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Regular Meeting
Monday, January 4, 2021
6:30 PM
Council Chambers - City Hall
Meeting Agenda

Call Meeting To Order:

1. Mayor Michael

Invocation:

2. Mayor Michael

Approval Of Minutes:

3. Consider Approval of the December 21, 2020 Special, Regular, and Closed Meeting Minutes

Public Hearings:

4. Consider Petition for the Assessed Curb and Gutter Installation on Heritage Court

Agenda Adjustments:

Announced Delegations:

5. Presentation of Audit for Fiscal Year Ended 6/30/2020

Unannounced Delegations:

Administrative Reports:

6. Update on Compensation Study
7. Charters of Freedom
8. Process for Animal Control
9. Staffing Update

Municipal Calendar:

10. Municipal Calendar

Unfinished Business:

11. Electric Vehicle Charging Station

New Business:

12. Truck Traffic on Montgomery Avenue
13. Review of Landfill Hours of Operation
14. Designation of City's Voting Delegate for NC League of Municipalities Policy Goals Planning Process

15. Consider Closed Session Pursuant to N.C.G.S. 143-318.11(a) (4) - Economic Development

Adjournment:

16. Adjourn until Tuesday, January 19, 2021 at 6:30 pm

Print

Title – Mayor Michael

Description:

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

| | |
|--------------------------|--------------|
| Name: | Description: |
| No Attachments Available | |

APPROVALS:

| | | | |
|------------|-----------|-------------|--|
| Date/Time: | Approval: | Department: | |
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Title – Consider Approval of the December 21, 2020 Special, Regular, and Closed Meeting Minutes

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Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

| Name: | Description: |
|---|-------------------------------------|
| <input type="checkbox"/> December_21_2020_special_mtg.docx | December 21 ABC_special mtg minutes |
| <input type="checkbox"/> December_21_2020_REGULAR.docx | December 21, 2020 regular minutes |

APPROVALS:

| Date/Time: | Approval: | Department: | |
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SPECIAL MEETING CITY COUNCIL
December 21, 2020

The City Council of the City of Albemarle met in a special session focusing on the Albemarle Business Center (ABC) on Monday, December 21, 2020 at 5:30 p.m. in Council Chambers at City Hall. Mayor Ronnie Michael and the following Council members were present, to-wit: Mayor Pro Tem Martha Sue Hall and Councilmembers Bill Aldridge, Benton Dry, Martha E. Hughes, Shirley D. Lowder, Dexter Townsend, and Christopher Whitley.

The following City of Albemarle staff attended:

- Michael J. Ferris – City Manager
- Nyki Hardy – Assistant City Manager
- Britt A. Burch – City Attorney
- Cindy Stone – Clerk/Assistant to the City Manager
- Keith Tunnell – Economic Development Director
- Colleen Conroy – Finance Department Director
- Jacob Weavil – Assistant Director Finance Department
- Kevin Robinson – Planning and Development Services Director
- Judy Redwine – Public Utilities Department Director
- Ross Holshouser – Public Works Department Director

Economic Development Director Keith Tunnell went through a presentation which was provided to Council before the meeting. The presentation summarized:

- The history of the ABC to date;
- Status of the design and permitting of the ABC;
- Discussion about the potential impact of the ABC on Albemarle and the region;
- ABC park buildout options as well as speculative building and pad ready site options;
- Estimated budget and cost estimates;
- Potential Return On Investment (ROI);
- The marketing plan; and
- Next steps.

The ABC site has faced a delay in 2020 due to the initial wetlands and mitigation plan permitting process being scuttled by the state and the Army Corps of Engineers. Chambers Engineering, which is managing the permitting process for the City of Albemarle for the ABC site, was told in the fall that the permit needed to be resubmitted. This current process is far along but has not yielded the permit yet. Without the permit, the ABC buildout cannot proceed.

Mr. Tunnell gave the following recommendations to Council to aid in the rollout of the ABC site moving forward:

- Retaining a project manager specifically for the ABC to manage the site;
- Bringing in more jobs to Albemarle to generate more funds flowing through the local economy.

The following ABC Park buildout options were discussed in detail:

Option 1:

- **Phased ABC Buildout:** Buildout of only the front section of the ABC by the US Highway 52 entrance; partial road build; providing infrastructure (water, sewer, electric) to the property boundary; first phase would open several parcels but leave other parcels open for future development opportunities
 - **Estimated Cost:** \$7,965,418 (Note: this cost estimate would not include the cost of creating a few pad ready sites or speculative building).

Option 2:

- **Entire ABC Buildout:** Buildout of entire site including the Leonard Avenue extension; build entire road through site to completion; providing infrastructure (water, sewer, electric) to the property boundary; opens up entire site to development
 - **Estimated cost:** \$11,272,009 (Note: this cost estimate would not include the cost of creating a few pad ready sites or speculative building).

Option 3:

- **No action:** City would focus on business expansion instead.

Suggested next steps recommended to Council included:

- **If Council approves ABC funding** – Staff works to implement Council directives; project team and management meet to assess project status and what remains in permitting phase, then communicates to Council and public; develop detailed scope of work and roles and responsibilities for the construction phase of the project; identify process and parties responsible for extending water, sewer and electric to the park boundary; and review existing contracts with all vendors, sign off on completed work, and agree on completion timelines for work still to be done.
- **If Council does not approve funding** – Staff and management will meet to determine the next highest and best use for the ABC; make changes to marketing plans, the Economic Development strategic plan, etc.; shift focus to Main Street/downtown entrepreneurial assistance; and shift in industrial recruitment from the ABC to properties zoned industrial.

Mr. Tunnell summarized two different buildout concepts for Council: pad ready site and speculative building. A pad ready site is a site within a business park that is graded level and ready to build on. Speculative building is an industrial building which is built 75% complete to provide prospective companies the option to lease or purchase to finish the construction. In order to develop the ABC site,

Mr. Tunnell suggested to Council that they consider a mixture of both of these concepts. However there is extra cost to them. The City would be considering approximately \$750,000 for the estimated cost of three pad ready sites. The cost of a speculative building would be around \$3.5 million. This would be additional cost to the City.

Council questions and discussions included:

- For the recent development deal that was not located here in Albemarle, with current conditions of employment and business climate, would the City of Albemarle had a chance to win that deal? No – many municipalities and counties can't compete due to lack of building stock and a ready workforce.
- Back in 2016 the ABC concept was just approved by City Council, and now in 2020 we are not very far along. Can a specific timeline on moving forward with next steps such as acquiring the permitting be provided to Council now in order to make use of the state grant? As of right now unless the City knows exactly where the permitting process stands, it is uncertain whether the City can meet the deadline to even ask for an extension on the grant. Chambers Engineering has been managing the permitting process and relayed to Mr. Tunnell that they were informed by the state and Army Corps of Engineers a few months back that the City of Albemarle had to reapply for the wetlands permit. That revised application has been submitted back to the state and Army Corps of Engineers. The Mayor recounted the progress Council has made in 2020 in approving the Leonard Avenue extension and proceeding with engineered plans.
- Does the City currently have \$15 million to complete the full ABC buildout plus pad ready sites and speculative building that is being recommended? The City Manager replied that among different funds there is adequate funds to potentially finance a full buildout.
- Thus far has any soil sampling or analysis been done at the site? Yes. Some samples came up with only rock, and some with only soil. There is enough dirt to balance the site. This was revisited when Mr. Tunnell came on board to make sure that there wasn't a potential problem undetected before the City went any further with developing the site.
- Is there any recollection of the financial modeling First Tryon completed for Council for the ABC site? The Mayor replied that he thought that there was \$6.7 million available in the General Fund. So then it would be a mix of General and Enterprise Funds to obtain the \$8 million for the Option 1 plan? Per the City Manager yes there would be a mix of funds used.
- Does the estimated cost being mentioned here include the state grant money? No – the estimates do not factor in the grant, which would be \$750,000 for road construction.

In order to prepare for the regular Council meeting scheduled for 6:30 pm, the Mayor recommended that Council continue the discussion during the regular meeting as an agenda adjustment and called for a motion to adjourn.

Upon a motion by Councilmember Aldridge, seconded by Councilmember Lowder, unanimously carried, the meeting was adjourned until 6:30 p.m. in Council Chambers for the regularly scheduled Council meeting.

REGULAR MEETING CITY COUNCIL

December 21, 2020

The City Council of the City of Albemarle met in a regular session on Monday, December 21, 2020 at 6:30 p.m. in the Council Chambers of City Hall. Mayor Ronnie Michael presided, and the following members were present, to-wit: Mayor Pro Tempore Martha Sue Hall and Councilmembers Bill Aldridge, Martha E. Hughes, Shirley D. Lowder, Dexter Townsend, Chris Whitley, and Benton Dry.

Mayor Michael called the meeting to order.

Upon a motion by Councilmember Aldridge, seconded by Councilmember Townsend, unanimously carried, the minutes from the December 7th regular and closed meetings were approved as submitted.

PUBLIC HEARING

Conditional Use Permit 20-02 – Badin Ridge Cluster Subdivision

Council conducted a quasi-judicial evidentiary hearing to consider request for Conditional Use Permit CUP 20-02: A Request by Badin Ridge, LLC for a 52-lot Cluster Subdivision on Tax Record 30407 per §91.22 of the Code of Ordinances. A cluster subdivision approval does not allow any more lots to be developed than what is permitted as a use by right in the current R10 designation.

The Mayor swore in the following people with standing to provide testimony to Council related to this request:

- Planning and Development Services Senior Planner Ellie Sheild;
- Planning and Development Services Director Kevin Robinson;
- Planning and Development Services Development Coordination Specialist Jay Voyles;
- Robert Patterson – real estate expert;
- Landon Austin – developer for Badin Ridge LLC;
- Derek Lambert – developer for Badin Ridge, LLC;
- Stephen Chambers from Chamber Engineering, PA as engineering expert;
- Glen Alford of 920 Atom Drive;
- Paul and Petra Davis of 1233 Moss Springs Road;
- Robert (Robbie) Gorton of 1219 Moss Springs Road; and
- Karen Moore of 2306 Sandy Lane
- Wayne Davis of 2313 Seymore Avenue

Ms. Sheild provided a summary of the application to Council, which included the conditional use permit application highlights, conditions required, and Planning and Development Services staff analysis. As part of the major subdivision review, the Planning and Zoning Board, supported by Planning staff, recommended the following three conditions to be met, which were addressed in a revised preliminary plat provided to Council for consideration:

1. That the plat reflect the sidewalk on Sandy Lane be extended to the proposed new property line;
2. That lots 17-22 have the standard R10 rear yard setback of 30 feet to provide buffer for adjacent existing residences unless a strip of open space is implemented in the reduced rear yard setback for a cluster development; and
3. That a buffer strip be planted behind lots 1-5 should they front Atom Drive.

Planning staff noted that the revised preliminary plat adequately addressed all criteria for the Conditional Use Permit with the three conditions added by the Planning and Zoning Board.

The Mayor asked Council members if there were any conflicts of interest or *ex parte* communications with the applicant to note. No Council members had conflicts of interest or noted *ex parte* communications with the applicant.

The Mayor invited the developer to make any statements regarding their proposed cluster subdivision at this time. Derek Lambert came in front of Council and confirmed that it is their intention to establish a 52-lot cluster subdivision called Badin Ridge near Moss Springs Road and Atom Drive.

The Mayor called for any members of the public with standing to come forward to provide their comments. The following people with standing (see above for addresses) came in front of Council to express their position on the conditional use permit for the proposed Badin Ridge Cluster Subdivision:

- Glen Alford: He had a few concerns to bring in front of Council. His first concern is that lots 1-5 might have a buffer placed on the rear of the lot, or the lots could be facing Atom Drive. Either way he feels that there would not be much privacy between those lots and his residence on Atom Drive. Second, he is concerned about the development possibly worsening the flooding problem in the area, particularly near Atom Drive and Seymore Avenue. Third, he wanted the developer to confirm if there was an HOA planned for the subdivision, and if so what type. The developer replied that there would be an HOA and covenants on all homes in the subdivision, and that the HOA would be managed by the residents of the subdivision.
- Karen Moore: She expressed concern about the flooding which occurs throughout the whole area of the proposed subdivision.
- Robbie Gorton: He owns part of the easement near Springhaven Drive. The area floods and if vegetation is torn down by the developers for this new subdivision the flooding will become worse.
- Paul Davis: He also is concerned about flooding. He feels that any buffer created for the subdivision would create a complete river. He also is concerned about increased traffic flow

from the NE Connector and the extension road could congest traffic more. In relation to sidewalk construction, he wondered if the developers would finish connecting the sidewalk as the subdivision is built up since in other recent developments in the area, there is no continuous sidewalk since not all lots have been developed. He later came back in front of Council to inquire about the average lot size of the homes. The developer responded that they are interested in building between 1200-1600 square foot homes.

