

City of Albemarle, North Carolina

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2022





**CITY OF ALBEMARLE  
NORTH CAROLINA**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCE DEPARTMENT**



# CITY OF ALBEMARLE, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

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# **INTRODUCTORY SECTION**



**ALBEMARLE**  
NORTH CAROLINA  
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# ALBEMARLE

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

February 24, 2023

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, 2022 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, P.A. 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, CPAs, P.A. have issued an unmodified ("clean") opinion on the City of Albemarle's financial statements for the year ended June 30, 2022. 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 3.6% unemployment rate compared to a statewide rate of 4% and a national average of 3.6%. During the past ten years, the unemployment rate for Stanly County has declined from a decade high of 11.5% in April 2020 to a decade low of 2.8% in December 2021. The County unemployment rate average for fiscal year ending June 30, 2022 declined to 3.6%, compared to 5.0% in fiscal year ending June 30, 2021.

Since coming out of the pandemic the City of Albemarle has experienced enormous growth, especially in the residential sector. While exact investment in dollars in FY21-22 is not accessible at the time being, our overall numbers reflect a continued growth. Over 45% of all new housing units constructed since 2000 have been built in the last 4 years. FY 21-22 was one of the strongest years we have seen in residential development and remained strong in the commercial and industrial sectors as well.

The City average just 15 housing units constructed over a 9 year period from 2010 to 2018. This jumped to 116 units in 2019 and average 128 units per year over the 3 year period from 2019 to 2021. Last year this increase to 216 units completed with approximately 130 additional units in various stages of construction this year and many more waiting to come on line. The City approved New home construction increased from again in FY 21-22. The City approved only 4 major subdivisions between 2000 and 2017. We are averaging a minimum of 5 a year since then. In FY21-22 alone we saw construction completed on two apartments, begin on two single family residential subdivisions and other 6 major subdivisions approved. One of these features a 770 unit mix of townhomes, apartments and senior living and is the largest single development the City has approved. As these begin construction we should see annual housing numbers continue to increase for the foreseeable future.

Commercial coordination forms, which we use to track non-residential projects through permitting, do not track monetary valuations of improvement. Their numbers are, however, closely tied to the increase and/or decrease in overall investment in the City. These have increased by around 16% since the previous fiscal year with a total of 143 projects. Overall commercial projects are down from the high of 171 projects in 2017, but are on par with the average over the last 7 years and remain at or higher than pre-recession numbers. We saw construction of a new Starbucks and a handful of other small buildings, however the bulk of this year's non-residential construction has been in upfits, with several existing stores redeveloped and/or re-used. This points to a continued increase in commercial property values and is helping to aid in the rehabilitation and rejuvenation of older commercial areas in the City.

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 \$43,231, the County's was \$56,462, while the state's was \$61,972. The government's population recently increased from 15,903 (2010) to 16,432 according to the 2020 Decennial Census.

## ***Major Initiatives***

Fiscal year 2021-2022 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 fiscal year 2021-2022, the City moved forward with the self-funding for the General Fund share of the construction of the Albemarle Business Center. This was accomplished with cash funding of approximately \$1.9 million dollars from savings and borrowing the same amount from the Electric Fund. The contractor has begun construction and the City has completed the in-house extension of electric system improvements to the site from the west.

The City was also instrumental in saving the buildings at 115 and 117 West South Street. The Downtown Catalyst Grant was developed to facilitate improvements and enhance the downtown. We developed the unique and innovative concept to solicit proposals for the former Police Headquarters building on North Second Street. This approach was possible because we have reshaped the narrative of our downtown. It is now a place where people want to invest and where they can achieve success.

We were also able to implement the first phase of the Wayfinding Signage program. In Public Works, we budgeted for the highest level in our history for street preservation and maintenance and completed an assessment of the streets on our system. Many other projects were completed, such as the new parking lot on Pee Dee Avenue.

The Albemarle Fire Department saw increased capabilities with the addition of three full-time fire fighter positions (1 per shift) and the refurbishment of Ladder 11, scheduled for completion prior to the end of the fiscal year. The Police Department saw the acquisition of 6 new patrol vehicles and a support vehicle.

The Parks and Recreation Department continued with improvements at the EE Waddell Community Center, a new roof on the Niven Center, the paving of Northwoods Lane, and the conversion of the Rock Creek Park tennis courts into 10 pickleball courts. The Planning and Development Services Department and City Attorney's Office completed crucial changes to adapt to recent State law revisions for land use and code enforcement. We continued with the services of Retail Strategies to recruit new retail businesses and retain current ones to prevent leakage to other communities, while also beginning the Downtown Strategies program.

### **Enterprise Funds**

In the Electric Fund we continued our pole inspection and replacement program in order to maintain our high level of system reliability. These efforts show the benefit of our system when disasters occur, as we have seen the quick turnaround for power restoration. Our investment in the electric system has made this possible and we are fortunate to offer impressive services 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 infrastructure to the site.

The City remains designated at the RP3 Diamond level from the American Public Power Association. This is the highest level designation for the national RP3 award. We also received funding and installed our first two electric vehicle charging stations and enhanced the safety and/or reliability of our system with the purchase and installation of 3-phase reclosers, automatic transfer switches to assist with power transfer and redirection during outages and maintenance, bypass buses for substations, and the continuation of our tree trimming and pole inspection programs.

The Water and Sewer operations saw the completion of Phase 2 inflow and infiltration work and continued progression toward the Phase 3 project as well as our pursuit of the Wastewater Treatment Plant conversion for compliance, operational improvements, and cost savings. The City has upgraded and improved the NC Highway 73 forcemain for greater reliability and capacity. At the Jack F. Neel Water Treatment Plant we installed a carbon tank and mixer system to replace a previously manual process.

Public Housing continues to serve housing needs for all of Stanly County, as the programs operate as a County-wide service. The door replacement project was completed in the current fiscal year and also completed its public area camera installation project. Work continues on the contracted rehabilitation of the burned units on Inger Street and new projects and initiatives are being identified by the Department staff.

### ***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 35.2 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.

## **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 and at the time of this writing is in development. 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 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 is being developed by the City to be sold to corporations that will construct facilities increasing tax base, creating jobs, and purchasing utilities. At the time of this the construction of the horizontal infrastructure is underway for the Albemarle Corporate Center (ABC).

## **Public Works**

### Pavement Management Plan

In fiscal year 2022, the City conducted an additional analysis to update its pavement maintenance 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 sixth 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.

## **Public Utilities**

### Long Creek Wastewater Treatment Plant

The current Waste-Water Treatment plant was designed and built in the early 1970's. Many of the plants components and treatment processes are original to the plant and are reaching the end of their service life or are highly recommended to be improved to be more in keeping with newer environmental regulatory standards or more modernized treatment processes. The plant rehabilitation is to provide a much more efficient process in regards to treatment of waste-water and reduction in energy usage as well as more easily maintainable system for treatment plant staff.

### Phase 3 Sanitary Sewer Rehabilitation

As our sanitary sewer mains degrade over time, they allow inflow and infiltration of storm-water into the line to eventually enter the waste-water treatment facility. The storm-water that enters the lines is not intended to undergo the full wastewater treatment process and, at times, causes harm to the natural treatment process due to overflows and low biological matter. The City is continuing to invest in improving our waste-water collection network to reduce inflow and infiltration of storm-water into the network which prevents operational burden on the waste-water treatment facility.

### Moss Springs Pump Station

The Moss Springs Pump Station is responsible for pumping treated water to the east side of town. With increased growth and expected future capacity needs on the water distribution system, the City has awarded a formal bid to a contractor to rehabilitate the pump station. The rehabilitation includes replacing pumps with higher capacity and more balanced pumps, electrical upgrades, and improvements to the SCADA monitoring system.

### Advanced Metering Infrastructure

Our current metering infrastructure for both water and electric meters is enabled with automated meter reading which prevents meter technicians from having to manually read and key each and every meter. Through substantial rebates offered through our arrangements with North Carolina Municipal Power Agency 1, we are able to fully fund an Advanced Meter Infrastructure (AMI) program. AMI, which are otherwise known as "smart meters" allows the City and its customers insights into daily consumption of energy and water, provide the City the ability to more closely monitor service deficiencies, and offers the ability to implement sophisticated outage management programs. This project involved the replacement of all electric meters and the installation of new water meters.

### Jack F. Neel Water Treatment Plant Expansion

Our Jack F. Neel water treatment facility currently provides approximately five million gallons of treated water to Concord-Kannapolis and approximately two-hundred thousand gallons a day to the Highway 52 water treatment facility. Through both formal and informal requests for capacity by multiple external agencies, the City is evaluating the potential to expand the Jack F. Neel water treatment facility to produce eighteen million gallons per day. LKC Engineering has provided a sealed preliminary engineering report for the City's review and we are actively seeking funding opportunities to support this project.

### ***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, 2021. This was the fifth 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.

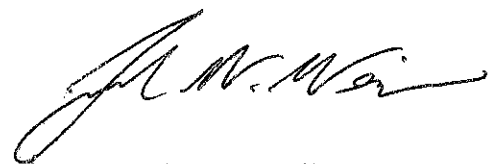
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**CITY OF ALBEMARLE, NORTH CAROLINA**

**CITY GOVERNING BODY AND OFFICIALS**

**JUNE 30, 2022**

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

VACANT

ASSISTANT CITY MANAGER

JACOB WEAVID

FINANCE OFFICER

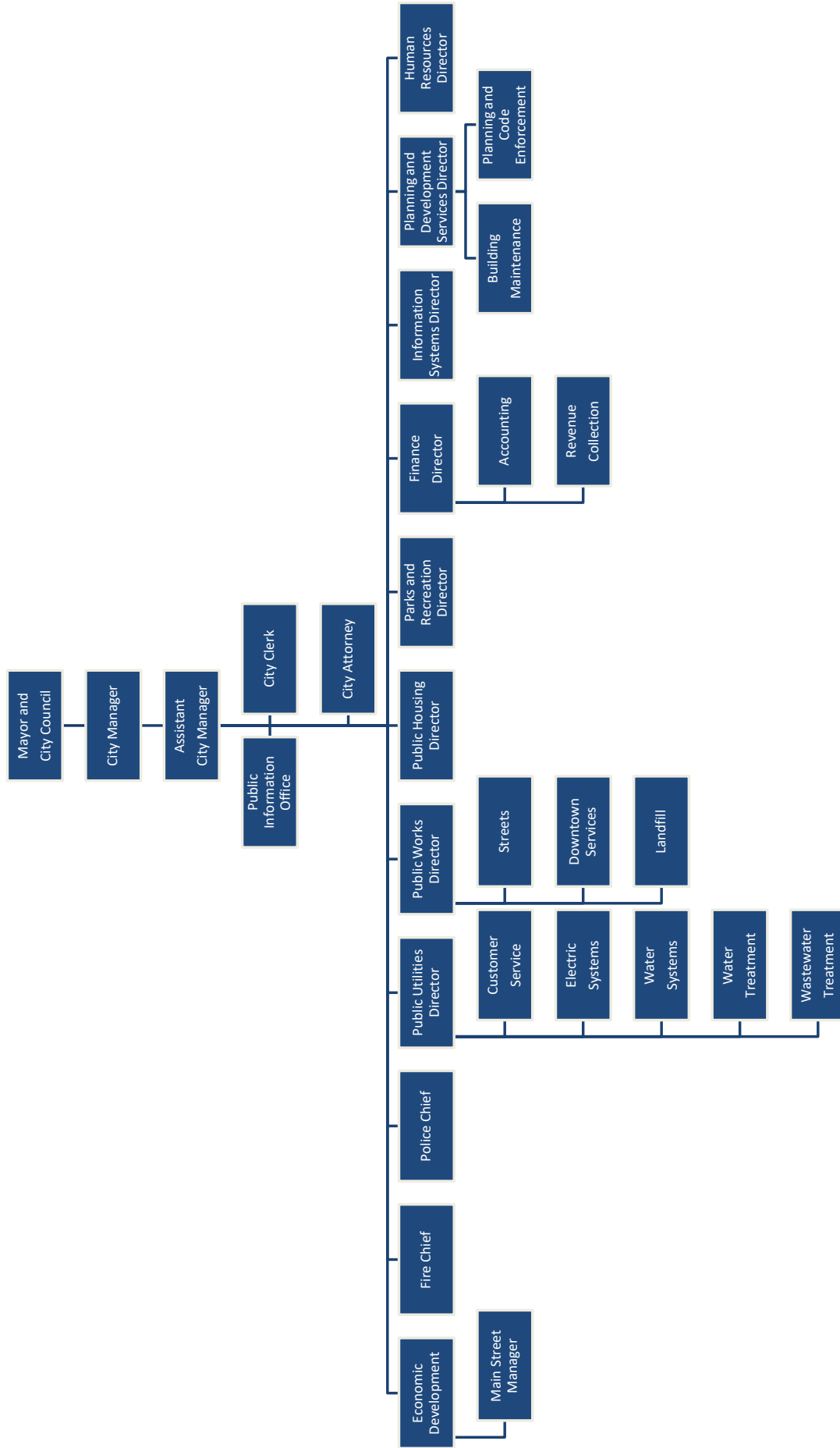
BRITT BURCH

CITY ATTORNEY

CINDY STONE

CITY CLERK

# CITY ORGANIZATIONAL CHART





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



# **FINANCIAL SECTION**



**ALBEMARLE**  
NORTH CAROLINA  
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# MARTIN STARNES

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## & 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, North Carolina

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2022, 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.

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.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit Financial Statements section of our report. We are required to be independent of the City of Albemarle, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the City of Albemarle ABC Board were not audited in accordance with *Government Auditing Standards*.

### ***Change in Accounting Principle***

As discussed in note 8 to the financial statements, for fiscal year ended June 30, 2022, the City of Albemarle adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Albemarle's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 Governmental 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 is the responsibility of management and, 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 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 combining and individual fund financial statements, budgetary schedules, and other schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023 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  
February 24, 2023

## 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, 2022. 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

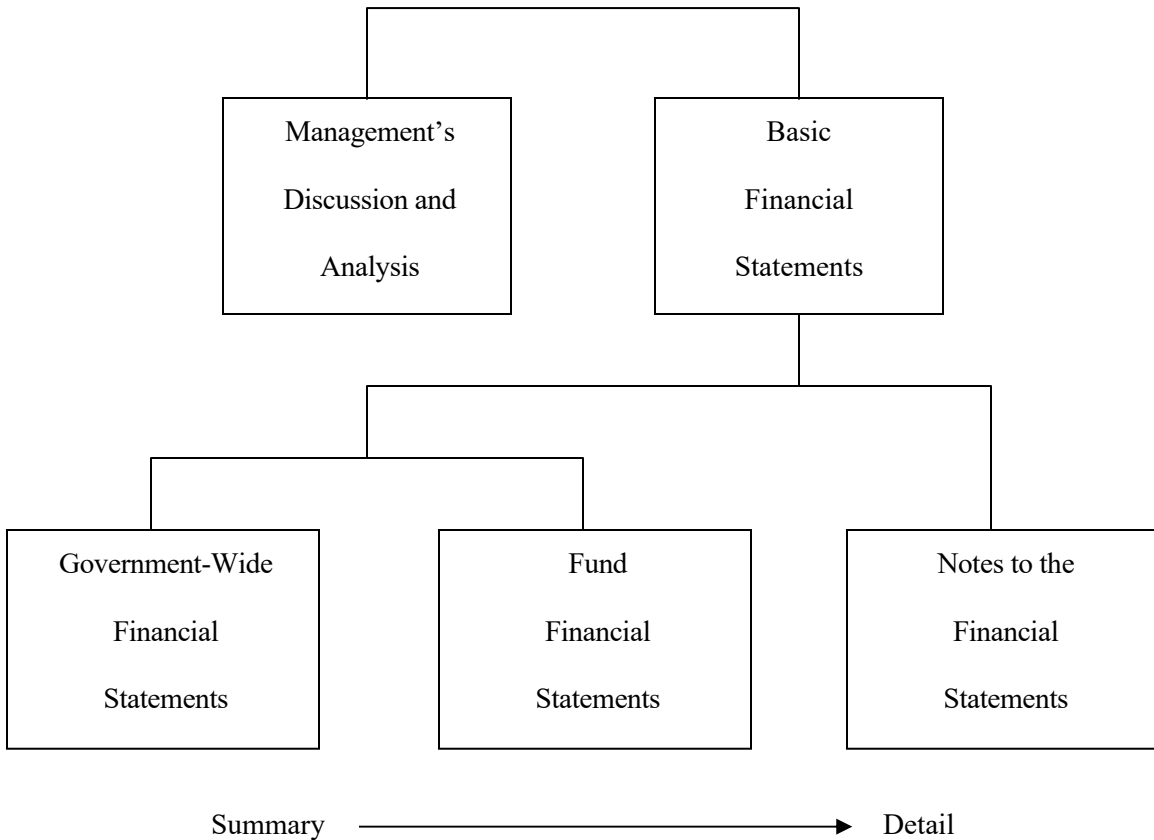
- The assets and deferred outflows of resources of the City of Albemarle exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$96,736,201.
- The government's total net position increased by \$3,786,971. The majority of the growth is attributable to an increase in cash and cash equivalents.
- As of the close of the current fiscal year, the City of Albemarle's governmental funds reported combined ending fund balances of \$17,118,531, an increase of \$5,321,037 in comparison with the prior year. Approximately 20.6 percent of this total amount, or \$3,530,992, is restricted or non-spendable. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,235,439, or 35.3 percent, of total General Fund expenditures for the fiscal year. The increase in combined fund balance is primarily attributable to the net change in fund balance as a result of fund transfer activity from the Electric and Water and Sewer Funds in the amounts of \$2,339,154 and \$1,599,583, respectively, to the Albemarle Business Park Project Fund. A secondary factor for the increase can be attributed to \$800,000 restricted fund balance in the General Capital Projects Fund due to unspent loan proceeds issued for the purchase of a new Fire Truck.
- The City of Albemarle's total debt decreased by \$355,385 during the current fiscal year. The reduction of the City's debt is due to a net decrease in existing borrowings over new borrowings.

### 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 35 through 85 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 86 through 92 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	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 22,387,329	\$ 14,222,229	\$ 42,465,062	\$ 42,483,822	\$ 64,852,391	\$ 56,706,051
Capital assets	<u>26,207,626</u>	<u>24,878,768</u>	<u>71,864,156</u>	<u>74,134,423</u>	<u>98,071,782</u>	<u>99,013,191</u>
Total assets	<u>48,594,955</u>	<u>39,100,997</u>	<u>114,329,218</u>	<u>116,618,245</u>	<u>162,924,173</u>	<u>155,719,242</u>
<b>Deferred Outflows of Resources</b>						
	<u>5,256,176</u>	<u>3,985,629</u>	<u>3,049,663</u>	<u>2,207,301</u>	<u>8,305,839</u>	<u>6,192,930</u>
<b>Liabilities:</b>						
Long-term liabilities	18,789,199	19,172,393	36,979,321	38,035,270	55,768,520	57,207,663
Other liabilities	<u>5,494,774</u>	<u>2,732,798</u>	<u>7,669,762</u>	<u>6,954,760</u>	<u>13,164,536</u>	<u>9,687,558</u>
Total liabilities	<u>24,283,973</u>	<u>21,905,191</u>	<u>44,649,083</u>	<u>44,990,030</u>	<u>68,933,056</u>	<u>66,895,221</u>
<b>Deferred Inflows of Resources</b>						
	<u>3,351,145</u>	<u>1,258,426</u>	<u>2,209,610</u>	<u>809,295</u>	<u>5,560,755</u>	<u>2,067,721</u>
<b>Net Position:</b>						
Net investment in capital assets	20,689,725	18,922,602	46,440,593	46,804,613	67,130,318	65,727,215
Restricted	2,659,971	2,477,871	22,717	63,964	2,682,688	2,541,835
Unrestricted	<u>2,866,317</u>	<u>(1,477,464)</u>	<u>24,056,878</u>	<u>26,157,644</u>	<u>26,923,195</u>	<u>24,680,180</u>
Total net position	<u>\$ 26,216,013</u>	<u>\$ 19,923,009</u>	<u>\$ 70,520,188</u>	<u>\$ 73,026,221</u>	<u>\$ 96,736,201</u>	<u>\$ 92,949,230</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 \$96,736,201 as of June 30, 2022. The City's net position increased by \$3,786,971 for the fiscal year ended June 30, 2022. The largest portion of net position (69.4%) 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, \$2,682,688 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$26,923,195 is unrestricted.

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	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,089,635	\$ 1,917,619	\$ 47,617,758	\$ 46,598,074	\$ 49,707,393	\$ 48,515,693
Operating grants and contributions	1,080,611	1,687,527	1,761,372	2,311,502	2,841,983	3,999,029
Capital grants and contributions	228	558,426	1,015,296	1,057,016	1,015,524	1,615,442
General revenues:						
Property taxes	7,768,822	7,110,853	-	-	7,768,822	7,110,853
Other taxes	7,724,023	6,846,413	173,116	208,511	7,897,139	7,054,924
Interest earned	(15,204)	(11,517)	(43,703)	45,744	(58,907)	34,227
NCMPA rebate	-	-	2,350	6,447,395	2,350	6,447,395
Miscellaneous	-	-	464,547	-	464,547	-
Total revenues	<u>18,648,115</u>	<u>18,109,321</u>	<u>50,990,736</u>	<u>56,668,242</u>	<u>69,638,851</u>	<u>74,777,563</u>
<b>Expenses:</b>						
General government	2,449,079	2,380,927	-	-	2,449,079	2,380,927
Public safety	9,496,349	8,892,702	-	-	9,496,349	8,892,702
Public works	3,483,079	3,702,465	-	-	3,483,079	3,702,465
Cultural and recreational	2,065,318	2,005,322	-	-	2,065,318	2,005,322
Interest on long-term debt	222,968	218,097	-	-	222,968	218,097
Water and sewer	-	-	11,683,027	11,245,258	11,683,027	11,245,258
Electric	-	-	29,947,512	29,245,973	29,947,512	29,245,973
Landfill	-	-	3,333,178	3,030,606	3,333,178	3,030,606
Public housing	-	-	3,171,370	2,913,537	3,171,370	2,913,537
Total expenses	<u>17,716,793</u>	<u>17,199,513</u>	<u>48,135,087</u>	<u>46,435,374</u>	<u>65,851,880</u>	<u>63,634,887</u>
Change in net position before transfers	931,322	909,808	2,855,649	10,232,868	3,786,971	11,142,676
Transfers in (out)	<u>5,361,682</u>	<u>1,538,038</u>	<u>(5,361,682)</u>	<u>(1,538,038)</u>	<u>-</u>	<u>-</u>
Change in net position	6,293,004	2,447,846	(2,506,033)	8,694,830	3,786,971	11,142,676
<b>Net Position:</b>						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 26,216,013</u>	<u>\$ 19,923,009</u>	<u>\$ 70,520,188</u>	<u>\$ 73,026,221</u>	<u>\$ 96,736,201</u>	<u>\$ 92,949,230</u>

**Governmental Activities.** Governmental activities increased the City’s net position by \$6,293,004. Key elements of this increase are as follows:

- Growth in property taxes by \$657,969.
- Growth in other taxes by \$877,610, primarily driven by an increase in local option sales tax of \$721,372 (15%) over prior year.
- Reduction in operating grants, capital grants, and contributions by \$1,165,114, which is mostly attributable to three one-time events in the prior fiscal year, which were:
  - \$400,000 repayment of previously written off debt
  - \$326,205 in assistance from the CARES Act Coronavirus Relief Fund
  - \$291,429 capital grant for Firefighter Safety Equipment
- Transfers from Business-Type Activities, excluding annual transfers for payment in lieu of taxes, to Governmental Capital Project Funds in the amount of \$3,998,237 that the majority of which were for the following:
  - \$1,599,583 transfer from the Water and Sewer Fund to the Albemarle Business Park
  - \$2,339,154 transfer from the Electric Fund to the Albemarle Business Park

**Business-Type Activities.** Business-type activities decreased the City of Albemarle’s net position by \$2,506,033. Key elements of this decrease are as follows:

- Partially offset by growth in charges for service by \$1,484,231 (3%), primarily due to growth in the Water and Sewer Fund of \$1,030,637 due to a 4% rate increase.
- As mentioned above in Governmental Activities, transfers to Governmental Capital Project Funds in the amount of \$3,998,237.

### ***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 \$6,235,439, while total fund balance amounted to \$9,267,157. Unassigned General Fund balance represents 35.3 percent of total General Fund expenditures, while total fund balance represents 52.5 percent of that same amount.

At June 30, 2022, the governmental funds of City of Albemarle reported a combined fund balance of \$17,118,531, a 45.1 percent increase as compared to the prior year. Included in this change in fund balance is the decrease in fund balance in the General Fund in the amount of \$1,204,537.

The underlying reasons for the decrease in fund balance of the General Fund relates to the following:

- Partially offset by the growth in property taxes and sales taxes mentioned above in Governmental Activities.
- A transfer of \$3,564,313 to the Albemarle Business Park project, of which the net impact to fund balance was \$1,648,055. The remaining \$1,916,258 was borrowed from the Electric Fund and had a net zero impact to Fund Balance.

**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 2021 but not received until fiscal year 2022
- Appropriate Fund Balance for the funding of the Pee Dee Avenue Parking Lot project
- Appropriate remaining funds anticipated from FEMA for repairs related to Hurricane Florence
- Drug seizure funds for the police department to purchase new software and firearms for the Police Department
- Lightning storm damage at Warehouse
- Boiler Replacement at EE Waddell Center
- Grant proceeds from YMCA for EE Waddell Center
- Grant proceeds from YMCA to Amhurst
- Grant proceeds from NCRPA for Recreation Training and Supplies
- CARES Act funds received from HUD for PH Section 8
- Appropriate fund for price increase of fleet maintenance service truck
- Appropriate funds received from the State for incentive to Project Steel
- Grant proceeds from the Cannon Foundation, Inc. to support the Albemarle Fire Department Swiftwater Rescue Boat Project
- Appropriate funds to the Stormwater project
- Appropriate Fund Balance in General Fund to Albemarle Business Center
- Appropriate additional General Fund balance to pay the first 3 quarterly installments due to the Electric Fund

**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 \$3,528,155; for the Electric Fund \$17,889,779; for the Landfill Fund \$1,271,579; and for the public housing \$741,437. The total change in net position for each fund was (\$803,749), (\$2,545,723), \$89,600, and \$672,500, 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, 2022, totals \$98,071,782 (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:

### Governmental Activities:

- Construction in progress activities:
  - Beginning of Albemarle Business Park infrastructure phase, \$2,304,490 to-date
- Reclassification of assets from construction in progress:
  - Buildings - City hall bullet proof glass, \$28,832
  - Infrastructure – Pee Dee Avenue parking, \$81,740
  - Infrastructure – Albemarle wayfinding signage phase 1, \$184,980
- Acquisition of vehicles and equipment, including but not limited to:
  - Public Works - Mack Service truck, 192,422
  - Police - 6 Dodge Durango's, \$205,255
- Buildings and Other Improvements, including but not limited to:
  - Parks and Recreation – Pickleball courts at Rock Creek Park, \$51,85
  - Parks and Recreation – Niven Center roof replacement, \$83,350
- Infrastructure Improvements, including but not limited to:
  - Parks and Recreation - Northwoods Lane pacing and speed bumps, \$66,459
  - Parks and Recreation – EE Waddell Center parking lot improvements, \$43,389

### Business-Type Activities:

- Construction in progress activities:
  - Beginning Water and Sewer of inflow and infiltration system upgrade phase 3, \$253,150 to-date
  - Continuation of Public Housing Amhurst Gardens burn unit renovation, \$543,175 to-date
- Reclassification of assets from construction in progress:
  - Buildings - Water and Sewer, Electric – City hall bullet proof glass, \$17,118
  - Buildings - Public Housing – Interior and Exterior door replacement, \$1,369,875
- Acquisition of vehicles and equipment, including but not limited to:
  - Water and Sewer – Automatic transfer switch at Jack F. Neel Water Treatment Plant, \$77,821
  - Water and Sewer – Carbon delivery system at Jack F. Neel Water Treatment Plant, \$112,631
  - Water and Sewer – John Deer skid steer, \$55,969
  - Water and Sewer – Chevrolet Express 3500 Truck, \$41,859
  - Electric – Chevrolet Silverado 3500, \$55,685
  - Electric - Kenworth Line Truck, \$386,061
  - Electric – Phase 3 reclosures at Norwood Road and Badin Road, \$48,724
  - Landfill – 2 Ford F150 Trucks, \$60,378
  - Public Housing – Fencing Replacement at Amhurst Gardens and Elizabeth Heights, \$72,840
- Buildings and Other Improvements, including but not limited to:
  - Public Housing – Landscaping improvements, \$184,885
- Infrastructure Improvements, including but not limited to:
  - Water and Sewer – NC 73 Force Main replacement, \$95,166

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,384,333	\$ 4,384,333	\$ 1,020,598	\$ 1,041,766	\$ 5,404,931	\$ 5,426,099
Infrastructure	3,683,034	3,515,307	23,415,115	24,350,857	27,098,149	27,866,164
Other improvements	940,215	955,026	555,927	410,983	1,496,142	1,366,009
Buildings	10,843,224	11,660,603	35,769,550	36,566,585	46,612,774	48,227,188
Furniture and fixtures	-	-	37,126	42,429	37,126	42,429
Equipment	2,847,777	2,835,471	6,396,100	6,658,843	9,243,877	9,494,314
Construction in progress	3,509,043	1,528,028	4,669,740	5,062,960	8,178,783	6,590,988
<b>Total</b>	<b><u>\$ 26,207,626</u></b>	<b><u>\$ 24,878,768</u></b>	<b><u>\$ 71,864,156</u></b>	<b><u>\$ 74,134,423</u></b>	<b><u>\$ 98,071,782</u></b>	<b><u>\$ 99,013,191</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, 2022, the City of Albemarle had no outstanding bonded debt.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Direct placement and direct borrowing - installment debt	\$ 6,315,581	\$ 5,956,166	\$ 26,333,625	\$ 27,329,810	\$ 32,649,206	\$ 33,131,482
Lease liabilities	243,975	-	37,410	-	281,385	154,494
<b>Total</b>	<b><u>\$ 6,559,556</u></b>	<b><u>\$ 5,956,166</u></b>	<b><u>\$ 26,371,035</u></b>	<b><u>\$ 27,329,810</u></b>	<b><u>\$ 32,930,591</u></b>	<b><u>\$ 33,285,976</u></b>

**City of Albemarle's Outstanding Debt**

The City of Albemarle's total debt decreased by \$355,385 during the past fiscal year, primarily due to a net decrease in existing borrowings over new borrowings.

Not reported in the figures above are two interfund borrowings that are reported as liabilities and receivables:

- \$40,528 owed by the General Fund to the Electric Fund for the Parks and Recreation Niven Center, to be paid in full in Fiscal Year 2023.
- \$1,844,398 owed by the General Fund to the Electric Fund for the Albemarle Business Park project.

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 \$93,156,921.

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



## **Economic Factors and Next Year's Budgets and Rates**

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

- The unemployment rate in Stanly County was 3.6%, which is below the statewide rate of 4.1% and equal to the national average of 3.6% for June 2022.
- Since coming out of the pandemic the City of Albemarle has experienced enormous growth, especially in the residential sector. While exact investment in dollars in FY21-22 is not accessible at the time being, our overall numbers reflect a continued growth. Over 45% of all new housing units constructed since 2000 have been built in the last 4 years.
- The City average just 15 housing units constructed over a 9 year period from 2010 to 2018. This jumped to 116 units in 2019 and average 128 units per year over the 3-year period from 2019 to 2021. Last year this increased to 216 units completed with approximately 130 additional units in various stages of construction this year and many more waiting to come on line. The City approved New home construction increased from again in FY 21-22. The City approved only 4 major subdivisions between 2000 and 2017. We are averaging a minimum of 5 a year since then. In FY21-22 alone we saw construction completed on two apartments, begin on two single family residential subdivisions and other 6 major subdivisions approved. One of these features a 770 unit mix of townhomes, apartments and senior living and is the largest single development the City has approved. As these begin construction, we should see annual housing numbers continue to increase for the foreseeable future.
- Commercial coordination forms, which we use to track non-residential projects through permitting, do not track monetary valuations of improvement. Their numbers are, however, closely tied to the increase and/or decrease in overall investment in the City. These have increased by around 16% since the previous fiscal year with a total of 143 projects. Overall commercial projects are down from the high of 171 projects in 2017, but are on par with the average over the last 7 years and remain at or higher than pre-recession numbers. We saw construction of a new Starbucks and a handful of other small buildings; however, the bulk of this year's non-residential construction has been in upfits, with several existing stores redeveloped and/or re-used. This points to a continued increase in commercial property values and is helping to aid in the rehabilitation and rejuvenation of older commercial areas in the City.
- FY 21-22 was one of the strongest years we have seen in residential development and remained strong in the commercial and industrial sectors as well.

## **Budget Highlights for the Fiscal Year Ending June 30, 2023**

**Governmental Activities:** The proposed FY 22/23 Budget utilizes the taxable property value estimate provided by the Stanly County Tax Assessor of \$1,295,000,000. I am recommending no change in the existing property tax rate of 61-cents per \$100 of assessed value and the budget has been constructed around this rate. One-cent on the property tax rate generates approximately \$118,840 at the current collection rate. The proposed General Fund Budget of \$19,368,364 is 17.87% less than the FY 21/22 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). The budget does provide a reduction in the monthly solid waste collection fee (which includes recycling) as a result of the leaf collection being included the stormwater fee. There is a slight change in the solid waste disposal fee to reflect the trend in the increase volume of solid waste collected and disposed. The budget does not include any increases in planning and zoning fees nor does it propose an increase in the motor vehicle registration 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 56.29 % of the General Fund Budget expenditures. The total cost of these two Departments is \$10,902,508 while the proposed property tax rate generates revenues totaling \$7,724,921. The difference is \$3,177,587 and would therefore require a 26.74-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 is proud to do so, this example demonstrates the importance of continuing to grow the economy and local tax base.

Initiatives funded in the General Fund portion of the proposed 22/23 Budget allow the City 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 and Downtown Strategies for the recruitment and retention of retail businesses to prevent leakage to other communities. The budget contains a \$50,000 increase in the General Fund for street preservation and rehabilitation work, a high priority of the Mayor and Council and a high ranking community survey item. The City-wide funding for street preservation and maintenance has increased from \$400,000 in the current fiscal year to \$625,000 in the 22/23 proposal, a total increase of \$425,000 in the last seven fiscal years. The Public Works Fleet Maintenance Division provides funds to study and potentially design a new fleet maintenance facility. The acquisition of four Police vehicles, the replacement of mobile data terminals, and the replacement of all body cameras to provide increased functionality and transparency are funded in the Police Department.

With staff capacity being one of five Goals of our Strategic Planning, and in order to keep pace with the volume of work expected of our staff to support the changes in our organization and community, new positions are provided in the General Fund. The Finance Department will increase its numbers for the first time in approximately three decades in order to keep pace with the complexity of today's regulations, the volume of projects, the addition of another new fund to support and monitor (Stormwater), ARPA oversight and reporting, and technology demands within the Department. The Information Systems Department will also add staff to support and serve City-wide activities. An Assistant Fire Chief has also been added. This position been a long-standing need in the Department and will provide additional daily administrative, operational, and supervisory personnel in the Department. The position will also support the stated goal of succession planning. The budget supports the updating of the Comprehensive Plan through the Planning and Development Services Department to assist with managing and planning for the unprecedented growth we are experiencing. Parks and Recreation will also continue to provide a wide variety of services to all areas of our community and see additional improvement.

The Powell Bill Fund is proposed at \$777,405 which is a 35.20% 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 expense for our street preservation and maintenance program with \$400,000 proposed in Powell Bill funding. This is a \$175,000 increase from the current year, which combined with the General Fund provides \$225,000 in additional funding for this endeavor. Revenues for the Powell Bill are received from the State as a portion of the gas tax and remitted to municipalities for road maintenance, with a portion based on road mileage and a portion based on population. As we are all well aware, funding has not kept pace with needs. FY 21/22 funding levels were similar to the amount we received in FY 10/11. FY 22/23 does see a slight increase in Powell Bill revenues. 100% of the additional funding and an increase in reserve appropriations are being provided for the increased street preservation and maintenance activities.

**Business-Type Activities:** The Water and Sewer Fund Budget is proposed at \$13,100,663 and is 8.28% lower than the current Fiscal Year Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). The proposed budget does include a 7% 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 and the rising cost of doing business.

There are many needs and commitments addressed in the proposal. Beyond our typical operational and capital needs, significant issues for the Water and Sewer Fund (as well as the Electric Fund) are growth, the escalating costs of materials, and supply chain issues. The budget plans for increased supply and materials costs. In keeping with a proactive strategy, we are moving to increase our inventories where possible to receive supplies and materials in a timely manner in order to keep operations and services progressing to the best of our ability. Funds are once again appropriated for the City's share of the expense to relocate our water line as part of the NCDOT Bethany Road bridge replacement project. This was anticipated to occur in the current fiscal year, but there were delays with the State project. We are moving FY 21/22 funds for the Moss Springs Road water booster pump station (installed as part of the City's 1980 annexation) to a project fund and appropriating additional funds in FY 22/23 due to increasing costs and the need to increase the scope of the project to enhance our ability to supply water to East Albemarle. We have increased the budget for AMI/AMR installations and the related meter reading and receiving equipment.

We also continue with routine inflow and infiltration (I&I) with the lining of manhole towers and the reconstruction of towers. We will purchase media filter material at the wastewater treatment plant, smoke test equipment to aid with a reduction in I&I, replacement meter vaults for employee safety, as well as the replacement of vehicles and equipment. The Systems Division will also conduct a water line replacement project on Moose Street and construct a new connection between Anderson Heights and the Grandview subdivision. An ongoing and significant achievement is that the City will continue to meet its current debt obligation in the Water and Sewer Fund while maintaining extremely low rates. Many water and sewer infrastructure goals have been achieved in recent years. While these projects can be expensive, we continue to pursue these for the long-term reliability and efficiency of our system while still maintaining very affordable rates.

The Electric Budget is proposed at \$33,734,759 and represents an 8.50% decrease from the current year Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority).

The Budget does reflect a second phase of changes to address the recommendations of the rate and cost of service study. The study was conducted to ensure that charges are sufficient to fund future needs and that classes of customers are charged appropriately. The first phase of recommendations were implemented in FY 20/21. The FY 22/23 Budget adjusts the base facilities charges, as a large portion of our expense is fixed in simply providing the infrastructure and services to maintain the system. We will again implement adjustments that do not increase rates for the average user in each category. In fact, the average residential user will see a 5% reduction in their monthly bills. With the proposal, our average residential customer will have rates reduced by 15.5% in the last seven years (since FY 15/16). It is important to keep in perspective the savings this has provided our rate payers. Declining costs are certainly not the norm for other utilities or in comparison to the cost of other goods and services in this same time frame. As a City, we should be proud of what we have been able to achieve with customer rates while remaining a Public Power Award of Excellence winner and a nationally awarded RP3 Diamond level system.

The Electric Fund Budget allocates funding for the implementation of AMI meters and supporting infrastructure in one project. With these improvements in service and efficiency, we will be adding a technical support position responsible for the AMI meter and technology issues, as well as the outage management system, and the existing SCADA system. The proposal also includes enhanced outage management capabilities. We will fund the purchase of additional 3-phase reclosers, an arch flash study, and improvements on the southern portion of our system to improve system reliability in our most challenging area. We will increase funding for the replacement of existing street lighting with LED lights. We will re-establish a staff Engineer as well as a Project Manager through the Electric Fund, benefitting all City funds on services currently contracted as well as providing existing staff relief and oversight of projects, particularly those of City-wide interest. Supply chain challenges, the rising cost of materials, and growth issues are also considerations in the development of the Electric Budget.

The Solid Waste Disposal Fund is proposed at \$4,708,203 in FY 22/23, representing an increase of 7.96% from the FY 21/22 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 and previous debt obligations for equipment. We will also make the final payment to replenish reserves, as we borrowed from Landfill reserves to pay for the construction of the Landfill employee facility. When this occurred, the City made the commitment to rebuild the 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 purchase of a new compactor. The budget does also include the replacement of the scale house building and the acquisition of a supporting generator, a shelter for vehicles, and the resurfacing of the Landfill road from Stony Gap Road to the scale house.

The Public Housing Section 8 proposal reflects a total budget of \$1,029,500 which is a 1.18% increase from the FY 21/22 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority), while the Conventional Public Housing Budget is proposed at \$1,472,364 and is a 31.93% decrease from the FY 21/22 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). Both housing program budgets consist primarily of federal funds and revenues related to tenant / resident rental payments. A majority of capital initiatives do not appear in the annual budget, but are a part of the Capital Fund Program (CFP) Budget. The CFP Budget follows US Housing and Urban Development guidelines and is presented and reviewed with Council as projects and expenditures are prepared. The Department continues to oversee the restoration of the burned units on Inger Street, working on current needs, and identifying new directions and projects for the betterment of the Department and those we serve.

FY 22/23 begins the sixth year of a self-funded health insurance program. The proposal reflects a total budget of \$3,475,912 which is a 3.93% decrease from the FY 21/22 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). The move to self-insurance allows the City to retain all savings realized from year to year, rather than having the savings go to a private provider. Being self-insured, we establish our own rates and funding levels. We have met our goals for a sufficient reserve in this Fund, which therefore provides opportunities and further benefits. One such benefit is the budget includes an 8% decrease in the per person rates for the program. We are currently in the Blue Cross/Blue Shield of NC network, but are awaiting the results of a bid process to solicit network proposals. With the fulfillment of the reserve goal and improved cost control, we are able to reduce rates and thereby allow more dollars to be left in each City fund to support essential services and needs.

**Overall:** In all funds, the budget provides for continued compensation adjustments as there is a strong need to remain aggressive and competitive to attract and retain employees. In FY 22/23 we had intended to begin an annual review of approximately 1/3 of the workforce as the development and retention of a high qualified and skilled workforce aligned with the goals and tactics of our Strategic Plan. Upon discussion with the rest of the Leadership Team, they felt the extreme situation with the rapidly rising cost of living, growing inflation, and need to remain competitive across the entire organization required a change in approach. As a result, the budget provides for an across the board 6% cost of living increase for all employees in lieu of compensation study changes to specific areas. The budget as proposed does not provide funding for a merit pay program. We have also budgeted for the fourth consecutive year of a mandated increase in the City's contribution on behalf of employees to the NC Local Government Retirement System.

The budget and proposed activities enable the City to perform its essential mission, is financially sound, and provides quality services and service delivery while also supporting our staff and their ability to carry out their responsibilities. Even with the erosion of revenue sources, 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 assistance in the development of a thoughtful and responsible proposal as well as for their efforts throughout the year to ensure we live within our means and budget boundaries. This last year also saw additional work for members of the Leadership Team in the development of the Strategic Plan. This required a significant investment of our time and further demonstrates the complexity and demands of planning for the future of our organization. The formal, annual work in this area has become a year-round endeavor and this provides greater emphasis on the need to support staff capacity.

### **Requests for Information**

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



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

# **BASIC FINANCIAL STATEMENTS**

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 18,356,720	\$ 29,027,887	\$ 47,384,607	\$ 908,091
Taxes receivable - net	228,976	-	228,976	-
Accounts receivable - net	178,505	5,457,516	5,636,021	5,710
Due from other governments	1,934,920	-	1,934,920	-
Internal balances	(2,515,339)	2,515,339	-	-
Inventories	17,395	2,510,326	2,527,721	592,315
Prepaid expenses	53,626	77,449	131,075	12,775
Restricted cash	3,832,771	2,839,073	6,671,844	-
Total current assets	<u>22,087,574</u>	<u>42,427,590</u>	<u>64,515,164</u>	<u>1,518,891</u>
Non-current assets:				
Security deposits	58,100	-	58,100	-
Right to use leased assets, net of amortization	<u>241,655</u>	<u>37,472</u>	<u>279,127</u>	<u>-</u>
Capital assets:				
Land and construction in progress	7,893,376	5,690,338	13,583,714	222,167
Other capital assets, net of depreciation	<u>18,314,250</u>	<u>66,173,818</u>	<u>84,488,068</u>	<u>669,139</u>
Total capital assets	<u>26,207,626</u>	<u>71,864,156</u>	<u>98,071,782</u>	<u>891,306</u>
Total non-current assets	<u>26,507,381</u>	<u>71,901,628</u>	<u>98,409,009</u>	<u>891,306</u>
Total assets	<u>48,594,955</u>	<u>114,329,218</u>	<u>162,924,173</u>	<u>2,410,197</u>
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	3,217,780	1,677,662	4,895,442	54,537
OPEB deferrals	<u>2,038,396</u>	<u>1,372,001</u>	<u>3,410,397</u>	<u>-</u>
Total deferred outflows of resources	<u>5,256,176</u>	<u>3,049,663</u>	<u>8,305,839</u>	<u>54,537</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,434,904	3,647,390	5,082,294	250,723
Current portion of long-term liabilities	1,402,908	2,562,624	3,965,532	-
Accrued interest payable	40,186	31,193	71,379	-
Prepaid fees	-	5,012	5,012	-
Advances from grantors	2,616,776	70,182	2,686,958	-
Liabilities payable from restricted assets:				
Customer deposits	<u>-</u>	<u>1,353,361</u>	<u>1,353,361</u>	<u>-</u>
Total current liabilities	<u>5,494,774</u>	<u>7,669,762</u>	<u>13,164,536</u>	<u>250,723</u>

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



CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2022

	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	-	5,787,514	5,787,514	-
Total OPEB liability	8,639,843	5,748,708	14,388,551	-
Total pension liability - LEOSSA	2,549,189	-	2,549,189	-
Due in more than one year	5,950,676	24,337,331	30,288,007	-
Net pension liability	1,649,491	1,105,768	2,755,259	32,820
Total long-term liabilities	18,789,199	36,979,321	55,768,520	32,820
Total liabilities	24,283,973	44,649,083	68,933,056	283,543
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	7,177	-	7,177	-
Pension deferrals	2,526,740	1,659,552	4,186,292	46,888
OPEB deferrals	817,228	550,058	1,367,286	-
Total deferred inflows of resources	3,351,145	2,209,610	5,560,755	46,888
<b>Net Position:</b>				
Net investment in capital assets	20,689,725	46,440,593	67,130,318	891,306
Restricted for:				
Stabilization by state statute	2,111,579	-	2,111,579	-
Streets	415,995	-	415,995	-
General government	-	-	-	201,060
Public safety	128,274	-	128,274	-
Economic development	4,123	-	4,123	-
Housing assistance payments	-	22,717	22,717	-
Working capital	-	-	-	162,290
Unrestricted	2,866,317	24,056,878	26,923,195	879,647
Total net position	\$ 26,216,013	\$ 70,520,188	\$ 96,736,201	\$ 2,134,303

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, 2022

	<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	\$ 2,449,079	\$ 58,755	\$ 213,453	\$ -
Public safety	9,496,349	82,700	80,472	-
Public works	3,483,079	1,733,950	734,199	-
Cultural and recreational	2,065,318	214,230	52,487	228
Interest on long-term debt	222,968	-	-	-
Total governmental activities	<u>17,716,793</u>	<u>2,089,635</u>	<u>1,080,611</u>	<u>228</u>
<b>Business-Type Activities:</b>				
Water and sewer	11,683,027	12,831,674	-	60,649
Electric	29,947,512	30,779,633	-	-
Landfill	3,333,178	3,317,300	-	-
Department of public housing	3,171,370	689,151	1,761,372	954,647
Total business-type activities	<u>48,135,087</u>	<u>47,617,758</u>	<u>1,761,372</u>	<u>1,015,296</u>
Total primary government	<u>\$ 65,851,880</u>	<u>\$ 49,707,393</u>	<u>\$ 2,841,983</u>	<u>\$ 1,015,524</u>
<b>Component Unit:</b>				
City of Albemarle ABC Board	<u>\$ 5,380,399</u>	<u>\$ 5,491,760</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, 2022

	<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>City of Albemarle ABC Board</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (2,176,871)	\$ -	\$ (2,176,871)	
Public safety	(9,333,177)	-	(9,333,177)	
Public works	(1,014,930)	-	(1,014,930)	
Cultural and recreational	(1,798,373)	-	(1,798,373)	
Interest on long-term debt	(222,968)	-	(222,968)	
Total governmental activities	<u>(14,546,319)</u>	<u>-</u>	<u>(14,546,319)</u>	
<b>Business-Type Activities:</b>				
Water and sewer	-	1,209,296	1,209,296	
Electric	-	832,121	832,121	
Landfill	-	(15,878)	(15,878)	
Department of public housing	-	233,800	233,800	
Total business-type activities	<u>-</u>	<u>2,259,339</u>	<u>2,259,339</u>	
Total primary government	<u>(14,546,319)</u>	<u>2,259,339</u>	<u>(12,286,980)</u>	
<b>Component Unit:</b>				
City of Albemarle ABC Board				<u>\$ 111,361</u>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purposes	7,768,822	-	7,768,822	-
Local option sales tax	5,614,901	-	5,614,901	-
Other taxes and licenses	2,109,122	173,116	2,282,238	-
NCMPA working capital refund	-	2,350	2,350	-
Investment earnings	(15,204)	(43,703)	(58,907)	860
Miscellaneous	-	464,547	464,547	-
Total general revenues, excluding transfers	<u>15,477,641</u>	<u>596,310</u>	<u>16,073,951</u>	<u>860</u>
Transfers	<u>5,361,682</u>	<u>(5,361,682)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>20,839,323</u>	<u>(4,765,372)</u>	<u>16,073,951</u>	<u>860</u>
Change in net position	6,293,004	(2,506,033)	3,786,971	112,221
<b>Net Position:</b>				
Beginning of year, July 1	<u>19,923,009</u>	<u>73,026,221</u>	<u>92,949,230</u>	<u>2,022,082</u>
Net position, end of year	<u>\$ 26,216,013</u>	<u>\$ 70,520,188</u>	<u>\$ 96,736,201</u>	<u>\$ 2,134,303</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, 2022

	<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>Assets:</b>			
Cash and cash equivalents	\$ 9,581,112	\$ 7,463,639	\$ 17,044,751
Receivables, net:			
Taxes receivable - net	228,976	-	228,976
Accounts receivable - net	177,562	-	177,562
Interest	943	-	943
Due from other governments	1,934,920	-	1,934,920
Inventories	17,395	-	17,395
Prepays	53,626	-	53,626
Restricted cash	443,992	3,388,779	3,832,771
Total assets	<u>\$ 12,438,526</u>	<u>\$ 10,852,418</u>	<u>\$ 23,290,944</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,015,962	\$ 412,265	\$ 1,428,227
Due to other funds	140,826	-	140,826
Advances from other funds	1,748,585	-	1,748,585
Advances from grantors	27,997	2,588,779	2,616,776
Total liabilities	<u>2,933,370</u>	<u>3,001,044</u>	<u>5,934,414</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes receivable	228,976	-	228,976
License fees receivable	1,846	-	1,846
Prepaid taxes	7,177	-	7,177
Total deferred inflows of resources	<u>237,999</u>	<u>-</u>	<u>237,999</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	17,395	-	17,395
Prepays	53,626	-	53,626
Restricted:			
Stabilization by state statute	2,111,579	-	2,111,579
Streets - Powell Bill	415,995	-	415,995
Public safety	128,274	800,000	928,274
Economic development	4,123	-	4,123
Committed:			
General government	-	2,653	2,653
Economic development	-	6,140,180	6,140,180
Public safety	-	19	19
Parks and recreation	-	642,760	642,760
Public works	-	265,762	265,762
Assigned:			
Subsequent year's expenditures	170,000	-	170,000
Parks and recreation	115,526	-	115,526
Streets - health insurance	15,200	-	15,200
Unassigned	6,235,439	-	6,235,439
Total fund balances	<u>9,267,157</u>	<u>7,851,374</u>	<u>17,118,531</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,438,526</u>	<u>\$ 10,852,418</u>	<u>\$ 23,290,944</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, 2022

	<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	\$ 17,118,531
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,207,626
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	241,655
Deferred outflows of resources related to pensions are not reported in the funds.	3,217,780
Deferred outflows of resources related to OPEB are not reported in the funds.	2,038,396
Other long-term assets (taxes, license receivable) are not available to pay for current period expenditures and, therefore, are deferred in the funds.	230,822
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.	1,363,392
Consolidation adjustment for internal balances between Internal Service Fund and the governmental funds	(625,928)
Long-term liabilities, including accrued interest and lease liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Installment purchases	(6,315,581)
Lease liabilities	(243,975)
Total pension liability (LEOSSA)	(2,549,189)
Total OPEB liability	(8,639,843)
Compensated absences	(794,028)
Net pension liability	(1,649,491)
Accrued interest payable	(40,186)
Deferred inflows of resources related to pensions are not reported in the funds.	(2,526,740)
Deferred inflows of resources related to OPEB are not reported in the funds.	<u>(817,228)</u>
Net position of governmental activities	<u>\$ 26,216,013</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, 2022

	<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	\$ 7,828,083	\$ -	\$ 7,828,083
Other taxes and licenses	304,087	-	304,087
Unrestricted intergovernmental	7,419,936	-	7,419,936
Restricted intergovernmental	953,254	-	953,254
Permits and fees	61,051	-	61,051
Sales and services	1,885,449	-	1,885,449
Investment earnings	(27,156)	10,388	(16,768)
Miscellaneous	159,865	110,055	269,920
Total revenues	<u>18,584,569</u>	<u>120,443</u>	<u>18,705,012</u>
<b>Expenditures:</b>			
Current			
General government	2,045,923	-	2,045,923
Public safety	9,211,218	-	9,211,218
Public works	3,238,608	-	3,238,608
Cultural and recreation	2,217,297	-	2,217,297
Debt service:			
Principal retirement	701,333	-	701,333
Interest and other charges	224,894	-	224,894
Capital outlay	-	2,446,107	2,446,107
Total expenditures	<u>17,639,273</u>	<u>2,446,107</u>	<u>20,085,380</u>
Revenues over (under) expenditures	<u>945,296</u>	<u>(2,325,664)</u>	<u>(1,380,368)</u>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	-	991,957	991,957
Lease liabilities issued	312,766	-	312,766
Transfers from other funds	1,438,264	7,874,100	9,312,364
Transfers to other funds	(3,900,863)	(14,819)	(3,915,682)
Total other financing sources (uses)	<u>(2,149,833)</u>	<u>8,851,238</u>	<u>6,701,405</u>
Net change in fund balances	(1,204,537)	6,525,574	5,321,037
<b>Fund Balances:</b>			
Beginning of year, July 1	<u>10,471,694</u>	<u>1,325,800</u>	<u>11,797,494</u>
End of year, June 30	<u>\$ 9,267,157</u>	<u>\$ 7,851,374</u>	<u>\$ 17,118,531</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, 2022**

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

Net changes in fund balances - total governmental funds \$ 5,321,037

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	3,144,962
Depreciation	(1,556,727)

Right to use leased asset capital outlay expenditures which were capitalized.	312,766
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Amortization expense for right of use leased assets	(71,111)
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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	(59,261)
License fees	800

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	(66,818)
Pension expense (LGERS)	286,385
Pension expense (LEOSSA)	(101,190)
OPEB plan expense	(152,869)

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.

