,714,000	-	-	-	3,714,000
Contingency	384,000	-	805	805	383,195
Total expenditures	<u>4,851,000</u>	<u>-</u>	<u>344,265</u>	<u>344,265</u>	<u>4,506,735</u>
Revenues (under) expenditures	<u>(4,351,000)</u>	<u>-</u>	<u>(344,265)</u>	<u>(344,265)</u>	<u>4,006,735</u>
Other financing sources (uses)					
Transfers (to) from other funds					
Water and sewer fund	85,000	-	85,000	85,000	-
Installment purchase obligations issued	4,266,000	-	-	-	(4,266,000)
Total other financing sources (uses)	<u>4,351,000</u>	<u>-</u>	<u>85,000</u>	<u>85,000</u>	<u>(4,266,000)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (259,265)</u>	<u>\$ (259,265)</u>	<u>\$ (259,265)</u>

CITY OF ALBEMARLE, NORTH CAROLINA
WATER TREATMENT PLANT REHABILITATION PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Schedule 13

	Project Authorization	Actual		Total to Date	Variance Positive Negative
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 1,762	\$ 1,487	\$ 712	\$ 2,199	\$ 437
Total revenues	<u>1,762</u>	<u>1,487</u>	<u>712</u>	<u>2,199</u>	<u>437</u>
Expenditures					
Legal	1,000	376	-	376	624
Engineering	476,350	475,600	750	476,350	-
Other professional services	327,150	263,538	51,263	314,801	12,349
Administration	248,707	242,395	-	242,395	6,312
Construction	10,273,585	8,987,928	1,158,008	10,145,936	127,649
Contingency	<u>180,000</u>	<u>7,000</u>	<u>12,183</u>	<u>19,183</u>	<u>160,817</u>
Total expenditures	<u>11,506,792</u>	<u>9,976,837</u>	<u>1,222,204</u>	<u>11,199,041</u>	<u>307,751</u>
Revenues (under) expenditures	<u>(11,505,030)</u>	<u>(9,975,350)</u>	<u>(1,221,492)</u>	<u>(11,196,842)</u>	<u>308,188</u>
Other financing sources (uses)					
Transfers (to) from other funds					
Old Whitney capital project	-	(120,468)	-	(120,468)	(120,468)
Water and sewer fund	6,370	19,200	-	19,200	12,830
52 EQ project	3,898	558,456	-	558,456	554,558
Installment purchase obligations issued	<u>11,494,762</u>	<u>9,515,775</u>	<u>1,667,681</u>	<u>11,183,456</u>	<u>(311,306)</u>
Total other financing sources (uses)	<u>11,505,030</u>	<u>9,972,963</u>	<u>1,667,681</u>	<u>11,640,644</u>	<u>135,614</u>
Revenues and other sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (2,387)</u>	<u>\$ 446,189</u>	<u>\$ 443,802</u>	<u>\$ 443,802</u>

CITY OF ALBEMARLE, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 14
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues			
Residential sales	\$ 16,603,400	\$ 16,509,050	\$ (94,350)
Commercial and industrial sales	15,470,925	15,490,449	19,524
Sales to City Departments	<u>1,056,200</u>	<u>1,057,645</u>	<u>1,445</u>
Total charges for services	<u>33,130,525</u>	<u>33,057,144</u>	<u>(73,381)</u>
Other operating revenues	<u>1,048,000</u>	<u>1,048,838</u>	<u>838</u>
Total operating revenues	<u>34,178,525</u>	<u>34,105,982</u>	<u>(72,543)</u>
Nonoperating revenues			
Interest earned on investments	2,000	23,014	21,014
Miscellaneous nonoperating income	56,110	57,068	958
Sale of assets	<u>15,000</u>	<u>5,400</u>	<u>(9,600)</u>
Total nonoperating revenues	<u>73,110</u>	<u>85,482</u>	<u>12,372</u>
Total revenues	<u>34,251,635</u>	<u>34,191,464</u>	<u>(60,171)</u>
Expenditures			
Administrative and Finance			
Salaries and employees benefits	1,138,200	1,079,585	58,615
Other operating expenditures	<u>830,420</u>	<u>562,709</u>	<u>267,711</u>
Total	<u>1,968,620</u>	<u>1,642,294</u>	<u>326,326</u>
Customer Service			
Salaries and employees benefits	87,170	94,129	(6,959)
Other operating expenditures	<u>11,340</u>	<u>10,070</u>	<u>1,270</u>
Total	<u>98,510</u>	<u>104,199</u>	<u>(5,689)</u>
Electric Operations			
Salaries and employees benefits	1,415,110	1,460,333	(45,223)
Electric power purchases	26,040,000	26,596,161	(556,161)
Other operating expenditures	<u>3,552,110</u>	<u>1,795,897</u>	<u>1,756,213</u>
Total	<u>31,007,220</u>	<u>29,852,391</u>	<u>1,154,829</u>
Debt Service			
Principal retirement	147,100	147,796	(696)
Interest and other charges	<u>23,610</u>	<u>18,664</u>	<u>4,946</u>
Total debt service	<u>170,710</u>	<u>166,460</u>	<u>4,250</u>

Continued

CITY OF ALBEMARLE, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 14
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued)			
Capital Outlay			
Administrative and finance	\$ 1,675	\$ 1,675	\$ -
Electric operations	<u>380,600</u>	<u>377,236</u>	<u>3,364</u>
Total	<u>382,275</u>	<u>378,911</u>	<u>3,364</u>
Total expenditures	<u>33,627,335</u>	<u>32,144,255</u>	<u>1,483,080</u>
Revenues over (under) expenditures	<u>624,300</u>	<u>2,047,209</u>	<u>1,422,909</u>
Other financing sources (uses)			
Transfer from (to) funds			
General fund	<u>(643,800)</u>	<u>(452,000)</u>	<u>191,800</u>
Total other financing sources (uses)	<u>(643,800)</u>	<u>(452,000)</u>	<u>191,800</u>
Revenues and other financing sources (uses) over (under) expenditures	(19,500)	1,595,209	1,614,709
Fund balance appropriated	<u>19,500</u>	<u>-</u>	<u>(19,500)</u>
Revenues and other sources over (under) expenditures, other (uses) and appropriated fund balances	<u>\$ -</u>	<u>\$ 1,595,209</u>	<u>\$ 1,595,209</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Net change in fund balance		<u>\$ 1,595,209</u>	
Principal retirement		147,796	
Capital outlay		378,911	
Depreciation		(655,823)	
Decrease in deferred outflows of resources - pensions		(207,029)	
Decrease in net pension liability		202,883	
Increase in deferred inflows of resources - pensions		5,544	
Decrease in installment purchase interest accrued		811	
Decrease in accrued compensated absences		16,236	
Increase in deferred outflows of resources - OPEB		53,857	
Decrease in postemployment benefits		206,463	
Increase in deferred inflows of resources - OPEB		<u>(65,749)</u>	
Total reconciling items		<u>83,900</u>	
Change in net position		<u>\$ 1,679,109</u>	

CITY OF ALBEMARLE, NORTH CAROLINA
MUNICIPAL SOLID WASTE LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 15
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues			
Disposal fees	\$ 2,450,000	\$ 2,709,437	\$ 259,437
Solid waste fees	120,000	124,096	4,096
Sales of mulch and scrap	-	1,681	1,681
Total charges for services	2,570,000	2,835,214	265,214
Other operating revenues	61,000	62,151	1,151
Total operating revenues	2,631,000	2,897,365	266,365
Nonoperating revenues			
Solid waste, scrap tire and white goods disposal tax	130,000	169,766	39,766
Interest earned on investments	2,500	29,072	26,572
Grant revenue	-	6,476	6,476
Total nonoperating revenues	132,500	205,314	72,814
Total revenues	2,763,500	3,102,679	339,179
Expenditures			
Landfill Operations			
Salaries and employees benefits	872,550	827,667	44,883
Other operating expenditures	1,140,329	837,042	303,287
Total	2,012,879	1,664,709	348,170
Debt Service			
Principal on capital leases	356,200	209,002	147,198
Interest and fees	34,100	7,552	26,548
Total	390,300	216,554	173,746
Capital Outlay	240,771	189,884	50,887
Total expenditures	2,643,950	2,071,147	572,803
Revenues over (under) expenditures	119,550	1,031,532	911,982

Continued

CITY OF ALBEMARLE, NORTH CAROLINA
MUNICIPAL SOLID WASTE LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 15
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Other financing (uses) sources			
Transfers from (to) other funds			
Landfill solid waste office building project fund	\$ (290,000)	\$ (290,000)	\$ -
General fund	<u>(20,900)</u>	<u>(20,900)</u>	<u>-</u>
Total other financing (uses)	<u>(310,900)</u>	<u>(310,900)</u>	<u>-</u>
 Revenues and other sources over (under) expenditures, other (uses)	 (191,350)	 720,632	 911,982
Appropriated fund balance	<u>191,350</u>	<u>-</u>	<u>(191,350)</u>
 Revenues and other sources over (under) expenditures, other (uses) and appropriated fund balances	 <u>\$ -</u>	 <u>\$ 720,632</u>	 <u>\$ 1,103,332</u>
 Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Net change in fund balance		<u>\$ 720,632</u>	
Principal retirement		209,002	
Capital outlay		189,884	
Depreciation		(476,772)	
Decrease in deferred outflows of resources - pensions		(60,648)	
Decrease in net pension liability		55,231	
Decrease in deferred inflows of resources - pensions		1,082	
Increase in installment purchase interest accrued		(29,306)	
Decrease in accrued compensated absences		3,346	
Increase in deferred outflows of resources - OPEB		21,561	
Decrease in postemployment benefits		6,352	
Increase in deferred inflows of resources - OPEB		(26,322)	
Adjustment to accrued landfill closure and post closure costs		(245,923)	
Interest income from Capital Project Funds		1,124	
Transfer to solid waste operations facility project fund		<u>290,000</u>	
Total reconciling items		<u>(61,389)</u>	
 Change in net position		 <u>\$ 659,243</u>	

CITY OF ALBEMARLE, NORTH CAROLINA
LANDFILL CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Schedule 16

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive Negative</u>
Revenues					
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Engineering	450,000	332,843	197,280	530,123	(80,123)
Legal	20,000	10,387	-	10,387	9,613
Other services	75,000	53,309	-	53,309	21,691
Construction	1,708,200	104,259	1,220,299	1,324,558	383,642
Contingency	232,250	-	-	-	232,250
Total expenditures	<u>2,485,450</u>	<u>500,798</u>	<u>1,417,579</u>	<u>1,918,377</u>	<u>567,073</u>
Revenues (under) expenditures	<u>(2,485,450)</u>	<u>(500,798)</u>	<u>(1,417,579)</u>	<u>(1,918,377)</u>	<u>567,073</u>
Other financing sources (uses)					
Proceeds from debt	2,435,450	-	1,611,672	1,611,672	(823,778)
Transfer from landfill	50,000	49,000	-	49,000	(1,000)
Total other financing (uses)	<u>2,485,450</u>	<u>49,000</u>	<u>1,611,672</u>	<u>1,660,672</u>	<u>(824,778)</u>
Revenues and other sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (451,798)</u>	<u>\$ 194,093</u>	<u>\$ (257,705)</u>	<u>\$ (257,705)</u>