- The Mayor swore in Barbara Faust residing at 1221 Springhaven Circle. She resides in a log home on a property that is wooded in the back but has a front yard which floods frequently. She is concerned that the new subdivision will increase the flooding problem and decrease wooded land which is home to many types of wildlife.
- Wayne Davis: He has resided in the neighborhood for 29 years and is concerned that the type of subdivision development proposed by the developer for Badin Ridge will increase undesirable elements and crime due to the small house sizes being considered.
- Robert Patterson – real estate expert: In the area recent real estate analysis shows that the median home size is 1850 square feet and sells for between \$200,000-\$250,000. In the neighborhood the recent average sales price was \$167,500. A similar house proposed in Badin Ridge with a size of 1400 square feet would sell for approximately \$210,000. That type of sales price would help the valuation of homes throughout the entire neighborhood. He has worked with the Planning Department for the last 6 months on the development and saw the original plan with the first 5 houses facing Atom Drive, but also noted that the Planning and Zoning Board modified the plan to recommend homes face inward with more green space. The Mayor and Mayor Pro Tem Hall then inquired about the concern of homeowners on Atom Drive and how the arrangement of home fronts for the first 5 homes could address the concern. Ms. Sheild responded by stating that the Planning and Zoning Board was flexible with the orientation of the first 5 homes in relation to Atom Drive and accepted the conditions “as is.” However Council can choose to change the orientation of the first 5 homes to facing Badin Ridge and adding a buffer to the rear of the lots facing Atom Drive.
- Stephen Chambers – engineering expert: Addressing the plat design and residents’ concerns about flooding, Mr. Chambers stated that although there are no phase 2 stormwater requirements for this proposed development, the plat provides for control of water runoff with a balance of pre- and post-construction water runoff configured in the features of the plat. The Mayor asked if the firm was formally engaged by the developer yet. Mr. Chambers replied not yet but if needed will enter into contract with the developer. Councilmember Lowder asked if the engineers have observed the level of flooding in the area as testified to by residents. Mr. Chambers replied that yes they have seen it in the area already. The Mayor asked that in comparison between a standard subdivision design and the cluster subdivision design, which design would offer better flood or water runoff control. Mr. Chambers replied that a cluster subdivision design is better for flood control due to natural drainage features engineered into the plat design. However runoff to the pond that is proposed would not naturally drain there but would need to design in infrastructure to help that process. Mayor Pro Tem Hall asked if there was a creek there. Mr. Chambers replied there is not a named creek there but there are state regulated streams. Councilmember Dry asked if there was water runoff coming from Springhaven into 3 different areas affected by the proposed subdivision. Mr. Chambers replied that there would be.

Other questions asked by Council at this phase of the hearing were:

- Is Planning aware of any complaints from residents about flooding there? Public Works would be the department privy to this feedback but by the Planning Director's own observation there is water that tends to collect in open spaces in that area.
- What would be the distance between Atom Drive and the proposed Badin Ridge Drive? Per the plat it would be between 150-160 feet.

The Mayor asked if the developer would like to present a rebuttal to any testimony provided thus far. The developer declined the opportunity to make remarks at this point in the hearing.

Ms. Karen Moore asked to make an additional comment. The Mayor allowed it. She commented that the road design currently makes two-way traffic tight. Is there a plan to widen surrounding roads to the subdivision? The Mayor replied no there is no current plan to do so.

The developer asked to speak at this point and the Mayor granted the request. They are willing to change the orientation of the first 5 houses facing inward with a buffer added on the back of the lots facing Atom Drive. Mr. Alford then questioned the developer by asking if the buffer really will be a buffer given the lot size. He also asked the developer if the first 5 homes would be part of the HOA. The developer replied that yes those homes would be included in the HOA.

Mayor Pro Tem Hall asked about the history of the buffer strip idea being considered for the subdivision for lots 17-22. Ms. Sheild replied that in the original preliminary plat there was no buffer planned, but the Planning and Zoning Board requested that it be added. Ms. Sheild further commented that Council could consider whether the subdivision should install a Type 2 buffer yard for houses 1-5. Currently per ordinance, lots facing inward would require a 30 foot setback in the rear for an R-10 designation if the lots front both streets. Council could also consider extending the strip of open space down through the first 5 lots near Atom Drive. Planning and Development Service Director Kevin Robinson added his recommendation for common open space, consistent in width requirements for a Type 2 buffer to be extended to the rear of lots 1-5 property lines in order to keep a permanent vegetated buffer from Atom Drive. Mr. Robinson explained that this recommendation would be better because property owners could fully develop their lots and not have to worry about the vegetation on their property.

Mayor Pro Tem Hall asked to clarify if there would be 2 entrances and exits to the subdivision with a proposed stub out? Planning confirmed that was accurate.

Councilmember Lowder asked if there could be a compromise between developers and residents on the flooding issue. Planning replied that the state and civil engineers would need to conform to state requirements for stormwater regulations and permitting and that will be reflected in the civil set.

The Mayor asked again if there were any members of the public with standing to come forward. Hearing no more requests to speak, the Mayor moved on to Council discussion of the findings of fact portion of the hearing.

The Mayor called for Council to make a motion for the following findings of fact/conditions required to approve the conditional use permit:

- That the use will not materially endanger the public health or safety if located where proposed and developed according to the plan as submitted and approved based on staff analysis.

Councilmember Aldridge asked if a DOT traffic analysis was done for the area, especially for Moss Springs Road. Planning replied that total lot count and trips per day did not necessitate a traffic impact analysis per both the City and NCDOT thresholds. The Mayor noted that a condition can be placed to require that all applicable requirements must be met for streets throughout the subdivision, particularly the intersection of Sandy Lane and Atom Drive.

Upon a motion by Councilmember Whitley, seconded by Councilmember Aldridge, unanimously carried, Council approved the finding for this standard with the above noted condition.

- That the use meets all required conditions and specifications based on staff analysis.

Council agreed that the Planning and Zoning Board conditions amended as follows would need to be met:

1. That the plat reflect the sidewalk on Sandy Lane be extended to the proposed new property line;
2. That lots 17-22 have the standard R10 rear yard setback of 30 feet to provide buffer for adjacent existing residences unless a strip of open space is implemented in the reduced rear yard setback for a cluster development; and
3. That lots 1-5 would face Badin Ridge Road with a buffer added.

Upon a motion by Councilmember Hall, seconded by Councilmember Whitley, unanimously carried, Council approved the finding for this standard.

- That the use will not substantially injure the value of adjoining or abutting property, or that the use is a public necessity based on staff analysis.

Mayor Pro Tem Hall voiced her concern about house size. Square footage range of 1200 to 1600 for houses in the subdivision is a big difference. She asked for testimony from Mr. Patterson as to what these homes could sell for. Mr. Patterson replied that the average size of a house in this subdivision would be 1300-1400 square feet.

The Mayor asked if the developer would like to respond. The developer stated that the lawyer defined house size would be around 1200 square feet as defined as the minimum house size standard. However, they do not plan on building any houses that size in this subdivision.

The Mayor inquired if it was possible for Council to place a requirement for house size as a condition. Planning and Development Services Director Kevin Robinson replied that the City cannot place a condition on house size.

Councilmember Townsend asked what the average lot size would be. It would be 9200 square feet.

Mr. Wayne Davis requested permission to speak and the Mayor granted it. He asked what the target population is for this type of subdivision, given that the City does not have the type of workforce or industry presence here for folks to afford these homes. The developer responded that there is a housing shortage in Albemarle, particularly for ranch-style 1 story homes so that people can age in place.

Upon a motion by Councilmember Hughes, seconded by Councilmember Whitley, unanimously carried, Council approved the finding for this standard.

- That the proposed use is in harmony with adjacent uses in terms of location, scale, site design, hours of operation and operating characteristics based on staff analysis.

Council requested clarification on the orientation of the first 5 houses and the buffer condition as recommended by the Planning and Zoning Board. Would it be possible to extend open green space through the rear of those properties and still meet code requirements? Ms. Sheild responded that based on ordinance that open green space could be extended through the rear of lots 1-5 and still meet buffer and rear yard setback requirements.

Upon a motion by Councilmember Hughes, seconded by Councilmember Lowder, unanimously carried, Council approved the finding for this standard, adding the amended condition that lots 1-5 be oriented towards Badin Ridge Road with open green space extended through the Atom Drive side of the lots.

- That the use be in general conformance with adopted plans based on staff analysis.

Mayor Pro Tem Hall brought forth the issue of flooding raised by residents who testified. Ms. Karen Moore asked to make a final statement and it was granted. She said that she has lived in the neighborhood since 1976 and that a previous homeowner had cut down many trees around that time, and after that a lot more water came around the neighborhood.

Councilmember Dry asked when Council could add in flood abatement conditions in the process. The Mayor replied that could be done when Council makes a motion to approve the conditional use permit overall. When would an erosion control plan be submitted? That would be submitted during the civil set.

Upon a motion by Councilmember Hall, seconded by Councilmember Dry, unanimously carried, Council approved the finding for this standard.

Upon a motion by Councilmember Lowder, seconded by Councilmember Hughes, unanimously carried, Council approved CUP 20-02 for Badin Ridge Cluster Subdivision with the following conditions to be included in the preliminary plat:

1. The plat reflect the sidewalk on Sandy Lane be extended from the cul de sac to the proposed new property line;
2. Lots 1-5 would face Badin Ridge Road with open green space extending down through the lot side facing Atom Drive; and
3. All applicable City requirements must be met for streets throughout the subdivision, particularly the intersection of Sandy Lane and Atom Drive.

[CUP 20-02 – Badin Ridge Cluster Subdivision]

After the motion Mayor Pro Tem Hall asked for clarification of the number lots as proposed for the subdivision and timing of development of these lots. Ms. Sheild confirmed between the time of the initial application and the hearing in front of the Planning and Zoning Board, the number of lots proposed increased from 48 to the current 52 proposed lots, and that the lots were approved to be built all in one phase.

Major Subdivision Request 20-03 – Badin Ridge Subdivision

Council conducted a hearing for MJSR20-03: A Request by Badin Ridge, LLC for a 52-lot Cluster subdivision on Tax Record 3040.

The Mayor opened the public hearing. Senior Planner Ellie Sheild summarized this request and presented staff and Planning and Zoning Board findings.

The developer asked if sidewalks on the Atom Drive side of the subdivision are still required. Planning and Development Services Director Kevin Robinson replied that they are still required

Councilmember Whitley asked when the second access street was required. That requirement is activated after 15 lots are developed.

Upon a motion by Councilmember Hall, seconded by Councilmember Aldridge, unanimously carried, the public hearing was closed.

Upon a motion by Councilmember Hall, seconded by Councilmember Lowder, unanimously carried, Council approved Major Subdivision 20-03 for Badin Ridge Subdivision with all of the conditions stated above in the motion for the overall conditional use permit approval be included in the preliminary plat.

AGENDA ADJUSTMENT

The Mayor called for a motion to add an update of the Albemarle Business Center permitting process with Stephen Chambers of Chambers Engineering and a continuation of the Albemarle Business Center discussion from the special meeting earlier on today.

Upon a motion by Councilmember Aldridge, seconded by Councilmember Dry, unanimously carried, Council approved the agenda adjustment.

Mr. Stephen Chambers of Chambers Engineering – To Provide Albemarle Business Center Permitting Update

Mr. Chambers reported that the state and Army Corps of Engineers came to Chambers Engineering with the unprecedented request to provide additional information and resubmit the wetlands permit application. Both entities are now on board with the revised application and are only requesting minor requirements changes for the mitigation plan.

There are 3 avenues for mitigation plans: on site mitigation which the City cannot do; mitigation of the watershed which the City cannot do; and pay into the state's watershed preservation fund, which would cost \$268,000. To manage the third option, the following process would occur: Chambers Engineering would obtain a letter from the wetlands preservation fund bank in Raleigh when the fee is paid and present it to the Army Corps of Engineers. The Corps of Engineers would remit proof of payment and a letter is sent to the City allowing the process to move forward. In the future, City projects would conform to state stormwater control plans.

The Mayor asked based on the process Mr. Chambers just outlined, how long would it take for the City to go to bid for various contracts associated with further development of the ABC site. Mr. Chambers replied that it would take a few weeks. The Mayor asked about the timing to procure the right of way permit. Mr. Chambers replied that the process is already underway to design the plat map. The City Attorney agreed that it was ok to go ahead with requesting the easements for right of way.

Mayor Pro Tem Hall asked how much more time and money would it take to finish the permitting. Mr. Chambers replied that the process was just down to sending a letter to the state, paying the fee, and getting the letter back from the state.

City Manager Michael J. Ferris asked if for future City properties to be developed, there was a "swap out" option available where the City can place in a wetlands bank other City properties that meet the wetlands preservation criteria in lieu of payment of the fee. Mr. Chambers replied that he is not familiar with such an option but he can inquire with the state and Army Corps of Engineers. Mr. Chambers noted that the Army Corps of Engineers would not give credit for stream restoration.

The Mayor asked in general what types of services Chambers Engineering could do regarding City property development. The firm can design plans for the permitting phase, conduct inspections, and perform materials testing. They can manage the development process but cannot act as a project manager.

Can the City go to bid for contracts before March? Per Mr. Chambers the city would be able to do that.

Council thanked Mr. Chambers for his update.

ADMINISTRATIVE REPORTS

Incremental Residential Development Ordinance Amendments

Planning and Development Services Director Kevin Robinson went over a presentation with Council which outlined the concepts behind multiple zoning and subdivision ordinance changes related to residential development. The presentation was made available prior to the meeting.

Staff felt the need for these changes to improve Albemarle's housing options and support more contemporary development and greater development options. This has been expedited ahead of the City's NC General Statutes Chapter 160D amendments going into effect in 2021 so that it can be available for a couple of large developments we have been told are coming to Albemarle very soon.

A summary of changes proposed include:

- Re-organized districts, change names & descriptions
- New R-15 District
- Changed R-8A to R-6 District
- Changed R-4 District to a high density conditional zoning district
- Incremental housing changes: ADUs, townhomes, small apartments
- Incremental changes to lot size (density) and setbacks
- New lot area and dimensional requirements table
- Changes to lot widths, street frontage and lot averaging
- Reduce and clarify open space requirements
- Changes to cluster subdivision ordinance
- Proportional setback reductions for existing non-conforming lots
- Establish minimum buildable lot requirements
- Definition changes for pools and accessory structures
- Minor changes to RV placement and R-4 signage requirements
- Increase Minor subdivision designation from 3 to 5 lots

Based on the presentation, the Mayor asked Mr. Robinson his recommendation on the zoning changes. Mr. Robinson recommended that there be Council-initiated zoning change from R8A to R6. A further question was asked about whether mobile homes can be placed in any of these new zoning categories. Mr. Robinson replied that currently mobile homes are zoned R15 but are allowed in the new City rezoning plan. They would be treated as single family homes.

What is the timeline for Chapter 160D activation? Right now, due to COVID19, the state rolled back activation of Chapter 160D planning and zoning changes to July or August 2021.

Council thanked Mr. Robinson for his presentation.

Departmental Monthly Reports

The Mayor and Council received November 2020 monthly departmental reports prior to the meeting. The Mayor asked if any Council members had any questions or comments about the reports. Mayor Pro Tem Hall made the following comments: it appears both Police and Fire personnel counts are down again; and 95 employees have used either COVID-specific sick or childcare leave, with 14 employees maxing out their leave time.

CONSENT AGENDA

The Mayor asked if Council wanted to move any items on the consent agenda.

Consider Road Closure for Stanly County YMCA Hot Chocolate 8K

The Stanly County YMCA will host their annual Hot Chocolate 8K run/walk on Saturday, January 2, 2021 from 7:30 am - 10:00 am. They are requesting C.B. Crook Drive to be closed from 1st St to 2nd St for the safety of the runners/walkers finishing the race.

Ordinance 20-33 – To Amend the FY 20-21 Budget to Receive CARES Act

Funding

The City received CARES Act funding to help with expenditures incurred during the COVID-19 pandemic. This ordinance appropriates those funds for salaries and wages for employees either dedicated to the COVID-19 response, reassigned to respond to COVID-19, or employees who used COVID-19 leave.

A substantial amount of the City's CARES Act allocation covers expenses for items that were already budgeted, i.e., salaries and wages. Additionally, the City's sales tax revenue is currently trending above projections. This leaves the City with the potential opportunity to address budget items that were removed from the City Manager's FY20-21 recommended budget, due to the uncertainty that COVID-19 would have on the city's revenues.

A budget amendment will be placed on a future City Council agenda to allocate funds for these budget items.

[Ordinance 20-33 – To Amend the FY 20-21 budget to receive CARES Act Funding]

Information – Mayor and City Council Photos will be January 4th at 5:45 pm

The City Manager has scheduled Ms. Janie Mann to take the group and individual photos before the January 4, 2020 Council meeting.

Upon a motion by Councilmember Aldridge, seconded by Councilmember Dry, unanimously carried, Council approved the following:

- Street closures as specified above for the Stanly County YMCA Hot Chocolate 8k;
- Ordinance 20-33 to amend the FY 2020-2021 budget to receive CARES Act funding; and
- The picture session on January 4, 2021.

NEW BUSINESS

Discussion of External Board Appointments

The following are the City's representatives to external boards and committees. The City can continue with the current appointees without any action.

Centralina Regional Council:

- Martha Sue Hall - Delegate
- Chris Whitley - Alternate

Rocky River RPO TAC:

- Chris Whitley - Delegate
- Martha Sue Hall - Alternate

Rocky River RPO TCC:

- Michael Ferris - Delegate
- Ross Holshouser - Alternate

NC Municipal Power Agency #1 Board of Commissioners:

- Michael Ferris - Delegate
- Ronnie Michael - 1st Alternate
- Martha Sue Hall - 2nd Alternate

NC Municipal Power Agency #1 Power Agency:

- Michael Ferris - Delegate

Stanly County Convention & Visitors Bureau:

- Martha Hughes and Tiffany Dahle

The City Council has not recently made appointments to the ADDC Board of Directors. There is differing language from the agreement with the City and ADDC and the ADDC bylaws that needs to be reconciled. The Mayor, City Manager, and Economic Development Director do all serve on the Board as *ex-officio* members.

Mayor Pro Tem Hall commented that she requested this be included in the agenda because City Council should review appointments from time to time. She asked how the NC Power Municipal Agency #1 Power Agency delegate is chosen and why is a staff member typically given the seat rather than a Council member. The Mayor replied that typically the City Manager is appointed to the lead commissioner delegate seat because that position knows more about the business than any member on Council.

No action was taken by Council so all appointments will remain the same.

Walk of Fame Update

Clerk/Assistant to the City Manager Cindy Stone provided an update to Council regarding changes to the Walk of Fame Policy approved in 2019. Also presented to Council was a draft version of Walk of Fame Committee bylaws for them to review before the future Walk of Fame Committee formally adopts them.

Staff requested that Council approve changes to the Walk of Fame Policy and provide feedback on the Walk of Fame Committee bylaws. Staff recommended that Council think about who they would like to nominate for the Committee based on the eligibility criteria in the bylaws.

Ms. Stone highlighted a staff-proposed change of the number of Walk of Fame Committee members to be appointed from the originally Council-approved 5 members (1 appointee each for the 4 District Council members, and 1 appointee from the at-large members) to 7 Committee members so that each Council member could appoint a Committee member. Council discussed the proposed change and decided to keep the Committee to 5 members only due to the difficulty in recruiting residents to serve on City boards, commissions, and committees already.

Upon a motion by Councilmember Dry, seconded by Councilmember Aldridge, unanimously carried, Council approved the decision to keep the Walk of Fame Committee to a 5-member body appointed as detailed above.

There was no further Council action or discussion of the topic.

Albemarle Business Center Discussion Continued

City Council in its earlier special meeting about the Albemarle Business Center did not have adequate time to discuss the various buildout options or take action. The Mayor noted that there

was support on Council in the earlier meeting to adopt the phased buildout approach or Option 1. However Council needs to take action on the permitting and mitigation plan issues raised in the special meeting and echoed by Mr. Chambers earlier in this meeting. The two motions in front of Council per the Option 1 details are:

1. Approve the partial road business park buildout design and bid for water, sewer, and road buildout, and keep electric infrastructure work as City projects with no pad ready or speculative building added; and
2. Approve the wetlands permit mitigation fee of \$268,000 to be paid by Chambers Engineering to the state.

Councilmember Dry called the motion to approve the partial road business park buildout design, bid for water, sewer, and road buildout, and keep electric infrastructure work as City projects with no pad ready or speculative building added, seconded by Councilmember Whitley.

Mayor Pro Tem Hall confirmed with Council before the vote that they were agreeing to bid out almost \$8 million in contracts, and of the initially approved budget for the ABC, \$445,000 has already been spent by Chambers Engineering and that there is only \$150,000 more budgeted currently.

The Mayor called for the vote on the motion. The motion passed with 5 Council members in favor and 2 against. Voting in favor of the motion were Councilmembers Whitley, Lowder, Dry, Townsend, and Aldridge. Voting against the motion were Mayor Pro Tem Hall and Councilmember Hughes.

The Mayor called for a motion to allow Chambers Engineering PA to pay the wetlands mitigation permit fee of \$268,000 to the state. Upon a motion by Councilmember Aldridge, seconded by Councilmember Whitley, and unanimously approved, Council approved the motion.

COMMENTS

Councilmember Aldridge:

- He wished everyone a Merry Christmas and to stay safe.

Councilmember Hughes:

- She wished everyone a Merry Christmas and to stay safe.

Councilmember Whitley:

- He wished everyone a Merry Christmas and to stay safe.

Mayor Pro Tem Hall:

- Per a recent SNAP article outlining the Governor’s wish for local municipalities to enforce new COVID restrictions his taskforce outlined in Executive Order 181, she inquired whether the City has received any correspondence from the Governor on this topic. The Mayor replied that he has not seen a letter yet from the Governor.
- She thanked the downtown businesses who participated in the “Christmas on First Street and Beyond” event on Thursday nights this month.
- She asked if City staff could confirm whether there are new hires in the Planning and Development Services Department. A new full-time Code Enforcement Officer Tony Evans has started, with support from James Luster via phone. Ashlie Jones has also joined the department as the new Planning Specialist. Both Tony and Ashlie started about 3-weeks ago.

Councilmember Dry:

- He wished everyone a Merry Christmas.

CLOSED SESSION

Upon a motion by Councilmember Whitley, seconded by Councilmember Hall and unanimously carried, Council approved moving into closed session pursuant to N.C.G.S. 143-318.11(a)(1) to prevent disclosure of information that is privileged or confidential, N.C.G.S. 143-318.11(a)(3) consultation with the City Attorney, and N.C.G.S. 143-318.11(a)(5) Real Estate.

RETURN TO OPEN SESSION

Upon a motion by Councilmember Aldridge, seconded by Councilmember Hall and unanimously carried, Council returned to open session. The Mayor stated that a Closed Session was held pursuant to N.C.G.S. 143-318.11(a)(1) to prevent disclosure of information that is privileged or confidential, N.C.G.S. 143-318.11(a)(3) consultation with the City Attorney, and N.C.G.S. 143-318.11(a)(5) Real Estate.

Upon a motion by Councilmember Aldridge, seconded by Councilmember Whitley and unanimously carried, Council approved a new deferment payment agreement with Carolina Treetop Challenge.

Upon a motion by Councilmember Dry, seconded by Councilmember Aldridge and unanimously carried, Council approved a donation of the building at 115/117 West South Street from Pinnacle Bank.

Upon a motion by Councilmember Hughes, seconded by Councilmember Lowder and unanimously carried, Council approved up to \$50,000 payment for the parking lot associated with the building at 115/117 West South Street should it be offered by Pinnacle Bank.

Upon a motion by Councilmember Lowder, seconded by Councilmember Whitley, unanimously carried, the meeting was adjourned to Monday, January 4, 2021 at 6:30 p.m. in City Council Chambers.

Print

Title – Consider Petition for the Assessed Curb and Gutter Installation on Heritage Court

Description:

The City Council set a public hearing to consider the petition received from the property owners along Heritage Court. The petition is attached for your review with 80% of property owners (4 of 5) signing the petition. These individuals represent 70.57% ownership of the street frontage on Heritage Court. All property owners were notified via certified mail and SNAP Publication regarding the hearing. The City Clerk has confirmed through the tracking number on each mailing that they have been received at the post office and made available to each owner. According to the postal service they make an attempt to deliver at the physical address. If unsuccessful, they leave notice that the mail is available for signature and pick up at the post office.

If the City Council would like to move forward with the project, the property owners will be responsible for their share of the assessment. In June, the City established an assessment rate of \$23.21 per foot, per side. Each property owner will be responsible for their share and payment opportunity will begin after the project is completed. Shortly after the project is completed a hearing will be set after which property owners can receive a 10% discount on their total bill if paid in full. Owners also have the option of paying over 10 years at equal principal and 8% interest.

Public Works Director Ross Holshouser has met with two of the property owners (Johnson and Poplin) regarding the drainage outlet in the cul-de-sac. As is currently the case, rain water, driveway and other private property water run off can end up in the street. With the current topography, everything from the general area of the cul-de-sac will gravity flow to the back of the cul-de-sac. All other water will flow toward Heritage Drive and join the existing stormwater system. The water in the cul-de-sac will be collected by the curb and gutter and allowed to flow out at its lowest point, which is in the general area of the property line between the Johnson and Poplin properties where it appears a bulk of the runoff travels currently.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

| ATTACHMENTS: | |
|---|--------------|
| Name: | Description: |
| <input type="checkbox"/> Public Notice - Heritage Court Preliminary Assessment.docx | Notice of PH |
| <input type="checkbox"/> Heritage Drive C G Petition and Map.pdf | Petition |
| <input type="checkbox"/> Heritage Court - Final Resolution.docx | Resolution |
| <input type="checkbox"/> | |

APPROVALS:

| | | | |
|------------|-----------|-------------|--|
| Date/Time: | Approval: | Department: | |
|------------|-----------|-------------|--|

NOTICE OF SPECIAL ASSESSMENTS AND A HEARING THEREON IN THE MATTER OF THE INSTALLATION OF CURB AND GUTTER ON HERITAGE COURT IN THE CITY OF ALBEMARLE, NORTH CAROLINA

Notice is hereby given to all interested parties that the City Council of the City of Albemarle, North Carolina adopted a preliminary assessment resolution to hold a public hearing regarding a special assessment for the installation of curb and gutter on Heritage Court. Notice is hereby given to all persons owning property or otherwise interested in the property upon which said improvements adjoin and abut, that the City Council will hold and conduct a public hearing on January 4th, 2021 at 6:30 p.m. at City Hall located at 144 North Second Street, Albemarle, North Carolina 28001. All interested parties wishing to speak regarding this matter should appear at this public hearing.

Publish: December 20, and December 22, 2020

NORTH CAROLINA
STANLY COUNTY
CITY OF ALBEMARLE

IN THE MATTER OF IMPROVEMENTS, VIA SPECIAL)
ASSESSMENT, ON HERITAGE COURT BEGINNING AT)
THE INTERSECTION OF HERITAGE DRIVE AND) PETITION
HERITAGE COURT AND EXTENDING THE ENTIRETY)
OF THE CUL-DE-SAC LOCATED WITHIN THE CITY OF)
ALBEMARLE)

TO THE HONORABLE MAYOR AND MEMBERS OF THE COUNCIL OF THE CITY OF ALBEMARLE, NORTH CAROLINA:

Come now the undersigned who constitute a majority of the owners of the property to be assessed and represent a majority of all the lineal feet of frontage of the lands abutting on the street or portion thereof to be improved. Such owners respectfully petition the Honorable Mayor and the Honorable City Council of the City of Albemarle, North Carolina, as follows:

1. That Heritage Court be improved pursuant to the provisions outlined in Article 10, Chapter 160A of the North Carolina General Statutes, by installing curbs and gutters as well as other improvements which may be necessary to permanently improve said street.
2. That all the facts and information set out herein are true and that they be considered by the Mayor and the City Council of the City of Albemarle, North Carolina to the extent that they may be necessary under the laws of the State of North Carolina relating to the improvements requested.
3. That the undersigned petitioners owning land along Heritage Court according to the lineal frontages set forth in the City's Planning and Zoning Department's preliminary assessment map on file in the Department therein set out and attached hereto as Exhibit A, agree that the cost of making said improvements to said street, exclusive of so much of the total cost as is incurred in improving street intersections, shall be assessed pursuant to and in accordance with the provisions of Chapter 259 of the 1979 Session Laws of North Carolina as amended by Section 5.3 of Chapter 655 the 1995 Session Laws of North Carolina against the property owners on both sides of said street according to the respective frontage of each owner as herein specified and designated.
4. That the undersigned petitioners further represent that the total frontage of the properties along Heritage Court is 696.64 feet.
5. That the undersigned petitioners further request that they be allowed to pay the amount assessed against each of them for improvements herein requested in annual installments of not less than five nor more than ten, whichever the City Council of the City of Albemarle, North Carolina, shall elect in

passing the proper resolution thereof. Owners make payments with the understanding, however, that if they or any one of them shall elect, they (or (s)he) shall be permitted to pay for said improvements in cash upon the completion of said work according to the amount of assessments made.

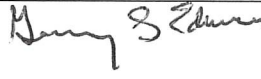
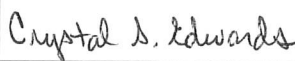
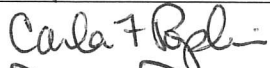

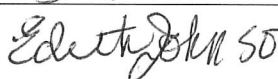
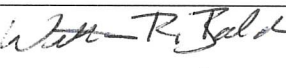

6. That the figures appearing to the right of the names of the undersigned represent the total frontage in feet owned by him, her, or them on said street to be improved, and that the total of said front feet owned by the undersigned on said street constitutes more than a majority of all lineal feet of frontage of land abutting and adjoining Heritage Court; that the signers to this petition constitute a majority of the owners abutting on said improvements.
7. That the undersigned petitioners are the owners in fee simple of the lands and premises adjoining Heritage Court, the street about which the undersigned petitioners have made the representations herein set out for the purpose of obtaining improvements thereof under the laws of the State of North Carolina, and that they have good right and lawful authority to petition for said improvements and to charge the lands and premises adjoining said street from the cost of providing the same with the assessments that are to be made there against.
8. That this petition is signed by a majority of the owners of the land which abuts on said improvements.
9. That in making the improvements requested in this petition, the City Council of the City of Albemarle, North Carolina shall use its discretion as to making said improvements in whole or in part, and that all improvements ordered by the City of Council under this petition, whether the same be for the whole of the improvements requested or only a part thereof, shall be legal, valid and binding on the petitioners, together with all the assessments thereunder.
10. That this petition is signed by the owners of the lands of the premises adjoining to said street as the case may be.

Dated November 6, 2020

SIGNATURE PAGE FOLLOWS

NOTICE: THIS PETITION MUST BE SIGNED BY ALL OWNERS OF THE PROPERTY SUBJECT TO THIS ASSESSMENT. IF THE PROPERTY HAS MULTIPLE OWNERS, THEN ALL OWNERS MUST SIGN BELOW.

OWNERS ABUTTING HERITAGE COURT WITHIN THE CITY OF ALBEMARLE (APPROXIMATELY 696.64 FEET OF LINEAR FRONTAGE)

| Address | Owner Name | Owner Signature | Frontage |
|-------------------|----------------------------------|--|----------|
| 1405 Heritage Ct. | Garey S & Crystal S Edwards |  Gary S Edwards  Crystal S. Edwards | 122.24' |
| 1408 Heritage Ct. | Dustin L & Carla F. Poplin |  Carla F Poplin  D.L.P. | 45.73' |
| 1404 Heritage Ct | Edith D. Johnson |  Edith D Johnson | 178.67' |
| 1402 Heritage Ct. | William R. & Karen C. Baldwin |  William R. Baldwin  Karen C Baldwin | 145' |
| | | | |
| | | | |
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| | | | |

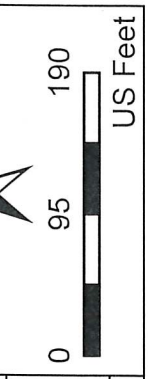


Heritage Court Curb and Gutter Assessment

Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community. Sources: Esri, HERE, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

2020

Curb And Gutter Location
 Tax Parcels



Coordinate System: WGS 1984 Web Mercator Auxiliary Sphere

IN THE MATTER OF STREET)
IMPROVEMENTS OF)
)
)
HERITAGE COURT)
)
VIA SPECIAL ASSESSMENT ON)
HERITAGE COURT BEGINNING AT)
THE INTERSECTION OF HERITAGE)
DRIVE AND HERITAGE COURT AND)
EXTENDING THE ENTIRETY OF THE)
CUL-DE-SAC LOCATED WITHIN THE)
CITY OF ALBEMARLE)

FINAL ASSESSMENT
RESOLUTION 21-01

WHEREAS, on the 17th day of November, 2020, a petition was filed with the Mayor and the Council of the City of Albemarle by the owners of the land adjoining and adjacent to both sides of Heritage Court, in which petition the owners of said land requested the Council of the City of Albemarle cause to be improved said street under the provisions of Article 10, Chapter 160A of the General Statutes of North Carolina, by placing on the surface of said street sufficient curb and gutter or such other materials and substances as are necessary for said improvement; and

WHEREAS, the City Clerk has certified to the Council of the City of Albemarle that said petition is sufficient in all respects, the same having been signed by a majority of all owners who also constitute a majority of the lineal feet or frontage of the land abutting upon Heritage Court; and

WHEREAS, a preliminary assessment resolution has been adopted by the Council of the City of Albemarle (Resolution 20-15) and a public hearing thereon duly held on January 4, 2020; and

WHEREAS, Council having considered the petition of the property owners has determined that the improvements should be made;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Albemarle, North Carolina, as follows:

1. That Heritage Court from the intersection of Heritage Drive and Heritage Court, extending the entirety of the cul-de sac, be improved pursuant to the provisions of Article 10, Chapter 160A of the General Statutes of North Carolina, by placing on the surface or bed of said street sufficient curb and gutter or other street building materials to permanently improve the street.

2. That one hundred percent (100%) of the total cost as detailed below, exclusive of so much of the total cost as is incurred in improving street intersections, by placing on the bed or surface of said street sufficient curb and gutter or other street-building materials shall be assessed against the owners of land on the above described section of Heritage Court, according to the respective lineal frontage of feet of each owner of land adjoining and adjacent thereto.

3. That the cost for the installation of curb and gutter will be assessed, pursuant to and in accordance with the provisions of Chapter 259 of the 1979 Session Laws of North Carolina as amended by Section 5.3 of Chapter 655 of the 1995 Sessions Laws of North Carolina, against the property owners on both sides of said street according to the respective frontage of each owner. The cost for special assessments was approved by the Council of the City of Albemarle in Resolution 20-07 and the fixed cost for the assessment contained herein is \$23.21 per foot. The owners on Heritage Court respective cost will be calculated using the aforementioned fixed rate (\$23.21 per foot) and multiplying it by their respective frontage as described in the petition.

4. That the assessment herein provided for shall be payable in cash, or if any property owner so elects and gives notice of that fact to the Council of the City of Albemarle in

accordance with Chapter 160A, Section 232 and 223 of the General Statutes of North Carolina, the owner shall have the option of paying the assessment in ten equal annual installments, which installments shall bear interest at the rate of eight per cent annum from the date of the confirmation of the Assessment Roll.

Councilmember _____ read, introduced, and moved the adoption of the following resolution. Councilmember _____ seconded the motion, and Councilmembers _____, _____, _____, _____, _____, _____, _____, voted in favor of the motion. _____, _____, _____, voted against the passage of the motion.



Public Works Department

MEMO

To: Michael Ferris; City Manager

From: Ross Holshouser; Public Works Director

Subject: Assessment on Requested Curb & Gutter on Heritage Ct.

Initial assessment of proposed installation of curb & gutter along Heritage Ct.

- Installation of approximately 700 +/- lf of 26" valley curb & gutter.
- Project will need to be engineered and surveyed to show.
 - Existing elevations of current pavement.
 - Proposed new curb line as well as curb height for proper road width and grade to establish flow lines.
 - Any proposed catch basins if necessary, based on watershed volume.
 - Possible easement acquisition from property owners at end of cul-de-sac for storm water run-off.
- Items for consideration:
 - Costs not figured in the assessment fees established.
 - § Engineering & Surveying
 - § Storm water structures and pipes
 - § Asphalt repairs to existing street as well as tying into new curb & gutter.
 - § Potential right of way easement acquisitions
 - Negotiation with Mrs. Johnson/Mr. & Mrs. Poplin on how to discharge storm water on private property.
 - Open ditch
 - Catch basin and pipe
 - Possible recorded legal agreement and plat to establish R/W or easement at end of cul-de-sac.

Print

Title – Presentation of Audit for Fiscal Year Ended 6/30/2020

Description:

A representative from Martin Starnes & Associates, CPAs will present the audit for fiscal year ended June 30, 2020. This will be virtual due to COVID-19. Printed copies of the Comprehensive Annual Financial Report for each elected official will also be provided.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

| | |
|--|-----------------------------|
| Name: | Description: |
| <input type="checkbox"/> Albemarle - 2020 audit - Final Updated 12-17-20.pdf | City of Albemarle 2020 CAFR |

APPROVALS:

| Date/Time: | Approval: | Department: | |
|--------------------|-----------|----------------|--|
| 12/29/2020 4:10 PM | Approved | City Clerk | |
| 12/29/2020 4:10 PM | Approved | Administration | |

CITY OF ALBEMARLE, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



IMAGE COURTESY OF ALBEMARLE PRINTERS



For the Fiscal Year Ended
June 30, 2020

**CITY OF ALBEMARLE
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2020

**CITY OF ALBEMARLE
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2020

FINANCE DEPARTMENT

CITY OF ALBEMARLE, NORTH CAROLINA

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

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CITY OF ALBEMARLE, NORTH CAROLINA

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

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INTRODUCTORY SECTION



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.



November 11, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Albemarle for the fiscal year ended June 30, 2020 is hereby submitted. The City is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures. Basic financial statements contained herein have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPAs, PA and their unmodified opinion is included in the financial section.

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

Martin Starnes & Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Albemarle's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The City is required to undergo an annual "Single Audit" in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal and state awards,

findings and recommendations, and the auditor's reports on the internal control over financial reporting and compliance with applicable laws, regulations, contracts and grant agreements, is included in the compliance section of this report.

Profile of the Government

The City of Albemarle, incorporated in 1857, located in the piedmont region of North Carolina, positioned 42 miles east of the metropolitan area of Charlotte and 65 miles southwest of Greensboro, serves as the County seat of Stanly County. The City of Albemarle is empowered to levy a property tax on real property located within its boundaries. It currently occupies 17.05 square miles and serves a population of 16,246 according to the 2019 estimates issued from the United States Census Bureau.

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

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

North Carolina General Statutes require formal budgetary accounting for all funds. The City Council is required to hold public hearings on the proposed budget and to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Albemarle's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. The City Manager is authorized to reallocate departmental appropriations as he considers necessary within the same fund and function; however, transfers between a fund and function need special approval from the governing board. Budgets are legally enacted by adoption by the governing board of an Annual Budget Ordinance which can be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. Budget to actual comparisons are included in this report for each individual governmental fund

for which an appropriated annual budget has been adopted. Expenditures may not legally exceed appropriations at the departmental function level for all annually budgeted funds.

Local Economy

The City of Albemarle is positioned less than an hour's drive from the major cities of Charlotte and Greensboro. Major industries located within the government's boundaries or in close proximity include hospitals, retail stores, financial institutions, insurance companies, and manufacturers of automotive components, sprockets and gears, industrial fabrics, communications, energy, and solar cables. The Stanly County School District and the Carolinas Health Care System Stanly have a significant economic presence, employing in total more than 1,700 people.

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

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

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

Median household incomes within the City of Albemarle are lower than for the state as a whole. According to the United Census Bureau American FactFinder data, the City's median family income was \$38,988, the County's was \$49,590, while the state's was \$52,413. The government's population recently increased from 15,903 (2010) to an estimated 16,246 as of July 1, 2019. With the new residential development has taken place within the downtown area we are expecting to see an increase next year.

Major Initiatives in Fiscal Year 2020

Fiscal year 2019-2020 included the planning and implementation phases of several initiative as well as the continuation or completion of projects that began during the previous fiscal year.

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

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

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

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

Pfeiffer University Project

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

New Police Headquarters

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

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

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

Fire Department SCBA Grant

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

Landfill Gravity Line Project

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

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

Long-Term Financial Planning

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 37.4 percent of total general fund revenues. The City continues to be above the 8 percent minimum fund balance recommended for local governments in North Carolina. A financial advisor has been procured to work with the City on structuring debt and plans to update investment and financial policies.

The Council recently reviewed the City of Albemarle's long-term capital needs and is prioritizing major projects to help prepare for long-term planning for the City's major upcoming projects. The City has renewed and updated policies for cash management & investments.

Staff maintains a five-year Capital Improvement Plan for Water, Electric, Wastewater, Solid Waste Landfill, Public Housing, and the General Fund that are all updated annually. This plan serves as the City's planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. Under the guidance of a Capital Projects Policy, this process gives the City of Albemarle the ability to plan for its capital needs and plan to allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly within the annual budget. Within the Capital Improvement Plan 2021-2025, there were \$93,830,424 in capital needs anticipated for various infrastructure and facility improvements.

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

Self-Insured Health Insurance

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

Economic Development

The City continues to see the benefits of our in-house economic development activities. Without recent changes we have made to facilitate and enhance economic development opportunities, the agreement with Pfeiffer University to build a medical education facility may never have happened. The Albemarle Hotel sat in a deteriorated state for many years but has been sold and there are plans to being redevelopment in the next 6 months. The City continues to work with Retail Strategies to prevent retail leakage to other communities; this helps our sales tax revenue continue to rise.

Albemarle Corporate Business Center

The City purchased 283 acres of land to be used as an industrial park and corporate center in fiscal year 2017. This land will be developed by the City and then sold to corporations that will construct facilities increasing tax base, creating jobs, and purchasing utilities. Currently the City has engaged an Engineer for plans to for development.

Cultural and Recreational

Greenway Development

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

Public Works

Pavement Management Plan

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

Public Utilities

Long Creek Waste Water Treatment Plant

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

Old Whitney Raw Water Line

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

Deep Water Intake – Tuckertown Water Treatment Plant

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

Relevant Financial Policies

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

Awards and Acknowledgements

The City of Albemarle Public Utilities Electric Division was awarded the platinum level Reliable Public Power Provider (RP3) award in January 2018. Albemarle is now part of the 254 utilities that are currently recognized by the RP3 program as having demonstrated high proficiency in the four key areas of reliability, safety, workforce development and system improvement. Albemarle Electric Division has had the privilege of being awarded one gold, 3 platinum and one diamond with diamond being the highest one of all. Every three years, Albemarle goes through a rigorous process for both operational and business excellence. The next application is due in September 2020 and the City anticipates continued excellence.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albemarle for its comprehensive annual financial report for the fiscal year ended June 30, 2019. , This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,



Michael J. Ferris
City Manager



Colleen Conroy
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Albemarle
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF ALBEMARLE, NORTH CAROLINA

CITY GOVERNING BODY AND OFFICIALS

JUNE 30, 2020

MAYOR

G. R. MICHAEL

CITY COUNCIL

MARTHA SUE HALL - MAYOR PRO-TEM

DR. CHRIS BRAMLETT

BILL ALDRIDGE

CHRIS WHITLEY

MARTHA E. HUGHES

DEXTER G. TOWNSEND

SHIRLEY LOWDER

OTHER OFFICIALS

MICHAEL J. FERRIS

CITY MANAGER

NYKI HARDY

ASSISTANT CITY MANAGER

COLLEEN CONROY

FINANCE OFFICER

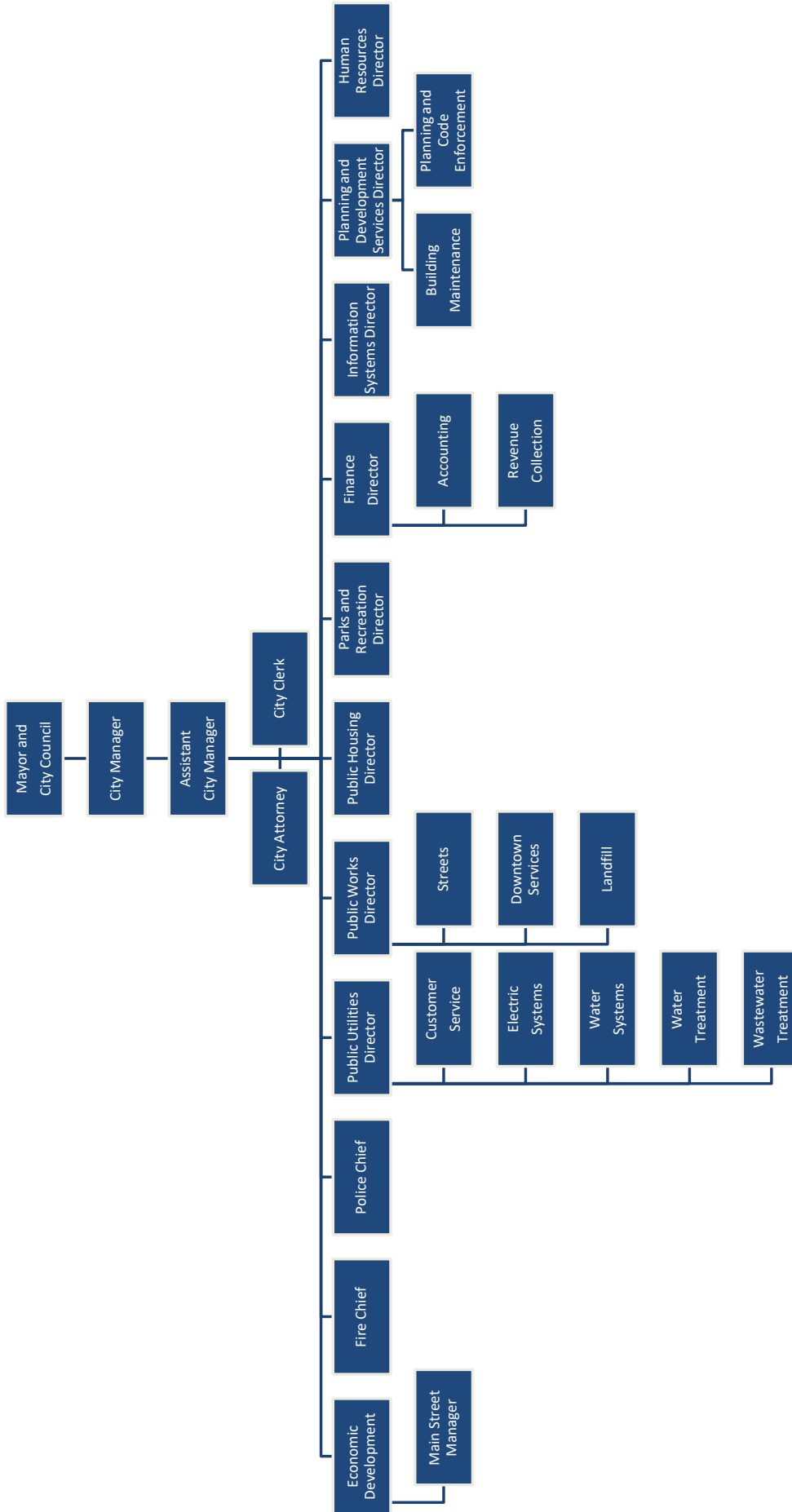
BRITT BURCH

CITY ATTORNEY

CINDY STONE

CITY CLERK

CITY ORGANIZATIONAL CHART





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FINANCIAL SECTION



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

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

Independent Auditor's Report

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

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Albemarle, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Albemarle ABC Board. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Albemarle ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City of Albemarle ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Albemarle, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund financial statements, budgetary schedules, other schedules, Financial Data Schedule, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, Financial Data Schedule, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 on our consideration of the City of Albemarle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Albemarle's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

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



ALBEMARLE
NORTH CAROLINA
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Management's Discussion and Analysis

As management of the City of Albemarle, we offer readers of the City of Albemarle's financial statements this narrative overview and analysis of the financial activities of the City of Albemarle for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

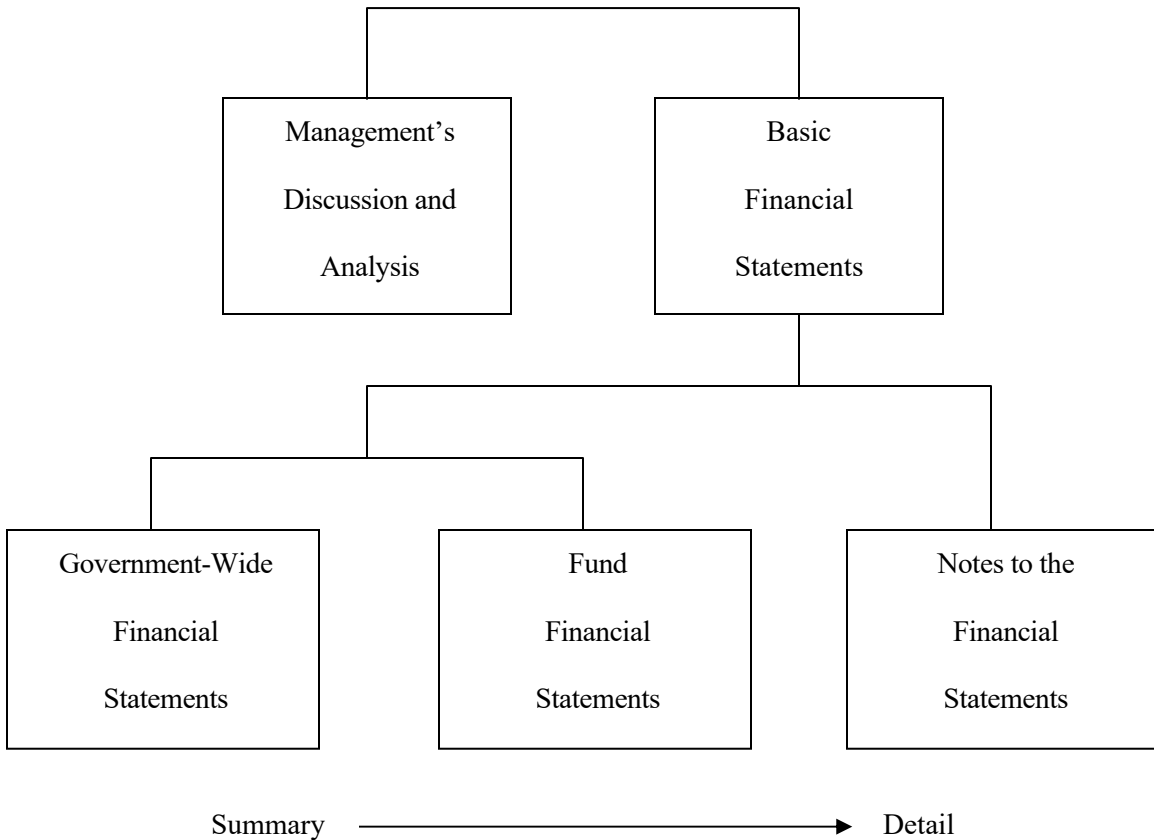
- The assets and deferred outflows of resources of the City of Albemarle exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$81,806,554.
- The government's total net position increased by \$8,853,792, primarily due to increased sales tax revenue and repayment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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Albemarle's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Albemarle.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the City's financial status.

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Albemarle, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Albemarle can be divided into two categories: governmental funds, and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Albemarle adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget

document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 29 through 75 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Albemarle’s progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 76 through 80 of this report.

Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

Government-Wide Financial Analysis

City of Albemarle's Net Position Figure 2

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

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Albemarle exceeded liabilities and deferred inflows of resources by \$81,806,554 as of June 30, 2020. The City's net position increased by \$8,853,792 for the fiscal year ended June 30, 2020. The largest portion of net position (78.7%) reflects the City's net investment in capital assets (e.g. land, buildings, and equipment). The City of Albemarle uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Albemarle's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Albemarle's net position, \$4,210,437 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,210,072 is unrestricted.

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

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

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

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

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

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

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

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

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

Financial Analysis of the City's Funds

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

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

The General Fund is the chief operating fund of the City of Albemarle. At the end of the current fiscal year, City of Albemarle's unassigned fund balance in the General Fund was \$5,324,773, while total fund balance amounted to \$8,612,490. Unassigned General Fund balance represents 33.9 percent of total General Fund expenditures, while total fund balance represents 54.9 percent of that same amount.

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

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

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

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

Proprietary Funds: The City of Albemarle's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,865,520, for the Electric Fund, \$13,081,102; for the Landfill Fund \$159,838; and for the public housing \$496,373. The total change in net position for each fund was \$749,168, \$6,792,259, \$602,186, and (\$132,165), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Albemarle's business-type activities.

Capital Assets and Debt Administration

Capital Assets: The City of Albemarle's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$99,983,360 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

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

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

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

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

Additional information on the City’s capital assets can be found in note 2.A. of the basic financial statements.

Long-term Debt: As of June 30, 2020, the City of Albemarle had no outstanding bonded debt.

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

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

City of Albemarle's Outstanding Debt

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Albemarle is \$51,184,260.

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

Economic Factors and Next Year's Budgets and Rates

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Requests for Information

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



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

BASIC FINANCIAL STATEMENTS

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

| | |
|---|-------------------|
| Net changes in fund balances - total governmental funds | \$ 1,701,008 |
| 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 | 5,160,439 |
| Depreciation | (1,217,844) |
| 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 | (47,827) |
| License fees | (105) |
| 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 | (94,968) |
| Pension expense (LGERS) | (698,529) |
| Pension expense (LEOSSA) | 47,268 |
| OPEB plan expense | 102,452 |
| 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 | (4,539,885) |
| Principal payments on installment purchase obligations | 531,041 |
| Decrease in accrued interest payable | (29,226) |
| Consolidation adjustment for the Internal Service Fund and the governmental funds: | |
| Net revenue of the Internal Service Fund | 5,944 |
| Portion of net revenue allocated to business-type activities | (2,728) |
| Net book value of property disposed of during the year | <u>(77,424)</u> |
| Total changes in net position of governmental activities | <u>\$ 839,616</u> |

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

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

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



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

NOTES TO THE FINANCIAL STATEMENTS



ALBEMARLE
NORTH CAROLINA
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CITY OF ALBEMARLE, NORTH CAROLINA

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

1. Summary of Significant Accounting Policies

The accounting policies of the City of Albemarle, North Carolina, (the “City”) and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City is a municipal corporation which is governed by an elected Mayor and a six-member Council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

City of Albemarle ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices located at 1930 E. Main Street, Albemarle, North Carolina 28001.

B. Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

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

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

The City reports the following nonmajor governmental funds:

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

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

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

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

The City reports the following major enterprise funds:

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

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

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

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

The City reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving)

CITY OF ALBEMARLE, NORTH CAROLINA

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

equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

CITY OF ALBEMARLE, NORTH CAROLINA

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax collected and held by the state at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Albemarle because the tax is levied by Stanly County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Accounting Estimates

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

E. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Sidewalk Fee in Lieu Program Special Revenue Fund, and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds, Firefighter SCBA Equipment Special Revenue Fund, and the enterprise capital project funds. The enterprise capital project funds are consolidated with their respective operating funds for reporting purposes. The City's Health Insurance Fund and Internal Service Fund operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

Deposits and Investments

All deposits of the City and the ABC Board are made in Board-designated official depositories and are secured as required by state law [G.S. 159-31]. The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

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

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

Cash and Cash Equivalents

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted for streets because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Advances from grantors in the General Fund and the Department of Public Housing Fund are classified as restricted because their use is completely restricted for the purpose for which the grant funding was awarded. Restrictions are in place for grants in the Department of Public Housing Fund are also classified as restricted.

Governmental Activities:

General Fund:

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

Business-Type Activities:

Water and Sewer Fund:

| | | |
|-------------------|----|---------|
| Customer deposits | \$ | 155,571 |
|-------------------|----|---------|

Electric Fund:

| | | |
|-------------------|--|---------|
| Customer deposits | | 978,053 |
|-------------------|--|---------|

Department of Public Housing:

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

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by state law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

CITY OF ALBEMARLE, NORTH CAROLINA

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

Inventories and Prepaid Items

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

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

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for the following types of assets: land, improvements, buildings, infrastructure, substations, lines, plant and distribution systems, equipment and vehicles. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the time of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure capital assets consist of roads, bridges, streets and sidewalks, curbs and gutters, water and sewer system assets and electric system assets. General infrastructure capital assets acquired prior to July 1, 2003, or that received substantial improvements subsequent to July 1, 1980, are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-----------------------------|-------------------------------|
| Buildings and improvements | 25 to 30 years |
| Electric distribuion system | 25 years |
| Water distribuion lines | 30 to 50 years |
| Sewer distribuion lines | 30 years |
| Infrastructure | 30 to 50 years |
| Equipment | 5 to 15 years |
| Vehicles | 4 to 6 years |

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|---------------------------|-------------------------------|
| Building and improvements | 40 years |
| Equipment | 5 to 10 years |

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criteria, pension and OPEB related deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet this criteria – prepaid taxes, license fees receivable, property taxes receivable, and pension and OPEB related deferrals.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

Compensated Absences

The vacation policy of the City provides for the accumulation of up to two hundred (200) hours earned vacation leave with such leave being fully vested when earned. The number of earned hours depends on years of service. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The ABC Board vacation policy does not permit carryforward of unused hours to a subsequent calendar year.

CITY OF ALBEMARLE, NORTH CAROLINA

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

The City's and the ABC Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City and the ABC Board have no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Albemarle’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$1,000.

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

Defined Benefit Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Albemarle's employer contributions are recognized when due and the City of Albemarle has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

2. Detail Notes on All Funds

A. Assets

Deposits

All deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City or the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits but relies on

CITY OF ALBEMARLE, NORTH CAROLINA

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

the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S.159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

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

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

Investments

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

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

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

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

Level of Fair Value Hierarchy: Level 1: Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

Credit Risk. The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City’s investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor’s as of June 30, 2020. The City’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The City’s investment in U.S. government agencies (Federal Home Loan Bank and Federal National Mortgage) were rated AA+ by Standard & Poor’s and Aaa by Moody’s Investors Service.

Receivables - Allowances for Doubtful Accounts

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

| | Governmental Activities | Business-Type Activities |
|---------------------|------------------------------------|-------------------------------------|
| Taxes receivable | \$ 236,461 | \$ - |
| Accounts receivable | - | 19,730 |
| Total | \$ 236,461 | \$ 19,730 |

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

Capital Assets

Primary Government

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

Discretely Presented Component Unit

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

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

Net Investment in Capital Assets

Net investment in capital assets is comprised of the following:

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

B. Liabilities

Payables

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

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

Pension Plan and Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The City and the ABC Board are participating employers in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

CITY OF ALBEMARLE, NORTH CAROLINA

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2020 was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Albemarle were \$1,105,497 for the year ended June 30, 2020.

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

For the year ended June 30, 2020, the City recognized pension expense of \$2,274,192. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 892,280 | \$ - |
| Changes of assumptions | 849,330 | - |
| Net difference between projected and actual earnings on pension plan investments | 127,107 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | - | 156,014 |
| City contributions subsequent to the measurement date | <u>1,105,497</u> | - |
| Total | <u><u>\$ 2,974,214</u></u> | <u><u>\$ 156,014</u></u> |

\$1,105,497 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

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

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed income | 29.0% | 1.4% |
| Global equity | 42.0% | 5.3% |
| Real estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation protection | <u>6.0%</u> | 4.0% |
| Total | <u>100.0%</u> | |

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

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

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

Law Enforcement Officers Special Separation Allowance

Plan Description. The City of Albemarle, NC administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the City’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate financial report.

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73.

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

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

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$174,679 as benefits came due for the reporting period.

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 3.26 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

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

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

Deferred of Outflows of Resources:

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

Deferred of Inflows of Resources:

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan. The City made contributions of \$172,110 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan for City Employees (Non-Law Enforcement Employees)

Plan Description. The City contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all active full-time employees of the City that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Other Post-Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

CITY OF ALBEMARLE, NORTH CAROLINA

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

Benefits Provided. As of July 1, 1984, this plan provides post-employment healthcare benefits to retirees of the City who retire before the age of 65, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City. The City has elected to partially pay the future overall cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the City's group rates. Retirees who qualify for coverage receive the same benefits as active employees. City employees who retire before the age of 65 under the provisions set forth under the North Carolina Local Government Employees' Retirement System with five years of service with the City, may continue coverage in the City's group health plan until they reach age 65. Retired elected officials may be eligible for retiree coverage after completion of twenty (20) years of continuous service to the City. Premiums must be paid in full by the retiree. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare supplemental plan after qualifying for Medicare. The city council may amend the benefit provisions. A separate report was not issued for the plan.

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

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

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

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

Total OPEB Liability

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

Changes in the Total OPEB Liability

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent), or 1-percentage-point higher (4.50 percent) than the current discount rate:

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

\$692,033 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Other Employment Benefits

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit

CITY OF ALBEMARLE, NORTH CAROLINA

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

payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

Deferred Outflows and Inflows of Resources

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

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded, risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

Effective July 1, 2017, the City established an internal service fund to account for its self-insured plan to provide health benefits. In this self-insured plan, claims are administered and paid directly from the plan by Blue Cross and Blue Shield. Specific stop loss is set at \$135,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a maximum aggregate attachment point of \$3,577,815 and a contract period maximum of \$1,000,000. Claim reserves are established at the end of the Plan year based on the City's and third-party administrator's analysis of claims submission, processing and payment.

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

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

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has insurance coverage for property, general liability, workers' compensation, employee health coverage and liquor legal liability coverage. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18B-700(i), each Board member is bonded in the amount of \$50,000, secured by a corporate surety.

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

In accordance with G.S. 159-29, the City’s employees that have access to \$100 or more at any given time of the City’s funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$150,000 and \$100,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

Long-Term Obligations

Capital Leases

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

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

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

Installment Purchases

| | Serviced by | |
|--|----------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities |
| Installment financing contract with a bank for the expansion of the New City Hall Building; payable in sixty quarterly installments of \$87,500 through April 2023, plus interest at 2.37%, secured by land and building. | \$ 420,000 | \$ 630,000 |
| Installment financing contract with a bank for the new police headquarters facility; payable in quarterly installments of \$53,000 through July 2039, plus interest at 3.55%, secured by building. | 4,100,000 | - |
| Installment financing contract with a bank for land; payable in quarterly installments of \$31,780 through April 2032, plus interest at 3.73% secured by Deed of Trust on land. | 1,525,420 | - |
| Note payable to a bank for transportation equipment; payable in monthly installments of \$7,585 through February 2021, including interest at 1.584%, secured by equipment. | 60,314 | - |
| 2010 Clean Water State Revolving Loan through the N.C. Department of Environment and Natural Resources; payable in annual installments of \$143,969 through May 2023, plus semi-annual interest payments at 2.22%. | - | 1,871,609 |
| Installment financing contract with bank for the Highway 52 EQ Basin; payable in forty quarterly installments of \$35,003, plus interest at 1.97%, secured by land and building. | - | 384,901 |
| Installment financing contract with a bank for the CKA Water Line Extension Project; payable in quarterly installments of \$80,000 through September 2033, plus interest at 3.59%, secured by land and building. | - | 4,240,000 |
| Installment financing contract with a bank for the Rehabilitation of Old Whitney Raw Water Pump Station; payable in quarterly installments of \$43,054 through September 2020, plus interest at 1.63%, secured by equipment. | - | 43,054 |

CITY OF ALBEMARLE, NORTH CAROLINA

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

| | Serviced by | |
|--|----------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities |
| 2014 Clean Water Revolving Loan through N.C. Department of Environment and Natural Resources the Water/Sewer Inflows & Infiltration System; payable in annual installments of \$169,430, plus semi-annual interest payments at 2.0%, secured by equipment. | - | 2,541,451 |
| Installment financing contract with a bank for the purchase of equipment; payable in monthly installments of \$13,354 including interest at 1.579%, secured by equipment. | - | 39,955 |
| 2015 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Waste Water Treatment Headworks Project, payable in twenty annual installment of \$158,282 beginning November 2016 through May 2036, plus semi-annual interest payments at 2%. | - | 2,385,817 |
| Installment financing contract with bank for purchase of public works equipment; payable in monthly installments of \$7,871 through February 2025, including interest of 2.19%, secured by equipment. | 418,641 | - |
| 2015 Water Revolving Loan from the Drinking Water State Revolving Fund (SRF) for the US Highway 52 Water Treatment Plant Rehabilitation, payable in twenty annual installments of \$552,240 beginning May 2018. The loan is non-interest-bearing. | - | 10,096,597 |
| 2017 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Leachate Upgrade Landfill Project, payable in twenty annual installments of \$121,722 beginning May 2019 through May 2038, plus semi-annual interest payments at 1.84%. This loan is in the draw down period at June 30, 2020. | - | 1,480,663 |
| 2020 Clean Water Revolving Loan through N.C. Department of Environment and Natural Resources for the Sanitary Sewer Rehabilitation Phase 2 & WWTP Rehabilitation project; payable in annual installments of \$289,689 beginning May 2021. The loan is non-interest bearing. This loan is in the draw down period at June 30, 2020. | - | 5,107,378 |
| Installment financing contract with bank for purchase of information systems equipment; payable in monthly installments of \$7,762 through February 2022, including interest of 2.95%, secured by equipment | 151,245 | - |
| Total installment purchases | \$ 6,675,620 | \$ 28,821,425 |

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

Installment Purchases

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

Changes in Long-Term Liabilities

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2020:

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

Interfund Balances and Activity

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

3. Jointly Governed Organizations

North Carolina Municipal Power Agency Number 1

The City, in conjunction with 18 other local governments, is a member of the North Carolina City Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The 19 members who receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2020 were \$22,951,437. These expenses are reflected in the Electric Fund's operations. Complete financial statements for the Power Agency can be obtained from the Agency's administrative offices at P.O. Box 29513, Raleigh, NC 27626-0513.

Centralina Council of Governments

The City, in conjunction with nine counties and 64 other municipalities, participates in the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board.

4. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

Claims, Judgements and Contingent Liabilities

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

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

The City operates two landfills that are referred to as the "MSW Landfill" and the "C&D Landfill." state and federal laws and regulations require the City to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although certain closure and post-closure care costs will be paid only near or after the date each landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,839,521 reported as landfill closure and post-closure care liability at

CITY OF ALBEMARLE, NORTH CAROLINA

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

June 30, 2020 represents a cumulative amount reported to date, based on the use of 58.9% and 31.9% of the total estimated capacity of the MSW landfill and the C&D landfill, respectively. At June 30, 2020, there was an increase in the liability amounting to \$152,816. The City will recognize the remaining estimated cost of closure and post-closure care of \$5.3 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

6. Fund Balance

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

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

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

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

7. Subsequent Events

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



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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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



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CITY OF ALBEMARLE, NORTH CAROLINA

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

| | Local Government Employees' Retirement System | | | | | | |
|---|---|---------------|---------------|---------------|---------------|----------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Albemarle's proportion of the net pension liability (asset) % | 0.19082% | 0.19327% | 0.19816% | 0.20077% | 0.19907% | 0.20039% | 0.19690% |
| Albemarle's proportion of net pension liability (asset) \$ | \$ 5,211,145 | \$ 4,585,025 | \$ 3,027,336 | \$ 4,261,010 | \$ 893,414 | \$ (1,181,792) | \$ 2,373,401 |
| Albemarle's covered payroll | \$ 11,978,543 | \$ 11,921,550 | \$ 11,827,787 | \$ 11,796,289 | \$ 11,148,197 | \$ 10,816,329 | \$ 10,757,264 |
| Albemarle's proportionate share of of net pension liability (asset) as a percentage of it covered payroll | 43.50% | 38.46% | 25.60% | 36.12% | 8.01% | -10.93% | 22.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.86% | 91.63% | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

| | Local Government Employees' Retirement System | | | | | | |
|--|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 1,105,497 | \$ 947,528 | \$ 911,189 | \$ 871,049 | \$ 806,049 | \$ 795,267 | \$ 769,059 |
| Contributions in relation to the contractually required contribution | <u>1,105,497</u> | <u>947,528</u> | <u>911,189</u> | <u>871,049</u> | <u>806,049</u> | <u>795,267</u> | <u>769,059</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Albemarle's covered payroll | \$ 12,196,568 | \$ 11,978,543 | \$ 11,921,550 | \$ 11,827,787 | \$ 11,796,289 | \$ 11,148,197 | \$ 10,816,329 |
| Contributions as a percentage of covered payroll | 9.06% | 7.91% | 7.64% | 7.36% | 6.83% | 7.13% | 7.11% |

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

Notes to the Schedules:

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST FOUR FISCAL YEARS

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

Notes to the Schedules:

The City of Albemarle has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

Notes to Schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

| Fiscal Year | Rate |
|--------------------|-------------|
| 2020 | 3.50% |
| 2019 | 3.89% |
| 2018 | 3.56% |

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

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



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SUPPLEMENTARY INFORMATION

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



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MAJOR GOVERNMENTAL FUNDS

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

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



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CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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



ALBEMARLE
NORTH CAROLINA
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.

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

Capital Project Funds

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

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

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

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

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

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

FIREFIGHTER SCBA EQUIPMENT

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

ALBEMARLE BUSINESS PARK

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

| | <u>Project Authorization</u> | <u>Actual</u> | | <u>Total To Date</u> | <u>Variance Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | | |
| Revenues: | | | | | |
| Restricted intergovernmental revenues: | | | | | |
| Rural center grant | \$ 750,000 | \$ - | \$ - | \$ - | \$ (750,000) |
| Investment earnings | - | 4,549 | 2,737 | 7,286 | 7,286 |
| Total revenues | <u>750,000</u> | <u>4,549</u> | <u>2,737</u> | <u>7,286</u> | <u>(742,714)</u> |
| Expenditures: | | | | | |
| Professional services | 150,000 | 243,563 | 170,317 | 413,880 | (263,880) |
| Buildings, structures and improvements | 3,200,000 | - | - | - | 3,200,000 |
| Other improvements | 244,000 | - | - | - | 244,000 |
| Roadway and paving | 3,420,000 | - | - | - | 3,420,000 |
| Landscaping | 150,000 | - | - | - | 150,000 |
| Sewage | 1,014,777 | - | - | - | 1,014,777 |
| Water improvements | 657,773 | - | - | - | 657,773 |
| Distributions lines | 1,621,400 | - | - | - | 1,621,400 |
| Construction | 3,914,725 | - | - | - | 3,914,725 |
| Contingency | 524,025 | - | - | - | 524,025 |
| Total expenditures | <u>14,896,700</u> | <u>243,563</u> | <u>170,317</u> | <u>413,880</u> | <u>14,482,820</u> |
| Revenues over (under) expenditures | <u>(14,146,700)</u> | <u>(239,014)</u> | <u>(167,580)</u> | <u>(406,594)</u> | <u>13,740,106</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers from other funds: | | | | | |
| From General Fund | 250,000 | 380,000 | 200,000 | 580,000 | 330,000 |
| From Water and Sewer Fund | 672,550 | 235,665 | - | 235,665 | (436,885) |
| From Electric Fund | 621,400 | - | - | - | (621,400) |
| Proceeds from installment financing | 12,602,750 | - | - | - | (12,602,750) |
| Total other financing sources | <u>14,146,700</u> | <u>615,665</u> | <u>200,000</u> | <u>815,665</u> | <u>(13,331,035)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 376,651</u> | 32,420 | <u>\$ 409,071</u> | <u>\$ 409,071</u> |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | <u>376,651</u> | | |
| End of year, June 30 | | | <u>\$ 409,071</u> | | |

CITY OF ALBEMARLE, NORTH CAROLINA

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

| | <u>Project Authorization</u> | <u>Actual</u> | | <u>Total To Date</u> | <u>Variance Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | | |
| Revenues: | | | | | |
| Contributions | \$ 4,600,000 | \$ - | \$ - | \$ - | \$ (4,600,000) |
| Investment earnings | - | 9,589 | 4,294 | 13,883 | 13,883 |
| Total revenues | <u>4,600,000</u> | <u>9,589</u> | <u>4,294</u> | <u>13,883</u> | <u>(4,586,117)</u> |
| Expenditures: | | | | | |
| Construction | <u>7,000,000</u> | <u>430,359</u> | <u>-</u> | <u>430,359</u> | <u>6,569,641</u> |
| Revenues over (under) expenditures | (2,400,000) | (420,770) | 4,294 | (416,476) | 1,983,524 |
| Other Financing Sources (Uses): | | | | | |
| Transfers from other funds: | | | | | |
| From General Fund | <u>2,400,000</u> | <u>1,005,000</u> | <u>-</u> | <u>1,005,000</u> | <u>(1,395,000)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 584,230</u> | 4,294 | <u>\$ 588,524</u> | <u>\$ 588,524</u> |
| Fund Balance: | | | | | |
| Beginning of year, July 1 | | | <u>584,230</u> | | |
| End of year, June 30 | | | <u>\$ 588,524</u> | | |

CITY OF ALBEMARLE, NORTH CAROLINA

**PARKS AND RECREATION - ROOSEVELT INGRAM PARK - EROSION CONTROL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

ENTERPRISE FUNDS

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

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

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

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

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



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, 2020

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

INFLOW & INFILTRATION SEWER PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

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

CITY OF ALBEMARLE, NORTH CAROLINA

WATER TREATMENT PLANT REHABILITATION PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

**SOLID WASTE OPERATIONS FACILITY PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Project Authorization</u> | <u>Actual</u> | | | <u>Variance Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|--------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total To Date</u> | |
| Revenues: | | | | | |
| Investment earnings | \$ - | \$ 11,553 | \$ 3,879 | \$ 15,432 | \$ 15,432 |
| Expenditures: | | | | | |
| Engineering | 255,000 | 236,496 | 495 | 236,991 | 18,009 |
| Office furniture and equipment | 59,226 | 51,646 | 1,387 | 53,033 | 6,193 |
| Data processing and equipment | 50,145 | 36,344 | - | 36,344 | 13,801 |
| Building structure improvements | 30,000 | 29,989 | - | 29,989 | 11 |
| Distribution lines | 10,000 | - | - | - | 10,000 |
| Construction | 1,191,837 | 1,056,041 | 231,971 | 1,288,012 | (96,175) |
| Landscaping | 10,000 | 5,289 | - | 5,289 | 4,711 |
| Contingency | 28,018 | - | - | - | 28,018 |
| Total expenditures | <u>1,634,226</u> | <u>1,415,805</u> | <u>233,853</u> | <u>1,649,658</u> | <u>(15,432)</u> |
| Revenues (under) expenditures | <u>(1,634,226)</u> | <u>(1,404,252)</u> | <u>(229,974)</u> | <u>(1,634,226)</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers to Landfill Fund | (30,774) | - | (30,774) | (30,774) | - |
| Transfer from Landfill Fund | <u>1,665,000</u> | <u>1,665,000</u> | <u>-</u> | <u>1,665,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>1,634,226</u> | <u>1,665,000</u> | <u>(30,774)</u> | <u>1,634,226</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 260,748</u> | <u>\$ (260,748)</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET
DEPARTMENT OF PUBLIC HOUSING
JUNE 30, 2020

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

INTERNAL SERVICE FUND

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

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



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CITY OF ALBEMARLE, NORTH CAROLINA

HEALTH INSURANCE INTERNAL SERVICE FUND
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

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



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OTHER SCHEDULES

This section includes additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Supplemental Financial Data Schedule – Public Housing Programs



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CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2020

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

CITY OF ALBEMARLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

CITY-WIDE LEVY

FOR THE YEAR ENDED JUNE 30, 2020

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

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



ALBEMARLE
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STATISTICAL SECTION

This part of the City of Albemarle's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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

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

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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

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

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



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

Table 1

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

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

Table 2
Page 1 of 2

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

Continued

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

Table 2
Page 2 of 2

General Revenues and Other Changes in net position

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

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

Table 3

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

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

Table 4

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

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

Table 5

| Fiscal Year | Property Tax | Motor Vehicle Fee | Sales Tax | Franchise Tax | Occupancy Tax | Vehicle Lease Tax | Privelege License Tax | Beer & Wine Tax | Drug Tax | Total |
|--------------------|---------------------|--------------------------|------------------|----------------------|----------------------|--------------------------|------------------------------|----------------------------|-----------------|--------------|
| 2011 | \$ 5,550,706 | \$ - | \$ 2,573,515 | \$ 1,120,439 | \$ 102,221 | \$ 18,113 | \$ 136,156 | \$ 72,008 | \$ 8,581 | \$ 9,581,739 |
| 2012 | 5,512,617 | - | 2,642,711 | 1,120,988 | 97,767 | 18,426 | 305,867 | 69,046 | 8,361 | 9,775,783 |
| 2013 | 5,638,150 | - | 2,740,964 | 1,160,030 | 111,000 | 18,683 | 291,247 | 64,729 | 5,594 | 10,030,397 |
| 2014 | 5,844,284 | - | 2,738,632 | 1,187,689 | 108,677 | 20,911 | 160,155 | 69,416 | 5,970 | 10,135,734 |
| 2015 | 5,990,284 | - | 3,026,163 | 1,375,956 | 124,223 | 20,117 | 154,250 | 75,852 | 10,087 | 10,776,932 |
| 2016 | 5,779,023 | 51,110 | 3,213,145 | 1,385,955 | 131,250 | 20,983 | 765 | 70,199 | 14,766 | 10,667,196 |
| 2017 | 5,947,003 | 66,475 | 3,498,266 | 1,356,078 | 135,886 | 25,381 | 793 | 72,324 | 6,574 | 11,108,779 |
| 2018 | 6,085,109 | 66,145 | 3,706,789 | 1,356,314 | 148,354 | 24,063 | 1,055 | 69,824 | 31,878 | 11,489,531 |
| 2019 | 6,724,573 | 67,140 | 3,921,882 | 1,365,508 | 157,362 | 34,040 | - | 69,604 | 20,344 | 12,360,453 |
| 2020 | 6,816,579 | 67,725 | 4,105,580 | 1,334,844 | 131,242 | 28,041 | 950 | 69,419 | 29,714 | 12,584,094 |

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

Table 6

| Fiscal Year | Residential | Commercial | Industrial | Security Light | Total |
|--------------------|--------------------|-------------------|-------------------|-----------------------|--------------|
| 2011 | 9,880 | 2,197 | 16 | 2,882 | 14,975 |
| 2012 | 9,805 | 2,202 | 15 | 2,891 | 14,913 |
| 2013 | 9,806 | 2,212 | 15 | 2,872 | 14,905 |
| 2014 | 9,762 | 2,208 | 15 | 2,873 | 14,858 |
| 2015 | 9,781 | 2,197 | 13 | 2,838 | 14,829 |
| 2016 | 9,845 | 2,108 | 13 | 2,847 | 14,813 |
| 2017 | 9,922 | 2,232 | 15 | 2,902 | 15,071 |
| 2018 | 9,889 | 2,229 | 13 | 2,870 | 15,001 |
| 2019 | 9,929 | 2,221 | 13 | 2,900 | 15,063 |
| 2020 | 10,075 | 2,237 | 13 | 2,943 | 15,268 |

Source: City of Albemarle Finance and Utilities Department

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

Table 7

| | Fiscal Year | | | | | | | | | |
|--|-------------|-----------|-------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Residential Customers | | | | | | | | | | |
| <i>Residential Service-RS</i> | | | | | | | | | | |
| Basic Facilities Charge | 11.610000 | 12.070000 | 12.070000 | 12.070000 | 12.370000 | 12.170000 | 12.170000 | 12.170000 | 12.170000 | 12.170000 |
| First 500 kWh used | 0.098070 | 0.101990 | 0.106690 | 0.112190 | 0.114990 | 0.113150 | 0.113150 | 0.108620 | 0.108620 | 0.108620 |
| All over 500 kWh used | 0.104580 | 0.108760 | 0.113460 | 0.118960 | 0.121930 | 0.119980 | 0.119980 | 0.115180 | 0.115180 | 0.115180 |
| <i>Residential All Electric Service-RE</i> | | | | | | | | | | |
| Basic Facilities Charge | 11.610000 | 12.070000 | 12.070000 | 12.070000 | 12.370000 | 12.170000 | 12.170000 | 12.170000 | 12.170000 | 12.170000 |
| First 500 kWh used | 0.098070 | 0.101990 | 0.106390 | 0.111590 | 0.114380 | 0.112550 | 0.112550 | 0.108050 | 0.108050 | 0.108050 |
| All over 500 kWh used | 0.096080 | 0.099920 | 0.104320 | 0.109520 | 0.112260 | 0.110460 | 0.110460 | 0.106040 | 0.106040 | 0.106040 |
| Commercial Customers | | | | | | | | | | |
| <i>Small General Service-SGS</i> | | | | | | | | | | |
| Basic Facilities Charge | 15.950000 | 16.590000 | 7781.000000 | 750.000000 | 17.000000 | 16.730000 | 16.730000 | 16.730000 | 16.730000 | 16.730000 |
| Demand Charge | | | | | | | | | | |
| First 30kW of Billing Demand | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| All over 30kW of Billing Demand | 4.700000 | 4.890000 | 4.890000 | 4.890000 | 5.010000 | 4.930000 | 4.930000 | 4.930000 | 4.930000 | 4.930000 |
| Energy Charge | | | | | | | | | | |
| First 3,000 kWh used | 0.136630 | 0.142100 | 0.147600 | 0.154200 | 0.158060 | 0.155530 | 0.155530 | 0.149310 | 0.149310 | 0.149310 |
| Next 9,000 kWh used | 0.070800 | 0.073630 | 0.079130 | 0.085730 | 0.087870 | 0.086460 | 0.086460 | 0.083000 | 0.083000 | 0.083000 |
| All over 12,000 kWh used | 0.064890 | 0.067490 | 0.072990 | 0.079590 | 0.081580 | 0.080270 | 0.080270 | 0.077060 | 0.077060 | 0.077060 |
| Minimum Monthly Bill Amount | 33.820000 | 35.170000 | 35.170000 | 36.750000 | 37.670000 | 37.070000 | 37.070000 | 37.070000 | 37.070000 | 37.070000 |
| <i>Medium General Service-LGS</i> | | | | | | | | | | |
| Basic Facilities Charge | 15.950000 | 16.590000 | 16.590000 | 16.590000 | 17.000000 | 16.730000 | 16.730000 | 16.730000 | 16.730000 | 16.730000 |
| Demand Charge | | | | | | | | | | |
| First 30kW of Billing Demand | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| All over 30kW of Billing Demand | 5.370000 | 5.580000 | 5.580000 | 5.580000 | 5.720000 | 5.630000 | 5.630000 | 5.630000 | 5.630000 | 5.630000 |
| Energy Charge | | | | | | | | | | |
| First 3,000 kWh used | 0.132460 | 0.137760 | 0.141760 | 0.146460 | 0.150120 | 0.147720 | 0.147720 | 0.141810 | 0.141810 | 0.141810 |
| Next 9,000 kWh used | 0.080670 | 0.083900 | 0.087900 | 0.092600 | 0.094920 | 0.093400 | 0.093400 | 0.089660 | 0.089660 | 0.089660 |
| All over 12,000 kWh used | 0.070800 | 0.073630 | 0.077630 | 0.082330 | 0.084390 | 0.083040 | 0.083040 | 0.079720 | 0.079720 | 0.079720 |
| Minimum Monthly Bill Amount | 33.820000 | 35.170000 | 35.170000 | 36.750000 | 37.670000 | 37.070000 | 37.070000 | 37.070000 | 37.070000 | 37.020000 |
| <i>Large General Service-LGS</i> | | | | | | | | | | |
| Basic Facilities Charge | 24.660000 | 25.650000 | 25.650000 | 25.650000 | 26.290000 | 25.870000 | 25.870000 | 25.870000 | 25.870000 | 25.870000 |
| Demand Charge | | | | | | | | | | |
| First 30kW of Billing Demand | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| All over 30kW of Billing Demand | 5.560000 | 5.780000 | 5.780000 | 5.780000 | 5.920000 | 5.830000 | 5.830000 | 5.830000 | 5.830000 | 5.830000 |
| Energy Charge | | | | | | | | | | |
| First 25,000 kWh used | 0.079340 | 0.082510 | 0.085910 | 0.089910 | 0.092160 | 0.090690 | 0.090690 | 0.087060 | 0.087060 | 0.087060 |
| Next 50,000 kWh used | 0.075190 | 0.078200 | 0.081600 | 0.085600 | 0.087740 | 0.086340 | 0.086340 | 0.082890 | 0.082890 | 0.082890 |
| Next 75,000 kWh used | 0.065490 | 0.068110 | 0.071510 | 0.075510 | 0.077400 | 0.076160 | 0.076160 | 0.073110 | 0.073110 | 0.073110 |
| All over 150,000 kWh used | 0.059800 | 0.062190 | 0.065590 | 0.069590 | 0.071330 | 0.070190 | 0.070190 | 0.067380 | 0.067380 | 0.067380 |
| Minimum Monthly Bill Amount | 56.360000 | 58.610000 | 58.610000 | 61.250000 | 62.780000 | 61.780000 | 61.780000 | 61.780000 | 61.780000 | 61.780000 |

Source: City of Albemarle Finance and Utilities Department

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

Table 8

| <u>Customer</u> | 2011 | | | 2020 | | |
|------------------------------------|-------------------------|-------------|--|-------------------------|-------------|--|
| | <u>Electric Revenue</u> | <u>Rank</u> | <u>Percentage of Total Operating Revenue</u> | <u>Electric Revenue</u> | <u>Rank</u> | <u>Percentage of Total Operating Revenue</u> |
| Preformed Line Products | \$ 711,161 | 3 | 2.27% | \$ 762,709 | 1 | 2.46% |
| Stanly Regional Medical Center | 765,325 | 2 | 2.45% | 700,756 | 2 | 2.26% |
| IAC Albemarle LLC | 1,374,809 | 1 | 4.39% | 610,748 | 3 | 1.97% |
| City of Albemarle Public Utilities | 297,695 | 7 | 0.95% | 435,505 | 4 | 1.41% |
| Carolina's Healthcare System | - | - | 0.00% | 364,667 | 5 | 1.18% |
| Enforge | 228,391 | 10 | 0.73% | 343,821 | 6 | 1.11% |
| Albemarle Correctional Institution | 301,493 | 6 | 0.96% | 335,370 | 7 | 1.08% |
| Walmart | 359,222 | 4 | 1.15% | 332,113 | 8 | 1.07% |
| Food Lion | 237,242 | 8 | 0.76% | 270,566 | 9 | 0.87% |
| City of Albemarle Public Housing | 326,515 | 5 | 1.04% | 253,656 | 10 | 0.82% |
| Lowe's | 232,809 | 9 | 0.74% | - | - | 0.00% |
| Totals | <u>\$ 4,834,662</u> | | <u>15.46%</u> | <u>\$ 4,409,911</u> | | <u>14.24%</u> |

Source: City of Albemarle Finance and Utilities Department

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

Table 9

| Fiscal Year | Residential | Commercial | Industrial | Wholesale | Total |
|------------------------|--------------------|-------------------|-------------------|------------------|--------------|
| 2011 | 6,119 | 1,049 | 16 | - | 7,184 |
| 2012 | 6,112 | 1,050 | 19 | - | 7,181 |
| 2013 | 6,219 | 1,049 | 15 | - | 7,283 |
| 2014 | 6,224 | 1,037 | 15 | - | 7,276 |
| 2015 | 6,233 | 1,050 | 16 | - | 7,299 |
| 2016 | 6,249 | 1,057 | 14 | 1 | 7,321 |
| 2017 | 6,294 | 1,045 | 17 | 1 | 7,357 |
| 2018 | 6,251 | 1,045 | 14 | 1 | 7,311 |
| 2019 | 6,296 | 1,037 | 15 | 1 | 7,349 |
| 2020 | 6,354 | 1,023 | 15 | 1 | 7,393 |

Source: City of Albemarle Finance and Utilities Departments

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

Table 10

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

Source: City of Albemarle Finance and Utilities Departments

Table 11

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

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

Source: City of Albemarle Finance and Utilities Department

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

Table 12

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

Source: Stanly County Tax Assessor

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

Table 13

| | Fiscal Year | | | | | | | | | | |
|------------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
| County Direct Rate | | | | | | | | | | | |
| Stanly (General) | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 |
| Total direct rate | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 |
| City/Town Overlapping Rates | | | | | | | | | | | |
| City of Albemarle | 0.5600 | 0.5600 | 0.5600 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.6400 | 0.6400 | 0.6400 |
| Municipal Service | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 |
| Maximum Combined | | | | | | | | | | | |
| **County Tax Rate | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 | 0.6700 |
| *** City Tax Rate | 0.6600 | 0.6600 | 0.6600 | 0.6900 | 0.6900 | 0.6900 | 0.6900 | 0.6900 | 0.7400 | 0.7400 | 0.7400 |

Source: Stanly County Tax Assessor

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

Table 14

| Fiscal Year | Real Property | | Personal Property | | | Less: | Total Taxable | Total Direct | Estimated Actual | Assessed Value as a |
|-------------|-----------------------|----------------------|-------------------|-------------------|------------|---------------------------|------------------|--------------|------------------|----------------------------|
| | Residential Property* | Commercial Property* | Motor Vehicles* | Personal Property | Other** | Tax Exempt Real Property* | Assessed Value | Tax Rate | Taxable Value | Percentage of Actual Value |
| 2011 | \$ 541,181,156 | \$ 314,218,232 | \$ 80,809,949 | \$ 93,971,927 | \$ - | \$ 16,910,994 | \$ 1,013,270,270 | \$ 0.5600 | \$ 1,013,270,270 | 100% |
| 2012 | 546,922,373 | 314,965,149 | 83,134,423 | 77,275,196 | - | 17,401,566 | 1,004,895,575 | 0.5600 | 1,004,895,575 | 100% |
| 2013 | 563,034,982 | 304,089,747 | 88,209,427 | 77,494,466 | - | 17,204,970 | 1,015,623,652 | 0.5600 | 1,015,623,652 | 100% |
| 2014 | 553,546,936 | 285,534,365 | 89,015,459 | 77,526,869 | - | 16,502,325 | 989,121,304 | 0.5900 | 989,121,304 | 100% |
| 2015 | 555,008,384 | 285,396,402 | 103,640,920 | 75,281,357 | - | 14,501,469 | 1,004,825,594 | 0.5900 | 1,004,825,594 | 100% |
| 2016 | 555,945,405 | 285,920,372 | 106,402,162 | 68,924,746 | - | 14,566,034 | 1,002,626,651 | 0.5900 | 1,002,626,651 | 100% |
| 2017 | 558,081,353 | 277,701,056 | 111,556,932 | 70,066,364 | 16,514,787 | 14,402,562 | 1,019,517,930 | 0.5900 | 1,019,517,930 | 100% |
| 2018 | 578,212,849 | 271,175,987 | 119,170,000 | 77,226,803 | 17,254,198 | 14,282,719 | 1,048,757,118 | 0.5900 | 1,048,757,118 | 100% |
| 2019 | 589,269,935 | 269,222,368 | 124,655,781 | 83,840,298 | 18,152,916 | 14,027,235 | 1,071,114,063 | 0.6400 | 1,071,114,063 | 100% |
| 2020 | 588,505,539 | 268,762,914 | 132,029,355 | 91,746,667 | 18,003,742 | 14,278,532 | 1,084,769,685 | 0.6400 | 1,084,769,685 | 100% |

Source: Stanly County Tax Assessor
City of Albemarle Yearly Audit

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

Table 15

| Fiscal Year Ended June 30 | Total Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--|---|---|---------------------------|--|----------------------------------|---------------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2011 | \$ 5,708,742 | \$ 5,383,660 | 94.31% | \$ 295,703 | \$ 5,679,363 | 99.49% |
| 2012 | 5,695,866 | 5,390,888 | 94.65% | 277,594 | 5,668,482 | 99.52% |
| 2013 | 5,814,698 | 5,437,536 | 93.51% | 344,894 | 5,782,430 | 99.45% |
| 2014 | 5,816,176 | 5,574,468 | 95.84% | 193,197 | 5,767,665 | 99.17% |
| 2015 | 5,953,379 | 5,768,421 | 96.89% | 145,830 | 5,914,251 | 99.34% |
| 2016 | 5,953,469 | 5,786,940 | 97.20% | 124,798 | 5,911,738 | 99.30% |
| 2017 | 6,063,603 | 5,900,042 | 97.30% | 98,672 | 5,998,714 | 98.93% |
| 2018 | 6,187,982 | 6,036,267 | 97.55% | 92,106 | 6,128,373 | 99.04% |
| 2019 | 6,855,130 | 6,675,975 | 97.39% | 67,077 | 6,743,052 | 98.37% |
| 2020 | 6,942,526 | 6,768,312 | 97.49% | - | 6,768,312 | 97.49% |

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

Table 16

| Fiscal Year | Governmental Activities | | Business-type Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|------------------------|--------------------------------|-----------------------------|---------------------------------|--|---|--|-----------------------|
| | Installment Debt | