

CITY OF ALBEMARLE, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



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For the Fiscal Year Ended
June 30, 2020



**CITY OF ALBEMARLE
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2020

**CITY OF ALBEMARLE
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2020

FINANCE DEPARTMENT

CITY OF ALBEMARLE, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.



November 11, 2020

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, 2020 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 Martin Starnes & Associates, CPAs, PA 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.

Martin Starnes & Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Albemarle's financial statements for the year ended June 30, 2020. 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 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 16,246 according to the 2019 estimates issued from the United States Census Bureau.

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 function 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. 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 1,700 people.

Stanly County currently has a 6.1 percent unemployment rate compared to a statewide rate of 7.5 percent and a national average of 11.2 percent. During the past ten years, the unemployment rate for Stanly County has declined from a decade high of 13 percent in June 2010 to a decade low of 3 percent in December 2020. The County unemployment rate average for fiscal year ending June 30, 2020 rose to 5.0 percent, compared to 3.7 percent in fiscal year ending June 30, 2019. This is primarily due to the COVID-19 pandemic which has increased unemployment rates across the nation.

Overall, new construction and renovation investment for FY 19-20 has again increased significantly since last fiscal year. The total dollar amount of investment for both commercial and residential activity in fiscal year 19-20 is \$31,879,764. Commercial and industrial activity amounts to 63.17 percent of the total fiscal year investment at \$20,137,364. These sectors experienced significant growth due to several notable projects such as the City of Albemarle Police Station, the new Stanly County EMA Base, GHA's new group care facility on Morrow Mountain Rd, improvements to A.L. Lowder's Kingsley Drive facility, the new Total Wave Auto Spa, and the new State Employee's Credit Union in East Albemarle. There are currently two significant commercial projects under review and scheduled to begin next fiscal year.

The remaining 36.83 percent of development investment for the fiscal year is comprised of residential development activity at \$1,727,400, compared to last year's total of \$2,861,344. We had a staggering uptick in new single family home development with 48 new single family homes. Construction has also begun on a new 80 unit, age restricted, multi-family complex named Uwharrie Trail in East Albemarle. Grandview Meadows, a new major subdivision, has begun constructing homes in their new phase and has approximately 50 additional lots to build on until complete. We also have two other major subdivisions that are currently under review and we are still working with local builders wanting to take advantage of vacant lots for infill development. We expect to see a steady trend in residential development activity into next fiscal year.

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 \$38,988, the County's was \$49,590, while the state's was \$52,413. The government's population recently increased from 15,903 (2010) to an estimated 16,246 as of July 1, 2019. With the new residential development has taken place within the downtown area we are expecting to see an increase next year.

Major Initiatives in Fiscal Year 2020

Fiscal year 2019-2020 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.

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

This project addresses the next most critical sewer outfall in the City's collection system, the West Side Outfall. The project consists of 9,000 feet of 24", 18" and 12" gravity sewer rehabilitation along the western edge of the city limits. The sewer line will be replaced or rehabilitated in place, with no upsize in capacity.

The project budget is \$6,419,645. Revenue sources include borrowings of \$6,293,770 from the North Carolina Clean Water State Revolving Funds, which includes a principal forgiveness grant of \$500,000 for a total debt service due upon completion of \$5,793,770, and City funds of \$125,875 from the Water and Sewer Department. At fiscal year end the project was 94 percent complete and is expected to finish in fiscal year 2021.

Phase III includes additional borrowings from the North Carolina Clean Water State Revolving Funds of \$6,156,000 and was awarded to the City March 2, 2020. It is expected to begin in fiscal year 2021.

Pfeiffer University Project

In prior fiscal years, the City partnered with Pfeiffer University, home campus located in Misenheimer NC, for the purpose of economic development. The City purchased a property located downtown from Stanly County, demolished the building, and transferred the land back to Pfeiffer University to build a new satellite campus. The proposed campus would be the home of their Master of Science in Occupational Therapy program, which promised to create approximately 17 high paying jobs and bring an influx of additional population into downtown. The project was completed in the second half of the calendar year and as of September 2020 the campus is now open.

New Police Headquarters

In fiscal year 2020, the City began the process of rehabilitating the former Home Savings Bank building downtown to serve as the new Headquarters for the Albemarle Police Department. The City hired a construction manager at risk to oversee the construction. The project budget is \$4,685,100 with revenue sources that consist of \$4,100,000 in borrowed funds and City funds in the amount of \$585,100.

The new building will provide some much-needed room for growth for the Police Department. In addition, the 2nd floor provides a large room for training officers and additional rooms to support and visiting law enforcement officer from the state or federal levels.

At the end of the fiscal year, the project was substantially complete with only a few minor items remaining to furnish the interior. The Police Department is expected to be fully moved into the new building early in fiscal year 2021.

Fire Department SCBA Grant

To further the goal of advancing resources for public safety, the Fire Department applied for and was awarded a grant through FEMA for the purpose of purchasing self-contained breathing apparatus (SCBA). The total budget for this is \$306,000 and revenue sources consist of \$291,428.57 of federal funding with the remaining 5 percent of \$14,571.43 coming from City funds. At fiscal year end the process of obtaining bids was underway and it is expected that this will be complete in fiscal year 2021.

Landfill Gravity Line Project

The City is currently transporting leachate from our C&D Landfill to our leachate storage pond which is one 1” line and another that is 2” in diameter that is obsolete in size and functionality. Replacing this waste water system with 8” and 12” discharge lines will allow leachate to gravity flow from our C&D Landfill to the lagoon and eliminate the need to maintain pumps and electrical controls that have to be monitored and maintained on a daily basis and are especially labor intensive during storm events.

The project budget is \$400,000 and the revenue source is City funds. At the end of the fiscal year, the project is approximately 65 percent complete.

Long-Term Financial Planning

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 37.4 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 2021-2025, there were \$93,830,424 in capital needs anticipated for various infrastructure and facility improvements.

The City completed a branding strategy and downtown streetscape master plan in FY 2015-16 which is being 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.

Self-Insured Health Insurance

With rising healthcare costs, the City believes it can avert huge healthcare increases by insurance companies. The City has been able to build reserves for health insurance and has averted rising health insurance pricing increases over the last few years.

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 been sold and there are plans to being redevelopment in the next 6 months. The City continues to work with Retail Strategies to prevent retail leakage to other communities; this helps our sales tax revenue continue to rise.

Albemarle Corporate Business Center

The City purchased 283 acres of land to be used as an industrial park and corporate center in fiscal year 2017. 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.

Cultural and Recreational

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 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 fourth 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.

Public Utilities

Long Creek Waste Water Treatment Plant

The Current Waste Water Treatment plant was designed and built in the early to mid-1970's. Most of the electrical distribution system which powers the environmental treatment process is original and is approximately 40 years old. The rehabilitation is to provide a reliable and easily maintainable system for the plant operations staff.

Old Whitney Raw Water Line

Replace the raw water line from Old Whitney Pump Station to the Highway 52 Water Treatment plant. The current waterline was installed in the 1940's and needs to be replaced.

Deep Water Intake – Tuckertown Water Treatment Plant

Current location of the raw water intake is in a shallow cove on Tuckertown Reservoir. Shallow depth of the intake has demonstrated a negative influence on the raw water quality.

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. The next application is due in September 2020 and the City anticipates continued 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, 2019. , This was the third 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 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, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF ALBEMARLE, NORTH CAROLINA

CITY GOVERNING BODY AND OFFICIALS

JUNE 30, 2020

MAYOR

G. R. MICHAEL

CITY COUNCIL

MARTHA SUE HALL - MAYOR PRO-TEM

DR. CHRIS BRAMLETT

BILL ALDRIDGE

CHRIS WHITLEY

MARTHA E. HUGHES

DEXTER G. TOWNSEND

SHIRLEY LOWDER

OTHER OFFICIALS

MICHAEL J. FERRIS

CITY MANAGER

NYKI HARDY

ASSISTANT CITY MANAGER

COLLEEN CONROY

FINANCE OFFICER

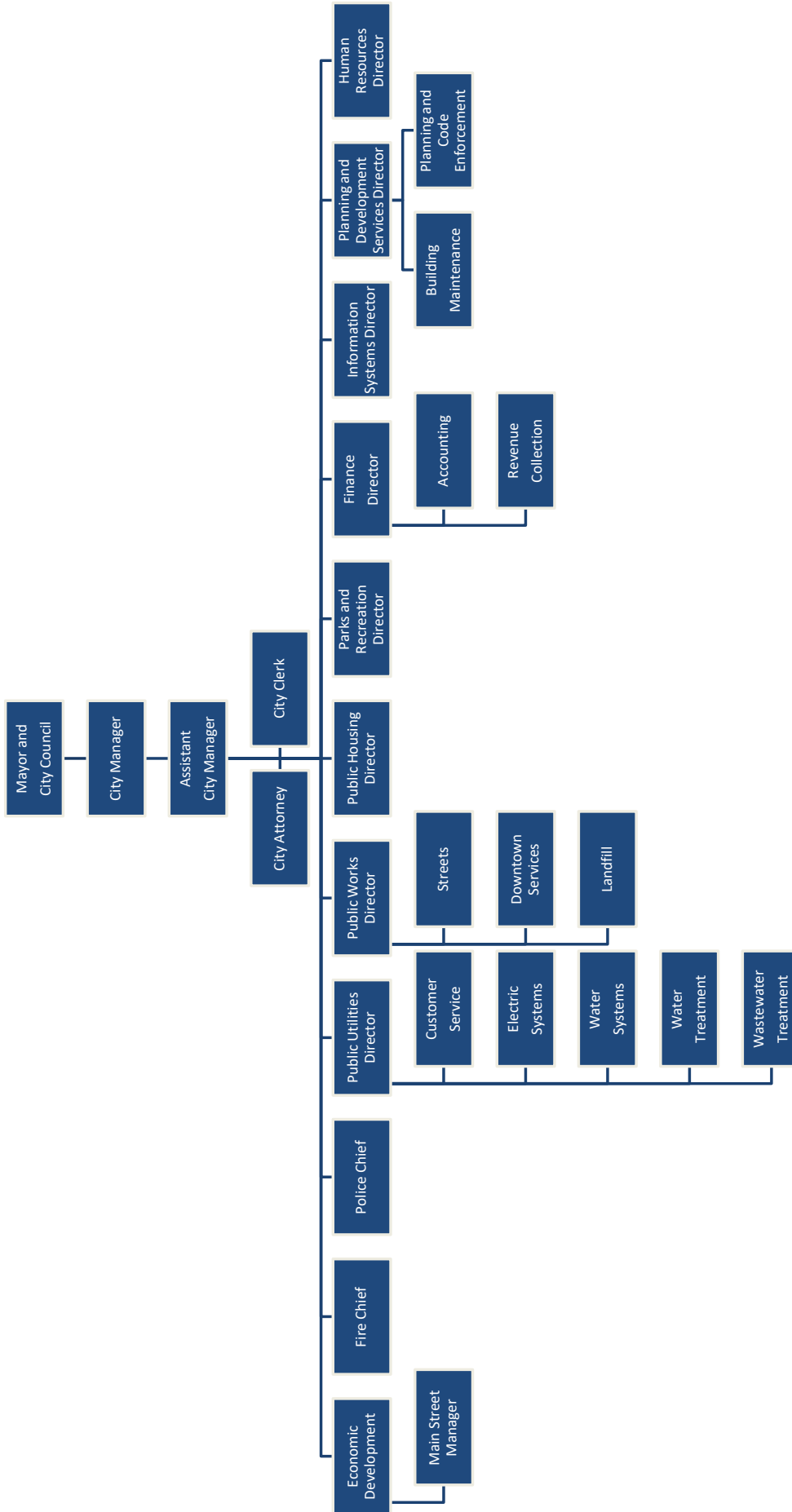
BRITT BURCH

CITY ATTORNEY

CINDY STONE

CITY CLERK

CITY ORGANIZATIONAL CHART





ALBEMARLE
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FINANCIAL SECTION



ALBEMARLE
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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Albemarle
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, 2020, and the related notes to the financial statements, which collectively comprise the City'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. Those financial statements were audited by other auditors whose report has 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 the 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 General 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 from 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 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 report 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a 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, economical, 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 section, combining and individual fund financial statements, budgetary schedules, other schedules, 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 Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, Financial Data Schedule, 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 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 the 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 financial statements, budgetary schedules, other schedules, Financial Data Schedule, 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 section and the statistical section have not been subjected to the auditing procedures applied in the audit of 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 November 11, 2020 on our consideration of the 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 solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Albemarle's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 11, 2020



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

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, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

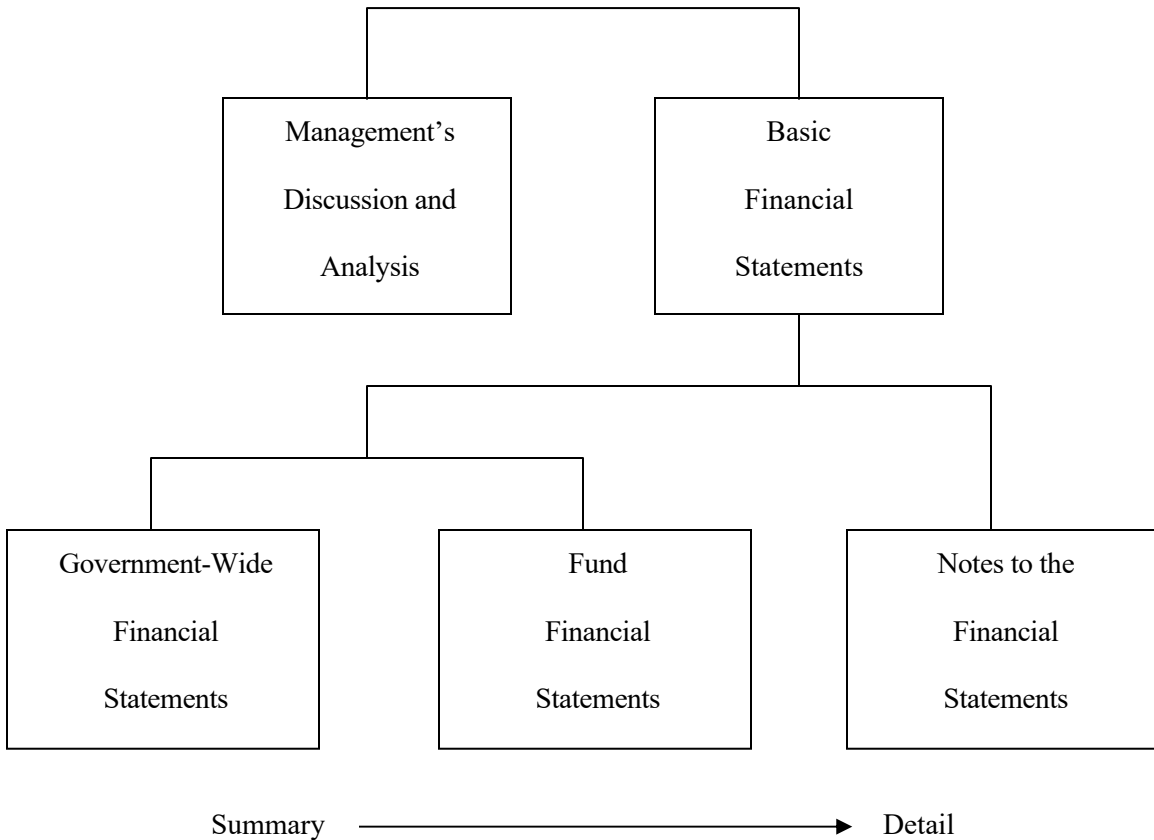
- The assets and deferred outflows of resources of the City of Albemarle exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$81,806,554.
- The government's total net position increased by \$8,853,792, primarily due to increased sales tax revenue and repayment of portion of previously written off debt in the General Fund, concentrated efforts by the City to save money in the Electric Fund and the Water and Sewer Fund.
- The City received a rebate from NCMFA1 in the amount of \$4,950,623 in the Electric Fund during the current fiscal year.
- As of the close of the current fiscal year, the City of Albemarle's governmental funds reported combined ending fund balances of \$10,209,970, an increase of \$1,701,008 in comparison with the prior year. Approximately 41.5 percent of this total amount, or \$4,241,365, is restricted or non-spendable. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,324,773, or 33.9 percent, of total General Fund expenditures for the fiscal year.
- The City of Albemarle's total debt increased by \$7,072,245 during the current fiscal year. The key factor of the increase is that the incurred debt for a new police headquarters, for public works equipment, and for a water/sewer project.

Overview of the Financial Statements

This discussion and analysis is 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 29 through 75 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 76 through 80 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

City of Albemarle's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 12,809,970	\$ 10,619,344	\$ 32,751,517	\$ 24,348,902	\$ 45,561,487	\$ 34,968,246
Capital assets	23,871,292	20,006,121	76,112,068	72,802,798	99,983,360	92,808,919
Total assets	<u>36,681,262</u>	<u>30,625,465</u>	<u>108,863,585</u>	<u>97,151,700</u>	<u>145,544,847</u>	<u>127,777,165</u>
Deferred Outflows of Resources						
	<u>2,732,652</u>	<u>2,990,979</u>	<u>1,697,041</u>	<u>1,842,974</u>	<u>4,429,693</u>	<u>4,833,953</u>
Liabilities:						
Long-term liabilities	17,702,892	14,415,615	38,255,569	35,333,461	55,958,461	49,749,076
Other liabilities	2,804,185	1,823,048	7,078,382	6,991,325	9,882,567	8,814,373
Total liabilities	<u>20,507,077</u>	<u>16,238,663</u>	<u>45,333,951</u>	<u>42,324,786</u>	<u>65,841,028</u>	<u>58,563,449</u>
Deferred Inflows of Resources						
	<u>1,431,674</u>	<u>742,234</u>	<u>895,284</u>	<u>352,673</u>	<u>2,326,958</u>	<u>1,094,907</u>
Net Position:						
Net investment in capital assets	17,195,672	17,339,345	47,190,373	46,944,504	64,386,045	64,283,849
Restricted	4,210,437	3,238,404	-	-	4,210,437	3,238,404
Unrestricted	(3,930,946)	(3,942,202)	17,141,018	9,372,711	13,210,072	5,430,509
Total net position	<u>\$ 17,475,163</u>	<u>\$ 16,635,547</u>	<u>\$ 64,331,391</u>	<u>\$ 56,317,215</u>	<u>\$ 81,806,554</u>	<u>\$ 72,952,762</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 \$81,806,554 as of June 30, 2020. The City's net position increased by \$8,853,792 for the fiscal year ended June 30, 2020. The largest portion of net position (78.7%) 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, \$4,210,437 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,210,072 is unrestricted.

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

- Budgeted to save some money to grow fund balance
- Increase in local option sales tax of 4.68% over previous year
- Continued diligence in collection of property taxes by maintaining a tax collection percentage of 97.49%, which is slightly better than the previous year
- Received a large rebate from North Carolina Municipal Power Agency # 1
- Increased tipping fee at municipal solid waste landfill
- 6.6% water and sewer increase
- Reduced cost of wholesale electric power

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

**City of Albemarle's Changes Net Position
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,803,248	\$ 1,700,545	\$ 45,557,603	\$ 46,266,600	\$ 47,360,851	\$ 47,967,145
Operating grants and contributions	949,797	1,243,810	2,257,673	2,383,012	3,207,470	3,626,822
Capital grants and contributions	-	15,968	1,341,887	2,458,033	1,341,887	2,474,001
General revenues:						
Property taxes	6,896,760	6,873,954	-	-	6,896,760	6,873,954
Other taxes	6,080,187	5,945,536	120,604	149,002	6,200,791	6,094,538
Interest earned	197,169	209,123	230,984	269,501	428,153	478,624
NCMPA rebate	-	-	4,950,623	-	4,950,623	-
Total revenues	<u>15,927,161</u>	<u>15,988,936</u>	<u>54,459,374</u>	<u>51,526,148</u>	<u>70,386,535</u>	<u>67,515,084</u>
Expenses:						
General government	2,198,065	2,017,511	-	-	2,198,065	2,017,511
Public safety	8,278,010	8,021,031	-	-	8,278,010	8,021,031
Public works	3,512,821	3,370,980	-	-	3,512,821	3,370,980
Cultural and recreational	1,727,843	1,674,492	-	-	1,727,843	1,674,492
Interest on long-term debt	228,266	113,325	-	-	228,266	113,325
Water and sewer	-	-	10,430,343	9,779,782	10,430,343	9,779,782
Electric	-	-	29,139,058	30,402,233	29,139,058	30,402,233
Landfill	-	-	2,710,198	2,649,616	2,710,198	2,649,616
Public housing	-	-	3,308,139	3,283,349	3,308,139	3,283,349
Total expenses	<u>15,945,005</u>	<u>15,197,339</u>	<u>45,587,738</u>	<u>46,114,980</u>	<u>61,532,743</u>	<u>61,312,319</u>
Change in net position before transfers	(17,844)	791,597	8,871,636	5,411,168	8,853,792	6,202,765
Transfers in (out)	<u>857,460</u>	<u>1,502,479</u>	<u>(857,460)</u>	<u>(1,502,479)</u>	<u>-</u>	<u>-</u>
Change in net position	839,616	2,294,076	8,014,176	3,908,689	8,853,792	6,202,765
Net Position:						
Beginning of year - July 1	<u>16,635,547</u>	<u>14,341,471</u>	<u>56,317,215</u>	<u>52,408,526</u>	<u>72,952,762</u>	<u>66,749,997</u>
End of year - June 30	<u>\$ 17,475,163</u>	<u>\$ 16,635,547</u>	<u>\$ 64,331,391</u>	<u>\$ 56,317,215</u>	<u>\$ 81,806,554</u>	<u>\$ 72,952,762</u>

Governmental Activities. Governmental activities increased the City's net position by \$839,616. Key elements of this increase are as follows:

- Work with retail strategies for the recruitment & retention of retail businesses to prevent leakage to other communities
- Did better in property tax collection and sales tax revenue than anticipated; the City had assumed a drop in sales tax due to COVID-19 and adjusted spending to reflect that.
- Aggressive attitude toward downtown revitalization & street scape improvements

Business-Type Activities. Business-type activities increased the City of Albemarle's net position by \$8,014,176. Key elements of this increase are as follows:

- Reduction in wholesale power purchased from electricities
- Continuation of savings reserve accounts in the Water and Sewer Fund and the Electric Fund to save repayments from interfund loans
- Rebate from NCMPIA1
- Reduced transfer to General Fund for PILOT

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 \$5,324,773, while total fund balance amounted to \$8,612,490. Unassigned General Fund balance represents 33.9 percent of total General Fund expenditures, while total fund balance represents 54.9 percent of that same amount.

At June 30, 2020, the governmental funds of City of Albemarle reported a combined fund balance of \$10,209,970, a 20.0 percent increase as compared to the prior year. Included in this change in fund balance is the increase in fund balance in the General Fund. The underlying reason for the increase in fund balance of the General Fund relates to a 1% property tax collection increase, a 4.7% increase in sales tax revenue, and a 3.75% increase in ABC distribution.

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 encumbered police vehicle ordered in 2019, but not received until 2020 fiscal year
- To appropriate fund balance for restriping streets & parking.
- Appropriate grant funds for police and sponsorship for parks/recreation
- Appropriate matching funds & grant funds for incentive for a business
- Appropriate sale of assets as trade in for new equipment, insurance proceeds, increase legal line to pay for negotiated settlement of a project
- To increase appropriation for Police Headquarters Capital Project Fund
- Appropriate insurance proceeds for police department auto repairs
- Appropriate sale of fixed assets at the landfill and transfer residual funds back to landfill from Solid Waste Employee Office Facility Project
- Transfer funds from completed project to the Water and Sewer Fund
- Appropriate insurance proceeds to repair SCADA system damaged from lightning and repair 2 electric trucks

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 \$2,865,520, for the Electric Fund, \$13,081,102; for the Landfill Fund \$159,838; and for the public housing \$496,373. The total change in net position for each fund was \$749,168, \$6,792,259, \$602,186, and (\$132,165), 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.

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, 2020, totals \$99,983,360 (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 three police vehicles
- Purchase of equipment & vehicles for public works
- Purchase Fortigate perimeter fire wall for information systems
- Purchase of truss braces and an auto lift for garage
- Infrastructure for public works – paving projects
- Vehicle exhaust extraction system for fire department
- Used 125kw generator for fire department
- Hurst cutter & spreader for fire department
- Fencing for parks
- Access controls for parks/recreation facilities
- Baseball scoreboard
- Pool basin repair/replaster at Rock Creek Park
- Parking lot improvements at parks/recreation
- Retrofit transfer switch at Old Whitney
- SCADA systems/controls
- 2500 gallon carbon tank at water treatment plant
- Lawn mower for water plant

- Upgrade sewer main & water lines
- Forklift for electric department
- 3 trucks for electric department
- 25KV recloser & control
- SCADA house upgrade at Lee Lynn Substation
- Landfill employee office facility
- Landfill rain flap – phase 2
- Landfill utility vehicle
- Landfill bush hog
- Landfill Caterpillar dozer
- Landfill Caterpillar backhoe
- Fencing at public housing

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,384,333	\$ 4,384,333	\$ 1,041,766	\$ 1,036,477	\$ 5,426,099	\$ 5,420,810
Infrastructure	3,548,515	3,642,778	21,427,650	22,335,296	24,976,165	25,978,074
Other improvements	793,744	787,559	478,814	491,613	1,272,558	1,279,172
Buildings	6,854,251	7,256,349	35,895,856	37,707,176	42,750,107	44,963,525
Furniture and fixtures	-	9,599	47,732	15,764	47,732	25,363
Equipment	2,608,081	2,430,978	7,251,298	7,810,261	9,859,379	10,241,239
Construction in progress	5,682,368	1,494,525	9,968,952	3,406,211	15,651,320	4,900,736
Total	\$ 23,871,292	\$ 20,006,121	\$ 76,112,068	\$ 72,802,798	\$ 99,983,360	\$ 92,808,919

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, 2020, the City of Albemarle had no outstanding bonded debt.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Direct placement and direct borrowing - installment debt	\$ 6,675,620	\$ 2,666,776	\$ 28,821,425	\$ 25,733,358	\$ 35,497,045	\$ 28,400,134
Capital leases	-	-	100,270	124,936	100,270	124,936
Total	\$ 6,675,620	\$ 2,666,776	\$ 28,921,695	\$ 25,858,294	\$ 35,597,315	\$ 28,525,070

City of Albemarle's Outstanding Debt

The City of Albemarle's total debt increased by \$7,072,245 during the past fiscal year, primarily due to debt incurred for new police headquarters, for water/sewer inflow & infiltration upgrades & wastewater plant upgrades, and equipment for public works. There is still an interfund loan from parks/recreation to the Electric Fund in the amount of \$222,788 for renovation of a building.

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 \$51,184,260.

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 6.3 percent, which is below the statewide rate of 7.6% and the national average of 11.1% for June 2020.
- Overall, new construction and renovation investment for FY 19-20 has again significantly increased since last fiscal year. The total dollar amount of investment for both commercial and residential activity in FY 19-20 is \$31,879,764. Commercial and industrial activity amount to 63.17% of the total fiscal year investment with a total of \$20,137,364. The commercial and industrial sector experienced significant growth due to several notable projects such as the City of Albemarle Police Station, the new Stanly County EMS Base, GHA's new group care facility on Morrow Mountain Road, improvements to A.L. Lowder's Kingsley Dr. facility, the new Tidal Wave Auto Spa and the new State Employee's Credit Union in East Albemarle. There are currently two significant commercial projects under review and scheduled to begin soon that will fall under next fiscal year's report; so, Albemarle should expect to see a steady trend of commercial development activity in the 2020/2021 fiscal year.
- The other 36.83% of development investment for FY 19-20 is comprised of residential development activity which totaled \$11,727,400, compared to last year's total of \$2,861,344. We had a staggering uptick in new single-family home development with 48 new single-family homes. Construction has also begun on a new 80-unit age restricted multi-family complex named Uwharrie Trail in East Albemarle. Grandview Meadows, a new major subdivision, has begun constructing homes in their new phase and they have roughly 50 more lots to build on until complete. We also have two other major subdivisions that are currently under review and we are still working with local builders wanting to take advantage of vacant lots for infill development so we should expect to see a steady trend in residential development activity into next fiscal year.
- Due to the COVID-19 pandemic, the City had to cut many of its summer parks/recreation programs, had to invest in personal protection equipment and reassign staff to deal with the pandemic. The City was able to absorb these costs in fiscal year 2020 but will receive CARES act funding in 2021 to help offset many of these costs. The City of Albemarle was running approximately 9% higher in sales tax revenue for the first 5 months of fiscal year 2019-2020, however, due to the pandemic, ended the fiscal year with growth of 4.68%. The City's franchise tax revenue was down 2.2% from the prior fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Overall, the proposed General Fund budget totals \$16,783,384, representing a 3.85% decrease from the 19-20 fiscal year adjusted budget (adjusted budget includes amendments to reflect the current budget authority). As detailed previously, the budget presented does recommend keeping the ad valorem tax rate of 64-cents per \$100 of assessed valuation. The budget includes no increases in planning and zoning fees but is built around an increase from \$5.00 to \$10.00 annually for the motor vehicle registration fee. In recent years the City's contribution to street maintenance and preservation has increased by \$125,000 in the General Fund alone and the fee increase helps keep pace with the expanded program. The budget does make an adjustment to the monthly solid waste collection fee and the solid waste disposal fee to keep this service self-funded.

It is always worth pointing out where the funds we collect go and what property taxes actually provide taxpayers. The operations of the fire and police departments alone account for 53.98% of the General Fund budget expenditures. The total cost of these two departments is \$9,059,753, while the proposed property tax rate generates revenues totaling \$6,986,845. The difference is \$2,072,908 and would, therefore, require an 18.99-cent tax increase in order for property taxes alone to fully fund just these two operations. While we provide outstanding police and fire service and are proud to do so, this example demonstrates the need to grow the economy and local tax base as well as diversify the revenue structure.

Capital initiatives in the General Fund section of the proposed 20/21 budget are certainly fewer than anticipated; however, we are able to move forward with our core services and the most significant capital needs. The budget allows for the continuation of the streetscape program and the services of retail strategies for the recruitment and retention of retail businesses to prevent leakage to other communities. The budget does propose a completely new initiative by funding a small business loan program. Program details are being developed and \$50,000 is dedicated to this program from previously received development funds. The budget contains a \$25,000 increase in the General Fund share of street maintenance and repair, a high priority of the Mayor and council. The City-wide increase in funding for street maintenance and repair has increased by \$200,000 in the last five fiscal years. Additionally, the budget proposes the rehabilitation of the street vacuum truck. We have previously discussed replacement, but public works staff believes a comprehensive overhaul of our existing unit will get us what we need at a far less expense than a replacement. We have also funded major sidewalk rehabilitation projects in conjunction with the Pfeiffer construction as well as sidewalk improvements on South Street. The acquisition of two police vehicles, mobile data terminals, mobile printer replacements, and wireless data devices for each officer in the police department if funded. We also have the addition of a third school resource officer on a cooperative basis with the Stanly County schools. The budget provided for an additional position in the planning and development services department in order to eliminate the cost of currently contracted services and provide fulltime services dedicated to the appearance of our community. Funding for community risk reduction activities in the fire department in order for the department to increase visibility, build relationships, and provide a greater focus on fire prevention education is provided. Other initiatives and projects contained with the budget include installation of a new roof on fire station # 1 and apparatus bay floor replacement and bathroom renovations at fire station #2. In parks and recreation, we plan for the installation of a new roof at the EE Waddell Center, the purchase of a zero-turn mower, ADA compliant lifts for both pools, and a pool vacuum and new pool filtration system at Rock Creek Park. Funding for the wayfinding project (shared by all funds) is provided as well as enhancements in the City's technology infrastructure.

The Powell Bill Fund is proposed at \$576,635, which is 6.07% decrease from the current fiscal year adjusted budget (adjusted budget includes amendments to reflect the current budget authority). Overall, it does include a bulk of the funds for our street preservation and maintenance program, totaling \$200,000 in Powell Bill funds. Funding for the Powell Bill comes from the state as a portion of the gas tax and is remitted to municipalities for road maintenance. Over the years funding has not kept pace with needs and in fact, funding levels for FY 20/21 are almost identical to amounts ten years ago in FY 10/11.

Business-Type Activities: The Water and Sewer Fund budget is proposed at \$11,081,074 and is 3.74% higher than the current fiscal year (adjusted to reflect the current budget authority). The proposed budget does include a 6% water and an 8% sewer rate increase. This is the first year I recall having disparate rate adjustments, as an analysis of our system shows that sewer revenues are not at a level to cover the cost of the system. Though we have one Water and Sewer Fund, we believe it is important to have rates more accurately reflect cost allocation as we do have water customers that are not sewer customers and vice versa. The overall need for rate adjustments are based on the significant revenue lost from a reduction in consumption by a previously large user and recent debt assumption related to capital projects in the Water and Sewer Fund.

There are many needs and commitments addressed in the proposal. The budget reflects for the first time the principal and interest payments coming online for the Phase 2 inflow and infiltration and wastewater treatment plant electrical upgrades, totaling almost \$6,000,000 in state revolving loans. Funds are budgeted to pay the City's share to relocate a water line as part of the NCDOT Bethany Road bridge replacement project. We plan for our routine maintenance needs as well as unique projects such as replacing roadway lights with LED lights, repairing a section of roof, and replacing carbon and fluoride tanks at the Jack F. Neel Water Treatment Plant. We plan to resurface a section of the Wastewater Treatment Plant road with in-house labor, continue with routine I&I work with the lining of manhole towers, as well as the routine replacement of vehicles and equipment. One significant new endeavor is the contracting for ongoing maintenance and repair responsibilities on our water tanks. This proposal will provide for all needed repairs and maintenance to our tanks, including painting, on a multi-year schedule.

This should allow the tanks to remain in an overall better state of repair and help us avoid large and often unexpected costs. An ongoing significant accomplishment is the City will continue to meet its current debt obligation in the Water and Sewer Fund. Many improvement projects benefiting both water and sewer customers have taken place in recent years. While these are costly projects, we have pursued these for the best interest of our customers and for the long-term reliability of our system.

The electric budget is proposed at \$32,723,335 and represents a .4% increase from the current year adjusted budget (adjusted budget includes amendments to reflect the current budget authority). The Budget does reflect a change as we begin to implement the recommendations of the rate and cost of service study. The purpose of the study was to ensure that rates are appropriate to fund future needs, and that classes of customers are charged appropriately. The budget does implement the recommendations to increase base facilities charges, as a large part of our system expense is simply in providing the infrastructure and other expenses to maintain services. We will also be implementing the rate schedule that does not increase rates for the average user in each category. In fact, the average residential user will see a 3.5% reduction in their rates. These changes are being implemented following a five-year period where rates have already been reduced 5.6% for all classes of customers. As a City, we can be very proud of what we have been able to do with the rates for our customers and still remain a Public Power Award of Excellence winner.

Overall, major initiatives include upgrades to meter reading software, pad mount transformers for new subdivisions and other developments, a mini-excavator, the engineering and physical replacement of a 3-phase recloser for system reliability, a new Derrick/Digger truck to replace a unit with failing hydraulics and significant needs maintenance needs. We have also included funds to repaint the decorative street light poles in the downtown area, as it has been several years since this was last performed and the paint is fading. We continue funding of the pole inspection and replacement program that began in 15/16. The Electric Fund budget also continues to fund its proportionate share of our overall economic development activities and other shared City expenses.

The Solid Waste Disposal Fund is proposed at \$2,830,421 in FY 20/21, representing a decrease of 9.7% from FY 19/20 adjusted budget (adjusted budget includes amendments to reflect the current budget authority). One factor for the significant reduction is the landfill is an area where changes in the economy are first noticed. As a result, the budget has been developed around a reduction of 5% from the FY 19/20

budgeted revenues. We are not recommending any change to the tipping fee for municipal solid waste or the construction and demolition disposal fee. There is a so no proposed change in the \$1.00 per ton fee specifically designated for closure and post-closure costs. The budget as proposed carries out obligations without any appropriation of fund balance and in fact provides for an increase in our savings for future capital needs and closure-post closure costs. The solid waste disposal budget includes principal and interest payments for the force main sewer leachate line. It also includes a repayment to our reserves as we borrowed from ourselves by utilizing landfill cash to pay for the construction of the Employee Facility. We made the commitment to replenish our reserves and this budget proposal follows through on that commitment.

The public housing Section 8 proposal reflects a total of \$1,576,044, which is a 3.72% increase from FY 19/20 adjusted budget (adjusted budget includes amendments to reflect the current budget authority), while the conventional public housing budget is proposed at \$1,708,255, which is a 4.88% decrease from FY 19/20 (adjusted budget includes amendments to reflect the current budget authority). Both housing program budgets consist primarily of federal funds and revenues from tenant/resident rental payments. The proposal allows for the continued operation of both housing programs. A majority of capital programs and initiatives do not appear in this annual budget but are a part of the Capital Fund Program budget. This budget follows US Housing and Urban Development guidelines and is presented to and reviewed with council as projects and expenditures are ready.

Fiscal year 20/21 begins the fourth year of a self-funded health insurance program. To date, we have been very successful in pursuing this path. We have been able to retain all savings realized from year to year, rather than having these funds go to a private provider. Being self-insured we do set our own rates and funding levels. For the first time since moving to self-insurance, we are proposing a 10% increase in the per person funding for the program. This recommendation keeps pace with the expense trends we have been experiencing. With the change in benefits and brokerage representatives, we anticipate moving forward with an even greater level of cost control and preventative care measures. Being self-insured allows us to undertake these activities by using the savings realized through the operation of the plan, potential savings from less than anticipated usage, or through the use of our accumulated reserves.

In all funds, the budget proposal does include a 1.5% cost of living adjustment for all employees to become effective in July. This will enable us to, in some cases, keep pace with the salary study performed 6 years ago, and in other instances not have salaries fall further behind the market. I did remove from the budget the customary 1% to focus on a variety of compensation issues, such as providing merit increases for top performers, addressing the issues of compression, leap-frogging and other concerns in order to get us through the current economic downturn. In looking toward the future, the budget does propose the compensation study previously discussed and authorized by city council. The hope is we can perform the study and fund the results for approximately one-third of our employees in the following year.

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.



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

BASIC FINANCIAL STATEMENTS

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
Assets:				
Current assets:				
Cash and cash equivalents	\$ 10,883,111	\$ 22,952,586	\$ 33,835,697	\$ 741,745
Taxes receivable - net	399,881	-	399,881	-
Accounts receivable - net	208,458	5,123,294	5,331,752	-
Due from other governments	1,832,218	-	1,832,218	-
Internal balances	(760,973)	760,973	-	-
Inventories	19,652	2,571,549	2,591,201	414,283
Prepaid expenses	11,276	14,399	25,675	10,531
Restricted cash	158,247	1,328,716	1,486,963	-
Total current assets	<u>12,751,870</u>	<u>32,751,517</u>	<u>45,503,387</u>	<u>1,166,559</u>
Non-current assets:				
Security deposits	<u>58,100</u>	<u>-</u>	<u>58,100</u>	<u>-</u>
Capital assets:				
Land and construction in progress	10,066,701	11,010,718	21,077,419	222,167
Other capital assets, net of depreciation	<u>13,804,591</u>	<u>65,101,350</u>	<u>78,905,941</u>	<u>732,006</u>
Total capital assets	<u>23,871,292</u>	<u>76,112,068</u>	<u>99,983,360</u>	<u>954,173</u>
Total non-current assets	<u>23,929,392</u>	<u>76,112,068</u>	<u>100,041,460</u>	<u>954,173</u>
Total assets	<u>36,681,262</u>	<u>108,863,585</u>	<u>145,544,847</u>	<u>2,120,732</u>
Deferred Outflows of Resources:				
Pension deferrals	1,989,031	1,196,525	3,185,556	42,923
OPEB deferrals	<u>743,621</u>	<u>500,516</u>	<u>1,244,137</u>	<u>-</u>
Total deferred outflows of resources	<u>2,732,652</u>	<u>1,697,041</u>	<u>4,429,693</u>	<u>42,923</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,557,985	3,371,140	4,929,125	250,075
Current portion of long-term liabilities	1,195,066	2,449,295	3,644,361	-
Accrued interest payable	46,134	41,502	87,636	-
Liabilities payable from restricted assets:				
Customer deposits	-	1,184,447	1,184,447	-
Advances from grantors	<u>5,000</u>	<u>31,998</u>	<u>36,998</u>	<u>-</u>
Total current liabilities	<u>2,804,185</u>	<u>7,078,382</u>	<u>9,882,567</u>	<u>250,075</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
Long-term liabilities:				
Accrued landfill closure and post-closure costs	-	4,839,521	4,839,521	-
Total OPEB liability	6,515,696	4,318,983	10,834,679	-
Total pension liability - LEOSSA	1,850,876	-	1,850,876	-
Due in more than one year	6,221,615	27,000,625	33,222,240	-
Net pension liability	3,114,705	2,096,440	5,211,145	53,667
Total long-term liabilities	17,702,892	38,255,569	55,958,461	53,667
Total liabilities	20,507,077	45,333,951	65,841,028	303,742
Deferred Inflows of Resources:				
Prepaid taxes	2,407	-	2,407	-
Pension deferrals	192,385	62,764	255,149	17,817
OPEB deferrals	1,236,882	832,520	2,069,402	-
Total deferred inflows of resources	1,431,674	895,284	2,326,958	17,817
Net Position:				
Net investment in capital assets	17,195,672	47,190,373	64,386,045	954,173
Restricted for:				
Stabilization by state statute	2,348,173	-	2,348,173	-
Streets	153,247	-	153,247	-
Other functions	1,709,017	-	1,709,017	-
Working capital	-	-	-	121,763
Unrestricted	(3,930,946)	17,141,018	13,210,072	766,160
Total net position	\$ 17,475,163	\$ 64,331,391	\$ 81,806,554	\$ 1,842,096

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, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,198,065	\$ 26,842	\$ 127,978	\$ -
Public safety	8,278,010	59,939	95,159	-
Public works	3,512,821	1,618,373	554,066	-
Cultural and recreational	1,727,843	98,094	172,594	-
Interest on long-term debt	228,266	-	-	-
Total governmental activities	<u>15,945,005</u>	<u>1,803,248</u>	<u>949,797</u>	<u>-</u>
Business-Type Activities:				
Water and sewer	10,430,343	10,853,331	-	599,364
Electric	29,139,058	30,952,909	-	398,959
Landfill	2,710,198	3,160,357	-	-
Department of Public Housing	3,308,139	591,006	2,257,673	343,564
Total business-type activities	<u>45,587,738</u>	<u>45,557,603</u>	<u>2,257,673</u>	<u>1,341,887</u>
Total primary government	<u>\$ 61,532,743</u>	<u>\$ 47,360,851</u>	<u>\$ 3,207,470</u>	<u>\$ 1,341,887</u>
Component Unit:				
City of Albemarle ABC Board	<u>\$ 4,008,729</u>	<u>\$ 4,121,372</u>	<u>\$ -</u>	<u>\$ -</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, 2020

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (2,043,245)	\$ -	\$ (2,043,245)	
Public safety	(8,122,912)	-	(8,122,912)	
Public works	(1,340,382)	-	(1,340,382)	
Cultural and recreational	(1,457,155)	-	(1,457,155)	
Interest on long-term debt	(228,266)	-	(228,266)	
Total governmental activities	<u>(13,191,960)</u>	<u>-</u>	<u>(13,191,960)</u>	
Business-Type Activities:				
Water and sewer	-	1,022,352	1,022,352	
Electric	-	2,212,810	2,212,810	
Landfill	-	450,159	450,159	
Department of Public Housing	-	(115,896)	(115,896)	
Total business-type activities	<u>-</u>	<u>3,569,425</u>	<u>3,569,425</u>	
Total primary government	<u>(13,191,960)</u>	<u>3,569,425</u>	<u>(9,622,535)</u>	
Component Unit:				
City of Albemarle ABC Board				\$ <u>112,643</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes	6,896,760	-	6,896,760	-
Local option sales tax	4,236,822	-	4,236,822	-
Other taxes and licenses	1,843,365	120,604	1,963,969	-
NCMPA rebate	-	4,950,623	4,950,623	-
Investment earnings	197,169	230,984	428,153	7,362
Total general revenues, excluding transfers	<u>13,174,116</u>	<u>5,302,211</u>	<u>18,476,327</u>	<u>7,362</u>
Transfers	<u>857,460</u>	<u>(857,460)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>14,031,576</u>	<u>4,444,751</u>	<u>18,476,327</u>	<u>7,362</u>
Change in net position	839,616	8,014,176	8,853,792	120,005
Net Position:				
Beginning of year, July 1	<u>16,635,547</u>	<u>56,317,215</u>	<u>72,952,762</u>	<u>1,722,091</u>
Net position, end of year	<u>\$ 17,475,163</u>	<u>\$ 64,331,391</u>	<u>\$ 81,806,554</u>	<u>\$ 1,842,096</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, 2020

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Albemarle Police Headquarters</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 7,705,865	\$ 673,489	\$ 1,179,527	\$ 9,558,881
Receivables, net:				
Taxes receivable - net	399,881	-	-	399,881
Accounts receivable - net	205,382	-	-	205,382
Interest	3,076	-	-	3,076
Due from other governments	1,832,218	-	-	1,832,218
Inventories	19,652	-	-	19,652
Prepays	11,276	-	-	11,276
Restricted cash	158,247	-	-	158,247
Total assets	<u>\$ 10,335,597</u>	<u>\$ 673,489</u>	<u>\$ 1,179,527</u>	<u>\$ 12,188,613</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,092,350	\$ 207,738	\$ 47,798	\$ 1,347,886
Due to other funds	91,130	-	-	91,130
Advances from other funds	131,658	-	-	131,658
Liabilities to be paid from restricted assets:				
Advances from grantors	5,000	-	-	5,000
Total liabilities	<u>1,320,138</u>	<u>207,738</u>	<u>47,798</u>	<u>1,575,674</u>
Deferred Inflows of Resources:				
Property taxes receivable	399,881	-	-	399,881
License fees receivable	681	-	-	681
Prepaid taxes	2,407	-	-	2,407
Total deferred inflows of resources	<u>402,969</u>	<u>-</u>	<u>-</u>	<u>402,969</u>
Fund Balances:				
Non-spendable:				
Inventories	19,652	-	-	19,652
Prepays	11,276	-	-	11,276
Restricted:				
Stabilization by state statute	2,348,173	-	-	2,348,173
Streets - Powell Bill	153,247	-	-	153,247
Public safety	107,414	465,751	14,571	587,736
Parks and recreation	-	-	679,211	679,211
Economic development	4,123	-	409,071	413,194
Public works	-	-	28,876	28,876
Assigned:				
Subsequent year's expenditures	543,785	-	-	543,785
Parks and recreation	84,847	-	-	84,847
Streets - health insurance	15,200	-	-	15,200
Unassigned	5,324,773	-	-	5,324,773
Total fund balances	<u>8,612,490</u>	<u>465,751</u>	<u>1,131,729</u>	<u>10,209,970</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,335,597</u>	<u>\$ 673,489</u>	<u>\$ 1,179,527</u>	<u>\$ 12,188,613</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, 2020

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balance - governmental funds	\$ 10,209,970
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,871,292
Deferred outflows of resources related to pensions are not reported in the funds.	1,989,031
Deferred outflows of resources related to OPEB are not reported in the funds.	743,621
Other long-term assets (taxes, license receivable) are not available to pay for current period expenditures and, therefore, are deferred in the funds.	400,562
Internal service funds 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.	1,172,231
Consolidation adjustment for internal balances between Internal Service Fund and the governmental funds	(538,185)
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	(6,675,620)
Total pension liability (LEOSSA)	(1,850,876)
Total OPEB liability	(6,515,696)
Compensated absences	(741,061)
Net pension liability	(3,114,705)
Accrued interest payable	(46,134)
Deferred inflows of resources related to pensions are not reported in the funds.	(192,385)
Deferred inflows of resources related to OPEB are not reported in the funds.	<u>(1,236,882)</u>
Net position of governmental activities	<u>\$ 17,475,163</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Albemarle Police Headquarters		
Revenues:				
Ad valorem taxes	\$ 6,944,587	\$ -	\$ -	\$ 6,944,587
Other taxes and licenses	227,958	-	-	227,958
Unrestricted intergovernmental	5,852,229	-	-	5,852,229
Restricted intergovernmental	905,435	-	-	905,435
Permits and fees	59,018	-	-	59,018
Sales and services	1,666,111	-	-	1,666,111
Investment earnings	142,842	37,118	8,039	187,999
Miscellaneous	171,134	-	28,876	200,010
Total revenues	<u>15,969,314</u>	<u>37,118</u>	<u>36,915</u>	<u>16,043,347</u>
Expenditures:				
Current				
General government	1,758,963	-	-	1,758,963
Public safety	7,833,961	-	-	7,833,961
Public works	3,751,524	-	-	3,751,524
Cultural and recreation	1,609,736	-	-	1,609,736
Debt service:				
Principal retirement	531,041	-	-	531,041
Interest and other charges	199,040	-	-	199,040
Capital outlay	-	3,810,375	245,044	4,055,419
Total expenditures	<u>15,684,265</u>	<u>3,810,375</u>	<u>245,044</u>	<u>19,739,684</u>
Revenues over (under) expenditures	<u>285,049</u>	<u>(3,773,257)</u>	<u>(208,129)</u>	<u>(3,696,337)</u>
Other Financing Sources (Uses):				
Long-term debt issued	439,885	4,100,000	-	4,539,885
Transfers from other funds	882,460	-	214,571	1,097,031
Transfers to other funds	(239,571)	-	-	(239,571)
Total other financing sources (uses)	<u>1,082,774</u>	<u>4,100,000</u>	<u>214,571</u>	<u>5,397,345</u>
Net change in fund balances	1,367,823	326,743	6,442	1,701,008
Fund Balances:				
Beginning of year, July 1	<u>7,244,667</u>	<u>139,008</u>	<u>1,125,287</u>	<u>8,508,962</u>
End of year, June 30	<u>\$ 8,612,490</u>	<u>\$ 465,751</u>	<u>\$ 1,131,729</u>	<u>\$ 10,209,970</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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

Net changes in fund balances - total governmental funds	\$ 1,701,008
<p>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.</p>	
Capital outlay	5,160,439
Depreciation	(1,217,844)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Taxes including interest and penalties	(47,827)
License fees	(105)
<p>Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.</p>	
Compensated absences	(94,968)
Pension expense (LGERS)	(698,529)
Pension expense (LEOSSA)	47,268
OPEB plan expense	102,452
<p>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.</p>	
Issuance of long-term debt	(4,539,885)
Principal payments on installment purchase obligations	531,041
Decrease in accrued interest payable	(29,226)
<p>Consolidation adjustment for the Internal Service Fund and the governmental funds:</p>	
Net revenue of the Internal Service Fund	5,944
Portion of net revenue allocated to business-type activities	(2,728)
Net book value of property disposed of during the year	<u>(77,424)</u>
Total changes in net position of governmental activities	<u>\$ 839,616</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
Revenues:				
Ad valorem taxes	\$ 6,891,415	\$ 6,891,415	\$ 6,944,587	\$ 53,172
Other taxes and licenses	235,100	235,100	227,958	(7,142)
Unrestricted intergovernmental	5,662,500	5,662,500	5,852,229	189,729
Restricted intergovernmental	634,075	702,475	905,435	202,960
Permits and fees	44,450	44,450	59,018	14,568
Sales and services	1,642,174	1,642,174	1,666,111	23,937
Investment earnings	147,500	147,500	142,842	(4,658)
Miscellaneous	95,600	133,572	171,134	37,562
Total revenues	<u>15,352,814</u>	<u>15,459,186</u>	<u>15,969,314</u>	<u>510,128</u>
Expenditures:				
Current:				
General government	1,919,838	1,987,338	1,758,963	228,375
Public safety	8,769,070	8,819,337	7,833,961	985,376
Public works	3,982,485	4,020,520	3,751,524	268,996
Cultural and recreational	1,824,808	1,829,558	1,609,736	219,822
Debt service:				
Principal	950,770	936,199	531,041	405,158
Interest	235,838	235,838	199,040	36,798
Contingency	1,300	1,300	-	1,300
Total expenditures	<u>17,684,109</u>	<u>17,830,090</u>	<u>15,684,265</u>	<u>2,145,825</u>
Revenues over (under) expenditures	<u>(2,331,295)</u>	<u>(2,370,904)</u>	<u>285,049</u>	<u>2,655,953</u>
Other Financing Sources (Uses):				
Long-term debt issued	751,000	751,000	439,885	(311,115)
Transfers from other funds	1,362,395	1,362,395	882,460	(479,935)
Transfers to other funds	(225,000)	(239,571)	(239,571)	-
Appropriated fund balance	442,900	497,080	-	(497,080)
Total other financing sources (uses)	<u>2,331,295</u>	<u>2,370,904</u>	<u>1,082,774</u>	<u>(1,288,130)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,367,823</u>	<u>\$ 1,367,823</u>
Fund Balance:				
Beginning of year, July 1			<u>7,244,667</u>	
End of year, June 30			<u>\$ 8,612,490</u>	

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, 2020

	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	\$ 4,827,120	\$ 11,567,492	\$ 5,673,930	\$ 884,044	\$ 22,952,586	\$ 1,324,230
Accounts receivable - net	1,394,761	3,345,870	302,729	79,934	5,123,294	-
Due from other funds	-	91,130	-	-	91,130	-
Inventories	328,826	2,242,723	-	-	2,571,549	-
Prepaid expenses	5,218	6,467	1,380	1,334	14,399	-
Restricted cash and cash equivalents	155,571	978,053	-	195,092	1,328,716	-
Total current assets	<u>6,711,496</u>	<u>18,231,735</u>	<u>5,978,039</u>	<u>1,160,404</u>	<u>32,081,674</u>	<u>1,324,230</u>
Non-current assets:						
Advances to other funds	-	131,658	-	-	131,658	-
Security deposits	-	-	-	-	-	58,100
Capital assets:						
Land, improvements and construction in progress	7,194,433	2,805,568	847,212	163,505	11,010,718	-
Other capital assets, net of depreciation	46,796,277	8,615,900	5,010,445	4,678,728	65,101,350	-
Total capital assets, net	<u>53,990,710</u>	<u>11,421,468</u>	<u>5,857,657</u>	<u>4,842,233</u>	<u>76,112,068</u>	-
Total non-current assets	<u>53,990,710</u>	<u>11,553,126</u>	<u>5,857,657</u>	<u>4,842,233</u>	<u>76,243,726</u>	<u>58,100</u>
Total assets	<u>60,702,206</u>	<u>29,784,861</u>	<u>11,835,696</u>	<u>6,002,637</u>	<u>108,325,400</u>	<u>1,382,330</u>
Deferred Outflows of Resources:						
Pension deferrals	615,365	341,736	136,814	102,610	1,196,525	-
OPEB deferrals	257,412	142,952	57,230	42,922	500,516	-
Total deferred outflows of resources	<u>872,777</u>	<u>484,688</u>	<u>194,044</u>	<u>145,532</u>	<u>1,697,041</u>	-
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	529,385	2,519,979	266,371	55,405	3,371,140	210,099
Compensated absences - current	97,030	110,713	14,016	23,894	245,653	-
Accrued interest payable	32,467	2,406	6,629	-	41,502	-
Current portion of long-term liabilities	1,889,393	152,521	161,728	-	2,203,642	-
Liabilities to be paid from restricted assets:						
Customer deposits	155,571	978,053	-	50,823	1,184,447	-
Advances from grantors	-	-	-	31,998	31,998	-
Total current liabilities	<u>2,703,846</u>	<u>3,763,672</u>	<u>448,744</u>	<u>162,120</u>	<u>7,078,382</u>	<u>210,099</u>
Non-current liabilities:						
Accrued landfill closure and post-closure costs	-	-	4,839,521	-	4,839,521	-
Compensated absences	158,254	55,465	50,736	18,117	282,572	-
Total OPEB liability	2,207,433	1,245,774	492,958	372,818	4,318,983	-
Installment purchase agreements and capital leases payable - non-current	25,041,549	317,614	1,358,890	-	26,718,053	-
Net pension liability	1,078,175	598,889	239,644	179,732	2,096,440	-
Total non-current liabilities	<u>28,485,411</u>	<u>2,217,742</u>	<u>6,981,749</u>	<u>570,667</u>	<u>38,255,569</u>	-
Total liabilities	<u>31,189,257</u>	<u>5,981,414</u>	<u>7,430,493</u>	<u>732,787</u>	<u>45,333,951</u>	<u>210,099</u>
Deferred Inflows of Resources:						
Pension deferrals	32,279	17,926	7,177	5,382	62,764	-
OPEB deferrals	428,159	237,774	95,193	71,394	832,520	-
Total deferred inflows of resources	<u>460,438</u>	<u>255,700</u>	<u>102,370</u>	<u>76,776</u>	<u>895,284</u>	-
Net Position:						
Net investment in capital assets	27,059,768	10,951,333	4,337,039	4,842,233	47,190,373	-
Unrestricted	2,865,520	13,081,102	159,838	496,373	16,602,833	1,172,231
Total net position	<u>\$ 29,925,288</u>	<u>\$ 24,032,435</u>	<u>\$ 4,496,877</u>	<u>\$ 5,338,606</u>	<u>63,793,206</u>	<u>\$ 1,172,231</u>
Adjustment to reflection the consolidation of internal service fund activities related to enterprise funds					538,185	
Net position of business-type activities					<u>\$ 64,331,391</u>	

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, 2020

	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	\$ 10,635,700	\$ 29,908,236	\$ 3,092,165	\$ -	\$ 43,636,101	\$ -
Rental income	-	-	-	551,654	551,654	-
Interfund charges and employee contributions	-	-	-	-	-	3,162,320
Other	107,229	1,028,045	68,192	37,083	1,240,549	-
Total operating revenues	10,742,929	30,936,281	3,160,357	588,737	45,428,304	3,162,320
Operating Expenses:						
Administration	1,523,776	1,877,605	-	863,653	4,265,034	247,291
Water treatment plant	2,192,431	-	-	-	2,192,431	-
Sewer treatment plant	1,748,824	-	-	-	1,748,824	-
Systems division	1,736,065	-	-	-	1,736,065	-
Customer service	99,654	118,126	-	-	217,780	-
Electric operations	-	26,479,667	-	-	26,479,667	-
Landfill operations	-	-	1,878,302	-	1,878,302	-
Landfill closure and post-closure care costs	-	-	152,815	-	152,815	-
Utilities	-	-	-	330,379	330,379	-
Ordinary maintenance and operation	-	-	-	378,987	378,987	-
General expenses	-	-	-	54,960	54,960	-
Housing assistance program	-	-	-	1,238,685	1,238,685	-
Non-routine maintenance	-	-	-	12,012	12,012	-
Depreciation	2,805,830	652,153	624,552	429,752	4,512,287	-
Health benefit claims and premiums	-	-	-	-	-	2,918,255
Total operating expense	10,106,580	29,127,551	2,655,669	3,308,428	45,198,228	3,165,546
Operating income (loss)	636,349	1,808,730	504,688	(2,719,691)	230,076	(3,226)
Non-Operating Revenues (Expenses):						
Solid waste, scrap tire and white goods disposal tax	-	-	120,604	-	120,604	-
Operating grants	-	-	-	2,257,673	2,257,673	-
Gain (loss) on disposal of capital assets	4,450	7,443	(10,651)	-	1,242	-
Investment earnings	60,304	93,974	70,661	6,045	230,984	9,170
Interest and other charges	(325,136)	(12,295)	(44,156)	-	(381,587)	-
NCMPA rebate	-	4,950,623	-	-	4,950,623	-
Other	105,952	9,185	-	2,269	117,406	-
Total non-operating revenues (expenses)	(154,430)	5,048,930	136,458	2,265,987	7,296,945	9,170
Income (loss) before contributions and transfers	481,919	6,857,660	641,146	(453,704)	7,527,021	5,944
Capital Contributions and Transfers:						
Capital contributions	599,364	398,959	-	343,564	1,341,887	-
Transfers in	-	25,000	-	-	25,000	-
Transfers out	(332,115)	(489,360)	(38,960)	(22,025)	(882,460)	-
Total contributions and transfers	267,249	(65,401)	(38,960)	321,539	484,427	-
Change in net position	749,168	6,792,259	602,186	(132,165)	8,011,448	5,944
Net Position:						
Beginning of year, July 1	29,176,120	17,240,176	3,894,691	5,470,771		1,166,287
End of year, June 30	\$ 29,925,288	\$ 24,032,435	\$ 4,496,877	\$ 5,338,606		\$ 1,172,231
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					2,728	
Change in net position - business-type activities					\$ 8,014,176	

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, 2020

	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	\$ 10,610,259	\$ 31,639,662	\$ 3,340,814	\$ 547,694	\$ 46,138,429	\$ 3,162,320
Cash paid for goods and services	(3,161,806)	(26,157,802)	(1,047,627)	(2,520,991)	(32,888,226)	(3,205,939)
Cash paid to employees for services	(3,769,744)	(2,376,634)	(754,899)	(346,373)	(7,247,650)	-
Net cash provided (used) by operating activities	<u>3,678,709</u>	<u>3,105,226</u>	<u>1,538,288</u>	<u>(2,319,670)</u>	<u>6,002,553</u>	<u>(43,619)</u>
Cash Flows from Non-Capital Financing Activities:						
Operating grants and subsidies	-	-	-	2,289,671	2,289,671	-
NCMPA rebate	-	4,950,623	-	-	4,950,623	-
(Increase) decrease in advances to other funds/ due from other funds	-	91,130	-	-	91,130	-
Transfers from other funds	-	25,000	-	-	25,000	-
Transfers to other funds	(332,115)	(489,360)	(38,960)	(22,025)	(882,460)	-
Total cash flows from non-capital financing activities	<u>(332,115)</u>	<u>4,577,393</u>	<u>(38,960)</u>	<u>2,267,646</u>	<u>6,473,964</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition of capital assets	(6,228,887)	(769,277)	(845,384)	(63,039)	(7,906,587)	-
Principal paid on bonds and installment purchase agreements	(1,724,178)	(152,333)	(280,002)	-	(2,156,513)	-
Interest paid on bonds and installment purchase agreements	(327,904)	(13,098)	(44,593)	-	(385,595)	-
Proceeds from issuance of long-term debt	5,107,378	-	112,536	-	5,219,914	-
Capital grants	599,364	398,959	-	343,564	1,341,887	-
Proceeds from sale of assets	5,883	7,443	25,000	-	38,326	-
Net cash provided (used) by capital and related financing activities	<u>(2,568,344)</u>	<u>(528,306)</u>	<u>(1,032,443)</u>	<u>280,525</u>	<u>(3,848,568)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Interest earned on investments	60,304	93,974	70,661	6,045	230,984	9,170
Net increase (decrease) in cash and cash equivalents	838,554	7,248,287	537,546	234,546	8,858,933	(34,449)
Cash and Cash Equivalents:						
Beginning of year - July 1	4,144,137	5,297,258	5,136,384	844,590	15,422,369	1,358,679
End of year - June 30	<u>\$ 4,982,691</u>	<u>\$ 12,545,545</u>	<u>\$ 5,673,930</u>	<u>\$ 1,079,136</u>	<u>\$ 24,281,302</u>	<u>\$ 1,324,230</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 636,349	\$ 1,808,730	\$ 504,688	\$ (2,719,691)	\$ 230,076	\$ (3,226)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	2,805,830	652,153	624,552	429,752	4,512,287	-
Other receipts	105,952	9,185	120,604	2,269	238,010	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in accounts receivable	(245,347)	661,254	59,853	(50,631)	425,129	-
(Increase) decrease in inventory	12,582	(137,807)	-	-	(125,225)	-
(Increase) decrease in prepaid expenses	20,444	47,681	(49)	(64)	68,012	-
(Increase) decrease in deferred outflows - pensions	108,985	60,524	24,231	18,173	211,913	-
(Increase) decrease in deferred outflows - OPEB	(39,436)	(13,960)	(7,898)	(4,686)	(65,980)	-
Increase (decrease) in accounts payable and accrued liabilities	83,620	(111,733)	16,505	(27,306)	(38,914)	(40,393)
Increase (decrease) in net pension liability	129,544	71,941	28,802	21,601	251,888	-
Increase (decrease) in deferred inflows of resources - pensions	3,274	1,818	728	546	6,366	-
Increase (decrease) in deferred inflows of resources - OPEB	286,057	144,039	61,976	44,173	536,245	-
Increase (decrease) in customer deposits	6,725	32,942	-	7,319	46,986	-
Increase (decrease) in compensated absences	29,605	25,888	10,503	3,142	69,138	-
Increase (decrease) in other post-employment benefits	(265,475)	(147,429)	(59,023)	(44,267)	(516,194)	-
Increase (decrease) in accrued landfill post-closure costs	-	-	152,816	-	152,816	-
Total adjustments	<u>3,042,360</u>	<u>1,296,496</u>	<u>1,033,600</u>	<u>400,021</u>	<u>5,772,477</u>	<u>(40,393)</u>
Net cash provided (used) by operating activities	<u>\$ 3,678,709</u>	<u>\$ 3,105,226</u>	<u>\$ 1,538,288</u>	<u>\$ (2,319,670)</u>	<u>\$ 6,002,553</u>	<u>\$ (43,619)</u>

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



ALBEMARLE
NORTH CAROLINA
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NOTES TO THE FINANCIAL STATEMENTS



ALBEMARLE
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CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Significant Accounting Policies

The accounting policies of the City of Albemarle, North Carolina, (the “City”) 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 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. However, interfund services provided and used are not eliminated in the process of consolidation. 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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 nonmajor 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.

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.

The City reports the following nonmajor governmental funds:

Sidewalk Fee in Lieu Program Special Revenue Fund. This fund is used to account for funds for sidewalk improvements.

Firefighter SCBA Equipment Special Revenue Fund. This fund is used to account for grant funds that are restricted for the use for public safety equipment.

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

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.

Parks and Recreation Carolina Treetop Challenge Project Fund. This fund is used to account for funds for improvements at Rock Creek Park in conjunction with the Carolina Treetop Challenge project, which is a public/private partnership.

Public Works Utility Relocation Sidewalk Project Fund. This fund is used to account for funds relating to construct sidewalks on NC Highway 24/27 East in relation to the widening project.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 Utility Relocation 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.

Electric Fund. This fund is used to account for the City's electric operations. The Electric Utility Relocation Project Fund has been consolidated into the Electric Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

Landfill Fund. This fund is used to account for the City's landfill operations. The Leachate Force Main 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.

Department of Public Housing. This fund is used to account for the City's public housing operations. The Conventional, Section 8, and Capital Funds have been consolidated into the Department of Public Housing Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

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)

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. 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, Sidewalk Fee in Lieu Program Special Revenue Fund, and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds, Firefighter SCBA Equipment Special Revenue Fund, 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 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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

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

In accordance with state law, the City has invested in securities, which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 for streets 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. Advances from grantors in the General Fund and the Department of Public Housing Fund are classified as restricted because their use is completely restricted for the purpose for which the grant funding was awarded. Restrictions are in place for grants in the Department of Public Housing Fund are also classified as restricted.

Governmental Activities:

General Fund:

Streets	\$	153,247
Advances from grantors		5,000
Total governmental activities	\$	<u>158,247</u>

Business-Type Activities:

Water and Sewer Fund:

Customer deposits	\$	155,571
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Electric Fund:

Customer deposits		978,053
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Department of Public Housing:

Customer deposits		50,823
Grant restrictions		112,271
Advances from grantors		<u>31,998</u>
Total business-type activities		<u>1,328,716</u>
Total restricted cash	\$	<u>1,486,963</u>

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, 2019. As allowed by state law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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 to 30 years
Electric distribuion system	25 years
Water distribuion lines	30 to 50 years
Sewer distribuion lines	30 years
Infrastructure	30 to 50 years
Equipment	5 to 15 years
Vehicles	4 to 6 years

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 years
Equipment	5 to 10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 criteria, pension and OPEB related deferrals. 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 this criteria – prepaid taxes, license fees receivable, property taxes receivable, and pension and OPEB related deferrals.

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.

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

Restricted for 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.

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

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.

Assigned for Parks and Recreation – portion of fund balance that has been budgeted by the City Manager/Management for certain parks and recreation expenditures.

Assigned for Streets – portion of fund balance that has been budgeted by the City Manager/Management for health insurance purposes in the streets department.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance. Other governmental funds do not report positive unassigned fund balance, although they may report negative unassigned fund balance.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The City 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, and 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.

The City has not officially adopted a formal fund balance policy.

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.

2. Detail Notes on All Funds

A. Assets

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 non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City 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

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the City's deposits had a carrying amount of \$21,381,931 and a bank balance of \$21,523,676. Of the bank balance, \$788,872 was covered by federal depository insurance, \$903,805 was covered by collateral held under the dedicated method and \$19,830,999 was covered by collateral held under the pooling method. At June 30, 2020, the City's petty cash fund totaled \$3,308.

At June 30, 2020, the carrying amount of deposits for the ABC Board was \$741,745 and the bank balance was \$792,640. Of the bank balance, the portion not covered by federal depository insurance was collateralized under the pooling method.

Investments

At June 30, 2020, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 1,427,929	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	10,152,750	.15 years	Unrated
U.S. government agencies	Fair Value - Level 2	452,534	1-3 years	AA+
U.S. treasuries	Fair Value - Level 1	<u>1,904,208</u>	1-3 years	AA+
Total		<u>\$ 13,937,421</u>		

*As of June 30, 2020, the NCCMT Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. The City’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The City’s investment in U.S. government agencies (Federal Home Loan Bank and Federal National Mortgage) were rated AA+ by Standard & Poor’s and Aaa by Moody’s Investors Service.

Receivables - Allowances for Doubtful Accounts

The amounts presented in the balance sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Taxes receivable	\$ 236,461	\$ -
Accounts receivable	-	19,730
Total	<u>\$ 236,461</u>	<u>\$ 19,730</u>

Due from other governments that is owed to the City consists of the following:

	<u>Governmental Activities</u>
Sales and use tax distribution	\$ 980,499
Sales tax refund	469,298
Grants	159,408
Motor vehicle tax	74,927
Other	148,086
Total	<u>\$ 1,832,218</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2020, was as follows:

	Beginning Balances	Additions	Deletions	Transfers	Ending Balances
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 4,384,333	\$ -	\$ -	\$ -	\$ 4,384,333
Construction in progress	<u>1,508,083</u>	<u>4,174,893</u>	<u>(608)</u>	<u>-</u>	<u>5,682,368</u>
Total non-depreciable capital assets	<u>5,892,416</u>	<u>4,174,893</u>	<u>(608)</u>	<u>-</u>	<u>10,066,701</u>
Depreciable Capital Assets:					
Buildings	12,339,132	49,686	-	-	12,388,818
Other improvements	1,343,688	44,588	-	-	1,388,276
Infrastructure	6,881,727	104,714	-	-	6,986,441
Furniture and fixtures	211,999	-	-	-	211,999
Equipment	<u>7,863,620</u>	<u>786,558</u>	<u>(477,443)</u>	<u>14,080</u>	<u>8,186,815</u>
Total depreciable capital assets	<u>28,640,166</u>	<u>985,546</u>	<u>(477,443)</u>	<u>14,080</u>	<u>29,162,349</u>
Less Accumulated Depreciation:					
Buildings	5,096,341	438,226	-	-	5,534,567
Other improvements	556,129	38,403	-	-	594,532
Infrastructure	3,238,949	198,977	-	-	3,437,926
Furniture and fixtures	202,400	9,599	-	-	211,999
Equipment	<u>5,432,642</u>	<u>532,639</u>	<u>(400,627)</u>	<u>14,080</u>	<u>5,578,734</u>
Total accumulated depreciation	<u>14,526,461</u>	<u>\$ 1,217,844</u>	<u>\$ (400,627)</u>	<u>\$ 14,080</u>	<u>15,357,758</u>
Total depreciable capital assets, net	<u>14,113,705</u>				<u>13,804,591</u>
Governmental activities capital assets, net	<u>\$ 20,006,121</u>				<u>\$ 23,871,292</u>

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

Governmental Activities:	
General government	\$ 314,738
Public safety	273,844
Public works	386,073
Cultural and recreational	<u>243,189</u>
Total depreciation expense	<u>\$ 1,217,844</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Capital asset activity for business-type activities for the year ended June 30, 2020 was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending</u> <u>Balances</u>
Business-Type Activities:					
Water Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 145,228	\$ -	\$ -	\$ -	\$ 145,228
Construction in progress	<u>1,029,538</u>	<u>6,019,667</u>	<u>-</u>	<u>-</u>	<u>7,049,205</u>
Total non-depreciable capital assets	<u>1,174,766</u>	<u>6,019,667</u>	<u>-</u>	<u>-</u>	<u>7,194,433</u>
Depreciable Capital Assets:					
Buildings	52,483,211	-	-	-	52,483,211
Water and sewer lines	40,686,430	88,274	-	-	40,774,704
Furniture and fixtures	95,991	-	-	-	95,991
Equipment and vehicles	<u>9,914,081</u>	<u>296,312</u>	<u>(7,525)</u>	<u>-</u>	<u>10,202,868</u>
Total depreciable capital assets	<u>103,179,713</u>	<u>384,586</u>	<u>(7,525)</u>	<u>-</u>	<u>103,556,774</u>
Less Accumulated Depreciation:					
Buildings	25,344,924	1,433,085	-	-	26,778,009
Water and sewer lines	23,963,068	724,461	-	-	24,687,529
Furniture and fixtures	91,192	4,799	-	-	95,991
Equipment and vehicles	<u>4,561,575</u>	<u>643,485</u>	<u>(6,092)</u>	<u>-</u>	<u>5,198,968</u>
Total accumulated depreciation	<u>53,960,759</u>	<u>\$ 2,805,830</u>	<u>\$ (6,092)</u>	<u>\$ -</u>	<u>56,760,497</u>
Total depreciable capital assets, net	<u>49,218,954</u>				<u>46,796,277</u>
Water and Sewer Fund capital assets, net	<u>\$ 50,393,720</u>				<u>\$ 53,990,710</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-Type Activities:					
Electric Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 145,963	\$ -	\$ -	\$ -	\$ 145,963
Construction in progress	<u>2,336,877</u>	<u>322,728</u>	<u>-</u>	<u>-</u>	<u>2,659,605</u>
Total non-depreciable capital assets	<u>2,482,840</u>	<u>322,728</u>	<u>-</u>	<u>-</u>	<u>2,805,568</u>
Depreciable Capital Assets:					
Buildings	6,799,056	147,675	-	-	6,946,731
Distribution lines	18,542,509	-	-	-	18,542,509
Furniture and fixtures	191,983	-	-	-	191,983
Equipment and vehicles	<u>3,233,209</u>	<u>172,486</u>	<u>(192,996)</u>	<u>(14,080)</u>	<u>3,198,619</u>
Total depreciable capital assets	<u>28,766,757</u>	<u>320,161</u>	<u>(192,996)</u>	<u>(14,080)</u>	<u>28,879,842</u>
Less Accumulated Depreciation:					
Buildings	2,550,676	249,397	-	-	2,800,073
Distribution lines	15,006,915	165,383	-	-	15,172,298
Furniture and fixtures	182,383	9,599	-	-	191,982
Equipment and vehicles	<u>2,078,891</u>	<u>227,774</u>	<u>(192,996)</u>	<u>(14,080)</u>	<u>2,099,589</u>
Total accumulated depreciation	<u>19,818,865</u>	<u>\$ 652,153</u>	<u>\$ (192,996)</u>	<u>\$ (14,080)</u>	<u>20,263,942</u>
Total depreciable capital assets, net	<u>8,947,892</u>				<u>8,615,900</u>
Electric Fund capital assets, net	<u>\$ 11,430,732</u>				<u>\$ 11,421,468</u>
	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-Type Activities:					
Landfill Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 587,070	\$ -	\$ -	\$ -	\$ 587,070
Construction in progress	<u>39,796</u>	<u>220,346</u>	<u>-</u>	<u>-</u>	<u>260,142</u>
Total non-depreciable capital assets	<u>626,866</u>	<u>220,346</u>	<u>-</u>	<u>-</u>	<u>847,212</u>
Depreciable Capital Assets:					
Buildings	2,122,405	233,853	-	-	2,356,258
Landfill cell construction	8,846,518	100,629	(162,158)	-	8,784,989
Furniture and fixtures	53,034	-	-	-	53,034
Equipment and vehicles	<u>4,501,344</u>	<u>355,790</u>	<u>(87,907)</u>	<u>-</u>	<u>4,769,227</u>
Total depreciable capital assets	<u>15,523,301</u>	<u>690,272</u>	<u>(250,065)</u>	<u>-</u>	<u>15,963,508</u>
Less Accumulated Depreciation:					
Buildings	291,090	60,984	-	-	352,074
Landfill cell construction	6,770,178	44,547	-	-	6,814,725
Furniture and fixtures	-	5,303	-	-	5,303
Equipment and vehicles	<u>3,319,499</u>	<u>513,718</u>	<u>(52,256)</u>	<u>-</u>	<u>3,780,961</u>
Total accumulated depreciation	<u>10,380,767</u>	<u>\$ 624,552</u>	<u>\$ (52,256)</u>	<u>\$ -</u>	<u>10,953,063</u>
Total depreciable capital assets, net	<u>5,142,534</u>				<u>5,010,445</u>
Landfill Fund capital assets, net	<u>\$ 5,769,400</u>				<u>\$ 5,857,657</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-Type Activities:					
Department of Public Housing :					
Non-Depreciable Capital Assets:					
Land	\$ 163,505	\$ -	\$ -	\$ -	\$ 163,505
Depreciable Capital Assets:					
Buildings	11,387,044	-	-	-	11,387,044
Improvements	1,095,734	27,981	-	-	1,123,715
Furniture and fixtures	32,487	-	-	-	32,487
Equipment	666,637	35,058	(24,864)	-	676,831
Total depreciable capital assets	<u>13,181,902</u>	<u>63,039</u>	<u>(24,864)</u>	<u>-</u>	<u>13,220,077</u>
Less Accumulated Depreciation:					
Buildings	6,992,517	354,715	-	-	7,347,232
Improvements	604,121	40,780	-	-	644,901
Furniture and fixtures	31,122	1,365	-	-	32,487
Equipment	508,701	32,892	(24,864)	-	516,729
Total accumulated depreciation	<u>8,136,461</u>	<u>\$ 429,752</u>	<u>\$ (24,864)</u>	<u>\$ -</u>	<u>8,541,349</u>
Total depreciable capital assets, net	<u>5,045,441</u>				<u>4,678,728</u>
Department of public housing capital assets, net	<u>5,208,946</u>				<u>4,842,233</u>
Total business-type assets	<u>\$ 72,802,798</u>				<u>\$ 76,112,068</u>

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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Leachate force main	\$ 1,854,149	\$ 2,050
Landfill gravity line	260,142	19,859
Inflow & infiltration phase 2	6,034,642	385,003
Police headquarters	4,410,553	275,547
Total	<u>\$ 12,559,486</u>	<u>\$ 682,459</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Discretely Presented Component Unit

Capital asset activity for the City of Albemarle ABC Board for the ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Non-Depreciable Capital Assets:				
Land	\$ 222,167	\$ -	\$ -	\$ 222,167
Depreciable Capital Assets:				
Buildings	1,080,436	395	-	1,080,831
Equipment	<u>246,519</u>	<u>17,398</u>	<u>(7,988)</u>	<u>255,929</u>
Total depreciable capital assets	<u>1,326,955</u>	<u>17,793</u>	<u>(7,988)</u>	<u>1,336,760</u>
Less Accumulated Depreciation:				
Buildings	377,510	33,088	-	410,598
Equipment	<u>190,626</u>	<u>11,518</u>	<u>(7,988)</u>	<u>194,156</u>
Total accumulated depreciation	<u>568,136</u>	<u>\$ 44,606</u>	<u>\$ (7,988)</u>	<u>604,754</u>
Total ABC depreciable capital assets, net	<u>758,819</u>			<u>732,006</u>
ABC capital assets, net	<u>\$ 980,986</u>			<u>\$ 954,173</u>

Net Investment in Capital Assets

Net investment in capital assets is comprised of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 23,871,292	\$ 76,112,068
Less: Long-term debt	<u>(6,675,620)</u>	<u>(28,921,695)</u>
Net investment in capital assets	<u>\$ 17,195,672</u>	<u>\$ 47,190,373</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 907,366	\$ 395,083	\$ 1,302,449
Other governmental	255,536	-	255,536
Total governmental activities	<u>\$ 1,162,902</u>	<u>\$ 395,083</u>	<u>\$ 1,557,985</u>
Business-Type Activities:			
Water and Sewer Fund	\$ 376,461	\$ 152,924	\$ 529,385
Electric Fund	2,423,153	96,826	2,519,979
Landfill Fund	232,041	34,330	266,371
Department of public housing	26,216	29,189	55,405
Total business-type activities	<u>\$ 3,057,871</u>	<u>\$ 313,269</u>	<u>\$ 3,371,140</u>

Pension Plan and Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The City and the ABC Board are participating employers in the state-wide 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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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, 2020 was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Albemarle were \$1,105,497 for the year ended June 30, 2020.

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.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

At June 30, 2020, the City reported a liability of \$5,211,145 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the City's proportion was 0.19082%, which was a decrease of 0.00245% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$2,274,192. At June 30, 2020, 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	\$ 892,280	\$ -
Changes of assumptions	849,330	-
Net difference between projected and actual earnings on pension plan investments	127,107	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	156,014
City contributions subsequent to the measurement date	<u>1,105,497</u>	-
Total	<u><u>\$ 2,974,214</u></u>	<u><u>\$ 156,014</u></u>

\$1,105,497 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 ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 879,015
2022	239,619
2023	469,196
2024	<u>124,873</u>
Total	<u><u>\$ 1,712,703</u></u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	<u>\$11,918,842</u>	<u>\$5,211,145</u>	<u>\$ (364,310)</u>

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.

Law Enforcement Officers Special Separation Allowance

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Inactive members currently receiving benefits	11
Active members	<u>43</u>
Total	<u><u>54</u></u>

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.

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

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

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2014.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Death After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

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 \$174,679 as benefits came due for the reporting period.

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

At June 30, 2020, the City reported a total pension liability of \$1,850,876. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$125,117.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,400	\$ 54,954
Changes of assumptions and other inputs	72,714	44,181
City benefit payments and administrative expenses subsequent to the measurement date	<u>86,228</u>	<u>-</u>
Total	<u><u>\$ 211,342</u></u>	<u><u>\$ 99,135</u></u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

The City paid \$86,228 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
June 30	
2021	\$ (667)
2022	4,474
2023	13,895
2024	<u>8,277</u>
Total	<u>\$ 25,979</u>

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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 1,977,765</u>	<u>\$ 1,850,876</u>	<u>\$ 1,734,349</u>

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

	2020
Beginning balance	\$ 1,857,649
Service cost	61,070
Interest on the total pension liability	64,439
Differences between expected and actual experience in the measurement of the total pension liability	(3,071)
Changes of assumptions or other inputs	45,468
Benefit payments	<u>(174,679)</u>
Ending balance of the total pension liability	<u>\$ 1,850,876</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at December 31, 2018 to 3.26 percent at December 31, 2019.

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.

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 2,274,192	\$ 125,117	\$ 2,399,309
Pension liability	5,211,145	1,850,876	7,062,021
Proportionate share of the net pension liability	0.19082%	n/a	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 892,280	\$ 52,400	\$ 944,680
Changes of assumptions	849,330	72,714	922,044
Net difference between projected and actual earnings on plan investments	127,107	-	127,107
City contributions (LGERS) and benefit payments and administrative costs (LEOSSA) paid subsequent to the measurement date	1,105,497	86,228	1,191,725
Total	\$ 2,974,214	\$ 211,342	\$ 3,185,556

Deferred of Inflows of Resources:

Differences between expected and actual experience	\$ -	\$ 54,954	\$ 54,954
Changes of assumptions	-	44,181	44,181
Changes in proportion and differences between contributions and proportionate share of contributions	156,014	-	156,014
Total	\$ 156,014	\$ 99,135	\$ 255,149

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$172,110 for the reporting year. No amounts were forfeited.

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.

Other Post-Employment 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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Benefits Provided. As of July 1, 1984, this plan provides post-employment healthcare benefits to retirees of the City who retire before the age of 65, 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. City employees who retire before the age of 65 under the provisions set forth under the North Carolina Local Government Employees' Retirement System with five years of service with the City, may continue coverage in the City's group health plan until they reach age 65. Retired elected officials may be eligible for retiree coverage after completion of twenty (20) years of continuous service to the City. Premiums must be paid in full by the retiree. 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.

The City will pay the following percentages cost of post-retirement healthcare benefits:

Years of Service With the City at Retirement	City Contribution
25 or more	100%
20 - 24	75%
15 - 19	50%
10 - 14	25%
5 - 9	0%

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

Retirees and dependents receiving benefits	65
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	259
Total	324

Total OPEB Liability

The City's total OPEB liability of \$10,834,679 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation:	
General employees	3.50 to 7.75 percent
Firefighters	3.50 to 7.75 percent
Law enforcement officers	3.50 to 7.35 percent
Municipal Bond Index Rate:	
Prior measurement date	3.89 percent
Measurement date	3.50 percent
Healthcare cost trend rates:	
Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2026

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	<u>\$ 12,117,784</u>
Changes for the year:	
Service cost	533,178
Interest on the pension liability	454,673
Differences between expected and actual experience	(1,618,306)
Changes of assumptions or other inputs	214,710
Benefit payments	<u>(867,360)</u>
Net changes	<u>(1,283,105)</u>
Balance at June 30, 2020	<u>\$ 10,834,679</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

The City selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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 (2.50 percent), or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	<u>\$ 11,858,477</u>	<u>\$ 10,834,679</u>	<u>\$ 9,915,220</u>

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:

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 9,716,417</u>	<u>\$ 10,834,679</u>	<u>\$ 12,155,447</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$726,952. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 366,448	\$ 1,411,651
Changes of assumptions and other inputs	185,656	657,751
City benefit payments and administrative expenses subsequent to the measurement date	692,033	-
Total	<u>\$ 1,244,137</u>	<u>\$ 2,069,402</u>

\$692,033 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 ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2021	\$ (262,399)
2022	(262,399)
2023	(262,399)
2024	(262,399)
2025	(210,700)
Thereafter	(257,002)
Total	<u>\$ (1,517,298)</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 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.

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions to pension plan in current fiscal year:		
LGERS	\$ 1,105,497	\$ -
LEOSSA	86,228	-
Benefit payments/administration costs paid subsequent to the measurement date (OPEB):		
OPEB	692,033	-
Differences between expected and actual experience:		
LGERS	892,280	-
LEOSSA	52,400	54,954
OPEB	366,448	1,411,651
Changes in assumptions:		
LGERS	849,330	-
LEOSSA	72,714	44,181
OPEB	185,656	657,751
Net difference between projected and actual earnings on plan investments:		
LGERS	127,107	-
Changes in proportion and differences between employer contributions and proportionate share:		
LGERS	-	156,014
Prepaid taxes	-	2,407
Taxes receivable (General Fund)	-	399,881
License fees receivable (General Fund)	-	681
Total	\$ 4,429,693	\$ 2,727,520

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 \$5 million per occurrence, property coverage up to the total insured values of the property

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 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 \$3,577,815 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.

Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning	\$ 250,492	\$ 124,305
Incurred claims and premiums	2,918,255	2,978,358
Claims and premiums paid	<u>(2,958,648)</u>	<u>(2,852,171)</u>
Balance, end of year	<u>\$ 210,099</u>	<u>\$ 250,492</u>

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.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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.

Long-Term Obligations

Capital Leases

The City has entered into agreements to lease vehicles. The lease agreement qualifies as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreements were executed on May 31, 2019 to lease vehicles and requires 60 monthly payments of \$400. The capital lease is split between the Water and Sewer Fund and the Electric Fund.

The following is an analysis of the assets recorded under capital leases at June 30, 2020:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 134,597	\$ 29,163	\$ 105,434

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2021	\$ 26,380
2022	26,380
2023	26,380
2024	<u>24,182</u>
Total minimum lease payments	103,322
Less: amount representing interest	<u>3,052</u>
Present value of the minimum lease payments	<u>\$ 100,270</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Installment Purchases

	Serviced by	
	Governmental Activities	Business-Type Activities
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.	\$ 420,000	\$ 630,000
Installment financing contract with a bank for the new police headquarters facility; payable in quarterly installments of \$53,000 through July 2039, plus interest at 3.55%, secured by building.	4,100,000	-
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.	1,525,420	-
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.	60,314	-
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%.	-	1,871,609
Installment financing contract with 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.	-	384,901
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.	-	4,240,000
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.	-	43,054

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Serviced by	
	Governmental Activities	Business-Type Activities
2014 Clean Water Revolving Loan through N.C. Department of Environment and Natural Resources the Water/Sewer Inflows & Infiltration System; payable in annual installments of \$169,430, plus semi-annual interest payments at 2.0%, secured by equipment.	-	2,541,451
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.	-	39,955
2015 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Waste Water Treatment Headworks Project, payable in twenty annual installment of \$158,282 beginning November 2016 through May 2036, plus semi-annual interest payments at 2%.	-	2,385,817
Installment financing contract with bank for purchase of public works equipment; payable in monthly installments of \$7,871 through February 2025, including interest of 2.19%, secured by equipment.	418,641	-
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.	-	10,096,597
2017 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Leachate Upgrade Landfill Project, payable in twenty annual installments of \$121,722 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, 2020.	-	1,480,663
2020 Clean Water Revolving Loan through N.C. Department of Environment and Natural Resources for the Sanitary Sewer Rehabilitation Phase 2 & WWTP Rehabilitation project; payable in annual installments of \$289,689 beginning May 2021. The loan is non-interest bearing. This loan is in the draw down period at June 30, 2020.	-	5,107,378
Installment financing contract with bank for purchase of information systems equipment; payable in monthly installments of \$7,762 through February 2022, including interest of 2.95%, secured by equipment	151,245	-
Total installment purchases	<u>\$ 6,675,620</u>	<u>\$ 28,821,425</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The City's outstanding note from direct placements related to governmental and business-type activities of \$1,050,000 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) outstanding amount is declared immediately payable; B) proceed by appropriate court action to enforce the City's performance of applicable covenants; C) all available remedies under the agreement including execution and foreclosure and recovery of attorney's fees and other expenses.

The City's outstanding note from direct placements related to governmental activities of \$4,100,000 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) the entire amount of the principal component and unpaid interest is declared immediately due and payable; B) exercise all remedies available at law or in equity under the Deed of Trust, including foreclosure and sale of the mortgaged property and apply the proceeds of any such sale or other disposition after deducting all costs and expenses including court costs and other disposition costs toward the principal and accrued interest of the balance of the installment purchase; C) proceed by appropriate court action to enforce the City's performance of applicable covenants.

The City's outstanding note from direct placements related to governmental activities of \$1,525,420 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) the entire amount of the principal component and unpaid interest is declared immediately due and payable; B) exercise all remedies available at law or in equity under the Deed of Trust, including foreclosure and sale of the mortgaged property and apply the proceeds of any such sale or other disposition after deducting all costs and expenses including court costs and other disposition costs toward the principal and accrued interest of the balance of the installment purchase.

The City's outstanding note from direct placements related to governmental activities of \$60,314 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

The City's outstanding note from direct borrowings related to business-type activities of \$1,871,609 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct placements related to business-type activities of \$384,901 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) declare unpaid portion immediately due and payable; B) proceed by appropriate court action to enforce the performance by the City of the applicable covenants; C) proceed by court action to enforce the performance by the City of the applicable covenants of the contract; D) exercise or direct the Deed of Trust Trustee to exercise all the rights and remedies of a secured party or creditor under the UCC code of the state and general laws of the state with respect to enforcement; E) take possession of any proceeds of the mortgaged property including net proceeds.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The City's outstanding note from direct placements related to business-type activities of \$4,240,000 is secured by a UCC Security agreement for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) the entire amount of the principal component and unpaid interest is declared immediately due and payable; B) proceed by appropriate court action to enforce the City's performance of applicable covenants; C) all remedies granted under the UCC and may proceed to execute upon the security property.

The City's outstanding note from direct placements related to business-type activities of \$43,054 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would: A) declare the entire amount of the principal component and unpaid interest immediately due and payable; B) proceed by appropriate court action to enforce the City's performance of applicable covenants; C) execution on personal property.

The City's outstanding note from direct borrowings related to business-type activities of \$2,541,451 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct placements related to business-type activities of \$39,955 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

The City's outstanding note from direct borrowings related to business-type activities of \$2,385,817 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct placements related to governmental activities of \$418,641 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would: A) declare the entire amount of the principal component and unpaid interest immediately due and payable; B) proceed by appropriate court action to enforce the City's performance of applicable covenants; C) exercise all the right and remedies at law or in equity; D) terminate the contract and give notice to the City to surrender possession of the equipment.

The City's outstanding note from direct borrowings related to business-type activities of \$10,096,597 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The City's outstanding note from direct borrowings related to business-type activities of \$1,480,663 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit. The total loan amount is \$2,435,450; however, the project is still ongoing, and the loan is in the draw down period at June 30, 2020.

The City's outstanding note from direct borrowings related to business-type activities of \$5,107,378 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit. The total loan amount is \$5,793,770; however, the project is still ongoing, and the loan is in the draw down period at June 30, 2020.

The City's outstanding note from direct placements related to governmental activities of \$151,245 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

Installment Purchases

Annual debt service payments of the direct borrowing and direct placement installment purchase contracts as of June 30, 2020 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 719,423	\$ 218,478	\$ 2,178,600	\$ 348,229
2022	632,573	197,871	2,095,591	316,916
2023	573,119	179,503	2,060,452	285,886
2024	435,110	163,028	1,745,577	258,447
2025	404,575	148,671	1,745,577	235,152
2026-2030	1,695,828	556,501	8,727,885	826,324
2031-2035	1,313,992	269,374	7,271,082	262,208
2036-2040	901,000	71,967	2,996,661	16,426
Total	<u>\$ 6,675,620</u>	<u>\$ 1,805,393</u>	<u>\$ 28,821,425</u>	<u>\$ 2,549,588</u>

At June 30, 2020, the City had a legal debt margin of \$51,184,260.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct placements and borrowings -					
installment purchases	\$ 2,666,776	\$ 4,539,885	\$ (531,041)	\$ 6,675,620	\$ 719,423
Compensated absences	646,093	605,807	(510,839)	741,061	475,643
Total pension liability - LEO	1,857,649	-	(6,773)	1,850,876	-
Net pension liability - LGERS	2,740,473	374,232	-	3,114,705	-
Total OPEB liability	<u>7,282,607</u>	<u>-</u>	<u>(766,911)</u>	<u>6,515,696</u>	<u>-</u>
Governmental activities					
long-term liabilities	<u>\$ 15,193,598</u>	<u>\$ 5,519,924</u>	<u>\$ (1,815,564)</u>	<u>\$ 18,897,958</u>	<u>\$ 1,195,066</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Business-Type Activities:					
Water and Sewer Fund:					
Direct placement - installment purchases	\$ 23,485,274	\$ 5,107,378	\$ (1,711,845)	\$ 26,880,807	\$ 1,876,872
Capital leases	62,468	-	(12,333)	50,135	12,521
Compensated absences	225,679	131,061	(101,456)	255,284	97,030
Net pension liability - LGERS	948,631	129,544	-	1,078,175	-
Total OPEB liability	<u>2,472,908</u>	<u>-</u>	<u>(265,475)</u>	<u>2,207,433</u>	<u>-</u>
Total Water and Sewer Fund	<u>27,194,960</u>	<u>5,367,983</u>	<u>(2,091,109)</u>	<u>30,471,834</u>	<u>1,986,423</u>
Business-Type Activities:					
Electric Fund:					
Direct placement - installment purchases	560,000	-	(140,000)	420,000	140,000
Capital leases	62,468	-	(12,333)	50,135	12,521
Compensated absences	140,290	147,954	(122,066)	166,178	110,713
Net pension liability - LGERS	526,948	71,941	-	598,889	-
Total OPEB liability	<u>1,393,203</u>	<u>-</u>	<u>(147,429)</u>	<u>1,245,774</u>	<u>-</u>
Total Electric Fund	<u>2,682,909</u>	<u>219,895</u>	<u>(421,828)</u>	<u>2,480,976</u>	<u>263,234</u>
Business-Type Activities:					
Landfill Fund:					
Direct placements and borrowings - installment purchases	1,688,084	112,536	(280,002)	1,520,618	161,728
Compensated absences	54,249	21,601	(11,098)	64,752	14,016
Accrued landfill closure and post-closure costs	4,686,705	152,816	-	4,839,521	-
Net pension liability - LGERS	210,842	28,802	-	239,644	-
Total OPEB liability	<u>551,981</u>	<u>-</u>	<u>(59,023)</u>	<u>492,958</u>	<u>-</u>
Total Landfill Fund	<u>7,191,861</u>	<u>315,755</u>	<u>(350,123)</u>	<u>7,157,493</u>	<u>175,744</u>
Business-Type Activities:					
Public Housing Fund:					
Compensated absences	38,869	34,646	(31,504)	42,011	23,894
Net pension liability - LGERS	158,131	21,601	-	179,732	-
Total OPEB liability	<u>417,085</u>	<u>-</u>	<u>(44,267)</u>	<u>372,818</u>	<u>-</u>
Total Public Housing Fund	<u>614,085</u>	<u>56,247</u>	<u>(75,771)</u>	<u>594,561</u>	<u>23,894</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Total Business-Type Activities:					
Direct placements and borrowings -					
installment purchases	\$ 25,733,358	\$ 5,219,914	\$ (2,131,847)	\$ 28,821,425	\$ 2,178,600
Capital leases	124,936	-	(24,666)	100,270	25,042
Compensated absences	459,087	335,262	(266,124)	528,225	245,653
Accrued landfill closure and					
post-closure costs	4,686,705	152,816	-	4,839,521	-
Net pension liability - LGERS	1,844,552	251,888	-	2,096,440	-
Total OPEB liability	<u>4,835,177</u>	<u>-</u>	<u>(516,194)</u>	<u>4,318,983</u>	<u>-</u>
Total business-type activity					
long-term liabilities	<u>\$ 37,683,815</u>	<u>\$ 5,959,880</u>	<u>\$ (2,938,831)</u>	<u>\$ 40,704,864</u>	<u>\$ 2,449,295</u>

Compensated absences, net pension obligations, and other post-employment benefits for governmental activities have typically been liquidated in the General Fund.

Interfund Balances and Activity

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund (1)	General Fund	\$ 222,788
General Fund (2)	Water and Sewer Fund	270,707
General Fund (2)	Electric Fund	155,535
General Fund (2)	Landfill Fund	54,895
General Fund (2)	Public Housing Fund	<u>57,048</u>
Total		<u>\$ 760,973</u>

- 1) *Interfund loan* – On December 30, 2012, the General Fund borrowed a total of \$911,300 from the Electric Fund to fund construction of a parks and recreation facility. The terms of the arrangement require the General Fund to repay the Electric Fund over 10 years with an interest rate of 2%. At June 30, 2020, the current portion is \$91,130.
- 2) Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Transfers to/from other funds for the year ended June 30, 2020, consist of the following:

<u>Purpose</u>	<u>Amount</u>
From the Water and Sewer Fund to the General Fund for payment in lieu of taxes	\$ 332,115
From the Water and Sewer Utility Relocation Capital Project Fund to the Water and Sewer Fund for capital outlay activities	434,333
From the Water Treatment Plant Rehabilitation Project Fund to the Water and Sewer Fund to close out the project	233,148
From the Electric Fund to the General Fund for payment in lieu of taxes	489,360
From the Landfill Fund to the General Fund for payment in lieu of taxes	38,960
From the Public Housing Fund to the General Fund for payment in lieu of taxes	<u>22,025</u>
	<u>\$ 1,549,941</u>
From the General Fund to the firefighter SCBA equipment for capital outlay activities	\$ 14,571
From the General Fund to the Albemarle Business Park for engineering fees and grant match	200,000
From the General Fund to the Electric Fund for street lights	<u>25,000</u>
	<u>\$ 239,571</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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. Jointly Governed Organizations

North Carolina Municipal Power Agency Number 1

The City, in conjunction with 18 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 19 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, 2020 were \$22,951,437. These expenses are reflected in the Electric Fund's operations. Complete financial statements for the Power Agency can be obtained from the Agency's administrative offices at P.O. Box 29513, Raleigh, NC 27626-0513.

Centralina Council of Governments

The City, in conjunction with nine counties and 64 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.

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 monies.

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.

5. Closure and Post-Closure Care Costs – City of Albemarle Landfill Facility

The City operates two landfills that 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 \$4,839,521 reported as landfill closure and post-closure care liability at

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

June 30, 2020 represents a cumulative amount reported to date, based on the use of 58.9% and 31.9% of the total estimated capacity of the MSW landfill and the C&D landfill, respectively. At June 30, 2020, there was an increase in the liability amounting to \$152,816. The City will recognize the remaining estimated cost of closure and post-closure care of \$5.3 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 2020. 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.

6. Fund Balance

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

Total fund balance - General Fund	\$ 8,612,490
Less:	
Inventories	19,652
Prepays	11,276
Stabilization by state statute	2,348,173
Appropriated fund balance in 2020 budget	543,785
Streets - Powell Bill	153,247
Public safety	107,414
Economic development	<u>4,123</u>
Remaining fund balance	<u>\$ 5,424,820</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	General Fund
Encumbrances	<u>\$ 308,178</u>

7. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact City revenues. At the current time, we are unable to quantify the potential effects of this pandemic.



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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 Employee's Retirement System
- Schedule Contributions for Local Government Employee's 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 for Other Post-Employment Benefits



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CITY OF ALBEMARLE, NORTH CAROLINA

**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SEVEN FISCAL YEARS ***

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Albemarle's proportion of the net pension liability (asset) %	0.19082%	0.19327%	0.19816%	0.20077%	0.19907%	0.20039%	0.19690%
Albemarle's proportion of net pension liability (asset) \$	\$ 5,211,145	\$ 4,585,025	\$ 3,027,336	\$ 4,261,010	\$ 893,414	\$ (1,181,792)	\$ 2,373,401
Albemarle's covered payroll	\$ 11,978,543	\$ 11,921,550	\$ 11,827,787	\$ 11,796,289	\$ 11,148,197	\$ 10,816,329	\$ 10,757,264
Albemarle's proportionate share of of net pension liability (asset) as a percentage of it covered payroll	43.50%	38.46%	25.60%	36.12%	8.01%	-10.93%	22.06%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	91.63%	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 ended 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 SEVEN FISCAL YEARS**

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,105,497	\$ 947,528	\$ 911,189	\$ 871,049	\$ 806,049	\$ 795,267	\$ 769,059
Contributions in relation to the contractually required contribution	<u>1,105,497</u>	<u>947,528</u>	<u>911,189</u>	<u>871,049</u>	<u>806,049</u>	<u>795,267</u>	<u>769,059</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Albemarle's covered payroll	\$ 12,196,568	\$ 11,978,543	\$ 11,921,550	\$ 11,827,787	\$ 11,796,289	\$ 11,148,197	\$ 10,816,329
Contributions as a percentage of covered payroll	9.06%	7.91%	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
 LAST FOUR FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,857,649	\$ 1,851,868	\$ 1,917,124	\$ 1,969,751
Service cost	61,070	69,904	55,801	62,541
Interest on the total pension liability	64,439	56,164	71,066	67,718
Differences between expected and actual experience in the measurement of the total pension liability	(3,071)	87,926	(130,471)	-
Changes of assumptions or other inputs	45,468	(59,134)	90,442	(37,099)
Benefit payments	<u>(174,679)</u>	<u>(149,079)</u>	<u>(152,094)</u>	<u>(145,787)</u>
Ending balance of the total pension liability	<u>\$ 1,850,876</u>	<u>\$ 1,857,649</u>	<u>\$ 1,851,868</u>	<u>\$ 1,917,124</u>

Notes to the Schedules:

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

Note: 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
LAST FOUR FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Total pension liability	\$ 1,850,876	\$ 1,857,649	\$ 1,851,868	\$ 1,917,124
Covered payroll	2,221,131	2,358,121	2,200,701	2,298,076
Total pension liability as a percentage of covered payroll	83.33%	78.78%	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.

Note: 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

**OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST THREE FISCAL YEARS**

Healthcare Benefits Plan			
	2020	2019	2018
Service cost	\$ 533,178	\$ 551,538	\$ 596,719
Interest	454,673	412,447	364,403
Differences between expected and actual experience	(1,618,306)	501,668	(20,701)
Changes of assumptions	214,710	(378,011)	(640,656)
Benefit payments	(867,360)	(1,101,284)	(545,476)
Net change in OPEB liability	(1,283,105)	(13,642)	(245,711)
Total OPEB liability - beginning	12,117,784	12,131,426	12,377,137
Total OPEB liability - ending	<u>\$ 10,834,679</u>	<u>\$ 12,117,784</u>	<u>\$ 12,131,426</u>
Covered payroll	\$ 10,971,306	\$ 11,144,863	\$ 11,144,863
Total OPEB liability as a percentage of covered payroll	98.75%	108.73%	108.85%

Notes to Schedules:

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:

Fiscal Year	Rate
2020	3.50%
2019	3.89%
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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SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**



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MAJOR GOVERNMENTAL FUNDS

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

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



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CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 6,665,095	\$ 6,772,274	\$ 107,179
Prior years	165,500	124,444	(41,056)
Penalties and interest	60,820	47,869	(12,951)
Total	<u>6,891,415</u>	<u>6,944,587</u>	<u>53,172</u>
Other Taxes and Licenses:			
Gross receipts tax on short-term rental property	28,000	28,041	41
Local occupancy tax	140,000	131,242	(8,758)
Privilege license fee	1,000	950	(50)
Motor vehicle fees	66,100	67,725	1,625
Total	<u>235,100</u>	<u>227,958</u>	<u>(7,142)</u>
Unrestricted Intergovernmental Revenues:			
Local option sales tax	4,002,000	4,105,580	103,580
Utility franchise tax	1,075,000	1,099,398	24,398
Telecommunications tax	120,000	97,072	(22,928)
Cable TV franchise	105,000	102,141	(2,859)
Piped natural gas sales tax	28,000	36,233	8,233
Beer and wine tax	72,500	69,419	(3,081)
ABC profit distribution	260,000	342,386	82,386
Total	<u>5,662,500</u>	<u>5,852,229</u>	<u>189,729</u>
Restricted Intergovernmental Revenues:			
ABC - law enforcement	16,000	23,004	7,004
Powell Bill allocation	510,000	505,460	(4,540)
Street sweeper contract	8,500	8,240	(260)
Federal grants	30,400	194,201	163,801
State grants	49,500	26,555	(22,945)
Drug tax distribution	-	29,714	29,714
Federal shared revenues	-	3,593	3,593
Right-of-way mowing	17,200	11,490	(5,710)
Schools	70,875	103,178	32,303
Total	<u>702,475</u>	<u>905,435</u>	<u>202,960</u>

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Permits and Fees:			
Fire department fees	30,450	37,044	6,594
Inspection and rezoning fees	12,000	16,225	4,225
Nuisance abatements	-	2,673	2,673
Miscellaneous permits/fees	2,000	3,076	1,076
Total	<u>44,450</u>	<u>59,018</u>	<u>14,568</u>
Sales and Service:			
Court costs and fees	-	2,660	2,660
Refuse collection fees	1,543,624	1,593,446	49,822
Cultural and recreational fees	98,550	70,005	(28,545)
Total	<u>1,642,174</u>	<u>1,666,111</u>	<u>23,937</u>
Investment Earnings	<u>147,500</u>	<u>142,842</u>	<u>(4,658)</u>
Miscellaneous:			
Miscellaneous	12,520	28,597	16,077
Sale of surplus property	5,500	1,872	(3,628)
Sale of fixed assets	31,500	56,431	24,931
Rental revenue	71,200	49,319	(21,881)
Contributions	9,850	15,486	5,636
Insurance reimbursement	3,002	19,429	16,427
Total	<u>133,572</u>	<u>171,134</u>	<u>37,562</u>
Total revenues	<u>15,459,186</u>	<u>15,969,314</u>	<u>510,128</u>
Expenditures:			
General Government:			
Administration			
Salaries and employee benefits	169,455	177,795	(8,340)
Other operating expenditures	292,605	198,283	94,322
Total	<u>462,060</u>	<u>376,078</u>	<u>85,982</u>
Information Systems:			
Salaries and employees benefits	310,505	302,072	8,433
Other operating expenditures	573,785	473,541	100,244
Capital outlay	66,000	14,480	51,520
Reimbursement - proprietary funds	(718,020)	(552,641)	(165,379)
Total	<u>232,270</u>	<u>237,452</u>	<u>(5,182)</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Economic Development:			
Salaries and employees benefits	105,215	108,120	(2,905)
Other operating expenditures	80,615	43,892	36,723
Reimbursement - proprietary funds	(130,085)	(99,592)	(30,493)
Total	<u>55,745</u>	<u>52,420</u>	<u>3,325</u>
Human Resources:			
Salaries and employee benefits	77,520	77,731	(211)
Other operating expenditures	40,100	33,747	6,353
Total	<u>117,620</u>	<u>111,478</u>	<u>6,142</u>
Finance:			
Salaries and employee benefits	155,815	155,930	(115)
Other operating expenditures	218,060	210,217	7,843
Total	<u>373,875</u>	<u>366,147</u>	<u>7,728</u>
Community Development:			
Salaries and employee benefits	403,840	330,223	73,617
Other operating expenditures	234,145	181,811	52,334
Total	<u>637,985</u>	<u>512,034</u>	<u>125,951</u>
Downtown Development:			
Salaries and employee benefits	89,183	88,221	962
Other operating expenditures	18,600	15,133	3,467
Total	<u>107,783</u>	<u>103,354</u>	<u>4,429</u>
Total general government	<u>1,987,338</u>	<u>1,758,963</u>	<u>228,375</u>
Public Safety:			
Police:			
Salaries and employee benefits	3,947,742	3,684,458	263,284
School resource officers	154,142	167,689	(13,547)
Other operating expenditures	590,123	493,143	96,980
Capital outlay	223,300	91,245	132,055
Total	<u>4,915,307</u>	<u>4,436,535</u>	<u>478,772</u>

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Fire Department:			
Salaries and employee benefits	3,135,570	2,969,453	166,117
Other operating expenditures	426,460	342,240	84,220
Capital outlay	<u>342,000</u>	<u>85,733</u>	<u>256,267</u>
Total	<u>3,904,030</u>	<u>3,397,426</u>	<u>506,604</u>
Total public safety	<u>8,819,337</u>	<u>7,833,961</u>	<u>985,376</u>
Public Works:			
Administration:			
Salaries and employees benefits	135,665	128,828	6,837
Solid waste disposal fee	340,000	336,605	3,395
Downtown services	162,185	116,103	46,082
Other operating expenditures	<u>42,250</u>	<u>38,005</u>	<u>4,245</u>
Total	<u>680,100</u>	<u>619,541</u>	<u>60,559</u>
Streets and Highways:			
Salaries and employee benefits	769,915	654,728	115,187
Other operating expenditures	568,950	561,531	7,419
Capital outlay	<u>612,500</u>	<u>541,661</u>	<u>70,839</u>
Total	<u>1,951,365</u>	<u>1,757,920</u>	<u>193,445</u>
Shop and Warehouse:			
Salaries and employee benefits	306,815	309,897	(3,082)
Other operating expenditures	104,450	69,129	35,321
Capital outlay	38,500	34,898	3,602
Reimbursement - proprietary funds	<u>(276,010)</u>	<u>(248,390)</u>	<u>(27,620)</u>
Total	<u>173,755</u>	<u>165,534</u>	<u>8,221</u>
Solid Waste Division:			
Solid waste	1,203,300	1,202,679	621
Bad debt expense	<u>12,000</u>	<u>5,850</u>	<u>6,150</u>
Total	<u>1,215,300</u>	<u>1,208,529</u>	<u>6,771</u>
Total public works	<u>4,020,520</u>	<u>3,751,524</u>	<u>268,996</u>

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits	1,062,998	1,009,996	53,002
Other operating expenditures	447,050	384,052	62,998
Capital outlay	288,850	191,560	97,290
Total	<u>1,798,898</u>	<u>1,585,608</u>	<u>213,290</u>
Auditorium:			
Other operating expenditures	30,660	24,128	6,532
Total	<u>30,660</u>	<u>24,128</u>	<u>6,532</u>
Total cultural and recreation	<u>1,829,558</u>	<u>1,609,736</u>	<u>219,822</u>
Debt Service:			
Principal retirement	936,199	531,041	405,158
Interest and fees	235,838	199,040	36,798
Total debt service	<u>1,172,037</u>	<u>730,081</u>	<u>441,956</u>
Contingency	1,300	-	1,300
Total expenditures	<u>17,830,090</u>	<u>15,684,265</u>	<u>2,145,825</u>
Revenues over (under) expenditures	<u>(2,370,904)</u>	<u>285,049</u>	<u>2,655,953</u>
Other Financing Sources (Uses):			
Long term debt issued	751,000	439,885	(311,115)
Operating transfers (to) from other funds:			
From Water and Sewer Fund	332,115	332,115	-
From Landfill Fund	38,960	38,960	-
From Public Housing Fund	12,600	22,025	9,425
From Electric Fund	978,720	489,360	(489,360)
To Electric Fund	(25,000)	(25,000)	-
To Firefighter SCBA Equipment Fund	(14,571)	(14,571)	-
To Albemarle Business Park Fund	(200,000)	(200,000)	-
Appropriated fund balance	497,080	-	(497,080)
Total other financing sources (uses)	<u>2,370,904</u>	<u>1,082,774</u>	<u>(1,288,130)</u>

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	1,367,823	\$ 1,367,823
Fund Balance:			
Beginning of year, July 1		<u>7,244,667</u>	
End of year, June 30		<u>\$ 8,612,490</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

**ALBEMARLE POLICE HEADQUARTERS - MAJOR
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Investment earnings	\$ 37,665	\$ 936	\$ 37,118	\$ 38,054	\$ 389
Expenditures:					
Professional services	500,000	213,813	248,263	462,076	37,924
Office furniture	280,000	-	1,872	1,872	278,128
Legal	66,334	18,219	48,115	66,334	-
Building structure improvements	3,538,816	368,146	3,223,299	3,591,445	(52,629)
Other improvements	45,800	-	48,127	48,127	(2,327)
Data processing equipment	235,000	-	221,821	221,821	13,179
Roadway and paving	20,000	-	18,878	18,878	1,122
Contingency	189,965	-	-	-	189,965
Total expenditures	<u>4,875,915</u>	<u>600,178</u>	<u>3,810,375</u>	<u>4,410,553</u>	<u>465,362</u>
Revenues over (under) expenditures	<u>(4,838,250)</u>	<u>(599,242)</u>	<u>(3,773,257)</u>	<u>(4,372,499)</u>	<u>465,751</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	738,250	738,250	-	738,250	-
Proceeds from installment financing	<u>4,100,000</u>	<u>-</u>	<u>4,100,000</u>	<u>4,100,000</u>	<u>-</u>
Total other financing sources	<u>4,838,250</u>	<u>738,250</u>	<u>4,100,000</u>	<u>4,838,250</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 139,008</u>	326,743	<u>\$ 465,751</u>	<u>\$ 465,751</u>
Fund Balance:					
Beginning of year, July 1			<u>139,008</u>		
End of year, June 30			<u>\$ 465,751</u>		



ALBEMARLE
NORTH CAROLINA
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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Sidewalk Fee in Lieu Program Fund – This fund is used to account for funds for sidewalk improvements.

Firefighter SCBA Equipment Fund – This fund is used to account for grant funds that are restricted for the use for public safety equipment.

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.

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

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

Parks and Recreation Carolina Treetop Challenge Project Fund – This fund is used to account for funds for improvements at Rock Creek Park in conjunction with the Carolina Treetop Challenge project which is a public/private partnership.

Public Works Utility Relocation Sidewalk Project Fund – This fund is used to account for funds relating to construct sidewalks on NC Highway 24/27 East in relation to the widening project.

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>	
	<u>Sidewalk Fee in Lieu Program</u>	<u>Firefighter SCBA Equipment</u>	<u>Total Special Revenue Funds</u>	<u>Albemarle Business Park</u>	<u>Parks And Recreation Sports Complex Project</u>
Assets:					
Current assets:					
Cash and investments	\$ 28,876	\$ 14,571	\$ 43,447	\$ 456,539	\$ 588,524
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 47,468	\$ -
Fund Balances:					
Restricted:					
Economic development	-	-	-	409,071	-
Public safety	-	14,571	14,571	-	-
Parks and recreation	-	-	-	-	588,524
Public works	28,876	-	28,876	-	-
Total fund balances	28,876	14,571	43,447	409,071	588,524
Total liabilities and fund balances	\$ 28,876	\$ 14,571	\$ 43,447	\$ 456,539	\$ 588,524

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Capital Project Funds</u>			
	<u>Parks And Recreation Roosevelt Ingram Park Erosion Control</u>	<u>Parks And Recreation Carolina Treetop Challenge Project</u>	<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Current assets:				
Cash and investments	\$ 55,172	\$ 35,845	\$ 1,136,080	\$ 1,179,527
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 330	\$ -	\$ 47,798	\$ 47,798
Fund Balances:				
Restricted:				
Economic development	-	-	409,071	409,071
Public safety	-	-	-	14,571
Parks and recreation	54,842	35,845	679,211	679,211
Public works	-	-	-	28,876
Total fund balances	<u>54,842</u>	<u>35,845</u>	<u>1,088,282</u>	<u>1,131,729</u>
Total liabilities and fund balances	<u>\$ 55,172</u>	<u>\$ 35,845</u>	<u>\$ 1,136,080</u>	<u>\$ 1,179,527</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>	
	<u>Sidewalk Fee in Lieu Program</u>	<u>Firefighter SCBA Equipment</u>	<u>Total Special Revenue Funds</u>	<u>Albemarle Business Park</u>	<u>Parks And Recreation Sports Complex Project</u>
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ 2,737	\$ 4,294
Miscellaneous revenues	28,876	-	28,876	-	-
Total revenues	<u>28,876</u>	<u>-</u>	<u>28,876</u>	<u>2,737</u>	<u>4,294</u>
Expenditures:					
Capital outlay	-	-	-	170,317	-
Revenues over (under) expenditures	28,876	-	28,876	(167,580)	4,294
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From General Fund	-	14,571	14,571	200,000	-
Net change in fund balances	28,876	14,571	43,447	32,420	4,294
Fund Balance:					
Fund balance, beginning of year	-	-	-	376,651	584,230
Fund balance, end of year	<u>\$ 28,876</u>	<u>\$ 14,571</u>	<u>\$ 43,447</u>	<u>\$ 409,071</u>	<u>\$ 588,524</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Capital Project Funds</u>			
	<u>Parks And Recreation Roosevelt Ingram Park Erosion Control</u>	<u>Parks And Recreation Carolina Treetop Challenge Project</u>	<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Investment earnings	\$ 402	\$ 606	\$ 8,039	\$ 8,039
Miscellaneous revenues	-	-	-	28,876
Total revenues	<u>402</u>	<u>606</u>	<u>8,039</u>	<u>36,915</u>
Expenditures:				
Capital outlay	<u>1,275</u>	<u>73,452</u>	<u>245,044</u>	<u>245,044</u>
Revenues over (under) expenditures	(873)	(72,846)	(237,005)	(208,129)
Other Financing Sources (Uses):				
Transfers from (to) other funds:				
From General Fund	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>214,571</u>
Net change in fund balances	(873)	(72,846)	(37,005)	6,442
Fund Balance:				
Fund balance, beginning of year	<u>55,715</u>	<u>108,691</u>	<u>1,125,287</u>	<u>1,125,287</u>
Fund balance, end of year	<u>\$ 54,842</u>	<u>\$ 35,845</u>	<u>\$ 1,088,282</u>	<u>\$ 1,131,729</u>

CITY OF ALBEMARLE, NORTH CAROLINA

SIDEWALK FEE IN LIEU PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Pedestrian improvement fees	\$ -	\$ 28,876	\$ 28,876
Net change in fund balance	<u>\$ -</u>	28,876	<u>\$ 28,876</u>
Fund Balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ 28,876</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

FIREFIGHTER SCBA EQUIPMENT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted intergovernmental	\$ 291,429	\$ -	\$ -	\$ -	\$ (291,429)
Expenditures:					
Other equipment	306,000	-	-	-	306,000
Revenues over (under) expenditures	(14,571)	-	-	-	14,571
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	14,571	-	14,571	14,571	-
Net change in fund balance	\$ -	\$ -	14,571	\$ 14,571	\$ 14,571
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 14,571		

CITY OF ALBEMARLE, NORTH CAROLINA

ALBEMARLE BUSINESS PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted intergovernmental revenues:					
Rural center grant	\$ 750,000	\$ -	\$ -	\$ -	\$ (750,000)
Investment earnings	-	4,549	2,737	7,286	7,286
Total revenues	<u>750,000</u>	<u>4,549</u>	<u>2,737</u>	<u>7,286</u>	<u>(742,714)</u>
Expenditures:					
Professional services	150,000	243,563	170,317	413,880	(263,880)
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
Sewage	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	<u>14,896,700</u>	<u>243,563</u>	<u>170,317</u>	<u>413,880</u>	<u>14,482,820</u>
Revenues over (under) expenditures	<u>(14,146,700)</u>	<u>(239,014)</u>	<u>(167,580)</u>	<u>(406,594)</u>	<u>13,740,106</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	250,000	380,000	200,000	580,000	330,000
From Water and Sewer Fund	672,550	235,665	-	235,665	(436,885)
From Electric Fund	621,400	-	-	-	(621,400)
Proceeds from installment financing	12,602,750	-	-	-	(12,602,750)
Total other financing sources	<u>14,146,700</u>	<u>615,665</u>	<u>200,000</u>	<u>815,665</u>	<u>(13,331,035)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 376,651</u>	32,420	<u>\$ 409,071</u>	<u>\$ 409,071</u>
Fund Balance:					
Beginning of year, July 1			<u>376,651</u>		
End of year, June 30			<u>\$ 409,071</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

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, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Contributions	\$ 4,600,000	\$ -	\$ -	\$ -	\$ (4,600,000)
Investment earnings	-	9,589	4,294	13,883	13,883
Total revenues	<u>4,600,000</u>	<u>9,589</u>	<u>4,294</u>	<u>13,883</u>	<u>(4,586,117)</u>
Expenditures:					
Construction	<u>7,000,000</u>	<u>430,359</u>	<u>-</u>	<u>430,359</u>	<u>6,569,641</u>
Revenues over (under) expenditures	(2,400,000)	(420,770)	4,294	(416,476)	1,983,524
Other Financing Sources (Uses):					
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>
Net change in fund balance	<u>\$ -</u>	<u>\$ 584,230</u>	4,294	<u>\$ 588,524</u>	<u>\$ 588,524</u>
Fund Balance:					
Beginning of year, July 1			<u>584,230</u>		
End of year, June 30			<u>\$ 588,524</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

**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, 2020**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 969	\$ 402	\$ 1,371	\$ 1,371
Expenditures:					
Engineering	21,600	14,675	-	14,675	6,925
Environmental remediation	54,600	10,579	1,275	11,854	42,746
Contingency	3,800	-	-	-	3,800
Total expenditures	<u>80,000</u>	<u>25,254</u>	<u>1,275</u>	<u>26,529</u>	<u>53,471</u>
Revenues over (under) expenditures	(80,000)	(24,285)	(873)	(25,158)	54,842
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 55,715</u>	(873)	<u>\$ 54,842</u>	<u>\$ 54,842</u>
Fund Balance:					
Beginning of year, July 1			<u>55,715</u>		
End of year, June 30			<u>\$ 54,842</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

PARKS AND RECREATION - CAROLINA TREETOP CHALLENGE PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 770	\$ 606	\$ 1,376	\$ 1,376
Expenditures:					
Legal	-	225	-	225	(225)
Building structure & improvements	4,000	3,927	-	3,927	73
Other improvements	27,500	25,667	1,348	27,015	485
Roadway & paving	66,900	11,784	49,050	60,834	6,066
Bridges	51,000	1,477	22,826	24,303	26,697
Water improvements	28,800	27,999	228	28,227	573
Contingency	800	-	-	-	800
Total expenditures	<u>179,000</u>	<u>71,079</u>	<u>73,452</u>	<u>144,531</u>	<u>34,469</u>
Revenues over (under) expenditures	<u>(179,000)</u>	<u>(70,309)</u>	<u>(72,846)</u>	<u>(143,155)</u>	<u>35,845</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
From Water and Sewer Fund	33,800	33,800	-	33,800	-
From General Fund	<u>145,200</u>	<u>145,200</u>	<u>-</u>	<u>145,200</u>	<u>-</u>
Total other financing sources (uses)	<u>179,000</u>	<u>179,000</u>	<u>-</u>	<u>179,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 108,691</u>	<u>(72,846)</u>	<u>\$ 35,845</u>	<u>\$ 35,845</u>
Fund Balance:					
Beginning of year, July 1			<u>108,691</u>		
End of year, June 30			<u>\$ 35,845</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

PUBLIC WORKS - UTILITY RELOCATION SIDEWALK PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Expenditures:					
Sidewalks	\$ 92,363	\$ 46,182	\$ -	\$ 46,182	\$ 46,181
Revenues over (under) expenditures	(92,363)	(46,182)	-	(46,182)	46,181
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	92,363	46,182	-	46,182	(46,181)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations what 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.

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water sales:			
Residential	\$ 1,554,300	\$ 1,647,251	\$ 92,951
Commercial and industrial	4,778,100	5,598,705	820,605
Municipal usage	<u>56,500</u>	<u>54,676</u>	<u>(1,824)</u>
Total	<u>6,388,900</u>	<u>7,300,632</u>	<u>911,732</u>
Sewer Charges:			
Residential	1,305,850	1,378,806	72,956
Commercial and industrial	735,550	679,509	(56,041)
Municipal usage	<u>1,066,000</u>	<u>1,228,791</u>	<u>162,791</u>
Total	<u>3,107,400</u>	<u>3,287,106</u>	<u>179,706</u>
Water and sewer taps	<u>28,305</u>	<u>47,962</u>	<u>19,657</u>
Other operating revenues	<u>222,960</u>	<u>107,229</u>	<u>(115,731)</u>
Total operating revenues	<u>9,747,565</u>	<u>10,742,929</u>	<u>995,364</u>
Non-operating revenues:			
Investment earnings	74,300	60,304	(13,996)
Sale of assets	10,000	5,883	(4,117)
Other	<u>132,722</u>	<u>105,952</u>	<u>(26,770)</u>
Total non-operating revenues	<u>217,022</u>	<u>172,139</u>	<u>(44,883)</u>
Total revenues	<u>9,964,587</u>	<u>10,915,068</u>	<u>950,481</u>
Expenditures:			
Water and Sewer Administration:			
Salaries and employees benefits	785,370	752,083	33,287
Professional services	42,000	33,128	8,872
Postage	48,000	43,180	4,820
Repairs	10,225	9,621	604
Supplies	11,505	10,544	961
Other operating expenditures	729,170	647,087	82,083
Utilities	<u>24,455</u>	<u>18,789</u>	<u>5,666</u>
Total	<u>1,650,725</u>	<u>1,514,432</u>	<u>136,293</u>
Water and Sewer Customer Service:			
Salaries and employees benefits	100,320	98,921	1,399
Other operating expenditures	<u>-</u>	<u>733</u>	<u>(733)</u>
Total	<u>100,320</u>	<u>99,654</u>	<u>666</u>

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Water Treatment Plant:			
Salaries and employees benefits	1,007,735	943,970	63,765
Supplies	441,500	370,963	70,537
Repairs	71,000	37,331	33,669
Contracted services	222,230	183,354	38,876
Utilities	514,500	511,344	3,156
Other operating expenditures	80,050	75,310	4,740
Total	<u>2,337,015</u>	<u>2,122,272</u>	<u>214,743</u>
Sewer Treatment Plant:			
Salaries and employees benefits	993,445	988,046	5,399
Supplies	125,500	93,195	32,305
Repairs	99,000	77,067	21,933
Contracted services	78,220	84,687	(6,467)
Utilities	301,350	291,015	10,335
Other operating expenditures	121,950	135,309	(13,359)
Total	<u>1,719,465</u>	<u>1,669,319</u>	<u>50,146</u>
System Division:			
Salaries and employee benefits	1,216,770	1,239,278	(22,508)
Supplies	157,900	147,833	10,067
Repairs	92,010	113,270	(21,260)
Contracted services	16,000	11,589	4,411
Utilities	104,577	85,067	19,510
Other operating expenditures	41,043	32,900	8,143
Total	<u>1,628,300</u>	<u>1,629,937</u>	<u>(1,637)</u>
Debt Service:			
Principal retirement	1,753,030	1,724,178	28,852
Interest and fees	336,610	327,904	8,706
Total	<u>2,089,640</u>	<u>2,052,082</u>	<u>37,558</u>
Capital Outlay:			
Utility administration	7,495	7,494	1
Water treatment plant	277,671	288,818	(11,147)
Systems division	103,990	88,274	15,716
Total	<u>389,156</u>	<u>384,586</u>	<u>4,570</u>
Total expenditures	<u>9,914,621</u>	<u>9,472,282</u>	<u>442,339</u>
Revenues over (under) expenditures	<u>49,966</u>	<u>1,442,786</u>	<u>1,392,820</u>

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers (to) from other funds:			
To General Fund	(332,115)	(332,115)	-
To Water & Sewer Utility Relocation Project Fund	(434,333)	(434,333)	-
From Water Treatment Plant Rehabilitation Project Fund	233,149	233,148	(1)
Appropriated fund balance	<u>483,333</u>	<u>-</u>	<u>(483,333)</u>
Total other financing sources (uses)	<u>(49,966)</u>	<u>(533,300)</u>	<u>(483,334)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 909,486</u>	<u>\$ 909,486</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 909,486</u>	
Principal retirement		1,724,178	
Capital outlay		384,586	
Depreciation		(2,805,830)	
Gain (loss) on disposal of capital assets		(1,433)	
Change in inventory		(12,582)	
Change in installment purchase interest accrued		2,768	
Change in deferred outflows of resources - pensions		(108,985)	
Change in net pension liability		(129,544)	
Change in deferred inflows of resources - pensions		(3,274)	
Change in deferred outflows of resources - OPEB		39,436	
Change in other post-employment benefits		265,475	
Change in deferred inflows of resources - OPEB		(286,057)	
Change in accrued compensated absences		(29,605)	
From Water Treatment Plant Rehabilitation Project Fund		(233,148)	
Transfer to Water & Sewer Utility Relocation Project Fund		434,333	
Capital contributions, revenues from Inflow & Infiltration Sewer project		500,000	
Capital contributions, revenues from Utility Relocation project		<u>99,364</u>	
Total reconciling items		<u>(160,318)</u>	
Change in net position		<u>\$ 749,168</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

WATER AND SEWER UTILITY RELOCATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Actual</u>				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental revenues					
NCDOT Grant	\$ 208,175	\$ -	\$ 99,364	\$ 99,364	\$ (108,811)
Expenditures:					
Engineering	277,570	88,929	56,968	145,897	131,673
Construction	1,303,005	434,333	434,333	868,666	434,339
Total expenditures	<u>1,580,575</u>	<u>523,262</u>	<u>491,301</u>	<u>1,014,563</u>	<u>566,012</u>
Revenues (under) expenditures	(1,372,400)	(523,262)	(391,937)	(915,199)	457,201
Other Financing Sources (Uses):					
Transfers from other funds:					
Water and Sewer Fund	<u>1,372,400</u>	<u>434,333</u>	<u>434,333</u>	<u>868,666</u>	<u>(503,734)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (88,929)</u>	<u>\$ 42,396</u>	<u>\$ (46,533)</u>	<u>\$ (46,533)</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, 2020

	<u>Actual</u>				<u>Variance Over/Under</u>
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Restricted intergovernmental revenues					
Clean water grant	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -
Expenditures:					
Legal	10,000	3,603	675	4,278	5,722
Engineering, construction management and administration	602,210	376,797	211,353	588,150	14,060
Easement and encroachment	20,000	-	17,419	17,419	2,581
Loan costs	125,875	125,875	-	125,875	-
Construction	5,391,560	-	5,298,919	5,298,919	92,641
Contingency	270,000	-	-	-	270,000
Total expenditures	<u>6,419,645</u>	<u>506,275</u>	<u>5,528,366</u>	<u>6,034,641</u>	<u>385,004</u>
Revenues (under) expenditures	<u>(5,919,645)</u>	<u>(506,275)</u>	<u>(5,028,366)</u>	<u>(5,534,641)</u>	<u>385,004</u>
Other Financing Sources (Uses):					
Transfers (to) from other funds:					
Water and Sewer Fund	125,875	125,875	-	125,875	-
Installment purchase obligations issued	5,793,770	-	5,107,378	5,107,378	(686,392)
Total other financing sources (uses)	<u>5,919,645</u>	<u>125,875</u>	<u>5,107,378</u>	<u>5,233,253</u>	<u>(686,392)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (380,400)</u>	<u>\$ 79,012</u>	<u>\$ (301,388)</u>	<u>\$ (301,388)</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, 2020

	Project Authorization	Actual		Total To Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 1,762	\$ 4,079	\$ -	\$ 4,079	\$ 2,317
Expenditures:					
Legal	1,000	376	-	376	624
Engineering	476,300	476,350	-	476,350	(50)
Other professional services	327,200	314,801	-	314,801	12,399
Administration	248,707	249,795	-	249,795	(1,088)
Construction	10,273,585	10,405,238	-	10,405,238	(131,653)
Contingency	180,000	-	-	-	180,000
Total expenditures	11,506,792	11,446,560	-	11,446,560	60,232
Revenues (under) expenditures	(11,505,030)	(11,442,481)	-	(11,442,481)	62,549
Other Financing Sources (Uses):					
Transfers (to) from other funds					
To the Old Whitney Capital Project	-	(120,468)	-	(120,468)	(120,468)
To the Water and Sewer Fund	(233,148)	-	(233,148)	(233,148)	-
From the Water and Sewer Fund	-	19,200	-	19,200	19,200
From the 52 EQ project	243,416	558,456	-	558,456	315,040
Installment purchase obligations issued	11,494,762	11,218,441	-	11,218,441	(276,321)
Total other financing sources (uses)	11,505,030	11,675,629	(233,148)	11,442,481	(62,549)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 233,148	\$ (233,148)	\$ -	\$ -

CITY OF ALBEMARLE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Residential sales	\$ 15,605,000	\$ 15,371,178	\$ (233,822)
Commercial and industrial sales	14,734,000	13,635,947	(1,098,053)
Sales to city departments	<u>998,000</u>	<u>901,111</u>	<u>(96,889)</u>
Total revenues	31,337,000	29,908,236	(1,428,764)
Other operating revenues	<u>1,054,386</u>	<u>1,028,045</u>	<u>(26,341)</u>
Total operating revenues	<u>32,391,386</u>	<u>30,936,281</u>	<u>(1,455,105)</u>
Non-Operating Revenues:			
Interest earned on investments	50,000	93,815	43,815
Miscellaneous non-operating income	11,630	9,185	(2,445)
NCMPA rebate	-	4,950,623	4,950,623
Sale of assets	<u>15,000</u>	<u>7,443</u>	<u>(7,557)</u>
Total non-operating revenues	<u>76,630</u>	<u>5,061,066</u>	<u>4,984,436</u>
Total revenues	<u>32,468,016</u>	<u>35,997,347</u>	<u>3,529,331</u>
Expenditures:			
Administrative and finance:			
Salaries and employees benefits	963,657	891,733	71,924
Other operating expenditures	<u>1,053,998</u>	<u>947,781</u>	<u>106,217</u>
Total	<u>2,017,655</u>	<u>1,839,514</u>	<u>178,141</u>
Customer Service:			
Salaries and employees benefits	100,620	99,229	1,391
Other operating expenditures	<u>6,690</u>	<u>4,615</u>	<u>2,075</u>
Total	<u>107,310</u>	<u>103,844</u>	<u>3,466</u>
Electric Operations:			
Salaries and employees benefits	1,516,270	1,528,493	(12,223)
Electric power purchases	24,200,000	22,951,437	1,248,563
Other operating expenditures	<u>2,934,351</u>	<u>2,047,096</u>	<u>887,255</u>
Total	<u>28,650,621</u>	<u>26,527,026</u>	<u>2,123,595</u>
Debt service:			
Principal retirement	153,500	152,333	1,167
Interest and other charges	<u>12,050</u>	<u>13,098</u>	<u>(1,048)</u>
Total debt service	<u>165,550</u>	<u>165,431</u>	<u>119</u>

CITY OF ALBEMARLE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Capital Outlay:			
Administrative and finance	16,490	16,676	(186)
Electric operations	<u>647,800</u>	<u>332,759</u>	<u>315,041</u>
Total	<u>664,290</u>	<u>349,435</u>	<u>314,855</u>
Total expenditures	<u>31,605,426</u>	<u>28,985,250</u>	<u>2,620,176</u>
Revenues over (under) expenditures	<u>862,590</u>	<u>7,012,097</u>	<u>6,149,507</u>
Other Financing Sources (Uses):			
Transfer from (to) funds:			
To the General Fund	(978,720)	(489,360)	489,360
From the General Fund	<u>116,130</u>	<u>25,000</u>	<u>(91,130)</u>
Total other financing sources (uses)	<u>(862,590)</u>	<u>(464,360)</u>	<u>398,230</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,547,737</u>	<u>\$ 6,547,737</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 6,547,737</u>	
Principal retirement		152,333	
Capital outlay		349,435	
Depreciation		(652,153)	
Change in inventory		137,807	
Change in installment purchase interest accrued		803	
Change in deferred outflows of resources - pensions		(60,524)	
Change in net pension liability		(71,941)	
Change in deferred inflows of resources - pensions		(1,818)	
Change in deferred outflows of resources - OPEB		13,960	
Change in other post-employment benefits		147,429	
Change in deferred inflows of resources - OPEB		(144,039)	
Change in accrued compensated absences		(25,888)	
Interest income from capital projects funds		159	
Capital contributions, revenues from Utility Relocation Project		<u>398,959</u>	
Total reconciling items		<u>244,522</u>	
Change in net position		<u>\$ 6,792,259</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

**ELECTRIC UTILITY RELOCATION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Restricted intergovernmental revenues:					
NCDOT Transportation Improvement Program	\$ 4,867,668	\$ 2,430,864	\$ 398,959	\$ 2,829,823	\$ (2,037,845)
Investment earnings	-	-	159	159	159
Total revenues	<u>4,867,668</u>	<u>2,430,864</u>	<u>399,118</u>	<u>2,829,982</u>	<u>(2,037,686)</u>
Expenditures:					
Engineering	75,000	129,470	12,507	141,977	(66,977)
Other professional services	230,000	-	1,011	1,011	228,989
Distribution lines	501,895	296,715	839	297,554	204,341
Contract services	<u>4,060,773</u>	<u>1,910,692</u>	<u>279,097</u>	<u>2,189,789</u>	<u>1,870,984</u>
Total expenditures	<u>4,867,668</u>	<u>2,336,877</u>	<u>293,454</u>	<u>2,630,331</u>	<u>2,237,337</u>
Revenues (under) expenditures	<u>\$ -</u>	<u>\$ 93,987</u>	<u>\$ 105,664</u>	<u>\$ 199,651</u>	<u>\$ 199,651</u>

CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Disposal fees	\$ 2,638,000	\$ 2,954,409	\$ 316,409
Solid waste fees	123,000	136,849	13,849
Sales of mulch and scrap	-	907	907
Total charges for services	<u>2,761,000</u>	<u>3,092,165</u>	<u>331,165</u>
Other operating revenues	<u>61,500</u>	<u>68,192</u>	<u>6,692</u>
Total operating revenues	<u>2,822,500</u>	<u>3,160,357</u>	<u>337,857</u>
Non-Operating Revenues:			
Solid waste, scrap tire, and white goods disposal tax	131,000	120,604	(10,396)
Interest earned on investments	25,000	66,782	41,782
Sale of assets	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total non-operating revenues	<u>181,000</u>	<u>212,386</u>	<u>31,386</u>
Total revenues	<u>3,003,500</u>	<u>3,372,743</u>	<u>369,243</u>
Expenditures:			
Landfill Operations:			
Salaries and employees benefits	889,000	814,218	74,782
Other operating expenditures	<u>1,231,300</u>	<u>1,004,764</u>	<u>226,536</u>
Total	<u>2,120,300</u>	<u>1,818,982</u>	<u>301,318</u>
Debt service:			
Principal retirement	280,000	280,002	(2)
Interest and fees	<u>44,625</u>	<u>44,593</u>	<u>32</u>
Total	<u>324,625</u>	<u>324,595</u>	<u>30</u>
Capital outlay	<u>438,496</u>	<u>456,419</u>	<u>(17,923)</u>
Total expenditures	<u>2,883,421</u>	<u>2,599,996</u>	<u>283,425</u>
Revenues over (under) expenditures	<u>120,079</u>	<u>772,747</u>	<u>652,668</u>

CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Landfill Gravity Line Capital Project Fund	(130,000)	(130,000)	-
Solid Waste Operations Facility Project Fund	30,381	30,774	393
General Fund	(38,960)	(38,960)	-
Landfill closure/post closure	(61,500)	-	61,500
Appropriated fund balance	80,000	-	(80,000)
Total other financing (uses)	<u>(120,079)</u>	<u>(138,186)</u>	<u>(18,107)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 634,561</u>	<u>\$ 634,561</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 634,561</u>	
Principal retirement		280,002	
Capital outlay		456,419	
Depreciation		(624,552)	
Gain (loss) on disposal of capital assets		(35,651)	
Change in installment purchase interest accrued		437	
Change in deferred outflows of resources - pensions		(24,231)	
Change in net pension liability		(28,802)	
Change in deferred inflows of resources - pensions		(728)	
Change in deferred outflows of resources - OPEB		7,898	
Change in other post-employment benefits		59,023	
Change in deferred inflows of resources - OPEB		(61,976)	
Change in accrued compensated absences		(10,503)	
Adjustment to accrued landfill closure and post-closure costs		(152,816)	
Interest income from Capital Project Funds		3,879	
Transfer from solid waste operations facility project fund		(30,774)	
Transfer to landfill gravity line capital project fund		130,000	
Total reconciling items		<u>(32,375)</u>	
Change in net position		<u>\$ 602,186</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

LEACHATE FORCE MAIN CAPITAL PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total To Date	
Expenditures:					
Engineering	\$ 704,104	\$ 626,526	\$ 9,011	\$ 635,537	\$ 68,567
Legal	20,000	11,887	-	11,887	8,113
Other services	53,146	53,309	1,559	54,868	(1,722)
Construction	1,708,200	1,324,585	(172,728)	1,151,857	556,343
Total expenditures	<u>2,485,450</u>	<u>2,016,307</u>	<u>(162,158)</u>	<u>1,854,149</u>	<u>631,301</u>
Revenues (under) expenditures	<u>(2,485,450)</u>	<u>(2,016,307)</u>	<u>162,158</u>	<u>(1,854,149)</u>	<u>631,301</u>
Other Financing Sources (Uses):					
Long-term debt issued	2,435,450	1,611,672	112,536	1,724,208	(711,242)
Transfer from Landfill Fund	<u>50,000</u>	<u>49,000</u>	<u>-</u>	<u>49,000</u>	<u>(1,000)</u>
Total other financing (uses)	<u>2,485,450</u>	<u>1,660,672</u>	<u>112,536</u>	<u>1,773,208</u>	<u>(712,242)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (355,635)</u>	<u>\$ 274,694</u>	<u>\$ (80,941)</u>	<u>\$ (80,941)</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, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Expenditures:					
Engineering	\$ 85,000	\$ 39,796	\$ 41,564	\$ 81,360	\$ 3,640
Roadway and paving	20,000	-	-	-	20,000
Construction	425,000	-	178,782	178,782	246,218
Total expenditures	<u>530,000</u>	<u>39,796</u>	<u>220,346</u>	<u>260,142</u>	<u>269,858</u>
Revenues (under) expenditures	(530,000)	(39,796)	(220,346)	(260,142)	269,858
Other Financing Sources (Uses):					
Transfer from Landfill Fund	<u>530,000</u>	<u>400,000</u>	<u>130,000</u>	<u>530,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 360,204</u>	<u>\$ (90,346)</u>	<u>\$ 269,858</u>	<u>\$ 269,858</u>

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, 2020**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 11,553	\$ 3,879	\$ 15,432	\$ 15,432
Expenditures:					
Engineering	255,000	236,496	495	236,991	18,009
Office furniture and equipment	59,226	51,646	1,387	53,033	6,193
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	1,191,837	1,056,041	231,971	1,288,012	(96,175)
Landscaping	10,000	5,289	-	5,289	4,711
Contingency	28,018	-	-	-	28,018
Total expenditures	<u>1,634,226</u>	<u>1,415,805</u>	<u>233,853</u>	<u>1,649,658</u>	<u>(15,432)</u>
Revenues (under) expenditures	<u>(1,634,226)</u>	<u>(1,404,252)</u>	<u>(229,974)</u>	<u>(1,634,226)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers to Landfill Fund	(30,774)	-	(30,774)	(30,774)	-
Transfer from Landfill Fund	<u>1,665,000</u>	<u>1,665,000</u>	<u>-</u>	<u>1,665,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,634,226</u>	<u>1,665,000</u>	<u>(30,774)</u>	<u>1,634,226</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 260,748</u>	<u>\$ (260,748)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET
DEPARTMENT OF PUBLIC HOUSING
JUNE 30, 2020

	Department of Public Housing			Total
	Conventional	Section 8	Capital Fund	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 608,250	\$ 48,719	\$ 227,075	\$ 884,044
Accounts receivable - net	79,934	-	-	79,934
Prepaid expenses	1,067	267	-	1,334
Restricted cash and cash equivalents	50,823	144,269	-	195,092
Total current assets	<u>740,074</u>	<u>193,255</u>	<u>227,075</u>	<u>1,160,404</u>
Non-current assets:				
Capital assets:				
Land and non-depreciable assets	163,505	-	-	163,505
Other capital assets, net of depreciation	4,560,465	54,643	63,620	4,678,728
Total non-current assets	<u>4,723,970</u>	<u>54,643</u>	<u>63,620</u>	<u>4,842,233</u>
Total assets	<u>5,464,044</u>	<u>247,898</u>	<u>290,695</u>	<u>6,002,637</u>
Deferred Outflows of Resources:				
Pension deferrals	97,087	5,523	-	102,610
OPEB deferrals	33,342	9,580	-	42,922
Total deferred outflows of resources	<u>130,429</u>	<u>15,103</u>	<u>-</u>	<u>145,532</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	48,941	5,159	1,305	55,405
Liabilities to be paid from restricted assets:				
Customer deposits	50,823	-	-	50,823
Advances from grantors	-	31,998	-	31,998
Compensated absences - current	17,060	6,834	-	23,894
Total current liabilities	<u>116,824</u>	<u>43,991</u>	<u>1,305</u>	<u>162,120</u>
Non-current liabilities:				
Compensated absences - non-current	12,936	5,181	-	18,117
Total OPEB liability	289,609	83,209	-	372,818
Net pension liability	162,917	16,815	-	179,732
Total non-current liabilities	<u>465,462</u>	<u>105,205</u>	<u>-</u>	<u>570,667</u>
Total liabilities	<u>582,286</u>	<u>149,196</u>	<u>1,305</u>	<u>732,787</u>
Deferred Inflows of Resources:				
Pension deferrals	4,185	1,197	-	5,382
OPEB deferrals	55,460	15,934	-	71,394
Total deferred inflows of resources	<u>59,645</u>	<u>17,131</u>	<u>-</u>	<u>76,776</u>
Net Position:				
Net investment in capital assets	4,723,970	54,643	63,620	4,842,233
Unrestricted	228,572	42,031	225,770	496,373
Total net position	<u>\$ 4,952,542</u>	<u>\$ 96,674</u>	<u>\$ 289,390</u>	<u>\$ 5,338,606</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DEPARTMENT OF PUBLIC HOUSING
FOR THE YEAR ENDED JUNE 30, 2020

	Department of Public Housing			Total
	Conventional	Section 8	Capital Fund	
Operating Revenues:				
Rental income	\$ 551,654	\$ -	\$ -	\$ 551,654
Public housing revenues	37,083	-	-	37,083
Total operating revenues	<u>588,737</u>	<u>-</u>	<u>-</u>	<u>588,737</u>
Operating Expenses:				
Administrative	559,369	158,404	145,880	863,653
Utilities	330,379	-	-	330,379
Ordinary maintenance and operation	378,987	-	-	378,987
General expenses	54,960	-	-	54,960
Housing assistance program	-	1,238,685	-	1,238,685
Non-routine maintenance	12,012	-	-	12,012
Depreciation	425,625	4,127	-	429,752
Total operating expenses	<u>1,761,332</u>	<u>1,401,216</u>	<u>145,880</u>	<u>3,308,428</u>
Operating (loss)	<u>(1,172,595)</u>	<u>(1,401,216)</u>	<u>(145,880)</u>	<u>(2,719,691)</u>
Non-Operating Revenues (Expenses):				
Operating subsidies	813,829	1,443,844	-	2,257,673
Investment earnings	4,843	1,202	-	6,045
Other non-operating revenue	1,188	1,081	-	2,269
Total non-operating revenues	<u>819,860</u>	<u>1,446,127</u>	<u>-</u>	<u>2,265,987</u>
Income (loss) before capital contributions and transfers	<u>(352,735)</u>	<u>44,911</u>	<u>(145,880)</u>	<u>(453,704)</u>
Capital Contributions and Transfers:				
Capital contributions	-	-	343,564	343,564
Transfers out	(22,025)	-	-	(22,025)
Total contributions and transfers	<u>(22,025)</u>	<u>-</u>	<u>343,564</u>	<u>321,539</u>
Change in net position	(374,760)	44,911	197,684	(132,165)
Net Position:				
Beginning of year, July 1	<u>5,327,302</u>	<u>51,763</u>	<u>91,706</u>	<u>5,470,771</u>
End of year, June 30	<u>\$ 4,952,542</u>	<u>\$ 96,674</u>	<u>\$ 289,390</u>	<u>\$ 5,338,606</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
DEPARTMENT OF PUBLIC HOUSING - CONVENTIONAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Conventional		
	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Rental income	\$ 500,400	\$ 551,654	\$ 51,254
Other operating revenues	48,500	37,083	(11,417)
Total operating revenues	<u>548,900</u>	<u>588,737</u>	<u>39,837</u>
Non-operating revenues:			
Operating subsidies	630,000	813,829	183,829
Interest income	3,000	4,843	1,843
Miscellaneous	-	1,188	1,188
Total non-operating revenues	<u>633,000</u>	<u>819,860</u>	<u>186,860</u>
Total revenues	<u>1,181,900</u>	<u>1,408,597</u>	<u>226,697</u>
Expenditures:			
Operating expenditures:			
Administrative	573,450	531,808	41,642
Utilities	403,800	330,379	73,421
Ordinary maintenance and operation	358,250	378,987	(20,737)
General expenses	55,000	54,960	40
Non-routine maintenance	16,200	12,012	4,188
Total operating expenditures	<u>1,406,700</u>	<u>1,308,146</u>	<u>98,554</u>
Non-operating expenditures:			
Lease payments	1,200	-	1,200
Interest and other charges	300	-	300
Capital outlay	50,250	35,058	15,192
Total non-operating expenditures	<u>51,750</u>	<u>35,058</u>	<u>16,692</u>
Total expenditures	<u>1,458,450</u>	<u>1,343,204</u>	<u>115,246</u>
Revenues over (under) expenditures	<u>(276,550)</u>	<u>65,393</u>	<u>341,943</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
DEPARTMENT OF PUBLIC HOUSING - CONVENTIONAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Conventional</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfer to General Fund	(22,025)	(22,025)	-
Appropriated fund balance	298,575	-	(298,575)
Total other financing sources (uses)	<u>276,550</u>	<u>(22,025)</u>	<u>(298,575)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	43,368	<u>\$ 43,368</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Depreciation		(425,625)	
Capital outlay		35,058	
Change in deferred outflows of resources - pensions		(14,117)	
Change in net pension liability		(16,780)	
Change in deferred inflows of resources - pensions		(424)	
Change in deferred outflows of resources - OPEB		3,640	
Change in other post-employment benefits		34,387	
Change in deferred inflows of resources - OPEB		(34,315)	
Change in accrued compensated absences		<u>48</u>	
Change in net position		<u>\$ (374,760)</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
DEPARTMENT OF PUBLIC HOUSING - SECTION 8
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Section 8</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Non-Operating Revenues:			
Operating subsidies	\$ 1,518,000	\$ 1,443,844	\$ (74,156)
Interest income	1,500	1,202	(298)
Miscellaneous	-	1,081	1,081
Total revenues	<u>1,519,500</u>	<u>1,446,127</u>	<u>(73,373)</u>
Expenditures:			
Operating Expenditures:			
Administrative	166,060	147,283	18,777
Housing assistance program	<u>1,353,440</u>	<u>1,238,685</u>	<u>114,755</u>
Total operating expenditures	<u>1,519,500</u>	<u>1,385,968</u>	<u>133,532</u>
Revenues over (under) expenditures	<u>\$ -</u>	60,159	<u>\$ 60,159</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Depreciation		(4,127)	
Change in deferred outflows of resources - pensions		(4,056)	
Change in net pension liability		(4,821)	
Change in deferred inflows of resources - pensions		(122)	
Change in deferred outflows of resources - OPEB		1,046	
Change in other post-employment benefits		9,880	
Change in deferred inflows of resources - OPEB		(9,858)	
Change in accrued compensated absences		<u>(3,190)</u>	
Change in net position		<u>\$ 44,911</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 DEPARTMENT OF PUBLIC HOUSING - CAPITAL FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Capital Funds</u>				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Revenues:					
HUD Capital Grants	\$ 1,105,697	\$ 327,109	\$ 343,564	\$ 670,673	\$ (435,024)
Expenditures:					
Administrative	199,500	132,656	145,880	278,536	(79,036)
Capital outlay	<u>906,197</u>	<u>138,386</u>	<u>27,981</u>	<u>166,367</u>	<u>739,830</u>
Total expenditures	<u>1,105,697</u>	<u>271,042</u>	<u>173,861</u>	<u>444,903</u>	<u>660,794</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ 56,067</u>	169,703	<u>\$ 225,770</u>	<u>\$ 225,770</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:					
Capital outlay			<u>27,981</u>		
Change in net position			<u>\$ 197,684</u>		

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, 2020

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Interfund charges	\$ 3,127,050	\$ 2,837,462	\$ (289,588)
Employee contributions	<u>472,250</u>	<u>324,858</u>	<u>(147,392)</u>
Total operating revenues	<u>3,599,300</u>	<u>3,162,320</u>	<u>(436,980)</u>
Non-operating revenues:			
Interest earned on investments	<u>-</u>	<u>9,170</u>	<u>9,170</u>
Total revenues	<u>3,599,300</u>	<u>3,171,490</u>	<u>(427,810)</u>
Expenditures:			
Operating expenditures:			
Health benefit claims and premiums	3,412,300	2,958,648	453,652
Other operating expenditures	<u>187,000</u>	<u>247,291</u>	<u>(60,291)</u>
Total expenditures	<u>3,599,300</u>	<u>3,205,939</u>	<u>393,361</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(34,449)</u>	<u>\$ (34,449)</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Reconciling items:			
Increase in health benefit claims payable		<u>40,393</u>	
Change in net position		<u>\$ 5,944</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, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 6,942,526	\$ 6,768,312	\$ 174,214
2018-2019	179,155	158	67,264	112,049
2017-2018	79,436	-	19,825	59,611
2016-2017	74,790	18	9,919	64,889
2015-2016	48,481	-	6,750	41,731
2014-2015	43,801	-	4,673	39,128
2013-2014	52,381	-	3,870	48,511
2012-2013	36,412	-	4,143	32,269
2011-2012	30,393	-	3,009	27,384
2010-2011	32,489	-	3,203	29,286
2009-2010	91,451	-	91,451	-
Total	\$ 668,789	\$ 6,942,702	\$ 6,982,419	629,072
Less: allowance for uncollectible accounts				
Ad valorem taxes receivable				<u>(236,461)</u>
Ad valorem taxes receivable - net				392,611
Municipal service district taxes receivable - net				<u>7,270</u>
Total taxes receivable - net				<u>\$ 399,881</u>
Reconciliation with Revenues:				
Ad valorem taxes collected - General Fund				\$ 6,944,587
Municipal service district collections				(48,719)
Discounts allowed				38,622
Releases and adjustments				6,081
Taxes written off				89,392
Late listing penalties				(729)
Interest collected				<u>(46,815)</u>
Total collections and credits				<u>\$ 6,982,419</u>

CITY OF ALBEMARLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	<u>City-Wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current rate	\$ 1,085,058,441	\$ 0.64	\$ 6,944,374	\$ 6,104,193	\$ 840,181
Discoveries:					
Current and prior years	5,125,383	0.64	32,802	32,802	-
Abatements	<u>(5,414,139)</u>	0.64	<u>(34,650)</u>	<u>(34,650)</u>	<u>-</u>
Total valuation	<u>\$ 1,084,769,685</u>				
Net Levy			6,942,526	6,102,345	840,181
Uncollected taxes at June 30, 2020			<u>(174,214)</u>	<u>(163,157)</u>	<u>(11,057)</u>
Current Year's Taxes Collected			<u>\$ 6,768,312</u>	<u>\$ 5,939,188</u>	<u>\$ 829,124</u>
Current Levy Collection Percentage			<u>97.49%</u>	<u>97.33%</u>	<u>98.68%</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, 2020

Line Item	Account Description	Low Rent Public Housing 14.850	Public Housing CARES Act 14.PHC	Housing Choice Vouchers 14.871	HCV CARES Act 14.HCC	Public Housing Capital Fund 14.872
Assets:						
Current Assets:						
Cash:						
111	Cash - unrestricted	\$ 608,250	\$ -	\$ 48,719	\$ -	\$ 227,075
113	Cash - other restricted	-	-	112,271	31,998	-
114	Cash - tenant security deposits	50,823	-	-	-	-
100	Total cash	659,073	-	160,990	31,998	227,075
Accounts and notes receivable:						
122	Accounts receivable - HUD other projects	-	62,184	-	-	-
126	Accounts receivable - tenants - dwelling units	37,480	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling units	(19,730)	-	-	-	-
120	Total receivables	17,750	62,184	-	-	-
142	Prepaid expenses and other assets	1,067	-	267	-	-
144	Inter-program - due from	62,184	-	-	-	-
150	Total current assets	740,074	62,184	161,257	31,998	227,075
Non-current assets:						
161	Land	163,505	-	-	-	-
162	Buildings	11,244,180	-	79,244	-	63,620
163	Furniture, equipment, machinery - dwellings	291,112	-	-	-	-
164	Furniture, equipment, machinery - administration	396,272	-	21,934	-	-
165	Leasehold improvements	1,123,715	-	-	-	-
166	Accumulated depreciation	(8,494,814)	-	(46,535)	-	-
180	Total non-current assets	4,723,970	-	54,643	-	63,620
190	Total assets	5,464,044	62,184	215,900	31,998	290,695
200	Deferred Outflows of Resources	130,429	-	15,103	-	-
290	Total assets and deferred outflows of resources	\$ 5,594,473	\$ 62,184	\$ 231,003	\$ 31,998	\$ 290,695
Liabilities and Equity:						
Liabilities:						
Current Liabilities:						
312	Accounts payable (less than or equal to 90 days)	\$ 2,883	\$ -	\$ 3	\$ -	\$ 1,305
321	Accrued wage/payroll taxes payable	24,033	-	5,156	-	-
322	Accrued compensated absences	17,060	-	6,834	-	-
333	Accounts payable - other government	22,025	-	-	-	-
341	Tenant security deposits	50,823	-	-	-	-
342	Unearned revenue	-	-	-	31,998	-
347	Inter-program - due to	-	62,184	-	-	-
310	Total current liabilities	116,824	62,184	11,993	31,998	1,305
Non-current liabilities:						
354	Accrued compensated absences - non-current	12,936	-	5,181	-	-
357	Accrued pension and OPEB liabilities	452,526	-	100,024	-	-
350	Total non-current liabilities	465,462	-	105,205	-	-
300	Total liabilities	582,286	62,184	117,198	31,998	1,305

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2020

Line Item	Account Description	Low Rent Public Housing 14.850	Public Housing CARES Act 14.PHC	Housing Choice Vouchers 14.871	HCV CARES Act 14.HCC	Public Housing Capital Fund 14.872
400	Deferred Inflows of Resources	59,645	-	17,131	-	-
	Equity:					
	Contributed capital:					
508.4	Net investment in capital assets	4,723,970	-	54,643	-	63,620
512.4	Unrestricted net position	228,572	-	42,031	-	225,770
513	Total equity	4,952,542	-	96,674	-	289,390
600	Total liabilities, deferred inflows of resources and equity	\$ 5,594,473	\$ 62,184	\$ 231,003	\$ 31,998	\$ 290,695
	Revenues:					
70300	Net tenant rental revenue	\$ 551,654	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	37,083	-	-	-	-
70600	HUD PHA operating grants	751,645	62,184	1,443,844	-	-
70610	Capital grants	-	-	-	-	343,564
71100	Investment income - unrestricted	4,843	-	1,202	-	-
71500	Other income	1,188	-	1,081	-	-
70000	Total revenues	1,346,413	62,184	1,446,127	-	343,564
	Expenses:					
	Administrative:					
91100	Administrative salaries	289,273	-	95,782	-	-
91200	Auditing fees	5,177	-	1,294	-	-
91500	Employee benefit contributions	175,963	-	39,528	-	-
91600	Office expenses	26,872	-	9,733	-	-
91800	Travel	1,841	-	2,017	-	-
91900	Other	53,811	-	-	-	145,880
91000	Total operating - administrative	552,937	-	148,354	-	145,880
93100	Water	35,450	-	-	-	-
93200	Electricity	253,656	-	-	-	-
93800	Other utility expense	41,273	-	-	-	-
93000	Total utilities	330,379	-	-	-	-
94100	Ordinary maintenance and operations - labor	143,000	-	1,922	-	-
94200	Ordinary maintenance and operations - materials and other	28,180	62,184	-	-	-
94300	Ordinary maintenance and operations - contract costs	145,623	-	-	-	-
94000	Total maintenance	316,803	62,184	1,922	-	-
96110	Property insurance	54,960	-	1,593	-	-
96100	Total insurance premiums	54,960	-	1,593	-	-
96200	Other general expenses	-	-	3,563	-	-
96210	Compensated absences	(623)	-	2,972	-	-
96400	Bad debt - tenant rents	7,055	-	-	-	-
96000	Total other general expenses	6,432	-	6,535	-	-
96900	Total operating expenses	1,261,511	62,184	158,404	-	145,880
97000	Excess of operating revenues over expenditures	84,902	-	1,287,723	-	197,684
97100	Extraordinary maintenance	12,012	-	-	-	-
97300	Housing assistance payments	-	-	1,237,898	-	-
97350	HAP Portability-In	-	-	787	-	-
97400	Depreciation expense	425,625	-	4,127	-	-
90000	Total expenses	1,699,148	62,184	1,401,216	-	145,880

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2020

Line Item	Account Description	Low Rent Public Housing 14.850	Public Housing CARES Act 14.PHC	Housing Choice Vouchers 14.871	HCV CARES Act 14.HCC	Public Housing Capital Fund 14.872
10030	Operating transfers from/to primary government	(22,025)	-	-	-	-
10000	Excess of revenue over expenses	(374,760)	-	44,911	-	197,684
11030	Beginning equity	5,327,302	-	51,763	-	91,706
	Ending equity	<u>\$ 4,952,542</u>	<u>\$ -</u>	<u>\$ 96,674</u>	<u>\$ -</u>	<u>\$ 289,390</u>
	Memo information:					
11170	Administrative fee equity	\$ -	\$ -	\$ 48,691	\$ -	\$ -
11180	Housing assistance payments equity	-	-	79,981	-	-
11190	Unit months available	2,388	-	3,996	-	-
11210	Number of unit months leased	2,268	-	2,806	-	-
11640	Furniture & equipment - administrative purchases	35,057	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-	27,981



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

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 schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the City's ability to generate electric revenues and property taxes.

Debt Capacity – These schedules 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 schedules 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 schedules 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 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in capital assets	\$ 14,370,860	\$ 13,262,477	\$ 14,403,544	\$ 14,179,497	\$ 14,001,213	\$ 14,015,366	\$ 15,988,670	\$ 16,249,532	\$ 17,339,345	\$ 17,195,672
Restricted	2,309,949	1,819,613	940,571	1,841,563	1,577,201	1,985,738	2,901,081	2,490,055	3,252,404	4,210,437
Unrestricted	962,655	2,914,029	3,332,448	2,901,486	3,474,113	4,123,830	629,614	(4,398,116)	(3,956,202)	(3,930,946)
Total Governmental activities net position	\$ 17,643,464	\$ 17,996,119	\$ 18,676,563	\$ 18,922,546	\$ 19,052,527	\$ 20,124,934	\$ 19,519,365	\$ 14,341,471	\$ 16,635,547	\$ 17,475,163
Business-type activities										
Net Investment in capital assets	\$ 42,084,089	\$ 42,415,279	\$ 42,948,565	\$ 39,408,597	\$ 42,422,961	\$ 44,464,743	\$ 45,170,225	\$ 44,690,542	\$ 46,944,504	\$ 47,190,373
Unrestricted	11,446,404	10,271,410	7,642,383	9,759,581	4,785,416	5,612,826	6,176,526	7,717,984	9,372,711	17,141,018
Total business-type activities net position	\$ 53,530,493	\$ 52,686,689	\$ 50,590,948	\$ 49,168,178	\$ 47,208,377	\$ 50,077,569	\$ 51,346,751	\$ 52,408,526	\$ 56,317,215	\$ 64,331,391
Primary government										
Net Investment in capital assets	\$ 56,454,949	\$ 55,677,756	\$ 57,352,109	\$ 53,588,094	\$ 56,424,174	\$ 58,480,109	\$ 61,158,895	\$ 60,940,074	\$ 64,283,849	\$ 64,386,045
Restricted	2,309,949	1,819,613	940,571	1,841,563	1,577,201	1,985,738	2,901,081	2,490,055	3,252,404	4,210,437
Unrestricted	12,409,059	13,185,439	10,974,831	12,661,067	8,259,529	9,736,656	6,806,140	3,319,868	5,416,509	13,210,072
Total primary government net position	\$ 71,173,957	\$ 70,682,808	\$ 69,267,511	\$ 68,090,724	\$ 66,260,904	\$ 70,202,503	\$ 70,866,116	\$ 66,749,997	\$ 72,952,762	\$ 81,806,554

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 1,690,535	\$ 1,809,417	\$ 1,788,218	\$ 1,856,381	\$ 1,591,598	\$ 1,954,727	\$ 2,480,395	\$ 1,807,621	\$ 2,017,511	\$ 2,198,065
Public safety	6,469,334	6,403,391	6,675,379	7,033,184	7,150,819	7,772,694	7,877,876	7,740,486	8,021,031	8,278,010
Public Works	2,277,094	2,061,552	2,183,786	2,032,970	2,036,115	2,867,886	3,167,899	3,362,049	3,370,980	3,512,821
Environmental protection	1,136,579	1,176,673	934,069	930,426	940,066	-	-	-	-	-
Economic and physical development	97,547	2,740	2,229	112,038	68,283	-	-	-	-	-
Culture and recreation	1,213,362	1,258,938	1,272,719	1,302,081	1,410,222	1,463,717	1,531,121	1,575,332	1,674,492	1,727,843
Interest on long-term debt	113,574	102,899	103,205	104,234	86,493	93,070	64,556	103,013	113,325	228,266
Total governmental activities expenses	12,998,025	12,815,610	12,959,605	13,371,314	13,283,596	14,152,094	15,121,847	14,588,501	15,197,339	15,945,005
Business-type activities:										
Water and sewer	6,373,060	6,626,752	7,003,619	7,158,112	7,426,506	8,648,339	9,278,188	9,748,310	9,779,782	10,430,343
Electric	29,827,906	30,947,485	32,496,423	34,128,798	34,617,760	32,628,604	32,943,240	31,976,701	30,402,233	29,139,058
Landfill	2,053,366	2,043,328	2,988,247	3,300,050	3,069,545	3,002,061	2,439,400	2,394,236	2,649,616	2,710,198
Department of public housing	2,916,958	2,930,052	3,029,943	3,041,526	2,982,647	3,116,509	3,030,163	3,345,221	3,283,349	3,308,139
Total business-type activities	41,171,290	42,547,617	45,518,232	47,628,486	48,096,458	47,395,513	47,690,991	47,464,468	46,114,980	45,587,738
Total primary governmental expenses	\$ 54,169,315	\$ 55,363,227	\$ 58,477,837	\$ 60,999,800	\$ 61,380,054	\$ 61,547,607	\$ 62,812,838	\$ 62,052,969	\$ 61,312,319	\$ 61,532,743
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 21,915	\$ 13,842	\$ 25,079	\$ 19,197	\$ 20,973	\$ 14,268	\$ 13,856	\$ 27,704	\$ 29,154	\$ 26,842
Public safety	25,508	29,006	26,358	24,169	28,754	33,698	27,287	28,853	78,641	59,939
Public Works	1,026,813	1,099,162	1,078,301	1,076,096	1,087,367	1,267,508	1,275,629	1,441,848	1,471,735	1,618,373
Culture and recreation	79,761	84,151	117,498	113,766	111,001	100,530	92,536	115,401	121,015	98,094
Operating grants and contributions	31,795	28,966	26,561	49,700	66,402	676,998	652,466	713,243	1,243,810	949,797
Capital grants and contributions	1,208,590	719,906	925,668	985,715	949,567	562,622	1,180,418	23,941	15,968	-
Total governmental activities program revenues	\$ 2,394,382	\$ 1,975,033	\$ 2,199,465	\$ 2,268,643	\$ 2,264,064	\$ 2,655,624	\$ 3,242,192	\$ 2,350,990	\$ 2,960,323	\$ 2,753,045
Business-type activities:										
Charges for services:										
Water and sewer	6,429,806	6,649,077	6,824,060	7,421,015	7,698,198	9,448,941	10,248,254	10,778,526	10,195,261	10,853,331
Electric	30,307,901	29,995,450	32,366,262	34,615,161	34,904,849	33,553,769	33,503,443	34,105,982	32,561,229	30,952,909
Landfill	2,104,072	2,292,726	2,366,306	2,628,348	2,462,101	2,874,421	2,762,869	2,897,365	2,891,829	3,160,357
Department of public housing	429,637	408,352	464,436	450,847	525,186	570,760	532,104	531,934	618,281	591,006
Operating grants and contributions	2,212,993	2,131,220	2,014,307	2,070,074	1,931,665	1,895,994	2,072,475	2,215,583	2,383,012	2,257,673
Capital grants and contributions	564,644	124,802	396,040	192,779	236,464	417,681	385,270	206,329	2,458,033	1,341,887
Total business-type activities program revenues	42,049,053	41,601,627	44,431,411	47,378,224	47,758,463	48,761,566	49,504,415	50,735,719	51,107,645	49,157,163
Total primary governmental program revenues	\$ 44,443,435	\$ 43,576,660	\$ 46,630,876	\$ 49,646,867	\$ 50,022,527	\$ 51,417,190	\$ 52,746,607	\$ 53,086,709	\$ 54,067,968	\$ 51,910,208
Net (expense)/revenue										
Governmental activities	\$ (10,603,643)	\$ (10,840,577)	\$ (10,760,140)	\$ (11,102,671)	\$ (11,019,532)	\$ (11,496,470)	\$ (11,879,655)	\$ (12,237,511)	\$ (12,237,016)	\$ (13,191,960)
Business-type activities	877,763	(945,990)	(1,086,821)	(250,262)	(337,995)	1,366,053	1,813,424	3,271,251	4,992,665	3,569,425
Total primary governmental net expense	\$ 98,612,750	\$ 98,939,887	\$ 105,108,713	\$ 110,646,667	\$ (11,357,527)	\$ (10,130,417)	\$ (10,066,231)	\$ (8,966,260)	\$ (7,244,351)	\$ (9,622,535)

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 5,642,857	\$ 5,540,371	\$ 5,660,953	\$ 5,794,633	\$ 5,942,627	\$ 5,938,844	\$ 6,075,216	\$ 6,218,480	\$ 6,873,954	\$ 6,896,760
Other taxes	4,018,883	4,254,430	4,386,653	4,285,480	4,776,561	5,110,887	5,397,619	5,678,176	5,945,536	6,080,187
Unrestricted Interest earned on investments	33,304	18,135	10,038	2,528	2,185	7,614	17,090	46,992	209,123	197,169
Miscellaneous	202,507	190,296	215,981	134,347	72,132	168,849	208,081	166,303	-	-
Transfers in (out)	1,322,068	1,190,000	1,166,959	1,373,818	1,240,000	1,091,727	907,319	793,152	1,502,479	857,460
Special item	-	-	-	-	-	-	(227,361)	-	-	-
Total governmental activities	<u>11,219,619</u>	<u>11,193,232</u>	<u>11,440,584</u>	<u>11,590,806</u>	<u>12,033,505</u>	<u>12,317,921</u>	<u>12,377,964</u>	<u>12,903,103</u>	<u>14,531,092</u>	<u>14,031,576</u>
Business-type activities:										
Other taxes	-	-	-	-	-	-	142,620	169,766	149,002	120,604
Unrestricted Interest earned on investments	49,211	25,971	18,091	79,476	57,763	9,586	17,254	69,370	269,501	230,984
Miscellaneous	1,214,005	1,226,215	1,065,333	121,834	280,781	209,570	203,203	130,662	-	4,950,623
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(1,322,068)	(1,190,000)	(1,166,959)	(1,373,818)	(1,240,000)	(1,091,727)	(907,319)	(793,152)	(1,502,479)	(857,460)
Total business-type activities	<u>(58,852)</u>	<u>62,186</u>	<u>(83,535)</u>	<u>(1,172,508)</u>	<u>(901,456)</u>	<u>(872,571)</u>	<u>(544,242)</u>	<u>(423,354)</u>	<u>(1,083,976)</u>	<u>4,444,751</u>
Total primary government	<u>\$ 11,160,767</u>	<u>\$ 11,255,418</u>	<u>\$ 11,357,049</u>	<u>\$ 10,418,298</u>	<u>\$ 11,132,049</u>	<u>\$ 11,445,350</u>	<u>\$ 11,833,722</u>	<u>\$ 12,479,749</u>	<u>\$ 13,447,116</u>	<u>\$ 18,476,327</u>
Change in net position										
Governmental activities	\$ 615,976	\$ 352,655	\$ 680,444	\$ 488,135	\$ 1,013,973	\$ 821,451	\$ 498,309	\$ 665,592	\$ 2,294,076	\$ 839,616
Business-type activities	818,911	(883,804)	(1,170,356)	(1,422,770)	(1,239,451)	493,482	1,269,182	2,847,897	3,908,689	8,014,176
Total primary government	<u>\$ 1,434,887</u>	<u>\$ (531,149)</u>	<u>\$ (489,912)</u>	<u>\$ (934,635)</u>	<u>\$ (225,478)</u>	<u>\$ 1,314,933</u>	<u>\$ 1,767,491</u>	<u>\$ 3,513,489</u>	<u>\$ 6,202,765</u>	<u>\$ 8,853,792</u>

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

Table 3

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 139,287	\$ 24,313	\$ 17,834	\$ 35,781	\$ 78,870	\$ 234,821	\$ 45,878	\$ 85,500	\$ 82,451	\$ 30,928
Restricted	2,279,619	1,796,687	940,571	1,841,563	2,628,727	1,985,738	1,876,068	1,913,597	1,988,109	2,612,957
Committed	10,280	-	-	6,861	-	1,164,823	486,965	-	-	-
Assigned	100,000	266,700	266,700	133,000	37,300	-	333,780	250,000	427,737	643,832
Unassigned	2,007,429	4,061,559	4,460,770	4,538,502	5,095,966	5,385,079	4,360,976	4,323,699	4,760,370	5,324,773
Total General Fund	<u>\$ 4,536,615</u>	<u>\$ 6,149,259</u>	<u>\$ 7,781</u>	<u>\$ 750</u>	<u>\$ 70,199</u>	<u>\$ 8,770,461</u>	<u>\$ 7,103,667</u>	<u>\$ 6,572,796</u>	<u>\$ 7,258,667</u>	<u>\$ 8,612,490</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	24,185	-	-	576,458	1,264,295	1,597,480
Committed	20,050	22,926	194,773	67,490	-	(11,722)	633,582	-	-	-
Assigned	-	-	-	22,401	-	-	-	-	-	-
Unassigned	65,601	90,432	108,875	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 85,651</u>	<u>\$ 113,358</u>	<u>\$ 303,648</u>	<u>\$ 89,891</u>	<u>\$ 24,185</u>	<u>\$ (11,722)</u>	<u>\$ 633,582</u>	<u>\$ 576,458</u>	<u>\$ 1,264,295</u>	<u>\$ 1,597,480</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Ad valorem taxes	\$ 5,550,706	\$ 5,512,617	\$ 5,638,150	\$ 5,844,284	\$ 5,990,284	\$ 5,984,454	\$ 6,101,473	\$ 6,260,114	\$ 6,904,421	\$ 6,944,587
Local option sales taxes	-	-	-	-	-	-	-	-	-	-
Other taxes and licenses	256,490	422,060	420,930	289,743	298,590	204,587	229,951	242,641	258,542	227,958
Unrestricted intergovernmental	3,766,109	3,832,745	3,965,723	3,995,737	4,477,971	4,906,300	5,167,668	5,435,535	5,686,994	5,852,229
Restricted intergovernmental	1,240,385	748,872	952,229	1,035,415	1,016,828	1,237,190	928,156	717,804	762,944	905,435
Permits and fees	45,433	41,873	50,106	43,145	49,277	47,539	40,826	56,409	53,489	59,018
Sales and services	1,108,564	1,184,288	1,197,130	1,190,083	1,221,657	1,368,465	1,368,482	1,557,397	1,551,257	1,666,111
Investment earnings	33,304	18,135	10,038	6,851	2,185	7,614	17,090	46,992	187,703	187,999
Miscellaneous	202,507	190,296	215,981	130,024	112,210	221,472	214,689	203,884	620,760	200,010
Total revenues	12,203,498	11,950,886	12,450,287	12,535,282	13,169,002	13,977,621	14,068,335	14,520,776	16,026,110	16,043,347
Expenditures										
General government	1,442,843	1,490,441	1,445,778	1,599,637	1,489,113	1,996,872	4,036,398	1,692,325	1,654,740	1,744,483
Public safety	6,105,572	6,208,346	7,252,114	7,018,252	7,077,655	7,355,402	8,253,389	7,982,448	7,672,526	7,639,503
Public Works	2,001,471	1,829,798	1,939,171	1,905,120	1,857,988	3,076,021	2,875,905	3,168,184	3,044,477	3,047,002
Environmental protection	1,136,579	1,157,169	918,277	930,426	940,066	-	-	-	-	-
Economic and physical development	97,547	2,640	2,229	112,038	68,283	-	-	-	-	-
Culture and recreation	1,060,152	1,226,130	1,122,948	1,192,452	1,253,103	1,267,422	1,398,318	1,683,416	1,425,700	1,418,176
Capital Outlay	506,879	41,547	760,359	161,486	126,623	672,424	827,485	167,791	1,922,561	5,160,439
Debt service										
Principal retirement	434,258	344,665	346,844	318,728	290,318	366,507	505,182	613,758	611,197	531,041
Interest and other charges	113,574	102,899	102,620	104,234	86,493	79,943	65,439	107,036	104,638	199,040
Total expenditures	12,898,875	12,403,635	13,890,340	13,342,373	13,189,642	14,814,591	17,962,116	15,414,958	16,435,839	19,739,684
Excess of revenues over (under) expenditures	(695,377)	(452,749)	(1,440,053)	(807,091)	(20,640)	(836,970)	(3,893,781)	(894,182)	(409,729)	(3,696,337)
Other financing sources (uses)										
Transfers from other funds	1,445,641	1,236,638	2,191,452	1,398,818	1,551,230	1,218,985	2,138,199	923,152	2,833,824	1,097,031
Transfers to other funds	(123,573)	(46,638)	(1,024,493)	(25,000)	(311,230)	(127,258)	(1,230,880)	(616,965)	(1,331,345)	(239,571)
Proceeds from debt	-	903,100	-	331,590	-	638,934	1,964,972	-	266,958	4,539,885
Sales of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,322,068	2,093,100	1,166,959	1,705,408	1,240,000	1,730,661	2,872,291	306,187	1,769,437	5,397,345
Net change in fund balances	\$ 626,691	\$ 1,640,351	\$ (273,094)	\$ 898,317	\$ 1,219,360	\$ 893,691	\$ (1,021,490)	\$ (587,995)	\$ 1,359,708	\$ 1,701,008
Debt services as a percentage of noncapital expenditures	4.4%	3.6%	3.4%	3.2%	2.9%	3.2%	3.3%	4.7%	4.9%	5.0%

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	Privelege License Tax	Beer & Wine Tax	Drug Tax	Total
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	11,108,779
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
2019	6,724,573	67,140	3,921,882	1,365,508	157,362	34,040	-	69,604	20,344	12,360,453
2020	6,816,579	67,725	4,105,580	1,334,844	131,242	28,041	950	69,419	29,714	12,584,094

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
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
2019	9,929	2,221	13	2,900	15,063
2020	10,075	2,237	13	2,943	15,268

Source: City of Albemarle Finance and Utilities Department

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

Table 7

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential Customers										
<i>Residential Service-RS</i>										
Basic Facilities Charge	11.610000	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000	12.170000
First 500 kWh used	0.098070	0.101990	0.106690	0.112190	0.114990	0.113150	0.113150	0.108620	0.108620	0.108620
All over 500 kWh used	0.104580	0.108760	0.113460	0.118960	0.121930	0.119980	0.119980	0.115180	0.115180	0.115180
<i>Residential All Electric Service-RE</i>										
Basic Facilities Charge	11.610000	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000	12.170000
First 500 kWh used	0.098070	0.101990	0.106390	0.111590	0.114380	0.112550	0.112550	0.108050	0.108050	0.108050
All over 500 kWh used	0.096080	0.099920	0.104320	0.109520	0.112260	0.110460	0.110460	0.106040	0.106040	0.106040
Commercial Customers										
<i>Small General Service-SGS</i>										
Basic Facilities Charge	15.950000	16.590000	7781.000000	750.000000	17.000000	16.730000	16.730000	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	4.700000	4.890000	4.890000	4.890000	5.010000	4.930000	4.930000	4.930000	4.930000	4.930000
Energy Charge										
First 3,000 kWh used	0.136630	0.142100	0.147600	0.154200	0.158060	0.155530	0.155530	0.149310	0.149310	0.149310
Next 9,000 kWh used	0.070800	0.073630	0.079130	0.085730	0.087870	0.086460	0.086460	0.083000	0.083000	0.083000
All over 12,000 kWh used	0.064890	0.067490	0.072990	0.079590	0.081580	0.080270	0.080270	0.077060	0.077060	0.077060
Minimum Monthly Bill Amount	33.820000	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000	37.070000
<i>Medium General Service-LGS</i>										
Basic Facilities Charge	15.950000	16.590000	16.590000	16.590000	17.000000	16.730000	16.730000	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	5.370000	5.580000	5.580000	5.580000	5.720000	5.630000	5.630000	5.630000	5.630000	5.630000
Energy Charge										
First 3,000 kWh used	0.132460	0.137760	0.141760	0.146460	0.150120	0.147720	0.147720	0.141810	0.141810	0.141810
Next 9,000 kWh used	0.080670	0.083900	0.087900	0.092600	0.094920	0.093400	0.093400	0.089660	0.089660	0.089660
All over 12,000 kWh used	0.070800	0.073630	0.077630	0.082330	0.084390	0.083040	0.083040	0.079720	0.079720	0.079720
Minimum Monthly Bill Amount	33.820000	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000	37.020000
<i>Large General Service-LGS</i>										
Basic Facilities Charge	24.660000	25.650000	25.650000	25.650000	26.290000	25.870000	25.870000	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	5.560000	5.780000	5.780000	5.780000	5.920000	5.830000	5.830000	5.830000	5.830000	5.830000
Energy Charge										
First 25,000 kWh used	0.079340	0.082510	0.085910	0.089910	0.092160	0.090690	0.090690	0.087060	0.087060	0.087060
Next 50,000 kWh used	0.075190	0.078200	0.081600	0.085600	0.087740	0.086340	0.086340	0.082890	0.082890	0.082890
Next 75,000 kWh used	0.065490	0.068110	0.071510	0.075510	0.077400	0.076160	0.076160	0.073110	0.073110	0.073110
All over 150,000 kWh used	0.059800	0.062190	0.065590	0.069590	0.071330	0.070190	0.070190	0.067380	0.067380	0.067380
Minimum Monthly Bill Amount	56.360000	58.610000	58.610000	61.250000	62.780000	61.780000	61.780000	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	2011			2020		
	Electric Revenue	Rank	Percentage of Total Operating Revenue	Electric Revenue	Rank	Percentage of Total Operating Revenue
Preformed Line Products	\$ 711,161	3	2.27%	\$ 762,709	1	2.46%
Stanly Regional Medical Center	765,325	2	2.45%	700,756	2	2.26%
IAC Albemarle LLC	1,374,809	1	4.39%	610,748	3	1.97%
City of Albemarle Public Utilities	297,695	7	0.95%	435,505	4	1.41%
Carolina's Healthcare System	-	-	0.00%	364,667	5	1.18%
Enforge	228,391	10	0.73%	343,821	6	1.11%
Albemarle Correctional Institution	301,493	6	0.96%	335,370	7	1.08%
Walmart	359,222	4	1.15%	332,113	8	1.07%
Food Lion	237,242	8	0.76%	270,566	9	0.87%
City of Albemarle Public Housing	326,515	5	1.04%	253,656	10	0.82%
Lowe's	232,809	9	0.74%	-	-	0.00%
Totals	\$ 4,834,662		15.46%	\$ 4,409,911		14.24%

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
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
2019	6,296	1,037	15	1	7,349
2020	6,354	1,023	15	1	7,393

Source: City of Albemarle Finance and Utilities Departments

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

Table 10

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water-Inside Corporate Limits										
0 - 300 cubic feet (minimum charge)	9.49	9.49	9.96	9.96	10.76	11.19	11.64	12.11	12.11	12.91
301 - 30,000 cubic feet (charge per 100 cubic feet)	1.88	1.98	2.08	2.18	2.35	2.44	2.54	2.64	2.64	2.81
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	1.61	1.70	1.79	1.88	2.03	2.11	2.19	2.28	2.28	2.43
Over 275,000 cubic feet (charge per 100 cubic feet)	1.18	1.24	1.30	1.37	1.48	1.54	1.60	1.65	1.65	1.77
Water-Outside Corporate Limits										
0 - 300 cubic feet (minimum charge)	18.97	18.97	19.92	19.92	21.51	22.37	23.26	24.19	24.19	25.79
301 - 30,000 cubic feet (charge per 100 cubic feet)	3.76	3.97	4.16	4.36	4.71	4.90	5.10	5.31	5.31	5.65
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	3.22	3.40	3.58	3.76	4.06	4.22	4.39	4.57	4.57	4.87
Over 275,000 cubic feet (charge per 100 cubic feet)	1.18	1.24	1.30	1.37	1.48	1.54	1.60	1.65	1.65	1.77

Source: City of Albemarle Finance and Utilities Departments

Table 11

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

<u>Customer</u>	<u>2011</u>			<u>2020</u>		
	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Operating Revenue</u>	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Operating Revenue</u>
City of Concord				\$ 2,673,893	1	24.89%
Stanly County Utilities	\$ 697,742	2	10.54%	1,444,590	2	13.45%
Pfeiffer North Stanly Water	355,102	3	5.36%	528,440	3	4.92%
Gentry Mills Inc	79,821	4	1.21%	185,051	4	1.72%
IAC Albemarle LLC	760,728	1	11.49%	70,699	5	0.66%
Stanly Regional Medical Center	46,389	5	0.70%	49,163	6	0.46%
City of Albemarle Public Housing	29,352	6	0.44%	35,450	7	0.33%
Bethany Woods Nursing and Rehab	10,081	10	0.15%	25,681	8	0.24%
City of Albemarle Parks & Rec				17,310	9	0.16%
Stanly Manor				12,765	10	0.12%
Straightway Baptist Church	16,289	7	0.25%			
American Fiber & Finisher	12,378	8	0.19%			
Britthaven of Piedmont	10,798	9	0.16%			
Totals	<u>\$ 2,018,680</u>		<u>30.50%</u>	<u>\$ 5,043,042</u>		<u>46.94%</u>

Source: City of Albemarle Finance and Utilities Department

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

Table 12

Taxpayer	2011			2020		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Preformed Line Products Company	\$ 16,326,409	1	1.60%	\$ 17,889,645	1	1.65%
Walmart Real Estate Business	11,974,017	3	1.18%	13,070,958	2	1.21%
Olive Place Plaza LLC	-	-	-	12,083,400	3	1.12%
Centre Point Investors LLC	-	-	-	8,437,200	4	0.78%
Piedmont Natural Gas Company Inc	-	-	-	8,271,736	5	0.76%
Lowes Home Center Inc	7,953,465	7	0.78%	7,448,723	6	0.69%
South Central Oil Company	6,860,967	8	0.67%	7,421,333	7	0.69%
Auria Albemarle LLC	-	-	-	6,486,891	8	0.60%
Fabric DE Gp	6,592,567	10	0.65%	5,476,764	9	0.51%
Uwharrie Bank	-	-	-	4,668,081	10	0.43%
Stanly Memorial Hospital Inc	14,217,688	2	1.40%	-	-	-
Contech	11,203,587	4	1.10%	-	-	-
IAC Group North America Inc	10,472,675	5	1.03%	-	-	-
Kurkpatrick James R Family Trust	8,380,301	6	0.82%	-	-	-
Bank of Stanly	6,681,583	9	0.66%	-	-	-
Totals	\$ 100,663,259		9.89%	\$ 91,254,731		8.44%

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	0.5900	0.5900	0.5900	0.5900	0.5900	0.6400	0.6400
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	0.6900	0.6900	0.6900	0.6900	0.6900	0.7400	0.7400

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	Estimated	Assessed
	Residential Property*	Commercial Property*	Motor Vehicles*	Personal Property	Other**	Tax Exempt Real Property*	Assessed Value	Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
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	0.5900	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%
2019	589,269,935	269,222,368	124,655,781	83,840,298	18,152,916	14,027,235	1,071,114,063	0.6400	1,071,114,063	100%
2020	588,505,539	268,762,914	132,029,355	91,746,667	18,003,742	14,278,532	1,084,769,685	0.6400	1,084,769,685	100%

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
2011	\$ 5,708,742	\$ 5,383,660	94.31%	\$ 295,703	\$ 5,679,363	99.49%
2012	5,695,866	5,390,888	94.65%	277,594	5,668,482	99.52%
2013	5,814,698	5,437,536	93.51%	344,894	5,782,430	99.45%
2014	5,816,176	5,574,468	95.84%	193,197	5,767,665	99.17%
2015	5,953,379	5,768,421	96.89%	145,830	5,914,251	99.34%
2016	5,953,469	5,786,940	97.20%	124,798	5,911,738	99.30%
2017	6,063,603	5,900,042	97.30%	98,672	5,998,714	98.93%
2018	6,187,982	6,036,267	97.55%	92,106	6,128,373	99.04%
2019	6,855,130	6,675,975	97.39%	67,077	6,743,052	98.37%
2020	6,942,526	6,768,312	97.49%	-	6,768,312	97.49%

**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 Debt	Installment Debt	Capital Leases				
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
2019	2,666,775	25,733,358	124,936		\$ 28,525,069	4.66%	\$ 1,771
2020	6,675,620	28,821,425	100,270		\$ 35,597,315	10.03%	\$ 2,191

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

Table 17

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 81,439,457	\$ 81,338,629	\$ 82,978,357	\$ 83,046,263	\$ 80,632,773	\$ 80,617,657	\$ 82,218,351	\$ 83,900,569	\$ 85,689,125	\$ 86,781,575
Total net debt applicable to limit	<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>30,917,419</u>	<u>28,525,070</u>	<u>35,597,315</u>
Legal debt margin	<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>\$ 52,983,150</u>	<u>\$ 57,164,055</u>	<u>\$ 51,184,260</u>
Total net debt applicable to the limit as a percentage of debt limit	<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>	<u>33.29%</u>	<u>41.02%</u>

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	<u>\$ 1,084,769,684</u>
Debt limit - 8% of assessed value	\$ 86,781,575
Debt applicable to limit:	
General obligation bonds	-
Installment purchases	35,497,045
Capital leases	<u>100,270</u>
Total amount of debt applicable to debt limit	<u>35,597,315</u>
Legal debt margin	<u>\$ 51,184,260</u>

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

Table 18

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)*	School Enrollment (3)**	Unemployment Rate (4)**
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%
2019	16,106	611,850,834	37,989	8,289	4.2%
2020	16,246	355,023,838	21,853	8,270	6.1%

*County-Level data through 2019, City level data 2020 and beyond

** County-Level data, no city data available

Sources:

- (1) United States Census Bureau
- (2) Until 2020, N.C. Employment Security Commission Workforce In-Depth. 2020 and beyond US Census Bureau
- (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 19

<u>Employer</u>	<u>2020</u>			<u>2011</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 Schools	1133	1	1.88%	1350	1	4.56%
Carolina Healthcare Stanly	659	2	1.08%	705	2	2.38%
Stanly County Government	577	3	0.78%	353	7	1.19%
Michelin Aircraft	450	4	0.74%	444	4	1.50%
Wal-mart Associates, Inc.	414	5	0.68%			
Food Lion	421	6	0.68%	527	3	1.78%
Stanly Community College	396	7	0.63%			
Dept of Public Safety	375	8	0.62%			
Monarch	350	9	0.57%			
City of Albemarle	283	10	0.46%	280	9	0.94%
Fiberon				441	5	1.49%
NC DOT				410	6	1.38%
IAC Old Fort LLC				336	8	1.13%
Food Lion				273	10	0.92%
Total	5,058		8.12%	5,119		17.27%

Source: Stanly County Economic Development O

Note: (1) County-level data

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

Table 20

Function	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government										
Administration	3	4	4	3	3	3	3	2	3	4
Economic Development	-	-	-	1	1	1	1	1	1	1
Downtown Development	-	-	-	-	-	1	2	1	1	1
Human Resources	3	3	3	3	3	3	3	3	3	3
Finance	10	9	9	9	10	10	9	7	9	9
Information Systems	3	3	3	3	4	3	3	4	3	4
Planning Development Services	5	5	5	5	6	6	6	6	6	6
Engineering	1	1	1	1	1	1	1	1	-	-
Public safety										
Police	49	52	55	56	54	55	64	52	48	49
School Resource	3	1	2	2	2	2	2	2	2	3
Fire	39	39	42	41	42	43	43	39	40	38
Fire Marshal	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	3	3	2	2	3	2	2	2	2	3
Central Warehouse	3	3	2	2	2	2	2	2	2	2
Central Garage	4	4	3	4	4	4	2	4	4	4
Streets and Highways	16	15	15	12	11	14	17	10	10	13
Downtown Services	2	1	1	2	2	2	1	2	2	2
Landfill	14	14	14	14	12	13	12	10	11	13
Public Housing	10	9	10	10	10	9	9	9	9	9
Recreation	6	6	6	6	6	6	6	6	7	7
Parks	9	9	7	9	10	9	9	9	7	7
Water and Sewer										
Water Treatment	20	21	20	19	20	18	16	15	18	17
Sewer Treatment	15	15	16	16	16	16	17	15	16	17
Water/Sewer Lines	20	20	19	19	19	20	20	20	19	19
Electric										
Administration	10	11	9	10	10	10	10	10	9	9
Operations	20	21	21	21	21	21	21	19	19	19
Customer Service	3	3	3	3	3	3	3	3	3	3
Total	<u>272</u>	<u>273</u>	<u>273</u>	<u>274</u>	<u>276</u>	<u>277</u>	<u>284</u>	<u>255</u>	<u>255</u>	<u>263</u>

Source: City of Albemarle Finance, Payroll

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

Table 21

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Arrests	1,670	1,910	1,857	1,623	1,450	1,550	1,732	2,453	1,925	1,881
Traffic Violations	4,342	3,127	3,895	4,990	4,364	4,890	4,161	3,309	2,856	3,442
Parking Violations	407	231	140	41	66	86	63	10	8	134
Sworn Officers	48	48	49	49	48	49	49	49	48	49
Fire										
Total Responses	2,275	2,387	2,209	2,347	2,307	2,470	2,507	2,621	3,181	3,152
Working Fires	30	24	29	27	28	25	25	24	54	77
EMS Response	1,676	1,818	1,606	1,762	1,669	1,917	1,923	1,974	2,335	2,376
Mutual Aid Given	36	40	27	36	34	29	35	34	43	41
Mutual Aid Received	77	51	57	100	79	56	47	50	82	85
Property Loss (dollars)	\$825,736	\$205,191	\$ 277,500	\$ 384,240	\$ 1,056,100	\$ 378,119	\$ 600,150	\$ 556,209	\$ 992,275	\$ 955,050
Inspections Performed	1,202	941	785	640	677	1,279	446	581	1,129	1,219
Streets										
Street Resurfacing (miles)	0.63	1.66	1.74	2.20	0.28	-	-	-	5.18	5.21
Sidewalk Installation/Repair*							\$ 270,467	-	\$ 27,521	\$ 66,492
Environmental Protection										
Number of Households Served	6,217	6,395	6,383	6,368	6,399	6,389	6,238	6,328	6,328	6,238
Solid Waste Collected (tons/year)	6,676	6,347	6,318	6,361	6,434	6,930	6,152	5,913	6,202	6,182
Leaves Collected (tons/year)*		3,275	3,155	2,730	2,470	2,170	1,860	2,024	1,394	1,343
Electric										
Number of metered accounts	11,974	11,905	11,901	11,865	11,867	11,889	12,113	13,516	13,609	13,778
Average daily consumption	65	74	64	72	79	76	74	72	69	62
Water										
Number of metered water accounts	7,262	7,272	7,302	7,228	7,285	7,291	7,337	7,962	8,010	8,061
Average daily water treatment* (gallons per million)					2.23	3.10	4.07	4.16	4.31	4.50
Wastewater										
Number of sewer accounts	6,639	6,667	6,701	6,646	6,696	6,705	6,712	7,271	7,317	7,371
Average daily sewage collected* (gallons per million)						5.87	5.34	4.88	6.86	5.45
Average daily sewage treatment* (gallons per million)						5.87	5.34	4.88	6.86	5.45
Parks and Recreation										
Number of Youth Programs	50	58	70	61	54	67	49	101	65	30
Number of Adult Programs	14	16	19	25	17	20	50	34	49	25
Number of Senior Programs	6	9	6	7	7	9	15	38	36	10
Number of Facility Rentals	304	290	250	326	336	343	342	305	281	100
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	\$13,742,635	\$31,879,764
Sign Permits*	1	3	21	31	64	49	36	41	49	60
Landfill (tons)										
Solid Waste	40,980	38,384	39,593	42,832	43,360	53,040	41,891	50,670	40,804	42,517
C&D*	3,135	-	13,396	4,637	5,096	4,333	19,600	11,378	11,838	5,243
Recyclables										
Metal	105	145	103	114	90	119	194	193	26	24
Paper	27	45	32	28	45	54	19	5	38	33
Electronics*						26	37	20	23	18
Plastics*						66	0	22	29	22
Yard Waste*						3,838	3,720	7,473	626	286

Sources: City departments

*Accurate information not available for prior years.

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

Table 22

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	27	27	28	28	28	28	28	28	28	28
Unmarked units	11	11	11	11	11	11	12	12	14	14
K-9 Units	1	1	1	2	2	2	2	2	1	3
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	5	6	6	6	5	5	5	5	5	5
Public Works										
Miles of Streets	120.94	121	121.14	121.14	121.19	121.20	121.20	121.20	121.20	121.20
Electric										
Miles of Distribution Lines	320	320	320	325	325	325	400	345	345	143
Number of delivery points (substations)	2	2	2	2	3	3	3	3	3	3
Street Lights	2882	2879	2881	2863	2840	2847	2894	2899	2901	2283
Traffic Signals	119	121	121	121	124	124	125	120	120	122
Water Treatment										
Plants	2	2	2	2	2	2	2	2	2	2
Miles of Distribution Lines	180	180	180	180	190	190	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	295	297	297	297	297	297	297	274	274	274
Playgrounds	6	6	6	6	6	6	6	5	5	5
Parks	6	6	6	6	6	6	6	5	5	5
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Basketball Courts	3	3	3	3	3	3	3	2	3	3
Baseball Fields	4	4	4	4	4	4	3	4	4	4
Soccer Fields	5	5	5	5	5	5	5	5	5	5
Community Centers	1	1	2	2	2	2	2	1	2	2
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)	1	1	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Walking Trails	3	3	3	3	3	3	3	4	4	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	\$ 959,595	\$ 942,630
Buildings	\$ 144,056	\$ 137,278	\$ 137,278		\$ 116,942	\$ 116,942	\$ 341,659	\$ 96,607	\$ 1,548,168	\$ 1,648,626
Equipment	\$ 817,396	\$ 788,483	\$ 851,701		\$ 842,556	\$ 2,009,456	\$ 11,020	\$ 1,097,802	\$ 1,046,357	\$ 890,335
Vehicles	\$ 229,524	\$ 166,330	\$ 166,330		\$ 156,968	\$ 156,968	\$ 94,212	\$ 130,944	\$ 99,144	\$ 97,930
Infrastructure	\$ 61,011	\$ 3,600,840	\$ 3,724,732		\$ 969,014	\$ 968,014	\$ 243,542	\$ 46,214	\$ 2,076,341	\$ 1,970,265
Public Housing										
Units	199	199	199	199	199	199	199	199	199	199

Sources: City departments

*Data unavailable for blank fiscal years

**Assets reported net of depreciation



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

COMPLIANCE SECTION



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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 Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Albemarle
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 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 11, 2020. Our report includes a reference to other auditors who audited the financial statements of the City of Albemarle ABC Board, as described in our report on the City of Albemarle's financial statements. The financial statements of the City of Albemarle ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the City of Albemarle ABC Board.

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) as a basis for designing 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 of Albemarle'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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance 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 result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 11, 2020

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Albemarle
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, 2020. The City of Albemarle's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's 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 non-compliance 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, 2020.

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 each 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 of Albemarle'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, non-compliance 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 non-compliance 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 a 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 material weaknesses or significant deficiencies. 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 11, 2020

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Albemarle, North Carolina's, 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, 2020. The City of Albemarle's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's 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; 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, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 programs. 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, 2020.

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 each major state program in order 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 the City of Albemarle'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, non-compliance 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 reasonable possibility that material non-compliance 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 a 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 material weaknesses or significant deficiencies. 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 11, 2020

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? No
- Significant deficiency identified? None reported

Type of auditor’s 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)? No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458

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

Auditee qualified as low-risk auditee? Yes

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. Summary of Auditor's Results (continued):

State Awards

Internal control over major state programs:

- Material weakness identified? No
- Significant deficiency identified? None reported

Type of auditor's report issued on compliance for major state programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Capitalization Grants for Clean Water State Revolving Funds

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. Findings Related to the Audit of the Basic Financial Statements

None reported.

3. Findings and Questioned Costs Related to the Audit of Federal Awards

None reported.

4. Findings and Questioned Costs Related to the Audit of State Awards

None reported.

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

None reported.

CITY OF ALBEMARLE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients
FEDERAL AWARDS:					
<u>U.S. Department of Housing & Urban Development</u>					
Direct Grant:					
Low Income Housing:					
Public and Indian Housing	14.850		\$ 751,645	\$ -	\$ -
Housing Voucher Cluster:					
Section 8 Housing Choice Vouchers	14.871		1,237,898	-	-
COVID-19 - Public Housing Cares Act Funding	14.871		62,184	-	-
Total Housing Voucher Cluster			<u>1,300,082</u>	<u>-</u>	<u>-</u>
Public Housing Capital Fund:					
Public Housing Capital Fund - NC19PO75501-16	14.872		56,332	-	-
Public Housing Capital Fund - NC19PO75501-17	14.872		63,552	-	-
Public Housing Capital Fund - NC19PO75501-18	14.872		53,977	-	-
Total Public Housing Capital Fund			<u>173,861</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Housing & Urban Development			<u>2,225,588</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Environmental Protection Agency</u>					
Pass through N.C. Department of Environmental Quality					
Clean Water State Revolving Fund Cluster:					
Capitalization Grants for Clean Water State Revolving Funds (Leachate Upgrade)	66.458	E-SRF-T-16-0415	15,065	3,766	-
Capitalization Grants for Clean Water State Revolving Funds (Inflow & Infiltration)	66.458	E-SRF-T-17-463	4,422,693	1,105,673	-
Capitalization Grants for Clean Water State Revolving Funds (Inflow & Infiltration Loan Forgiveness)	66.458	E-SRF-T-17-463	500,000	-	-
Total Clean Water State Revolving Fund Cluster			<u>4,937,758</u>	<u>1,109,439</u>	<u>-</u>
Total U.S. Department of Environmental Protection Agency			<u>4,937,758</u>	<u>1,109,439</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>					
Passed-Through N.C. Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	78514	119,556	39,852	-
Total U.S. Department of Homeland Security			<u>119,556</u>	<u>39,852</u>	<u>-</u>
<u>U.S. Department of Justice</u>					
Direct Grants:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		24,420		
Pass through N.C. Department of Justice					
Bulletproof Vest Partnership Program	16.607	2019BUBX19097318	9,281	-	-
Total U.S. Department of Justice			<u>33,701</u>	<u>-</u>	<u>-</u>
Total federal awards			<u>5,091,015</u>	<u>1,149,291</u>	<u>-</u>
STATE AWARDS:					
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4 32570	-	521,022	-
Total N.C. Department of Transportation			<u>-</u>	<u>521,022</u>	<u>-</u>
<u>N.C. Department of Commerce</u>					
One North Carolina Fund		2018-22625	-	22,500	-
Total N.C. Department of Commerce			<u>-</u>	<u>22,500</u>	<u>-</u>
Total state awards			<u>-</u>	<u>543,522</u>	<u>-</u>
Total federal and state awards			<u>\$ 7,316,603</u>	<u>\$ 1,692,813</u>	<u>\$ -</u>

Notes 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, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. 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 of Albemarle, 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.

Note 3: Loans Outstanding

The City of Albemarle had the following loan balances outstanding at June 30, 2020 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2020 consist of:

Program Name	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Capitalization Grants for Clean Water State Revolving Funds (Leachate Upgrade)	66.458	E-SRF-T-16-0415	\$ 1,480,663
Capitalization Grants for Clean Water State Revolving Funds (Inflow & Infiltration)	66.458	E-SRF-T-17-463	5,107,378

Note 4: Coronavirus Relief Funds

The City of Albemarle received \$330,943 of funding from the Coronavirus Relief Fund (21.019) from Stanley County in accordance with HB 1043 and HB 1023. The City has a plan to spend these funds approved by OSBM. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.