CITY OF ALBEMARLE, NORTH CAROLINA
LANDFILL GRAVITY LINE CAPITAL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Schedule 17

	Project Authorization	Actual			Variance Positive Negative
		Prior Years	Current Year	Total to Date	
Revenues					
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures					
Engineering	85,000	-	32,364	32,364	52,636
Roadway and paving	20,000	-	-	-	20,000
Construction	266,400	-	-	-	266,400
Contingency	28,600	-	-	-	28,600
Total expenditures	400,000	-	32,364	32,364	367,636
Revenues (under) expenditures	(400,000)	-	(32,364)	(32,364)	367,636
Other financing sources (uses)					
Transfer from landfill	400,000	-	290,000	290,000	(110,000)
Total other financing (uses)	400,000	-	290,000	290,000	(110,000)
Revenues and other sources (uses) over (under) expenditures	\$ -	\$ -	\$ 257,636	\$ 257,636	\$ 257,636

CITY OF ALBEMARLE, NORTH CAROLINA
SOLID WASTE OPERATIONS FACILITY PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Schedule 18

	Project Authorization	Actual			Variance Positive Negative
		Prior Years	Current Year	Total to Date	
Revenues					
Investment earnings	\$ -	\$ -	\$ 1,124	\$ 1,124	\$ 1,124
Total revenues	-	-	1,124	1,124	1,124
Expenditures					
Engineering	255,000	136,509	90,038	226,547	28,453
Office furniture and equipment	100,000	-	3,179	3,179	96,821
Data processing and equipment	50,145	-	36,344	36,344	13,801
Building structure improvements	30,000	-	29,989	29,989	11
Distribution lines	10,000	-	-	-	10,000
Construction	1,139,855	205,150	832,380	1,037,530	102,325
Contingency	80,000	-	-	-	80,000
Total expenditures	1,665,000	341,659	991,930	1,333,589	331,411
Revenues (under) expenditures	(1,665,000)	(341,659)	(990,806)	(1,332,465)	332,535
Other financing sources (uses)					
Transfers from other funds					
Landfill fund	1,665,000	1,665,000	-	1,665,000	-
Total other financing sources (uses)	1,665,000	1,665,000	-	1,665,000	-
Revenues and other sources (uses)					
over (under) expenditures	\$ -	\$ 1,323,341	\$ (990,806)	\$ 332,535	\$ 332,535

CITY OF ALBEMARLE, NORTH CAROLINA
COMBINING BALANCE SHEET
DEPARTMENT OF PUBLIC HOUSING
June 30, 2018

Schedule 19

	Department of Public Housing			Totals
	Conventional	Section 8	Capital Fund	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 759,478	\$ 42,298	\$ 191,947	\$ 993,723
Accounts receivable - net	4,279	-	-	4,279
Due from other funds	226	-	-	226
Prepaid expenses	1,143	127	-	1,270
Total current assets	<u>765,126</u>	<u>42,425</u>	<u>191,947</u>	<u>999,498</u>
Noncurrent Assets				
Capital Assets				
Land and nondepreciable assets	163,505	-	-	163,505
Other capital assets, net of depreciation	5,300,656	62,896	-	5,363,552
Total noncurrent assets	<u>5,464,161</u>	<u>62,896</u>	<u>-</u>	<u>5,527,057</u>
Total Assets	<u>6,229,287</u>	<u>105,321</u>	<u>191,947</u>	<u>6,526,555</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	77,865	-	-	77,865
OPEB deferrals	12,562	3,609	-	16,171
Total deferred outflows of resources	<u>90,427</u>	<u>3,609</u>	<u>-</u>	<u>94,036</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued liabilities	38,154	4,607	14,155	56,916
Due to other funds	-	-	226	226
Deposits	43,126	-	-	43,126
Compensated absences - current	14,301	4,079	-	18,380
Installment purchase agreements payable - current	345	-	-	345
Total current liabilities	<u>95,926</u>	<u>8,686</u>	<u>14,381</u>	<u>118,993</u>
Noncurrent Liabilities				
Compensated absences - noncurrent	19,317	3,365	-	22,682
Other post employment benefits	325,122	93,412	-	418,534
Net pension liability	104,391	-	-	104,391
Total noncurrent liabilities	<u>448,830</u>	<u>96,777</u>	<u>-</u>	<u>545,607</u>
Total liabilities	<u>544,756</u>	<u>105,463</u>	<u>14,381</u>	<u>664,600</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	5,499	-	-	5,499
OPEB deferrals	15,336	4,406	-	19,742
Total deferred inflows of resources	<u>20,835</u>	<u>4,406</u>	<u>-</u>	<u>25,241</u>
Net Position				
Net investment in capital assets	5,463,816	62,896	-	5,526,712
Unrestricted	290,307	(63,835)	177,566	404,038
Total net position	<u>\$ 5,754,123</u>	<u>\$ (939)</u>	<u>\$ 177,566</u>	<u>\$ 5,930,750</u>

CITY OF ALBEMARLE, NORTH CAROLINA **Schedule 20**
COMBINING SCHEDULE OF REVENUES AND EXPENSES, AND CHANGES IN NET POSITION
DEPARTMENT OF PUBLIC HOUSING
For the Year Ended June 30, 2018

	Department of Public Housing			
	Conventional	Section 8	Capital Fund	Totals
Operating Revenues				
Rental income	\$ 489,427	\$ -	\$ -	\$ 489,427
Public housing revenues	42,507	-	-	42,507
Total operating revenues	<u>531,934</u>	<u>-</u>	<u>-</u>	<u>531,934</u>
Operating expenses				
Administrative	585,140	138,554	28,763	752,457
Utilities	400,438	-	-	400,438
Ordinary maintenance and operation	306,630	-	-	306,630
General expenses	51,419	-	-	51,419
Housing assistance program	-	1,440,931	-	1,440,931
Depreciation	419,910	4,127	-	424,037
Total operating expenses	<u>1,763,537</u>	<u>1,583,612</u>	<u>28,763</u>	<u>3,375,912</u>
Operating (loss)	<u>(1,231,603)</u>	<u>(1,583,612)</u>	<u>(28,763)</u>	<u>(2,843,978)</u>
Nonoperating revenues (expenses)				
Operating subsidies	641,308	1,567,799	-	2,209,107
Loss on disposal of capital assets	7,058	-	-	7,058
Investment earnings	2,996	92	-	3,088
Other nonoperating revenue	100	-	-	100
Total nonoperating revenues	<u>651,462</u>	<u>1,567,891</u>	<u>-</u>	<u>2,219,353</u>
Net income (loss) before contributions and transfers	<u>(580,141)</u>	<u>(15,721)</u>	<u>(28,763)</u>	<u>(624,625)</u>
Capital contributions	-	-	206,329	206,329
Transfers (to) from other funds	(9,677)	-	-	(9,677)
	<u>(9,677)</u>	<u>-</u>	<u>206,329</u>	<u>196,652</u>
Change in net position	(589,818)	(15,721)	177,566	(427,973)
Net position, July 1 (as restated)	<u>6,343,941</u>	<u>14,782</u>	<u>-</u>	<u>6,358,723</u>
Net position, June 30	<u>\$ 5,754,123</u>	<u>\$ (939)</u>	<u>\$ 177,566</u>	<u>\$ 5,930,750</u>

CITY OF ALBEMARLE, NORTH CAROLINA *Schedule 21*
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
DEPARTMENT OF PUBLIC HOUSING - CONVENTIONAL
For the Year Ended June 30, 2018

	Conventional		Variance Favorable (Unfavorable)
	Original and Final Budget	Actual	
Operating Revenues			
Rental income	\$ 500,400	\$ 489,427	\$ (10,973)
Other operating revenues	47,500	42,507	(4,993)
Total operating revenues	<u>547,900</u>	<u>531,934</u>	<u>(15,966)</u>
Nonoperating revenues			
Operating subsidies	630,000	641,308	11,308
Interest income	3,000	2,996	(4)
Contributions	-	100	100
Total nonoperating revenues	<u>633,000</u>	<u>644,404</u>	<u>11,404</u>
Total revenues	<u>1,180,900</u>	<u>1,176,338</u>	<u>(4,562)</u>
Operating expenditures			
Administrative	665,800	578,051	87,749
Utilities	417,000	400,438	16,562
Ordinary maintenance and operation	290,440	306,630	(16,190)
General expenses	61,000	51,419	9,581
Nonroutine maintenance	10,400	-	10,400
Total operating expenditures	<u>1,444,640</u>	<u>1,336,538</u>	<u>108,102</u>
Nonoperating expenditures			
Lease payments	1,200	1,299	(99)
Interest and other charges	300	-	300
Capital outlay	35,350	33,210	2,140
Total nonoperating expenditures	<u>36,850</u>	<u>34,509</u>	<u>2,341</u>
Total expenditures	<u>1,481,490</u>	<u>1,371,047</u>	<u>110,443</u>
Revenues over (under) expenditures	<u>(300,590)</u>	<u>(194,709)</u>	<u>105,881</u>
Other financing sources (uses)			
Transfer to general fund	(14,100)	(9,677)	4,423
Total other financing sources (uses)	<u>(14,100)</u>	<u>(9,677)</u>	<u>4,423</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(314,690)	(204,386)	110,304
Appropriated fund balance	<u>314,690</u>	<u>-</u>	<u>(314,690)</u>
Excess of revenues and appropriated fund balance (under) expenditures - modified accrual	<u>\$ -</u>	<u>(204,386)</u>	<u>\$ (204,386)</u>
Reconciliation to the accrual basis:			
Depreciation		(419,910)	
Capital outlay		33,210	
Gain on trade in of capital asset		7,058	
Lease principal payments		1,299	
Decrease in deferred outflows of resources - pensions		(45,486)	
Decrease in net pension liability		41,423	
Decrease in deferred inflows of resources - pensions		812	
Increase in deferred outflows of resources - OPEB		12,562	
Decrease in other postemployment benefits		4,110	
Increase in deferred inflows of resources - OPEB		(15,336)	
Increase in accrued compensated absences		(5,174)	
Change in net position		<u>\$ (589,818)</u>	

CITY OF ALBEMARLE, NORTH CAROLINA **Schedule 22**
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
DEPARTMENT OF PUBLIC HOUSING - SECTION 8
For the Year Ended June 30, 2018

	Section 8		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Operating subsidies	\$ 1,560,605	\$ 1,567,799	\$ 7,194
Total operating revenues	1,560,605	1,567,799	7,194
Nonoperating revenues			
Interest income	250	92	(158)
Total revenues	<u>1,560,855</u>	<u>1,567,891</u>	<u>7,036</u>
Operating expenditures			
Administrative	137,259	138,161	(902)
Housing assistance program	<u>1,441,840</u>	<u>1,440,931</u>	<u>909</u>
Total operating expenditures	<u>1,579,099</u>	<u>1,579,092</u>	<u>7</u>
Revenues over (under) expenditures	(18,244)	(11,201)	7,029
Other financing (uses) sources			
Transfers from (to) other funds			
Transfer to health insurance reserve fund	-	-	-
Excess (deficiency) of revenues under expenditures - modified accrual	(18,244)	(11,201)	7,029
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and appropriated fund balance (under) expenditures - modified accrual	<u>\$ (18,244)</u>	(11,201)	<u>\$ 7,029</u>
Reconciliation to the accrual basis:			
Depreciation		(4,127)	
Increase in accrued compensated absences		(250)	
Increase in deferred outflows of resources - OPEB		3,609	
Decrease in other postemployment benefits		654	
Increase in deferred inflows of resources - OPEB		<u>(4,406)</u>	
Change in net position		<u>\$ (15,721)</u>	

CITY OF ALBEMARLE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
DEPARTMENT OF PUBLIC HOUSING - CAPITAL FUNDS
For the Year Ended June 30, 2018

Schedule 23

	Capital Funds				Variance Favorable (Unfavorable)
	Project Budget	Prior Years	Actual	Total To Date	
Revenues					
HUD Capital Grants	\$ 910,178	\$ 385,828	\$ 206,329	\$ 592,157	\$ 318,021
Expenditures					
Administrative	107,942	8,805	28,763	37,568	70,374
Capital outlay	802,236	377,023	-	377,023	425,213
Total expenditures	910,178	385,828	28,763	414,591	495,587
Revenues under expenditures	\$ -	\$ -	\$ 177,566	\$ 177,566	\$ 177,566

Internal Service Fund

The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Health Insurance Fund – This fund accounts for amounts from individual departments and employees to pay for health insurance claims and premiums.



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CITY OF ALBEMARLE, NORTH CAROLINA
HEALTH INSURANCE INTERNAL SERVICE FUND
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

Schedule 24

	Financial Plan	Actual	Variance Positive (Negative)
Revenues			
Operating revenues			
Interfund charges	\$ 3,103,535	\$ 3,060,869	\$ (42,666)
Employee contributions	<u>387,790</u>	<u>395,935</u>	<u>8,145</u>
Total operating revenues	<u>3,491,325</u>	<u>3,456,804</u>	<u>(34,521)</u>
Nonoperating revenues			
Interest earned on investments	<u>-</u>	<u>1,804</u>	<u>1,804</u>
Total revenues	<u>3,491,325</u>	<u>3,458,608</u>	<u>(32,717)</u>
Expenditures			
Operating expenditures			
Health benefit claims and premiums	3,299,625	2,517,717	781,908
Other operating expenditures	<u>191,700</u>	<u>186,241</u>	<u>5,459</u>
Total expenditures	<u>3,491,325</u>	<u>2,703,958</u>	<u>787,367</u>
Revenues over (under) expenditures	<u>\$ -</u>	754,650	<u>\$ 754,650</u>
Reconciliation from financial plan basis (modified accrual) to full accrual basis			
Increase in health benefit claims payable		<u>(124,305)</u>	
Change in net position		<u>\$ 630,345</u>	



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Other Schedules

This section includes additional information on property taxes.

- *Schedule of Ad Valorem Taxes Receivable*
- *Analysis of Current Tax Levy*
- *Supplemental Financial Data Schedule – Public Housing Programs*



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CITY OF ALBEMARLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2018

Schedule 25

<u>Fiscal Year</u>	Uncollected Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	Uncollected Balance <u>June 30, 2018</u>
2017-2018		\$ 6,187,667	\$ 6,036,267	\$ 151,400
2016-2017	163,562	43	59,521	104,084
2015-2016	96,386	6	26,708	69,684
2014-2015	71,679	6	15,876	55,809
2013-2014	76,162	6	13,823	62,345
2012-2013	59,670	-	14,136	45,534
2011-2012	47,268	-	11,771	35,497
2010-2011	42,470	-	5,613	36,857
2009-2010	99,892	5	4,947	94,950
2008-2009	27,603	26	4,779	22,850
2007-2008	24,260	-	24,260	-
	<u>\$ 708,952</u>	<u>\$ 6,187,759</u>	<u>\$ 6,217,701</u>	679,010
Less: Allowance for uncollectible accounts Ad valorem taxes receivable				<u>(206,140)</u>
Ad valorem taxes receivable - net				472,870
Municipal service district taxes receivable - net				<u>5,305</u>
Total taxes receivable - net				<u>\$ 478,175</u>
Reconcilement with revenues				
Ad valorem taxes collected - General Fund				\$ 6,260,114
Municipal service district collections				(49,183)
Discounts allowed				40,625
Releases and adjustments				4,440
Taxes written off				21,590
Interest collected				<u>(59,885)</u>
Total collections and credits				<u>\$ 6,217,701</u>

CITY OF ALBEMARLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
For the Year Ended June 30, 2018

Schedule 26

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original Levy:				
Property taxed at current rate	\$ 1,049,460,508	0.59	\$ 6,191,817	\$ 5,488,714	\$ 703,103
Discoveries:					
Current and prior years	6,908,814	0.59	40,762	40,762	-
Abatements	<u>(7,612,203)</u>	0.59	<u>(44,912)</u>	<u>(44,912)</u>	<u>-</u>
Total valuation	<u>\$ 1,048,757,118</u>				
Net levy			6,187,667	5,484,564	703,103
Uncollected taxes at June 30, 2018			<u>(151,400)</u>	<u>(144,908)</u>	<u>(6,492)</u>
Current year's taxes collected			<u>\$ 6,036,267</u>	<u>\$ 5,339,656</u>	<u>\$ 696,611</u>
Current levy collection percentage			<u>97.55%</u>	<u>97.36%</u>	<u>99.08%</u>

Total levy includes only those taxes levied on a unit-wide basis and, therefore, does not include the Municipal Service District.

CITY OF ALBEMARLE, NORTH CAROLINA
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
For the Year Ended June 30, 2018

Schedule 27
Page 1 of 3

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872
Assets:				
Current Assets:				
Cash:				
111	Cash - unrestricted	\$ 691,705	25,623	191,947
113	Cash - other restricted	21,105	16,675	-
114	Cash - tenant security deposits	46,668	-	-
100	Total cash	<u>759,478</u>	<u>42,298</u>	<u>191,947</u>
Accounts and notes receivable:				
122	Accounts receivable - miscellaneous	226	-	-
126	Accounts receivable - tenants - dwelling units	17,227	-	-
126.1	Allowance for doubtful accounts - dwelling units	(12,948)	-	-
120	Total receivables	<u>4,505</u>	<u>-</u>	<u>-</u>
142	Prepaid expenses and other assets	1,143	127	-
150	Total current assets	<u>765,126</u>	<u>42,425</u>	<u>191,947</u>
Noncurrent Assets:				
161	Land	163,505	-	-
162	Buildings	11,247,265	79,244	-
163	Furniture, equipment, machinery - dwellings	291,113	-	-
164	Furniture, equipment, machinery - administration	353,996	47,113	-
165	Leasehold improvements	1,095,734	-	-
166	Accumulated depreciation	(7,687,452)	(63,461)	-
180	Total noncurrent assets	<u>5,464,161</u>	<u>62,896</u>	<u>-</u>
190	Total Assets	<u>6,229,287</u>	<u>105,321</u>	<u>191,947</u>
200	Deferred outflows of resources	90,427	3,609	-
290	Total Assets and Deferred Outflows of Resources	<u>\$ 6,319,714</u>	<u>\$ 108,930</u>	<u>\$ 191,947</u>
Liabilities and Equity:				
Liabilities:				
Current Liabilities:				
312	Accounts payable (less than or equal to 90 days)	\$ 7,517	695	14,381
321	Accrued wage/payroll taxes payable	19,278	3,912	-
322	Accrued compensated absences	14,301	4,079	-
333	Accounts payable - other government	9,677	-	-
341	Tenant security deposits	43,126	-	-
342	Unearned revenue	1,682	-	-
343	Current portion of long-term debt - capital projects/mortgage revenue	345	-	-
310	Total current liabilities	<u>95,926</u>	<u>8,686</u>	<u>14,381</u>
Noncurrent Liabilities:				
354	Accrued compensated absences - noncurrent	19,317	3,365	-
357	Accrued pension and OPEB liabilities	429,513	93,412	-
350	Total noncurrent liabilities	<u>448,830</u>	<u>96,777</u>	<u>-</u>
300	Total Liabilities	<u>544,756</u>	<u>105,463</u>	<u>14,381</u>
400	Deferred inflows of resources	20,835	4,406	-
Equity:				
Contributed Capital:				
508.4	Net investment in capital assets	5,463,816	62,896	-
511.4	Restricted net position	-	1,563	-
512.4	Unrestricted net position	290,307	(65,398)	-
513	Total equity	<u>5,754,123</u>	<u>(939)</u>	<u>177,566</u>
600	Total liabilities, deferred inflows of resources and equity	<u>\$ 6,319,714</u>	<u>\$ 108,930</u>	<u>\$ 191,947</u>

CITY OF ALBEMARLE, NORTH CAROLINA
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
For the Year Ended June 30, 2018

Schedule 27
Page 2 of 3

Line Item	Account Description	Low Rent Public Housing 14,850	Housing Choice Vouchers 14,871	Public Housing Capital Fund 14,872
Revenues:				
70300	Net tenant rental revenue	\$ 489,427	\$ -	\$ -
70400	Tenant revenue - other	42,507	-	-
70600	HUD PHA operating grants	641,308	1,567,799	-
70610	Capital grants	-	-	206,329
71100	Investment income - unrestricted	2,996	92	-
71500	Other income	100	-	-
71600	Gain or loss on sale of capital assets	7,058	-	-
70000	Total revenues	<u>1,183,396</u>	<u>1,567,891</u>	<u>206,329</u>
Expenses:				
Administrative:				
91100	Administrative salaries	285,785	92,168	-
91200	Auditing fees	6,154	1,366	-
91500	Employee benefit contributions	193,572	31,280	-
91600	Office expenses	29,238	5,818	-
91800	Travel	600	3,402	-
91900	Other	54,435	-	28,763
91000	Total operating - administrative	<u>569,784</u>	<u>134,034</u>	<u>28,763</u>
93100	Water	49,685	-	-
93200	Electricity	291,944	-	-
93800	Other utility expense	58,809	-	-
93000	Total utilities	<u>400,438</u>	<u>-</u>	<u>-</u>
94100	Ordinary maintenance and operations - labor	120,466	-	-
94200	Ordinary maintenance and operations - materials and other	42,779	1,714	-
94300	Ordinary maintenance and operations - contract costs	143,385	-	-
94500	Ordinary maintenance and operations - employee benefit contributions	-	-	-
94000	Total maintenance	<u>306,630</u>	<u>1,714</u>	<u>-</u>
96110	Property insurance	51,419	2,108	-
96100	Total insurance premiums	<u>51,419</u>	<u>2,108</u>	<u>-</u>
96200	Other general expenses	-	519	-
96210	Compensated absences	4,256	233	-
96300	Payments in lieu of taxes	9,677	-	-
96400	Bad debt - tenant rents	11,100	-	-
96000	Total other general expenses	<u>25,033</u>	<u>752</u>	<u>-</u>
96720	Interest on notes payable	-	-	-
96700	Total interest expense and amortization cost	<u>-</u>	<u>-</u>	<u>-</u>
96900	Total operating expenses	<u>1,353,304</u>	<u>138,608</u>	<u>28,763</u>
97000	Excess of operating revenues over expenditures	<u>(169,908)</u>	<u>1,429,283</u>	<u>177,566</u>
97100	Extraordinary maintenance	-	-	-
97300	Housing assistance payments	-	1,440,877	-
97400	Depreciation expense	419,910	4,127	-
90000	Total expenses	<u>1,773,214</u>	<u>1,583,612</u>	<u>28,763</u>
10010	Operating transfer in	-	-	-
10020	Operating transfer out	-	-	-
10030	Operating transfers from/to primary government	-	-	-
10000	Excess of revenue over expenses	<u>(589,818)</u>	<u>(15,721)</u>	<u>177,566</u>
11030	Beginning equity	6,586,308	84,030	-
11040	Prior period adjustments, equity transfers and corrections	(242,367)	(69,248)	-
	Ending equity	<u>\$ 5,754,123</u>	<u>\$ (939)</u>	<u>\$ 177,566</u>

CITY OF ALBEMARLE, NORTH CAROLINA
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
For the Year Ended June 30, 2018

Schedule 27
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Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872
<i>Memo information:</i>				
11170	Administrative fee equity	\$ -	\$ (2,502)	\$ -
11180	Housing assistance payments equity	-	1,563	-
11190	Unit months available	2,388	3,996	-
11210	Number of unit months leased	2,316	3,252	-
11640	Furniture & equipment - administrative purchases	49,410	-	-
11650	Infrastructure purchases	-	-	-



ALBEMARLE

NORTH CAROLINA

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Statistical Section

This part of the City of Albemarle'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's overall financial health.

Financial Trends – 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 – These tables contain information to help the reader assess the factors affecting the City's ability to generate its electric revenues and property taxes.

Debt Capacity – 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 – These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



ALBEMARLE

NORTH CAROLINA

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CITY OF ALBEMARLE, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 1

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets	\$ 15,783,772	\$ 14,165,960	\$ 14,370,860	\$ 13,262,477	\$ 14,403,544	\$ 14,179,497	\$ 14,001,213	\$ 14,015,366	\$ 15,988,670	\$ 16,249,532
Restricted	-	-	2,309,949	1,819,613	940,571	1,841,563	1,577,201	1,985,738	2,567,750	2,490,055
Unrestricted	5,531,334	2,861,528	962,655	2,914,029	3,332,448	2,901,486	3,474,113	4,123,830	(4,880,541)	(4,398,116)
Total Governmental activities net position	<u>\$ 21,315,106</u>	<u>\$ 17,027,488</u>	<u>\$ 17,643,464</u>	<u>\$ 17,996,119</u>	<u>\$ 18,676,563</u>	<u>\$ 18,922,546</u>	<u>\$ 19,052,527</u>	<u>\$ 20,124,934</u>	<u>\$ 13,675,879</u>	<u>\$ 14,341,471</u>
Business-type activities										
Net Investment in capital assets	\$ 33,533,372	\$ 41,490,312	\$ 42,084,089	\$ 42,415,279	\$ 42,948,565	\$ 39,408,597	\$ 42,422,961	\$ 44,464,743	\$ 45,170,225	\$ 44,690,542
Unrestricted	11,689,569	11,127,818	11,446,404	10,271,410	7,642,383	9,759,581	4,785,416	5,612,826	4,390,404	7,717,984
Total business-type activities net position	<u>\$ 45,222,941</u>	<u>\$ 52,618,130</u>	<u>\$ 53,530,493</u>	<u>\$ 52,686,689</u>	<u>\$ 50,590,948</u>	<u>\$ 49,168,178</u>	<u>\$ 47,208,377</u>	<u>\$ 50,077,569</u>	<u>\$ 49,560,629</u>	<u>\$ 52,408,526</u>
Primary government										
Net Investment in capital assets	\$ 49,317,144	\$ 55,656,272	\$ 56,454,949	\$ 55,677,756	\$ 57,352,109	\$ 53,588,094	\$ 56,424,174	\$ 58,480,109	\$ 61,158,895	\$ 60,940,074
Restricted	-	-	2,309,949	1,819,613	940,571	1,841,563	1,577,201	1,985,738	2,567,750	2,490,055
Unrestricted	17,220,903	13,989,346	12,409,059	13,185,439	10,974,831	12,661,067	8,259,529	9,736,656	(490,137)	3,319,868
Total primary government net position	<u>\$ 66,538,047</u>	<u>\$ 69,645,618</u>	<u>\$ 71,173,957</u>	<u>\$ 70,682,808</u>	<u>\$ 69,267,511</u>	<u>\$ 68,090,724</u>	<u>\$ 66,260,904</u>	<u>\$ 70,202,503</u>	<u>\$ 63,236,508</u>	<u>\$ 66,749,997</u>

CITY OF ALBEMARLE, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2
Page 1 of 2

Expenses	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 1,940,740	\$ 1,632,156	\$ 1,690,535	\$ 1,809,417	\$ 1,788,218	\$ 1,856,381	\$ 1,591,598	\$ 1,954,727	\$ 2,480,395	\$ 1,807,621
Public safety	6,458,307	6,470,518	6,469,334	6,403,391	6,675,379	7,033,184	7,150,819	7,772,694	7,877,876	7,740,486
Public Works	2,499,538	2,215,974	2,277,094	2,061,552	2,183,786	2,032,970	2,036,115	2,867,886	3,167,899	3,362,049
Environmental protection	1,134,866	1,072,326	1,136,579	1,176,673	934,069	930,426	940,066	-	-	-
Economic and physical development	162,642	35,426	97,547	2,740	2,229	112,038	68,283	-	-	-
Culture and recreation	1,354,434	1,147,193	1,213,362	1,258,938	1,272,719	1,302,081	1,410,222	1,463,717	1,531,121	1,575,332
Interest on long-term debt	125,608	130,530	113,574	102,899	103,205	104,234	86,493	93,070	64,556	103,013
Total governmental activities expenses	13,676,135	12,704,123	12,998,025	12,815,610	12,959,605	13,371,314	13,283,596	14,152,094	15,121,847	14,588,501
Business-type activities:										
Water and sewer	6,680,182	7,482,155	6,373,060	6,626,752	7,003,619	7,158,112	7,426,506	8,648,339	9,278,188	9,748,310
Electric	27,013,965	27,983,274	29,827,906	30,947,485	32,496,423	34,128,798	34,617,760	32,628,604	32,943,240	31,976,701
Landfill	1,721,219	2,248,007	2,053,366	2,043,328	2,988,247	3,300,050	3,069,545	3,002,061	2,439,400	2,394,236
Department of public housing	2,598,603	2,873,375	2,916,958	2,930,052	3,029,943	3,041,526	2,982,647	3,116,509	3,030,163	3,345,221
Total business-type activities	38,013,969	40,586,811	41,171,290	42,547,617	45,518,232	47,628,486	48,096,458	47,395,513	47,690,991	47,464,468
Total primary governmental expenses	\$ 51,690,104	\$ 53,290,934	\$ 54,169,315	\$ 55,363,227	\$ 58,477,837	\$ 60,999,800	\$ 61,380,054	\$ 61,547,607	\$ 62,812,838	\$ 62,052,969
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 18,230	\$ 15,268	\$ 21,915	\$ 13,842	\$ 25,079	\$ 19,197	\$ 20,973	\$ 14,268	\$ 13,856	\$ 27,704
Public safety	14,747	24,804	25,508	29,006	26,358	24,169	28,754	33,698	27,287	28,853
Public works	736,569	726,791	1,026,813	1,099,162	1,078,301	1,076,096	1,087,367	1,267,508	1,275,629	1,441,848
Culture and recreation	112,269	91,066	79,761	84,151	117,498	113,766	111,001	100,530	92,536	115,401
Operating grants and contributions	29,068	29,631	31,795	28,966	26,561	49,700	66,402	676,998	652,466	713,243
Capital grants and contributions	1,275,564	1,561,706	1,208,590	719,906	925,668	985,715	949,567	562,622	1,180,418	23,941
Total governmental activities program revenues	2,186,447	2,449,266	2,394,382	1,975,033	2,199,465	2,268,643	2,264,064	2,655,624	3,242,192	2,350,990
Business-type activities:										
Charges for services:										
Water and sewer	5,672,541	6,240,988	6,429,806	6,649,077	6,824,060	7,421,015	7,698,198	9,448,941	10,248,254	10,778,526
Electric	26,877,090	28,394,156	30,307,901	29,995,450	32,366,262	34,615,161	34,904,849	33,553,769	33,503,443	34,105,982
Landfill	2,073,596	2,455,316	2,104,072	2,292,726	2,366,306	2,628,348	2,462,101	2,874,421	2,762,869	2,897,365
Department of public housing	416,027	428,928	429,637	408,352	464,436	450,847	525,186	570,760	532,104	531,934
Operating grants and contributions	1,987,259	1,980,201	2,212,993	2,131,220	2,014,307	2,070,074	1,931,665	1,895,994	2,072,475	2,215,583
Capital grants and contributions	142,033	1,184,645	564,644	124,802	396,040	192,779	236,464	417,681	385,270	206,329
Total business-type activities program revenues	37,168,546	40,684,234	42,049,053	41,601,627	44,431,411	47,378,224	47,758,463	48,761,566	49,504,415	50,735,719
Total primary governmental program revenues	\$ 39,354,993	\$ 43,133,500	\$ 44,443,435	\$ 43,576,660	\$ 46,630,876	\$ 49,646,867	\$ 50,022,527	\$ 51,417,190	\$ 52,746,607	\$ 53,086,709
Net (expense)/revenue										
Governmental activities	\$ (11,489,688)	\$ (10,254,857)	\$ (10,603,643)	\$ (10,840,577)	\$ (10,760,140)	\$ (11,102,671)	\$ (11,019,532)	\$ (11,496,470)	\$ (11,879,655)	\$ (12,237,511)
Business-type activities	(845,423)	97,423	877,763	(945,990)	(1,086,821)	(250,262)	(337,995)	1,366,053	1,813,424	3,271,251
Total primary governmental net expense	\$ (12,335,111)	\$ (10,157,434)	\$ (9,725,880)	\$ (11,786,567)	\$ (11,846,961)	\$ (11,352,933)	\$ (11,357,527)	\$ (10,130,417)	\$ (10,066,231)	\$ (8,966,260)

Continued

CITY OF ALBEMARLE, 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**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 5,726,659	\$ 5,661,574	\$ 5,642,857	\$ 5,540,371	\$ 5,660,953	\$ 5,794,633	\$ 5,942,627	\$ 5,938,844	\$ 6,075,216	\$ 6,218,480
Other taxes	4,072,514	3,919,861	4,018,883	4,254,430	4,386,653	4,285,480	4,776,561	5,110,887	5,397,619	5,678,176
Unrestricted interest earned on investments	164,553	55,594	33,304	18,135	10,038	2,528	2,185	7,614	17,090	46,992
Miscellaneous	438,513	100,908	202,507	190,296	215,981	134,347	72,132	168,849	208,081	166,303
Transfers in (out)	1,466,250	(3,770,698)	1,322,068	1,190,000	1,166,959	1,373,818	1,240,000	1,091,727	907,319	793,152
Special item	-	-	-	-	-	-	-	-	(227,361)	-
Total governmental activities	11,868,489	5,967,239	11,219,619	11,193,232	11,440,584	11,590,806	12,033,505	12,317,921	12,377,964	12,903,103
Business-type activities:										
Ad valorem taxes	-	-	-	-	-	-	-	-	142,620	169,766
Unrestricted interest earned on investments	211,198	96,253	49,211	25,971	18,091	79,476	57,763	9,586	17,254	69,370
Miscellaneous	1,976,584	3,430,815	1,214,005	1,226,215	1,065,333	121,834	280,781	209,570	203,203	130,662
Transfers in (out)	(1,466,250)	3,770,698	(1,322,068)	(1,190,000)	(1,166,959)	(1,373,818)	(1,240,000)	(1,091,727)	(907,319)	(793,152)
Total business-type activities	721,532	7,297,766	(58,852)	62,186	(83,535)	(1,172,508)	(901,456)	(872,571)	(544,242)	(423,354)
Total primary government	\$ 12,590,021	\$ 13,265,005	\$ 11,160,767	\$ 11,255,418	\$ 11,357,049	\$ 10,418,298	\$ 11,132,049	\$ 11,445,350	\$ 11,833,722	\$ 11,993,131
 Change in net position										
Governmental activities	\$ 378,801	\$ (4,287,618)	\$ 615,976	\$ 352,655	\$ 680,444	\$ 488,135	\$ 1,013,973	\$ 821,451	\$ 498,309	\$ 665,592
Business-type activities	(123,891)	7,395,189	818,911	(883,804)	(1,170,356)	(1,422,770)	(1,239,451)	493,482	1,269,182	2,847,897
Total primary government	\$ 254,910	\$ 3,107,571	\$ 1,434,887	\$ (531,149)	\$ (489,912)	\$ (934,635)	\$ (225,478)	\$ 1,314,933	\$ 1,767,491	\$ 3,513,489

CITY OF ALBEMARLE, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 3

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ 157,363	\$ 62,744	\$ 139,287	\$ 24,313	\$ 17,834	\$ 35,781	\$ 78,870	\$ 234,821	\$ 45,878	\$ 85,500
Restricted	1,679,878	2,246,402	2,279,619	1,796,687	940,571	1,841,563	2,628,727	1,985,738	1,934,168	1,913,597
Committed	-	-	10,280	-	-	6,861	-	1,164,823	486,965	-
Assigned	821,350	130,101	100,000	266,700	266,700	133,000	37,300	-	333,780	250,000
Unassigned	2,732,440	1,423,670	2,007,429	4,061,559	4,460,770	4,538,502	5,095,966	5,385,079	4,302,876	4,323,699
Total General Fund	\$ 5,391,031	\$ 3,862,917	\$ 4,536,615	\$ 6,149,259	\$ 5,685,875	\$ 6,555,707	\$ 7,840,863	\$ 8,770,461	\$ 7,103,667	\$ 6,572,796
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(141,893)	(303,603)	-	-	-	-	-	-	-	-
Capital projects funds	966,686	(18,090)	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	149,192	454,351	-	-	-	-	24,185	-	633,582	576,458
Committed	-	-	20,050	22,926	194,773	67,490	-	(11,722)	-	-
Assigned	-	-	-	-	-	22,401	-	-	-	-
Unassigned	-	-	65,601	90,432	108,875	-	-	-	-	-
Total all other governmental funds	\$ 973,985	\$ 132,658	\$ 85,651	\$ 113,358	\$ 303,648	\$ 89,891	\$ 24,185	\$ (11,722)	\$ 633,582	\$ 576,458

Note: The City adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," in fiscal year 2011. Previous years' amounts are shown at pre-GASB 54 definitions.

CITY OF ALBEMARLE, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Ad valorem taxes	\$ 5,615,374	\$ 5,554,762	\$ 5,550,706	\$ 5,512,617	\$ 5,638,150	\$ 5,844,284	\$ 5,990,284	\$ 5,984,454	\$ 6,101,473	\$ 6,260,114
Other taxes and licenses	263,131	273,170	256,490	422,060	420,930	289,743	298,590	204,587	229,951	242,641
Unrestricted intergovernmental	3,810,196	3,647,851	3,766,109	3,832,745	3,965,723	3,995,737	4,477,971	4,906,300	5,167,668	5,435,535
Restricted intergovernmental	1,304,632	1,591,337	1,240,385	748,872	952,229	1,035,415	1,016,828	1,237,190	928,156	717,804
Permits and fees	29,788	37,951	45,433	41,873	50,106	43,145	49,277	47,539	40,826	56,409
Sales and services	852,027	819,978	1,108,564	1,184,288	1,197,130	1,190,083	1,221,657	1,368,465	1,368,482	1,557,397
Investment earnings	164,553	55,594	33,304	18,135	10,038	6,851	2,185	7,614	17,090	46,992
Miscellaneous	438,513	100,908	202,507	190,296	215,981	130,024	112,210	221,472	214,689	203,884
Total revenues	<u>12,478,214</u>	<u>12,081,551</u>	<u>12,203,498</u>	<u>11,950,886</u>	<u>12,450,287</u>	<u>12,535,282</u>	<u>13,169,002</u>	<u>13,977,621</u>	<u>14,068,335</u>	<u>14,520,776</u>
Expenditures										
General government	1,788,696	1,601,348	1,442,843	1,490,441	1,445,778	1,599,637	1,489,113	1,996,872	4,036,398	1,692,325
Public safety	6,281,783	6,423,349	6,105,572	6,208,346	7,252,114	7,018,252	7,077,655	7,355,402	8,253,389	7,982,448
Public Works	2,510,158	2,125,370	2,001,471	1,829,798	1,939,171	1,905,120	1,857,988	3,076,021	2,875,905	3,168,184
Environmental protection	1,107,614	1,110,076	1,136,579	1,157,169	918,277	930,426	940,066	-	-	-
Economic and physical development	163,223	35,426	97,547	2,640	2,229	112,038	68,283	-	-	-
Culture and recreation	1,271,011	1,064,349	1,060,152	1,226,130	1,122,948	1,192,452	1,253,103	1,267,422	1,398,318	1,683,416
Capital Outlay	6,670,850	3,694,381	506,879	41,547	760,359	161,486	126,623	672,424	827,485	167,791
Debt service										
Principal	346,304	417,180	434,258	344,665	346,844	318,728	290,318	366,507	505,182	613,758
Interest and other charges	125,608	130,530	113,574	102,899	102,620	104,234	86,493	79,943	65,439	107,036
Total expenditures	<u>20,265,247</u>	<u>16,602,009</u>	<u>12,898,875</u>	<u>12,403,635</u>	<u>13,890,340</u>	<u>13,342,373</u>	<u>13,189,642</u>	<u>14,814,591</u>	<u>17,962,116</u>	<u>15,414,958</u>
Excess of revenues over (under) expenditures	(7,787,033)	(4,520,458)	(695,377)	(452,749)	(1,440,053)	(807,091)	(20,640)	(836,970)	(3,893,781)	(894,182)
Other financing sources (uses)										
Transfers from other funds	1,715,851	3,502,979	1,445,641	1,236,638	2,191,452	1,398,818	1,551,230	1,218,985	2,138,199	923,152
Transfers to other funds	(249,601)	(1,432,979)	(123,573)	(46,638)	(1,024,493)	(25,000)	(311,230)	(127,258)	(1,230,880)	(616,965)
Proceeds from debt	191,897	81,017	-	903,100	-	331,590	-	638,934	1,964,972	-
Sales of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,658,147</u>	<u>2,151,017</u>	<u>1,322,068</u>	<u>2,093,100</u>	<u>1,166,959</u>	<u>1,705,408</u>	<u>1,240,000</u>	<u>1,730,661</u>	<u>2,872,291</u>	<u>306,187</u>
Net change in fund balances	<u>\$ (6,128,886)</u>	<u>\$ (2,369,441)</u>	<u>\$ 626,691</u>	<u>\$ 1,640,351</u>	<u>\$ (273,094)</u>	<u>\$ 898,317</u>	<u>\$ 1,219,360</u>	<u>\$ 893,691</u>	<u>\$ (1,021,490)</u>	<u>\$ (587,995)</u>
Debt services as a percentage of noncapital expenditures	3.5%	4.2%	4.4%	3.6%	3.4%	3.2%	2.9%	3.2%	4.0%	4.9%

CITY OF ALBEMARLE, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 5

Fiscal Year	Property Tax	Motor Vehicle Fee	Sales Tax	Franchise Tax	Occupancy Tax	Vehicle Lease Tax	Privilege License Tax	Beer & Wine Tax	Drug Tax	Total
2009	\$ 5,615,374	\$ -	\$ 2,647,997	\$ 1,090,080	\$ 94,150	\$ 16,659	\$ 152,322	\$ 71,972	\$ 7,385	\$ 9,695,939
2010	5,554,762	-	2,528,528	1,096,075	84,534	17,078	171,558	23,101	7,691	9,483,327
2011	5,550,706	-	2,573,515	1,120,439	102,221	18,113	136,156	72,008	8,581	9,581,739
2012	5,512,617	-	2,642,711	1,120,988	97,767	18,426	305,867	69,046	8,361	9,775,783
2013	5,638,150	-	2,740,964	1,160,030	111,000	18,683	291,247	64,729	5,594	10,030,397
2014	5,844,284	-	2,738,632	1,187,689	108,677	20,911	160,155	69,416	5,970	10,135,734
2015	5,990,284	-	3,026,163	1,375,956	124,223	20,117	154,250	75,852	10,087	10,776,932
2016	5,779,023	51,110	3,213,145	1,385,955	131,250	20,983	765	70,199	14,766	10,667,196
2017	5,947,003	66,475	3,498,266	1,356,078	135,886	25,381	793	72,324	6,574	11,108,780
2018	6,085,109	66,145	3,706,789	1,356,314	148,354	24,063	1,055	69,824	31,878	11,489,531

CITY OF ALBEMARLE, NORTH CAROLINA
NUMBER OF ELECTRIC CUSTOMERS BY TYPE
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Residential	Commercial	Industrial	Security Light	Total
2009	9,795	2,155	19	2,833	14,802
2010	9,827	2,168	15	2,882	14,892
2011	9,880	2,197	16	2,882	14,975
2012	9,805	2,202	15	2,891	14,913
2013	9,806	2,212	15	2,872	14,905
2014	9,762	2,208	15	2,873	14,858
2015	9,781	2,197	13	2,838	14,829
2016	9,845	2,108	13	2,847	14,813
2017	9,922	2,232	15	2,902	15,071
2018	9,889	2,229	13	2,870	15,001

Source: City of Albemarle Finance and Utilities Department

**CITY OF ALBEMARLE, NORTH CAROLINA
ELECTRIC RATES
LAST TEN FISCAL YEARS**

Table 7

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential Customers										
<i>Residential Service-RS</i>										
Basic Facilities Charge	10.760000	11.140000	11.610000	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000
First 500 kWh used	0.090940	0.094120	0.098070	0.101990	0.106690	0.112190	0.114990	0.113150	0.113150	0.108620
All over 500 kWh used	0.096970	0.100360	0.104580	0.108760	0.113460	0.118960	0.121930	0.119980	0.119980	0.115180
<i>Residential All Electric Service-RE</i>										
Basic Facilities Charge	10.760000	11.140000	11.610000	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000
First 500 kWh used	0.090940	0.094120	0.098070	0.101990	0.106390	0.111590	0.114380	0.112550	0.112550	0.108050
All over 500 kWh used	0.089090	0.092210	0.096080	0.099920	0.104320	0.109520	0.112260	0.110460	0.110460	0.106040
Commercial Customers										
<i>Small General Service-SGS</i>										
Basic Facilities Charge	14.790000	15.310000	15.950000	16.590000	16.590000	16.590000	17.000000	16.730000	16.730000	16.730000
Demand Charge										
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
All over 30kW of Billing Demand	4.360000	4.510000	4.700000	4.890000	4.890000	4.890000	5.010000	4.930000	4.930000	4.930000
Energy Charge										
First 3,000 kWh used	0.126690	0.131120	0.136630	0.142100	0.147600	0.154200	0.158060	0.155530	0.155530	0.149310
Next 9,000 kWh used	0.065650	0.067950	0.070800	0.073630	0.079130	0.085730	0.087870	0.086460	0.086460	0.083000
All over 12,000 kWh used	0.060160	0.062270	0.064890	0.067490	0.072990	0.079590	0.081580	0.080270	0.080270	0.077060
Minimum Monthly Bill Amount	31.360000	32.460000	33.820000	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000
<i>Medium General Service-LGS</i>										
Basic Facilities Charge	14.790000	15.310000	15.950000	16.590000	16.590000	16.590000	17.000000	16.730000	16.730000	16.730000
Demand Charge										
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
All over 30kW of Billing Demand	4.980000	5.150000	5.370000	5.580000	5.580000	5.580000	5.720000	5.630000	5.630000	5.630000
Energy Charge										
First 3,000 kWh used	0.122820	0.127120	0.132460	0.137760	0.141760	0.146460	0.150120	0.147720	0.147720	0.141810
Next 9,000 kWh used	0.074800	0.077420	0.080670	0.083900	0.087900	0.092600	0.094920	0.093400	0.093400	0.089660
All over 12,000 kWh used	0.065650	0.067950	0.070800	0.073630	0.077630	0.082330	0.084390	0.083040	0.083040	0.079720
Minimum Monthly Bill Amount	31.360000	32.460000	33.820000	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000
<i>Large General Service-LGS</i>										
Basic Facilities Charge	22.870000	23.670000	24.660000	25.650000	25.650000	25.650000	26.290000	25.870000	25.870000	25.870000
Demand Charge										
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
All over 30kW of Billing Demand	5.160000	5.340000	5.560000	5.780000	5.780000	5.780000	5.920000	5.830000	5.830000	5.830000
Energy Charge										
First 25,000 kWh used	0.073570	0.076140	0.079340	0.082510	0.085910	0.089910	0.092160	0.090690	0.090690	0.087060
Next 50,000 kWh used	0.069720	0.072160	0.075190	0.078200	0.081600	0.085600	0.087740	0.086340	0.086340	0.082890
Next 75,000 kWh used	0.060720	0.062850	0.065490	0.068110	0.071510	0.075510	0.077400	0.076160	0.076160	0.073110
All over 150,000 kWh used	0.055450	0.057390	0.059800	0.062190	0.065590	0.069590	0.071330	0.070190	0.070190	0.067380
Minimum Monthly Bill Amount	52.260000	54.090000	56.360000	58.610000	58.610000	61.250000	62.780000	61.780000	61.780000	61.780000

Source: City of Albemarle Finance and Utilities Department

**CITY OF ALBEMARLE, NORTH CAROLINA
TEN LARGEST ELECTRIC CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

Table 8

Customer	2009			2018		
	Electric Revenue	Rank	Percentage of Total Electric Revenue	Electric Revenue	Rank	Percentage of Total Electric Revenue
IAC Albemarle LLC	1,050,160	1	3.86%	\$ 1,208,071	1	3.58%
Stanly Regional Medical Center	692,207	2	2.54%	836,800	2	2.48%
Preformed Line Products	597,785	3	2.20%	791,952	3	2.35%
City of Albemarle Public Utilities	234,180	8	0.86%	558,058	4	1.65%
Carolinas Healthcare System	-		-	424,843	5	1.26%
Wal-Mart	349,652	4	1.28%	393,661	6	1.17%
Albemarle Correctional Institution	279,383	6	1.03%	371,579	7	1.10%
City of Albemarle Public Housing	294,587	5	1.08%	291,944	8	0.86%
Enforge	-		0.00%	290,828	9	0.86%
Food Lion	209,484	9	0.77%	275,987	10	0.82%
Lowe's	246,262	7	0.90%	-		-
Contech US LLC	196,936	10	0.72%	-		-
Totals	4,150,636		15.25%	\$ 5,443,723		16.13%

Source: City of Albemarle Finance and Utilities Department

**CITY OF ALBEMARLE, NORTH CAROLINA
NUMBER OF WATER CUSTOMERS BY TYPE
LAST TEN FISCAL YEARS**

Table 9

Fiscal Year	Residential	Commercial	Industrial	Wholesale	Total
2009	6,225	1,045	15	-	7,285
2010	6,167	1,050	17	-	7,234
2011	6,119	1,049	16	-	7,184
2012	6,112	1,050	19	-	7,181
2013	6,219	1,049	15	-	7,283
2014	6,224	1,037	15	-	7,276
2015	6,233	1,050	16	-	7,299
2016	6,249	1,057	14	1	7,321
2017	6,294	1,045	17	1	7,357
2018	6,251	1,045	14	1	7,311

Source: City of Albemarle Finance and Utilities Departments

CITY OF ALBEMARLE, NORTH CAROLINA
WATER RATES
LAST TEN FISCAL YEARS

Table 10

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water-Inside Corporate Limits										
0 - 300 cubic feet (minimum charge)	9.49	9.49	9.49	9.49	9.96	9.96	10.76	11.19	11.64	12.11
301 - 30,000 cubic feet (charge per 100 cubic feet)	1.74	1.80	1.88	1.98	2.08	2.18	2.35	2.44	2.54	2.64
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	1.49	1.54	1.61	1.70	1.79	1.88	2.03	2.11	2.19	2.28
Over 275,000 cubic feet (charge per 100 cubic feet)	1.09	1.13	1.18	1.24	1.30	1.37	1.48	1.54	1.60	1.65
Water-Outside Corporate Limits										
0 - 300 cubic feet (minimum charge)	18.97	18.97	18.97	18.97	19.92	19.92	21.51	22.37	23.26	24.19
301 - 30,000 cubic feet (charge per 100 cubic feet)	3.48	3.60	3.76	3.97	4.16	4.36	4.71	4.90	5.10	5.31
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	2.98	3.08	3.22	3.40	3.58	3.76	4.06	4.22	4.39	4.57
Over 275,000 cubic feet (charge per 100 cubic feet)	1.09	1.13	1.18	1.24	1.30	1.37	1.48	1.54	1.60	1.65

Source: City of Albemarle Finance and Utilities Departments

**CITY OF ALBEMARLE, NORTH CAROLINA
TEN LARGEST WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

Table 11

Customer	2009			2018		
	Water Revenue	Rank	Percentage of Total Water Revenue	Water Revenue	Rank	Percentage of Total Water Revenue
City of Concord	\$ -		-	\$ 2,365,223	1	32.46%
Stanly County Utilities	592,541	2	1.49%	1,121,303	2	15.39%
IAC Albemarle LLC	607,824	1	1.53%	969,789	3	13.31%
Pfeiffer North Stanly Water	305,250	3	0.77%	476,115	4	6.53%
Gentry Mills Inc	79,093	4	0.20%	101,583	5	1.39%
Stanly Regional Medical Center	39,897	5	0.10%	50,265	6	0.69%
City of Albemarle Public Housing Department	28,579	6	0.07%	49,685	7	0.68%
Britthaven of Piedmont (now Bethany Woods)	18,564	8	0.05%	25,313	8	0.35%
American Fiber & Finisher	17,528	9	-	18,525	9	0.25%
Benworth Equity LLC	-		-	15,107	10	0.21%
The Chimneys LLC	21,159	7	0.05%	-		-
City of Albemarle Parks and Recreation Department	11,030	10	0.03%	-		-
Totals	\$ 1,721,465		4.34%	\$ 5,192,908		71.26%

Source: City of Albemarle Finance and Utilities Department

**CITY OF ALBEMARLE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Table 12

<u>Taxpayer</u>	<u>2009</u>			<u>2018</u>		
	<u>Taxable Assessed</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed</u>	<u>Taxable Assessed</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed</u>
	<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
Preformed Line Company	\$ 15,953,006	1	1.60%	\$17,455,091	1	1.89%
Wal-Mart Real Estate	11,974,017	3	1.20%	12,301,123	2	1.33%
APCO 10 LLC (Olive Place)	-		-	11,539,642	3	1.25%
Centre Point Investors LLC	-		-	8,005,298	4	0.87%
Lowes Home Center Inc	7,953,465	7	0.80%	7,448,723	5	0.81%
South Central Oil Co.	6,860,967	8	0.69%	7,293,754	6	0.79%
Piedmont Natural Gas Co Inc	-		-	6,883,316	7	0.75%
Fabric DE GP (IAC Real Estate)	6,592,567	10	0.66%	5,735,811	8	0.62%
Uwharrie Bank	6,681,583	9	0.67%	4,941,901	9	0.54%
C&A Personal Property (Auria Albemarle)	10,472,675	5	1.05%	4,747,796	10	0.51%
Stanly Memorial Hospital	14,217,688	2	1.43%	-		-
Contech (Metal Forge)	11,203,587	4	1.13%	-		-
Kirkpatrick Family Trust (now Olive Place)	8,380,301	6	0.84%	-		-
Totals	<u><u>\$ 100,289,856</u></u>		<u><u>10.08%</u></u>	<u><u>\$ 86,352,455</u></u>		<u><u>9.37%</u></u>

Source: Stanly County Tax Assessor

CITY OF ALBEMARLE, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Table 13

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
County Direct Rate										
Stanly (General)	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
Total direct rate	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
City/Town Overlapping Rates										
City of Albemarle	0.5600	0.5600	0.5600	0.5600	0.5600	0.5900	0.5900	0.5900	0.5900	0.5900
Municipal Service	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Maximum Combined										
**County Tax Rate	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
*** City Tax Rate	0.6600	0.6600	0.6600	0.6600	0.6600	0.6900	0.6900	0.6900	0.6900	0.6900

Source: Stanly County Tax Assessor

CITY OF ALBEMARLE, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 14

Fiscal Year	Real Property		Personal Property			Less:	Total Taxable	Total Direct	Estimated Actual	Assessed Value as a
	Residential Property*	Commercial Property*	Motor Vehicles*	Personal Property	Other**	Tax Exempt Real Property*	Assessed Value	Tax Rate	Taxable Value	Percentage of Actual Value
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018,265,713	0.5600	\$ 1,018,265,713	100%
2010	540,542,381	309,994,495	89,456,794	90,299,272	-	16,577,325	1,013,715,617	0.5600	1,013,715,617	100%
2011	541,181,156	314,218,232	80,809,949	93,971,927	-	16,910,994	1,013,270,270	0.5600	1,013,270,270	100%
2012	546,922,373	314,965,149	83,134,423	77,275,196	-	17,401,566	1,004,895,575	0.5600	1,004,895,575	100%
2013	563,034,982	304,089,747	88,209,427	77,494,466	-	17,204,970	1,015,623,652	0.5600	1,015,623,652	100%
2014	553,546,936	285,534,365	89,015,459	77,526,869	-	16,502,325	989,121,304	0.5600	989,121,304	100%
2015	555,008,384	285,396,402	103,640,920	75,281,357	-	14,501,469	1,004,825,594	0.5900	1,004,825,594	100%
2016	555,945,405	285,920,372	106,402,162	68,924,746	-	14,566,034	1,002,626,651	0.5900	1,002,626,651	100%
2017	558,081,353	277,701,056	111,556,932	70,066,364	16,514,787	14,402,562	1,019,517,930	0.5900	1,019,517,930	100%
2018	578,212,849	271,175,987	119,170,000	77,226,803	17,254,198	14,282,719	1,048,757,118	0.5900	1,048,757,118	100%

*Detail not available prior to 2010.

**Detail not available prior to 2017.

Source: Stanly County Tax Assessor
City of Albemarle Yearly Audit

**CITY OF ALBEMARLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table 15

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 5,705,458	\$ 5,463,711	95.76%	\$ 214,144	\$ 5,677,855	99.52%
2010	5,675,031	5,386,288	94.91%	188,851	5,575,139	98.24%
2011	5,708,742	5,383,660	94.31%	282,612	5,666,272	99.26%
2012	5,695,866	5,390,888	94.65%	257,710	5,648,598	99.17%
2013	5,814,698	5,437,536	93.51%	317,492	5,755,028	98.97%
2014	5,816,176	5,574,468	95.84%	165,545	5,740,013	98.69%
2015	5,953,379	5,768,421	96.89%	113,279	5,881,700	98.80%
2016	5,953,469	5,786,940	97.20%	70,142	5,857,082	98.38%
2017	6,063,603	5,900,042	97.30%	59,478	5,959,520	98.28%
2018	6,187,982	6,036,267	97.55%	-	6,036,267	97.55%

CITY OF ALBEMARLE, NORTH CAROLINA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 16

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Installment Purchases		Installment Purchases				
2009	\$	2,728,841	\$	4,438,675	\$ 7,167,516	1.43%	456
2010		2,391,336		3,946,458	6,337,794	1.22%	410
2011		1,947,281		3,582,513	5,529,794	0.97%	348
2012		2,505,717		3,583,647	6,089,364	1.11%	383
2013		2,170,012		5,701,210	7,871,222	1.45%	495
2014		2,182,874		12,380,336	14,563,210	2.60%	914
2015		1,892,556		17,636,955	19,529,511	3.39%	1,222
2016		2,164,978		19,353,778	21,518,756	3.63%	1,347
2017		3,624,773		26,245,557	29,870,330	5.01%	1,853
2018		3,011,015		27,906,687	30,917,702	5.32%	1,919

CITY OF ALBEMARLE, NORTH CAROLINA *Table 17*
COMPUTATION OF DIRECT OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2018

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
Direct - City of Albemarle			
Installment Debt	\$ 3,011,015	100.00%	\$ 3,011,015
Total Direct Debt	<u>3,011,015</u>		<u>3,011,015</u>
Overlapping			
*County (1)			
General Obligation Bonds	5,690,000	22.00%	1,251,800
Unamortized Premium on Bonds	354,760	22.00%	78,047
Capital Leases	7,503,088	22.00%	1,650,679
Notes Payable	<u>11,597,112</u>	22.00%	<u>2,551,365</u>
Total Overlapping Debt	<u>25,144,960</u>		<u>5,531,891</u>
Total	<u>\$ 28,155,975</u>		<u>\$ 8,542,906</u>

(1) Percentages were determined by dividing the City's total assessed property valuation by the County's total assessed property valuation

Total City Valuation 2018	1,044,692,462
*Total County Valuation 2018	4,812,965,108

*Source: Stanly County 2018 CAFR
County Debt sourced from page 12
County valuations sourced from page 124

CITY OF ALBEMARLE, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 18

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 81,461,257	\$ 81,038,914	\$ 81,439,457	\$81,338,629	\$ 82,978,357	\$ 83,046,263	\$ 80,632,773	\$ 80,617,657	\$82,218,351	\$ 83,900,569
Total net debt applicable to limit	<u>4,227,516</u>	<u>3,607,794</u>	<u>1,467,281</u>	<u>3,779,364</u>	<u>5,771,222</u>	<u>12,673,210</u>	<u>17,849,511</u>	<u>25,683,913</u>	<u>29,870,330</u>	<u>30,917,702</u>
Legal debt margin	<u>\$ 77,233,741</u>	<u>\$ 77,431,120</u>	<u>\$ 79,972,176</u>	<u>\$77,559,265</u>	<u>\$ 77,207,135</u>	<u>\$ 70,373,053</u>	<u>\$ 62,783,262</u>	<u>\$ 54,933,744</u>	<u>\$52,348,021</u>	<u>\$ 52,982,867</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>5.19%</u>	<u>4.45%</u>	<u>1.80%</u>	<u>4.65%</u>	<u>6.96%</u>	<u>15.26%</u>	<u>22.14%</u>	<u>31.86%</u>	<u>36.33%</u>	<u>36.85%</u>

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	<u>\$ 1,048,757,118</u>
Debt limit - 8% of assessed value	\$ 83,900,569
Debt applicable to limit:	
General obligation bonds	-
Installment purchases	<u>30,917,702</u>
Total amount of debt applicable to debt limit	<u>30,917,702</u>
Legal debt margin	<u>\$ 52,982,867</u>

**CITY OF ALBEMARLE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Table 19

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)*	School Enrollment (3)*	Unemployment Rate (4)
2009	15,728	\$ 500,921,072	\$ 31,849	9,524	12.0%
2010	15,449	521,249,260	33,740	9,336	13.0%
2011	15,903	570,154,356	35,852	9,205	12.3%
2012	15,919	550,208,397	34,563	9,070	10.3%
2013	15,913	543,842,688	34,176	8,953	8.7%
2014	15,937	561,014,274	35,202	8,763	6.2%
2015	15,976	576,925,312	36,112	8,666	5.7%
2016	15,979	592,101,845	37,055	8,670	4.8%
2017	16,121	595,799,918	36,958	8,582	3.8%
2018	16,109	580,890,540	36,060	8,291	3.7%

*County-Level data. Data not available at City level.

Sources:

- (1) N.C. State Demographer's Office
- (2) N.C. Employment Security Commission Workforce In-Depth
- (3) Division of School Business Services School Allotments Sections
- (4) N.C. Department of Commerce D4 Local Area Unemployment Statistics

**CITY OF ALBEMARLE, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Table 20

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Stanly County Board of Education	1,370	1	4.59%	-		-
Carolinas Healthcare Stanly	619	2	2.08%	-		-
Stanly County	556	3	1.86%	-		-
Michelin Aircraft Tire Co. LLC	548	4	1.84%	-		-
Stanly Community College	444	5	1.49%	-		-
Fiberon LLC	429	6	1.44%	-		-
Walmart	414	7	1.39%	-		-
Food Lion	411	8	1.38%	-		-
Dept Of Public Safety	375	9	1.26%	-		-
Monarch	<u>350</u>	10	1.17%	-		-
Total	<u>5,516</u>		<u>18.50%</u>	-		-

Source: Economic Development Partnership of NC
NC Dept of Commerce Micropolitan Statistics (total employed)

Note: Will become a 10 year spread.

Note: (1) County-level data

CITY OF ALBEMARLE, NORTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Table 21

Function	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government										
Administration	3	3	3	4	4	3	3	3	3	2
Economic Development	-	-	-	-	-	1	1	1	1	1
Downtown Development	-	-	-	-	-	-	-	1	2	1
Human Resources	3	3	3	3	3	3	3	3	3	3
Finance	8	10	10	9	9	9	10	10	9	7
Information Systems	3	3	3	3	3	3	4	3	3	4
Planning Development Services	5	5	5	5	5	5	6	6	6	6
Engineering	2	2	1	1	1	1	1	1	1	1
Public safety										
Police	52	51	49	52	55	56	54	55	64	52
School Resource	3	3	3	1	2	2	2	2	2	2
Fire	37	40	39	39	42	41	42	43	43	39
Fire Marshal	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	4	3	3	3	2	2	3	2	2	2
Central Warehouse	5	5	3	3	2	2	2	2	2	2
Central Garage	4	4	4	4	3	4	4	4	2	4
Streets and Highways	19	17	16	15	15	12	11	14	17	10
Downtown Services	2	2	2	1	1	2	2	2	1	2
Landfill	12	15	14	14	14	14	12	13	12	10
Public Housing	9	10	10	9	10	10	10	9	9	9
Recreation	32	27	29	38	37	36	36	34	33	6
Parks	12	9	9	9	7	9	10	9	9	9
Water and Sewer										
Water Treatment	16	17	20	21	20	19	20	18	16	15
Sewer Treatment	15	16	15	15	16	16	16	16	17	15
Water/Sewer Lines	23	22	20	20	19	19	19	20	20	20
Electric										
Administration	10	10	10	11	9	10	10	10	10	10
Operations	21	21	20	21	21	21	21	21	21	19
Customer Service	3	3	3	3	3	3	3	3	3	3
Total	<u>304</u>	<u>302</u>	<u>295</u>	<u>305</u>	<u>304</u>	<u>304</u>	<u>306</u>	<u>305</u>	<u>311</u>	<u>255</u>

Source: City of Albemarle Finance, Payroll

**CITY OF ALBEMARLE, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 22

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Arrests	1,752	1,996	1,670	1,910	1,857	1,623	1,450	1,550	1,732	2,453
Traffic Violations	3,299	4,020	4,342	3,127	3,895	4,990	4,364	4,890	4,161	3,309
Parking Violations	693	460	407	231	140	41	66	86	63	10
Sworn Officers	48	48	48	48	49	49	48	49	49	49
Fire										
Total Responses	2,064	2,091	2,275	2,387	2,209	2,347	2,307	2,470	2,507	2,621
Working Fires	19	26	30	24	29	27	28	25	25	24
EMS Response	1,547	1,506	1,676	1,818	1,606	1,762	1,669	1,917	1,923	1,974
Mutual Aid Given	31	31	36	40	27	36	34	29	35	34
Mutual Aid Received	30	39	77	51	57	100	79	56	47	50
Property Loss (dollars)	\$481,467	\$542,120	\$825,736	\$205,191	\$ 277,500	\$ 384,240	\$ 1,056,100	\$ 378,119	\$ 600,150	\$ 556,209
Inspections Performed	1,039	1,070	1,202	941	785	640	677	1,279	446	581
Streets										
Street Resurfacing (miles)	6.09	1.40	0.63	1.66	1.74	2.20	0.28	-	-	-
Sidewalk Installation/Repair**									\$ 270,467	-
Environmental Protection										
Number of Households Served	6,255	6,225	6,217	6,395	6,383	6,368	6,399	6,389	6,238	6,328
Solid Waste Collected (tons/year)	6,615	6,684	6,676	6,347	6,318	6,361	6,434	6,930	6,152	5,913
Leaves Collected (tons/year)*				3,275	3,155	2,730	2,470	2,170	1,860	2,024
Electric										
Number of metered accounts	11,913	11,978	11,974	11,905	11,901	11,865	11,867	11,889	12,113	13,516
Average daily consumption	73	79	65	74	64	72	79	76	74	72
Water										
Number of metered water accounts	7,242	7,291	7,262	7,272	7,302	7,228	7,285	7,291	7,337	7,962
Average daily water treatment	562	674	652	661	582	637	744	716	441	488
Wastewater										
Number of sewer accounts	6,606	6,670	6,639	6,667	6,701	6,646	6,696	6,705	6,712	7,271
Average daily sewage collected	408	589	477	497	489	463	489	475	528	538
Average daily sewage treatment	408	589	477	497	489	463	489	475	528	538
Parks and Recreation										
Number of Youth Programs	55	58	50	58	70	61	54	67	49	101
Number of Adult Programs	27	18	14	16	19	25	17	20	50	34
Number of Senior Programs	5	5	6	9	6	7	7	9	15	38
Number of Facility Rentals		324	304	290	250	326	336	343	342	305
Planning and Community Development										
Building Permits (estimated structure cost)*					\$6,314,900	\$2,999,612	\$18,148,532	\$26,550,096	\$ 6,714,448	\$ 5,300,644
Sign Permits*			1	3	21	31	64	49	36	41
Landfill (tons)										
Solid Waste	46,047	52,339	40,980	38,384	39,593	42,832	43,360	53,040	41,891	50,670
C&D*	16,363	12,308	3,135	-	13,396	4,637	5,096	4,333	19,600	11,378
Recyclables										
Metal*			105	145	103	114	90	119	194	193
Paper*			27	45	32	28	45	54	19	5
Electronics*								26	37	20
Plastics*								66	0.32	22
Yard Waste*								3,838	3,720	7,473

Sources: City departments

*Accurate information not available for prior years.

**Increase for fiscal year.

**CITY OF ALBEMARLE, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 23

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	3	3
Patrol units	26	27	27	27	28	28	28	28	28	28
Unmarked units	10	10	11	11	11	11	11	11	12	12
K-9 Units	1	1	1	1	1	2	2	2	2	2
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	5	5	5	6	6	6	5	5	5	5
Public Works										
Miles of Streets	120.64	120.64	120.94	121	121.14	121.14	121.19	121.20	121.20	121.20
Electric										
Miles of Distribution Lines	315	315	320	320	320	325	325	325	400	345
Number of delivery points (substations)	2	2	2	2	2	2	3	3	3	3
Street Lights	2835	2878	2882	2879	2881	2863	2840	2847	2894	2899
Traffic Signals	111	118	119	121	121	121	124	124	125	120
Water Treatment										
Plants	2	2	2	2	2	2	2	2	2	2
Miles of Distribution Lines	180	180	180	180	180	180	190	190	190	190
Fire Hydrants	900	900	900	900	900	900	900	900	900	900
Storage Capacity	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Wastewater Treatment										
Plants	1	1	1	1	1	1	1	1	1	1
Miles of Collection Lines	190	190	190	190	190	190	190	190	190	190
Parks and Recreation										
Acreage	292	295	295	297	297	297	297	297	297	274
Playgrounds	6.0	6	6	6	6	6	6	6	6	5
Parks	6.0	6	6	6	6	6	6	6	6	5
Gymnasiums	1.0	1	1	1	1	1	1	1	1	1
Basketball Courts	3.0	3	3	3	3	3	3	3	3	2
Baseball Fields	4	4	4	4	4	4	4	4	3	4
Soccer Fields	5	5	5	5	5	5	5	5	5	5
Community Centers	1	1	1	1	2	2	2	2	2	1
Tennis Courts	9	9	9	9	9	9	9	9	9	9
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Greenway (miles)	0.5	0.5	1	1	1.25	1.25	1.25	1.25	1.25	1.25
Walking Trails	3	3	3	3	3	3	3	3	3	4
Lakes	1	1	1	1	1	1	1	1	1	1
Landfill**										
Land and Improvements			\$ 159,691	\$ 690,822	\$ 1,100,048		\$ 1,047,204	\$ 1,047,204	\$ -	\$ 981,498
Buildings			\$ 144,056	\$ 137,278	\$ 137,278		\$ 116,942	\$ 116,942	\$ 341,659	\$ 96,607
Equipment			\$ 817,396	\$ 788,483	\$ 851,701		\$ 842,556	\$ 2,009,456	\$ 11,020	\$ 1,097,802
Vehicles			\$ 229,524	\$ 166,330	\$ 166,330		\$ 156,968	\$ 156,968	\$ 94,212	\$ 130,944
Infrastructure			\$ 61,011	\$ 3,600,840	\$ 3,724,732		\$ 969,014	\$ 968,014	\$ 243,542	\$ 46,214
Public Housing										
Units	199	199	199	199	199	199	199	199	199	199

Sources: City departments

*Data unavailable for blank fiscal years

**Increase for fiscal year.

Compliance Section



ALBEMARLE

NORTH CAROLINA

Water. Air. Land. Opportunity.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Albemarle, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements 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 Albemarle, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises the City of Albemarle's basic financial statements, and have issued our report thereon dated December 18, 2018. Our report includes a reference to other auditors who have audited the financial statements of the City of Albemarle ABC Board, as described in our report on the City of Albemarle, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the City of Albemarle ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Albemarle's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Albemarle's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may

exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency (2018-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Albemarle's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 18, 2018
Monroe, North Carolina

Potter & Company



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CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT
IMPLEMENTATION ACT**

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Albemarle, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Albemarle, North Carolina's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Albemarle's major federal programs for the year ended June 30, 2018. The City of Albemarle's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State Statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Albemarle's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Albemarle's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Albemarle's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Albemarle complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

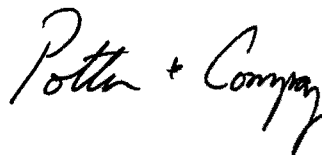
Management of the City of Albemarle is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Albemarle's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

December 18, 2018
Monroe, North Carolina

A handwritten signature in cursive script that reads "Potts + Company". The signature is written in dark ink and is positioned to the right of the date and location text.



POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM
GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Albemarle, North Carolina

Report on Compliance for Each Major State Program

We have audited the City of Albemarle, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Albemarle's major state programs for the year ended June 30, 2018. The City of Albemarle's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Albemarle's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Albemarle's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of Albemarle's compliance.

Opinion on Each Major State Program

In our opinion, the City of Albemarle complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the City of Albemarle is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Albemarle's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

December 18, 2018
Monroe, North Carolina



CITY OF ALBEMARLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X yes none reported

Noncompliance material to financial statements noted yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses yes X none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) yes X no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Section 8 – Housing Choice Vouchers
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? X yes no

State Awards

The only major State programs for the City of Albemarle are the Capitalization Grants for Clean Water State Revolving Funds and the Capitalization Grants for Drinking Water State Revolving Funds which include both federal and state funds. Therefore, these programs have been included in the list of major federal programs above.

*CITY OF ALBEMARLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018*

Section II - Financial Statement Findings

Finding 2018-1

MATERIAL NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Criteria: G.S. 159-13 requires that the governing board to appropriate the full amount of any deficit in each fund.

Condition: The City had deficit net assets of \$(74,700) in the Albemarle Police Headquarters Capital Project Fund at year end.

Effect: Expenditures had been made or accrued in excess of resources in the Albemarle Police Headquarters Capital Project Fund.

Cause: Expenditures were incurred or accrued in excess of transfers received during the year.

Recommendation: The adequacy of financing sources and transfers should be reevaluated and revised to reflect more accurately cost in their respective funds.

Views of responsible officials and planned corrective actions: The City agrees with this finding. The deficit in the Albemarle Police Headquarters Capital Project Fund will be reduced in the coming year as installment financing proceeds are received.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.



Finance Department

Response to finding 2018-1

The City of Albemarle understands the finding relating to the deficit of \$74,700 in the Albemarle Police Headquarters Capital Project Fund at the end of the year. These type of issues happen when architects and engineers must be paid before the project is ready to be bid and thus before funding is finalized. In essence, because a police headquarters is in the General Fund, the general fund fronted the money until such time as the project can be finalized. There was a proper budget ordinance done for this project; the timing of going for bid and receiving funding crossed fiscal years. This type of thing happens all the time when expenditures relating to a project must be made prior to finalizing loans and going to LGC for final approval. It also happens when projects are funded and drawdowns happen; expenditures are made then the loan proceeds come. We believe that these funds from General Fund to the project probably should have been shown in the project fund as Cash coming into the Project and the liability Due to General Fund and shown in general fund as a reduction of Cash in General Fund and the receivable Due from Project Fund. We do not, however, feel that this is *material* noncompliance. We agree we should have shown it differently but feel that because General Fund advanced the money to the Project Fund for general fund purposes, that it is a matter of semantics and not a material issue.

Corrective Action Plan:

Colleen Conroy, Finance Director has spoken to representatives from the Local Government Commission who will give us more detailed guidance about this issue. In the meantime, the Finance Director and Assistant Finance Director will be sure to do year end journal entries to ensure that we show the advance from the fund that is fronting the money for a project until such time as the formalized funding is complete.

Colleen M. Conroy
Finance Director
City of Albemarle

*CITY OF ALBEMARLE, NORTH CAROLINA
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018*

Section V – Summary Schedule of Prior Year Findings

None reported.

CITY OF ALBEMARLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Direct & - Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
FEDERAL AWARDS					
<u>U.S. Department of Housing & Urban Development</u>					
<u>Direct Grant:</u>					
Low Income Housing:					
Public and Indian Housing Operating Subsidies	14.850		\$ 1,385,897	\$ -	\$ -
Section 8:					
Housing Choice Vouchers	14.871		1,579,342	-	-
Public Housing Capital Fund:					
NC19PO75501-15	14.872		9,137	-	-
NC19PO75501-16	14.872		19,401	-	-
NC19PO75501-17	14.872		226	-	-
<u>U.S. Environmental Protection Agency</u>					
Pass through NC Department of Environmental Quality					
Capitalization Grants for Clean Water State Revolving Funds (Leachate Upgrade)	66.458	E-SRF-T-16-0415	1,134,063	283,516	-
Capitalization Grants for Clean Water State Revolving Funds (Inflow & Infiltration)	66.458	E-SRF-T-17-463	275,412	68,853	-
Capitalization Grants for Drinking Water State Revolving Funds (52 Rehab)	66.468	H-LRX-R-6900-1868	977,763	244,441	-
<u>U.S. Department of Justice</u>					
Pass through NC Department of Justice					
Bullet Proof Vest Grant	16.607		7,791	-	-
Total assistance federal programs			<u>5,389,032</u>	<u>596,810</u>	<u>-</u>
STATE AWARDS					
<u>N.C. Department of Natural and Cultural Resources</u>					
Parks and Recreation Trust Fund (Morehead Park Renovations)		789	-	4,561	58,604
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4 32570	-	637,553	-
Total assistance state programs			<u>-</u>	<u>642,114</u>	<u>58,604</u>
Total assistance			<u>\$ 5,389,032</u>	<u>\$ 1,238,924</u>	<u>\$ 58,604</u>

Note to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Albemarle under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Albemarle.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.