Issuance of long-term debt	(1,304,723)
Principal payments on long-term debt	701,333
Change in accrued interest payable	1,926

Consolidation adjustment for the Internal Service Fund and the governmental funds:

Net revenue of the Internal Service Fund	177,210
Portion of net revenue allocated to business-type activities	(81,339)

Net book value of property disposed of during the year	<u>(259,377)</u>
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Total change in net position of governmental activities	<u>\$ 6,293,004</u>
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*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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,609,814	\$ 7,609,814	\$ 7,828,083	\$ 218,269
Other taxes and licenses	292,200	292,200	304,087	11,887
Unrestricted intergovernmental	6,367,850	6,367,850	7,419,936	1,052,086
Restricted intergovernmental	690,265	878,276	953,254	74,978
Permits and fees	63,450	63,450	61,051	(2,399)
Sales and services	1,747,000	1,747,000	1,885,449	138,449
Investment earnings	17,000	17,000	(27,156)	(44,156)
Miscellaneous	145,900	194,897	159,865	(35,032)
Total revenues	<u>16,933,479</u>	<u>17,170,487</u>	<u>18,584,569</u>	<u>1,414,082</u>
<b>Expenditures:</b>				
Current:				
General government	2,211,192	2,303,563	2,004,395	299,168
Public safety	10,445,633	9,974,060	9,110,097	863,963
Public works	4,053,495	3,883,133	3,231,047	652,086
Cultural and recreational	1,957,348	2,094,206	2,054,741	39,465
Debt service:				
Principal	850,742	922,605	701,333	221,272
Interest	224,021	245,308	224,894	20,414
Contingency	1,300	1,300	-	1,300
Total expenditures	<u>19,743,731</u>	<u>19,424,175</u>	<u>17,326,507</u>	<u>2,097,668</u>
Revenues over (under) expenditures	<u>(2,810,252)</u>	<u>(2,253,688)</u>	<u>1,258,062</u>	<u>3,511,750</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	1,198,700	223,700	-	(223,700)
Transfers from other funds	1,420,575	1,420,575	1,438,264	17,689
Transfers to other funds	(137,500)	(3,950,863)	(3,900,863)	50,000
Appropriated fund balance	328,477	4,560,276	-	(4,560,276)
Total other financing sources (uses)	<u>2,810,252</u>	<u>2,253,688</u>	<u>(2,462,599)</u>	<u>(4,716,287)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,204,537)</u>	<u>\$ (1,204,537)</u>
<b>Fund Balance:</b>				
Beginning of year, July 1			10,471,694	
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>				
Initial implementation of lease standard:				
Lease liability issued			312,766	
Capital outlay			<u>(312,766)</u>	
End of year, June 30			<u>\$ 9,267,157</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, 2022

	Major Funds					Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 5,425,504	\$ 15,075,913	\$ 7,625,228	\$ 901,242	\$ 29,027,887	\$ 1,311,969
Accounts receivable - net	1,572,591	3,398,406	293,342	193,177	5,457,516	-
Due from other funds	-	136,341	-	4,485	140,826	-
Inventories	334,922	2,175,404	-	-	2,510,326	-
Prepaid expenses	27,413	47,286	1,145	1,605	77,449	-
Restricted cash and cash equivalents	185,077	1,127,984	910,000	616,012	2,839,073	-
Total current assets	<u>7,545,507</u>	<u>21,961,334</u>	<u>8,829,715</u>	<u>1,716,521</u>	<u>40,053,077</u>	<u>1,311,969</u>
Non-current assets:						
Advances to other funds	-	1,748,585	-	-	1,748,585	-
Security deposits	-	-	-	-	-	58,100
Right to use leased assets, net of amortization	20,112	9,894	2,911	4,555	37,472	-
Capital assets:						
Land, improvements and construction in progress	1,556,208	2,830,627	596,824	706,679	5,690,338	-
Other capital assets, net of depreciation	48,134,733	8,140,727	4,601,592	5,296,766	66,173,818	-
Total capital assets, net	<u>49,690,941</u>	<u>10,971,354</u>	<u>5,198,416</u>	<u>6,003,445</u>	<u>71,864,156</u>	<u>-</u>
Total non-current assets	<u>49,711,053</u>	<u>12,729,833</u>	<u>5,201,327</u>	<u>6,008,000</u>	<u>73,650,213</u>	<u>58,100</u>
Total assets	<u>57,256,560</u>	<u>34,691,167</u>	<u>14,031,042</u>	<u>7,724,521</u>	<u>113,703,290</u>	<u>1,370,069</u>
<b>Deferred Outflows of Resources:</b>						
Pension deferrals	864,923	477,059	188,998	146,682	1,677,662	-
OPEB deferrals	705,610	391,854	156,878	117,659	1,372,001	-
Total deferred outflows of resources	<u>1,570,533</u>	<u>868,913</u>	<u>345,876</u>	<u>264,341</u>	<u>3,049,663</u>	<u>-</u>
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities	452,700	2,804,596	107,745	282,349	3,647,390	6,677
Prepaid fees	-	-	-	5,012	5,012	-
Compensated absences - current	115,665	141,525	19,269	27,089	303,548	-
Accrued interest payable	24,866	813	5,514	-	31,193	-
Current portion of long-term liabilities	1,830,709	157,262	269,594	1,511	2,259,076	-
Advances from grantors	-	-	-	70,182	70,182	-
Liabilities to be paid from restricted assets:						
Customer deposits	185,077	1,127,984	-	40,300	1,353,361	-
Total current liabilities	<u>2,609,017</u>	<u>4,232,180</u>	<u>402,122</u>	<u>426,443</u>	<u>7,669,762</u>	<u>6,677</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, 2022

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
Non-current liabilities:						
Accrued landfill closure and post-closure costs	-	-	5,787,514	-	5,787,514	-
Compensated absences	156,265	18,456	45,901	4,750	225,372	-
Total OPEB liability	2,942,730	1,654,115	656,437	495,426	5,748,708	-
Non-current portion of long-term debt	22,006,243	17,555	2,085,259	2,902	24,111,959	-
Net pension liability	573,651	311,021	119,709	101,387	1,105,768	-
Total non-current liabilities	25,678,889	2,001,147	8,694,820	604,465	36,979,321	-
Total liabilities	28,287,906	6,233,327	9,096,942	1,030,908	44,649,083	6,677
<b>Deferred Inflows of Resources:</b>						
Pension deferrals	854,040	473,442	189,028	143,042	1,659,552	-
OPEB deferrals	282,891	157,101	62,895	47,171	550,058	-
Total deferred inflows of resources	1,136,931	630,543	251,923	190,213	2,209,610	-
<b>Net Position:</b>						
Net investment in capital assets	25,874,101	10,806,431	3,756,474	6,003,587	46,440,593	-
Restricted net position for housing assistance payments	-	-	-	22,717	22,717	-
Unrestricted	3,528,155	17,889,779	1,271,579	741,437	23,430,950	1,363,392
Total net position	\$ 29,402,256	\$ 28,696,210	\$ 5,028,053	\$ 6,767,741	69,894,260	\$ 1,363,392
Adjustment to reflection the consolidation of internal service fund activities related to enterprise funds					625,928	
Net position of business-type activities					\$ 70,520,188	

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, 2022

	Major Funds					Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	
<b>Operating Revenues:</b>						
Charges for sales and services	\$ 12,698,310	\$ 29,615,552	\$ 3,243,125	\$ -	\$ 45,556,987	\$ -
Rental income	-	-	-	639,415	639,415	-
Interfund charges and employee contributions	-	-	-	-	-	3,338,131
Other	112,385	1,071,323	72,425	49,217	1,305,350	-
Total operating revenues	<u>12,810,695</u>	<u>30,686,875</u>	<u>3,315,550</u>	<u>688,632</u>	<u>47,501,752</u>	<u>3,338,131</u>
<b>Operating Expenses:</b>						
Administration	1,654,171	1,839,953	-	923,916	4,418,040	149,397
Water treatment plant	2,437,722	-	-	-	2,437,722	-
Sewer treatment plant	2,167,334	-	-	-	2,167,334	-
Systems division	2,066,113	-	-	-	2,066,113	-
Customer service	123,564	126,536	-	-	250,100	-
Electric operations	-	27,240,709	-	-	27,240,709	-
Landfill operations	-	-	2,257,992	-	2,257,992	-
Landfill closure and post-closure care costs	-	-	685,845	-	685,845	-
Utilities	-	-	-	297,393	297,393	-
Ordinary maintenance and operation	-	-	-	390,740	390,740	-
General expenses	-	-	-	55,993	55,993	-
Housing assistance program	-	-	-	876,521	876,521	-
Non-routine maintenance	-	-	-	8,005	8,005	-
Depreciation and amortization	2,997,856	758,646	375,315	627,377	4,759,194	-
Health benefit claims and premiums	-	-	-	-	-	2,978,088
Total operating expense	<u>11,446,760</u>	<u>29,965,844</u>	<u>3,319,152</u>	<u>3,179,945</u>	<u>47,911,701</u>	<u>3,127,485</u>
Operating income (loss)	<u>1,363,935</u>	<u>721,031</u>	<u>(3,602)</u>	<u>(2,491,313)</u>	<u>(409,949)</u>	<u>210,646</u>
<b>Non-Operating Revenues (Expenses):</b>						
Solid waste, scrap tire and white goods disposal tax	-	-	173,116	-	173,116	-
Operating grants	-	-	-	1,761,372	1,761,372	-
Gain (loss) on disposal of capital assets	14,528	66,800	-	-	81,328	-
Investment earnings	(5,539)	(39,313)	(441)	1,590	(43,703)	1,564
Interest and other charges	(277,180)	(5,175)	(22,323)	(47)	(304,725)	-
NCMPA working capital refund	-	2,350	-	-	2,350	-
Other	6,451	25,958	1,750	465,066	499,225	-
Total non-operating revenues (expenses)	<u>(261,740)</u>	<u>50,620</u>	<u>152,102</u>	<u>2,227,981</u>	<u>2,168,963</u>	<u>1,564</u>
Income (loss) before contributions and transfers	<u>1,102,195</u>	<u>771,651</u>	<u>148,500</u>	<u>(263,332)</u>	<u>1,759,014</u>	<u>212,210</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, 2022

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
<b>Capital Contributions and Transfers:</b>						
Capital contributions	60,649	-	-	954,647	1,015,296	-
Transfers in	-	25,000	-	-	25,000	-
Transfers out	(1,966,593)	(3,342,374)	(58,900)	(18,815)	(5,386,682)	(35,000)
Total contributions and transfers	<u>(1,905,944)</u>	<u>(3,317,374)</u>	<u>(58,900)</u>	<u>935,832</u>	<u>(4,346,386)</u>	<u>(35,000)</u>
Change in net position	(803,749)	(2,545,723)	89,600	672,500	(2,587,372)	177,210
<b>Net Position:</b>						
Beginning of year, July 1	<u>30,206,005</u>	<u>31,241,933</u>	<u>4,938,453</u>	<u>6,095,241</u>		<u>1,186,182</u>
End of year, June 30	<u>\$ 29,402,256</u>	<u>\$ 28,696,210</u>	<u>\$ 5,028,053</u>	<u>\$ 6,767,741</u>		<u>\$ 1,363,392</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>81,339</u>	
Change in net position - business-type activities					<u>\$ (2,506,033)</u>	

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 12,385,451	\$ 30,550,334	\$ 3,549,276	\$ 981,798	\$ 47,466,859	\$ 3,338,131
Cash paid for goods and services	(4,078,676)	(26,113,391)	(1,244,317)	(2,091,505)	(33,527,889)	(3,291,179)
Cash paid to employees for services	(4,327,163)	(2,791,071)	(989,136)	(447,126)	(8,554,496)	-
Net cash provided (used) by operating activities	<u>3,979,612</u>	<u>1,645,872</u>	<u>1,315,823</u>	<u>(1,556,833)</u>	<u>5,384,474</u>	<u>46,952</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Operating grants and subsidies	-	-	-	1,755,615	1,755,615	-
NCMPA working capital refund	-	2,350	-	-	2,350	-
(Increase) decrease in advances to other funds / due from other funds	-	(1,753,268)	-	-	(1,753,268)	-
Increase (decrease) in due from other funds	-	-	-	(4,485)	(4,485)	-
Transfers from other funds	-	25,000	-	-	25,000	-
Transfers to other funds	(1,966,593)	(3,342,374)	(58,900)	(18,815)	(5,386,682)	(35,000)
Net cash provided (used) by non-capital financing activities	<u>(1,966,593)</u>	<u>(5,068,292)</u>	<u>(58,900)</u>	<u>1,732,315</u>	<u>(5,361,470)</u>	<u>(35,000)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition of capital assets	(982,325)	(518,890)	(72,846)	(681,952)	(2,256,013)	-
Principal paid on bonds and installment purchase agreements	(1,872,511)	(152,711)	(89,181)	-	(2,114,403)	-
Interest paid on long term debt	(274,853)	(5,966)	(21,090)	(47)	(301,956)	-
Proceeds from issuance of long-term debt	193,175	-	925,043	-	1,118,218	-
Lease liability payments made	(9,205)	(4,336)	(1,261)	(1,508)	(16,310)	-
Capital grants	60,649	-	-	954,647	1,015,296	-
Proceeds from sale of assets	14,528	66,800	-	-	81,328	-
Net cash provided (used) by capital and related financing activities	<u>(2,870,542)</u>	<u>(615,103)</u>	<u>740,665</u>	<u>271,140</u>	<u>(2,473,840)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>						
Interest earned on investments	(5,539)	(39,313)	(441)	1,590	(43,703)	1,564
Net increase (decrease) in cash and cash equivalents	(863,062)	(4,076,836)	1,997,147	448,212	(2,494,539)	13,516
<b>Cash and Cash Equivalents:</b>						
Beginning of year - July 1	<u>6,473,643</u>	<u>20,280,733</u>	<u>6,538,081</u>	<u>1,069,042</u>	<u>34,361,499</u>	<u>1,298,453</u>
End of year - June 30	<u>\$ 5,610,581</u>	<u>\$ 16,203,897</u>	<u>\$ 8,535,228</u>	<u>\$ 1,517,254</u>	<u>\$ 31,866,960</u>	<u>\$ 1,311,969</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ 1,363,935	\$ 721,031	\$ (3,602)	\$ (2,491,313)	\$ (409,949)	\$ 210,646
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	2,997,856	758,646	375,315	627,377	4,759,194	-
Other receipts	6,451	25,958	174,866	465,066	672,341	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in accounts receivable	(450,721)	(256,147)	58,860	(161,441)	(809,449)	-
(Increase) decrease in inventory	2,135	208,450	-	-	210,585	-
(Increase) decrease in prepaid expenses	194	(739)	465	(271)	(351)	-
Increase (decrease) in deferred outflows of resources - pensions	(145,954)	(81,054)	(32,450)	(24,337)	(283,795)	-
Increase (decrease) in deferred outflows of resources - OPEB	(287,267)	(159,531)	(63,868)	(47,901)	(558,567)	-
Increase (decrease) in accounts payable and accrued liabilities	56,886	122,640	28,674	26,765	234,965	(163,694)
Increase (decrease) in net pension liability	(748,257)	(415,537)	(166,360)	(124,770)	(1,454,924)	-
Increase (decrease) in deferred inflows of resources - pensions	795,078	441,539	176,769	132,577	1,545,963	-
Increase (decrease) in deferred inflows of resources - OPEB	(74,905)	(41,598)	(16,654)	(12,491)	(145,648)	-
Increase (decrease) in customer deposits	19,026	93,648	-	(15,471)	97,203	-
Increase (decrease) in prepaid fees	-	-	-	5,012	5,012	-
Increase (decrease) in compensated absences	30,064	(1,951)	5,676	(4,850)	28,939	-
Increase (decrease) in other post-employment benefits	415,091	230,517	92,287	69,215	807,110	-
Increase (decrease) in accrued landfill post-closure costs	-	-	685,845	-	685,845	-
Total adjustments	<u>2,615,677</u>	<u>924,841</u>	<u>1,319,425</u>	<u>934,480</u>	<u>5,794,423</u>	<u>(163,694)</u>
Net cash provided (used) by operating activities	<u>\$ 3,979,612</u>	<u>\$ 1,645,872</u>	<u>\$ 1,315,823</u>	<u>\$ (1,556,833)</u>	<u>\$ 5,384,474</u>	<u>\$ 46,952</u>
<b>Non-Cash Transactions:</b>						
Right to use assets acquired in exchange for lease liabilities	\$ 29,372	\$ 14,250	\$ 4,177	\$ 5,921	\$ 53,720	\$ -

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

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 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, 2022

*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.

**American Rescue Plan Special Revenue Fund.** This fund is used to account for the City's portion of the American Rescue Plan Act (ARPA) funding.

**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.

**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, 2022

**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, the Inflow & Infiltration Sewer Project Fund, and the Sanitary Sewer Rehabilitation Phase 3 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 Landfill Capital Projects Fund has 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, 2022

*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, 2022

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, American Rescue Plan 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, 2022

### 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)(8)] 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 is a SEC-registered (2a-7) government money mutual market fund and is rated AAAM by S&P and AAmf by Moody's Investor Services. The Government Portfolio 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, 2022

### 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, the American Rescue Plan 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. The unexpended debt proceeds in the General Capital Projects Fund and the Landfill Fund are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued.

<b>Governmental Activities:</b>	
<b>General Fund:</b>	
Streets	\$ 415,995
Advances from grantors	27,997
<b>American Rescue Plan Fund:</b>	
Advances from grantors	2,588,779
<b>General Capital Projects Fund:</b>	
Unspent debt proceeds	<u>800,000</u>
Total governmental activities	<u>3,832,771</u>
<b>Business-Type Activities:</b>	
<b>Water and Sewer Fund:</b>	
Customer deposits	185,077
<b>Electric Fund:</b>	
Customer deposits	1,127,984
<b>Landfill Fund:</b>	
Unspent debt proceeds	910,000
<b>Department of Public Housing:</b>	
Customer deposits	40,300
Grant restrictions	505,530
Advances from grantors	<u>70,182</u>
Total business-type activities	<u>2,839,073</u>
 Total restricted cash	 <u><u>\$ 6,671,844</u></u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### **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, 2021. 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.

### **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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

### Right to Use Assets

The City has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

### 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 assets that applies to future periods 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 assets that applies to future periods 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.

# **CITY OF ALBEMARLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

### **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.

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.

### **Reimbursements for Pandemic-related Expenditures**

In FY 2020/21, the American Rescue Plan Act (ARPA) established the coronavirus state and local fiscal recovery funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The City was allocated \$5,177,559 of fiscal recovery funds to be paid in two equal installments. The first installment of \$2,588,779 was received in August 2021. The second installment was received in July 2022. City Council has elected to use the entirety of the funds distributed for revenue replacement in Fiscal Year 2023. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds is determined.



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 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.

*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”.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$800,000 as of June 30, 2022.

**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 expenditures.

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

*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, 2022

*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, 2022

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, 2022, the City's deposits had a carrying amount of \$37,703,006 and a bank balance of \$37,964,489. Of the bank balance, \$750,000 was covered by federal depository insurance, \$3,338,798 was covered by collateral held under the dedicated method, and \$33,875,691 was covered by collateral held under the pooling method. At June 30, 2022, the City's petty cash fund totaled \$3,310.

At June 30, 2022, the carrying amount of deposits for the ABC Board was \$908,091 and the bank balance was \$1,134,157. Of the bank balance, the portion not covered by federal depository insurance was collateralized under the pooling method.

### Investments

At June 30, 2022, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust -				
Government Portfolio	Fair Value - Level 1	\$ 11,429,727	N/A	AAAm/ AAAmf
U.S. treasuries	Fair Value - Level 1	4,920,408	1-3 years	AAA
Total		<u>\$ 16,350,135</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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

*Credit Risk.* The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City’s investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor’s and AAA-mf by Moody’s Investors Service as of June 30, 2022.

### Receivables - Allowances for Doubtful Accounts

The amounts presented in the balance sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Taxes receivable	\$ 333,941	\$ -
Accounts receivable	-	666
<b>Total</b>	<b>\$ 333,941</b>	<b>\$ 666</b>

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

	<b>Governmental Activities</b>
Sales and use tax distribution	\$ 1,430,039
Sales tax refund	388,177
Other	116,704
<b>Total</b>	<b>\$ 1,934,920</b>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Capital Assets**

**Primary Government**

Capital asset activity for the primary government for the year ended June 30, 2022 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>1,528,028</u>	<u>2,276,566</u>	<u>(295,551)</u>	<u>-</u>	<u>3,509,043</u>
Total non-depreciable capital assets	<u>5,912,361</u>	<u>2,276,566</u>	<u>(295,551)</u>	<u>-</u>	<u>7,893,376</u>
<b>Depreciable Capital Assets:</b>					
Buildings	17,718,951	132,075	(504,135)	-	17,346,891
Other improvements	1,588,855	51,865	-	-	1,640,720
Infrastructure	7,160,574	382,398	-	-	7,542,972
Furniture and fixtures	211,999	-	-	-	211,999
Equipment	<u>8,962,219</u>	<u>597,609</u>	<u>(27,996)</u>	<u>(19,862)</u>	<u>9,511,970</u>
Total depreciable capital assets	<u>35,642,598</u>	<u>1,163,947</u>	<u>(532,131)</u>	<u>(19,862)</u>	<u>36,254,552</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	6,058,348	690,077	(244,758)	-	6,503,667
Other improvements	633,829	66,676	-	-	700,505
Infrastructure	3,645,267	214,671	-	-	3,859,938
Furniture and fixtures	211,999	-	-	-	211,999
Equipment	<u>6,126,748</u>	<u>585,303</u>	<u>(27,996)</u>	<u>(19,862)</u>	<u>6,664,193</u>
Total accumulated depreciation	<u>16,676,191</u>	<u>\$ 1,556,727</u>	<u>\$ (272,754)</u>	<u>\$ (19,862)</u>	<u>17,940,302</u>
Total depreciable capital assets, net	<u>18,966,407</u>				<u>18,314,250</u>
Governmental activities capital assets, net	<u>\$ 24,878,768</u>				<u>\$ 26,207,626</u>

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

<b>Governmental Activities:</b>	
General government	\$ 287,589
Public safety	563,654
Public works	389,025
Cultural and recreational	<u>316,459</u>
Total depreciation expense	<u>\$ 1,556,727</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Capital asset activity for business-type activities for the year ended June 30, 2022 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 and Sewer Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 129,349	\$ -	\$ -	\$ -	\$ 129,349
Construction in progress	1,080,800	378,905	(32,846)	-	1,426,859
Total non-depreciable capital assets	1,210,149	378,905	(32,846)	-	1,556,208
<b>Depreciable Capital Assets:</b>					
Buildings	55,283,856	196,238	-	-	55,480,094
Water and sewer lines	44,338,867	132,094	-	-	44,470,961
Furniture and fixtures	95,991	-	-	-	95,991
Equipment and vehicles	10,389,621	318,231	(35,820)	19,862	10,691,894
Total depreciable capital assets	110,108,335	646,563	(35,820)	19,862	110,738,940
<b>Less Accumulated Depreciation:</b>					
Buildings	28,247,846	1,526,271	-	-	29,774,117
Water and sewer lines	25,470,105	848,174	-	-	26,318,279
Furniture and fixtures	95,991	-	-	-	95,991
Equipment and vehicles	5,817,627	614,151	(35,820)	19,862	6,415,820
Total accumulated depreciation	59,631,569	\$ 2,988,596	\$ (35,820)	\$ 19,862	62,604,207
Total depreciable capital assets, net	50,476,766				48,134,733
Water and Sewer Fund capital assets, net	\$ 51,686,915				\$ 49,690,941

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<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>2,684,664</u>	<u>11,009</u>	<u>(11,009)</u>	<u>-</u>	<u>2,684,664</u>
Total non-depreciable capital assets	<u>2,830,627</u>	<u>11,009</u>	<u>(11,009)</u>	<u>-</u>	<u>2,830,627</u>
<b>Depreciable Capital Assets:</b>					
Buildings	6,946,731	11,009	-	-	6,957,740
Distribution lines	18,542,509	-	-	-	18,542,509
Furniture and fixtures	191,983	-	-	-	191,983
Equipment and vehicles	<u>3,480,245</u>	<u>507,881</u>	<u>(243,756)</u>	<u>-</u>	<u>3,744,370</u>
Total depreciable capital assets	<u>29,161,468</u>	<u>518,890</u>	<u>(243,756)</u>	<u>-</u>	<u>29,436,602</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	3,056,854	256,780	-	-	3,313,634
Distribution lines	15,337,681	165,383	-	-	15,503,064
Furniture and fixtures	191,982	-	-	-	191,982
Equipment and vehicles	<u>2,198,824</u>	<u>332,127</u>	<u>(243,756)</u>	<u>-</u>	<u>2,287,195</u>
Total accumulated depreciation	<u>20,785,341</u>	<u>\$ 754,290</u>	<u>\$ (243,756)</u>	<u>\$ -</u>	<u>21,295,875</u>
Total depreciable capital assets, net	<u>8,376,127</u>				<u>8,140,727</u>
Electric Fund capital assets, net	<u>\$ 11,206,754</u>				<u>\$ 10,971,354</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	\$ 581,781	\$ -	\$ -	\$ -	\$ 581,781
Construction in progress	<u>-</u>	<u>15,043</u>	<u>-</u>	<u>-</u>	<u>15,043</u>
Total non-depreciable capital assets	<u>581,781</u>	<u>15,043</u>	<u>-</u>	<u>-</u>	<u>596,824</u>
<b>Depreciable Capital Assets:</b>					
Buildings	2,361,547	-	-	-	2,361,547
Landfill cell construction	9,131,547	-	-	-	9,131,547
Furniture and fixtures	53,034	-	-	-	53,034
Equipment and vehicles	<u>4,768,850</u>	<u>72,846</u>	<u>-</u>	<u>-</u>	<u>4,841,696</u>
Total depreciable capital assets	<u>16,314,978</u>	<u>72,846</u>	<u>-</u>	<u>-</u>	<u>16,387,824</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	413,058	59,213	-	-	472,271
Landfill cell construction	6,854,280	54,279	-	-	6,908,559
Furniture and fixtures	10,606	5,303	-	-	15,909
Equipment and vehicles	<u>4,134,239</u>	<u>255,254</u>	<u>-</u>	<u>-</u>	<u>4,389,493</u>
Total accumulated depreciation	<u>11,412,183</u>	<u>\$ 374,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,786,232</u>
Total depreciable capital assets, net	<u>4,902,795</u>				<u>4,601,592</u>
Landfill Fund capital assets, net	<u>\$ 5,484,576</u>				<u>\$ 5,198,416</u>



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balances</b>
<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	1,297,496	615,553	(1,369,875)	-	543,174
Total non-depreciable capital assets	1,461,001	615,553	(1,369,875)	-	706,679
<b>Depreciable Capital Assets:</b>					
Buildings	11,415,025	1,369,875	-	-	12,784,900
Improvements	1,095,734	184,885	-	-	1,280,619
Furniture and fixtures	32,487	-	-	-	32,487
Equipment	719,587	72,840	(6,865)	-	785,562
Total depreciable capital assets	13,262,833	1,627,600	(6,865)	-	14,883,568
<b>Less Accumulated Depreciation:</b>					
Buildings	7,701,648	553,061	-	-	8,254,709
Improvements	684,751	39,941	-	-	724,692
Furniture and fixtures	32,487	-	-	-	32,487
Equipment	548,770	33,009	(6,865)	-	574,914
Total accumulated depreciation	8,967,656	\$ 626,011	\$ (6,865)	\$ -	9,586,802
Total depreciable capital assets, net	4,295,177				5,296,766
Department of public housing capital assets, net	5,756,178				6,003,445
Total business-type assets	\$ 74,134,423				\$ 71,864,156

### Construction Commitments

The government has active construction projects as of June 30, 2022. At year-end, the City's commitments with contractors are as follows:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
Public housing burn units	\$ 511,197	\$ 59,502
Albemarle Business Center Park	1,390,588	5,095,767
Total	\$ 1,901,785	\$ 5,155,269

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Discretely Presented Component Unit**

Capital asset activity for the City of Albemarle ABC Board for the ended June 30, 2022 was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 222,167	\$ -	\$ -	\$ 222,167
<b>Depreciable Capital Assets:</b>				
Buildings	1,080,831	-	-	1,080,831
Equipment	<u>280,613</u>	<u>8,982</u>	-	<u>289,595</u>
Total depreciable capital assets	<u>1,361,444</u>	<u>8,982</u>	-	<u>1,370,426</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	435,716	31,941	-	467,657
Equipment	<u>214,957</u>	<u>18,673</u>	-	<u>233,630</u>
Total accumulated depreciation	<u>650,673</u>	<u>\$ 50,614</u>	<u>\$ -</u>	<u>701,287</u>
Total ABC depreciable capital assets, net	<u>710,771</u>			<u>669,139</u>
ABC capital assets, net	<u>\$ 932,938</u>			<u>\$ 891,306</u>

**Net Investment in Capital Assets**

Net investment in capital assets is comprised of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets & right to use assets	\$ 26,449,281	\$ 71,901,628
Less: Long-term debt	(6,559,556)	(26,371,035)
Add: Unexpended debt proceeds	<u>800,000</u>	<u>910,000</u>
Net investment in capital assets	<u>\$ 20,689,725</u>	<u>\$ 46,440,593</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Right-to-Use Leased Assets**

The City has recorded several right to use leased assets. The assets are right-to-use assets for leased buildings, equipment, and land. The related leases are discussed in the leases subsection of the liabilities section of this note. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the City for the year ended June 30, 2022, was as follows:

	<u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
<b>Governmental Activities:</b>				
<b>Right-to-Use Assets:</b>				
Buildings	\$ -	\$ 156,422	\$ -	\$ 156,422
Equipment	-	144,424	-	144,424
Land	-	11,920	-	11,920
Total	<u>-</u>	<u>312,766</u>	<u>-</u>	<u>312,766</u>
<b>Less Accumulated Amortization:</b>				
Buildings	-	10,278	-	10,278
Equipment	-	59,898	-	59,898
Land	-	935	-	935
Total accumulated amortization	<u>-</u>	<u>71,111</u>	<u>-</u>	<u>71,111</u>
Governmental activities right-to-use assets, net	<u>\$ -</u>	<u>\$ 241,655</u>	<u>\$ -</u>	<u>\$ 241,655</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Business-Type Activities:**

	<u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
<b>Water and Sewer Fund:</b>				
<b>Right-to-Use Assets:</b>				
Equipment	\$ -	\$ 29,372	\$ -	\$ 29,372
<b>Less Accumulated Amortization:</b>				
Equipment	-	9,260	-	9,260
Right-to-use assets, net	<u>-</u>	<u>20,112</u>	<u>-</u>	<u>20,112</u>
<b>Electric Fund:</b>				
<b>Right-to-Use Assets:</b>				
Equipment	-	14,250	-	14,250
<b>Less Accumulated Amortization:</b>				
Equipment	-	4,356	-	4,356
Right-to-use assets, net	<u>-</u>	<u>9,894</u>	<u>-</u>	<u>9,894</u>
<b>Landfill Fund:</b>				
<b>Right-to-Use Assets:</b>				
Equipment	-	4,177	-	4,177
<b>Less Accumulated Amortization:</b>				
Equipment	-	1,266	-	1,266
Right-to-use assets, net	<u>-</u>	<u>2,911</u>	<u>-</u>	<u>2,911</u>
<b>Public Housing Fund:</b>				
<b>Right-to-Use Assets:</b>				
Equipment	-	5,921	-	5,921
<b>Less Accumulated Amortization:</b>				
Equipment	-	1,366	-	1,366
Right-to-use assets, net	<u>-</u>	<u>4,555</u>	<u>-</u>	<u>4,555</u>
Business-type activities				
right-to-use assets, net	<u>\$ -</u>	<u>\$ 37,472</u>	<u>\$ -</u>	<u>\$ 37,472</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**B. Liabilities**

**Payables**

Payables at the government-wide level at June 30, 2022 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 507,194	\$ 515,445	\$ 1,022,639
Other governmental	<u>412,265</u>	<u>-</u>	<u>412,265</u>
Total governmental activities	<u>\$ 919,459</u>	<u>\$ 515,445</u>	<u>\$ 1,434,904</u>
<b>Business-Type Activities:</b>			
Water and Sewer Fund	\$ 266,239	\$ 186,461	\$ 452,700
Electric Fund	2,661,822	142,774	2,804,596
Landfill Fund	63,790	43,955	107,745
Department of public housing	<u>252,761</u>	<u>29,588</u>	<u>282,349</u>
Total business-type activities	<u>\$ 3,244,612</u>	<u>\$ 402,778</u>	<u>\$ 3,647,390</u>

**Pension Plan and Post-Employment Obligations**

**Local Governmental Employees' Retirement System**

*Plan Description.* The City is a participating employer 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).

*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

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 was 12.10% of compensation for law enforcement officers and 11.35% 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 \$1,565,448 for the year ended June 30, 2022.

*Refunds of Contributions* – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2022, the City reported a liability of \$2,755,259 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (measurement date), the City's proportion was 0.17966%, which was an increase of 0.00135% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$1,086,307. At June 30, 2022, 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	\$ 876,547	\$ -
Changes of assumptions	1,731,006	-
Net difference between projected and actual earnings on pension plan investments	-	3,936,437
Changes in proportion and differences between City contributions and proportionate share of contributions	-	189,450
City contributions subsequent to the measurement date	1,565,448	-
Total	\$ 4,173,001	\$ 4,125,887

\$1,565,448 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, 2023. 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>
2023	\$ 156,434
2024	(166,791)
2025	(303,403)
2026	(1,204,574)
Total	\$ (1,518,334)

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 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 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2021 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%
Opportunistic fixed income	7.0%	6.0%
Inflation sensitive	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 6.50%. 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



**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
City’s proportionate share of the net pension liability (asset)	\$ 10,695,684	\$ 2,755,259	\$ 3,779,251

*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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance’s membership consisted of:

Inactive members currently receiving benefits	14
Active members	39
Total	53

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 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, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.50 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, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental 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.

**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.

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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 \$198,450 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, 2022, the City reported a total pension liability of \$2,549,189. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of \$304,594.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 252,288	\$ 1,738
Changes of assumptions and other inputs	363,058	58,667
City benefit payments and administrative expenses subsequent to the measurement date	107,095	-
Total	<u>\$ 722,441</u>	<u>\$ 60,405</u>

The City paid \$107,095 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	<b>Amount</b>
<b>June 30</b>	<b>Amount</b>
2023	\$ 169,698
2024	164,080
2025	155,803
2026	62,397
2027	2,963
Thereafter	-
Total	<u>\$ 554,941</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

*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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<b>1% Decrease (1.25%)</b>	<b>Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Total pension liability	\$ 2,738,786	\$ 2,549,189	\$ 2,375,591

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

	<b>2022</b>
Beginning balance	\$ 2,435,829
Service cost	99,221
Interest on the total pension liability	45,096
Differences between expected and actual experience in the measurement of the total pension liability	226,379
Changes of assumptions or other inputs	(58,886)
Benefit payments	<u>(198,450)</u>
Ending balance of the total pension liability	<u>\$ 2,549,189</u>

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at December 31, 2020 to 2.25 percent at December 31, 2021.

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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 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	\$ 1,086,307	\$ 304,594	\$ 1,390,901
Pension liability	2,755,259	2,549,189	5,304,448
Proportionate share of the net pension liability	0.17966%	n/a	-

#### Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 876,547	\$ 252,288	\$ 1,128,835
Changes of assumptions	1,731,006	363,058	2,094,064
City contributions (LGERS) and benefit payments and administrative costs (LEOSSA) paid subsequent to the measurement date	<u>1,565,448</u>	<u>107,095</u>	<u>1,672,543</u>
Total	<u>\$ 4,173,001</u>	<u>\$ 722,441</u>	<u>\$ 4,895,442</u>

#### Deferred of Inflows of Resources:

Differences between expected and actual experience	\$ -	\$ 1,738	\$ 1,738
Changes of assumptions	-	58,667	58,667
Net difference between projected and actual earnings on plan investments	3,936,437	-	3,936,437
Changes in proportion and differences between contributions and proportionate share of contributions	<u>189,450</u>	<u>-</u>	<u>189,450</u>
Total	<u>\$ 4,125,887</u>	<u>\$ 60,405</u>	<u>\$ 4,186,292</u>

### 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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

*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 \$101,443 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.

**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.

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

<b>Years of Service With the City at Retirement</b>	<b>City Contribution</b>
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, 2021, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	52
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>270</u>
Total	<u><u>322</u></u>

**Total OPEB Liability**

The City's total OPEB liability of \$14,388,551 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2021 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	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation:	
General employees	3.25 to 8.41 percent
Firefighters	3.25 to 8.15 percent
Law enforcement officers	3.25 to 7.90 percent
Municipal Bond Index Rate:	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Healthcare cost trend rates:	
Pre-Medicare medical and prescription drug	7.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2031

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance at June 30, 2021	<u>\$ 12,382,314</u>
Changes for the year:	
Service cost	589,704
Interest on the pension liability	282,473
Differences between expected and actual experience	456,061
Changes of assumptions or other inputs	1,060,978
Benefit payments	<u>(382,979)</u>
Net changes	<u>2,006,237</u>
Balance at June 30, 2022	<u>\$ 14,388,551</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.21% to 2.16%.

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.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, 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, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.



**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

*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 (1.16 percent), or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB liability	<u>\$ 15,834,082</u>	<u>\$ 14,388,551</u>	<u>\$ 13,091,479</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>\$ 12,798,947</u>	<u>\$ 14,388,551</u>	<u>\$ 16,276,154</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,010,933. At June 30, 2022, 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	\$ 621,479	\$ 984,109
Changes of assumptions and other inputs	2,033,749	383,177
City benefit payments and administrative expenses subsequent to the measurement date	<u>755,169</u>	<u>-</u>
Total	<u>\$ 3,410,397</u>	<u>\$ 1,367,286</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$755,169 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2023	\$ 138,756
2024	138,756
2025	190,455
2026	218,225
2027	327,083
Thereafter	<u>274,667</u>
Total	<u>\$ 1,287,942</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 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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 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	\$ 1,565,448	\$ -
LEOSSA	107,095	-
Benefit payments/administration costs paid subsequent to the measurement date (OPEB):		
OPEB	755,169	-
Differences between expected and actual experience:		
LGERS	876,547	-
LEOSSA	252,288	1,738
OPEB	621,479	984,109
Changes in assumptions:		
LGERS	1,731,006	-
LEOSSA	363,058	58,667
OPEB	2,033,749	383,177
Net difference between projected and actual earnings on plan investments:		
LGERS	-	3,936,437
Changes in proportion and differences between employer contributions and proportionate share:		
LGERS	-	189,450
Prepaid taxes	-	7,177
Taxes receivable (General Fund)	-	228,976
License fees receivable (General Fund)	-	1,846
Total	\$ 8,305,839	\$ 5,791,577

### 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 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

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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>2022</u>	<u>2021</u>
Unpaid claims, beginning	\$ 170,371	\$ 210,099
Incurred claims and premiums	2,978,088	2,934,063
Claims and premiums paid	<u>(3,141,782)</u>	<u>(2,973,791)</u>
Balance, end of year	<u>\$ 6,677</u>	<u>\$ 170,371</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.

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.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Long-Term Obligations

#### Leases

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On July 1, 2021, the City of Albemarle, NC entered into a 182-month lease as lessee for the use of 219 E. North Street. An initial lease liability was recorded in the amount of \$156,422. As of June 30, 2022, the value of the lease liability is \$147,384. The City of Albemarle, NC is required to make monthly fixed payments of \$1,000. The lease has an interest rate of 2.1291%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$156,422 with accumulated amortization of \$10,278. The City of Albemarle, NC has 1 extension option(s), each for 120 months.

On July 1, 2021, the City of Albemarle, NC entered into a 45-month lease as lessee for the use of Pitney Bowes - City Hall Mailroom. An initial lease liability was recorded in the amount of \$14,584. As of June 30, 2022, the value of the lease liability is \$10,726. The City of Albemarle, NC is required to make quarterly fixed payments of \$990. The lease has an interest rate of 1.0112%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$14,584 with accumulated amortization of \$3,843.

On July 1, 2021, the City of Albemarle, NC entered into a 37-month lease as lessee for the use of Sharp Printers. An initial lease liability was recorded in the amount of \$112,345. As of June 30, 2022, the value of the lease liability is \$76,176. The City of Albemarle, NC is required to make monthly fixed payments of \$3,075. The lease has an interest rate of 0.8453%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$112,345 with accumulated amortization of \$36,437.

On July 1, 2021, the City of Albemarle, NC entered into a 23-month lease as lessee for the use of Graybar Mitel. An initial lease liability was recorded in the amount of \$68,013. As of June 30, 2022, the value of the lease liability is \$32,609. The City of Albemarle, NC is required to make monthly fixed payments of \$2,973. The lease has an interest rate of 0.5925%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$68,013 with accumulated amortization of \$35,382.

## CITY OF ALBEMARLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On September 29, 2021, the City of Albemarle, NC entered into a 60-month lease as lessee for the use of Pitney Bowes - Public Housing. An initial lease liability was recorded in the amount of \$3,202. As of June 30, 2022, the value of the lease liability is \$2,570. The City of Albemarle, NC is required to make quarterly fixed payments of \$165. The lease has an interest rate of 1.2720%. The equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$3,202 with accumulated amortization of \$484.

On July 1, 2021, the City of Albemarle, NC entered into a 153-month lease as lessee for the use of EH Kings Heirs, LLC - Parcel Land 1 & 2. An initial lease liability was recorded in the amount of \$11,920. As of June 30, 2022, the value of the lease liability is \$11,920. The City of Albemarle, NC is required to make monthly fixed payments of \$88. The lease has an interest rate of 1.9663%. The land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$11,920 with accumulated amortization of \$934.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 were as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 66,902	\$ 3,708	\$ 16,396	\$ 276
2024	34,712	3,193	16,542	130
2025	13,075	2,844	3,817	25
2026	10,436	2,620	655	5
2027	10,659	2,397	-	-
2028-2032	56,808	8,472	-	-
2033-2037	51,383	2,313	-	-
Total	<u>\$ 243,975</u>	<u>\$ 25,547</u>	<u>\$ 37,410</u>	<u>\$ 436</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 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.	\$ 140,000	\$ 210,000
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.	3,668,000	-
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.	1,271,180	-
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%.	-	1,583,669
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.	-	104,875
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.	-	3,600,000
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.	-	2,202,591
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%.	-	2,087,590

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>          Serviced by          </u>	
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
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.	244,444	-
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.	-	8,974,754
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%.	-	1,426,894
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.	-	5,105,801
Installment financing contract with bank for purchase of various vehicles and equipment; payable in monthly installments of \$403,491 through June 2027, including interest of 1.75%, secured by equipment.	991,957	925,043
Installment financing contract for purchase of vehicles; payable in monthly installments \$2,198 through May 2024, including interest of 1.507%, secured by vehicles.	-	49,806
Installment financing contract for purchase of vehicles; payable in monthly installments \$1,451 through January 2026, including interest of 1.041%, secured by vehicles.	-	62,602
Total installment purchases	<u>\$ 6,315,581</u>	<u>\$ 26,333,625</u>

The City's outstanding note from direct placements related to governmental and business-type activities of \$350,000 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.



## CITY OF ALBEMARLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The City's outstanding note from direct placements related to governmental activities of \$3,668,000 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) the entire amount of the principal component and unpaid interest is declared immediately due and payable; B) exercise all remedies available at law or in equity under the Deed of Trust, including foreclosure and sale of the mortgaged property and apply the proceeds of any such sale or other disposition after deducting all costs and expenses including court costs and other disposition costs toward the principal and accrued interest of the balance of the installment purchase; C) proceed by appropriate court action to enforce the City's performance of applicable covenants.

The City's outstanding note from direct placements related to governmental activities of \$1,271,180 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 \$1,583,669 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 \$104,875 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 \$3,600,000 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 \$2,202,591 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, 2022**

The City's outstanding note from direct borrowings related to business-type activities of \$2,087,590 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct placements related to governmental activities of \$244,444 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 \$8,974,754 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 \$1,426,894 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 \$5,105,801 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct placements related to governmental activities of \$1,917,000 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

The City's outstanding note from direct placements related to governmental activities of \$49,806 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 Enterprise would repossess the equipment.

The City's outstanding note from direct placements related to governmental activities of \$62,602 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 Enterprise would repossess the equipment.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### Installment Purchases

Annual debt service payments of the direct borrowing and direct placement installment purchase contracts as of June 30, 2022 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 765,222	\$ 196,240	\$ 2,242,680	\$ 292,994
2024	629,900	177,026	1,939,539	263,082
2025	602,774	159,259	1,918,896	236,848
2026	540,788	142,956	1,916,500	210,745
2027	544,317	127,158	1,908,230	184,713
2028-2032	1,695,580	433,826	8,584,377	566,382
2033-2037	1,060,000	183,446	6,320,524	96,939
2038-2040	477,000	21,167	1,502,879	1,641
Total	<u>\$ 6,315,581</u>	<u>\$ 1,441,078</u>	<u>\$ 26,333,625</u>	<u>\$ 1,853,344</u>

At June 30, 2022, the City had a legal debt margin of \$93,156,921.

### 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, 2022:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
Direct placements and borrowings - installment purchases	\$ 5,956,166	\$ 991,957	\$ (632,542)	\$ 6,315,581	\$ 765,222
Lease liabilities	-	312,766	(68,791)	243,975	66,902
Compensated absences	727,210	671,035	(604,217)	794,028	570,784
Total pension liability - LEO	2,435,829	113,360	-	2,549,189	-
Net pension liability - LGERS	3,811,084	-	(2,161,593)	1,649,491	-
Total OPEB liability	<u>7,440,716</u>	<u>1,199,127</u>	<u>-</u>	<u>8,639,843</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 20,371,005</u>	<u>\$ 3,288,245</u>	<u>\$ (3,467,143)</u>	<u>\$ 20,192,107</u>	<u>\$ 1,402,908</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund:</b>					
Direct placement - installment purchases	\$ 25,496,121	\$ 193,175	\$ (1,872,511)	\$ 23,816,785	\$ 1,821,451
Lease liabilities	-	29,372	(9,205)	20,167	9,258
Compensated absences	241,866	154,671	(124,607)	271,930	115,665
Net pension liability - LGERS	1,321,908	-	(748,257)	573,651	-
Total OPEB liability	<u>2,527,639</u>	<u>415,091</u>	<u>-</u>	<u>2,942,730</u>	<u>-</u>
Total Water and Sewer Fund	<u>29,587,534</u>	<u>792,309</u>	<u>(2,754,580)</u>	<u>27,625,263</u>	<u>1,946,374</u>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
Direct placement - installment purchases	317,614	-	(152,711)	164,903	152,903
Lease liabilities	-	14,250	(4,336)	9,914	4,359
Compensated absences	161,932	165,693	(167,644)	159,981	141,525
Net pension liability - LGERS	726,558	-	(415,537)	311,021	-
Total OPEB liability	<u>1,423,598</u>	<u>230,517</u>	<u>-</u>	<u>1,654,115</u>	<u>-</u>
Total Electric Fund	<u>2,629,702</u>	<u>410,460</u>	<u>(740,228)</u>	<u>2,299,934</u>	<u>298,787</u>
<b>Business-Type Activities:</b>					
<b>Landfill Fund:</b>					
Direct placements and borrowings - installment purchases	1,516,075	925,043	(89,181)	2,351,937	268,326
Lease liabilities	-	4,177	(1,261)	2,916	1,268
Compensated absences	59,494	27,764	(22,088)	65,170	19,269
Accrued landfill closure and post-closure costs	5,101,669	685,845	-	5,787,514	-
Net pension liability - LGERS	286,069	-	(166,360)	119,709	-
Total OPEB liability	<u>564,150</u>	<u>92,287</u>	<u>-</u>	<u>656,437</u>	<u>-</u>
Total Landfill Fund	<u>7,527,457</u>	<u>1,735,116</u>	<u>(278,890)</u>	<u>8,983,683</u>	<u>288,863</u>
<b>Business-Type Activities:</b>					
<b>Public Housing Fund:</b>					
Lease liabilities	-	5,921	(1,508)	4,413	1,511
Compensated absences	36,689	23,692	(28,542)	31,839	27,089
Net pension liability - LGERS	226,157	-	(124,770)	101,387	-
Total OPEB liability	<u>426,211</u>	<u>69,215</u>	<u>-</u>	<u>495,426</u>	<u>-</u>
Total Public Housing Fund	<u>689,057</u>	<u>98,828</u>	<u>(154,820)</u>	<u>633,065</u>	<u>28,600</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<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	\$ 27,329,810	\$ 1,118,218	\$ (2,114,403)	\$ 26,333,625	\$ 2,242,680
Lease liabilities	-	53,720	(16,310)	37,410	16,396
Compensated absences	499,981	371,820	(342,881)	528,920	303,548
Accrued landfill closure and post-closure costs	5,101,669	685,845	-	5,787,514	-
Net pension liability - LGERS	2,560,692	-	(1,454,924)	1,105,768	-
Total OPEB liability	<u>4,941,598</u>	<u>807,110</u>	<u>-</u>	<u>5,748,708</u>	<u>-</u>
Total business-type activity long-term liabilities	<u>\$ 40,433,750</u>	<u>\$ 3,036,713</u>	<u>\$ (3,928,518)</u>	<u>\$ 39,541,945</u>	<u>\$ 2,562,624</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, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund (1)	General Fund	\$ 40,528
Electric Fund (2)	General Fund	1,844,398
General Fund (3)	Water and Sewer Fund	314,842
General Fund (3)	Electric Fund	180,893
General Fund (3)	Landfill Fund	63,845
General Fund (3)	Public Housing Fund	66,348
Public Housing Fund (4)	General Fund	<u>4,485</u>
Total		<u>\$ 2,515,339</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, 2022, the current portion is \$40,528.
- 2) *Interfund loan* - On September 7, 2021, the General Fund borrowed a total of \$1,916,258 from the Electric Funds for the Albemarle Business Center Project. The terms of the arrangement require the General Fund to repay the Electric Funds over a term of 20 years with an interest rate of 1.5%. At June 30, 2022, the current portion is \$95,813.
- 3) Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
- 4) Reimbursement for sales tax paid by the Public Housing Fund.

**CITY OF ALBEMARLE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Transfers to/from other funds for the year ended June 30, 2022 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 Streetscape and Wayfinding Project Fund for capital outlay activities	17,500
From the Water and Sewer Fund to the Albemarle Business Park Project Fund for capital outlay activities	1,599,583
From the Water and Sewer Fund to the Sanitary Sewer Rehabilitation Phase 3 Project Fund for capital outlay activities	124,640
From the Electric Fund to the General Fund for payment in lieu of taxes	978,720
From the Electric Fund to the General Capital Projects Fund for capital outlay activities	7,000
From the Electric Fund to the Streetscape and Wayfinding Project Fund for capital outlay activities	17,500
From the Electric Fund to the Albemarle Business Park Project Fund for capital outlay activities	2,339,154
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	17,500
From the Public Housing Fund to the General Fund for payment in lieu of taxes	18,815
From the the Health Insurance Internal to the General Fund for annual fire physicals	35,000
	<u>\$ 5,546,322</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

<u>Purpose</u>	<u>Amount</u>
From the General Fund to the Albemarle Business Park Project Fund for capital outlay activities	\$ 3,564,313
From the General Fund to the Streetscape and Wayfinding Project Fund for capital outlay activities	62,500
From the General Fund to the Electric Fund for street lights	25,000
From the General Fund to the General Capital Projects Fund for capital outlay activities	249,050
From the Parks and Recreation Carolina Treetop Challenge Project Fund to the General Fund to close out the project	228
From the General Capital Projects Fund to the General Fund to close out completed projects	14,536
From the Streetscape and Wayfinding Project Fund to the General Fund to close out the project	55
	<u>\$ 3,915,682</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, 2022 were \$23,002,081. 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, 2022

### 4. Summary Disclosure of Significant Contingencies

#### Federal and State-Assisted Programs

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

#### Claims, Judgements and Contingent Liabilities

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

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

The City operates two landfills that are referred to as the "MSW Landfill" and the "C&D Landfill." state and federal laws and regulations require the City to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although certain closure and post-closure care costs will be paid only near or after the date each landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,787,514 reported as landfill closure and post-closure care liability at June 30, 2022 represents a cumulative amount reported to date, based on the use of 64.7% and 38.9% of the total estimated capacity of the MSW landfill and the C&D landfill, respectively. At June 30, 2022, there was an increase in the liability amounting to \$685,845. The City will recognize the remaining estimated cost of closure and post-closure care of \$5.0 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 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

### 6. Subsequent Event

Subsequent to year end, the City engaged a law firm to assist with a data privacy matter. The outcome of the matter is yet to be determined.



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 7. 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	\$ 9,267,157
Less:	
Inventories	17,395
Prepays	53,626
Stabilization by state statute	2,111,579
Appropriated fund balance in 2022 budget	170,000
Streets - Powell Bill	415,995
Public safety	128,274
Economic development	4,123
Remaining fund balance	<u>\$ 6,366,165</u>

### 8. 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, 2022, the City received \$505,000 for profit distributions and \$28,409 for law enforcement distributions and had \$101,830 in distribution receivable from the ABC Board.

### 9. Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

### 10. Stewardship, Compliance, and Accountability

#### Non-Compliance with North Carolina General Statutes

##### Daily Deposits

The City's cash receipts collection is not in accordance with state law G.S. 159-32. State law requires that all monies collected or received by officers and employees be deposited daily unless the governing board has approved that a deposit does not have to be made until the amount on hand is over \$500. Collections at the Landfill and Parks and Recreation departments are not taken to the bank daily or when it reaches \$500. Management and the Council will place controls over cash receipts collection and ensure it is aligned with state statutes going forward.



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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 Governmental Employee's Retirement System
- Schedule Contributions for Local Governmental 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 NINE FISCAL YEARS \***

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Albemarle's proportion of the net pension liability (asset) %	0.17966%	0.17831%	0.19082%	0.19327%	0.19816%
Albemarle's proportion of net pension liability (asset) \$	\$ 2,755,259	\$ 6,371,776	\$ 5,211,145	\$ 4,585,025	\$ 3,027,336
Albemarle's covered payroll	\$ 12,591,618	\$ 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	21.88%	52.24%	43.50%	38.46%	25.60%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	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 NINE FISCAL YEARS \*

	<b>Local Governmental Employees' Retirement System</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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 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 NINE FISCAL YEARS

<u>Local Governmental Employees' Retirement System</u>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,565,448	\$ 1,292,080	\$ 1,105,497	\$ 947,528	\$ 911,189
Contributions in relation to the contractually required contribution	<u>1,565,448</u>	<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>	<u>\$ -</u>
Albemarle's covered payroll	\$ 13,673,908	\$ 12,591,618	\$ 12,196,568	\$ 11,978,543	\$ 11,921,550
Contributions as a percentage of covered payroll	11.45%	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 NINE FISCAL YEARS

	<u>Local Governmental 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 SIX FISCAL YEARS

	<b>Law Enforcement Officers' Special Separation Allowance</b>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,435,829	\$ 1,850,876	\$ 1,857,649	\$ 1,851,868	\$ 1,917,124	\$ 1,969,751
Service cost	99,221	65,972	61,070	69,904	55,801	62,541
Interest on the total pension liability	45,096	57,366	64,439	56,164	71,066	67,718
Differences between expected and actual experience in the measurement of the total pension liability	226,379	86,542	(3,071)	87,926	(130,471)	-
Changes of assumptions or other inputs	(58,886)	557,434	45,468	(59,134)	90,442	(37,099)
Benefit payments	(198,450)	(182,361)	(174,679)	(149,079)	(152,094)	(145,787)
Ending balance of the total pension liability	<u>\$ 2,549,189</u>	<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 SIX FISCAL YEARS

	<b>Law Enforcement Officers' Special Separation Allowance</b>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,549,189	\$ 2,435,829	\$ 1,850,876	\$ 1,857,649	\$ 1,851,868	\$ 1,917,124
Covered-employee payroll	2,118,821	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	120.31%	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 FIVE FISCAL YEARS**

	<b>Healthcare Benefits Plan</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 589,704	\$ 433,708	\$ 533,178	\$ 551,538	\$ 596,719
Interest	282,473	383,697	454,673	412,447	364,403
Differences between expected and actual experience	456,061	(21,952)	(1,618,306)	501,668	(20,701)
Changes of assumptions	1,060,978	1,368,756	214,710	(378,011)	(640,656)
Benefit payments	<u>(382,979)</u>	<u>(616,574)</u>	<u>(867,360)</u>	<u>(1,101,284)</u>	<u>(545,476)</u>
Net change in OPEB liability	2,006,237	1,547,635	(1,283,105)	(13,642)	(245,711)
Total OPEB liability - beginning	<u>12,382,314</u>	<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>\$ 14,388,551</u>	<u>\$ 12,382,314</u>	<u>\$ 10,834,679</u>	<u>\$ 12,117,784</u>	<u>\$ 12,131,426</u>
Covered-employee payroll	\$ 12,882,644	\$ 10,971,306	\$ 10,971,306	\$ 11,144,863	\$ 11,144,863
Total OPEB liability as a percentage of covered-employee payroll	111.69%	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:

<b>Fiscal Year</b>	<b>Rate</b>
2022	2.16%
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.

## **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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad valorem taxes:</b>			
Current year	\$ 7,419,114	\$ 7,630,247	\$ 211,133
Prior years	136,550	143,244	6,694
Penalties and interest	54,150	54,592	442
Total	<u>7,609,814</u>	<u>7,828,083</u>	<u>218,269</u>
<b>Other Taxes and Licenses:</b>			
Gross receipts tax on short-term rental property	30,000	26,981	(3,019)
Local occupancy tax	130,000	136,281	6,281
Privilege license fee	-	30	30
Motor vehicle fees	132,200	140,795	8,595
Total	<u>292,200</u>	<u>304,087</u>	<u>11,887</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Local option sales tax	4,691,150	5,478,620	787,470
Utility franchise tax	1,110,200	1,098,434	(11,766)
Telecommunications tax	97,000	67,133	(29,867)
Cable TV franchise	105,000	100,693	(4,307)
Piped natural gas sales tax	35,000	54,445	19,445
Beer and wine tax	69,500	65,235	(4,265)
ABC profit distribution	260,000	555,376	295,376
Total	<u>6,367,850</u>	<u>7,419,936</u>	<u>1,052,086</u>
<b>Restricted Intergovernmental Revenues:</b>			
ABC - law enforcement	18,000	24,232	6,232
Powell Bill allocation	470,000	567,431	97,431
Street sweeper contract	4,000	-	(4,000)
Federal grants	105,461	127,561	22,100
State grants	139,700	102,742	(36,958)
Drug tax distribution	7,800	17,185	9,385
Right-of-way mowing	17,200	-	(17,200)
Schools	116,115	114,103	(2,012)
Total	<u>878,276</u>	<u>953,254</u>	<u>74,978</u>
<b>Permits and Fees:</b>			
Fire department fees	28,450	33,776	5,326
Inspection and rezoning fees	33,000	26,365	(6,635)
Nuisance abatements	-	785	785
Miscellaneous permits/fees	2,000	125	(1,875)
Total	<u>63,450</u>	<u>61,051</u>	<u>(2,399)</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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Sales and Service:</b>			
Refuse collection fees	1,660,000	1,703,709	43,709
Cultural and recreational fees	<u>87,000</u>	<u>181,740</u>	<u>94,740</u>
Total	<u>1,747,000</u>	<u>1,885,449</u>	<u>138,449</u>
<b>Investment Earnings</b>	<u>17,000</u>	<u>(27,156)</u>	<u>(44,156)</u>
<b>Miscellaneous:</b>			
Miscellaneous	7,800	32,136	24,336
Sale of surplus property	19,000	5,138	(13,862)
Sale of fixed assets	28,000	25,699	(2,301)
Rental revenue	96,000	39,421	(56,579)
Contributions	41,097	17,530	(23,567)
Insurance reimbursement	<u>3,000</u>	<u>39,941</u>	<u>36,941</u>
Total	<u>194,897</u>	<u>159,865</u>	<u>(35,032)</u>
Total revenues	<u>17,170,487</u>	<u>18,584,569</u>	<u>1,414,082</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Administration			
Salaries and employee benefits		210,339	
Other operating expenditures		<u>287,102</u>	
Total	<u>614,261</u>	<u>497,441</u>	<u>116,820</u>
<b>Information Systems:</b>			
Salaries and employees benefits		327,531	
Other operating expenditures		567,381	
Reimbursement - proprietary funds		<u>(657,330)</u>	
Total	<u>291,120</u>	<u>237,582</u>	<u>53,538</u>
<b>Economic Development:</b>			
Salaries and employees benefits		113,983	
Other operating expenditures		89,556	
Capital outlay		7,374	
Reimbursement - proprietary funds		<u>(142,171)</u>	
Total	<u>68,742</u>	<u>68,742</u>	<u>-</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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Human Resources:</b>			
Salaries and employee benefits		77,990	
Other operating expenditures		<u>37,939</u>	
Total	<u>120,966</u>	<u>115,929</u>	<u>5,037</u>
<b>Finance:</b>			
Salaries and employee benefits		168,764	
Other operating expenditures		<u>230,006</u>	
Total	<u>408,459</u>	<u>398,770</u>	<u>9,689</u>
<b>Community Development:</b>			
Salaries and employee benefits		444,971	
Other operating expenditures		<u>133,038</u>	
Total	<u>689,745</u>	<u>578,009</u>	<u>111,736</u>
<b>Downtown Development:</b>			
Salaries and employee benefits		94,095	
Other operating expenditures		<u>13,827</u>	
Total	<u>110,270</u>	<u>107,922</u>	<u>2,348</u>
Total general government	<u>2,303,563</u>	<u>2,004,395</u>	<u>299,168</u>
<b>Public Safety:</b>			
<b>Police:</b>			
Salaries and employee benefits		3,955,561	
School resource officers		227,917	
Other operating expenditures		752,044	
Capital outlay		<u>205,255</u>	
Total	<u>5,721,205</u>	<u>5,140,777</u>	<u>580,428</u>
<b>Fire Department:</b>			
Salaries and employee benefits		3,381,465	
Other operating expenditures		545,110	
Capital outlay		<u>42,745</u>	
Total	<u>4,252,855</u>	<u>3,969,320</u>	<u>283,535</u>
Total public safety	<u>9,974,060</u>	<u>9,110,097</u>	<u>863,963</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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Public Works:</b>			
<b>Administration:</b>			
Salaries and employees benefits		151,938	
Solid waste disposal fee		331,933	
Downtown services		144,296	
Other operating expenditures		34,159	
Total	<u>700,916</u>	<u>662,326</u>	<u>38,590</u>
<b>Streets and Highways:</b>			
Salaries and employee benefits		824,962	
Other operating expenditures		286,143	
Capital outlay		58,104	
Total	<u>1,683,185</u>	<u>1,169,209</u>	<u>513,976</u>
<b>Shop and Warehouse:</b>			
Salaries and employee benefits		435,352	
Other operating expenditures		97,362	
Capital outlay		46,939	
Reimbursement - proprietary funds		(415,121)	
Total	<u>164,532</u>	<u>164,532</u>	<u>-</u>
<b>Solid Waste Division:</b>			
Solid waste		1,227,913	
Bad debt expense		7,067	
Total	<u>1,334,500</u>	<u>1,234,980</u>	<u>99,520</u>
Total public works	<u>3,883,133</u>	<u>3,231,047</u>	<u>652,086</u>
<b>Cultural and Recreation:</b>			
Parks and Recreation:			
Salaries and employee benefits		1,193,170	
Other operating expenditures		545,698	
Capital outlay		311,733	
Total	<u>2,070,506</u>	<u>2,050,601</u>	<u>19,905</u>
<b>Auditorium:</b>			
Other operating expenditures		4,140	
Total	<u>23,700</u>	<u>4,140</u>	<u>19,560</u>
Total cultural and recreation	<u>2,094,206</u>	<u>2,054,741</u>	<u>39,465</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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Debt Service:</b>			
Principal retirement		701,333	
Interest and fees		224,894	
Total debt service	<u>1,167,913</u>	<u>926,227</u>	<u>241,686</u>
Contingency	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Total expenditures	<u>19,424,175</u>	<u>17,326,507</u>	<u>2,097,668</u>
Revenues over (under) expenditures	<u>(2,253,688)</u>	<u>1,258,062</u>	<u>3,511,750</u>
<b>Other Financing Sources (Uses):</b>			
Long term debt issued	223,700	-	(223,700)
Operating transfers (to) from other funds:			
From Water and Sewer Fund	349,870	349,510	(360)
From Landfill Fund	38,170	41,400	3,230
From Public Housing Fund	18,815	18,815	-
From Electric Fund	978,720	978,720	-
From Parks and Recreation - Carolina Treetop Challenge project	-	228	228
From General Capital Projects Fund	-	14,536	14,536
From Streetscape and Wayfinding Project Fund	-	55	55
From Health Insurance Internal Service Fund	35,000	35,000	-
To Electric Fund	(25,000)	(25,000)	-
To General Capital Projects Fund	(299,050)	(249,050)	50,000
To Albemarle Business Park Fund	(3,564,313)	(3,564,313)	-
To Streetscape and Wayfinding Project Fund	(62,500)	(62,500)	-
Appropriated fund balance	<u>4,560,276</u>	<u>-</u>	<u>(4,560,276)</u>
Total other financing sources (uses)	<u>2,253,688</u>	<u>(2,462,599)</u>	<u>(4,716,287)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,204,537)</u>	<u>\$ (1,204,537)</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		10,471,694	
<b>Reconciliation from Budgetary Basis to Modified Accrual Basis:</b>			
Initial implementation of lease standard:			
Lease liability issued		312,766	
Capital outlay		<u>(312,766)</u>	
End of year, June 30		<u>\$ 9,267,157</u>	



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

# **NONMAJOR GOVERNMENTAL FUNDS**

## **Special Revenue Funds**

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

**American Rescue Plan Fund** – This fund is used to account for the City’s portion of the American Rescue Plan Act (ARPA) funding.

## **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.

**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, 2022

	Special Revenue Funds			Capital Project Funds			
	Sidewalk Fee in Lieu Program	American Rescue Plan Fund	Total Special Revenue Funds	Albemarle Business Park	Parks And Recreation Sports Complex Project	General Capital Projects Fund	Parks And Recreation Roosevelt Ingram Park Erosion Control
<b>Assets:</b>							
Current assets:							
Cash and investments	\$ 204,559	\$ 2,653	\$ 207,212	\$ 6,417,749	\$ 589,845	\$ 103,629	\$ 52,915
Restricted cash	-	2,588,779	2,588,779	-	-	800,000	-
Total assets	<u>\$ 204,559</u>	<u>\$ 2,591,432</u>	<u>\$ 2,795,991</u>	<u>\$ 6,417,749</u>	<u>\$ 589,845</u>	<u>\$ 903,629</u>	<u>\$ 52,915</u>
<b>Liabilities and Fund Balances:</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 369,858	\$ -	\$ 42,407	\$ -
Liabilities to be paid from restricted assets:							
Advances from grantors	-	2,588,779	2,588,779	-	-	-	-
Total liabilities	<u>-</u>	<u>2,588,779</u>	<u>2,588,779</u>	<u>369,858</u>	<u>-</u>	<u>42,407</u>	<u>-</u>
<b>Fund Balances:</b>							
Restricted:							
Public safety	-	-	-	-	-	800,000	-
Committed:							
General government	-	2,653	2,653	-	-	-	-
Economic development	-	-	-	6,047,891	-	-	-
Public safety	-	-	-	-	-	19	-
Parks and recreation	-	-	-	-	589,845	-	52,915
Public works	204,559	-	204,559	-	-	61,203	-
Total fund balances	<u>204,559</u>	<u>2,653</u>	<u>207,212</u>	<u>6,047,891</u>	<u>589,845</u>	<u>861,222</u>	<u>52,915</u>
Total liabilities and fund balances	<u>\$ 204,559</u>	<u>\$ 2,591,432</u>	<u>\$ 2,795,991</u>	<u>\$ 6,417,749</u>	<u>\$ 589,845</u>	<u>\$ 903,629</u>	<u>\$ 52,915</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>Capital Project Funds</u>					
	<u>Parks And Recreation Carolina Treetop Challenge Project</u>	<u>Public Works Utility Relocation Sidewalk Project</u>	<u>King Alleyway Renovation Project</u>	<u>Streetscape and Wayfinding Project</u>	<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>						
Current assets:						
Cash and investments	\$ -	\$ -	\$ 92,289	\$ -	\$ 7,256,427	\$ 7,463,639
Restricted cash	-	-	-	-	800,000	3,388,779
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,289</u>	<u>\$ -</u>	<u>\$ 8,056,427</u>	<u>\$ 10,852,418</u>
<b>Liabilities and Fund Balances:</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 412,265	\$ 412,265
Liabilities to be paid from restricted assets:						
Advances from grantors	-	-	-	-	-	2,588,779
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,265</u>	<u>3,001,044</u>
<b>Fund Balances:</b>						
Restricted:						
Public safety	-	-	-	-	800,000	800,000
Committed:						
General government	-	-	-	-	-	2,653
Economic development	-	-	92,289	-	6,140,180	6,140,180
Public safety	-	-	-	-	19	19
Parks and recreation	-	-	-	-	642,760	642,760
Public works	-	-	-	-	61,203	265,762
Total fund balances	<u>-</u>	<u>-</u>	<u>92,289</u>	<u>-</u>	<u>7,644,162</u>	<u>7,851,374</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,289</u>	<u>\$ -</u>	<u>\$ 8,056,427</u>	<u>\$ 10,852,418</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			Capital Project Funds			
	Sidewalk Fee in Lieu Program	American Rescue Plan Fund	Total Special Revenue Funds	Albemarle Business Park	Parks And Recreation Sports Complex Project	General Capital Projects Fund	Parks And Recreation Roosevelt Ingram Park Erosion Control
<b>Revenues:</b>							
Investment earnings	\$ 181	\$ 2,653	\$ 2,834	\$ 6,495	\$ 781	\$ 90	\$ 55
Miscellaneous revenues	109,827	-	109,827	-	-	-	-
Total revenues	110,008	2,653	112,661	6,495	781	90	55
<b>Expenditures:</b>							
Capital outlay	-	-	-	1,473,749	-	755,551	1,102
Revenues over (under) expenditures	110,008	2,653	112,661	(1,467,254)	781	(755,461)	(1,047)
<b>Other Financing Sources (Uses):</b>							
Long-term debt issued	-	-	-	-	-	991,957	-
Transfers from (to) other funds:							
From Water and Sewer Fund	-	-	-	1,599,583	-	-	-
From General Fund	-	-	-	3,564,313	-	249,050	-
From Electric Fund	-	-	-	2,339,154	-	7,000	-
From Landfill Fund	-	-	-	-	-	-	-
To General Fund	-	-	-	-	-	(14,536)	-
Total other financing sources (uses)	-	-	-	7,503,050	-	1,233,471	-
Net change in fund balances	110,008	2,653	112,661	6,035,796	781	478,010	(1,047)
<b>Fund Balance:</b>							
Fund balance, beginning of year	94,551	-	94,551	12,095	589,064	383,212	53,962
Fund balance, end of year	\$ 204,559	\$ 2,653	\$ 207,212	\$ 6,047,891	\$ 589,845	\$ 861,222	\$ 52,915

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	<b>Capital Project Funds</b>					
	<b>Parks And Recreation Carolina Treetop Challenge Project</b>	<b>Public Works Utility Relocation Sidewalk Project</b>	<b>King Alleyway Renovation Project</b>	<b>Streetscape and Wayfinding Project</b>	<b>Total Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>						
Investment earnings	\$ -	\$ -	\$ 98	\$ 35	\$ 7,554	\$ 10,388
Miscellaneous revenues	228	-	-	-	228	110,055
Total revenues	<u>228</u>	<u>-</u>	<u>98</u>	<u>35</u>	<u>7,782</u>	<u>120,443</u>
<b>Expenditures:</b>						
Capital outlay	-	-	45,861	169,844	2,446,107	2,446,107
Revenues over (under) expenditures	<u>228</u>	<u>-</u>	<u>(45,763)</u>	<u>(169,809)</u>	<u>(2,438,325)</u>	<u>(2,325,664)</u>
<b>Other Financing Sources (Uses):</b>						
Long-term debt issued	-	-	-	-	991,957	991,957
Transfers from (to) other funds:						
From Water and Sewer Fund	-	-	-	17,500	1,617,083	1,617,083
From General Fund	-	-	-	62,500	3,875,863	3,875,863
From Electric Fund	-	-	-	17,500	2,363,654	2,363,654
From Landfill Fund	-	-	-	17,500	17,500	17,500
To General Fund	(228)	-	-	(55)	(14,819)	(14,819)
Total other financing sources (uses)	<u>(228)</u>	<u>-</u>	<u>-</u>	<u>114,945</u>	<u>8,851,238</u>	<u>8,851,238</u>
Net change in fund balances	-	-	(45,763)	(54,864)	6,412,913	6,525,574
<b>Fund Balance:</b>						
Fund balance, beginning of year	-	-	138,052	54,864	1,231,249	1,325,800
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,289</u>	<u>\$ -</u>	<u>\$ 7,644,162</u>	<u>\$ 7,851,374</u>

## CITY OF ALBEMARLE, NORTH CAROLINA

**SIDEWALK FEE IN LIEU PROGRAM**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Pedestrian improvement fees	\$ -	\$ 109,827	\$ 109,827
Investment earnings	-	181	181
Total revenues	<u>-</u>	<u>110,008</u>	<u>110,008</u>
Net change in fund balance	<u>\$ -</u>	110,008	<u>\$ 110,008</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>94,551</u>	
End of year, June 30		<u>\$ 204,559</u>	



## CITY OF ALBEMARLE, NORTH CAROLINA

## AMERICAN RESCUE PLAN FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	<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>					
Restricted intergovernmental	\$ 5,177,559	\$ -	\$ -	\$ -	\$ (5,177,559)
Investment earnings	-	-	2,653	2,653	2,653
Total revenues	<u>5,177,559</u>	<u>-</u>	<u>2,653</u>	<u>2,653</u>	<u>(5,174,906)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
To General Fund	<u>(5,177,559)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,177,559</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,653</u>	<u>\$ 2,653</u>	<u>\$ 2,653</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 2,653</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, 2022

	<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:					
Rural center grant	\$ 750,000	\$ -	\$ -	\$ -	\$ (750,000)
Investment earnings	-	7,286	6,495	13,781	13,781
Total revenues	<u>750,000</u>	<u>7,286</u>	<u>6,495</u>	<u>13,781</u>	<u>(736,219)</u>
<b>Expenditures:</b>					
Construction, engineering, and related costs					
Other improvements	9,846,241	830,741	1,473,749	2,304,490	7,541,751
Contingency	465,984	-	-	-	465,984
Total expenditures	<u>10,312,225</u>	<u>830,741</u>	<u>1,473,749</u>	<u>2,304,490</u>	<u>8,007,735</u>
Revenues over (under) expenditures	<u>(9,562,225)</u>	<u>(823,455)</u>	<u>(1,467,254)</u>	<u>(2,290,709)</u>	<u>7,271,516</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	4,144,313	580,000	3,564,313	4,144,313	-
From Water and Sewer Fund	3,058,873	235,665	1,599,583	1,835,248	(1,223,625)
From Electric Fund	2,359,039	19,885	2,339,154	2,359,039	-
Total other financing sources	<u>9,562,225</u>	<u>835,550</u>	<u>7,503,050</u>	<u>8,338,600</u>	<u>(1,223,625)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,095</u>	<u>6,035,796</u>	<u>\$ 6,047,891</u>	<u>\$ 6,047,891</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>12,095</u>		
End of year, June 30			<u>\$ 6,047,891</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, 2022**

	<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	-	14,423	781	15,204	15,204
Total revenues	<u>4,600,000</u>	<u>14,423</u>	<u>781</u>	<u>15,204</u>	<u>(4,584,796)</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)	(415,936)	781	(415,155)	1,984,845
<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>\$ 589,064</u>	781	<u>\$ 589,845</u>	<u>\$ 589,845</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>589,064</u>		
End of year, June 30			<u>\$ 589,845</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, 2022

	Project Authorization	Actual		Total To Date	Variance Over/Under
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 90	\$ 90	\$ 90
<b>Expenditures:</b>					
<b>Storm Water Master Plan Project</b>					
Professional services	619,576	67,289	491,155	558,444	61,132
<b>City Hall Lobby Renovations Project</b>					
Building structures and improvements	45,950	22,975	22,975	45,950	-
<b>Pee Dee Avenue Parking Lot Project</b>					
Professional fees, construction materials, etc.	37,842	-	37,842	37,842	-
<b>Heavy Equipment Service Truck Project</b>					
Capital outlay and other fees	190,416	-	190,416	190,416	-
<b>Front-Line Fire Engine Project</b>					
Capital outlay and other fees	813,163	-	13,163	13,163	800,000
Total expenditures	1,706,947	90,264	755,551	845,815	861,132
Revenues over (under) expenditures	(1,706,947)	(90,264)	(755,461)	(845,725)	861,222
<b>Other Financing Sources (Uses):</b>					
<b>Storm Water Master Plan Project</b>					
Transfers from (to) other funds:					
From General Fund	619,576	427,526	192,050	619,576	-
<b>City Hall Lobby Renovations Project</b>					
Transfers from (to) 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	-
<b>Pee Dee Avenue Parking Lot Project</b>					
Transfers from (to) other funds:					
From General Fund	45,000	-	45,000	45,000	-
From Electric Fund	7,000	-	7,000	7,000	-
To General Fund	(14,158)	-	(14,158)	(14,158)	-

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, 2022

	<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>Heavy Equipment Service Truck Project</b>					
Long-term debt issued	178,794	-	178,794	178,794	-
Transfers from (to) other funds:					
From General Fund	12,000	-	12,000	12,000	-
To General Fund	(378)	-	(378)	(378)	-
<b>Front-Line Fire Engine Project</b>					
Long-term debt issued	813,163	-	813,163	813,163	-
Total other financing sources	<u>1,706,947</u>	<u>473,476</u>	<u>1,233,471</u>	<u>1,706,947</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 383,212</u>	478,010	<u>\$ 861,222</u>	<u>\$ 861,222</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>383,212</u>		
End of year, June 30			<u>\$ 861,222</u>		

## CITY OF ALBEMARLE, NORTH CAROLINA

**PARKS AND RECREATION - ROOSEVELT INGRAM PARK - EROSION CONTROL**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Project Authorization</b>	<b>Actual</b>		<b>Total To Date</b>	<b>Variance Over/Under</b>
	<b>Prior Years</b>	<b>Current Year</b>			
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 1,371	\$ 55	\$ 1,426	\$ 1,426
<b>Expenditures:</b>					
Engineering	23,600	14,675	-	14,675	8,925
Environmental remediation	56,400	12,734	1,102	13,836	42,564
Total expenditures	80,000	27,409	1,102	28,511	51,489
Revenues over (under) expenditures	(80,000)	(26,038)	(1,047)	(27,085)	52,915
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	80,000	80,000	-	80,000	-
Net change in fund balance	\$ -	\$ 53,962	(1,047)	\$ 52,915	\$ 52,915
<b>Fund Balance:</b>					
Beginning of year, July 1			53,962		
End of year, June 30			\$ 52,915		

## 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, 2022**

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Over/Under</b>
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total To Date</b>	
<b>Revenues:</b>					
Investment earnings	\$ 1,376	\$ 1,376	\$ -	\$ 1,376	\$ -
Miscellaneous revenues	228	-	228	228	-
Total revenues	<u>1,604</u>	<u>1,376</u>	<u>228</u>	<u>1,604</u>	<u>-</u>
<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	64,122	-	64,122	-
Bridges	24,303	24,303	-	24,303	-
Water improvements	<u>28,227</u>	<u>28,227</u>	<u>-</u>	<u>28,227</u>	<u>-</u>
Total expenditures	<u>147,819</u>	<u>147,819</u>	<u>-</u>	<u>147,819</u>	<u>-</u>
Revenues over (under) expenditures	<u>(146,215)</u>	<u>(146,443)</u>	<u>228</u>	<u>(146,215)</u>	<u>-</u>
<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	<u>(32,785)</u>	<u>(32,557)</u>	<u>(228)</u>	<u>(32,785)</u>	<u>-</u>
Total other financing sources (uses)	<u>146,215</u>	<u>146,443</u>	<u>(228)</u>	<u>146,215</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

## CITY OF ALBEMARLE, NORTH CAROLINA

**PUBLIC WORKS - UTILITY RELOCATION SIDEWALK PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	<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	\$ -	\$ -	-	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ -		



## 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, 2022

	<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>					
Private grants	\$ 5,000	\$ -	\$ -	\$ -	\$ (5,000)
Investment earnings	-	-	98	98	98
Total revenues	<u>5,000</u>	<u>-</u>	<u>98</u>	<u>98</u>	<u>(4,902)</u>
<b>Expenditures:</b>					
Construction materials	539,000	-	-	-	539,000
Landscaping and professional services	4,740	4,172	538	4,710	30
Engineering, poles and other materials	107,260	53,226	45,323	98,549	8,711
Total expenditures	<u>651,000</u>	<u>57,398</u>	<u>45,861</u>	<u>103,259</u>	<u>547,741</u>
Revenues over (under) expenditures	<u>(646,000)</u>	<u>(57,398)</u>	<u>(45,763)</u>	<u>(103,161)</u>	<u>542,839</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	423,000	98,000	-	98,000	(325,000)
From Electric Fund	223,000	97,450	-	97,450	(125,550)
Total other financing sources	<u>646,000</u>	<u>195,450</u>	<u>-</u>	<u>195,450</u>	<u>(450,550)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 138,052</u>	<u>(45,763)</u>	<u>\$ 92,289</u>	<u>\$ 92,289</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>138,052</u>		
End of year, June 30			<u>\$ 92,289</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, 2022**

	Project Authorization	Actual		Total To Date	Variance Over/Under
		Prior Years	Current Year		
<b>Revenues:</b>					
Private grant	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Investment earnings	35	-	35	35	-
Total revenues	<u>5,035</u>	<u>5,000</u>	<u>35</u>	<u>5,035</u>	<u>-</u>
<b>Expenditures:</b>					
Professional fees & signage	<u>184,980</u>	<u>15,136</u>	<u>169,844</u>	<u>184,980</u>	<u>-</u>
Revenues over (under) expenditures	<u>(179,945)</u>	<u>(10,136)</u>	<u>(169,809)</u>	<u>(179,945)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
From General Fund	93,750	31,250	62,500	93,750	-
From Water and Sewer Fund	28,750	11,250	17,500	28,750	-
From Electric Fund	28,750	11,250	17,500	28,750	-
From Landfill Fund	28,750	11,250	17,500	28,750	-
To General Fund	<u>(55)</u>	<u>-</u>	<u>(55)</u>	<u>(55)</u>	<u>-</u>
Total other financing sources	<u>179,945</u>	<u>65,000</u>	<u>114,945</u>	<u>179,945</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 54,864</u>	<u>(54,864)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>54,864</u>		
End of year, June 30			<u>\$ -</u>		

## **ENTERPRISE FUNDS**

The Enterprise Funds are used to account for operations what are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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

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

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

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



**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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Water sales:			
Residential	\$ 1,828,580	\$ 1,909,869	\$ 81,289
Commercial and industrial	6,732,272	7,143,485	411,213
Municipal usage	62,400	80,848	18,448
Total	<u>8,623,252</u>	<u>9,134,202</u>	<u>510,950</u>
<b>Sewer Charges:</b>			
Residential	1,531,110	1,576,295	45,185
Commercial and industrial	694,210	530,650	(163,560)
Municipal usage	1,250,000	1,238,629	(11,371)
Total	<u>3,475,320</u>	<u>3,345,574</u>	<u>(129,746)</u>
Water and sewer taps	<u>65,000</u>	<u>218,534</u>	<u>153,534</u>
Other operating revenues	<u>149,640</u>	<u>112,385</u>	<u>(37,255)</u>
Total operating revenues	<u>12,313,212</u>	<u>12,810,695</u>	<u>497,483</u>
Non-operating revenues:			
Investment earnings	6,000	(5,539)	(11,539)
Federal grants	30,000	-	(30,000)
Sale of assets	6,000	14,528	8,528
Other	46,985	6,451	(40,534)
Total non-operating revenues	<u>88,985</u>	<u>15,440</u>	<u>(73,545)</u>
Total revenues	<u>12,402,197</u>	<u>12,826,135</u>	<u>423,938</u>
<b>Expenditures:</b>			
<b>Water and Sewer Administration:</b>			
Salaries and employees benefits		798,096	
Professional services		25,959	
Postage		47,165	
Repairs		3,753	
Supplies		4,634	
Other operating expenditures		756,489	
Utilities		18,673	
Total	<u>1,910,804</u>	<u>1,654,769</u>	<u>256,035</u>
<b>Water and Sewer Customer Service:</b>			
Salaries and employees benefits		123,543	
Other operating expenditures		21	
Total	<u>124,484</u>	<u>123,564</u>	<u>920</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Water Treatment Plant:</b>			
Salaries and employees benefits		979,124	
Supplies		569,621	
Repairs		49,339	
Contracted services		194,195	
Utilities		508,924	
Other operating expenditures		141,005	
Total	<u>2,623,991</u>	<u>2,442,208</u>	<u>181,783</u>
<b>Sewer Treatment Plant:</b>			
Salaries and employees benefits		1,040,962	
Supplies		74,698	
Repairs		34,827	
Contracted services		105,937	
Utilities		804,484	
Other operating expenditures		111,510	
Total	<u>2,206,911</u>	<u>2,172,418</u>	<u>34,493</u>
<b>System Division:</b>			
Salaries and employee benefits		1,369,288	
Supplies		338,765	
Repairs		103,827	
Contracted services		103,284	
Utilities		720	
Other operating expenditures		154,076	
Total	<u>2,114,235</u>	<u>2,069,960</u>	<u>44,275</u>
<b>Debt Service:</b>			
Principal retirement		1,881,716	
Interest and fees		274,853	
Total	<u>2,156,569</u>	<u>2,156,569</u>	<u>-</u>
<b>Capital Outlay:</b>			
Water treatment plant		241,395	
Sewer treatment plant		124,393	
Systems division		160,371	
Total	<u>1,180,511</u>	<u>526,159</u>	<u>654,352</u>
Total expenditures	<u>12,317,505</u>	<u>11,145,647</u>	<u>1,171,858</u>
Revenues over (under) expenditures	<u>84,692</u>	<u>1,680,488</u>	<u>1,595,796</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Lease liabilities issued	-	29,372	29,372
Transfers (to) from other funds:			
To General Fund	(349,510)	(349,510)	-
To Streetscape and Wayfinding Project Fund	(17,500)	(17,500)	-
To Albemarle Business Park	(1,599,583)	(1,599,583)	-
To Sanitary Sewer Rehabilitation Phase 3 Project Fund	(124,640)	(124,640)	-
Appropriated fund balance	2,006,541	-	(2,006,541)
Total other financing sources (uses)	<u>(84,692)</u>	<u>(2,061,861)</u>	<u>(1,977,169)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (381,373)</u>	<u>\$ (381,373)</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>\$ (381,373)</u>	
Principal retirement		1,881,716	
Capital outlay		526,159	
Lease liabilities issued		(29,372)	
Depreciation and amortization		(2,997,856)	
Change in inventory		(2,135)	
Change in installment purchase interest accrued		(2,327)	
Change in deferred outflows of resources - pensions		145,954	
Change in net pension liability		748,257	
Change in deferred inflows of resources - pensions		(795,078)	
Change in deferred outflows of resources - OPEB		287,267	
Change in other post-employment benefits		(415,091)	
Change in deferred inflows of resources - OPEB		74,905	
Change in accrued compensated absences		(30,064)	
Transfer to Sanitary Sewer Rehabilitation Phase 3 Project Fund		124,640	
Total reconciling items		<u>(422,376)</u>	
Change in net position		<u>\$ (803,749)</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, 2022

	Actual				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Restricted intergovernmental revenues					
NCDOT grant	\$ 208,175	\$ 145,818	\$ 60,649	\$ 206,467	\$ (1,708)
<b>Expenditures:</b>					
Engineering	277,570	209,947	54,758	264,705	12,865
Construction	1,303,005	868,666	-	868,666	434,339
Total expenditures	1,580,575	1,078,613	54,758	1,133,371	447,204
Revenues (under) expenditures	(1,372,400)	(932,795)	5,891	(926,904)	445,496
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
Water and Sewer Fund	1,372,400	868,666	-	868,666	(503,734)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (64,129)	\$ 5,891	\$ (58,238)	\$ (58,238)



## 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, 2022**

	<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					
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	617,650	-	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	5,357,904	187,927	5,545,831	(74,133)
Contingency	152,652	-	-	-	152,652
Total expenditures	<u>6,419,645</u>	<u>6,123,126</u>	<u>187,927</u>	<u>6,311,053</u>	<u>108,592</u>
Revenues (under) expenditures	<u>(5,919,645)</u>	<u>(5,623,126)</u>	<u>(187,927)</u>	<u>(5,811,053)</u>	<u>108,592</u>
<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	<u>5,793,770</u>	<u>5,492,003</u>	<u>193,175</u>	<u>5,685,178</u>	<u>(108,592)</u>
Total other financing sources (uses)	<u>5,919,645</u>	<u>5,617,878</u>	<u>193,175</u>	<u>5,811,053</u>	<u>(108,592)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (5,248)</u>	<u>\$ 5,248</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF ALBEMARLE, NORTH CAROLINA

**SANITARY SEWER REHABILITATION PHASE 3 PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Project</u> <u>Authorization</u>	<u>Actual</u>		<u>Total</u> <u>To Date</u>	<u>Variance</u> <u>Over/Under</u>
		<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>		
<b>Expenditures:</b>					
Construction, engineering, and professional services	\$ 6,356,640	\$ -	\$ 253,150	\$ 253,150	\$ 6,103,490
Revenues (under) expenditures	<u>(6,356,640)</u>	<u>-</u>	<u>(253,150)</u>	<u>(253,150)</u>	<u>6,103,490</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From Water and Sewer Fund	124,640	-	124,640	124,640	-
Installment purchase obligations issued	<u>6,232,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,232,000)</u>
Total other financing sources (uses)	<u>6,356,640</u>	<u>-</u>	<u>124,640</u>	<u>124,640</u>	<u>(6,232,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (128,510)</u>	<u>\$ (128,510)</u>	<u>\$ (128,510)</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Residential sales	\$ 15,417,403	\$ 15,857,700	\$ 440,297
Commercial and industrial sales	13,832,655	12,457,147	(1,375,508)
Sales to city departments	<u>1,412,315</u>	<u>1,300,705</u>	<u>(111,610)</u>
Total revenues	30,662,373	29,615,552	(1,046,821)
Other operating revenues	<u>1,100,519</u>	<u>1,071,323</u>	<u>(29,196)</u>
Total operating revenues	<u>31,762,892</u>	<u>30,686,875</u>	<u>(1,076,017)</u>
<b>Non-Operating Revenues:</b>			
Interest earned on investments	25,000	(39,518)	(64,518)
Miscellaneous non-operating income	11,630	25,958	14,328
NCMPA working capital refund	-	2,350	2,350
Sale of assets	<u>15,000</u>	<u>66,800</u>	<u>51,800</u>
Total non-operating revenues	<u>51,630</u>	<u>55,590</u>	<u>3,960</u>
Total revenues	<u>31,814,522</u>	<u>30,742,465</u>	<u>(1,072,057)</u>
<b>Expenditures:</b>			
<b>Administrative and finance:</b>			
Salaries and employees benefits		898,012	
Other operating expenditures		<u>960,314</u>	
Total	<u>2,307,110</u>	<u>1,858,326</u>	<u>448,784</u>
<b>Customer Service:</b>			
Salaries and employees benefits		123,957	
Other operating expenditures		<u>5,340</u>	
Total	<u>133,269</u>	<u>129,297</u>	<u>3,972</u>
<b>Electric Operations:</b>			
Salaries and employees benefits		1,741,487	
Electric power purchases		23,002,081	
Other operating expenditures		<u>2,295,172</u>	
Total	<u>27,914,402</u>	<u>27,038,740</u>	<u>875,662</u>
<b>Debt service:</b>			
Principal retirement		157,047	
Interest and other charges		<u>5,966</u>	
Total debt service	<u>163,236</u>	<u>163,013</u>	<u>223</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Capital Outlay:</b>			
Electric operations		518,890	
Total expenditures	31,611,267	29,708,266	1,903,001
Revenues over (under) expenditures	203,255	1,034,199	830,944
<b>Other Financing Sources (Uses):</b>			
Lease liabilities issued	-	14,250	14,250
Transfer from (to) funds:			
To the General Fund	(978,720)	(978,720)	-
To Streetscape and Wayfinding Project Fund	(17,500)	(17,500)	-
To Albemarle Business Park Fund	(2,339,154)	(2,339,154)	-
To General Capital Projects Fund	(7,000)	(7,000)	-
From the General Fund	116,130	25,000	(91,130)
Appropriated fund balance	3,022,989	-	(3,022,989)
Total other financing sources (uses)	(203,255)	(3,303,124)	(3,099,869)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (2,268,925)</u>	<u>\$ (2,268,925)</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>\$ (2,268,925)</u>	
Principal retirement		157,047	
Capital outlay		518,890	
Lease liabilities issued		(14,250)	
Depreciation and amortization		(758,646)	
Change in inventory		(208,450)	
Change in installment purchase interest accrued		791	
Change in deferred outflows of resources - pensions		81,054	
Change in net pension liability		415,537	
Change in deferred inflows of resources - pensions		(441,539)	
Change in deferred outflows of resources - OPEB		159,531	
Change in other post-employment benefits		(230,517)	
Change in deferred inflows of resources - OPEB		41,598	
Change in accrued compensated absences		1,951	
Interest income from capital projects funds		205	
Total reconciling items		<u>(276,798)</u>	
Change in net position		<u>\$ (2,545,723)</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, 2022**

	<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>					
Restricted intergovernmental revenues:					
NCDOT Transportation Improvement program	\$ 4,867,668	\$ 2,829,823	\$ -	\$ 2,829,823	\$ (2,037,845)
Investment earnings	-	159	205	364	364
Total revenues	<u>4,867,668</u>	<u>2,829,982</u>	<u>205</u>	<u>2,830,187</u>	<u>(2,037,481)</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	4,060,773	2,189,789	-	2,189,789	1,870,984
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>\$ 205</u>	<u>\$ 199,856</u>	<u>\$ 199,856</u>

CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Disposal fees	\$ 3,097,445	\$ 3,099,096	\$ 1,651
Solid waste fees	140,000	144,029	4,029
Sales of mulch and scrap	500	-	(500)
Total charges for services	<u>3,237,945</u>	<u>3,243,125</u>	<u>5,180</u>
Other operating revenues	<u>70,000</u>	<u>72,425</u>	<u>2,425</u>
Total operating revenues	<u>3,307,945</u>	<u>3,315,550</u>	<u>7,605</u>
<b>Non-Operating Revenues:</b>			
Solid waste, scrap tire, and white goods disposal tax	136,000	173,116	37,116
Interest earned on investments	6,000	(463)	(6,463)
Miscellaneous non-operating income	-	1,750	1,750
Total non-operating revenues	<u>142,000</u>	<u>174,403</u>	<u>32,403</u>
Total revenues	<u>3,449,945</u>	<u>3,489,953</u>	<u>40,008</u>
<b>Expenditures:</b>			
Landfill Operations:			
Salaries and employees benefits		984,536	
Other operating expenditures		1,278,056	
Total	<u>2,737,630</u>	<u>2,262,592</u>	<u>475,038</u>
Debt service:			
Principal retirement		90,442	
Interest and fees		21,090	
Total	<u>308,243</u>	<u>111,532</u>	<u>196,711</u>
Capital outlay	<u>276,131</u>	<u>77,023</u>	<u>199,108</u>
Total expenditures	<u>3,322,004</u>	<u>2,451,147</u>	<u>870,857</u>
Revenues over (under) expenditures	<u>127,941</u>	<u>1,038,806</u>	<u>910,865</u>

CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Lease liabilities issued	-	4,177	4,177
Transfers from (to) other funds:			
To Streetscape and Wayfinding Project Fund	(17,500)	(17,500)	-
To General Fund	(41,400)	(41,400)	-
To landfill closure/post-closure	(70,000)	-	70,000
Appropriated fund balance	959	-	(959)
Total other financing (uses)	<u>(127,941)</u>	<u>(54,723)</u>	<u>73,218</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 984,083</u>	<u>\$ 984,083</u>

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

Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 984,083</u>
Principal retirement	90,442
Capital outlay	77,023
Lease liabilities issued	(4,177)
Depreciation and amortization	(375,315)
Change in installment purchase interest accrued	(1,233)
Change in deferred outflows of resources - pensions	32,450
Change in net pension liability	166,360
Change in deferred inflows of resources - pensions	(176,769)
Change in deferred outflows of resources - OPEB	63,868
Change in other post-employment benefits	(92,287)
Change in deferred inflows of resources - OPEB	16,654
Change in accrued compensated absences	(5,676)
Adjustment to accrued landfill closure and post-closure costs	(685,845)
Interest income from capital project funds	22
Total reconciling items	<u>(894,483)</u>
Change in net position	<u>\$ 89,600</u>

## CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	<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>					
Interest earnings	\$ -	\$ -	\$ 22	\$ 22	\$ 22
<b>Expenditures:</b>					
<b>Landfill Certified Compactor Rebulid</b>					
Capital outlay and loan fees	355,641	-	5,541	5,541	350,100
<b>Landfill Dozer</b>					
Capital outlay and loan fees	569,402	-	9,502	9,502	559,900
<b>Landfill Compactor</b>					
Capital outlay	898,000	-	-	-	898,000
Total expenditures	<u>1,823,043</u>	<u>-</u>	<u>15,043</u>	<u>15,043</u>	<u>1,808,000</u>
Revenues (under) expenditures	(1,823,043)	-	(15,021)	(15,021)	1,808,022
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	<u>1,823,043</u>	<u>-</u>	<u>925,043</u>	<u>925,043</u>	<u>(898,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910,022</u>	<u>\$ 910,022</u>	<u>\$ 910,022</u>



CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION  
DEPARTMENT OF PUBLIC HOUSING  
JUNE 30, 2022

	<u>Department of Public Housing</u>		<u>Total</u>
	<u>Conventional</u>	<u>Section 8</u>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 836,104	\$ 65,138	\$ 901,242
Accounts receivable - net	193,177	-	193,177
Due from other funds	5,335	9	5,344
Prepaid expenses	1,332	273	1,605
Restricted cash and cash equivalents	504,847	111,165	616,012
Total current assets	<u>1,540,795</u>	<u>176,585</u>	<u>1,717,380</u>
Non-current assets:			
Right to use leased assets, net of amortization	4,011	544	4,555
Capital assets:			
Land and construction in progress	706,679	-	706,679
Other capital assets, net of depreciation	5,242,715	54,051	5,296,766
Total non-current assets	<u>5,953,405</u>	<u>54,595</u>	<u>6,008,000</u>
Total assets	<u>7,494,200</u>	<u>231,180</u>	<u>7,725,380</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	130,793	15,889	146,682
OPEB deferrals	91,399	26,260	117,659
Total deferred outflows of resources	<u>222,192</u>	<u>42,149</u>	<u>264,341</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	258,018	24,331	282,349
Prepaid fees	5,012	-	5,012
Due to other funds	-	859	859
Advances from grantors	-	70,182	70,182
Liabilities to be paid from restricted assets:			
Customer deposits	40,300	-	40,300
Compensated absences - current	18,044	9,045	27,089
Current portion of long-term debt	1,385	126	1,511
Total current liabilities	<u>322,759</u>	<u>104,543</u>	<u>427,302</u>
Non-current liabilities:			
Compensated absences - non-current	3,164	1,586	4,750
Non-current portion of long-term debt	2,514	388	2,902
Total OPEB liability	384,853	110,573	495,426
Net pension liability	100,813	574	101,387
Total non-current liabilities	<u>491,344</u>	<u>113,121</u>	<u>604,465</u>
Total liabilities	<u>814,103</u>	<u>217,664</u>	<u>1,031,767</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION  
DEPARTMENT OF PUBLIC HOUSING  
JUNE 30, 2022**

	<u>Department of Public Housing</u>		<u>Total</u>
	<u>Conventional</u>	<u>Section 8</u>	
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	110,984	32,058	143,042
OPEB deferrals	36,643	10,528	47,171
Total deferred inflows of recourses	<u>147,627</u>	<u>42,586</u>	<u>190,213</u>
<b>Net Position:</b>			
Net investment in capital assets	5,949,506	54,469	6,003,975
Restricted net position for housing assistance payments	-	22,717	22,717
Unrestricted	<u>805,156</u>	<u>(64,107)</u>	<u>741,049</u>
Total net position	<u>\$ 6,754,662</u>	<u>\$ 13,079</u>	<u>\$ 6,767,741</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, 2022

	Department of Public Housing		Total
	Conventional	Section 8	
<b>Operating Revenues:</b>			
Rental income	\$ 639,415	\$ -	\$ 639,415
Public housing revenues	49,217	-	49,217
Total operating revenues	<u>688,632</u>	<u>-</u>	<u>688,632</u>
<b>Operating Expenses:</b>			
Administrative	738,094	185,822	923,916
Utilities	297,393	-	297,393
Ordinary maintenance and operation	390,740	-	390,740
General expenses	55,993	-	55,993
Housing assistance program	-	876,521	876,521
Non-routine maintenance	8,005	-	8,005
Depreciation	<u>625,120</u>	<u>2,257</u>	<u>627,377</u>
Total operating expenses	<u>2,115,345</u>	<u>1,064,600</u>	<u>3,179,945</u>
Operating (loss)	<u>(1,426,713)</u>	<u>(1,064,600)</u>	<u>(2,491,313)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Operating subsidies	768,137	993,235	1,761,372
Investment earnings	1,381	209	1,590
Interest and other charges	(41)	(6)	(47)
Other non-operating revenue	<u>464,955</u>	<u>111</u>	<u>465,066</u>
Total non-operating revenues	<u>1,234,432</u>	<u>993,549</u>	<u>2,227,981</u>
Income (loss) before capital contributions and transfers	<u>(192,281)</u>	<u>(71,051)</u>	<u>(263,332)</u>
<b>Capital Contributions and Transfers:</b>			
Capital contributions	954,647	-	954,647
Transfers out	<u>(18,815)</u>	<u>-</u>	<u>(18,815)</u>
Total contributions and transfers	<u>935,832</u>	<u>-</u>	<u>935,832</u>
Change in net position	743,551	(71,051)	672,500
<b>Net Position:</b>			
Beginning of year, July 1	<u>6,011,111</u>	<u>84,130</u>	<u>6,095,241</u>
End of year, June 30	<u>\$ 6,754,662</u>	<u>\$ 13,079</u>	<u>\$ 6,767,741</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, 2022**

	<b>Conventional</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Operating revenues:			
Rental income	\$ 575,000	\$ 639,415	\$ 64,415
Other operating revenues	39,000	49,217	10,217
Total operating revenues	<u>614,000</u>	<u>688,632</u>	<u>74,632</u>
Non-operating revenues:			
Operating subsidies	625,000	768,137	143,137
Interest income	2,500	1,381	(1,119)
Miscellaneous	-	464,955	464,955
Total non-operating revenues	<u>627,500</u>	<u>1,234,473</u>	<u>606,973</u>
Total revenues	<u>1,241,500</u>	<u>1,923,105</u>	<u>681,605</u>
<b>Expenditures:</b>			
Operating expenditures:			
Administrative		673,589	
Utilities		297,393	
Ordinary maintenance and operation		390,740	
General expenses		55,993	
Non-routine maintenance		8,005	
Total operating expenditures	<u>1,429,599</u>	<u>1,425,720</u>	<u>3,879</u>
Non-operating expenditures:			
Principal retirements		1,381	
Interest and other charges		41	
Capital outlay		5,281	
Total non-operating expenditures	<u>6,781</u>	<u>6,703</u>	<u>78</u>
Total expenditures	<u>1,436,380</u>	<u>1,432,423</u>	<u>3,957</u>
Revenues over (under) expenditures	<u>(194,880)</u>	<u>490,682</u>	<u>685,562</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, 2022**

	<b>Conventional</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Other Financing Sources (Uses):</b>			
Lease liabilities issued	-	5,281	5,281
Transfer to General Fund	(18,815)	(18,815)	-
Appropriated fund balance	213,695	-	(213,695)
Total other financing sources (uses)	<u>194,880</u>	<u>(13,534)</u>	<u>(208,414)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 477,148</u>	<u>\$ 477,148</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 477,148</u>	
Depreciation and amortization		(625,120)	
Capital outlay		5,281	
Lease liabilities issued		(5,281)	
Payment of debt principal		1,381	
Change in deferred outflows of resources - pensions		18,905	
Change in net pension liability		96,923	
Change in deferred inflows of resources - pensions		(102,987)	
Change in deferred outflows of resources - OPEB		37,210	
Change in other post-employment benefits		(53,767)	
Change in deferred inflows of resources - OPEB		9,703	
Change in accrued compensated absences		9,813	
Capital items not charged to capital outlay		(80,305)	
Capital contributions, revenues from Department of Public Housing - Capital Fund		<u>954,647</u>	
Change in net position		<u>\$ 743,551</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, 2022**

	<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	\$ 1,124,123	\$ 68,542	\$ 954,647	\$ 1,023,189	\$ (100,934)
<b>Expenditures:</b>					
Administrative	40,000	1,586	80,305	81,891	(41,891)
Capital outlay	1,084,123	65,364	873,278	938,642	145,481
Total expenditures	1,124,123	66,950	953,583	1,020,533	103,590
Revenues under expenditures	\$ -	\$ 1,592	\$ 1,064	\$ 2,656	\$ 2,656

## 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, 2022**

	<b>Section 8</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
<b>Non-Operating Revenues:</b>			
Operating subsidies	\$ 1,510,423	\$ 993,235	\$ (517,188)
Interest income	500	209	(291)
Miscellaneous	-	111	111
Total revenues	<u>1,510,923</u>	<u>993,555</u>	<u>(517,368)</u>
<b>Expenditures:</b>			
Operating expenditures:			
Administrative	195,875	182,579	13,296
Housing assistance program	1,315,673	876,521	439,152
Total operating expenditures	<u>1,511,548</u>	<u>1,059,100</u>	<u>452,448</u>
Non-operating expenditures:			
Principal retirements	126	126	-
Interest and other charges	6	6	-
Capital outlay	640	640	-
Total non-operating expenditures	<u>772</u>	<u>772</u>	<u>-</u>
Total expenditures	<u>1,512,320</u>	<u>1,059,872</u>	<u>452,448</u>
Revenues over (under) expenditures	<u>(1,397)</u>	<u>(66,317)</u>	<u>(64,920)</u>
<b>Other Financing Sources (Uses)</b>			
Lease liabilities issued	-	640	640
Appropriated fund balance	1,397	-	(1,397)
Total other financing sources (uses)	<u>1,397</u>	<u>640</u>	<u>(757)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (65,677)</u>	<u>\$ (65,677)</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, 2022**

	<u>Section 8</u>	
	<u>Budget</u>	<u>Actual</u>
		<u>Variance Over/Under</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>		
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (65,677)
Depreciation and amortization		(2,257)
Capital outlay		640
Lease liabilities issued		(640)
Payment of debt principal		126
Change in deferred outflows of resources - pensions		5,432
Change in net pension liability		27,847
Change in deferred inflows of resources - pensions		(29,590)
Change in deferred outflows of resources - OPEB		10,691
Change in other post-employment benefits		(15,448)
Change in deferred inflows of resources - OPEB		2,788
Change in accrued compensated absences		(4,963)
Change in net position		\$ (71,051)



## **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, 2022

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges	\$ 3,263,505	\$ 3,000,779	\$ (262,726)
Employee contributions	<u>319,572</u>	<u>337,352</u>	<u>17,780</u>
Total operating revenues	<u>3,583,077</u>	<u>3,338,131</u>	<u>(244,946)</u>
Non-operating revenues:			
Interest earned on investments	<u>-</u>	<u>1,564</u>	<u>1,564</u>
Total revenues	<u>3,583,077</u>	<u>3,339,695</u>	<u>(243,382)</u>
<b>Expenditures:</b>			
Operating expenditures:			
Health benefit claims and premiums	3,399,177	3,141,782	257,395
Other operating expenditures	<u>183,900</u>	<u>149,397</u>	<u>34,503</u>
Total expenditures	<u>3,583,077</u>	<u>3,291,179</u>	<u>291,898</u>
Revenues over (under) expenditures	<u>-</u>	<u>48,516</u>	<u>48,516</u>
<b>Other Financing Sources (Uses):</b>			
Transfers (to) from other funds:			
To General Fund	(35,000)	(35,000)	-
Appropriated fund balance	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(35,000)</u>	<u>(35,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>13,516</u>	<u>\$ 13,516</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Reconciling items:			
Increase in health benefit claims payable		<u>163,694</u>	
Change in net position		<u>\$ 177,210</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, 2022

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 7,776,688	\$ 7,625,639	\$ 151,049
2020-2021	158,309	3	73,601	84,711
2019-2020	88,448	3	29,769	58,682
2018-2019	83,379	3	12,087	71,295
2017-2018	41,710	3	6,113	35,600
2016-2017	51,896	9	5,867	46,038
2015-2016	30,403	6	4,852	25,557
2014-2015	26,576	-	3,103	23,473
2013-2014	41,654	-	2,682	38,972
2012-2013	27,840	-	2,874	24,966
2011-2012	23,070	-	23,070	-
Total	\$ 573,285	\$ 7,776,715	\$ 7,789,657	560,343
Less: allowance for uncollectible accounts				
Ad valorem taxes receivable				(333,941)
Ad valorem taxes receivable - net				226,402
Municipal service district taxes receivable - net				2,574
Total taxes receivable - net				\$ 228,976
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes collected - General Fund				\$ 7,828,083
Municipal service district collections				(59,864)
Discounts allowed				45,193
Releases and adjustments				9,453
Taxes written off				21,524
Late listing penalties				(1,183)
Interest collected				(53,549)
Total collections and credits				\$ 7,789,657

## CITY OF ALBEMARLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 1,275,514,926	\$ 0.61	\$ 7,780,641	\$ 6,829,964	\$ 950,677
<b>Discoveries:</b>					
Current and prior years	5,225,690	0.61	31,877	31,877	-
<b>Abatements</b>	<u>(5,873,839)</u>	0.61	<u>(35,830)</u>	<u>(28,543)</u>	<u>(7,287)</u>
Total valuation	<u>\$ 1,274,866,777</u>				
<b>Net Levy</b>			7,776,688	6,833,298	943,390
Uncollected taxes at June 30, 2022			<u>(151,049)</u>	<u>(151,049)</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 7,625,639</u>	<u>\$ 6,682,249</u>	<u>\$ 943,390</u>
<b>Current Levy Collection Percentage</b>			<u>98.06%</u>	<u>97.79%</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, 2022

Line Item	Account Description	Low Rent Public Housing 14.850	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	\$ 833,457	\$ 65,138	\$ -	\$ -	\$ 2,647
112	Cash - restricted - modernization and development	464,547	-	-	-	-
113	Cash - other restricted	-	22,717	-	-	-
114	Cash - tenant security deposits	40,300	-	-	-	-
115	Cash - restricted for payment of current liabilities	-	-	18,266	70,182	-
100	Total cash	<u>1,338,304</u>	<u>87,855</u>	<u>18,266</u>	<u>70,182</u>	<u>2,647</u>
Accounts and notes receivable:						
122	Accounts receivable - HUD other projects	-	-	-	-	191,326
126	Accounts receivable - tenants - dwelling units	2,517	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling units	(666)	-	-	-	-
120	Total receivables	1,851	-	-	-	191,326
142	Prepaid expenses and other assets	1,332	273	-	-	-
144	Inter-program - due from	5,335	9	-	-	9
150	Total current assets	<u>1,346,822</u>	<u>88,137</u>	<u>18,266</u>	<u>70,182</u>	<u>193,982</u>
Non-current assets:						
161	Land	163,505	-	-	-	-
162	Buildings	12,705,656	79,244	-	-	-
163	Furniture, equipment, machinery - dwellings	291,111	-	-	-	-
164	Furniture, equipment, machinery - administration	500,957	25,981	-	-	-
165	Leasehold improvements	1,280,619	-	-	-	-
166	Accumulated depreciation	(9,535,628)	(51,174)	-	-	-
167	Construction in progress	543,174	-	-	-	-
174	Other assets	4,011	544	-	-	-
180	Total non-current assets	<u>5,953,405</u>	<u>54,595</u>	<u>-</u>	<u>-</u>	<u>-</u>
190	Total assets	<u>7,300,227</u>	<u>142,732</u>	<u>18,266</u>	<u>70,182</u>	<u>193,982</u>
200	<b>Deferred Outflows of Resources</b>	<u>222,192</u>	<u>42,149</u>	<u>-</u>	<u>-</u>	<u>-</u>
290	Total assets and deferred outflows of resources	<u>\$ 7,522,419</u>	<u>\$ 184,881</u>	<u>\$ 18,266</u>	<u>\$ 70,182</u>	<u>\$ 193,982</u>
<b>Liabilities and Equity:</b>						
Liabilities:						
Current Liabilities:						
312	Accounts payable (less than or equal to 90 days)	\$ 23,593	\$ 761	\$ -	\$ -	\$ 191,326
321	Accrued wage/payroll taxes payable	24,284	5,304	-	-	-
322	Accrued compensated absences	18,044	9,045	-	-	-
331	Accounts payable - HUD PHA program	-	-	18,266	-	-
333	Accounts payable - other government	18,815	-	-	-	-
341	Tenant security deposits	40,300	-	-	-	-
342	Unearned revenue	5,012	-	-	70,182	-
343	Current portion of long-term debt - capital projects/mortgage re	1,385	126	-	-	-
347	Inter-program - due to	9	859	-	-	-
310	Total current liabilities	<u>131,442</u>	<u>16,095</u>	<u>18,266</u>	<u>70,182</u>	<u>191,326</u>

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
PUBLIC HOUSING PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2022

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	HCV CARES Act 14.HCC	Emergency Housing Vouchers 14.EHV	Public Housing Capital Fund 14.872
	Non-current liabilities:					
354	Accrued compensated absences - non-current	3,164	1,586	-	-	-
357	Accrued pension and OPEB liabilities	485,666	111,147	-	-	-
351	Long-term debt, net of current-capital projects/ mortgage revenue bonds	2,514	388	-	-	-
350	Total non-current liabilities	491,344	113,121	-	-	-
300	Total liabilities	622,786	129,216	18,266	70,182	191,326
400	<b>Deferred Inflows of Resources</b>	147,627	42,586	-	-	-
	Equity:					
	Contributed capital:					
508.4	Net investment in capital assets	5,952,020	54,469	-	-	-
511.4	Restricted net position	-	22,717	-	-	-
512.4	Unrestricted net position	799,986	(64,107)	-	-	2,656
513	Total equity	6,752,006	13,079	-	-	2,656
600	Total liabilities, deferred inflows of resources and equity	\$ 7,522,419	\$ 184,881	\$ 18,266	\$ 70,182	\$ 193,982
	<b>Revenues:</b>					
70300	Net tenant rental revenue	\$ 639,415	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	49,217	-	-	-	-
70600	HUD PHA operating grants	768,137	967,812	25,423	-	-
70610	Capital grants	-	-	-	-	954,647
71100	Investment income - unrestricted	1,381	209	-	-	-
71500	Other income	464,955	111	-	-	-
70000	Total revenues	1,923,105	968,132	25,423	-	954,647
	<b>Expenses:</b>					
	Administrative:					
91100	Administrative salaries	323,914	110,655	-	-	-
91200	Auditing fees	5,298	1,325	-	-	-
91500	Employee benefit contributions	160,415	28,353	-	-	-
91600	Office expenses	24,208	7,746	-	-	-
91700	Legal expenses	815	-	-	-	-
91800	Travel	263	1,932	-	-	-
91900	Other	115,848	1,664	20,750	-	80,305
91000	Total operating - administrative	630,761	151,675	20,750	-	80,305
93100	Water	35,222	-	-	-	-
93200	Electricity	220,782	-	-	-	-
93600	Sewer	41,389	-	-	-	-
93000	Total utilities	297,393	-	-	-	-
94100	Ordinary maintenance and operations - labor	116,156	6,502	-	-	-
94200	Ordinary maintenance and operations - materials and other	44,282	-	-	-	-
94300	Ordinary maintenance and operations - contract costs	230,302	-	-	-	-
94000	Total maintenance	390,740	6,502	-	-	-

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
PUBLIC HOUSING PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2022

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	HCV CARES Act 14.HCC	Emergency Housing Vouchers 14.EHV	Public Housing Capital Fund 14.872
96110	Property insurance	55,993	440	-	-	-
96100	Total insurance premiums	55,993	440	-	-	-
96200	Other general expenses	-	6,455	-	-	-
96400	Bad debt - tenant rents	27,028	-	-	-	-
96000	Total other general expenses	27,028	6,455	-	-	-
96720	Interest on notes payable	41	6	-	-	-
96700	Total interest expense and amortization cost	41	6	-	-	-
96900	Total operating expenses	1,401,956	165,078	20,750	-	80,305
97000	Excess of operating revenues over expenditures	521,149	803,054	4,673	-	874,342
97100	Extraordinary maintenance	8,005	-	-	-	-
97300	Housing assistance payments	-	871,848	4,673	-	-
97400	Depreciation expense	625,120	2,257	-	-	-
90000	Total expenses	2,035,081	1,039,183	25,423	-	80,305
10030	Operating transfers from/to primary government	(18,815)	-	-	-	-
10000	Excess of revenue over expenses	(130,791)	(71,051)	-	-	874,342
11030	Beginning equity	6,009,519	84,130	-	-	1,592
11040	Prior period adjustments, equity transfers and corrections	873,278	-	-	-	(873,278)
	Ending equity	\$ 6,752,006	\$ 13,079	\$ -	\$ -	\$ 2,656
	Memo information:					
11170	Administrative fee equity	\$ -	\$ 65,138	\$ -	\$ -	\$ -
11180	Housing assistance payments equity	-	22,717	-	-	-
11190	Unit months available	2,388	3,996	-	-	-
11210	Number of unit months leased	2,340	2,191	-	-	-
11620	Building purchase	-	-	-	-	800,438
11640	Furniture & equipment - administrative purchases	-	-	-	-	72,840



**ALBEMARLE**  
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## 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 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	\$ 20,689,725
Restricted	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	2,659,971
Unrestricted	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)	2,866,317
Total Governmental activities net position	\$ 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	\$ 26,216,013
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 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	\$ 46,440,593
Restricted	-	-	-	-	-	-	-	-	63,964	22,717
Unrestricted	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	24,056,878
Total business-type activities net position	\$ 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	\$ 70,520,188
<b>Primary government</b>										
Net Investment in capital assets	\$ 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	\$ 67,130,318
Restricted	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	2,682,688
Unrestricted	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	26,923,195
Total primary government net position	\$ 69,267,511	\$ 68,090,724	\$ 66,260,904	\$ 70,202,503	\$ 70,866,116	\$ 66,749,997	\$ 72,952,762	\$ 81,806,554	\$ 92,949,230	\$ 96,736,201

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

*Table 2*  
*Page 1 of 2*

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 2,449,079
Public safety	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	9,496,349
Public Works	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	3,483,079
Environmental protection	934,069	930,426	940,066	-	-	-	-	-	-	-
Economic and physical development	2,229	112,038	68,283	-	-	-	-	-	-	-
Culture and recreation	1,272,719	1,302,081	1,410,222	1,463,717	1,531,121	1,575,332	1,674,843	1,727,843	2,005,322	2,065,318
Interest on long-term debt	103,205	104,234	86,493	93,070	64,556	103,013	113,325	228,266	218,097	222,968
Total governmental activities expenses	\$ 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	\$ 17,716,793
Business-type activities:										
Water and sewer	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	11,683,027
Electric	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	29,947,512
Landfill	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	3,333,178
Department of public housing	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	3,171,370
Total business-type activities	\$ 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	\$ 48,135,087
Total primary governmental expenses	\$ 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	\$ 65,851,880
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 25,079	\$ 19,197	\$ 20,973	\$ 14,268	\$ 13,856	\$ 27,704	\$ 29,154	\$ 26,842	\$ 34,049	\$ 58,755
Public safety	26,358	24,169	28,754	33,698	27,287	28,853	78,641	59,939	52,395	82,700
Public Works	1,078,301	1,076,096	1,087,367	1,267,508	1,275,629	1,441,848	1,471,735	1,618,373	1,680,135	1,733,950
Culture and recreation	117,498	113,766	111,001	100,530	92,536	115,401	121,015	98,094	151,040	214,230
Operating grants and contributions	26,561	49,700	66,402	676,998	652,466	713,243	1,243,810	949,797	1,687,527	1,080,611
Capital grants and contributions	925,668	985,715	949,567	562,622	1,180,418	23,941	15,968	-	558,426	228
Total governmental activities program revenues	\$ 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	\$ 3,170,474
Business-type activities:										
Charges for services:										
Water and sewer	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	12,831,674
Electric	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	30,779,633
Landfill	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	3,317,300
Department of public housing	464,436	450,847	525,186	570,760	532,104	531,934	618,281	591,006	642,311	689,151
Operating grants and contributions	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	1,761,372
Capital grants and contributions	396,040	192,779	236,464	417,681	385,270	206,329	2,458,033	1,341,887	1,057,016	1,015,296
Total business-type activities program revenues	\$ 44,431,411	\$ 47,378,224	\$ 47,758,463	\$ 48,761,566	\$ 49,504,415	\$ 50,735,719	\$ 51,107,645	\$ 49,157,163	\$ 49,966,592	\$ 50,394,426
Total primary governmental program revenues	\$ 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	\$ 53,564,900
Net (expense)/revenue	\$ (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)	\$ (14,546,319)
Governmental activities	(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	2,259,339
Business-type activities	\$ 105,108,713	\$ 110,646,667	\$ 113,357,527	\$ 101,304,177	\$ 100,066,231	\$ (8,966,260)	\$ (7,244,351)	\$ (9,622,535)	\$ (9,504,723)	\$ (12,286,980)

*Continued*



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

Table 2  
Page 1 of 2

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in net position</b>										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 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	\$ 7,768,822
Other taxes	4,386,653	4,285,480	4,776,561	5,110,887	5,397,619	5,678,176	5,945,536	6,080,187	6,846,413	7,724,023
Unrestricted Interest earned on investments	10,038	2,528	2,185	7,614	17,090	46,992	209,123	197,169	(11,517)	(15,204)
Miscellaneous	215,981	134,347	72,132	168,849	208,081	166,303	-	-	-	-
Transfers in (out)	1,166,959	1,373,818	1,240,000	1,091,727	907,319	793,152	1,502,479	857,460	1,538,038	5,361,682
Special item	-	-	-	-	(227,361)	-	-	-	-	-
Total governmental activities	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	20,839,323
Business-type activities:										
Other taxes	-	-	-	-	142,620	169,766	149,002	120,604	208,511	173,116
Unrestricted Interest earned on investments	18,091	79,476	57,763	9,586	17,254	69,370	269,501	230,984	45,744	(43,703)
Miscellaneous	1,065,333	121,834	280,781	209,570	203,203	130,662	-	4,950,623	6,447,395	466,897
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(1,166,959)	(1,373,818)	(1,240,000)	(1,091,727)	(907,319)	(793,152)	(1,502,479)	(857,460)	(1,538,038)	(5,361,682)
Total business-type activities	(83,535)	(1,172,508)	(901,456)	(872,571)	(544,242)	(423,354)	(1,083,976)	4,444,751	5,163,612	(4,765,372)
Total primary government	\$ 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	\$ 16,073,951
<b>Change in net position</b>										
Governmental activities	\$ 680,444	\$ 488,135	\$ 1,013,973	\$ 821,451	\$ 498,309	\$ 665,592	\$ 2,294,076	\$ 839,616	\$ 2,447,846	\$ 6,293,004
Business-type activities	(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	(2,506,033)
Total primary government	\$ (489,912)	\$ (934,635)	\$ (225,478)	\$ 1,314,933	\$ 1,767,491	\$ 3,513,489	\$ 6,202,765	\$ 8,853,792	\$ 11,142,676	\$ 3,786,971

Table 3

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
Nonspendable	\$ 17,834	\$ 35,781	\$ 78,870	\$ 234,821	\$ 45,878	\$ 85,500	\$ 82,451	\$ 30,928	\$ 86,392	\$ 71,021
Restricted	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	2,659,971
Committed	-	6,861	-	1,164,823	486,965	-	-	-	-	-
Assigned	266,700	133,000	37,300	-	333,780	250,000	427,737	643,832	338,305	300,726
Unassigned	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	6,235,439
<b>Total General Fund</b>	<b>\$ 5,685,875</b>	<b>\$ 6,555,707</b>	<b>\$ 7,840,863</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>\$ 9,267,157</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	24,185	-	-	576,458	1,264,295	1,597,480	-	800,000
Committed	194,773	67,490	-	(11,722)	633,582	-	-	-	1,325,800	7,051,374
Assigned	-	22,401	-	-	-	-	-	-	-	-
Unassigned	108,875	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</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>	<b>\$ 7,851,374</b>

Table 4

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Ad valorem taxes	\$ 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	\$ 7,828,083
Other taxes and licenses	420,930	289,743	298,590	204,587	229,951	242,641	258,542	227,958	292,228	304,087
Unrestricted intergovernmental	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	7,419,936
Restricted intergovernmental	952,229	1,035,415	1,016,828	1,237,190	928,156	717,804	762,944	905,435	1,505,998	953,254
Permits and fees	50,106	43,145	49,277	47,539	40,826	56,409	53,489	59,018	50,042	61,051
Sales and services	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	1,885,449
Investment earnings	10,038	6,851	2,185	7,614	17,090	46,992	187,703	187,999	(12,068)	(16,768)
Miscellaneous	215,981	130,024	112,210	221,472	214,689	203,884	620,760	200,010	581,013	269,920
Total revenues	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	18,705,012
<b>Expenditures</b>										
General government	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	2,045,923
Public safety	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	9,211,218
Public Works	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	3,238,608
Environmental protection	918,277	930,426	940,066	-	-	-	-	-	-	-
Economic and physical development	2,229	112,038	68,283	-	-	-	-	-	-	-
Culture and recreation	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	2,217,297
Capital Outlay	760,359	161,486	126,623	672,424	827,485	167,791	1,922,561	5,160,439	1,158,185	2,446,107
Debt service										
Principal retirement	346,844	318,728	290,318	366,507	505,182	613,758	611,197	531,041	719,454	701,333
Interest and other charges	102,620	104,234	86,493	79,943	65,439	107,036	104,638	199,040	222,119	224,894
Total expenditures	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	20,085,380
Excess of revenues over (under) expenditures	(1,440,053)	(807,091)	(20,640)	(836,970)	(3,893,781)	(894,182)	(409,729)	(3,696,337)	49,486	(1,380,368)
<b>Other financing sources (uses)</b>										
Transfers from other funds	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	9,312,364
Transfers to other funds	(1,024,493)	(25,000)	(311,230)	(127,258)	(1,230,880)	(616,965)	(1,331,345)	(239,571)	(860,568)	(3,915,682)
Proceeds from debt	-	331,590	-	638,934	1,964,972	-	266,958	4,539,885	-	991,957
Sales of capital assets	-	-	-	-	-	-	-	-	-	312,766
Total other financing sources (uses)	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	6,701,405
Net change in fund balances	\$ (273,094)	\$ 898,317	\$ 1,219,360	\$ 893,691	\$ (1,021,490)	\$ (587,995)	\$ 1,359,708	\$ 1,701,008	\$ 1,587,524	\$ 5,321,037
Debt services as a percentage of noncapital expenditures	3.4%	3.2%	2.9%	3.2%	3.3%	4.7%	4.9%	5.0%	5.6%	5.3%

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

**Table 5**

Fiscal Year	Property Tax	Motor Vehicle Fee	Sales Tax	Franchise Tax	Occupancy Tax	Vehicle Lease Tax	Privilege License Tax	Beer & Wine Tax	Drug Tax	Total
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
2022	7,828,083	140,795	5,478,620	1,320,705	136,281	26,981	30	65,235	17,185	15,013,914

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**NUMBER OF ELECTRIC CUSTOMERS BY TYPE**  
**LAST TEN FISCAL YEARS** **Table 6**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Security Light</b>	<b>Total</b>
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
2022	10,400	2,269	12	3,067	15,748

Source: City of Albemarle Finance and Utilities Department

Table 7

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Residential Customers</b>										
<i>Residential Service-RS</i>										
Basic Facilities Charge	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000	12.170000	13.000000	15.000000
First 500 kWh used	0.106690	0.112190	0.114990	0.113150	0.113150	0.108620	0.108620	0.108620	0.105290	N/A
All over 500 kWh used		0.118960	0.121930	0.119980	0.119980	0.115180	0.115180	0.115180	0.105290	0.096500
<i>Residential All Electric Service-RE</i>										
Basic Facilities Charge	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000	12.170000	0.000000	0.000000
First 500 kWh used	0.106390	0.111590	0.114380	0.112550	0.112550	0.108050	0.108050	0.108050	0.000000	0.000000
All over 500 kWh used	0.104320	0.109520	0.112260	0.110460	0.110460	0.106040	0.106040	0.106040	0.000000	0.000000
<b>Commercial Customers</b>										
<i>Small General Service-SGS</i>										
Basic Facilities Charge	7781.000000	750.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Demand Charge	16.590000	16.590000	17.000000	16.730000	16.730000	16.730000	16.730000	16.730000	19.500000	25.000000
All over 30kW of Billing Demand										
Energy Charge	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
First 3,000 kWh used	0.147600	0.154200	0.158060	0.155530	0.155530	0.149310	0.149310	0.149310	0.145180	0.143730
Next 9,000 kWh used	0.079130	0.085730	0.087870	0.086460	0.086460	0.083000	0.083000	0.083000	0.082500	0.081680
All over 12,000 kWh used	0.072990	0.079590	0.081580	0.080270	0.080270	0.077060	0.077060	0.077060	0.077500	0.076730
Minimum Monthly Bill Amount	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000	37.070000	0.000000	0.000000
<i>Medium General Service-MGS</i>										
Basic Facilities Charge	16.590000	16.590000	17.000000	16.730000	16.730000	16.730000	16.730000	16.730000	30.000000	50.000000
Demand Charge										
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	7.000000	7.000000
All over 30kW of Billing Demand	5.580000	5.580000	5.720000	5.630000	5.630000	5.630000	5.630000	5.630000	7.000000	7.000000
Energy Charge										
First 3,000 kWh used	0.141760	0.146460	0.150120	0.147720	0.147720	0.141810	0.141810	0.141810	0.078970	0.078180
Next 9,000 kWh used	0.087900	0.092600	0.094920	0.093400	0.093400	0.089660	0.089660	0.089660	0.078970	0.078180
All over 12,000 kWh used	0.077630	0.082330	0.084390	0.083040	0.083040	0.079720	0.079720	0.079720	0.078970	0.078180
Minimum Monthly Bill Amount	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000	37.020000	0.000000	N/A
<i>Large General Service-LGS</i>										
Basic Facilities Charge	25.650000	25.650000	26.290000	25.870000	25.870000	25.870000	25.870000	25.870000	100.000000	200.000000
Demand Charge										
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	7.500000	7.500000
All over 30kW of Billing Demand	5.780000	5.780000	5.920000	5.830000	5.830000	5.830000	5.830000	5.830000	7.500000	7.500000
Energy Charge										
First 10,000 kWh used (*)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.076890	0.076120
Over 10,000 kWh used (*)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.060000	0.059400
First 25,000 kWh used	0.085910	0.089910	0.092160	0.090690	0.090690	0.087060	0.087060	0.087060	N/A	N/A
Next 50,000 kWh used	0.081600	0.085600	0.087740	0.086340	0.086340	0.082890	0.082890	0.082890	N/A	N/A
Next 75,000 kWh used	0.071510	0.075510	0.077400	0.076160	0.076160	0.073110	0.073110	0.073110	N/A	N/A
All over 150,000 kWh used	0.065590	0.069590	0.071330	0.070190	0.070190	0.067380	0.067380	0.067380	N/A	N/A
Minimum Monthly Bill Amount	58.610000	61.250000	62.780000	61.780000	61.780000	61.780000	61.780000	61.780000	N/A	N/A

(\*) 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>	2013			2022		
	Electric Revenue	Rank	Percentage of Total Operating Revenue	Electric Revenue	Rank	Percentage of Total Operating Revenue
Albemarle-Public Utilities	\$ 429,622	4	1.33%	\$ 943,902	1	3.08%
Preformed Line Products	750,066	3	2.32%	623,115	2	2.03%
Stanly Regional Medical Center	885,349	2	2.74%	603,285	3	1.97%
IAC Albemarle LLC	1,545,839	1	4.78%	521,209	4	1.70%
Enforge	272,326	8	0.84%	468,619	5	1.53%
Carolinas Healthcare			0.00%	311,875	6	1.02%
Wal-mart	368,073	5	1.14%	272,269	7	0.89%
Albemarle Correction Facility	328,042	6	1.01%	258,253	8	0.84%
Food Lion LLC	258,235	10	0.80%	226,228	9	0.74%
Public Housing Dept	279,183	7	0.86%	220,282	10	0.72%
NC Air National Guard	263,604	9	0.81%		-	0.00%
Totals	\$ 5,380,339		16.62%	\$ 4,449,037		14.50%

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>
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
2022	6,555	1,005	14	1	7,575

Source: City of Albemarle Finance and Utilities Departments



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

*Table 10*

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Water-Inside Corporate Limits</b>										
0 - 300 cubic feet (minimum charge)	9.96	9.96	10.76	11.19	11.64	12.11	12.11	12.91	13.68	15.23
301 - 30,000 cubic feet (charge per 100 cubic feet)	2.08	2.18	2.35	2.44	2.54	2.64	2.64	2.81	2.98	3.32
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	1.79	1.88	2.03	2.11	2.19	2.28	2.28	2.43	2.58	2.87
Over 275,000 cubic feet (charge per 100 cubic feet)	1.30	1.37	1.48	1.54	1.60	1.65	1.65	1.77	1.88	2.10
<b>Water-Outside Corporate Limits</b>										
0 - 300 cubic feet (minimum charge)	19.92	19.92	21.51	22.37	23.26	24.19	24.19	25.79	27.34	30.42
301 - 30,000 cubic feet (charge per 100 cubic feet)	4.16	4.36	4.71	4.90	5.10	5.31	5.31	5.65	5.99	6.67
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	3.58	3.76	4.06	4.22	4.39	4.57	4.57	4.87	5.16	5.75
Over 275,000 cubic feet (charge per 100 cubic feet)	1.30	1.37	1.48	1.54	1.60	1.65	1.65	1.77	1.88	4.19

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>2013</b>			<b>2022</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	\$ 834,952	1	12.61%	\$ 3,733,428	1	34.75%
Stanly County Utilities	391,354	3	5.91%	1,656,520	2	15.42%
Pfeiffer North Stanly	100,938	4	1.52%	522,289	3	4.86%
Gentry Mills	50,607	5	0.76%	161,266	4	1.50%
Stanly Regional Medical Center	831,702	2	12.56%	62,179	5	0.58%
IAC Albemarle	34,641	6	0.00%	55,933	6	0.52%
Albemarle Parks & Rec Dept	27,276	7	0.41%	38,603	7	0.36%
Public Housing	17,590	8	0.27%	35,222	8	0.33%
Bethany Woods	15,165	9	0.23%	31,778	9	0.30%
Kooper LLC	9,434	10	0.14%	20,212	10	0.19%
American Fiber						
Stanly Manor						
Foxrun						
<b>Totals</b>	<b>\$ 2,313,659</b>		<b>34.95%</b>	<b>\$ 6,317,430</b>		<b>58.81%</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	2013				2022			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed	
			Value	Value			Value	Value
Wal-mart	\$ 11,974,017	2	1.18%	0.00%	\$ 14,174,020	1	1.26%	1.26%
Olive Place Plaza LLC					13,747,069	2	1.23%	1.23%
Piedmont Natural Gas Co Inc			-	-	13,218,435	3	1.18%	1.18%
Duke Energy			-	-	10,792,880	4	0.96%	0.96%
Preformed Line Products	6,239,581	10	-	-	9,604,614	5	0.86%	0.86%
Centre Point Investors LLC			0.00%	0.00%	9,235,262	6	0.82%	0.82%
Preformed Line Products Company	10,195,254	3	1.00%	-	8,994,292	7	0.80%	0.80%
Auria Albemarle LLC			-	-	8,264,027	8	0.74%	0.74%
Savera Investments LLP	7,953,465	6	0.00%	0.00%	8,119,589	9	0.72%	0.72%
Lowes Home Center Inc	14,000,505	1	-	-	7,915,180	10	0.71%	0.71%
Stanly Memorial Hospital	10,064,391	4	1.37%	0.99%	-	-	-	-
IAC Group Inc	8,784,483	5	0.99%	0.86%	-	-	-	-
Kirkpatrick James R Family Trust	7,026,525	7	0.86%	0.69%	-	-	-	-
South Central Oil	6,592,567	8	0.69%	0.65%	-	-	-	-
Fabric DE GP	6,453,887	9	0.65%	-	-	-	-	-
Bank of Stanly								
Totals	\$ 89,284,675		6.74%		\$ 104,065,368		9.28%	9.28%

Source: Stanly County Tax Assessor

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	0.6100
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	0.5900	0.5900	0.5900	0.5900	0.5900	0.6400	0.6400	0.6400	0.6100
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	0.6100
*** City Tax Rate	0.6600	0.6900	0.6900	0.6900	0.6900	0.6900	0.7400	0.7400	0.7400	0.7100

Source: Stanly County Tax Assessor

**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:	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**	Tax Exempt Real Property*					
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%	
2022	713,809,693	304,114,583	152,056,048	100,861,820	20,741,503	16,716,870	1,274,866,777	0.6100	1,274,866,777	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
2013	\$ 5,814,698	\$ 5,437,536	93.51%	\$ 352,195	99.57%	\$ 5,789,731	99.57%
2014	5,816,176	5,574,468	95.84%	202,736	99.33%	5,777,204	99.33%
2015	5,953,379	5,768,421	96.89%	161,485	99.61%	5,929,906	99.61%
2016	5,953,469	5,786,940	97.20%	140,972	99.57%	5,927,912	99.57%
2017	6,063,603	5,900,042	97.30%	117,524	99.24%	6,017,565	99.24%
2018	6,187,982	6,036,267	97.55%	116,116	99.42%	6,152,383	99.42%
2019	6,855,130	6,675,975	97.39%	107,860	98.96%	6,783,835	98.96%
2020	6,942,526	6,768,312	97.49%	115,533	99.15%	6,883,845	99.15%
2021	7,176,349	7,018,040	97.79%	73,598	98.82%	7,091,638	98.82%
2022	7,776,688	7,625,639	98.06%	-	98.06%	7,625,639	98.06%

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	Lease Liability	Installment Debt	Lease Liability			
2013	\$ 2,170,012	\$ -	\$ 5,701,210	\$ -	\$ 7,871,222	1.45%	\$ 495
2014	2,182,874	-	12,380,336	-	14,563,210	2.60%	914
2015	1,892,556	-	17,636,955	-	19,529,511	3.39%	1,222
2016	2,164,978	-	19,353,778	-	21,518,756	3.63%	1,347
2017	3,624,773	-	26,245,557	-	29,870,330	5.01%	1,853
2018	3,011,015	-	27,906,687	-	30,917,702	5.32%	1,919
2019	2,666,775	-	25,858,294	-	28,525,069	4.66%	1,771
2020	6,675,620	-	28,921,695	-	35,597,315	10.03%	2,191
2021	5,956,166	-	27,329,810	-	33,285,976	8.40%	2,026
2022	6,315,581	243,975	26,333,625	37,410	32,930,591	7.96%	1,980

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 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	\$ 101,989,342
Total net debt applicable to limit	<u>5,771,222</u>	<u>12,673,210</u>	<u>17,849,511</u>	<u>25,683,913</u>	<u>29,870,330</u>	<u>30,917,419</u>	<u>28,525,070</u>	<u>35,597,315</u>	<u>33,285,976</u>	<u>8,832,421</u>
Legal debt margin	<u>\$ 77,207,135</u>	<u>\$ 70,373,053</u>	<u>\$ 62,783,262</u>	<u>\$ 54,933,744</u>	<u>\$ 52,348,021</u>	<u>\$ 52,983,150</u>	<u>\$ 57,164,055</u>	<u>\$ 51,184,260</u>	<u>\$ 56,418,388</u>	<u>\$ 93,156,921</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>6.96%</u>	<u>15.26%</u>	<u>22.14%</u>	<u>31.86%</u>	<u>36.33%</u>	<u>36.85%</u>	<u>33.29%</u>	<u>41.02%</u>	<u>37.11%</u>	<u>8.66%</u>

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	<u>\$ 1,274,866,777</u>
Debt limit - 8% of assessed value	\$ 101,989,342
Debt applicable to limit:	
Gross debt:	
Installation purchases	32,649,206
Less: Water and Sewer Fund installment purchases	<u>(23,816,785)</u>
Total amount of debt applicable to debt limit	<u>8,832,421</u>
Legal debt margin	<u>\$ 93,156,921</u>



**CITY OF ALBEMARLE, NORTH CAROLINA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS** **Table 18**

Fiscal Year	Population (1)	Personal Income	Per Capita			Unemployment Rate (4)**
			Personal Income (2)*	School Enrollment (3)**	Unemployment Rate (4)**	
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%	
2022	16,628	413,754,524	24,883	8,315	3.6%	

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

\*\* County-Level data, no city data available

Sources:

- (1) United States Census Bureau
- (2) Until 2020, N.C. Employment Security Commission Workforce In-Depth. 2020 and beyond US Census Bureau
- (3) Division of School Business Services School Allotments Sections
- (4) N.C. Department of Commerce D4 Local Area Unemployment Statistics

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

**Table 19**

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Stanly County Schools	500-999	1	2.71% - 4.88%	1000+	1	4.88%
Atrium Health	500-999	2	2.71% - 4.88%	500-999	2	2.71% - 4.88%
Wal-mart	500-999	3	2.71% - 4.88%	500-999	4	2.71% - 4.88%
County of Stanly	500-999	4	2.71% - 4.88%	500-999	3	2.71% - 4.88%
Fiberon	250-499	5	1.35% - 2.70%			
Food Lion	250-499	6	1.35% - 2.70%			
Clayton Mobile Homes	250-499	7	1.35% - 2.70%			
Michelin North America	250-499	8	1.35% - 2.70%	250-499	5	1.35% - 2.70%
Stanly Community College	250-499	9	1.35% - 2.70%	250-499	6	1.35% - 2.70%
City of Albemarle	250-499	10	1.35% - 2.70%			
IAC Albemarle				250-499	7	1.35% - 2.70%
Monarch				250-499	8	1.35% - 2.70%
Employment Control Inc				250-499	9	1.35% - 2.70%
Nc Dept of Public Safety				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** *Table 20*  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Administration	4	3	3	3	3	2	3	4	4	4
Economic Development	-	1	1	1	1	1	1	1	1	1
Downtown Development	-	-	-	1	2	1	1	1	1	1
Human Resources	3	3	3	3	3	3	3	3	3	3
Finance	9	9	10	10	9	7	9	9	9	9
Information Systems	3	3	4	3	3	4	3	4	4	4
Planning Development Services	5	5	6	6	6	6	6	6	9	8
Engineering	1	1	1	1	1	1	-	-	-	-
Public safety										
Police	55	56	54	55	64	52	48	49	65	47
School Resource	2	2	2	2	2	2	2	3	3	3
Fire	42	41	42	43	43	39	40	38	43	41
Fire Marshal	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	2	2	3	2	2	2	2	3	3	3
Central Warehouse	2	2	2	2	2	2	2	2	2	2
Central Garage	3	4	4	4	2	4	4	4	4	5
Streets and Highways	15	12	11	14	17	10	10	13	13	13
Downtown Services	1	2	2	2	1	2	2	2	2	3
Landfill	14	14	12	13	12	10	11	13	13	13
Public Housing	10	10	10	9	9	9	9	9	9	7
Recreation	6	6	6	6	6	6	7	7	7	8
Parks	7	9	10	9	9	9	7	7	8	7
Water and Sewer										
Water Treatment	20	19	20	18	16	15	18	17	18	17
Sewer Treatment	16	16	16	16	17	15	16	17	16	15
Water/Sewer Lines	19	19	19	20	20	20	19	19	20	20
Electric										
Administration	9	10	10	10	10	10	9	9	9	8
Operations	21	21	21	21	21	19	19	19	20	21
Customer Service	3	3	3	3	3	3	3	3	4	4
<b>Total</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>	<b>268</b>

Source: City of Albemarle Finance, Payroll

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Police</b>										
Arrests	1,857	1,623	1,450	1,550	1,732	2,453	1,925	1,881	1,693	1,406
Traffic Violations	3,895	4,990	4,364	4,890	4,161	3,309	2,856	3,442	2,579	2,532
Parking Violations	140	41	66	86	63	10	8	134	-	-
Sworn Officers	49	49	48	49	49	49	48	49	38	37
<b>Fire</b>										
Total Responses	2,209	2,347	2,307	2,470	2,507	2,621	3,181	3,152	2,777	3,049
Working Fires	29	27	28	25	25	24	54	77	98	133
EMS Response	1,606	1,762	1,669	1,917	1,923	1,974	2,335	2,376	1,985	2,177
Mutual Aid Given	27	36	34	29	35	34	43	41	42	39
Mutual Aid Received	57	100	79	56	47	50	82	85	57	65
Property Loss (dollars)	\$ 277,500	\$ 384,240	\$ 1,056,100	\$ 378,119	\$ 600,150	\$ 556,209	\$ 992,275	\$ 955,050	\$ 537,942	\$ 2,403,146
Inspections Performed	785	640	677	1,279	446	581	1,129	1,219	1,132	963
<b>Streets</b>										
Street Resurfacing (miles)	1.74	2.20	0.28	0.00	-	-	5.18	5.21	3.79	-
Sidewalk Installation/Repair*					\$ 270,467	-	\$ 27,521	\$ 66,492	\$ 16,058	\$ 13,784
<b>Environmental Protection</b>										
Number of Households Served	6,383	6,368	6,399	6,389	6,238	6,328	6,328	6,238	6,238	6,238
Solid Waste Collected (tons/year)	6,318	6,361	6,434	6,930	6,152	5,913	6,202	6,182	6,315	6,532
Leaves Collected (tons/year)	3,155	2,730	2,470	2,170	1,860	2,024	1,394	1,343	2,269	1,174
<b>Electric</b>										
Number of metered accounts	11,901	11,865	11,867	11,889	12,113	13,516	13,609	13,778	12,413	12,535
Average daily consumption	64	72	79	76	74	72	69	62	72	74
<b>Water</b>										
Number of metered water accounts	7,302	7,228	7,285	7,291	7,337	7,962	8,010	8,061	7,470	7,591
Average daily water treatment* (gallons per million)			2.23	3.10	4.07	4.16	4.31	4.50	4.64	5.51
<b>Wastewater</b>										
Number of sewer accounts	6,701	6,646	6,696	6,705	6,712	7,271	7,317	7,371	6,916	7,061
Average daily sewage collected* (gallons per million)			5.87	5.34	5.34	4.88	6.86	5.45	5.67	4.31
Average daily sewage treatment* (gallons per million)			6	6	5.34	4.88	6.86	5.45	5.67	4.31
<b>Parks and Recreation</b>										
Number of Youth Programs	70	61	54	67	49	101	65	30	70	183
Number of Adult Programs	19	25	17	20	50	34	49	25	19	138
Number of Senior Programs	6	7	7	9	15	38	36	10	10	38
Number of Facility Rentals	250	326	336	343	342	305	281	100	434	634
<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	0**
Sign Permits	21	31	64	49	36	41	49	60	53	0**

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Landfill (tons)										
Solid Waste	39,593	42,832	43,360	53,040	41,891	50,670	40,804	42,517	43,733	54,007
C&D*	13,396	4,637	5,096	4,333	19,600	11,378	11,838	5,243	8,409	17,984
Recyclables						1,028	33	40	5	382
Metal	103	114	90	119	194	193	26	24	29	282
Paper	32	28	45	54	19	5	38	33	38	1
Electronics*				26	37	20	23	18	14	14
Plastics*				66	0	22	29	22	24	22
Yard Waste*				3,838	3,720	7,473	626	286	1,759	3,746

Sources: City departments

\*Accurate information not available for prior years.

\*\*Information not available due to system Error. Will rebuild for subsequent years

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	28	28	28	28	28	28	28	28	33	38
Unmarked units	11	11	11	11	12	12	14	14	15	16
K-9 Units	1	2	2	2	2	2	1	3	1	0
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	6	6	5	5	5	5	5	5	5	5
Public Works										
Miles of Streets	121	121.14	121.19	121.20	121.20	121.20	121.20	121.20	121.20	121.20
Electric										
Miles of Distribution Lines	320	325	325	325	400	345	345	143	143	148
Number of delivery points (substations)	2	2	3	3	3	3	3	3	3	3
Street Lights	2881	2863	2840	2847	2894	2899	2901	2283	3001	3021
Traffic Signals	121	121	124	124	125	120	120	122	126	126
Water Treatment										
Plants	2	2	2	2	2	2	2	2	2	2
Miles of Distribution Lines	180	180	190	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	274	274	274	274	274
Playgrounds	6	6	6	6	6	5	5	5	5	5
Parks	6	6	6	6	6	5	5	5	5	5
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Basketball Courts	3	3	3	3	3	2	3	3	3	3
Baseball Fields	4	4	4	4	3	4	4	4	4	4
Soccer Fields	5	5	5	5	5	5	5	5	5	5
Community Centers	2	2	2	2	2	2	2	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)	1.25	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	4	4	4	15	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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Landfill**										
Land and Improvements	\$ 1,100,048		\$ 1,047,204	\$ 1,047,204	\$ -	\$ 981,498	\$ 959,595	\$ 942,630	\$ 920,375	\$ 898,120
Buildings	\$ 137,278		\$ 116,942	\$ 116,942	\$ 341,659	\$ 96,607	\$ 1,548,168	\$ 1,648,626	\$ 1,609,897	\$ 1,572,938
Equipment	\$ 851,701		\$ 842,556	\$ 2,009,456	\$ 11,020	\$ 1,097,802	\$ 1,046,357	\$ 890,335	\$ 566,691	\$ 347,303
Vehicles	\$ 166,330		\$ 156,968	\$ 156,968	\$ 94,212	\$ 130,944	\$ 99,144	\$ 97,930	\$ 67,918	\$ 104,901
Infrastructure	\$ 3,724,732		\$ 969,014	\$ 968,014	\$ 243,542	\$ 46,214	\$ 2,076,341	\$ 1,970,265	\$ 2,277,267	\$ 2,222,987
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

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## & 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, North Carolina

We have audited, 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 (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 24, 2023. 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.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards*, and which is disclosed in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-001.

### **City of Albemarle's Responses to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the City of Albemarle's responses to the findings identified in our audit and described in the Schedule of Findings, Responses, and Questioned Costs. The City of Albemarle's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
February 24, 2023

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

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## **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, North Carolina

#### **Report on Compliance for the Major Federal Program**

##### *Qualified Opinion*

We have audited the City of Albemarle, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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 the City of Albemarle's major federal program for the year ended June 30, 2022. The City of Albemarle's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

##### *Qualified Opinion on the Public and Indian Housing Program*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the City of Albemarle complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Public and Indian Housing Program for the year ended June 30, 2022.

##### *Basis for Qualified Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Albemarle and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City of Albemarle's compliance with the compliance requirements referred to above.

### *Matters Giving Rise to Qualified Opinion on the Public and Indian Housing Program*

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, the City of Albemarle did not comply with requirements regarding AL# 14.850 Public and Indian Housing as described in finding number 2022-004 for Eligibility and Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for the City of Albemarle to comply with the requirements applicable to that program.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, and the terms and conditions of its federal awards applicable to the City of Albemarle's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Albemarle's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Albemarle's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Albemarle's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Albemarle's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Albemarle's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

*Government Auditing Standards* require the auditor to perform limited procedures on the City of Albemarle's response to the non-compliance finding identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City of Albemarle's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2022-003 and 2022-004 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the City of Albemarle's responses to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City of Albemarle's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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  
February 24, 2023



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

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## **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, North Carolina

#### **Report on Compliance for Each Major State Program**

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

We have audited the City of Albemarle, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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 state programs for the year ended June 30, 2022. 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.

In our opinion, the City of Albemarle complied, in all material respects, with the 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, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Albemarle and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Albemarle's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Albemarle's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Albemarle's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Albemarle's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Albemarle's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Albemarle's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Albemarle's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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  
February 24, 2023



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**CITY OF ALBEMARLE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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? Yes
- Significant deficiency identified? None reported

Non-compliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major federal programs:

- Material weakness identified? Yes
- Significant deficiency identified? None reported

Type of auditor's report issued on compliance for major federal programs Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Public and Indian Housing	14.850

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, 2022**

**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

# CITY OF ALBEMARLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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

#### Finding 2022-001

##### Material Weakness

##### Material Non-Compliance

**Criteria:** Management should have a control system in place to reduce the likelihood that violations of North Carolina General Statutes occur and go undetected. N.C. General Statute 159-32 requires that all monies collected or received by officers and employees be deposited daily unless the governing board has approved that a deposit does not have to be made until the amount on hand is over \$500.

**Condition:** Controls are not in place to ensure timely deposit of funds received in the Landfill and Parks and Recreation departments. Checks and cash were held and aggregated over a period of time and then deposited together.

**Effect:** Assets of the City are not being controlled, and cash is not available to fund operations or invest as needed.

**Cause:** It is the City's policy to make timely deposit of all funds received. However, management has not provided adequate training and/or oversight of the departments to ensure they are following the internal policy to meet the statutory requirement.

**Recommendation:** The City should provide the department head with further training regarding job responsibilities for receiving and depositing funds. This should include a mechanism for ongoing monitoring of compliance and providing additional feedback as needed over time. Alternatively, the City could reassign those duties to a more centralized position within the City's administration so that the responsibility for making deposits does not rest within the department.

**Views of Responsible Officials and Corrective Action Plan:** Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

# CITY OF ALBEMARLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

#### Finding 2022-002

##### Material Weakness

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the City's general ledger to conform to accounting principles generally accepted in the United States of America and generally accepted governmental accounting standards.

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the City's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

**Effect:** Several year-end closing entries had not been completed prior to sending the trial balance to the auditor. There were several full accrual journal entries that had to be corrected.

**Cause:** Due to extra workload during the fiscal year, there was limited time to reconcile year-end balances and make full-accrual entries. As a result, there were several significant audit adjustments required to prevent the financial statements from being materially misstated.

**Recommendation:** Management should reconcile the subsidiary ledgers at year-end and full accrual entries, along with any adjusting entries, should be posted as needed to the final trial balance, to prevent material audit adjustments in the future.

**Views of Responsible Officials and Planned Corrective Actions:** The City agrees with this finding. Please refer to the Corrective Action Plan section of this report.



# CITY OF ALBEMARLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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

#### **Finding: 2022-003**

#### **U.S. Department of Housing & Urban Development**

Program Name: Public and Indian Housing

AL Number: 14.850

#### **Material Weakness, Procurement and Suspension and Debarment**

**Criteria:** In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that procurement policies are implemented and functioning as intended. Management must monitor activities under federal awards to assure compliance with federal requirements.

**Condition:** The City implemented procurement policies that conforms with applicable federal and state laws. However, the City's internal controls over micro-purchases were not functioning as intended.

**Context:** During our testing, we examined 40 purchases and determined that 10 purchases in the micro-purchases threshold did not follow the City's policy. Expenditures were pre-audited prior to payment, however purchase orders were not completed as required by the City's policy.

**Effect:** Purchases may be made without the proper procurement approvals.

**Cause:** Due to the turnover in the housing department, there were instances where a proper purchase order was not created for approval.

**Questioned Cost:** None. This finding represents an internal control issue; therefore, questioned costs are not applicable.

**Recommendation:** The City should have a system in place to ensure that the procurement policies are implemented and functioning as intended.

**Views of Responsible Officials and Planned Corrective Actions:** The City agrees with this finding. Please refer to the Corrective Action Plan section of this report.

# CITY OF ALBEMARLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

### 3. Findings and Questioned Costs Related to the Audit of Federal Awards (continued)

#### Finding: 2022-004

#### U.S. Department of Housing & Urban Development

Program Name: Public and Indian Housing

AL Number: 14.850

#### Material Non-Compliance

#### Material Weakness, Eligibility

#### Special Tests and Provisions

**Criteria:** In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that applicants have all required documentation in their file. In accordance with 24 CFR sections 960.202 through 960.208, the City must establish, adopt, and follow policies for admission of tenants as it relates to the Public Housing waiting list. In accordance with 24 CFR Part 5 Subpart F, the City must maintain documentation to support tenant eligibility.

**Condition:** The Public Housing Department did not follow procedures to ensure the proper eligibility determination were made and documented.

**Context:** Of the 319 applicants during the current year valued at \$768,137, we examined 60 (valued at \$220,760) and determined that 45 (75% valued at \$165,570) applicants were not supported with case documentation to confirm eligibility.

We also determined that three applicants (5% valued at \$11,038) had inconsistent documentation supporting eligibility determination in the case file. There were four applicants (7% valued at \$14,718) missing documentation to support that the tenants were selected from the public housing waiting list. Upon further review, these seven applicants were deemed eligible.

**Effect:** Participants could receive benefits for which they are not eligible.

**Cause:** Weakness in implementation of controls over eligibility procedures. Due to the turnover in the housing department, the City failed to obtain or retain the completed eligibility documentation.

**Questioned Cost:** In accordance with 2 CFR 200, auditors are required to report known questioned costs when likely questioned costs are greater than \$25,000. The sample results identified \$165,570 in known questioned costs.

**Recommendation:** Management should adhere to the program's policy and maintain proper eligibility documentation in the applicant's file.

**Views of Responsible Officials and Planned Corrective Actions:** The City agrees with this finding. Please refer to the Corrective Action Plan section of this report.

**CITY OF ALBEMARLE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022**

None reported.



**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2022**

**Finding: 2022-001**

**Name of Contact Person:** Jacob Weavil, Finance Director

**Corrective Action/Management's Response:** The Finance Department will continue to provide training to employees responsible for handling cash and checks to ensure proper understanding of the daily deposit requirement. We have improved existing procedures that will promote additional oversight of the City's cash handling policy, such as requiring all deposits to be dropped daily with the City's primary financial depositor via a locked drop box so that they can be collected and properly recorded in a timely manner.

**Proposed Completion Date:** Immediately and ongoing.

**Finding: 2022-002**

**Name of Contact Person:** Jacob Weavil, Finance Director

**Corrective Action/Management's Response:** We feel we have adequate procedures in place to ensure that the City is well-prepared for the audit. However, there were unforeseeable circumstances this year, such as staff turnover and added workloads from going through two full compliance reviews of our Housing program. Both examples occurred at critical points in the fiscal year. They overlapped budget procedures, year end preparation procedures, and final year end review for the audit. We are actively investigating further ways to improve our processes, such as cutting off capital improvement purchases earlier in the fiscal year to ensure ample time to properly record and reconcile our books.

**Proposed Completion Date:** Immediately and ongoing.

**Finding: 2022-003**

**Name of Contact Person:** Dr. Kim Scott, Director of Public Housing

**Corrective Action/Management's Response:** As stated in finding 2022-003, staff turnover was a major component that caused this issue. Also, additional workloads that came from two compliance reviews of the Housing program and a surprise REAC inspection that occurred in June contributed to this issue. The Department of Public Housing is closely working with the Finance Department to ensure compliance with the City of Albemarle's purchasing policy.

**Proposed Completion Date:** Immediately and ongoing.

**Finding: 2022-004**

**Name of Contact Person:** Dr. Kim Scott, Director of Public Housing

**Corrective Action/Management's Response:** The issues regarding applicant files was one of the first control issues identified when I came to the City. A written action plan has been developed with the approval of our local Housing and Urban Development field office. Each applicant is being reviewed at their anniversary date to obtain complete records of documentation to support eligibility.

**Proposed Completion Date:** Immediately and ongoing.

**CITY OF ALBEMARLE, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-Through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-Through to Subrecipients</u>
<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		\$ 768,137	\$ -	\$ -
Total Low Income Housing			<u>768,137</u>	<u>-</u>	<u>-</u>
Housing Voucher Cluster:					
Section 8 Housing Choice Vouchers	14.871		1,033,808	-	-
COVID-19 - Section 8 Housing Choice Vouchers	14.871		<u>25,423</u>	<u>-</u>	<u>-</u>
Total Housing Voucher Cluster			<u>1,059,231</u>	<u>-</u>	<u>-</u>
Public Housing Capital Fund:					
Public Housing Capital Fund - NC19PO75501-20	14.872		473,693	-	-
Public Housing Capital Fund - NC19PO75501-21	14.872		<u>479,890</u>	<u>-</u>	<u>-</u>
Total Public Housing Capital Fund			<u>953,583</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Housing & Urban Development			<u>2,780,951</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 (CWSRF) Cluster:					
Clean Water State Revolving Fund (Inflow & Infiltration)	66.458	E-SRF-T-17-463	150,342	37,585	-
Clean Water State Revolving Fund (Sanitary Sewer Rehabilitation, Phase 3)	66.458	CS370522-07	<u>202,520</u>	<u>50,630</u>	<u>-</u>
Total Clean Water State Revolving Fund (CWSRF) Cluster			<u>352,862</u>	<u>88,215</u>	<u>-</u>
Total U.S. Department of Environmental Protection Agency			<u>352,862</u>	<u>88,215</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	<u>42,706</u>	<u>14,235</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>42,706</u>	<u>14,235</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 NC Alliance of YMCAs					
COVID-19 - Coronavirus Relief Fund	21.019	103-01-089-04	20,254	-	-
COVID-19 - Coronavirus Relief Fund	21.019	103-01-089-03	<u>19,703</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Justice			<u>39,957</u>	<u>-</u>	<u>-</u>
Total federal awards			<u>3,216,476</u>	<u>102,450</u>	<u>-</u>
<b>STATE AWARDS:</b>					
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4 32570	-	340,139	-
Total N.C. Department of Transportation			<u>-</u>	<u>340,139</u>	<u>-</u>
<u>N.C. Department of Commerce</u>					
One North Carolina Fund		2018-22625	-	99,350	99,350
Total N.C. Department of Commerce			<u>-</u>	<u>99,350</u>	<u>99,350</u>
Total state awards			<u>-</u>	<u>439,489</u>	<u>99,350</u>
Total federal and state awards			<u>\$ 3,216,476</u>	<u>\$ 541,939</u>	<u>\$ 99,350</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022. 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, 2022 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, 2022 consist of:

<b>Program Name</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Grantor's Number</b>	<b>Amount Outstanding</b>
Clean Water State Revolving Fund (Inflow & Infiltration)	66.458	E-SRF-T-17-463	<u>\$ 5,105,800</u>