

CITY OF ALBEMARLE, NORTH CAROLINA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended  
June 30, 2021



**CITY OF ALBEMARLE  
NORTH CAROLINA**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**

**FINANCE DEPARTMENT**



# CITY OF ALBEMARLE, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

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# **INTRODUCTORY SECTION**



**ALBEMARLE**  
NORTH CAROLINA  
*Water. Air. Land. Opportunity.*



November 26, 2021

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

The Annual Comprehensive Financial Report (ACFR) of the City of Albemarle for the fiscal year ended June 30, 2021 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, 2021. 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 occupies approximately 17.56 square miles and serves a population of 16,432 according to the 2020 census survey by 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 more than 1,500 people.

Stanly County currently has a 4.5 percent unemployment rate compared to a statewide rate of 4.6 percent and a national average of 5.9 percent. During the past ten years, the unemployment rate for Stanly County has declined from a decade high of 11.6 percent in May 2020 to a decade low of 3.2 percent in December 2019. The County unemployment rate average for fiscal year ending June 30, 2021 rose to 5.2 percent, compared to 5.2 percent in fiscal year ending June 30, 2020.

Overall, new construction and renovation has again increased since fiscal year 2020. In fiscal year 2021, the total dollar amount of development investment for commercial, industrial and residential activity brings a total of \$41,391,587 into the City of Albemarle.

Since last fiscal year, commercial and industrial activity happened to decrease from \$20,137,364 to \$12,751,496. Commercial and industrial activity account for 30.80% of total development activity. Even with the slight decrease of commercial and industrial development, the City still experienced several noteworthy projects in this sector, including; Lowe's Tool Rental addition, the Joe Maus Ford Dealership, many improvements to Stanly Regional Hospital, Tractor Supply's expansion & remodel, a new Biscuitville restaurant, a new Aspen Dental facility and some major improvements to the Duke Energy sub-station for flood prevention which accounted for half of the commercial & industrial development investment. As the Planning & Development Services & Economic Development departments continue working with new businesses, existing industry and potential industrial opportunities, the City should experience a steady level of investment by the end of fiscal year 2022.

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 \$44,269, the County's was \$52,623, while the state's was \$54,602. The government's population recently increased from 15,903 (2010) to an estimated 16,432 as of July 1, 2021.

## ***Major Initiatives in Fiscal Year 2021***

Fiscal year 2020-2021 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.

### **General Fund**

In the General Fund, engineered plans have been produced for the development of the Albemarle Business Center including the bid opportunity that is now public as well as the electric infrastructure improvements to the site already in progress. We completed the construction and renovation of the much needed new Police Headquarters building. With the acquisition of 6 new patrol vehicles we now have assigned vehicles for all officers for the first time.

We have begun much needed safety and security improvements in City Hall, and continued the implementation of the existing downtown parking plan to address the increased need for parking by utilizing existing resources. The Fire Department has performed much needed interior improvements at Station #2, roof repairs at Station #3, and we now have portable extrication equipment on each frontline engine. New self-contained breathing apparatus units were also purchased and placed into use in the Fire Department.

In Parks and Recreation a new roof was placed on the EE Waddell Community Center, new playground equipment was purchased at Morehead Park with the assistance of a grant, and we held the groundbreaking ceremony for the City's downtown walking routes. The Parks and Recreation Department was able to quickly redirect its focus when traditional activities were no longer possible due to COVID. Parks and Recreation was also able to develop many new outstanding initiatives to serve the public, such as the Remote Learning Program at the EE Waddell Community Center.

The Planning and Development Service Department initiated and completed an overhaul of the City's residential land use regulations to allow for more efficient use of property and to provide opportunities to keep pace with best practices in development. We continued the implementation of the branding and streetscape initiatives with activities such as the alleyway project and the approval of a wayfinding system. We maintained the services of Retail Strategies for the recruitment and retention of retail businesses to prevent leakage to other communities, refurbished a vacuum truck to address community appearance and water quality, selected a firm and established a project budget for the City's stormwater management plan, and strengthened the City's technology infrastructure (a cost shared by all funds).

### **Enterprise Funds**

In the Electric Fund we continued with our pole inspection and replacement program to maintain our high level of system reliability. These efforts show the benefit to our system and customers when disasters strike, as we have seen the quick turnaround for power restoration for our customers. In some recent cases, complete power restoration on the Albemarle electric system has occurred days before customers on other systems in Stanly County. Our investment in the electric system has made this possible and we are fortunate to do this with no recent electric rate



increases, but in fact decreasing customer rates. The Electric Division is also playing a key role in the development of the Albemarle Business Center with the extension of the necessary electric services to the site. Finally, the City was again a winner of the Public Power Award of Excellence, receiving awards in Grid Modernization, Value of Public Power, Wholesale Power Cost, and Workforce Development, all of which are a direct reflection of our services, investment, and employees. Most notably, we were once again awarded the RP3 Diamond Award from the American Public Power Association. This is the highest level designation for the national RP3 award.

In Water and Sewer operations we saw the completion Phase 2 inflow and infiltration work and received State funding approval for the Phase 3 inflow and infiltration project. We have very wisely re-evaluated plans for improvements to the Wastewater Treatment Plant to address both electrical reliability, flow management, and compliance. As a result, the City has been awarded a low interest loan and a \$500,000 forgivable loan from the State for the process conversion at the Long Creek Wastewater Treatment Plant. In fiscal year 2021 we also purchased a much needed and more powerful leak detection equipment and replaced the fluoride tank at the Jack F. Neel Water Treatment Plant. The Water and Sewer System Division was also the group that was tasked with the new responsibility of working along sewer line rights of way to clear debris to help with community flooding issues.

### ***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 44.9 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. The City has a financial advisor that continues to work with 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.

## **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. 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. At the time of this report, bids for the construction of the horizontal infrastructure have been awarded and the project will be underway in fiscal year 2022.

## **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 fifth 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. The City intends to evaluate the effectiveness of our process in fiscal year 2022.

## **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 once again awarded the platinum level Reliable Public Power Provider (RP3) award in January 2021. Albemarle is now part of the 254 utilities that are currently recognized by the RP3 program as having demonstrated high proficiency in the four key areas of reliability, safety, workforce development and system improvement. Albemarle Electric Division has had the privilege of being awarded one gold, 3 platinum and one diamond with diamond being the highest one of all. Every three years, Albemarle goes through a rigorous process for both operational and business excellence.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albemarle for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the fourth 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 annual comprehensive 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 annual comprehensive 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



Jacob W. Weavil

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, 2020

*Christopher P. Morill*

Executive Director/CEO

**CITY OF ALBEMARLE, NORTH CAROLINA**

**CITY GOVERNING BODY AND OFFICIALS**

**JUNE 30, 2021**

MAYOR

G. R. MICHAEL

CITY COUNCIL

MARTHA SUE HALL - MAYOR PRO-TEM

BENTON DRY

BILL ALDRIDGE

CHRIS WHITLEY

MARTHA E. HUGHES

DEXTER G. TOWNSEND

SHIRLEY LOWDER

OTHER OFFICIALS

MICHAEL J. FERRIS

CITY MANAGER

NYKI HARDY

ASSISTANT CITY MANAGER

JACOB WEAVID

FINANCE OFFICER

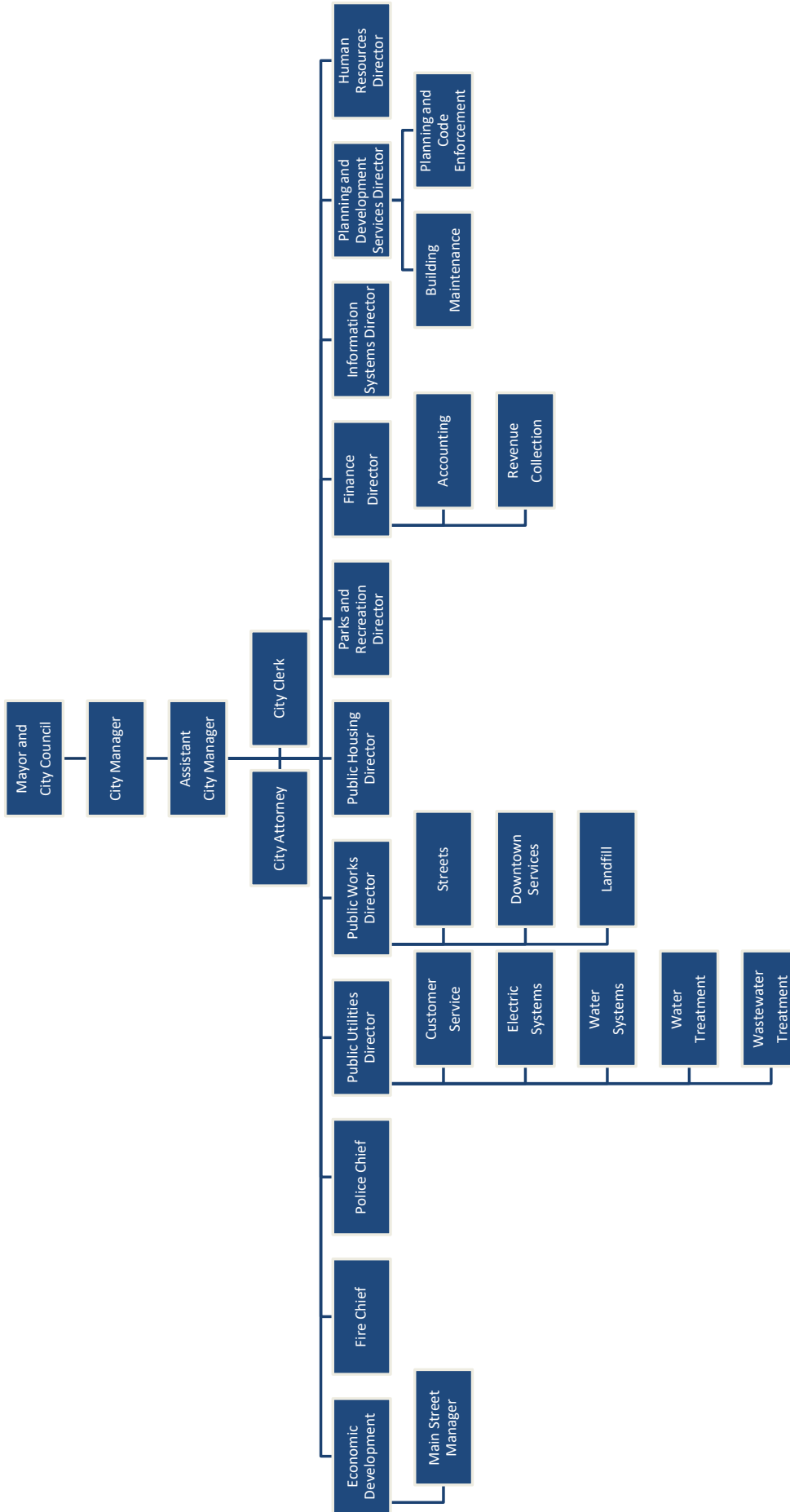
BRITT BURCH

CITY ATTORNEY

CINDY STONE

CITY CLERK

# CITY ORGANIZATIONAL CHART





**ALBEMARLE**  
NORTH CAROLINA  
*Water. Air. Land. Opportunity.*



## **FINANCIAL SECTION**



**ALBEMARLE**  
NORTH CAROLINA  
*Water. Air. Land. Opportunity.*

# 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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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-Employee 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 26, 2021 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 26, 2021



**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, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

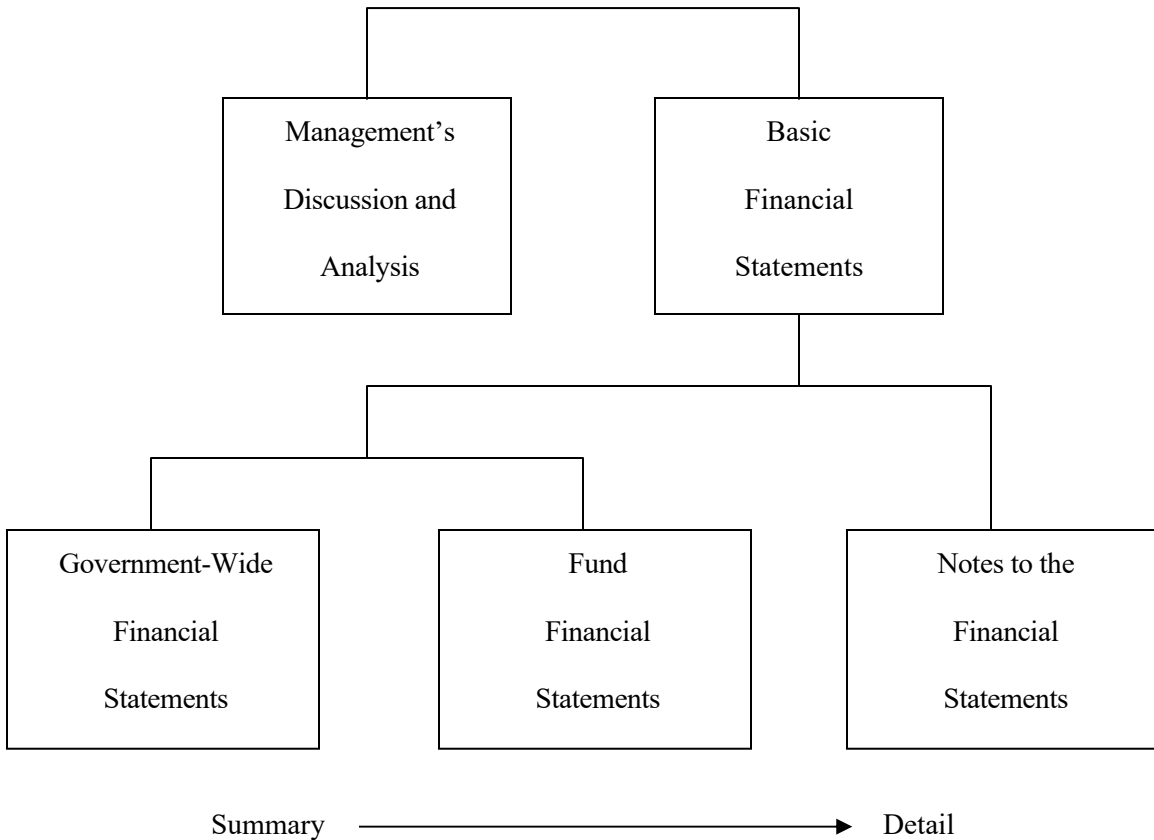
- The assets and deferred outflows of resources of the City of Albemarle exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$92,949,230.
- The government's total net position increased by \$11,142,676, primarily due to a second rebate received by the Electric Fund from North Carolina Municipal Power Agency #1 ("NCMPA1"), an increase in sales tax revenue by 16% compared to fiscal year 2020, a final repayment of previously written off debt in the General Fund, and concentrated efforts by the City to build operating reserves in the Electric Fund and Landfill Fund.
- The City received a rebate from NCMPA1 in the amount of \$6,447,395 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 \$11,797,494, an increase of \$1,587,524 in comparison with the prior year. Approximately 21.7 percent of this total amount, or \$2,564,263, is restricted or non-spendable. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,569,126, or 45.2 percent, of total General Fund expenditures for the fiscal year.
- The City of Albemarle's total debt decreased by \$2,311,339 during the current fiscal year. The reduction of the City's debt was due to no new borrowings for the fiscal year.

### 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 30 through 76 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 77 through 83 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	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	\$ 14,222,229	\$ 12,809,970	\$ 42,483,822	\$ 32,751,517	\$ 56,706,051	\$ 45,561,487
Capital assets	24,878,768	23,871,292	74,134,423	76,112,068	99,013,191	99,983,360
Total assets	<u>39,100,997</u>	<u>36,681,262</u>	<u>116,618,245</u>	<u>108,863,585</u>	<u>155,719,242</u>	<u>145,544,847</u>
<b>Deferred Outflows of Resources</b>						
	<u>3,985,629</u>	<u>2,732,652</u>	<u>2,207,301</u>	<u>1,697,041</u>	<u>6,192,930</u>	<u>4,429,693</u>
<b>Liabilities:</b>						
Long-term liabilities	19,172,393	17,702,892	38,035,270	38,255,569	57,207,663	55,958,461
Other liabilities	2,732,798	2,804,185	6,954,760	7,078,382	9,687,558	9,882,567
Total liabilities	<u>21,905,191</u>	<u>20,507,077</u>	<u>44,990,030</u>	<u>45,333,951</u>	<u>66,895,221</u>	<u>65,841,028</u>
<b>Deferred Inflows of Resources</b>						
	<u>1,258,426</u>	<u>1,431,674</u>	<u>809,295</u>	<u>895,284</u>	<u>2,067,721</u>	<u>2,326,958</u>
<b>Net Position:</b>						
Net investment in capital assets	18,922,602	17,195,672	46,804,613	47,190,373	65,727,215	64,386,045
Restricted	2,477,871	4,210,437	63,964	-	2,541,835	4,210,437
Unrestricted	<u>(1,477,464)</u>	<u>(3,930,946)</u>	<u>26,157,644</u>	<u>17,141,018</u>	<u>24,680,180</u>	<u>13,210,072</u>
Total net position	<u>\$ 19,923,009</u>	<u>\$ 17,475,163</u>	<u>\$ 73,026,221</u>	<u>\$ 64,331,391</u>	<u>\$ 92,949,230</u>	<u>\$ 81,806,554</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 \$92,949,230 as of June 30, 2021. The City's net position increased by \$11,142,676 for the fiscal year ended June 30, 2021. The largest portion of net position (70.7%) 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, \$2,541,835 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$24,680,180 is unrestricted.

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

#### Governmental Activities:

- Growth in sales tax revenues by 16% compared to the previous fiscal year
- Repayment of previously written off debt

#### Business-Type Activities:

- Received a large rebate from NCPMA1
- Concentrated efforts to build operational reserves

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	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,917,619	\$ 1,803,248	\$ 46,598,074	\$ 45,557,603	\$ 48,515,693	\$ 47,360,851
Operating grants and contributions	1,687,527	949,797	2,311,502	2,257,673	3,999,029	3,207,470
Capital grants and contributions	558,426	-	1,057,016	1,341,887	1,615,442	1,341,887
General revenues:						
Property taxes	7,110,853	6,896,760	-	-	7,110,853	6,896,760
Other taxes	6,846,413	6,080,187	208,511	120,604	7,054,924	6,200,791
Interest earned	(11,517)	197,169	45,744	230,984	34,227	428,153
NCMPA rebate	-	-	6,447,395	4,950,623	6,447,395	4,950,623
<b>Total revenues</b>	<b><u>18,109,321</u></b>	<b><u>15,927,161</u></b>	<b><u>56,668,242</u></b>	<b><u>54,459,374</u></b>	<b><u>74,777,563</u></b>	<b><u>70,386,535</u></b>
<b>Expenses:</b>						
General government	2,380,927	2,198,065	-	-	2,380,927	2,198,065
Public safety	8,892,702	8,278,010	-	-	8,892,702	8,278,010
Public works	3,702,465	3,512,821	-	-	3,702,465	3,512,821
Cultural and recreational	2,005,322	1,727,843	-	-	2,005,322	1,727,843
Interest on long-term debt	218,097	228,266	-	-	218,097	228,266
Water and sewer	-	-	11,245,258	10,430,343	11,245,258	10,430,343
Electric	-	-	29,245,973	29,139,058	29,245,973	29,139,058
Landfill	-	-	3,030,606	2,710,198	3,030,606	2,710,198
Public housing	-	-	2,913,537	3,308,139	2,913,537	3,308,139
<b>Total expenses</b>	<b><u>17,199,513</u></b>	<b><u>15,945,005</u></b>	<b><u>46,435,374</u></b>	<b><u>45,587,738</u></b>	<b><u>63,634,887</u></b>	<b><u>61,532,743</u></b>
Change in net position before transfers	909,808	(17,844)	10,232,868	8,871,636	11,142,676	8,853,792
Transfers in (out)	<u>1,538,038</u>	<u>857,460</u>	<u>(1,538,038)</u>	<u>(857,460)</u>	-	-
Change in net position	2,447,846	839,616	8,694,830	8,014,176	11,142,676	8,853,792
<b>Net Position:</b>						
Beginning of year - July 1	<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>
End of year - June 30	<b><u>\$ 19,923,009</u></b>	<b><u>\$ 17,475,163</u></b>	<b><u>\$ 73,026,221</u></b>	<b><u>\$ 64,331,391</u></b>	<b><u>\$ 92,949,230</u></b>	<b><u>\$ 81,806,554</u></b>

**Governmental Activities.** Governmental activities increased the City’s net position by \$2,447,846. Key elements of this increase are as follows:

- Continued partnership with retail strategies for the recruitment & retention of retail businesses to prevent leakage to other communities
- Unanticipated growth in sales tax revenues; all projections from the City and those received by the state assumed decreases and the fiscal year 2021 operating budget reflected this
- City efforts at downtown revitalization & street scape improvements

**Business-Type Activities.** Business-type activities increased the City of Albemarle’s net position by \$8,694,830. Key elements of this increase are as follows:

- Received a large rebate from NCMPIA
- Concentrated efforts to build operational reserves

### ***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 \$7,569,126, while total fund balance amounted to \$10,471,694. Unassigned General Fund balance represents 45.2 percent of total General Fund expenditures, while total fund balance represents 62.5 percent of that same amount.

At June 30, 2021, the governmental funds of City of Albemarle reported a combined fund balance of \$11,797,494, a 15.5 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 reasons for the increase in fund balance of the General Fund relates to an increase in sales tax revenue by 16%, after profit distributions from The City of Albemarle Board of Alcoholic Beverage Control (“ABC”), a repayment of previously written off debt and reimbursements recorded as receivable from FEMA for prior year expenditures.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

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

- Various vehicles, equipment, and supplies that were ordered and encumbered in fiscal year 2020 but not received until fiscal year 2021
- Grant proceeds received by parks and recreation in June of 2020 but could not be spent until fiscal year 2021
- Asphalt repair on NC Highway 52 N
- Drug seizure funds for the police department to purchase SRT bullet proof vests
- Legal fees to close out lawsuits against the City
- Grant proceeds from FEMA for City park repairs
- Appropriate funds received from the state for incentives to project steel
- Reduce Powell Bill appropriations to match state distribution
- Increase appropriations to the King Alleyway project
- Repairs to the concrete around the basins at the 52 water treatment plant
- Grant proceeds from the CARES Act
- Increase appropriations to the Fire Fighter SCBA Special Revenue Fund
- CARES Act funds received from HUD to public housing
- Unexpected equipment repair and maintenance in the Landfill Fund and appropriate additional funds to the leachate project
- Appropriate funds to the Stormwater project
- CARES Act grant proceeds from the YMCA for remote learning, contributions and donations for food truck Friday events

**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 \$4,015,211, for the Electric Fund, \$20,352,793; for the Landfill Fund \$969,952; and for the public housing \$275,099. The total change in net position for each fund was \$280,717, \$7,209,498, \$441,576, and \$756,635, 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, 2021, totals \$99,013,191 (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:

- Donation of property located at 115 and 117 West South St
- Landscape improvements at the City warehouse
- Rebuild of 2008 vacuum truck for public works
- 2 new trailers for public works
- 2020 Ford F450 truck for public works
- Sidewalk replacement at North 2<sup>nd</sup> St and Montgomery Ave
- Sidewalk repair at West South St
- Sidewalk renovations downtown from North 3<sup>rd</sup> St to North 4<sup>th</sup> St
- Conversion of construction in progress for the new police headquarters
- 4 new police cruisers
- Roof replacement and interior renovations at fire station #3
- New portable radios for the fire department

- 45 new airpacks for the fire department
- 4 new edraulic spreaders for the fire department (“Jaws of Life”)
- Conversion of construction in progress for repairs made to Don Montgomery and Optimist Park
- Roof replacement and HVAC system upgrade at the EE Waddell Community Center
- Bobcat zero turn mower for parks and recreation
- Pool repair and ADA wheelchair access at Rock Creek Park and Chuck Morehead
- Playground equipment at Chuck Morehead Park
- Baseball scoreboard at Don Montgomery Park
- Backstop netting at Don Montgomery Park
- Roof repair and interior renovations to the Jack F. Neel Water Treatment Plant
- Zero turn mower for water treatment plant
- Conversion of construction in progress for the I&I 2 infrastructure project
- 3 new leased trucks for public utilities sewer treatment plant
- Mini-Excavator for water and sewer infrastructure repair projects
- Infrastructure repair at NC Highway 52
- Conversion of construction in progress for the I&I 2 gravity line project
- Conversion of construction in progress for SCADA systems and controls upgrades for electric department
- Mini-Excavator for the electric department
- 2 new electric vehicle charging stations (city hall and new police headquarters)
- Various infrastructure upgrades to the electric department
- 2020 Chevrolet 6500 bucket truck
- Conversation of construction in progress for the landfill leachate force main and gravity line projects
- New security camera system for public housing

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 4,384,333	\$ 4,384,333	\$ 1,041,766	\$ 1,041,766	\$ 5,426,099	\$ 5,426,099
Infrastructure	3,515,307	3,548,515	24,350,857	21,427,650	27,866,164	24,976,165
Other improvements	955,026	793,744	410,983	478,814	1,366,009	1,272,558
Buildings	11,660,603	6,854,251	36,566,585	35,895,856	48,227,188	42,750,107
Furniture and fixtures	-	-	42,429	47,732	42,429	47,732
Equipment	2,835,471	2,608,081	6,658,843	7,251,298	9,494,314	9,859,379
Construction in progress	1,528,028	5,682,368	5,062,960	9,968,952	6,590,988	15,651,320
<b>Total</b>	<b><u>\$ 24,878,768</u></b>	<b><u>\$ 23,871,292</u></b>	<b><u>\$ 74,134,423</u></b>	<b><u>\$ 76,112,068</u></b>	<b><u>\$ 99,013,191</u></b>	<b><u>\$ 99,983,360</u></b>

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, 2021, the City of Albemarle had no outstanding bonded debt.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Direct placement and direct borrowing - installment debt	\$ 5,956,166	\$ 6,675,620	\$ 27,175,316	\$ 28,821,425	\$ 33,131,482	\$ 35,497,045
Capital leases	-	-	154,494	100,270	154,494	100,270
<b>Total</b>	<u>\$ 5,956,166</u>	<u>\$ 6,675,620</u>	<u>\$ 27,329,810</u>	<u>\$ 28,921,695</u>	<u>\$ 33,285,976</u>	<u>\$ 35,597,315</u>

**City of Albemarle’s Outstanding Debt**

The City of Albemarle’s total debt decreased by \$2,311,339 during the past fiscal year, primarily due to no new debt incurred. There is still an interfund loan from parks/recreation to the Electric Fund in the amount of \$131,658 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 \$56,418,388.

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 4.5%, which is below the statewide rate of 4.6% and the national average of 5.9% for June 2021.
- Through an on-going global pandemic, new construction and renovation has again increased since FY 19-20. In FY 20-21, the total dollar amount of development investment for commercial, industrial and residential activity brings a total of \$41,391,587 into the City of Albemarle.
- Since last fiscal year, commercial and industrial activity happened to decrease from \$20,137,364 to \$12,751,496. Commercial and industrial activity account for 30.80% of total development activity. Even with the slight decrease of commercial and industrial development, the City still experienced several noteworthy projects in this sector, including; Lowe’s Tool Rental addition, the Joe Maus Ford Dealership, many improvements to Stanly Regional Hospital, Tractor Supply’s expansion & remodel, a new Biscuitville restaurant, a new Aspen Dental facility and some major improvements to the Duke Energy sub-station for flood prevention which accounted for half of the commercial & industrial development investment. As the Planning & Development Services & Economic Development departments continue working with new businesses, existing industry and potential industrial opportunities, the City should experience a steady level of investment by the end of FY 21-22
- The other 69.20% of development investment for FY 20-21 is comprised of residential development activity, which accounted for \$28,640,091 of investment into residential Albemarle. This more than doubles last FY’s residential investment of \$11,727,400. In FY 20-21 the City



permitted 99 new single-family homes, 3 duplexes, and two significant multi-family projects in our downtown which will yield roughly 70 new apartment dwellings. Significant changes to the City's residential zoning districts & yard requirements in January 2021, there has been a significant amount of vacant infill lot development & redevelopment of existing homes across the City. Changes made to the ordinance allowed lots or structures that were once prohibitive for development and revitalization much more feasible and development friendly. With the near completion of the Grandview Meadows subdivision, the onset of the Morgan Hills subdivision and promising inquiries of further redevelopment in the downtown area, it is expected that this amount of residential investment will be maintained through FY 21-22.

### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities:** The proposed FY 21/22 budget utilizes the taxable property value estimate provided by the Stanly County Tax Assessor of \$1,240,000,000, with one cent on the property tax rate generating approximately \$120,888. I am recommending, and the budget has been constructed around, a reduced tax rate of 61 cents per \$100 of assessed value. The proposed General Fund budget is 5.87% higher than the FY 20/21 adjusted budget (adjusted budget includes amendments to reflect the current budget authority).

A property revaluation throughout Stanly County occurred in the last year and we are therefore required to determine a revenue neutral figure. The revenue-neutral tax rate, as defined by G.S. 159- 11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal. What this means is normal growth is not included in a revenue neutral figure and therefore what we typically experience between fiscal years is not part of this calculation. Growth items are those such as new development and investment, annexations, and personal property increases, as this is adjusted each year and are therefore included in what is considered typical growth. A revenue neutral tax rate for the City of Albemarle that on average would not provide for additional revenues (excluding statutory exemptions) would be 58.04-cents per \$100 of assessed value.

The budget does not include any increases in planning and zoning fees nor does it propose an increase in the motor vehicle registration fee. The budget does make an adjustment to the monthly solid waste collection fee (which includes recycling) for contractual obligations, but no change to the solid waste disposal fee.

I believe it is always worth noting where the funds we collect go and what property taxes actually provide taxpayers. The operations of the fire and police departments alone account for 56.30% of the General Fund budget expenditures. The total cost of these two departments is \$10,870,332, while the proposed property tax rate generates revenues totaling \$7,374,144. The difference is \$3,496,188 and would therefore require a 28.92-cent tax increase in order for property taxes alone to fully fund just these two operations. While the City provides outstanding police and fire service and are proud to do so, this example demonstrates the critical need to continue 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 21/22 budget allow us to move forward with our core services and many of the most desired investment opportunity items. The budget makes provisions for the continuation of the services of retail strategies for the recruitment and retention of retail businesses to prevent leakage to other communities. It also provides for new services through Retail Strategies designed specifically to focus on the unique needs of downtown, the buildings, and assist with strategic planning. The budget contains a \$75,000 increase in the General Fund share of street preservation program, a high priority of the Mayor and council. The City-wide increase in funding for street preservation and maintenance has increased by \$300,000 in the last six fiscal years. The public

works streets division also includes funds for a one-ton dump truck, dual axle dump truck, and a daily use pick-up to address their aging fleet. The acquisition of 3 police vehicles, and the replacement of mobile data terminals, flashlights, and Tasers is funded in the police department. The proposal also includes a 2% pay differential for those assigned to the night shift in the police department. The budget provides for three positive pressure fans in the fire department, the purchase of a new frontline engine, and the refurbishment of the existing ladder truck. An application has also been made for a SAFER grant to fund three additional full-time firefighter positions (one additional per shift). The parks and recreation portion of the budget plans for the replacement of the diving structures at both pools, weight room equipment replacement at the EE Waddell Community Center, and LED lighting conversion and window painting at the Waddell Center gym. We also plan for the replacement of the roof on the Niven Center, which was the roof on the building when we acquired the facility. Finally, in parks and recreation, we have budgeted to resurface the park road of Morehead Park. Funding for the wayfinding initiative is provided and will enable the City to further develop the streetscape plan and our community image. Wayfinding signs and new banners for downtown poles are planned for FY 21/22.

The Powell Bill Fund is proposed at \$574,977, which is a 4.9% increase from the current fiscal year adjusted budget (adjusted budget includes amendments to reflect the current budget authority). Overall, it does include a share of the funds for our street preservation and maintenance program with \$225,000 proposed in Powell Bill funds. This is a \$25,000 increase from the current year, which combined with the portion in the General Fund provides \$100,000 additional funding for this endeavor. Funding for the Powell Bill is received from the state as a portion of the gas tax and is remitted to municipalities for road maintenance, with a portion based on road mileage and a portion based on population. Over the years funding has not kept pace with needs. In fact, funding levels for FY 21/22 are almost identical to amount we received in FY 10/11. Virtually no change in funding is in stark contrast to the cost increases that have occurred in that same time for supplies, materials, and labor needed for street maintenance.

**Business-Type Activities:** The Water and Sewer Fund budget is proposed at \$12,438,749 and is 10.88% greater than the current fiscal year adjusted budget (adjusted budget includes amendments to reflect the current budget authority). The proposed budget does include a 4% water and sewer rate increase. The overall need for rate adjustments is based on the significant investment the City continues to make in its water and sewer system. For the first time in over a decade meter and tap fees are proposed for an increase.

There are many needs and commitments addressed in the proposal. Funds are budgeted for the City's share to relocate a water line as part of the NCDOT Bethany Road bridge replacement project. We will study a possible expansion of the Jack F. Neel Water Treatment Plant and install an automatic transfer switch to the generator at this same facility. We propose the complete replacement of the Moss Springs Road water booster pump station that was installed as part of the City's 1980 annexation and system expansion project. Similarly, we plan to replace the pumps at the NC Highway 73 sewer lift station and install a larger holding tank that should lessen the opportunity for overflows and reduce pump and haul activities by City crews. We also have budgeted for many previously approved projects, such as sewer work on Sibley Street, Knollwood Circle, and Kingsley Drive as well as the water line project on Knollwood Circle.

We continue with routine I&I work with the lining of manhole towers, as well as the replacement of vehicles and equipment. We have also proposed to significantly increase funding for automated meter reading (AMR) devices for water meters, as this technology will provide for greater efficiency. We will replace the receivers on the meter technician vehicles to a new technology that will eliminate the current handheld meter reading devices and instead utilize the tablets installed as part of the recently implemented project that allows work orders to be received and completed electronically in the field (cost shared with Electric Fund). An ongoing and significant accomplishment is that the City will continue to meet its current debt obligation in the Water and Sewer Fund while maintaining extremely low rates.

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 \$32,458,902 and represents a 1.38% decrease from the current year adjusted budget (adjusted budget includes amendments to reflect the current budget authority). The budget does provide for a 1% electric rate reduction. With this proposed reduction in our electric rates, our average residential customer will have seen rates reduced by 10.5% in the last six years (since FY 15/16). Additionally, there has been no increase in electric rates in seven years. As a City, we can be very proud of what we have been able to achieve with the rates for our customers and still remain a Public Power Award of Excellence winner and a nationally awarded RP3 Diamond level system.

Overall, major initiatives include the project to move the overhead electric lines to underground at the intersection of South Second Street and West South Street / MLK Jr. Drive. This will allow us to install the metal poles and arms for traffic signals as we have in other areas of the downtown. We have significantly increased supplies and materials for electric system expansion and enhancements to keep pace with the unprecedented residential growth Albemarle is experiencing, as well as the steady commercial growth. In addition to standard vehicle and equipment replacements, there are funds to improve the safety and/or reliability of our system such as 3-phase reclosers, automatic transfer switches to assist with power transfer and redirection during outages, bypass buses for substations, and our tree trimming and pole inspection program. The Electric Fund will contribute to the new receivers for automated meter reading capabilities. The Electric Fund budget also continues to fund its proportionate share of our economic development activities and other shared City expenses.

The Solid Waste Disposal Fund is proposed at \$4,357,870 in FY 21/22, representing an increase of 48.99% from the FY 20/21 adjusted budget (adjusted budget includes amendments to reflect the current budget authority). I am not recommending any change to the tipping fee for municipal solid waste (MSW) or the construction and demolition (C&D) disposal fee. There is also 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. 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 Landfill reserves to pay for the construction of the employee and office facility. When this occurred, the City made the commitment to replenish our reserves and this budget proposal follows through on that commitment. There is also significant investment in equipment needed to operate the landfill facility as the budget provides for the rebuilding of a compactor and the acquisition of a new dozer. It also provides for repairs to the recycling facility. Finally, it is proposed to add a heavy equipment mechanic. Based on the current needs and the cost of existing maintenance contracts, we can add this position and achieve five days a week of service for approximately what it costs for a preventative maintenance contract and the expense of additional call-in services. There would also be significant benefits beyond the landfill as there is need for heavy equipment repair and maintenance services across the City.

The Public Housing Section 8 proposal reflects a total budget of \$1,486,897, which is a 9.68% decrease from the FY 20/21 adjusted budget (adjusted budget includes amendments to reflect the current budget authority), while the conventional public housing budget is proposed at \$1,426,180 and is a 3.22% decrease from the FY 20/21 adjusted budget (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. The CFP budget follows US Housing and Urban Development guidelines and is presented and reviewed with council as projects and expenditures are ready.

FY21/22 begins the fifth 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 savings go to a private provider. Being self-insured, we do set our own rates and funding levels. We are budgeting a 3.17% increase in the per person funding for the program and we will remain in the Blue Cross/Blue Shield of NC network.

**Overall:** In all funds, the budget proposal does provide for the implementation of the compensation study recommendations. The compensation study was a funded project in FY 20/21 as the City saw the need to study compensation levels in order to remain competitive in attracting and retaining employees. The development and retention of a high qualified and skilled workforce is one of the six main priority areas identified through our extensive planning process and the implementation of the compensation study was ranked as a top investment opportunity. As a result, the budget proposes to move any lagging job ranges to market with each individual employee moving proportionately with the move to market. There is also an element provided to address pay compression. In lieu of our standard across the board cost of living adjustment, the implementation will be blended with the compensation study. All employees will move based on the recommendation of the compensation study, or 1.5%, whichever is greater. This method implements the compensation study findings and provides a minimum amount to all employees in order to keep pace with the rising cost of living. The budget as proposed does not provide funding for merit pay program.

The budget and proposed activities enable the City to continue to perform its essential mission, is financially responsible, and provides for quality services and service delivery. Even with the recent erosion of revenue sources in the General Fund, the multitude of restrictions placed on municipalities, and unforeseen challenges that arise such as the COVID-19 pandemic, we continue to find ways to fulfill our duties and commitments to our citizens, businesses, and employees. I would like to express my appreciation to the entire City staff for their work in the development of thoughtful and responsible requests as well as for their efforts throughout the year to ensure we live within our means and within budget boundaries.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Albemarle, P O Box 190, Albemarle, North Carolina 28002.

# **BASIC FINANCIAL STATEMENTS**

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 12,111,614	\$ 32,965,438	\$ 45,077,052	\$ 981,330
Taxes receivable - net	288,237	-	288,237	-
Accounts receivable - net	187,913	4,648,067	4,835,980	-
Due from other governments	1,976,181	-	1,976,181	-
Internal balances	(676,247)	676,247	-	-
Inventories	16,788	2,720,911	2,737,699	450,159
Prepaid expenses	69,604	77,098	146,702	10,473
Restricted cash	190,039	1,396,061	1,586,100	-
Total current assets	14,164,129	42,483,822	56,647,951	1,441,962
Non-current assets:				
Security deposits	58,100	-	58,100	-
Capital assets:				
Land and construction in progress	5,912,361	6,104,726	12,017,087	222,167
Other capital assets, net of depreciation	18,966,407	68,029,697	86,996,104	710,771
Total capital assets	24,878,768	74,134,423	99,013,191	932,938
Total non-current assets	24,936,868	74,134,423	99,071,291	932,938
Total assets	39,100,997	116,618,245	155,719,242	2,374,900
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	2,777,105	1,393,867	4,170,972	43,046
OPEB deferrals	1,208,524	813,434	2,021,958	-
Total deferred outflows of resources	3,985,629	2,207,301	6,192,930	43,046
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,491,347	3,195,759	4,687,106	318,321
Current portion of long-term liabilities	1,198,612	2,398,480	3,597,092	-
Accrued interest payable	42,112	28,424	70,536	-
Liabilities payable from restricted assets:				
Customer deposits	-	1,256,158	1,256,158	-
Advances from grantors	727	75,939	76,666	-
Total current liabilities	2,732,798	6,954,760	9,687,558	318,321

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
Long-term liabilities:				
Accrued landfill closure and post-closure costs	-	5,101,669	5,101,669	-
Total OPEB liability	7,440,716	4,941,598	12,382,314	-
Total pension liability - LEOSSA	2,435,829	-	2,435,829	-
Due in more than one year	5,484,764	25,431,311	30,916,075	-
Net pension liability	3,811,084	2,560,692	6,371,776	77,543
Total long-term liabilities	19,172,393	38,035,270	57,207,663	77,543
Total liabilities	21,905,191	44,990,030	66,895,221	395,864
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	1,785	-	1,785	-
Pension deferrals	223,027	113,589	336,616	-
OPEB deferrals	1,033,614	695,706	1,729,320	-
Total deferred inflows of resources	1,258,426	809,295	2,067,721	-
<b>Net Position:</b>				
Net investment in capital assets	18,922,602	46,804,613	65,727,215	932,938
Restricted for:				
Stabilization by state statute	2,163,048	-	2,163,048	-
Streets	189,312	-	189,312	-
General government	-	-	-	160,000
Public safety	121,388	-	121,388	-
Economic development	4,123	-	4,123	-
Housing assistance payments	-	63,964	63,964	-
Working capital	-	-	-	147,099
Unrestricted	(1,477,464)	26,157,644	24,680,180	782,045
Total net position	\$ 19,923,009	\$ 73,026,221	\$ 92,949,230	\$ 2,022,082

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, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 2,380,927	\$ 34,049	\$ 185,096	\$ 261,997
Public safety	8,892,702	52,395	355,323	291,429
Public works	3,702,465	1,680,135	1,091,447	5,000
Cultural and recreational	2,005,322	151,040	55,661	-
Interest on long-term debt	218,097	-	-	-
Total governmental activities	<u>17,199,513</u>	<u>1,917,619</u>	<u>1,687,527</u>	<u>558,426</u>
<b>Business-Type Activities:</b>				
Water and sewer	11,245,258	11,841,865	9,498	46,454
Electric	29,245,973	30,802,011	253,938	-
Landfill	3,030,606	3,311,887	6,230	-
Department of public housing	2,913,537	642,311	2,041,836	1,010,562
Total business-type activities	<u>46,435,374</u>	<u>46,598,074</u>	<u>2,311,502</u>	<u>1,057,016</u>
Total primary government	<u>\$ 63,634,887</u>	<u>\$ 48,515,693</u>	<u>\$ 3,999,029</u>	<u>\$ 1,615,442</u>
<b>Component Unit:</b>				
City of Albemarle ABC Board	<u>\$ 4,801,933</u>	<u>\$ 4,981,056</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, 2021

	Net (Expense) Revenue and Changes in Net Position			Component
	Primary Government			Unit
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (1,899,785)	\$ -	\$ (1,899,785)	
Public safety	(8,193,555)	-	(8,193,555)	
Public works	(925,883)	-	(925,883)	
Cultural and recreational	(1,798,621)	-	(1,798,621)	
Interest on long-term debt	(218,097)	-	(218,097)	
Total governmental activities	<u>(13,035,941)</u>	<u>-</u>	<u>(13,035,941)</u>	
<b>Business-Type Activities:</b>				
Water and sewer	-	652,559	652,559	
Electric	-	1,809,976	1,809,976	
Landfill	-	287,511	287,511	
Department of public housing	-	781,172	781,172	
Total business-type activities	<u>-</u>	<u>3,531,218</u>	<u>3,531,218</u>	
Total primary government	<u>(13,035,941)</u>	<u>3,531,218</u>	<u>(9,504,723)</u>	
<b>Component Unit:</b>				
City of Albemarle ABC Board				<u>\$ 179,123</u>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purposes	7,110,853	-	7,110,853	-
Local option sales tax	4,889,624	-	4,889,624	-
Other taxes and licenses	1,956,789	208,511	2,165,300	-
NCMPA working capital refund	-	6,447,395	6,447,395	-
Investment earnings	(11,517)	45,744	34,227	863
Total general revenues, excluding transfers	<u>13,945,749</u>	<u>6,701,650</u>	<u>20,647,399</u>	<u>863</u>
Transfers	<u>1,538,038</u>	<u>(1,538,038)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>15,483,787</u>	<u>5,163,612</u>	<u>20,647,399</u>	<u>863</u>
Change in net position	2,447,846	8,694,830	11,142,676	179,986
<b>Net Position:</b>				
Beginning of year, July 1	<u>17,475,163</u>	<u>64,331,391</u>	<u>81,806,554</u>	<u>1,842,096</u>
Net position, end of year	<u>\$ 19,923,009</u>	<u>\$ 73,026,221</u>	<u>\$ 92,949,230</u>	<u>\$ 2,022,082</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, 2021

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,207,275	\$ 1,605,886	\$ 10,813,161
Receivables, net:			
Taxes receivable - net	288,237	-	288,237
Accounts receivable - net	185,155	-	185,155
Interest	2,758	-	2,758
Due from other governments	1,976,181	-	1,976,181
Inventories	16,788	-	16,788
Prepays	69,604	-	69,604
Restricted cash	190,039	-	190,039
Total assets	<u>\$ 11,936,037</u>	<u>\$ 1,605,886</u>	<u>\$ 13,541,923</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,040,890	\$ 280,086	\$ 1,320,976
Due to other funds	91,130	-	91,130
Advances from other funds	40,528	-	40,528
Liabilities to be paid from restricted assets:			
Advances from grantors	727	-	727
Total liabilities	<u>1,173,275</u>	<u>280,086</u>	<u>1,453,361</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes receivable	288,237	-	288,237
License fees receivable	1,046	-	1,046
Prepaid taxes	1,785	-	1,785
Total deferred inflows of resources	<u>291,068</u>	<u>-</u>	<u>291,068</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	16,788	-	16,788
Prepays	69,604	-	69,604
Restricted:			
Stabilization by state statute	2,163,048	-	2,163,048
Streets - Powell Bill	189,312	-	189,312
Public safety	121,388	-	121,388
Economic development	4,123	-	4,123
Committed:			
General government	-	22,975	22,975
Economic development	-	150,147	150,147
Parks and recreation	-	643,026	643,026
Public works	-	509,652	509,652
Assigned:			
Subsequent year's expenditures	228,000	-	228,000
Parks and recreation	95,105	-	95,105
Streets - health insurance	15,200	-	15,200
Unassigned	7,569,126	-	7,569,126
Total fund balances	<u>10,471,694</u>	<u>1,325,800</u>	<u>11,797,494</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,936,037</u>	<u>\$ 1,605,886</u>	<u>\$ 13,541,923</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, 2021

	<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	\$ 11,797,494
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,878,768
Deferred outflows of resources related to pensions are not reported in the funds.	2,777,105
Deferred outflows of resources related to OPEB are not reported in the funds.	1,208,524
Other long-term assets (taxes, license receivable) are not available to pay for current period expenditures and, therefore, are deferred in the funds.	289,283
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.	1,186,182
Consolidation adjustment for internal balances between Internal Service Fund and the governmental funds	(544,589)
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	(5,956,166)
Total pension liability (LEOSSA)	(2,435,829)
Total OPEB liability	(7,440,716)
Compensated absences	(727,210)
Net pension liability	(3,811,084)
Accrued interest payable	(42,112)
Deferred inflows of resources related to pensions are not reported in the funds.	(223,027)
Deferred inflows of resources related to OPEB are not reported in the funds.	<u>(1,033,614)</u>
Net position of governmental activities	<u>\$ 19,923,009</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, 2021

	<u>Major Fund</u>	<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Nonmajor</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 7,222,497	\$ -	\$ 7,222,497
Other taxes and licenses	292,228	-	292,228
Unrestricted intergovernmental	6,554,185	-	6,554,185
Restricted intergovernmental	1,214,569	291,429	1,505,998
Permits and fees	50,042	-	50,042
Sales and services	1,764,463	-	1,764,463
Investment earnings	(12,608)	540	(12,068)
Miscellaneous	510,338	70,675	581,013
Total revenues	<u>17,595,714</u>	<u>362,644</u>	<u>17,958,358</u>
<b>Expenditures:</b>			
Current			
General government	1,955,278	-	1,955,278
Public safety	8,464,296	-	8,464,296
Public works	3,375,590	-	3,375,590
Cultural and recreation	2,013,950	-	2,013,950
Debt service:			
Principal retirement	719,454	-	719,454
Interest and other charges	222,119	-	222,119
Capital outlay	-	1,158,185	1,158,185
Total expenditures	<u>16,750,687</u>	<u>1,158,185</u>	<u>17,908,872</u>
Revenues over (under) expenditures	<u>845,027</u>	<u>(795,541)</u>	<u>49,486</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	1,634,790	763,816	2,398,606
Transfers to other funds	(620,613)	(239,955)	(860,568)
Total other financing sources (uses)	<u>1,014,177</u>	<u>523,861</u>	<u>1,538,038</u>
Net change in fund balances	1,859,204	(271,680)	1,587,524
<b>Fund Balances:</b>			
Beginning of year, July 1	<u>8,612,490</u>	<u>1,597,480</u>	<u>10,209,970</u>
End of year, June 30	<u>\$ 10,471,694</u>	<u>\$ 1,325,800</u>	<u>\$ 11,797,494</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, 2021**

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

Net changes in fund balances - total governmental funds	\$ 1,587,524
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	2,088,546
Depreciation	(1,342,761)
Contribution of capital assets is reported as a revenue in the Statement of Activities and is not reported in the governmental funds.	261,997
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Taxes including interest and penalties	(111,644)
License fees	365
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.	
Compensated absences	13,851
Pension expense (LGRS)	(476,606)
Pension expense (LEOSSA)	(47,294)
OPEB plan expense	(256,849)
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.	
Principal payments on installment purchase obligations	719,454
Decrease in accrued interest payable	4,022
Consolidation adjustment for the Internal Service Fund and the governmental funds:	
Net revenue of the Internal Service Fund	13,951
Portion of net revenue allocated to business-type activities	(6,404)
Net book value of property disposed of during the year	<u>(306)</u>
Total change in net position of governmental activities	<u>\$ 2,447,846</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
<b>Revenues:</b>				
Ad valorem taxes	\$ 6,986,845	\$ 6,986,845	\$ 7,222,497	\$ 235,652
Other taxes and licenses	234,700	234,700	292,228	57,528
Unrestricted intergovernmental	5,538,675	5,538,675	6,554,185	1,015,510
Restricted intergovernmental	716,215	1,240,209	1,214,569	(25,640)
Permits and fees	46,950	46,950	50,042	3,092
Sales and services	1,687,750	1,687,750	1,764,463	76,713
Investment earnings	44,124	44,124	(12,608)	(56,732)
Miscellaneous	111,100	125,986	510,338	384,352
Total revenues	<u>15,366,359</u>	<u>15,905,239</u>	<u>17,595,714</u>	<u>1,690,475</u>
<b>Expenditures:</b>				
Current:				
General government	2,077,170	2,110,681	1,955,278	155,403
Public safety	8,699,078	9,256,984	8,464,296	792,688
Public works	3,626,505	3,610,531	3,375,590	234,941
Cultural and recreational	1,844,790	2,183,215	2,013,950	169,265
Debt service:				
Principal	810,630	810,630	719,454	91,176
Interest	225,546	225,546	222,119	3,427
Contingency	1,300	1,300	-	1,300
Total expenditures	<u>17,285,019</u>	<u>18,198,887</u>	<u>16,750,687</u>	<u>1,448,200</u>
Revenues over (under) expenditures	<u>(1,918,660)</u>	<u>(2,293,648)</u>	<u>845,027</u>	<u>3,138,675</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	1,388,445	1,388,445	1,634,790	246,345
Transfers to other funds	(75,000)	(670,613)	(620,613)	50,000
Appropriated fund balance	605,215	1,575,816	-	(1,575,816)
Total other financing sources (uses)	<u>1,918,660</u>	<u>2,293,648</u>	<u>1,014,177</u>	<u>(1,279,471)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,859,204	<u>\$ 1,859,204</u>
<b>Fund Balance:</b>				
Beginning of year, July 1			<u>8,612,490</u>	
End of year, June 30			<u>\$ 10,471,694</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, 2021

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 6,307,592	\$ 19,246,397	\$ 6,538,081	\$ 873,368	\$ 32,965,438	\$ 1,298,453
Accounts receivable - net	1,121,870	3,142,259	352,202	31,736	4,648,067	-
Due from other funds	-	91,130	-	-	91,130	-
Inventories	337,057	2,383,854	-	-	2,720,911	-
Prepaid expenses	27,607	46,547	1,610	1,334	77,098	-
Restricted cash and cash equivalents	166,051	1,034,336	-	195,674	1,396,061	-
Total current assets	<u>7,960,177</u>	<u>25,944,523</u>	<u>6,891,893</u>	<u>1,102,112</u>	<u>41,898,705</u>	<u>1,298,453</u>
Non-current assets:						
Advances to other funds	-	40,528	-	-	40,528	-
Security deposits	-	-	-	-	-	58,100
Capital assets:						
Land, improvements and construction in progress	1,226,028	2,830,627	587,070	1,461,001	6,104,726	-
Other capital assets, net of depreciation	50,460,887	8,376,127	4,897,506	4,295,177	68,029,697	-
Total capital assets, net	<u>51,686,915</u>	<u>11,206,754</u>	<u>5,484,576</u>	<u>5,756,178</u>	<u>74,134,423</u>	<u>-</u>
Total non-current assets	<u>51,686,915</u>	<u>11,247,282</u>	<u>5,484,576</u>	<u>5,756,178</u>	<u>74,174,951</u>	<u>58,100</u>
Total assets	<u>59,647,092</u>	<u>37,191,805</u>	<u>12,376,469</u>	<u>6,858,290</u>	<u>116,073,656</u>	<u>1,356,553</u>
<b>Deferred Outflows of Resources:</b>						
Pension deferrals	718,969	396,005	156,548	122,345	1,393,867	-
OPEB deferrals	418,343	232,323	93,010	69,758	813,434	-
Total deferred outflows of resources	<u>1,137,312</u>	<u>628,328</u>	<u>249,558</u>	<u>192,103</u>	<u>2,207,301</u>	<u>-</u>
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities	385,517	2,681,956	64,028	64,258	3,195,759	170,371
Compensated absences - current	109,574	130,843	15,060	28,600	284,077	-
Accrued interest payable	22,539	1,604	4,281	-	28,424	-
Current portion of long-term liabilities	1,872,511	152,711	89,181	-	2,114,403	-
Liabilities to be paid from restricted assets:						
Customer deposits	166,051	1,034,336	-	55,771	1,256,158	-
Advances from grantors	-	-	-	75,939	75,939	-
Total current liabilities	<u>2,556,192</u>	<u>4,001,450</u>	<u>172,550</u>	<u>224,568</u>	<u>6,954,760</u>	<u>170,371</u>
Non-current liabilities:						
Accrued landfill closure and post-closure costs	-	-	5,101,669	-	5,101,669	-
Compensated absences	132,292	31,089	44,434	8,089	215,904	-
Total OPEB liability	2,527,639	1,423,598	564,150	426,211	4,941,598	-
Installment purchase agreements and capital leases payable - non-current	23,623,610	164,903	1,426,894	-	25,215,407	-
Net pension liability	1,321,908	726,558	286,069	226,157	2,560,692	-
Total non-current liabilities	<u>27,605,449</u>	<u>2,346,148</u>	<u>7,423,216</u>	<u>660,457</u>	<u>38,035,270</u>	<u>-</u>
Total liabilities	<u>30,161,641</u>	<u>6,347,598</u>	<u>7,595,766</u>	<u>885,025</u>	<u>44,990,030</u>	<u>170,371</u>
<b>Deferred Inflows of Resources:</b>						
Pension deferrals	58,962	31,903	12,259	10,465	113,589	-
OPEB deferrals	357,796	198,699	79,549	59,662	695,706	-
Total deferred inflows of resources	<u>416,758</u>	<u>230,602</u>	<u>91,808</u>	<u>70,127</u>	<u>809,295</u>	<u>-</u>
<b>Net Position:</b>						
Net investment in capital assets	26,190,794	10,889,140	3,968,501	5,756,178	46,804,613	-
Restricted net position for housing assistance payments	-	-	-	63,964	63,964	-
Unrestricted	4,015,211	20,352,793	969,952	275,099	25,613,055	1,186,182
Total net position	<u>\$ 30,206,005</u>	<u>\$ 31,241,933</u>	<u>\$ 4,938,453</u>	<u>\$ 6,095,241</u>	<u>72,481,632</u>	<u>\$ 1,186,182</u>
Adjustment to reflection the consolidation of internal service fund activities related to enterprise funds					544,589	
Net position of business-type activities					<u>\$ 73,026,221</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, 2021

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
<b>Operating Revenues:</b>						
Charges for sales and services	\$ 11,677,673	\$ 29,652,672	\$ 3,238,378	\$ -	\$ 44,568,723	\$ -
Rental income	-	-	-	588,039	588,039	-
Interfund charges and employee contributions	-	-	-	-	-	3,198,442
Other	135,470	1,109,873	71,173	43,730	1,360,246	-
Total operating revenues	11,813,143	30,762,545	3,309,551	631,769	46,517,008	3,198,442
<b>Operating Expenses:</b>						
Administration	1,623,848	1,797,391	-	739,150	4,160,389	250,979
Water treatment plant	2,375,445	-	-	-	2,375,445	-
Sewer treatment plant	2,035,441	-	-	-	2,035,441	-
Systems division	1,930,032	-	-	-	1,930,032	-
Customer service	94,872	122,298	-	-	217,170	-
Electric operations	-	26,631,067	-	-	26,631,067	-
Landfill operations	-	-	2,191,123	-	2,191,123	-
Landfill closure and post-closure care costs	-	-	262,149	-	262,149	-
Utilities	-	-	-	301,472	301,472	-
Ordinary maintenance and operation	-	-	-	368,107	368,107	-
General expenses	-	-	-	54,490	54,490	-
Housing assistance program	-	-	-	1,020,684	1,020,684	-
Non-routine maintenance	-	-	-	3,629	3,629	-
Depreciation	2,895,131	688,522	479,623	426,684	4,489,960	-
Health benefit claims and premiums	-	-	-	-	-	2,934,063
Total operating expense	10,954,769	29,239,278	2,932,895	2,914,216	46,041,158	3,185,042
Operating income (loss)	858,374	1,523,267	376,656	(2,282,447)	475,850	13,400
<b>Non-Operating Revenues (Expenses):</b>						
Solid waste, scrap tire and white goods disposal tax	-	-	208,511	-	208,511	-
Operating grants	9,498	253,938	6,230	2,041,836	2,311,502	-
Gain (loss) on disposal of capital assets	9,237	30,732	(80,503)	-	(40,534)	-
Investment earnings	(1,752)	47,292	(1,143)	1,347	45,744	551
Interest and other charges	(293,710)	(8,546)	(17,861)	-	(320,117)	-
NCMPA working capital refund	-	6,447,395	-	-	6,447,395	-
Other	19,485	8,734	2,336	10,542	41,097	-
Total non-operating revenues (expenses)	(257,242)	6,779,545	117,570	2,053,725	8,693,598	551
Income (loss) before contributions and transfers	601,132	8,302,812	494,226	(228,722)	9,169,448	13,951
<b>Capital Contributions and Transfers:</b>						
Capital contributions	46,454	-	-	1,010,562	1,057,016	-
Transfers in	-	25,000	-	-	25,000	-
Transfers out	(366,869)	(1,118,314)	(52,650)	(25,205)	(1,563,038)	-
Total contributions and transfers	(320,415)	(1,093,314)	(52,650)	985,357	(481,022)	-
Change in net position	280,717	7,209,498	441,576	756,635	8,688,426	13,951
<b>Net Position:</b>						
Beginning of year, July 1	29,925,288	24,032,435	4,496,877	5,338,606		1,172,231
End of year, June 30	\$ 30,206,005	\$ 31,241,933	\$ 4,938,453	\$ 6,095,241		\$ 1,186,182
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					6,404	
Change in net position - business-type activities					\$ 8,694,830	

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, 2021

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers	\$ 12,115,999	\$ 31,031,173	\$ 3,470,925	\$ 695,457	\$ 47,313,554	\$ 3,198,442
Cash paid for goods and services	(3,902,840)	(26,052,469)	(1,305,382)	(2,072,282)	(33,332,973)	(3,224,770)
Cash paid to employees for services	(3,787,176)	(2,385,012)	(861,064)	(365,121)	(7,398,373)	-
Net cash provided (used) by operating activities	4,425,983	2,593,692	1,304,479	(1,741,946)	6,582,208	(26,328)
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Operating grants and subsidies	9,498	253,938	6,230	2,085,777	2,355,443	-
NCMPA working capital refund	-	6,447,395	-	-	6,447,395	-
(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	(366,869)	(1,118,314)	(52,650)	(25,205)	(1,563,038)	-
Total cash flows from non-capital financing activities	(357,371)	5,699,149	(46,420)	2,060,572	7,355,930	-
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition of capital assets	(893,593)	(473,808)	(368,013)	(1,340,629)	(3,076,043)	-
Principal paid on bonds and installment purchase agreements	(1,904,227)	(152,521)	(63,953)	-	(2,120,701)	-
Interest paid on bonds and installment purchase agreements	(303,638)	(9,348)	(20,209)	-	(333,195)	-
Proceeds from issuance of long-term debt	469,406	-	59,410	-	528,816	-
Capital grants	46,454	-	-	1,010,562	1,057,016	-
Proceeds from sale of assets	9,690	30,732	-	-	40,422	-
Net cash provided (used) by capital and related financing activities	(2,575,908)	(604,945)	(392,765)	(330,067)	(3,903,685)	-
<b>Cash Flows from Investing Activities:</b>						
Interest earned on investments	(1,752)	47,292	(1,143)	1,347	45,744	551
Net increase (decrease) in cash and cash equivalents	1,490,952	7,735,188	864,151	(10,094)	10,080,197	(25,777)
<b>Cash and Cash Equivalents:</b>						
Beginning of year - July 1	4,982,691	12,545,545	5,673,930	1,079,136	24,281,302	1,324,230
End of year - June 30	\$ 6,473,643	\$ 20,280,733	\$ 6,538,081	\$ 1,069,042	\$ 34,361,499	\$ 1,298,453
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ 858,374	\$ 1,523,267	\$ 376,656	\$ (2,282,447)	\$ 475,850	\$ 13,400
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	2,895,131	688,522	479,623	426,684	4,489,960	-
Other receipts	19,485	8,734	210,847	10,542	249,608	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in accounts receivable	272,891	203,611	(49,473)	48,198	475,227	-
(Increase) decrease in inventory	(8,231)	(141,131)	-	-	(149,362)	-
(Increase) decrease in prepaid expenses	(22,389)	(40,080)	(230)	-	(62,699)	-
(Increase) decrease in deferred outflows - pensions	(103,604)	(54,269)	(19,734)	(19,735)	(197,342)	-
(Increase) decrease in deferred outflows - OPEB	(160,931)	(89,371)	(35,780)	(26,836)	(312,918)	-
Increase (decrease) in accounts payable and accrued liabilities	157,936	161,977	(21,375)	8,853	307,391	(39,728)
Increase (decrease) in net pension liability	243,733	127,669	46,425	46,425	464,252	-
Increase (decrease) in deferred inflows of resources - pensions	26,683	13,977	5,082	5,083	50,825	-
Increase (decrease) in deferred inflows of resources - OPEB	(70,363)	(39,075)	(15,644)	(11,732)	(136,814)	-
Increase (decrease) in customer deposits	10,480	56,283	-	4,948	71,711	-
Increase (decrease) in compensated absences	(13,418)	(4,246)	(5,258)	(5,322)	(28,244)	-
Increase (decrease) in other post-employment benefits	320,206	177,824	71,192	53,393	622,615	-
Increase (decrease) in accrued landfill post-closure costs	-	-	262,148	-	262,148	-
Total adjustments	3,567,609	1,070,425	927,823	540,501	6,106,358	(39,728)
Net cash provided (used) by operating activities	\$ 4,425,983	\$ 2,593,692	\$ 1,304,479	\$ (1,741,946)	\$ 6,582,208	\$ (26,328)

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



**ALBEMARLE**  
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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, 2021

### 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, 2021

*Fund Financial Statements:* The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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 fund:

**General Fund.** The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, and state-shared revenues. The primary expenditures are for public safety, public works, cultural and recreation, and general governmental services.

The City reports the following 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.

**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.

**General Capital Projects Fund.** This fund is used to account for funds for various general capital projects for the City.

**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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**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.

**King Alleyway Renovation Project Fund.** This fund is used to account for funds for construction and rehabilitation of King Alleyway.

**Streetscape and Wayfinding Project Fund.** This fund is used to account for funds relating to streetscape and wayfinding expenditures.

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, and Inflow & Infiltration Sewer 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 and the Landfill Gravity Line Capital 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 and Section 8 have been consolidated into the Department of Public Housing Fund for reporting purposes. The capital funds have been consolidated into the Conventional 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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*Government-Wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**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, 2021

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, 2021

### 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, an SEC-registered (2a-7) government money mutual market fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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, 2021

### 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 also in place for grants in the Department of Public Housing Fund.

#### Governmental Activities:

##### General Fund:

Streets	\$	189,312
Advances from grantors		<u>727</u>
Total governmental activities		<u>190,039</u>

#### Business-Type Activities:

##### Water and Sewer Fund:

Customer deposits	\$	166,051
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##### Electric Fund:

Customer deposits		1,034,336
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##### Department of Public Housing:

Customer deposits		55,771
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Grant restrictions		63,964
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Advances from grantors		<u>75,939</u>
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Total business-type activities		<u>1,396,061</u>
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Total restricted cash	\$	<u>1,586,100</u>
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### 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, 2020. As allowed by state law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

### 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, 2021

### 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, 2021

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 several 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, 2021

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.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted for Housing Assistance Payments – represents a portion of net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

#### **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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*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 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 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.

**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.

*Committed for General Government* – portion of fund balance budgeted by the Board to be used for certain general government expenditures.

*Committed for Economic Development* – portion of fund balance budgeted by the Board to be used for economic development.

*Committed for Parks and Recreation* – portion of fund balance budgeted by the Board to be used for certain parks and recreation expenditures.

*Committed for Public Works* – portion of fund balance budgeted by the Board to be used for certain public works expenditures.

**Assigned Fund Balance** – portion of fund balance that the City of Albemarle intends to use for specific purposes.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*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.

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



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 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, 2021, the City's deposits had a carrying amount of \$30,211,761 and a bank balance of \$30,211,208. Of the bank balance, \$781,975 was covered by federal depository insurance, \$861,657 was covered by collateral held under the dedicated method, and \$28,567,576 was covered by collateral held under the pooling method. At June 30, 2021, the City's petty cash fund totaled \$3,428.

At June 30, 2021, the carrying amount of deposits for the ABC Board was \$981,330 and the bank balance was \$1,118,438. Of the bank balance, the portion not covered by federal depository insurance was collateralized under the pooling method.

### Investments

At June 30, 2021, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Valuation</u>		<u>Maturity</u>	<u>Rating</u>
	<u>Method</u>	<u>Fair Value</u>		
NC Capital Management Trust -				
Government Portfolio	Fair Value - Level 1	\$ 13,307,204	N/A	AAAm
U.S. treasuries	Fair Value - Level 1	<u>3,140,759</u>	1-3 years	AAA
Total		<u>\$ 16,447,963</u>		

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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.

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

*Level of Fair Value Hierarchy:* Level 1: Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

*Credit Risk.* The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City’s investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor’s and AAA-mf by Moody’s Investors Service as of June 30, 2021.

**Receivables - Allowances for Doubtful Accounts**

The amounts presented in the balance sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Taxes receivable	\$ 288,346	\$ -
Accounts receivable	-	22,936
<b>Total</b>	<b>\$ 288,346</b>	<b>\$ 22,936</b>

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

	<b>Governmental Activities</b>
Sales and use tax distribution	\$ 1,156,932
Sales tax refund	369,548
Grants	110,562
Motor vehicle tax	97,723
Other	241,416
<b>Total</b>	<b>\$ 1,976,181</b>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Capital Assets**

**Primary Government**

Capital asset activity for the primary government for the year ended June 30, 2021 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 4,384,333	\$ -	\$ -	\$ -	\$ 4,384,333
Construction in progress	<u>5,682,368</u>	<u>1,014,249</u>	<u>(5,168,589)</u>	<u>-</u>	<u>1,528,028</u>
Total non-depreciable capital assets	<u>10,066,701</u>	<u>1,014,249</u>	<u>(5,168,589)</u>	<u>-</u>	<u>5,912,361</u>
<b>Depreciable Capital Assets:</b>					
Buildings	12,388,818	5,330,133	-	-	17,718,951
Other improvements	1,388,276	200,579	-	-	1,588,855
Infrastructure	6,986,441	174,133	-	-	7,160,574
Furniture and fixtures	211,999	-	-	-	211,999
Equipment	<u>8,186,815</u>	<u>800,038</u>	<u>(24,634)</u>	<u>-</u>	<u>8,962,219</u>
Total depreciable capital assets	<u>29,162,349</u>	<u>6,504,883</u>	<u>(24,634)</u>	<u>-</u>	<u>35,642,598</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	5,534,567	523,781	-	-	6,058,348
Other improvements	594,532	39,297	-	-	633,829
Infrastructure	3,437,926	207,341	-	-	3,645,267
Furniture and fixtures	211,999	-	-	-	211,999
Equipment	<u>5,578,734</u>	<u>572,342</u>	<u>(24,328)</u>	<u>-</u>	<u>6,126,748</u>
Total accumulated depreciation	<u>15,357,758</u>	<u>\$ 1,342,761</u>	<u>\$ (24,328)</u>	<u>\$ -</u>	<u>16,676,191</u>
Total depreciable capital assets, net	<u>13,804,591</u>				<u>18,966,407</u>
Governmental activities capital assets, net	<u>\$ 23,871,292</u>				<u>\$ 24,878,768</u>

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

<b>Governmental Activities:</b>	
General government	\$ 294,265
Public safety	379,501
Public works	409,879
Cultural and recreational	<u>259,116</u>
Total depreciation expense	<u>\$ 1,342,761</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital asset activity for business-type activities for the year ended June 30, 2021 was as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balances</b>
<b>Business-Type Activities:</b>					
<b>Water Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 145,228	\$ -	\$ -	\$ -	\$ 145,228
Construction in progress	7,049,205	154,722	(6,123,127)	-	1,080,800
Total non-depreciable capital assets	7,194,433	154,722	(6,123,127)	-	1,226,028
<b>Depreciable Capital Assets:</b>					
Buildings	52,483,211	2,784,766	-	-	55,267,977
Water and sewer lines	40,774,704	3,564,163	-	-	44,338,867
Furniture and fixtures	95,991	-	-	-	95,991
Equipment and vehicles	10,202,868	211,265	(24,512)	-	10,389,621
Total depreciable capital assets	103,556,774	6,560,194	(24,512)	-	110,092,456
<b>Less Accumulated Depreciation:</b>					
Buildings	26,778,009	1,469,837	-	-	28,247,846
Water and sewer lines	24,687,529	782,576	-	-	25,470,105
Furniture and fixtures	95,991	-	-	-	95,991
Equipment and vehicles	5,198,968	642,718	(24,059)	-	5,817,627
Total accumulated depreciation	56,760,497	\$ 2,895,131	\$ (24,059)	\$ -	59,631,569
Total depreciable capital assets, net	46,796,277				50,460,887
Water and Sewer Fund capital assets, net	\$ 53,990,710				\$ 51,686,915

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balances</b>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 145,963	\$ -	\$ -	\$ -	\$ 145,963
Construction in progress	<u>2,659,605</u>	<u>101,319</u>	<u>(76,260)</u>	<u>-</u>	<u>2,684,664</u>
Total non-depreciable capital assets	<u>2,805,568</u>	<u>101,319</u>	<u>(76,260)</u>	<u>-</u>	<u>2,830,627</u>
<b>Depreciable Capital Assets:</b>					
Buildings	6,946,731	-	-	-	6,946,731
Distribution lines	18,542,509	-	-	-	18,542,509
Furniture and fixtures	191,983	-	-	-	191,983
Equipment and vehicles	<u>3,198,619</u>	<u>448,749</u>	<u>(167,123)</u>	<u>-</u>	<u>3,480,245</u>
Total depreciable capital assets	<u>28,879,842</u>	<u>448,749</u>	<u>(167,123)</u>	<u>-</u>	<u>29,161,468</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	2,800,073	256,781	-	-	3,056,854
Distribution lines	15,172,298	165,383	-	-	15,337,681
Furniture and fixtures	191,982	-	-	-	191,982
Equipment and vehicles	<u>2,099,589</u>	<u>266,358</u>	<u>(167,123)</u>	<u>-</u>	<u>2,198,824</u>
Total accumulated depreciation	<u>20,263,942</u>	<u>\$ 688,522</u>	<u>\$ (167,123)</u>	<u>\$ -</u>	<u>20,785,341</u>
Total depreciable capital assets, net	<u>8,615,900</u>				<u>8,376,127</u>
Electric Fund capital assets, net	<u>\$ 11,421,468</u>				<u>\$ 11,206,754</u>
	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balances</b>
<b>Business-Type Activities:</b>					
<b>Landfill Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 587,070	\$ -	\$ -	\$ -	\$ 587,070
Construction in progress	<u>260,142</u>	<u>176,046</u>	<u>(436,188)</u>	<u>-</u>	<u>-</u>
Total non-depreciable capital assets	<u>847,212</u>	<u>176,046</u>	<u>(436,188)</u>	<u>-</u>	<u>587,070</u>
<b>Depreciable Capital Assets:</b>					
Buildings	2,356,258	-	-	-	2,356,258
Landfill cell construction	8,784,989	447,187	(100,629)	-	9,131,547
Furniture and fixtures	53,034	-	-	-	53,034
Equipment and vehicles	<u>4,769,227</u>	<u>-</u>	<u>(377)</u>	<u>-</u>	<u>4,768,850</u>
Total depreciable capital assets	<u>15,963,508</u>	<u>447,187</u>	<u>(101,006)</u>	<u>-</u>	<u>16,309,689</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	352,074	60,984	-	-	413,058
Landfill cell construction	6,814,725	59,681	(20,126)	-	6,854,280
Furniture and fixtures	5,303	5,303	-	-	10,606
Equipment and vehicles	<u>3,780,961</u>	<u>353,655</u>	<u>(377)</u>	<u>-</u>	<u>4,134,239</u>
Total accumulated depreciation	<u>10,953,063</u>	<u>\$ 479,623</u>	<u>\$ (20,503)</u>	<u>\$ -</u>	<u>11,412,183</u>
Total depreciable capital assets, net	<u>5,010,445</u>				<u>4,897,506</u>
Landfill Fund capital assets, net	<u>\$ 5,857,657</u>				<u>\$ 5,484,576</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>					
<b>Department of Public Housing :</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 163,505	\$ -	\$ -	\$ -	\$ 163,505
Construction in progress	-	<u>1,297,496</u>	-	-	<u>1,297,496</u>
Total non-depreciable capital assets	<u>163,505</u>	<u>1,297,496</u>	-	-	<u>1,461,001</u>
<b>Depreciable Capital Assets:</b>					
Buildings	11,415,025	-	-	-	11,415,025
Improvements	1,095,734	-	-	-	1,095,734
Furniture and fixtures	32,487	-	-	-	32,487
Equipment	<u>676,831</u>	<u>43,133</u>	<u>(377)</u>	-	<u>719,587</u>
Total depreciable capital assets	<u>13,220,077</u>	<u>43,133</u>	<u>(377)</u>	-	<u>13,262,833</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	7,347,543	354,105	-	-	7,701,648
Improvements	644,590	40,161	-	-	684,751
Furniture and fixtures	32,487	-	-	-	32,487
Equipment	<u>516,729</u>	<u>32,418</u>	<u>(377)</u>	-	<u>548,770</u>
Total accumulated depreciation	<u>8,541,349</u>	<u>\$ 426,684</u>	<u>\$ (377)</u>	<u>\$ -</u>	<u>8,967,656</u>
Total depreciable capital assets, net	<u>4,678,728</u>				<u>4,295,177</u>
Department of public housing capital assets, net	<u>4,842,233</u>				<u>5,756,178</u>
Total business-type assets	<u>\$ 76,112,068</u>				<u>\$ 74,134,423</u>

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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Inflow & infiltration phase 2	<u>\$ 6,123,127</u>	<u>\$ 296,518</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Discretely Presented Component Unit

Capital asset activity for the City of Albemarle ABC Board for the ended June 30, 2021 was as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balances</b>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 222,167	\$ -	\$ -	\$ 222,167
<b>Depreciable Capital Assets:</b>				
Buildings	1,080,831	-	-	1,080,831
Equipment	255,929	24,684	-	280,613
Total depreciable capital assets	1,336,760	24,684	-	1,361,444
<b>Less Accumulated Depreciation:</b>				
Buildings	403,775	31,941	-	435,716
Equipment	200,979	13,978	-	214,957
Total accumulated depreciation	604,754	\$ 45,919	\$ -	650,673
Total ABC depreciable capital assets, net	732,006			710,771
ABC capital assets, net	\$ 954,173			\$ 932,938

### Net Investment in Capital Assets

Net investment in capital assets is comprised of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 24,878,768	\$ 74,134,423
Less: Long-term debt	(5,956,166)	(27,329,810)
Net investment in capital assets	\$ 18,922,602	\$ 46,804,613

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**B. Liabilities**

**Payables**

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 735,636	\$ 475,625	\$ 1,211,261
Other governmental	280,086	-	280,086
Total governmental activities	<u>\$ 1,015,722</u>	<u>\$ 475,625</u>	<u>\$ 1,491,347</u>
<b>Business-Type Activities:</b>			
Water and Sewer Fund	\$ 224,469	\$ 161,048	\$ 385,517
Electric Fund	2,579,771	102,185	2,681,956
Landfill Fund	27,099	36,929	64,028
Department of public housing	32,744	31,514	64,258
Total business-type activities	<u>\$ 2,864,083</u>	<u>\$ 331,676</u>	<u>\$ 3,195,759</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 Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*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, 2021 was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Albemarle were \$1,292,080 for the year ended June 30, 2021.

*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, 2021**

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

At June 30, 2021, the City reported a liability of \$6,371,776 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the City's proportion was 0.17831%, which was a decrease of 0.01251% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$2,086,420. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 804,643	\$ -
Changes of assumptions	474,185	-
Net difference between projected and actual earnings on pension plan investments	896,657	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	283,075
City contributions subsequent to the measurement date	<u>1,292,080</u>	<u>-</u>
Total	<u>\$ 3,467,565</u>	<u>\$ 283,075</u>

\$1,292,080 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 505,682
2023	721,018
2024	400,346
2025	<u>265,364</u>
Total	<u>\$ 1,892,410</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2019 valuation, with the exception of the discount rate, 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, 2020 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, 2021

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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>\$12,927,639</u>	<u>\$6,371,776</u>	<u>\$ 923,393</u>

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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, 2021

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

Inactive members currently receiving benefits	12
Active members	<u>43</u>
Total	<u><u>55</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 meet the criteria, which are outlined in GASB Statement 73.

**Actuarial Assumptions.** The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

**Mortality Assumptions:** All mortality rates use Pub-2010 amount-weighted tables.

**Mortality Projection:** All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

**Deaths After Retirement (Healthy):** Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

**Deaths After Retirement (Disabled Members at Retirement):** Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Deaths After Retirement (Survivors of Deceased Members):** Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

**Death Prior to Retirement:** Mortality rates are based on the Safety Mortality Table for Employees.

**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 \$182,361 as benefits came due for the reporting period.

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

At June 30, 2021, the City reported a total pension liability of \$2,435,829. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$245,568.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 104,663	\$ 28,346
Changes of assumptions and other inputs	496,603	25,195
City benefit payments and administrative expenses subsequent to the measurement date	102,141	-
Total	\$ 703,407	\$ 53,541

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

The City paid \$102,141 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 127,371
2023	136,792
2024	131,174
2025	122,897
2026	29,491
Thereafter	-
Total	<u>\$ 547,725</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 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<b>1% Decrease (0.93%)</b>	<b>Discount Rate (1.93%)</b>	<b>1% Increase (2.93%)</b>
Total pension liability	<u>\$ 2,617,436</u>	<u>\$ 2,435,829</u>	<u>\$ 2,269,289</u>

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

	<b>2021</b>
Beginning balance	\$ 1,850,876
Service cost	65,972
Interest on the total pension liability	57,366
Differences between expected and actual experience in the measurement of the total pension liability	86,542
Changes of assumptions or other inputs	557,434
Benefit payments	<u>(182,361)</u>
Ending balance of the total pension liability	<u>\$ 2,435,829</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at December 31, 2019 to 1.93 percent at December 31, 2020.

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:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension expense	\$ 2,086,420	\$ 245,568	\$ 2,331,988
Pension liability	6,371,776	2,435,829	8,807,605
Proportionate share of the net pension liability	0.17831%	n/a	-

#### **Deferred of Outflows of Resources:**

Differences between expected and actual experience	\$ 804,643	\$ 104,663	\$ 909,306
Changes of assumptions	474,185	496,603	970,788
Net difference between projected and actual earnings on plan investments	896,657	-	896,657
City contributions (LGERS) and benefit payments and administrative costs (LEOSSA) paid subsequent to the measurement date	<u>1,292,080</u>	<u>102,141</u>	<u>1,394,221</u>
Total	<u>\$ 3,467,565</u>	<u>\$ 703,407</u>	<u>\$ 4,170,972</u>

#### **Deferred of Inflows of Resources:**

Differences between expected and actual experience	\$ -	\$ 28,346	\$ 28,346
Changes of assumptions	-	25,195	25,195
Changes in proportion and differences between contributions and proportionate share of contributions	<u>283,075</u>	<u>-</u>	<u>283,075</u>
Total	<u>\$ 283,075</u>	<u>\$ 53,541</u>	<u>\$ 336,616</u>



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### **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 Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that 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 \$198,274 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 meet 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, 2021

**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:

<u>Years of Service With the City at Retirement</u>	<u>City Contribution</u>
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 \$12,382,314 was measured as of June 30, 2020 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, 2021**

**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	3.50 percent
Measurement date	2.21 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**

	<b>Total OPEB Liability</b>
Balance at June 30, 2020	<u>\$ 10,834,679</u>
Changes for the year:	
Service cost	433,708
Interest on the pension liability	383,697
Differences between expected and actual experience	(21,952)
Changes of assumptions or other inputs	1,368,756
Benefit payments	<u>(616,574)</u>
Net changes	<u>1,547,635</u>
Balance at June 30, 2021	<u><u>\$ 12,382,314</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

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, 2021**

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 through 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 (1.21 percent), or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Total OPEB liability	<u>\$ 13,575,465</u>	<u>\$ 12,382,314</u>	<u>\$ 11,305,261</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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 10,915,683</u>	<u>\$ 12,382,314</u>	<u>\$ 14,135,165</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$737,252. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 298,838	\$ 1,208,856
Changes of assumptions and other inputs	1,340,141	520,464
City benefit payments and administrative expenses subsequent to the measurement date	382,979	-
Total	<u>\$ 2,021,958</u>	<u>\$ 1,729,320</u>

\$382,979 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ (80,153)
2023	(80,153)
2024	(80,153)
2025	(28,454)
2026	(684)
Thereafter	179,256
Total	<u>\$ (90,341)</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 payments are made from the Death Benefit Plan and not by the City, the City does not determine

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions to pension plan in current fiscal year:		
LGERS	\$ 1,292,080	\$ -
LEOSSA	102,141	-
Benefit payments/administration costs paid subsequent to the measurement date (OPEB):		
OPEB	382,979	-
Differences between expected and actual experience:		
LGERS	804,643	-
LEOSSA	104,663	28,346
OPEB	298,838	1,208,856
Changes in assumptions:		
LGERS	474,185	-
LEOSSA	496,603	25,195
OPEB	1,340,141	520,464
Net difference between projected and actual earnings on plan investments:		
LGERS	896,657	-
Changes in proportion and differences between employer contributions and proportionate share:		
LGERS	-	283,075
Prepaid taxes	-	1,785
Taxes receivable (General Fund)	-	288,237
License fees receivable (General Fund)	-	1,046
Total	\$ 6,192,930	\$ 2,357,004

### 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, 2021

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>2021</u>	<u>2020</u>
Unpaid claims, beginning	\$ 210,099	\$ 250,492
Incurred claims and premiums	2,934,063	2,918,255
Claims and premiums paid	<u>(2,973,791)</u>	<u>(2,958,648)</u>
Balance, end of year	<u>\$ 170,371</u>	<u>\$ 210,099</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, 2021

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 first agreement was executed on May 31, 2019 to lease vehicles and requires 60 monthly payments of \$2,198. The capital lease is split between the Water and Sewer Fund and the Electric Fund. The second agreement was executed on January 28, 2021 to lease vehicles and requires 60 monthly payments of \$2,418. In both agreements, title passes to the City at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2021:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles- 2019	\$ 134,597	\$ 56,082	\$ 78,515
Vehicles- 2021	84,781	7,065	77,716
Total	<u>\$ 219,378</u>	<u>\$ 63,147</u>	<u>\$ 156,231</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2022	\$ 43,789
2023	43,789
2024	41,591
2025	17,409
2026	<u>11,606</u>
Total minimum lease payments	158,184
Less: amount representing interest	<u>3,690</u>
Present value of the minimum lease payments	<u>\$ 154,494</u>



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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.	\$ 280,000	\$ 420,000
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.	3,884,000	-
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.	1,398,300	-
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%.	-	1,727,639
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.	-	244,889
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.	-	3,920,000
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.	-	2,372,021
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%.	-	2,236,703

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<b>Serviced by</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
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.	332,496	-
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.	-	9,535,675
2017 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Leachate Upgrade Landfill Project, payable in twenty annual installments ranging from \$23,997 to \$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, 2021.	-	1,516,075
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, 2021.	-	5,202,314
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	61,370	-
Total installment purchases	<u>\$ 5,956,166</u>	<u>\$ 27,175,316</u>

The City's outstanding note from direct placements related to governmental and business-type activities of \$700,000 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 \$3,884,000 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.

## **CITY OF ALBEMARLE, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

The City's outstanding note from direct placements related to governmental activities of \$1,398,300 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 borrowings related to business-type activities of \$1,727,639 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 \$244,889 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.

The City's outstanding note from direct placements related to business-type activities of \$3,920,000 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 borrowings related to business-type activities of \$2,372,021 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 borrowings related to business-type activities of \$2,236,703 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, 2021**

The City's outstanding note from direct placements related to governmental activities of \$332,496 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 \$9,535,675 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 borrowings related to business-type activities of \$1,516,075 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, 2021.

The City's outstanding note from direct borrowings related to business-type activities of \$5,202,314 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, 2021.

The City's outstanding note from direct placements related to governmental activities of \$61,370 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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Installment Purchases

Annual debt service payments of the direct borrowing and direct placement installment purchase contracts as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 632,542	\$ 197,930	\$ 2,072,319	\$ 300,008
2023	573,119	179,503	2,037,180	276,291
2024	435,110	163,028	1,722,305	249,452
2025	404,575	148,671	1,722,305	226,756
2026	339,120	135,836	1,722,305	204,060
2027-2031	1,695,904	495,163	8,611,525	679,862
2032-2036	1,186,796	224,039	7,130,185	161,542
2037-2040	689,000	42,804	2,157,192	4,923
Total	<u>\$ 5,956,166</u>	<u>\$ 1,586,974</u>	<u>\$ 27,175,316</u>	<u>\$ 2,102,894</u>

At June 30, 2021, the City had a legal debt margin of \$56,418,388.

### 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, 2021:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
Direct placements and borrowings -					
installment purchases	\$ 6,675,620	\$ -	\$ (719,454)	\$ 5,956,166	\$ 632,542
Compensated absences	741,061	583,446	(597,297)	727,210	566,070
Total pension liability - LEO	1,850,876	584,953	-	2,435,829	-
Net pension liability - LGERS	3,114,705	696,379	-	3,811,084	-
Total OPEB liability	<u>6,515,696</u>	<u>925,020</u>	<u>-</u>	<u>7,440,716</u>	<u>-</u>
Governmental activities					
long-term liabilities	<u>\$ 18,897,958</u>	<u>\$ 2,789,798</u>	<u>\$ (1,316,751)</u>	<u>\$ 20,371,005</u>	<u>\$ 1,198,612</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<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>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund:</b>					
Direct placement - installment purchases	\$ 26,880,807	\$ 384,625	\$ (1,886,191)	\$ 25,379,241	\$ 1,843,138
Capital leases	50,135	84,781	(18,036)	116,880	29,373
Compensated absences	255,284	107,514	(120,932)	241,866	109,574
Net pension liability - LGERS	1,078,175	243,733	-	1,321,908	-
Total OPEB liability	<u>2,207,433</u>	<u>320,206</u>	<u>-</u>	<u>2,527,639</u>	<u>-</u>
Total Water and Sewer Fund	<u>30,471,834</u>	<u>1,140,859</u>	<u>(2,025,159)</u>	<u>29,587,534</u>	<u>1,982,085</u>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
Direct placement - installment purchases	420,000	-	(140,000)	280,000	140,000
Capital leases	50,135	-	(12,521)	37,614	12,711
Compensated absences	166,178	130,620	(134,866)	161,932	130,843
Net pension liability - LGERS	598,889	127,669	-	726,558	-
Total OPEB liability	<u>1,245,774</u>	<u>177,824</u>	<u>-</u>	<u>1,423,598</u>	<u>-</u>
Total Electric Fund	<u>2,480,976</u>	<u>436,113</u>	<u>(287,387)</u>	<u>2,629,702</u>	<u>283,554</u>
<b>Business-Type Activities:</b>					
<b>Landfill Fund:</b>					
Direct placements and borrowings - installment purchases	1,520,618	59,410	(63,953)	1,516,075	89,181
Compensated absences	64,752	19,364	(24,622)	59,494	15,060
Accrued landfill closure and post-closure costs	4,839,521	262,148	-	5,101,669	-
Net pension liability - LGERS	239,644	46,425	-	286,069	-
Total OPEB liability	<u>492,958</u>	<u>71,192</u>	<u>-</u>	<u>564,150</u>	<u>-</u>
Total Landfill Fund	<u>7,157,493</u>	<u>458,539</u>	<u>(88,575)</u>	<u>7,527,457</u>	<u>104,241</u>
<b>Business-Type Activities:</b>					
<b>Public Housing Fund:</b>					
Compensated absences	42,011	22,800	(28,122)	36,689	28,600
Net pension liability - LGERS	179,732	46,425	-	226,157	-
Total OPEB liability	<u>372,818</u>	<u>53,393</u>	<u>-</u>	<u>426,211</u>	<u>-</u>
Total Public Housing Fund	<u>594,561</u>	<u>122,618</u>	<u>(28,122)</u>	<u>689,057</u>	<u>28,600</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Total Business-Type Activities:</b>					
Direct placements and borrowings -					
installment purchases	\$ 28,821,425	\$ 444,035	\$(2,090,144)	\$27,175,316	\$2,072,319
Capital leases	100,270	84,781	(30,557)	154,494	42,084
Compensated absences	528,225	280,298	(308,542)	499,981	284,077
Accrued landfill closure and					
post-closure costs	4,839,521	262,148	-	5,101,669	-
Net pension liability - LGERS	2,096,440	464,252	-	2,560,692	-
Total OPEB liability	<u>4,318,983</u>	<u>622,615</u>	<u>-</u>	<u>4,941,598</u>	<u>-</u>
Total business-type activity					
long-term liabilities	<u>\$ 40,704,864</u>	<u>\$ 2,158,129</u>	<u>\$(2,429,243)</u>	<u>\$40,433,750</u>	<u>\$2,398,480</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, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund (1)	General Fund	\$ 131,658
General Fund (2)	Water and Sewer Fund	273,929
General Fund (2)	Electric Fund	157,386
General Fund (2)	Landfill Fund	55,548
General Fund (2)	Public Housing Fund	<u>57,726</u>
Total		<u>\$ 676,247</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, 2021, 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, 2021**

Transfers to/from other funds for the year ended June 30, 2021 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	\$ 349,510
From the Water and Sewer Fund to the General Capital Projects Fund for capital outlay activities	6,109
From the Water and Sewer Fund to the Streetscape and Wayfinding Project Fund for capital outlay activities	11,250
From the Electric Fund to the General Fund for payment in lieu of taxes	978,720
From the Electric Fund to the King Alleyway Renovation Project Fund for capital outlay activities	97,450
From the Electric Fund to the General Capital Projects Fund for capital outlay activities	11,009
From the Electric Fund to the Streetscape and Wayfinding Project Fund for capital outlay activities	11,250
From the Electric Fund to the Albemarle Business Park Project Fund for capital outlay activities	19,885
From the Landfill Fund to the General Fund for payment in lieu of taxes	41,400
From the Landfill Fund to the Streetscape and Wayfinding Project Fund for capital outlay activities	11,250
From Landfill Fund to Leachate Force Main Capital Project Fund to close out the project	32,530
From the Landfill Gravity Line Capital Project to the Landfill Fund to close out the project	93,812
From the Public Housing Fund to the General Fund for payment in lieu of taxes	25,205
	<u>\$ 1,689,380</u>



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

<u>Purpose</u>	<u>Amount</u>
From the General Fund to the Firefighter SCBA Equipment Fund for capital outlay activities	\$ 10,005
From the General Fund to the Streetscape and Wayfinding Project Fund for capital outlay activities	31,250
From the General Fund to the Electric Fund for street lights	25,000
From the General Fund to the King Alleyway Renovation Project Fund for capital outlay activities	98,000
From the General Fund to the General Capital Projects Fund for capital outlay activities	456,358
From the Parks and Recreation Carolina Treetop Challenge Project Fund to the General Fund to close out the project	32,557
From the Albemarle Police Headquarters Fund to the General Fund to close out the project	207,398
	<u>\$ 860,568</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.

### 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, 2021 were \$23,935,696. 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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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.

#### **Coronavirus Disease (COVID-19)**

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may continue to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

### 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 \$5,101,669 reported as landfill closure and post-closure care liability at June 30, 2021 represents a cumulative amount reported to date, based on the use of 61.5% and 33.2% of the total estimated capacity of the MSW landfill and the C&D landfill, respectively. At June 30, 2021, there was an increase in the liability amounting to \$262,148. 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 2021. 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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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	\$ 10,471,694
Less:	
Inventories	16,788
Prepays	69,604
Stabilization by state statute	2,163,048
Appropriated fund balance in 2022 budget	228,000
Streets - Powell Bill	189,312
Public safety	121,388
Economic development	4,123
Remaining fund balance	<u>\$ 7,679,431</u>

### 7. Related Organizations

The City of Albemarle ABC Board is a component unit of the City of Albemarle and therefore, are related parties. For the year ended June 30, 2021, the City received \$355,000 for profit distributions and \$23,780 for law enforcement distributions and had \$56,330 in distribution receivable from the ABC Board.

### 8. Subsequent Events

The City of Albemarle was awarded \$5,177,559 from the federal American Rescue Plan (ARP). Subsequent to year end, the City received \$2,588,779. The remaining amount of \$2,588,780 will be released no sooner than one year after the first disbursement and may vary slightly depending on funds returned and other factors.



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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-Employee Payroll for Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios for Other Post-Employment Benefits

CITY OF ALBEMARLE, NORTH CAROLINA

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

	<b>Local Government Employees' Retirement System</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Albemarle's proportion of the net pension liability (asset) %	0.17831%	0.19082%	0.19327%	0.19816%
Albemarle's proportion of net pension liability (asset) \$	\$ 6,371,776	\$ 5,211,145	\$ 4,585,025	\$ 3,027,336
Albemarle's covered payroll	\$ 12,196,568	\$ 11,978,543	\$ 11,921,550	\$ 11,827,787
Albemarle's proportionate share of of net pension liability (asset) as a percentage of it covered payroll	52.24%	43.50%	38.46%	25.60%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

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

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

	<u>Local Government Employees' Retirement System</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Albemarle's proportion of the net pension liability (asset) %	0.20077%	0.19907%	0.20039%	0.19690%
Albemarle's proportion of net pension liability (asset) \$	\$ 4,261,010	\$ 893,414	\$ (1,181,792)	\$ 2,373,401
Albemarle's covered payroll	\$ 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	36.12%	8.01%	-10.93%	22.06%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

CITY OF ALBEMARLE, NORTH CAROLINA

SCHEDULE OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS

<u>Local Government Employees' Retirement System</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,292,080	\$ 1,105,497	\$ 947,528	\$ 911,189
Contributions in relation to the contractually required contribution	<u>1,292,080</u>	<u>1,105,497</u>	<u>947,528</u>	<u>911,189</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Albemarle's covered payroll	\$ 12,591,618	\$ 12,196,568	\$ 11,978,543	\$ 11,921,550
Contributions as a percentage of covered payroll	10.26%	9.06%	7.91%	7.64%

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 EIGHT FISCAL YEARS

<u>Local Government Employees' Retirement System</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 871,049	\$ 806,049	\$ 795,267	\$ 769,059
Contributions in relation to the contractually required contribution	<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>
Albemarle's covered payroll	\$ 11,827,787	\$ 11,796,289	\$ 11,148,197	\$ 10,816,329
Contributions as a percentage of covered payroll	7.36%	6.83%	7.13%	7.11%

## CITY OF ALBEMARLE, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAST FIVE FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,850,876	\$ 1,857,649	\$ 1,851,868	\$ 1,917,124	\$ 1,969,751
Service cost	65,972	61,070	69,904	55,801	62,541
Interest on the total pension liability	57,366	64,439	56,164	71,066	67,718
Differences between expected and actual experience in the measurement of the total pension liability	86,542	(3,071)	87,926	(130,471)	-
Changes of assumptions or other inputs	557,434	45,468	(59,134)	90,442	(37,099)
Benefit payments	<u>(182,361)</u>	<u>(174,679)</u>	<u>(149,079)</u>	<u>(152,094)</u>	<u>(145,787)</u>
Ending balance of the total pension liability	<u>\$ 2,435,829</u>	<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-EMPLOYEE PAYROLL**  
**LAST FIVE FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$2,435,829	\$1,850,876	\$1,857,649	\$1,851,868	\$1,917,124
Covered-employee payroll	2,224,903	2,221,131	2,358,121	2,200,701	2,298,076
Total pension liability as a percentage of covered-employee payroll	109.48%	83.33%	78.78%	84.15%	83.42%

**Notes to the Schedules:**

The City of Albemarle has no assets accumulated in a trust that meet 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 FOUR FISCAL YEARS**

<b>Healthcare Benefits Plan</b>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 433,708	\$ 533,178	\$ 551,538	\$ 596,719
Interest	383,697	454,673	412,447	364,403
Differences between expected and actual experience	(21,952)	(1,618,306)	501,668	(20,701)
Changes of assumptions	1,368,756	214,710	(378,011)	(640,656)
Benefit payments	<u>(616,574)</u>	<u>(867,360)</u>	<u>(1,101,284)</u>	<u>(545,476)</u>
Net change in OPEB liability	1,547,635	(1,283,105)	(13,642)	(245,711)
Total OPEB liability - beginning	<u>10,834,679</u>	<u>12,117,784</u>	<u>12,131,426</u>	<u>12,377,137</u>
Total OPEB liability - ending	<u>\$ 12,382,314</u>	<u>\$ 10,834,679</u>	<u>\$ 12,117,784</u>	<u>\$ 12,131,426</u>
Covered-employee payroll	\$ 10,971,306	\$ 10,971,306	\$ 11,144,863	\$ 11,144,863
Total OPEB liability as a percentage of covered-employee payroll	112.86%	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:

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
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.

**SUPPLEMENTARY INFORMATION**

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



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## **MAJOR GOVERNMENTAL FUND**

**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.



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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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad valorem taxes:</b>			
Current year	\$ 6,795,895	\$ 7,020,746	\$ 224,851
Prior years	136,550	149,080	12,530
Penalties and interest	54,400	52,671	(1,729)
Total	<u>6,986,845</u>	<u>7,222,497</u>	<u>235,652</u>
<b>Other Taxes and Licenses:</b>			
Gross receipts tax on short-term rental property	32,000	31,012	(988)
Local occupancy tax	70,000	132,376	62,376
Privilege license fee	500	465	(35)
Motor vehicle fees	132,200	128,375	(3,825)
Total	<u>234,700</u>	<u>292,228</u>	<u>57,528</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Local option sales tax	3,857,210	4,757,248	900,038
Utility franchise tax	1,110,260	1,083,904	(26,356)
Telecommunications tax	96,530	92,898	(3,632)
Cable TV franchise	105,435	100,572	(4,863)
Piped natural gas sales tax	39,240	46,736	7,496
Beer and wine tax	70,000	67,827	(2,173)
ABC profit distribution	260,000	405,000	145,000
Total	<u>5,538,675</u>	<u>6,554,185</u>	<u>1,015,510</u>
<b>Restricted Intergovernmental Revenues:</b>			
ABC - law enforcement	18,000	25,641	7,641
Powell Bill allocation	476,950	477,427	477
Street sweeper contract	8,000	-	(8,000)
Federal grants	499,494	495,040	(4,454)
State grants	110,150	64,183	(45,967)
Drug tax distribution	-	15,761	15,761
Right-of-way mowing	11,500	16,318	4,818
Schools	116,115	120,199	4,084
Total	<u>1,240,209</u>	<u>1,214,569</u>	<u>(25,640)</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Permits and Fees:</b>			
Fire department fees	30,950	29,570	(1,380)
Inspection and rezoning fees	16,000	20,472	4,472
Total	<u>46,950</u>	<u>50,042</u>	<u>3,092</u>
<b>Sales and Service:</b>			
Court costs and fees	500	100	(400)
Refuse collection fees	1,584,000	1,648,947	64,947
Cultural and recreational fees	103,250	115,416	12,166
Total	<u>1,687,750</u>	<u>1,764,463</u>	<u>76,713</u>
<b>Investment Earnings</b>	<u>44,124</u>	<u>(12,608)</u>	<u>(56,732)</u>
<b>Miscellaneous:</b>			
Miscellaneous	12,715	456,829	444,114
Sale of surplus property	2,500	12,063	9,563
Sale of fixed assets	6,000	105	(5,895)
Rental revenue	89,600	20,315	(69,285)
Contributions	9,700	6,283	(3,417)
Insurance reimbursement	5,471	14,743	9,272
Total	<u>125,986</u>	<u>510,338</u>	<u>384,352</u>
Total revenues	<u>15,905,239</u>	<u>17,595,714</u>	<u>1,690,475</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Administration			
Salaries and employee benefits	207,122	208,133	(1,011)
Other operating expenditures	264,035	264,007	28
Total	<u>471,157</u>	<u>472,140</u>	<u>(983)</u>
<b>Information Systems:</b>			
Salaries and employees benefits	326,288	313,604	12,684
Other operating expenditures	641,676	634,753	6,923
Capital outlay	18,000	-	18,000
Reimbursement - proprietary funds	(733,362)	(697,402)	(35,960)
Total	<u>252,602</u>	<u>250,955</u>	<u>1,647</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Economic Development:</b>			
Salaries and employees benefits	110,012	99,474	10,538
Other operating expenditures	87,250	69,575	17,675
Capital outlay	7,500	-	7,500
Reimbursement - proprietary funds	(138,214)	(110,193)	(28,021)
Total	<u>66,548</u>	<u>58,856</u>	<u>7,692</u>
<b>Human Resources:</b>			
Salaries and employee benefits	76,941	76,752	189
Other operating expenditures	52,710	51,209	1,501
Total	<u>129,651</u>	<u>127,961</u>	<u>1,690</u>
<b>Finance:</b>			
Salaries and employee benefits	158,911	154,899	4,012
Other operating expenditures	249,490	214,485	35,005
Total	<u>408,401</u>	<u>369,384</u>	<u>39,017</u>
<b>Community Development:</b>			
Salaries and employee benefits	479,221	424,331	54,890
Other operating expenditures	191,815	155,614	36,201
Total	<u>671,036</u>	<u>579,945</u>	<u>91,091</u>
<b>Downtown Development:</b>			
Salaries and employee benefits	92,476	86,472	6,004
Other operating expenditures	18,810	9,565	9,245
Total	<u>111,286</u>	<u>96,037</u>	<u>15,249</u>
Total general government	<u>2,110,681</u>	<u>1,955,278</u>	<u>155,403</u>
<b>Public Safety:</b>			
<b>Police:</b>			
Salaries and employee benefits	4,074,885	3,702,869	372,016
School resource officers	157,514	190,813	(33,299)
Other operating expenditures	856,642	793,706	62,936
Capital outlay	340,500	130,216	210,284
Total	<u>5,429,541</u>	<u>4,817,604</u>	<u>611,937</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Fire Department:</b>			
Salaries and employee benefits	3,208,723	3,133,011	75,712
Other operating expenditures	438,725	395,796	42,929
Capital outlay	179,995	117,885	62,110
Total	<u>3,827,443</u>	<u>3,646,692</u>	<u>180,751</u>
Total public safety	<u>9,256,984</u>	<u>8,464,296</u>	<u>792,688</u>
<b>Public Works:</b>			
<b>Administration:</b>			
Salaries and employees benefits	139,839	137,151	2,688
Solid waste disposal fee	350,000	345,430	4,570
Downtown services	150,427	126,694	23,733
Other operating expenditures	48,862	35,203	13,659
Total	<u>689,128</u>	<u>644,478</u>	<u>44,650</u>
<b>Streets and Highways:</b>			
Salaries and employee benefits	825,346	746,486	78,860
Other operating expenditures	590,665	489,523	101,142
Capital outlay	118,431	111,131	7,300
Total	<u>1,534,442</u>	<u>1,347,140</u>	<u>187,302</u>
<b>Shop and Warehouse:</b>			
Salaries and employee benefits	409,873	407,448	2,425
Other operating expenditures	157,900	139,416	18,484
Capital outlay	650	-	650
Reimbursement - proprietary funds	(426,845)	(410,614)	(16,231)
Total	<u>141,578</u>	<u>136,250</u>	<u>5,328</u>
<b>Solid Waste Division:</b>			
Solid waste	1,233,383	1,232,408	975
Bad debt expense	12,000	15,314	(3,314)
Total	<u>1,245,383</u>	<u>1,247,722</u>	<u>(2,339)</u>
Total public works	<u>3,610,531</u>	<u>3,375,590</u>	<u>234,941</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Cultural and Recreation:</b>			
Parks and Recreation:			
Salaries and employee benefits	1,088,389	1,052,047	36,342
Other operating expenditures	510,179	482,804	27,375
Capital outlay	539,447	462,675	76,772
Total	<u>2,138,015</u>	<u>1,997,526</u>	<u>140,489</u>
<b>Auditorium:</b>			
Other operating expenditures	45,200	16,424	28,776
Total	<u>45,200</u>	<u>16,424</u>	<u>28,776</u>
Total cultural and recreation	<u>2,183,215</u>	<u>2,013,950</u>	<u>169,265</u>
<b>Debt Service:</b>			
Principal retirement	810,630	719,454	91,176
Interest and fees	225,546	222,119	3,427
Total debt service	<u>1,036,176</u>	<u>941,573</u>	<u>94,603</u>
Contingency	1,300	-	1,300
Total expenditures	<u>18,198,887</u>	<u>16,750,687</u>	<u>1,448,200</u>
Revenues over (under) expenditures	<u>(2,293,648)</u>	<u>845,027</u>	<u>3,138,675</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers (to) from other funds:			
From Water and Sewer Fund	349,510	349,510	-
From Landfill Fund	41,400	41,400	-
From Public Housing Fund	18,815	25,205	6,390
From Electric Fund	978,720	978,720	-
From Parks and Recreation - Carolina Treetop Challenge project	-	32,557	32,557
From Albemarle Police Headquarters Fund	-	207,398	207,398
To Electric Fund	(25,000)	(25,000)	-
To General Capital Projects Fund	(506,358)	(456,358)	50,000
To Firefighter SCBA Equipment Fund	(10,005)	(10,005)	-
To King Alleyway Renovation Project Fund	(98,000)	(98,000)	-
To Streetscape and Wayfinding Project Fund	(31,250)	(31,250)	-
Appropriated fund balance	<u>1,575,816</u>	<u>-</u>	<u>(1,575,816)</u>
Total other financing sources (uses)	<u>2,293,648</u>	<u>1,014,177</u>	<u>(1,279,471)</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	1,859,204	\$ 1,859,204
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>8,612,490</u>	
End of year, June 30		<u>\$ 10,471,694</u>	

# 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.

**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.

**General Capital Projects Fund** – This fund is used to account for funds for various general capital projects for the City.

**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.

**King Alleyway Renovation Project** – This fund is used to account for funds for construction and rehabilitation of King Alleyway.

**Streetscape and Wayfinding Project** – This fund is used to account for funds relating to Streetscape and Wayfinding expenditures.

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Special Revenue Funds			Capital Project Funds			
	Sidewalk Fee in Lieu Program	Firefighter SCBA Equipment	Total Special Revenue Funds	Albemarle Business Park	Parks And Recreation Sports Complex Project	Albemarle Police Headquarters	General Capital Projects Fund
<b>Assets:</b>							
Current assets:							
Cash and investments	\$ 94,551	\$ -	\$ 94,551	\$ 247,808	\$ 589,064	\$ -	\$ 420,990
<b>Liabilities and Fund Balances:</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 235,713	\$ -	\$ -	\$ 37,778
<b>Fund Balances:</b>							
Committed:							
General government	-	-	-	-	-	-	22,975
Economic development	-	-	-	12,095	-	-	-
Parks and recreation	-	-	-	-	589,064	-	-
Public works	94,551	-	94,551	-	-	-	360,237
Total fund balances	94,551	-	94,551	12,095	589,064	-	383,212
Total liabilities and fund balances	\$ 94,551	\$ -	\$ 94,551	\$ 247,808	\$ 589,064	\$ -	\$ 420,990



CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Capital Project Funds						
	Parks And Recreation Roosevelt Ingram Park Erosion Control	Parks And Recreation Carolina Treetop Challenge Project	Public Works Utility Relocation Sidewalk Project	King Alleyway Renovation Project	Streetscape and Wayfinding Project	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>							
Current assets:							
Cash and investments	\$ 54,072	\$ -	\$ -	\$ 144,537	\$ 54,864	\$ 1,511,335	\$ 1,605,886
<b>Liabilities and Fund Balances:</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 110	\$ -	\$ -	\$ 6,485	\$ -	\$ 280,086	\$ 280,086
<b>Fund Balances:</b>							
Committed:							
General government	-	-	-	-	-	22,975	22,975
Economic development	-	-	-	138,052	-	150,147	150,147
Parks and recreation	53,962	-	-	-	-	643,026	643,026
Public works	-	-	-	-	54,864	415,101	509,652
Total fund balances	53,962	-	-	138,052	54,864	1,231,249	1,325,800
Total liabilities and fund balances	\$ 54,072	\$ -	\$ -	\$ 144,537	\$ 54,864	\$ 1,511,335	\$ 1,605,886

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			Capital Project Funds			
	Sidewalk Fee in Lieu Program	Firefighter SCBA Equipment	Total Special Revenue Funds	Albemarle Business Park	Parks And Recreation Sports Complex Project	Albemarle Police Headquarters	General Capital Projects Fund
<b>Revenues:</b>							
Restricted intergovernmental	\$ -	\$ 291,429	\$ 291,429	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	540	-	-
Miscellaneous revenues	65,675	-	65,675	-	-	-	-
Total revenues	65,675	291,429	357,104	-	540	-	-
<b>Expenditures:</b>							
Capital outlay	-	316,005	316,005	416,861	-	258,353	90,264
Revenues over (under) expenditures	65,675	(24,576)	41,099	(416,861)	540	(258,353)	(90,264)
<b>Other Financing Sources (Uses):</b>							
Transfers from (to) other funds:							
From Water and Sewer Fund	-	-	-	-	-	-	6,109
From General Fund	-	10,005	10,005	-	-	-	456,358
From Electric Fund	-	-	-	19,885	-	-	11,009
From Landfill Fund	-	-	-	-	-	-	-
To General Fund	-	-	-	-	-	(207,398)	-
Total other financing sources (uses)	-	10,005	10,005	19,885	-	(207,398)	473,476
Net change in fund balances	65,675	(14,571)	51,104	(396,976)	540	(465,751)	383,212
<b>Fund Balance:</b>							
Fund balance, beginning of year	28,876	14,571	43,447	409,071	588,524	465,751	-
Fund balance, end of year	\$ 94,551	\$ -	\$ 94,551	\$ 12,095	\$ 589,064	\$ -	\$ 383,212

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Project Funds						Total Capital Project Funds	Total Nonmajor Governmental Funds
	Parks And Recreation Roosevelt Ingram Park Erosion Control	Parks And Recreation Carolina Treetop Challenge Project	Public Works Utility Relocation Sidewalk Project	King Alleyway Renovation Project	Streetscape and Wayfinding Project			
<b>Revenues:</b>								
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,429
Investment earnings	-	-	-	-	-	-	540	540
Miscellaneous revenues	-	-	-	-	5,000	5,000	5,000	70,675
Total revenues	-	-	-	-	5,000	5,540	5,540	362,644
<b>Expenditures:</b>								
Capital outlay	880	3,288	-	57,398	15,136	842,180	842,180	1,158,185
Revenues over (under) expenditures	(880)	(3,288)	-	(57,398)	(10,136)	(836,640)	(836,640)	(795,541)
<b>Other Financing Sources (Uses):</b>								
Transfers from (to) other funds:								
From Water and Sewer Fund	-	-	-	-	11,250	17,359	17,359	17,359
From General Fund	-	-	-	98,000	31,250	585,608	585,608	595,613
From Electric Fund	-	-	-	97,450	11,250	139,594	139,594	139,594
From Landfill Fund	-	-	-	-	11,250	11,250	11,250	11,250
To General Fund	-	(32,557)	-	-	-	(239,955)	(239,955)	(239,955)
Total other financing sources (uses)	-	(32,557)	-	195,450	65,000	513,856	513,856	523,861
Net change in fund balances	(880)	(35,845)	-	138,052	54,864	(322,784)	(322,784)	(271,680)
<b>Fund Balance:</b>								
Fund balance, beginning of year	54,842	35,845	-	-	-	1,554,033	1,554,033	1,597,480
Fund balance, end of year	\$ 53,962	\$ -	\$ -	\$ 138,052	\$ 54,864	\$ 1,231,249	\$ 1,231,249	\$ 1,325,800

## 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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Pedestrian improvement fees	\$ -	\$ 65,675	\$ 65,675
Net change in fund balance	<u>\$ -</u>	65,675	<u>\$ 65,675</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>28,876</u>	
End of year, June 30		<u>\$ 94,551</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, 2021

	<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>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 291,429	\$ -	\$ 291,429	\$ 291,429	\$ -
<b>Expenditures:</b>					
Other equipment	316,005	-	316,005	316,005	-
Revenues over (under) expenditures	(24,576)	-	(24,576)	(24,576)	-
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	24,576	14,571	10,005	24,576	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,571</u>	(14,571)	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			14,571		
End of year, June 30			<u>\$ -</u>		

## 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, 2021

	Project Authorization	Actual		Total To Date	Variance Over/Under
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental revenues:					
Rural center grant	\$ 750,000	\$ -	\$ -	\$ -	\$ (750,000)
Investment earnings	-	7,286	-	7,286	7,286
Total revenues	<u>750,000</u>	<u>7,286</u>	<u>-</u>	<u>7,286</u>	<u>(742,714)</u>
<b>Expenditures:</b>					
Professional services	150,000	413,880	116,243	530,123	(380,123)
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	-	72,624	72,624	1,548,776
Construction	3,914,725	-	227,994	227,994	3,686,731
Contingency	524,025	-	-	-	524,025
Total expenditures	<u>14,896,700</u>	<u>413,880</u>	<u>416,861</u>	<u>830,741</u>	<u>14,065,959</u>
Revenues over (under) expenditures	<u>(14,146,700)</u>	<u>(406,594)</u>	<u>(416,861)</u>	<u>(823,455)</u>	<u>13,323,245</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	250,000	580,000	-	580,000	330,000
From Water and Sewer Fund	672,550	235,665	-	235,665	(436,885)
From Electric Fund	621,400	-	19,885	19,885	(601,515)
Proceeds from installment financing	12,602,750	-	-	-	(12,602,750)
Total other financing sources	<u>14,146,700</u>	<u>815,665</u>	<u>19,885</u>	<u>835,550</u>	<u>(13,311,150)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 409,071</u>	<u>(396,976)</u>	<u>\$ 12,095</u>	<u>\$ 12,095</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>409,071</u>		
End of year, June 30			<u>\$ 12,095</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, 2021**

	<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>		
<b>Revenues:</b>					
Contributions	\$ 4,600,000	\$ -	\$ -	\$ -	\$ (4,600,000)
Investment earnings	-	13,883	540	14,423	14,423
Total revenues	<u>4,600,000</u>	<u>13,883</u>	<u>540</u>	<u>14,423</u>	<u>(4,585,577)</u>
<b>Expenditures:</b>					
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)	(416,476)	540	(415,936)	1,984,064
<b>Other Financing Sources (Uses):</b>					
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>\$ 588,524</u>	540	<u>\$ 589,064</u>	<u>\$ 589,064</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>588,524</u>		
End of year, June 30			<u>\$ 589,064</u>		

## CITY OF ALBEMARLE, NORTH CAROLINA

## ALBEMARLE POLICE HEADQUARTERS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<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>	
<b>Revenues:</b>					
Investment earnings	\$ 38,054	\$ 38,054	\$ -	\$ 38,054	\$ -
<b>Expenditures:</b>					
Professional services	464,083	462,076	2,007	464,083	-
Office furniture and equipment	250,962	1,872	249,090	250,962	-
Legal	66,334	66,334	-	66,334	-
Building structure improvements	3,597,316	3,591,445	5,871	3,597,316	-
Other improvements	48,798	48,127	671	48,798	-
Data processing equipment	221,821	221,821	-	221,821	-
Roadway and paving	19,592	18,878	714	19,592	-
Total expenditures	<u>4,668,906</u>	<u>4,410,553</u>	<u>258,353</u>	<u>4,668,906</u>	<u>-</u>
Revenues over (under) expenditures	<u>(4,630,852)</u>	<u>(4,372,499)</u>	<u>(258,353)</u>	<u>(4,630,852)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	738,250	738,250	-	738,250	-
Transfers to other funds:					
To General Fund	(207,398)	-	(207,398)	(207,398)	-
Proceeds from installment financing	<u>4,100,000</u>	<u>4,100,000</u>	<u>-</u>	<u>4,100,000</u>	<u>-</u>
Total other financing sources	<u>4,630,852</u>	<u>4,838,250</u>	<u>(207,398)</u>	<u>4,630,852</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 465,751</u>	<u>(465,751)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>465,751</u>		
End of year, June 30			<u>\$ -</u>		



## CITY OF ALBEMARLE, NORTH CAROLINA

## GENERAL CAPITAL PROJECTS FUND

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<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>	
<b>Expenditures:</b>					
<b>Storm Water Master Plan Project</b>					
Professional services	\$ 427,526	\$ -	\$ 67,289	\$ 67,289	\$ 360,237
<b>City Hall Lobby Renovations Project</b>					
Building structures and improvements	45,950	-	22,975	22,975	22,975
Total expenditures	473,476	-	90,264	90,264	383,212
Revenues over (under) expenditures	(473,476)	-	(90,264)	(90,264)	383,212
<b>Other Financing Sources (Uses):</b>					
<b>Storm Water Master Plan Project</b>					
Transfers from other funds:					
From General Fund	427,526	-	427,526	427,526	-
<b>City Hall Lobby Renovations Project</b>					
Transfers from other funds:					
From General Fund	28,832	-	28,832	28,832	-
From Water and Sewer Fund	6,109	-	6,109	6,109	-
From Electric Fund	11,009	-	11,009	11,009	-
Total other financing sources	473,476	-	473,476	473,476	-
Net change in fund balance	\$ -	\$ -	383,212	\$ 383,212	\$ 383,212
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 383,212		

## 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, 2021**

	<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>	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 1,371	\$ -	\$ 1,371	\$ 1,371
<b>Expenditures:</b>					
Engineering	23,600	14,675	-	14,675	8,925
Environmental remediation	56,400	11,854	880	12,734	43,666
Total expenditures	80,000	26,529	880	27,409	52,591
Revenues over (under) expenditures	(80,000)	(25,158)	(880)	(26,038)	53,962
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	80,000	80,000	-	80,000	-
Net change in fund balance	\$ -	\$ 54,842	(880)	\$ 53,962	\$ 53,962
<b>Fund Balance:</b>					
Beginning of year, July 1			54,842		
End of year, June 30			\$ 53,962		

## 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, 2021**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total To Date	
<b>Revenues:</b>					
Investment earnings	\$ 1,376	\$ 1,376	\$ -	\$ 1,376	\$ -
<b>Expenditures:</b>					
Legal	225	225	-	225	-
Building structure & improvements	3,927	3,927	-	3,927	-
Other improvements	27,015	27,015	-	27,015	-
Roadway & paving	64,122	60,834	3,288	64,122	-
Bridges	24,303	24,303	-	24,303	-
Water improvements	28,227	28,227	-	28,227	-
Total expenditures	147,819	144,531	3,288	147,819	-
Revenues over (under) expenditures	(146,443)	(143,155)	(3,288)	(146,443)	-
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
From Water and Sewer Fund	33,800	33,800	-	33,800	-
From General Fund	145,200	145,200	-	145,200	-
To General Fund	(32,557)	-	(32,557)	(32,557)	-
Total other financing sources (uses)	146,443	179,000	(32,557)	146,443	-
Net change in fund balance	\$ -	\$ 35,845	(35,845)	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year, July 1			35,845		
End of year, June 30			\$ -		

## 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, 2021**

	<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>		
<b>Expenditures:</b>					
Sidewalks	\$ 92,363	\$ 46,182	\$ -	\$ 46,182	\$ 46,181
Revenues over (under) expenditures	(92,363)	(46,182)	-	(46,182)	46,181
<b>Other Financing Sources (Uses):</b>					
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>
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

## CITY OF ALBEMARLE, NORTH CAROLINA

**KING ALLEYWAY RENOVATION PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Over/Under</u>
		<u>Years</u>	<u>Year</u>	<u>To Date</u>	
<b>Revenues:</b>					
Private grants	\$ 5,000	\$ -	\$ -	\$ -	\$ (5,000)
<b>Expenditures:</b>					
Construction materials	45,000	-	-	-	45,000
Landscaping and professional services	58,000	-	4,172	4,172	53,828
In house labor	115,000	-	-	-	115,000
Engineering, poles and other materials	164,000	-	53,226	53,226	110,774
Contingency	19,000	-	-	-	19,000
Total expenditures	<u>401,000</u>	<u>-</u>	<u>57,398</u>	<u>57,398</u>	<u>343,602</u>
Revenues over (under) expenditures	<u>(396,000)</u>	<u>-</u>	<u>(57,398)</u>	<u>(57,398)</u>	<u>338,602</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	173,000	-	98,000	98,000	(75,000)
From Electric Fund	223,000	-	97,450	97,450	(125,550)
Total other financing sources	<u>396,000</u>	<u>-</u>	<u>195,450</u>	<u>195,450</u>	<u>(200,550)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	138,052	<u>\$ 138,052</u>	<u>\$ 138,052</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 138,052</u>		

## CITY OF ALBEMARLE, NORTH CAROLINA

## STREETSCAPE AND WAYFINDING PROJECT

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>	<u>Variance</u> <u>Over/Under</u>
<b>Revenues:</b>					
Private grant	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ -
<b>Expenditures:</b>					
Professional fees & signage	70,000	-	15,136	15,136	54,864
Revenues over (under) expenditures	(65,000)	-	(10,136)	(10,136)	54,864
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	31,250	-	31,250	31,250	-
From Water and Sewer Fund	11,250	-	11,250	11,250	-
From Electric Fund	11,250	-	11,250	11,250	-
From Landfill Fund	11,250	-	11,250	11,250	-
Total other financing sources	65,000	-	65,000	65,000	-
Net change in fund balance	\$ -	\$ -	54,864	\$ 54,864	\$ 54,864
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 54,864		

## **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.



**ALBEMARLE**  
NORTH CAROLINA  
*Water. Air. Land. Opportunity.*



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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Water sales:			
Residential	\$ 1,671,150	\$ 1,758,955	\$ 87,805
Commercial and industrial	5,689,490	6,281,079	591,589
Municipal usage	<u>60,000</u>	<u>67,622</u>	<u>7,622</u>
Total	<u>7,420,640</u>	<u>8,107,656</u>	<u>687,016</u>
<b>Sewer Charges:</b>			
Residential	1,412,660	1,561,015	148,355
Commercial and industrial	795,410	677,158	(118,252)
Municipal usage	<u>1,225,400</u>	<u>1,247,439</u>	<u>22,039</u>
Total	<u>3,433,470</u>	<u>3,485,612</u>	<u>52,142</u>
Water and sewer taps	<u>28,305</u>	<u>84,405</u>	<u>56,100</u>
Other operating revenues	<u>120,690</u>	<u>135,470</u>	<u>14,780</u>
Total operating revenues	<u>11,003,105</u>	<u>11,813,143</u>	<u>810,038</u>
Non-operating revenues:			
Investment earnings	13,969	(1,752)	(15,721)
Federal grants	7,149	9,498	2,349
Sale of assets	4,000	9,690	5,690
Other	<u>11,000</u>	<u>19,485</u>	<u>8,485</u>
Total non-operating revenues	<u>36,118</u>	<u>36,921</u>	<u>803</u>
Total revenues	<u>11,039,223</u>	<u>11,850,064</u>	<u>810,841</u>
<b>Expenditures:</b>			
<b>Water and Sewer Administration:</b>			
Salaries and employees benefits	826,121	762,778	63,343
Professional services	50,785	33,498	17,287
Postage	48,000	43,640	4,360
Repairs	10,000	1,444	8,556
Supplies	8,000	3,904	4,096
Other operating expenditures	823,082	752,848	70,234
Utilities	<u>26,075</u>	<u>16,770</u>	<u>9,305</u>
Total	<u>1,792,063</u>	<u>1,614,882</u>	<u>177,181</u>
<b>Water and Sewer Customer Service:</b>			
Salaries and employees benefits	102,571	94,278	8,293
Other operating expenditures	<u>900</u>	<u>594</u>	<u>306</u>
Total	<u>103,471</u>	<u>94,872</u>	<u>8,599</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Water Treatment Plant:</b>			
Salaries and employees benefits	968,712	959,197	9,515
Supplies	477,000	470,922	6,078
Repairs	82,000	72,844	9,156
Contracted services	188,080	184,027	4,053
Utilities	534,500	532,222	2,278
Other operating expenditures	90,450	88,921	1,529
Total	<u>2,340,742</u>	<u>2,308,133</u>	<u>32,609</u>
<b>Sewer Treatment Plant:</b>			
Salaries and employees benefits	955,307	950,981	4,326
Supplies	79,600	74,317	5,283
Repairs	40,500	36,878	3,622
Contracted services	87,910	83,965	3,945
Utilities	711,350	731,310	(19,960)
Other operating expenditures	85,920	81,714	4,206
Total	<u>1,960,587</u>	<u>1,959,165</u>	<u>1,422</u>
<b>System Division:</b>			
Salaries and employee benefits	1,306,201	1,262,248	43,953
Supplies	190,500	188,109	2,391
Repairs	114,500	103,157	11,343
Contracted services	56,370	43,804	12,566
Utilities	2,400	121	2,279
Other operating expenditures	252,770	251,072	1,698
Total	<u>1,922,741</u>	<u>1,848,511</u>	<u>74,230</u>
<b>Debt Service:</b>			
Principal retirement	1,902,553	1,904,227	(1,674)
Interest and fees	303,697	303,638	59
Total	<u>2,206,250</u>	<u>2,207,865</u>	<u>(1,615)</u>
<b>Capital Outlay:</b>			
Utility administration	7,500	-	7,500
Water treatment plant	190,190	180,276	9,914
Sewer treatment plant	41,900	56,520	(14,620)
Systems division	286,100	202,458	83,642
Total	<u>525,690</u>	<u>439,254</u>	<u>86,436</u>
Total expenditures	<u>10,851,544</u>	<u>10,472,682</u>	<u>378,862</u>
Revenues over (under) expenditures	<u>187,679</u>	<u>1,377,382</u>	<u>1,189,703</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Transfers (to) from other funds:			
To General Fund	(349,510)	(349,510)	-
To General Capital Projects Fund	(6,109)	(6,109)	-
To Streetscape and Wayfinding Project Fund	(11,250)	(11,250)	
Issuance of long-term debt	-	84,781	84,781
Appropriated fund balance	179,190	-	(179,190)
Total other financing sources (uses)	<u>(187,679)</u>	<u>(282,088)</u>	<u>(94,409)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,095,294</u>	<u>\$ 1,095,294</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 1,095,294</u>	
Principal retirement		1,904,227	
Proceeds from issuance of long-term debt		(84,781)	
Capital outlay		439,254	
Depreciation		(2,895,131)	
Gain (loss) on disposal of capital assets		(453)	
Change in inventory		8,231	
Change in installment purchase interest accrued		9,928	
Change in deferred outflows of resources - pensions		103,604	
Change in net pension liability		(243,733)	
Change in deferred inflows of resources - pensions		(26,683)	
Change in deferred outflows of resources - OPEB		160,931	
Change in other post-employment benefits		(320,206)	
Change in deferred inflows of resources - OPEB		70,363	
Change in accrued compensated absences		13,418	
Capital contributions, revenues from Utility Relocation project		46,454	
Total reconciling items		<u>(814,577)</u>	
Change in net position		<u>\$ 280,717</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, 2021

	<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>	
<b>Revenues:</b>					
Restricted intergovernmental revenues					
NCDOT Grant	\$ 208,175	\$ 99,364	\$ 46,454	\$ 145,818	\$ (62,357)
<b>Expenditures:</b>					
Engineering	277,570	145,897	64,050	209,947	67,623
Construction	1,303,005	868,666	-	868,666	434,339
Total expenditures	<u>1,580,575</u>	<u>1,014,563</u>	<u>64,050</u>	<u>1,078,613</u>	<u>501,962</u>
Revenues (under) expenditures	(1,372,400)	(915,199)	(17,596)	(932,795)	439,605
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
Water and Sewer Fund	<u>1,372,400</u>	<u>868,666</u>	<u>-</u>	<u>868,666</u>	<u>(503,734)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (46,533)</u>	<u>\$ (17,596)</u>	<u>\$ (64,129)</u>	<u>\$ (64,129)</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, 2021

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total To Date	
<b>Revenues:</b>					
Restricted intergovernmental revenues					
Clean water grant	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
<b>Expenditures:</b>					
Legal	10,000	4,278	-	4,278	5,722
Engineering, construction management and administration	639,420	588,150	29,500	617,650	21,770
Easement and encroachment	20,000	17,419	-	17,419	2,581
Loan costs	125,875	125,875	-	125,875	-
Construction	5,471,698	5,298,919	58,985	5,357,904	113,794
Contingency	152,652	-	-	-	152,652
Total expenditures	6,419,645	6,034,641	88,485	6,123,126	296,519
Revenues (under) expenditures	(5,919,645)	(5,534,641)	(88,485)	(5,623,126)	296,519
<b>Other Financing Sources (Uses):</b>					
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	384,625	5,492,003	(301,767)
Total other financing sources (uses)	5,919,645	5,233,253	384,625	5,617,878	(301,767)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (301,388)	\$ 296,140	\$ (5,248)	\$ (5,248)

CITY OF ALBEMARLE, NORTH CAROLINA

ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Residential sales	\$ 15,605,000	\$ 15,439,861	\$ (165,139)
Commercial and industrial sales	14,734,000	12,905,751	(1,828,249)
Sales to city departments	998,000	1,307,060	309,060
Total revenues	31,337,000	29,652,672	(1,684,328)
Other operating revenues	1,060,200	1,109,873	49,673
Total operating revenues	32,397,200	30,762,545	(1,634,655)
<b>Non-Operating Revenues:</b>			
Interest earned on investments	5,545	47,292	41,747
Federal grants	11,116	253,938	242,822
Miscellaneous non-operating income	11,630	8,734	(2,896)
NCMPA working capital refund	-	6,447,395	6,447,395
Sale of assets	15,000	30,732	15,732
Total non-operating revenues	43,291	6,788,091	6,744,800
Total revenues	32,440,491	37,550,636	5,110,145
<b>Expenditures:</b>			
<b>Administrative and finance:</b>			
Salaries and employees benefits	919,791	869,132	50,659
Other operating expenditures	1,226,435	949,602	276,833
Total	2,146,226	1,818,734	327,492
<b>Customer Service:</b>			
Salaries and employees benefits	102,719	96,885	5,834
Other operating expenditures	7,210	12,162	(4,952)
Total	109,929	109,047	882
<b>Electric Operations:</b>			
Salaries and employees benefits	1,779,984	1,551,504	228,480
Electric power purchases	23,973,000	22,935,696	1,037,304
Other operating expenditures	2,712,735	2,144,397	568,338
Total	28,465,719	26,631,597	1,834,122
<b>Debt service:</b>			
Principal retirement	153,500	152,521	979
Interest and other charges	8,700	9,348	(648)
Total debt service	162,200	161,869	331

CITY OF ALBEMARLE, NORTH CAROLINA

**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Capital Outlay:</b>			
Electric operations	876,499	473,808	402,691
Total expenditures	<u>31,760,573</u>	<u>29,195,055</u>	<u>2,565,518</u>
Revenues over (under) expenditures	<u>679,918</u>	<u>8,355,581</u>	<u>7,675,663</u>
<b>Other Financing Sources (Uses):</b>			
Transfer from (to) funds:			
To the General Fund	(1,013,270)	(978,720)	34,550
To King Alleyway Renovation Project Fund	(97,450)	(97,450)	-
To Streetscape and Wayfinding Project Fund	(11,250)	(11,250)	-
To Albemarle Business Park Fund	(19,885)	(19,885)	-
To General Capital Projects Fund	(11,009)	(11,009)	-
From the General Fund	116,130	25,000	(91,130)
Appropriated fund balance	<u>356,816</u>	<u>-</u>	<u>(356,816)</u>
Total other financing sources (uses)	<u>(679,918)</u>	<u>(1,093,314)</u>	<u>(413,396)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 7,262,267</u>	<u>\$ 7,262,267</u>

**Reconciliation from Budgetary Basis (Modified Accrual)  
to Full Accrual:**

Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 7,262,267</u>
Principal retirement	152,521
Capital outlay	473,808
Depreciation	(688,522)
Change in inventory	141,131
Change in installment purchase interest accrued	802
Change in deferred outflows of resources - pensions	54,269
Change in net pension liability	(127,669)
Change in deferred inflows of resources - pensions	(13,977)
Change in deferred outflows of resources - OPEB	89,371
Change in other post-employment benefits	(177,824)
Change in deferred inflows of resources - OPEB	39,075
Change in accrued compensated absences	<u>4,246</u>
Total reconciling items	<u>(52,769)</u>
Change in net position	<u>\$ 7,209,498</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, 2021**

	<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>	
<b>Revenues:</b>					
Restricted intergovernmental revenues:					
NCDOT Transportation Improvement Program	\$ 4,867,668	\$ 2,829,823	\$ -	\$ 2,829,823	\$ (2,037,845)
Investment earnings	-	159	-	159	159
Total revenues	<u>4,867,668</u>	<u>2,829,982</u>	<u>-</u>	<u>2,829,982</u>	<u>(2,037,686)</u>
<b>Expenditures:</b>					
Engineering	75,000	141,977	-	141,977	(66,977)
Other professional services	230,000	1,011	-	1,011	228,989
Distribution lines	501,895	297,554	-	297,554	204,341
Contract services	<u>4,060,773</u>	<u>2,189,789</u>	<u>-</u>	<u>2,189,789</u>	<u>1,870,984</u>
Total expenditures	<u>4,867,668</u>	<u>2,630,331</u>	<u>-</u>	<u>2,630,331</u>	<u>2,237,337</u>
Revenues (under) expenditures	<u>\$ -</u>	<u>\$ 199,651</u>	<u>\$ -</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Disposal fees	\$ 2,506,100	\$ 3,096,032	\$ 589,932
Solid waste fees	116,850	142,346	25,496
Sales of mulch and scrap	500	-	(500)
Total charges for services	2,623,450	3,238,378	614,928
Other operating revenues	58,400	71,173	12,773
Total operating revenues	<u>2,681,850</u>	<u>3,309,551</u>	<u>627,701</u>
<b>Non-Operating Revenues:</b>			
Solid waste, scrap tire, and white goods disposal tax	136,000	208,511	72,511
Interest earned on investments	12,571	(1,143)	(13,714)
Miscellaneous non-operating income	-	2,336	2,336
Grant revenue	1,133	6,230	5,097
Total non-operating revenues	<u>149,704</u>	<u>215,934</u>	<u>66,230</u>
Total revenues	<u>2,831,554</u>	<u>3,525,485</u>	<u>693,931</u>
<b>Expenditures:</b>			
Landfill Operations:			
Salaries and employees benefits	956,077	907,347	48,730
Other operating expenditures	1,588,980	1,237,494	351,486
Total	<u>2,545,057</u>	<u>2,144,841</u>	<u>400,216</u>
Debt service:			
Principal retirement	162,000	63,953	98,047
Interest and fees	40,500	20,209	20,291
Total	<u>202,500</u>	<u>84,162</u>	<u>118,338</u>
Capital outlay	6,000	-	6,000
Total expenditures	<u>2,753,557</u>	<u>2,229,003</u>	<u>524,554</u>
Revenues over (under) expenditures	<u>77,997</u>	<u>1,296,482</u>	<u>1,218,485</u>

CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
To Leachate Force Main Capital Project Fund	(32,530)	(32,530)	-
To Streetscape and Wayfinding Project Fund	(11,250)	(11,250)	-
To General Fund	(41,400)	(41,400)	-
To Landfill closure/post closure	(86,237)	-	86,237
From Landfill Gravity Line Capital Project Fund	93,420	93,812	392
Total other financing (uses)	<u>(77,997)</u>	<u>8,632</u>	<u>86,629</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,305,114</u>	<u>\$ 1,305,114</u>

**Reconciliation from Budgetary Basis (Modified Accrual)  
to Full Accrual:**

Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 1,305,114</u>
Principal retirement	63,953
Depreciation	(479,623)
Gain (loss) on disposal of capital assets	(80,503)
Change in installment purchase interest accrued	2,348
Change in deferred outflows of resources - pensions	19,734
Change in net pension liability	(46,425)
Change in deferred inflows of resources - pensions	(5,082)
Change in deferred outflows of resources - OPEB	35,780
Change in other post-employment benefits	(71,192)
Change in deferred inflows of resources - OPEB	15,644
Change in accrued compensated absences	5,258
Adjustment to accrued landfill closure and post-closure costs	(262,148)
Transfer from landfill gravity line capital project fund	(93,812)
Transfer to landfill gravity line capital project fund	32,530
Total reconciling items	<u>(863,538)</u>
Change in net position	<u>\$ 441,576</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, 2021

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total To Date	
<b>Expenditures:</b>					
Engineering	\$ 704,104	\$ 635,537	\$ 10,999	\$ 646,536	\$ 57,568
Legal	20,000	11,887	-	11,887	8,113
Other services	53,146	54,868	-	54,868	(1,722)
Construction	1,708,200	1,151,857	-	1,151,857	556,343
Total expenditures	<u>2,485,450</u>	<u>1,854,149</u>	<u>10,999</u>	<u>1,865,148</u>	<u>620,302</u>
Revenues (under) expenditures	<u>(2,485,450)</u>	<u>(1,854,149)</u>	<u>(10,999)</u>	<u>(1,865,148)</u>	<u>620,302</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	2,435,450	1,724,208	59,410	1,783,618	(651,832)
Transfer from Landfill Fund	<u>50,000</u>	<u>49,000</u>	<u>32,530</u>	<u>81,530</u>	<u>31,530</u>
Total other financing (uses)	<u>2,485,450</u>	<u>1,773,208</u>	<u>91,940</u>	<u>1,865,148</u>	<u>(620,302)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (80,941)</u>	<u>\$ 80,941</u>	<u>\$ -</u>	<u>\$ -</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, 2021

	<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>	
<b>Expenditures:</b>					
Engineering	\$ 106,673	\$ 81,360	\$ 25,313	\$ 106,673	\$ -
Construction	329,515	178,782	150,733	329,515	-
Total expenditures	<u>436,188</u>	<u>260,142</u>	<u>176,046</u>	<u>436,188</u>	<u>-</u>
Revenues (under) expenditures	<u>(436,188)</u>	<u>(260,142)</u>	<u>(176,046)</u>	<u>(436,188)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from Landfill Fund	530,000	530,000	-	530,000	-
Transfer to Landfill Fund	<u>(93,812)</u>	<u>-</u>	<u>(93,812)</u>	<u>(93,812)</u>	<u>-</u>
Total other financing (uses)	<u>436,188</u>	<u>530,000</u>	<u>(93,812)</u>	<u>436,188</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 269,858</u>	<u>\$ (269,858)</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF ALBEMARLE, NORTH CAROLINA

**COMBINING STATEMENT OF NET POSITION  
DEPARTMENT OF PUBLIC HOUSING  
JUNE 30, 2021**

	<b>Department of Public Housing</b>		<b>Total</b>
	<b>Conventional</b>	<b>Section 8</b>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 785,212	\$ 88,156	\$ 873,368
Accounts receivable - net	31,736	-	31,736
Prepaid expenses	1,067	267	1,334
Restricted cash and cash equivalents	55,771	139,903	195,674
Total current assets	<u>873,786</u>	<u>228,326</u>	<u>1,102,112</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	1,461,001	-	1,461,001
Other capital assets, net of depreciation	4,238,966	56,211	4,295,177
Total non-current assets	<u>5,699,967</u>	<u>56,211</u>	<u>5,756,178</u>
Total assets	<u>6,573,753</u>	<u>284,537</u>	<u>6,858,290</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	111,888	10,457	122,345
OPEB deferrals	54,189	15,569	69,758
Total deferred outflows of resources	<u>166,077</u>	<u>26,026</u>	<u>192,103</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	58,762	5,496	64,258
Liabilities to be paid from restricted assets:			
Customer deposits	55,771	-	55,771
Advances from grantors	-	75,939	75,939
Compensated absences - current	24,182	4,418	28,600
Total current liabilities	<u>138,715</u>	<u>85,853</u>	<u>224,568</u>
Non-current liabilities:			
Compensated absences - non-current	6,839	1,250	8,089
Total OPEB liability	331,086	95,125	426,211
Net pension liability	197,736	28,421	226,157
Total non-current liabilities	<u>535,661</u>	<u>124,796</u>	<u>660,457</u>
Total liabilities	<u>674,376</u>	<u>210,649</u>	<u>885,025</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	7,997	2,468	10,465
OPEB deferrals	46,346	13,316	59,662
Total deferred inflows of resources	<u>54,343</u>	<u>15,784</u>	<u>70,127</u>
<b>Net Position:</b>			
Net investment in capital assets	5,699,967	56,211	5,756,178
Restricted net position for housing assistance payments	-	63,964	63,964
Unrestricted	311,144	(36,045)	275,099
Total net position	<u>\$ 6,011,111</u>	<u>\$ 84,130</u>	<u>\$ 6,095,241</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, 2021

	Department of Public Housing		Total
	Conventional	Section 8	
<b>Operating Revenues:</b>			
Rental income	\$ 588,039	\$ -	\$ 588,039
Public housing revenues	43,730	-	43,730
Total operating revenues	<u>631,769</u>	<u>-</u>	<u>631,769</u>
<b>Operating Expenses:</b>			
Administrative	590,945	148,205	739,150
Utilities	301,472	-	301,472
Ordinary maintenance and operation	368,107	-	368,107
General expenses	54,490	-	54,490
Housing assistance program	-	1,020,684	1,020,684
Non-routine maintenance	3,629	-	3,629
Depreciation	<u>424,205</u>	<u>2,479</u>	<u>426,684</u>
Total operating expenses	<u>1,742,848</u>	<u>1,171,368</u>	<u>2,914,216</u>
Operating (loss)	<u>(1,111,079)</u>	<u>(1,171,368)</u>	<u>(2,282,447)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Operating subsidies	891,805	1,150,031	2,041,836
Investment earnings	1,346	1	1,347
Other non-operating revenue	<u>1,750</u>	<u>8,792</u>	<u>10,542</u>
Total non-operating revenues	<u>894,901</u>	<u>1,158,824</u>	<u>2,053,725</u>
Income (loss) before capital contributions and transfers	<u>(216,178)</u>	<u>(12,544)</u>	<u>(228,722)</u>
<b>Capital Contributions and Transfers:</b>			
Capital contributions	1,010,562	-	1,010,562
Transfers out	<u>(25,205)</u>	<u>-</u>	<u>(25,205)</u>
Total contributions and transfers	<u>985,357</u>	<u>-</u>	<u>985,357</u>
Change in net position	769,179	(12,544)	756,635
<b>Net Position:</b>			
Beginning of year, July 1	<u>5,241,932</u>	<u>96,674</u>	<u>5,338,606</u>
End of year, June 30	<u>\$ 6,011,111</u>	<u>\$ 84,130</u>	<u>\$ 6,095,241</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, 2021**

	<b>Conventional</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Operating revenues:			
Rental income	\$ 567,000	\$ 588,039	\$ 21,039
Other operating revenues	41,463	43,730	2,267
Total operating revenues	<u>608,463</u>	<u>631,769</u>	<u>23,306</u>
Non-operating revenues:			
Operating subsidies	625,000	891,805	266,805
Interest income	4,000	1,346	(2,654)
Miscellaneous	65,445	1,750	(63,695)
Total non-operating revenues	<u>694,445</u>	<u>894,901</u>	<u>200,456</u>
Total revenues	<u>1,302,908</u>	<u>1,526,670</u>	<u>223,762</u>
<b>Expenditures:</b>			
Operating expenditures:			
Administrative	544,100	551,257	(7,157)
Utilities	373,624	301,472	72,152
Ordinary maintenance and operation	362,452	368,107	(5,655)
General expenses	51,850	54,490	(2,640)
Non-routine maintenance	16,200	3,629	12,571
Total operating expenditures	<u>1,348,226</u>	<u>1,278,955</u>	<u>69,271</u>
Non-operating expenditures:			
Lease payments	1,200	-	1,200
Interest and other charges	300	-	300
Capital outlay	105,159	105,159	-
Total non-operating expenditures	<u>106,659</u>	<u>105,159</u>	<u>1,500</u>
Total expenditures	<u>1,454,885</u>	<u>1,384,114</u>	<u>70,771</u>
Revenues over (under) expenditures	<u>(151,977)</u>	<u>142,556</u>	<u>294,533</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, 2021**

	<b>Conventional</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Other Financing Sources (Uses):</b>			
Transfer to General Fund	(18,815)	(25,205)	(6,390)
Appropriated fund balance	170,792	-	(170,792)
Total other financing sources (uses)	<u>151,977</u>	<u>(25,205)</u>	<u>(177,182)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	117,351	<u>\$ 117,351</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Depreciation		(424,205)	
Capital outlay		105,159	
Change in deferred outflows of resources - pensions		14,801	
Change in net pension liability		(34,819)	
Change in deferred inflows of resources - pensions		(3,812)	
Change in deferred outflows of resources - OPEB		20,847	
Change in other post-employment benefits		(41,477)	
Change in deferred inflows of resources - OPEB		9,114	
Change in accrued compensated absences		(1,025)	
Capital items not charged to capital outlay		(3,317)	
Capital contributions, revenues from Department of Public Housing - Capital Fund		<u>1,010,562</u>	
Change in net position		<u>\$ 769,179</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, 2021**

	<b>Capital Funds</b>				
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total To Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
HUD capital grants	\$ 1,858,319	\$ 670,673	\$ 1,010,562	\$ 1,681,235	\$ (177,084)
Total revenues	<u>1,858,319</u>	<u>670,673</u>	<u>1,010,562</u>	<u>1,681,235</u>	<u>(177,084)</u>
<b>Expenditures:</b>					
Administrative	178,000	278,536	3,317	281,853	(103,853)
Capital outlay	<u>1,680,319</u>	<u>166,367</u>	<u>1,231,423</u>	<u>1,397,790</u>	<u>282,529</u>
Total expenditures	<u>1,858,319</u>	<u>444,903</u>	<u>1,234,740</u>	<u>1,679,643</u>	<u>178,676</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ 225,770</u>	<u>\$ (224,178)</u>	<u>\$ 1,592</u>	<u>\$ 1,592</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, 2021**

	<u>Section 8</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Non-Operating Revenues:</b>			
Operating subsidies	\$ 1,645,045	\$ 1,150,031	\$ (495,014)
Interest income	1,200	1	(1,199)
Miscellaneous	-	8,792	8,792
Total revenues	<u>1,646,245</u>	<u>1,158,824</u>	<u>(487,421)</u>
<b>Expenditures:</b>			
Operating expenditures:			
Administrative	200,143	143,300	56,843
Housing assistance program	<u>1,442,055</u>	<u>1,020,684</u>	<u>421,371</u>
Total operating expenditures	<u>1,642,198</u>	<u>1,163,984</u>	<u>478,214</u>
Non-operating expenditures:			
Capital outlay	<u>4,047</u>	<u>4,047</u>	<u>-</u>
Total expenditures	<u>1,646,245</u>	<u>1,168,031</u>	<u>478,214</u>
Revenues over (under) expenditures	<u>\$ -</u>	(9,207)	<u>\$ (9,207)</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Depreciation		(2,479)	
Capital outlay		4,047	
Change in deferred outflows of resources - pensions		4,934	
Change in net pension liability		(11,606)	
Change in deferred inflows of resources - pensions		(1,271)	
Change in deferred outflows of resources - OPEB		5,989	
Change in other post-employment benefits		(11,916)	
Change in deferred inflows of resources - OPEB		2,618	
Change in accrued compensated absences		<u>6,347</u>	
Change in net position		<u>\$ (12,544)</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, 2021

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges	\$ 3,198,150	\$ 2,873,018	\$ (325,132)
Employee contributions	<u>319,572</u>	<u>325,424</u>	<u>5,852</u>
Total operating revenues	<u>3,517,722</u>	<u>3,198,442</u>	<u>(319,280)</u>
Non-operating revenues:			
Interest earned on investments	<u>2,000</u>	<u>551</u>	<u>(1,449)</u>
Total revenues	<u>3,519,722</u>	<u>3,198,993</u>	<u>(320,729)</u>
<b>Expenditures:</b>			
Operating expenditures:			
Health benefit claims and premiums	3,295,822	2,973,791	322,031
Other operating expenditures	<u>223,900</u>	<u>250,979</u>	<u>(27,079)</u>
Total expenditures	<u>3,519,722</u>	<u>3,224,770</u>	<u>294,952</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(25,777)</u>	<u>\$ (25,777)</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Reconciling items:			
Increase in health benefit claims payable		<u>39,728</u>	
Change in net position		<u>\$ 13,951</u>	



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## **OTHER SCHEDULES**

This section includes additional information on property taxes and public housing programs.

**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, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 7,176,349	\$ 7,018,040	\$ 158,309
2019-2020	174,214	7,483	93,249	88,448
2018-2019	112,049	-	28,670	83,379
2017-2018	59,611	-	17,901	41,710
2016-2017	64,889	-	12,993	51,896
2015-2016	41,731	-	11,328	30,403
2014-2015	39,128	-	12,552	26,576
2013-2014	48,511	-	6,857	41,654
2012-2013	32,269	-	4,429	27,840
2011-2012	27,384	-	4,314	23,070
2010-2011	29,286	-	29,286	-
Total	\$ 629,072	\$ 7,183,832	\$ 7,239,619	573,285
Less: allowance for uncollectible accounts				
Ad valorem taxes receivable				(288,346)
Ad valorem taxes receivable - net				284,939
Municipal service district taxes receivable - net				3,298
Total taxes receivable - net				\$ 288,237
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes collected - General Fund			\$ 7,222,497	
Municipal service district collections			(51,486)	
Discounts allowed			39,524	
Releases and adjustments			8,385	
Taxes written off			27,177	
Motor vehicle taxes written off			45,933	
Late listing penalties			(490)	
Interest collected			(51,921)	
Total collections and credits			\$ 7,239,619	

## CITY OF ALBEMARLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2021

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current rate	\$ 1,120,809,800	\$ 0.64	\$ 7,173,183	\$ 6,247,878	\$ 925,305
<b>Discoveries:</b>					
Current and prior years	11,171,577	0.64	71,498	71,498	-
<b>Abatements</b>	(10,676,823)	0.64	(68,332)	(68,332)	-
Total valuation	<u>\$ 1,121,304,554</u>				
<b>Net Levy</b>			7,176,349	6,251,044	925,305
Uncollected taxes at June 30, 2021			(158,309)	(158,309)	-
<b>Current Year's Taxes Collected</b>			<u>\$ 7,018,040</u>	<u>\$ 6,092,735</u>	<u>\$ 925,305</u>
<b>Current Levy Collection Percentage</b>			<u>97.79%</u>	<u>97.47%</u>	<u>100.00%</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, 2021

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	Emergency Housing Vouchers 14.EHV	Public Housing Capital Fund 14.872
	<b>Assets:</b>						
	Current Assets:						
	Cash:						
111	Cash - unrestricted	\$ 785,212	\$ -	\$ 88,156	\$ -	\$ -	\$ -
113	Cash - other restricted	-	-	63,964	43,689	32,250	-
114	Cash - tenant security deposits	55,771	-	-	-	-	-
100	Total cash	840,983	-	152,120	43,689	32,250	-
	Accounts and notes receivable:						
126	Accounts receivable - tenants - dwelling units	54,672	-	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling units	(22,936)	-	-	-	-	-
120	Total receivables	31,736	-	-	-	-	-
142	Prepaid expenses and other assets	1,067	-	267	-	-	-
144	Inter-program - due from	-	-	-	-	-	1,592
150	Total current assets	873,786	-	152,387	43,689	32,250	1,592
	Non-current assets:						
161	Land	163,505	-	-	-	-	-
162	Buildings	11,335,781	-	79,244	-	-	-
163	Furniture, equipment, machinery - dwellings	291,111	-	-	-	-	-
164	Furniture, equipment, machinery - administration	434,982	-	25,981	-	-	-
165	Leasehold improvements	1,095,734	-	-	-	-	-
166	Accumulated depreciation	(8,918,642)	-	(49,014)	-	-	-
167	Construction in progress	1,297,496	-	-	-	-	-
180	Total non-current assets	5,699,967	-	56,211	-	-	-
190	Total assets	6,573,753	-	208,598	43,689	32,250	1,592
200	<b>Deferred Outflows of Resources</b>	166,077	-	26,026	-	-	-
290	Total assets and deferred outflows of resources	\$ 6,739,830	\$ -	\$ 234,624	\$ 43,689	\$ 32,250	\$ 1,592
	<b>Liabilities and Equity:</b>						
	Liabilities:						
	Current Liabilities:						
312	Accounts payable (less than or equal to 90 days)	\$ 7,262	\$ -	\$ 277	\$ -	\$ -	\$ -
321	Accrued wage/payroll taxes payable	26,295	-	5,219	-	-	-
322	Accrued compensated absences	24,182	-	4,418	-	-	-
333	Accounts payable - other government	25,205	-	-	-	-	-
341	Tenant security deposits	55,771	-	-	-	-	-
342	Unearned revenue	-	-	-	43,689	32,250	-
347	Inter-program - due to	1,592	-	-	-	-	-
310	Total current liabilities	140,307	-	9,914	43,689	32,250	-
	Non-current liabilities:						
354	Accrued compensated absences - non-current	6,839	-	1,250	-	-	-
357	Accrued pension and OPEB liabilities	528,822	-	123,546	-	-	-
350	Total non-current liabilities	535,661	-	124,796	-	-	-
300	Total liabilities	675,968	-	134,710	43,689	32,250	-
400	<b>Deferred Inflows of Resources</b>	54,343	-	15,784	-	-	-
	Equity:						
	Contributed capital:						
508.4	Net investment in capital assets	5,699,967	-	56,211	-	-	-
511.4	Restricted net position	-	-	63,964	-	-	-
512.4	Unrestricted net position	309,552	-	(36,045)	-	-	1,592
513	Total equity	6,009,519	-	84,130	-	-	1,592
600	Total liabilities, deferred inflows of resources and equity	\$ 6,739,830	\$ -	\$ 234,624	\$ 43,689	\$ 32,250	\$ 1,592

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
PUBLIC HOUSING PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2021

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	Emergency Housing Vouchers 14.EHV	Public Housing Capital Fund 14.872
<b>Revenues:</b>							
70300	Net tenant rental revenue	\$ 588,039	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	43,730	-	-	-	-	-
70600	HUD PHA operating grants	837,183	54,622	1,126,198	23,833	-	-
70610	Capital grants	-	-	-	-	-	1,010,562
70800	Other government grants	-	-	2,679	-	-	-
71100	Investment income - unrestricted	1,346	-	1	-	-	-
71500	Other income	1,750	-	6,113	-	-	-
70000	Total revenues	<u>1,472,048</u>	<u>54,622</u>	<u>1,134,991</u>	<u>23,833</u>	<u>-</u>	<u>1,010,562</u>
<b>Expenses:</b>							
Administrative:							
91100	Administrative salaries	314,082	-	92,315	-	-	-
91200	Auditing fees	5,253	-	1,313	-	-	-
91500	Employee benefit contributions	203,814	-	36,103	-	-	-
91600	Office expenses	18,680	-	6,021	-	-	-
91800	Travel	246	-	-	-	-	-
91900	Other	41,333	-	1,351	7,951	-	3,317
91000	Total operating - administrative	<u>583,408</u>	<u>-</u>	<u>137,103</u>	<u>7,951</u>	<u>-</u>	<u>3,317</u>
93100	Water	38,443	-	-	-	-	-
93200	Electricity	235,115	-	-	-	-	-
93300	Gas	1,059	-	-	-	-	-
93600	Sewer	26,855	-	-	-	-	-
93000	Total utilities	<u>301,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
94100	Ordinary maintenance and operations - labor	139,568	-	2,151	-	-	-
94200	Ordinary maintenance and operations - materials and other	6,868	54,622	-	-	-	-
94300	Ordinary maintenance and operations - contract costs	167,049	-	-	-	-	-
94000	Total maintenance	<u>313,485</u>	<u>54,622</u>	<u>2,151</u>	<u>-</u>	<u>-</u>	<u>-</u>
96110	Property insurance	54,490	-	342	-	-	-
96200	Other general expenses	-	-	6,554	-	-	-
96210	Compensated absences	1,014	-	(5,896)	-	-	-
96400	Bad debt - tenant rents	3,206	-	-	-	-	-
96000	Total other general expenses	<u>4,220</u>	<u>-</u>	<u>658</u>	<u>-</u>	<u>-</u>	<u>-</u>
96900	Total operating expenses	<u>1,257,075</u>	<u>54,622</u>	<u>140,254</u>	<u>7,951</u>	<u>-</u>	<u>3,317</u>
97000	Excess of operating revenues over expenditures	<u>214,973</u>	<u>-</u>	<u>994,737</u>	<u>15,882</u>	<u>-</u>	<u>1,007,245</u>
97100	Extraordinary maintenance	3,629	-	-	-	-	-
97300	Housing assistance payments	-	-	999,563	15,882	-	-
97350	HAP Portability-In	-	-	5,239	-	-	-
97400	Depreciation expense	424,205	-	2,479	-	-	-
90000	Total expenses	<u>1,684,909</u>	<u>54,622</u>	<u>1,147,535</u>	<u>23,833</u>	<u>-</u>	<u>3,317</u>
10030	Operating transfers from/to primary government	<u>(25,205)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess of revenue over expenses	<u>(238,066)</u>	<u>-</u>	<u>(12,544)</u>	<u>-</u>	<u>-</u>	<u>1,007,245</u>
11030	Beginning equity	4,952,542	-	96,674	-	-	289,390
11040	Prior period adjustments, equity transfers and corrections	1,295,043	-	-	-	-	(1,295,043)
	Ending equity	<u>\$ 6,009,519</u>	<u>\$ -</u>	<u>\$ 84,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,592</u>
Memo information:							
11170	Administrative fee equity	\$ -	\$ -	\$ 14,288	\$ -	\$ -	\$ -
11180	Housing assistance payments equity	-	-	91,615	-	-	-
11190	Unit months available	2,388	-	3,996	-	-	-
11210	Number of unit months leased	2,340	-	2,430	-	-	-
11620	Building purchase	66,073	-	-	-	-	1,231,423
11640	Furniture & equipment - administrative purchases	39,086	-	4,047	-	-	-

## STATISTICAL SECTION

This part of the City of Albemarle's Annual Comprehensive 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 annual comprehensive financial reports for the relevant year.



**ALBEMARLE**  
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Table 1

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 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	\$ 18,922,602
Restricted	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	2,477,871
Unrestricted	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)	(1,477,464)
Total Governmental activities net position	\$ 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	\$ 19,923,009
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 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	\$ 46,804,613
Restricted	-	-	-	-	-	-	-	-	-	63,964
Unrestricted	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	26,157,644
Total business-type activities net position	\$ 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	\$ 73,026,221
<b>Primary government</b>										
Net Investment in capital assets	\$ 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	\$ 65,727,215
Restricted	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	2,541,835
Unrestricted	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	24,680,180
Total primary government net position	\$ 70,682,808	\$ 69,267,511	\$ 68,090,724	\$ 66,260,904	\$ 70,202,503	\$ 70,866,116	\$ 66,749,997	\$ 72,932,762	\$ 81,806,554	\$ 92,949,230

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 2,380,927
Public safety	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	8,892,702
Public Works	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	3,702,465
Environmental protection	1,176,673	934,069	930,426	940,066	-	-	-	-	-	-
Economic and physical development	2,740	2,229	112,038	68,283	-	-	-	-	-	-
Culture and recreation	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	2,005,322
Interest on long-term debt	102,899	103,205	104,234	86,493	93,070	64,556	103,013	113,325	228,266	218,097
Total governmental activities expenses	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	17,199,513
Business-type activities:										
Water and sewer	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	11,245,258
Electric	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	29,245,973
Landfill	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	3,030,606
Department of public housing	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	2,913,537
Total business-type activities	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	46,435,374
Total primary governmental expenses	\$ 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	\$ 63,634,887
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 13,842	\$ 25,079	\$ 19,197	\$ 20,973	\$ 14,268	\$ 13,856	\$ 27,704	\$ 29,154	\$ 26,842	\$ 34,049
Public safety	29,006	26,358	24,169	28,754	33,698	27,287	28,853	78,641	59,939	52,395
Public Works	1,099,162	1,078,301	1,076,096	1,087,367	1,267,508	1,275,629	1,441,848	1,471,735	1,680,135	1,681,373
Culture and recreation	84,151	117,498	113,766	111,001	100,530	92,536	115,401	121,015	98,094	151,040
Operating grants and contributions	28,966	26,561	49,700	66,402	676,998	652,466	713,243	1,243,810	949,797	1,687,527
Capital grants and contributions	719,906	925,668	985,715	949,567	562,622	1,180,418	23,941	15,968	-	558,426
Total governmental activities program revenues	\$ 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	\$ 4,163,572
Business-type activities:										
Charges for services:										
Water and sewer	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	11,841,865
Electric	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	30,802,011
Landfill	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	3,311,887
Department of public housing	408,352	464,436	450,847	525,186	570,760	532,104	531,934	618,281	591,006	642,311
Operating grants and contributions	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	2,311,502
Capital grants and contributions	124,802	396,040	192,779	236,464	417,681	385,270	206,329	2,458,033	1,341,887	1,057,016
Total business-type activities program revenues	41,601,627	44,431,411	47,378,224	47,758,463	48,761,566	49,504,415	50,755,719	51,107,645	49,157,163	49,966,592
Total primary governmental program revenues	\$ 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	\$ 54,130,164
Net (expense)/revenue	\$ (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)	\$ (13,035,941)
Governmental activities	(945,990)	(1,086,821)	(250,262)	(337,995)	1,366,053	1,813,424	3,271,251	4,992,665	3,569,425	3,531,218
Business-type activities	\$ 98,939,887	\$ 105,108,713	\$ 110,646,667	\$ 111,357,527	\$ 101,304,417	\$ 10,066,231	\$ (8,966,260)	\$ (7,244,351)	\$ (9,622,535)	\$ (9,504,723)
Total primary governmental net expense										

Continued



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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in net position</b>										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 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	\$ 7,110,853
Other taxes	4,254,430	4,386,653	4,283,480	4,776,561	5,110,887	5,397,619	5,678,176	5,945,536	6,080,187	6,846,413
Unrestricted Interest earned on investments	18,135	10,038	2,528	2,185	7,614	17,090	46,992	209,123	197,169	(11,517)
Miscellaneous	190,296	215,981	134,347	72,132	168,849	208,081	166,303	-	-	-
Transfers in (out)	1,190,000	1,166,959	1,373,818	1,240,000	1,091,727	907,319	793,152	1,502,479	857,460	1,538,038
Special item	-	-	-	-	-	(227,361)	-	-	-	-
Total governmental activities	11,193,232	11,440,584	11,590,806	12,033,505	12,317,921	12,377,964	12,903,103	14,531,092	14,031,576	15,483,787
Business-type activities:										
Other taxes	-	-	-	-	-	142,620	169,766	149,002	120,604	208,511
Unrestricted Interest earned on investments	25,971	18,091	79,476	57,763	9,586	17,254	69,370	269,501	230,984	45,744
Miscellaneous	1,226,215	1,065,333	121,834	280,781	209,570	203,203	130,662	-	4,950,623	6,447,395
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(1,190,000)	(1,166,959)	(1,373,818)	(1,240,000)	(1,091,727)	(907,319)	(793,152)	(1,502,479)	(857,460)	(1,538,038)
Total business-type activities	62,186	(83,535)	(1,172,508)	(901,456)	(872,571)	(544,242)	(423,354)	(1,083,976)	4,444,751	5,163,612
Total primary government	\$ 11,255,418	\$ 11,357,049	\$ 10,418,298	\$ 11,132,049	\$ 11,445,350	\$ 11,833,722	\$ 12,479,749	\$ 13,447,116	\$ 18,476,327	\$ 20,647,399
<b>Change in net position</b>										
Governmental activities	\$ 352,655	\$ 680,444	\$ 488,135	\$ 1,013,973	\$ 821,451	\$ 498,309	\$ 665,592	\$ 2,294,076	\$ 839,616	\$ 2,447,846
Business-type activities	(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	8,694,830
Total primary government	\$ (531,149)	\$ (489,912)	\$ (934,635)	\$ (225,478)	\$ 1,314,933	\$ 1,767,491	\$ 3,513,489	\$ 6,202,765	\$ 8,853,792	\$ 11,142,676

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund</b>										
Nonspendable	\$ 24,313	\$ 17,834	\$ 35,781	\$ 78,870	\$ 234,821	\$ 45,878	\$ 85,500	\$ 82,451	\$ 30,928	\$ 86,392
Restricted	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	2,477,871
Committed	-	-	6,861	-	1,164,823	486,965	-	-	-	-
Assigned	266,700	266,700	133,000	37,300	-	333,780	250,000	427,737	643,832	338,305
Unassigned	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	7,569,126
<b>Total General Fund</b>	<b>\$ 6,149,259</b>	<b>\$ 7,781</b>	<b>\$ 750</b>	<b>\$ 70,199</b>	<b>\$ 8,770,461</b>	<b>\$ 7,103,667</b>	<b>\$ 6,572,796</b>	<b>\$ 7,258,667</b>	<b>\$ 8,612,490</b>	<b>\$ 10,471,694</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	24,185	-	-	576,458	1,264,295	1,597,480	-
Committed	22,926	194,773	67,490	-	(11,722)	633,582	-	-	-	1,325,800
Assigned	-	-	22,401	-	-	-	-	-	-	-
Unassigned	90,432	108,875	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 113,358</b>	<b>\$ 303,648</b>	<b>\$ 89,891</b>	<b>\$ 24,185</b>	<b>\$ (11,722)</b>	<b>\$ 633,582</b>	<b>\$ 576,458</b>	<b>\$ 1,264,295</b>	<b>\$ 1,597,480</b>	<b>\$ 1,325,800</b>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Ad valorem taxes	\$ 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	\$ 7,222,497
Local option sales taxes	-	-	-	-	-	-	-	-	-	-
Other taxes and licenses	422,060	420,930	289,743	298,590	204,587	229,951	242,641	258,542	227,958	292,228
Unrestricted intergovernmental	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	6,554,185
Restricted intergovernmental	748,872	952,229	1,035,415	1,016,828	1,237,190	928,156	717,804	762,944	905,435	1,505,998
Permits and fees	41,873	50,106	43,145	49,277	47,539	40,826	56,409	53,489	59,018	50,042
Sales and services	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	1,764,463
Investment earnings	18,135	10,038	6,851	2,185	7,614	17,090	46,992	187,703	187,999	(12,068)
Miscellaneous	190,296	215,981	130,024	112,210	221,472	214,689	203,884	620,760	200,010	581,013
Total revenues	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	17,958,358
<b>Expenditures</b>										
General government	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	1,955,278
Public safety	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	8,464,296
Public Works	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	3,375,590
Environmental protection	1,157,169	918,277	930,426	940,066	-	-	-	-	-	-
Economic and physical development	2,640	2,229	112,038	68,283	-	-	-	-	-	-
Culture and recreation	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	2,013,950
Capital Outlay	41,547	760,359	161,486	126,623	672,424	827,485	167,791	1,922,561	5,160,439	1,158,185
Debt service										
Principal retirement	344,665	346,844	318,728	290,318	366,507	505,182	613,758	611,197	531,041	719,454
Interest and other charges	102,899	102,620	104,234	86,493	79,943	65,439	107,036	104,638	199,040	222,119
Total expenditures	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	17,908,872
Excess of revenues over (under) expenditures	(452,749)	(1,440,053)	(807,091)	(20,640)	(836,970)	(3,893,781)	(894,182)	(409,729)	(3,696,337)	49,486
<b>Other financing sources (uses)</b>										
Transfers from other funds	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	2,398,606
Transfers to other funds	(46,638)	(1,024,493)	(25,000)	(311,230)	(127,258)	(1,230,880)	(616,965)	(1,331,345)	(239,571)	(860,568)
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)	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	1,538,038
Net change in fund balances	\$ 1,640,351	\$ (273,094)	\$ 898,317	\$ 1,219,360	\$ 893,691	\$ (1,021,490)	\$ (587,995)	\$ 1,359,708	\$ 1,701,008	\$ 1,587,524
Debt services as a percentage of noncapital expenditures	3.6%	3.4%	3.2%	2.9%	3.2%	3.3%	4.7%	4.9%	5.0%	5.6%

Table 5

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

Fiscal Year	Property Tax	Motor Vehicle Fee	Sales Tax	Franchise Tax	Occupancy Tax	Vehicle Lease Tax	Privilege License Tax	Beer & Wine Tax	Drug Tax	Total
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
2021	7,068,672	128,375	4,757,248	1,324,110	132,376	31,012	465	67,827	15,761	13,525,846

**Table 6**

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

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Security Light</b>	<b>Total</b>
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
2021	10,277	2,249	12	3,001	15,539

Source: City of Albemarle Finance and Utilities Department

Table 7

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Residential Customers</b>										
<i>Residential Service-RS</i>										
Basic Facilities Charge	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000	12.170000	13.000000
First 500 kWh used	0.101990	0.106690	0.112190	0.114990	0.113150	0.113150	0.108620	0.108620	0.108620	0.105290
All over 500 kWh used	0.108760		0.118960	0.121930	0.119980	0.119980	0.115180	0.115180	0.115180	0.105290
<i>Residential All Electric Service-RE</i>										
Basic Facilities Charge	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000	12.170000	0.000000
First 500 kWh used	0.101990	0.106390	0.111590	0.114380	0.112550	0.112550	0.108050	0.108050	0.108050	0.000000
All over 500 kWh used	0.099920	0.104320	0.109520	0.112260	0.110460	0.110460	0.106040	0.106040	0.106040	0.000000
<b>Commercial Customers</b>										
<i>Small General Service-SGS</i>										
Basic Facilities Charge	0.000000	7781.000000	750.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Demand Charge	16.590000	16.590000	16.590000	17.000000	16.730000	16.730000	16.730000	16.730000	16.730000	19.500000
All over 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Energy Charge	4.890000	4.890000	4.890000	5.010000	4.930000	4.930000	4.930000	4.930000	4.930000	5.500000
First 3,000 kWh used	0.142100	0.147600	0.154200	0.158060	0.155530	0.155530	0.149310	0.149310	0.149310	0.145180
Next 9,000 kWh used	0.073630	0.079130	0.085730	0.087870	0.086460	0.086460	0.083000	0.083000	0.083000	0.082500
All over 12,000 kWh used	0.067490	0.072990	0.079590	0.081580	0.080270	0.080270	0.077060	0.077060	0.077060	0.077500
Minimum Monthly Bill Amount	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000	37.070000	0.000000
<i>Medium General Service-MGS</i>										
Basic Facilities Charge	16.590000	16.590000	16.590000	17.000000	16.730000	16.730000	16.730000	16.730000	16.730000	30.000000
Demand Charge	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	7.000000
First 30kW of Billing Demand	5.580000	5.580000	5.580000	5.720000	5.630000	5.630000	5.630000	5.630000	5.630000	7.000000
All over 30kW of Billing Demand	0.137760	0.141760	0.146460	0.150120	0.147720	0.147720	0.141810	0.141810	0.141810	0.078970
Energy Charge	0.083900	0.087900	0.092600	0.094920	0.093400	0.093400	0.089660	0.089660	0.089660	0.078970
First 3,000 kWh used	0.073630	0.077630	0.082330	0.084390	0.083040	0.083040	0.079720	0.079720	0.079720	0.078970
Next 9,000 kWh used	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000	37.070000	0.000000
All over 12,000 kWh used	25.650000	25.650000	25.650000	26.290000	25.870000	25.870000	25.870000	25.870000	25.870000	100.000000
Minimum Monthly Bill Amount	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	7.500000
<i>Large General Service-LGS</i>										
Basic Facilities Charge	5.780000	5.780000	5.780000	5.920000	5.830000	5.830000	5.830000	5.830000	5.830000	7.500000
Demand Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.076890
First 10,000 kWh used (*)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.060000
Over 10,000 kWh used (*)	0.082510	0.085910	0.089910	0.092160	0.090690	0.090690	0.087060	0.087060	0.087060	N/A
First 25,000 kWh used	0.078200	0.081600	0.085600	0.087740	0.086340	0.086340	0.082890	0.082890	0.082890	N/A
Next 50,000 kWh used	0.068110	0.071510	0.075510	0.077400	0.076160	0.076160	0.073110	0.073110	0.073110	N/A
Next 75,000 kWh used	0.062190	0.065590	0.069590	0.071330	0.070190	0.070190	0.067380	0.067380	0.067380	N/A
All over 150,000 kWh used	58.610000	58.610000	61.250000	62.780000	61.780000	61.780000	61.780000	61.780000	61.780000	N/A
Minimum Monthly Bill Amount										

(\*) Rate Structure Changed

Source: City of Albemarle Finance and Utilities Department

Table 8

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

<u>Customer</u>	2012			2021		
	<u>Electric Revenue</u>	<u>Rank</u>	<u>Percentage of Total Operating Revenue</u>	<u>Electric Revenue</u>	<u>Rank</u>	<u>Percentage of Total Operating Revenue</u>
City of Albemarle- Public Utilities	\$ 432,620	4	1.38%	\$ 885,074	1	2.86%
Preformed Line Products	750,982	3	2.40%	680,389	2	2.20%
Stanly Regional Medical Center	828,887	2	2.65%	612,248	3	1.98%
IAC Albemarle	1,468,858	1	4.70%	506,426	4	1.64%
Enforge	250,938	8	0.80%	431,890	5	1.39%
Carolinas Healthcare System			0.00%	321,818	6	1.04%
Wal-Mart	349,602	5	1.12%	283,137	7	0.91%
Albemarle Correctional Institute	304,453	6	0.97%	278,271	8	0.90%
Food Lion	247,236	9	0.79%	235,405	9	0.76%
City of Albemarle- Public Housing	301,576	7	0.96%	235,115	10	0.76%
NC Air National Guard	234,394	10	0.75%	-	-	0.00%
Totals	\$ 5,169,546		16.53%	\$ 4,469,773		14.44%

Source: City of Albemarle Finance and Utilities Department

*Table 9*

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

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Wholesale</b>	<b>Total</b>
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
2021	6,344	1,111	15	-	7,470

Source: City of Albemarle Finance and Utilities Departments



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

*Table 10*

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Water-Inside Corporate Limits</b>										
0 - 300 cubic feet (minimum charge)	9.49	9.96	9.96	10.76	11.19	11.64	12.11	12.11	12.91	13.68
301 - 30,000 cubic feet (charge per 100 cubic feet)	1.98	2.08	2.18	2.35	2.44	2.54	2.64	2.64	2.81	2.98
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	1.70	1.79	1.88	2.03	2.11	2.19	2.28	2.28	2.43	2.58
Over 275,000 cubic feet (charge per 100 cubic feet)	1.24	1.30	1.37	1.48	1.54	1.60	1.65	1.65	1.77	1.88
<b>Water-Outside Corporate Limits</b>										
0 - 300 cubic feet (minimum charge)	18.97	19.92	19.92	21.51	22.37	23.26	24.19	24.19	25.79	27.34
301 - 30,000 cubic feet (charge per 100 cubic feet)	3.97	4.16	4.36	4.71	4.90	5.10	5.31	5.31	5.65	5.99
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	3.40	3.58	3.76	4.06	4.22	4.39	4.57	4.57	4.87	5.16
Over 275,000 cubic feet (charge per 100 cubic feet)	1.24	1.30	1.37	1.48	1.54	1.60	1.65	1.65	1.77	1.88

Source: City of Albemarle Finance and Utilities Departments

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

*Table 11*

<b>Customer</b>	<b>2012</b>			<b>2021</b>		
	<b>Water Revenue</b>	<b>Rank</b>	<b>Percentage of Total Operating Revenue</b>	<b>Water Revenue</b>	<b>Rank</b>	<b>Percentage of Total Operating Revenue</b>
City of Concord	\$ 783,412	2	11.84%	\$ 3,284,671	1	30.58%
Stanly County Utilities	353,784	3	5.34%	1,562,624	2	14.55%
Pfeiffer North Stanly Water	118,826	4	1.80%	536,538	3	4.99%
Gentry Mills	874,296	1	13.21%	171,984	4	1.60%
IAC Albemarle LLC	51,004	5	0.77%	85,929	5	0.80%
Stanly Regional Medical Center	31,990	6	0.48%	54,410	6	0.51%
City of Albemarle- Public Housing	-	-	0.00%	38,443	7	0.36%
City of Albemarle- Parks & Rec	20,495	8	0.31%	27,617	8	0.26%
Bethany Woods	24,054	7	0.36%	26,776	9	0.25%
Kooper LLC	10,818	9	0.16%	20,302	10	0.19%
American Fiber & Finishing	10,231	10	0.15%			
Stanly Manor						
James A Baucom						
<b>Totals</b>	<b>\$ 2,278,910</b>		<b>34.43%</b>	<b>\$ 5,809,294</b>		<b>54.08%</b>

Source: City of Albemarle Finance and Utilities Department

Table 12

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

Taxpayer	2012				2021			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed	
			Value	Value			Value	Value
Preformed Line Products Company	\$ 16,158,344	1	1.59%		\$ 16,425,012	1	1.46%	
Walmart Real Estate Business	11,974,017	4	1.18%		14,174,020	2	1.26%	
Olive Place Plaza LLC	-	-	-		13,692,228	3	1.22%	
Centre Point Investors LLC	-	-	-		9,235,262	4	0.82%	
Lowes Home Center Inc	7,953,465	6	-		7,923,312	5	0.71%	
South Central Oil Company	6,898,613	7	0.68%		7,560,033	6	0.67%	
Savera Investments	-	-	0.00%		6,717,350	7	0.60%	
Fabric DE Gp	6,592,567	8	-		5,752,008	8	0.51%	
Auria Albemarle LLC	-	-	0.00%		5,709,094	9	0.51%	
Uwharrie Bank	-	-	-		5,646,315	10	0.50%	
Stanly Memorial Hospital Inc	14,000,505	2	1.37%		-	-	-	
IAC Group North America Inc	11,998,905	3	1.18%		-	-	-	
Kurkpatrick James R Family Trust	8,455,441	5	0.83%		-	-	-	
H/S Albemarle LLC	5,999,485	9	0.59%		-	-	-	
Stanly Station LP	4,517,921	10	0.44%		-	-	-	
Totals	\$ 94,549,263		7.86%		\$ 92,834,634		8.28%	

Source: Stanly County Tax Assessor

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>County Direct Rate</b>										
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
<b>City/Town Overlapping Rates</b>										
City of Albemarle	0.5600	0.5600	0.5900	0.5900	0.5900	0.5900	0.5900	0.6400	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
<b>Maximum Combined</b>										
**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	0.6900	0.6900	0.6900	0.6900	0.6900	0.7400	0.7400	0.7400

Source: Stanly County Tax Assessor

Table 14

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

Fiscal Year	Real Property		Personal Property			Less: Tax Exempt Real Property*	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value		Assessed Value as a Percentage of Actual Value
	Residential Property*	Commercial Property*	Motor Vehicles*	Personal Property	Other**				Taxable Value	Value	
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%	
2021	605,394,141	272,553,639	134,844,916	104,040,629	19,020,766	14,549,537	1,121,304,554	0.6400	1,121,304,554	100%	

Source: Stanly County Tax Assessor  
City of Albemarle Yearly Audit

Table 15

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

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	Amount	Percentage of Levy
2012	\$ 5,695,866	\$ 5,390,888	94.65%	\$ 281,908		\$ 5,672,796	99.59%
2013	5,814,698	5,437,536	93.51%	349,322		5,786,858	99.52%
2014	5,816,176	5,574,468	95.84%	200,054		5,774,522	99.28%
2015	5,953,379	5,768,421	96.89%	158,382		5,926,803	99.55%
2016	5,953,469	5,786,940	97.20%	136,126		5,923,066	99.49%
2017	6,063,603	5,900,042	97.30%	111,665		6,011,707	99.14%
2018	6,187,982	6,036,267	97.55%	110,005		6,146,272	99.33%
2019	6,855,130	6,675,975	97.39%	95,776		6,771,751	98.78%
2020	6,942,526	6,768,312	97.49%	85,766		6,854,078	98.73%
2021	7,176,349	7,018,040	97.79%	-		7,018,040	97.79%

Table 16

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

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Installment Debt	Installment Debt	Installment Debt	Capital Leases				
2012	\$	2,505,717	\$	3,583,647	\$	-	1.11%	\$ 383
2013		2,170,012		5,701,210		-	1.45%	495
2014		2,182,874		12,380,336		-	2.60%	914
2015		1,892,556		17,636,955		-	3.39%	1,222
2016		2,164,978		19,353,778		-	3.63%	1,347
2017		3,624,773		26,245,557		-	5.01%	1,853
2018		3,011,015		27,906,687		-	5.32%	1,919
2019		2,666,775		25,733,358		124,936	4.66%	1,771
2020		6,675,620		28,821,425		100,270	10.03%	2,191
2021		5,956,166		27,175,316		154,494	8.40%	2,026

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 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	\$ 89,704,364
Total net debt applicable to limit	3,779,364	5,771,222	12,673,210	17,849,511	25,683,913	29,870,330	30,917,419	28,525,070	35,597,315	33,285,976
Legal debt margin	\$ 77,559,265	\$ 77,207,135	\$ 70,373,053	\$ 62,783,262	\$ 54,933,744	\$ 52,348,021	\$ 52,983,150	\$ 57,164,055	\$ 51,184,260	\$ 56,418,388
Total net debt applicable to the limit as a percentage of debt limit	4.65%	6.96%	15.26%	22.14%	31.86%	36.33%	36.85%	33.29%	41.02%	37.11%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 1,121,304,554
Debt limit - 8% of assessed value	\$ 89,704,364
Debt applicable to limit:	
General obligation bonds	-
Installment purchases	33,131,482
Capital leases	154,494
Total amount of debt applicable to debt limit	33,285,976
Legal debt margin	\$ 56,418,388



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

**Table 18**

Fiscal Year	Population (1)	Personal Income	Per Capita		School Enrollment (3)**	Unemployment Rate (4)**
			Personal Income (2)*	Personal Income (2)*		
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%	
2021	16,432	396,175,520	24,110	8,352	4.5%	

\*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

Table 19

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

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Stanly County Schools	1000+	1	5.42%+	1000+	1	5.42%+
Carolina Healthcare Stanly	500-999	2	2.71% - 4.88%	500-999	2	2.71% - 4.88%
Stanly County Government	500-999	3	2.71% - 4.88%	250-499	7	1.35% - 2.70%
Wal-Mart Associates Inc.	500-999	4	2.71% - 4.88%	250-499	4	1.35% - 2.70%
Food Lion	250-499	5	1.35% - 2.70%			
Fiberon	250-499	6	1.35% - 2.70%			
Michelin Tire Center	250-499	7	1.35% - 2.70%	250-499	5	1.35% - 2.70%
Clayton Mobile Homes	250-499	8	1.35% - 2.70%			
Stanly Community College	250-499	9	1.35% - 2.70%	250-499	6	1.35% - 2.70%
Dept of Public Safety	250-499	10	1.35% - 2.70%	250-499	7	1.35% - 2.70%
IAC Old Fort LLC				250-499	8	1.35% - 2.70%
Monarch				250-499	9	1.35% - 2.70%
City of Albemarle				250-499	10	1.35% - 2.70%
<b>Total</b>	-		0.00%	-		0.00%

Source: Stanly County Economic Development Office  
 Note: (1) County-level data  
 Note: (2) County reported Range of Employees this year

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS** **Table 20**

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	4	4	3	3	3	3	2	3	4	4
Administration	-	-	1	1	1	1	1	1	1	1
Economic Development	-	-	-	-	1	2	1	1	1	1
Downtown Development	3	3	3	3	3	3	3	3	3	3
Human Resources	9	9	9	10	10	9	7	9	9	9
Finance	3	3	3	4	3	3	4	3	4	4
Information Systems	5	5	5	6	6	6	6	6	6	9
Planning Development Services	1	1	1	1	1	1	1	-	-	-
Engineering										
Public safety	52	55	56	54	55	64	52	48	49	65
Police	1	2	2	2	2	2	2	2	3	3
School Resource	39	42	41	42	43	43	39	40	38	43
Fire	1	1	1	1	1	1	1	1	1	1
Fire Marshal										
Public Works	3	2	2	3	2	2	2	2	3	3
Administration	3	2	2	2	2	2	2	2	2	2
Central Warehouse	4	3	4	4	4	2	4	4	4	4
Central Garage	15	15	12	11	14	17	10	10	13	13
Streets and Highways	1	1	2	2	2	1	2	2	2	2
Downtown Services	14	14	14	12	13	12	10	11	13	13
Landfill	9	10	10	10	9	9	9	9	9	9
Public Housing	6	6	6	6	6	6	6	6	7	7
Recreation	9	7	9	10	9	9	9	7	7	8
Parks										
Water and Sewer	21	20	19	20	18	16	15	18	17	18
Water Treatment	15	16	16	16	16	17	15	16	17	16
Sewer Treatment	20	19	19	19	20	20	20	19	19	20
Water/Sewer Lines										
Electric										
Administration	11	9	10	10	10	10	10	9	9	9
Operations	21	21	21	21	21	21	19	19	19	20
Customer Service	3	3	3	3	3	3	3	3	3	4
<b>Total</b>	<b>273</b>	<b>273</b>	<b>274</b>	<b>276</b>	<b>277</b>	<b>284</b>	<b>255</b>	<b>255</b>	<b>263</b>	<b>291</b>

Source: City of Albemarle Finance, Payroll

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police</b>										
Arrests	1,910	1,857	1,623	1,450	1,550	1,732	2,453	1,925	1,881	1,693
Traffic Violations	3,127	3,895	4,990	4,364	4,890	4,161	3,309	2,856	3,442	2,579
Parking Violations	231	140	41	66	86	63	10	8	134	-
Sworn Officers	48	49	49	48	49	49	49	48	49	38
<b>Fire</b>										
Total Responses	2,387	2,209	2,347	2,307	2,470	2,507	2,621	3,181	3,152	2,777
Working Fires	24	29	27	28	25	25	24	54	77	98
EMS Response	1,818	1,606	1,762	1,669	1,917	1,923	1,974	2,335	2,376	1,985
Mutual Aid Given	40	27	36	34	29	35	34	43	41	42
Mutual Aid Received	51	57	100	79	56	47	50	82	85	57
Property Loss (dollars)	\$ 205,191	\$ 277,500	\$ 384,240	\$ 1,056,100	\$ 378,119	\$ 600,150	\$ 556,209	\$ 992,275	\$ 955,050	\$ 537,942
Inspections Performed	941	785	640	677	1,279	446	581	1,129	1,219	1,132
<b>Streets</b>										
Street Resurfacing (miles)	1.66	1.74	2.20	0.28	-	-	-	5.18	5.21	3.79
Sidewalk Installation/Repair*						\$ 270,467		\$ 27,521	\$ 66,492	\$ 16,058
<b>Environmental Protection</b>										
Number of Households Served	6,395	6,383	6,368	6,399	6,389	6,238	6,328	6,328	6,238	6,238
Solid Waste Collected (tons/year)	6,347	6,318	6,361	6,434	6,930	6,152	5,913	6,202	6,182	6,315
Leaves Collected (tons/year)	3,275	3,155	2,730	2,470	2,170	1,860	2,024	1,394	1,343	2,269
<b>Electric</b>										
Number of metered accounts	11,905	11,901	11,865	11,867	11,889	12,113	13,516	13,609	13,778	12,413
Average daily consumption	74	64	72	79	76	74	72	69	62	72
<b>Water</b>										
Number of metered water accounts	7,272	7,302	7,228	7,285	7,291	7,337	7,962	8,010	8,061	7,470
Average daily water treatment* (gallons per million)				2.23	3.10	4.07	4.16	4.31	4.50	4.64
<b>Wastewater</b>										
Number of sewer accounts	6,667	6,701	6,646	6,696	6,705	6,712	7,271	7,317	7,371	6,916
Average daily sewage collected* (gallons per million)				5.87	5.87	5.34	4.88	6.86	5.45	5.67
Average daily sewage treatment* (gallons per million)				5.87	5.87	5.34	4.88	6.86	5.45	5.67
<b>Parks and Recreation</b>										
Number of Youth Programs	58	70	61	54	67	49	101	65	30	70
Number of Adult Programs	16	19	25	17	20	50	34	49	25	19
Number of Senior Programs	9	6	7	7	9	15	38	36	10	10
Number of Facility Rentals	290	250	326	336	343	342	305	281	100	434
<b>Planning and Community Development</b>										
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	\$ 41,391,587
Sign Permits	3	21	31	64	49	36	41	49	60	53

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Landfill (tons)										
Solid Waste	38,384	39,593	42,832	43,360	53,040	41,891	50,670	40,804	42,517	43,733
C&D*	-	13,396	4,637	5,096	4,333	19,600	11,378	11,838	5,243	8,409
Recyclables										
Metal	145	103	114	90	119	194	1,028	33	40	5
Paper	45	32	28	45	54	19	193	26	24	29
Electronics*					26	37	5	38	33	38
Plastics*					66	0	20	23	18	14
Yard Waste*					3,838	3,720	7,473	29	22	24
								626	286	1,759

Sources: City departments

\*Accurate information not available for prior years.

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	28	28	28	28	28	28	28	28	33
Unmarked units	11	11	11	11	11	12	12	14	14	15
K-9 Units	1	1	2	2	2	2	2	1	3	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	6	6	6	5	5	5	5	5	5	5
Public Works										
Miles of Streets	121	121.14	121.14	121.19	121.20	121.20	121.20	121.20	121.20	121.20
Electric										
Miles of Distribution Lines	320	320	325	325	325	400	345	345	143	143
Number of delivery points (substations)	2	2	3	3	3	3	3	3	3	3
Street Lights	2879	2881	2863	2840	2847	2894	2899	2901	2283	3001
Traffic Signals	121	121	124	124	124	125	120	120	122	126
Water Treatment										
Plants	2	2	2	2	2	2	2	2	2	2
Miles of Distribution Lines	180	180	180	190	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	297	297	297	297	297	297	274	274	274	274
Playgrounds	6	6	6	6	6	6	5	5	5	5
Parks	6	6	6	6	6	6	5	5	5	5
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Basketball Courts	3	3	3	3	3	3	2	3	3	3
Baseball Fields	4	4	4	4	4	3	4	4	4	4
Soccer Fields	5	5	5	5	5	5	5	5	5	5
Community Centers	1	2	2	2	2	2	1	2	2	2
Tennis Courts	9	9	9	9	9	9	9	9	9	6
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Greenway (miles)	1	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Walking Trails	3	3	3	3	3	3	4	4	4	15
Lakes	1	1	1	1	1	1	1	1	1	1

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Landfill**										
Land and Improvements	\$ 690,822	\$ 1,100,048		\$ 1,047,204	\$ 1,047,204	\$ -	\$ 981,498	\$ 959,595	\$ 942,630	\$ 920,375
Buildings	\$ 137,278	\$ 137,278		\$ 116,942	\$ 116,942	\$ 341,659	\$ 96,607	\$ 1,548,168	\$ 1,648,626	\$ 1,609,897
Equipment	\$ 788,483	\$ 851,701		\$ 842,556	\$ 2,009,456	\$ 11,020	\$ 1,097,802	\$ 1,046,357	\$ 890,335	\$ 566,691
Vehicles	\$ 166,330	\$ 166,330		\$ 156,968	\$ 156,968	\$ 94,212	\$ 130,944	\$ 99,144	\$ 97,930	\$ 67,918
Infrastructure	\$ 3,600,840	\$ 3,724,732		\$ 969,014	\$ 968,014	\$ 243,542	\$ 46,214	\$ 2,076,341	\$ 1,970,265	\$ 2,277,267
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



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# **COMPLIANCE SECTION**



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# 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, 2021, 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 26, 2021. 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 26, 2021

# 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, 2021. 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, 2021.

### **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 26, 2021

# 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, 2021. 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 program. However, our audit does not provide a legal determination of the City of Albemarle's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the City of Albemarle complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

### **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 26, 2021



**CITY OF ALBEMARLE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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>AL#</u>
Public Housing Capital Fund	14.872
Section 8 Housing Choice Vouchers	14.871
Assistance to Firefighters grants	97.044

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, 2021**

**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**

Powell Bill

**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, 2021**

None reported.

## CITY OF ALBEMARLE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients
<b>FEDERAL AWARDS:</b>					
<u>U.S. Department of Housing &amp; Urban Development</u>					
Direct Grant:					
Low Income Housing:					
Public and Indian Housing	14.850		\$ 837,183	\$ -	\$ -
COVID-19 - Public and Indian Housing Cares Act Funding	14.850		54,622	-	-
Total Low Income Housing			<u>891,805</u>	<u>-</u>	<u>-</u>
Housing Voucher Cluster:					
Section 8 Housing Choice Vouchers	14.871		999,563	-	-
COVID-19 - Section 8 Housing Choice Vouchers	14.871		23,833	-	-
Total Housing Voucher Cluster			<u>1,023,396</u>	<u>-</u>	<u>-</u>
Public Housing Capital Fund:					
Public Housing Capital Fund - NC19PO75501-17	14.872		227,074	-	-
Public Housing Capital Fund - NC19PO75501-18	14.872		433,759	-	-
Public Housing Capital Fund - NC19PO75501-19	14.872		506,956	-	-
Public Housing Capital Fund - NC19PO75501-20	14.872		66,950	-	-
Total Public Housing Capital Fund			<u>1,234,739</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Housing & Urban Development			<u>3,149,940</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	8,799	2,200	-
Capitalization Grants for Clean Water State Revolving Funds (Inflow & Infiltration)	66.458	E-SRF-T-17-463	70,788	17,697	-
Total Clean Water State Revolving Fund Cluster			<u>79,587</u>	<u>19,897</u>	<u>-</u>
Total U.S. Department of Environmental Protection Agency			<u>79,587</u>	<u>19,897</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	82,922	27,641	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	141136	184,323	61,441	-
Passed-Through Federal Emergency Management Agency					
Assistance to Firefighters Grants	97.044	02307	291,429	-	-
Total U.S. Department of Homeland Security			<u>558,674</u>	<u>89,082</u>	<u>-</u>
<u>U.S. Department of Justice</u>					
Pass through N.C. Department of Justice					
Bulletproof Vest Partnership Program	16.607	2021BUBX19097318	4,776	-	-
Total U.S. Department of Justice			<u>4,776</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Treasury</u>					
Passed-through the Office of State Budget and Management					
NC Pandemic Recovery Office					
Passed-through Stanley County:					
COVID-19 - Coronavirus Relief Fund	21.019	02-82	330,943	-	-
Passed-through NC Alliance of YMCAs					
COVID-19 - Coronavirus Relief Fund	21.019	103-01-089-01	28,610	-	-
Total U.S. Department of Justice			<u>359,553</u>	<u>-</u>	<u>-</u>
Total federal awards			<u>4,152,530</u>	<u>108,979</u>	<u>-</u>

## CITY OF ALBEMARLE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients
<b>STATE AWARDS:</b>					
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4 32570	-	441,258	-
Total N.C. Department of Transportation			-	441,258	-
<u>N.C. Department of Environmental Quality</u>					
Level 2 ZEV Charging Infrastructure Program		45802	-	20,000	-
Total N.C. Department of Quality			-	20,000	-
<u>N.C. Department of Commerce</u>					
One North Carolina Fund		2018-22625	-	60,650	-
Total N.C. Department of Commerce			-	60,650	-
Total state awards			-	521,908	-
Total federal and state awards			\$ 4,152,530	\$ 630,887	\$ -

**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, 2021. 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 the 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, 2021 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, 2021 consist of:

Program Name	Federal Assistance Listing 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	\$ 1,516,075
Capitalization Grants for Clean Water State Revolving Funds (Inflow & Infiltration)	66.458	E-SRF-T-17-463	5,202,314



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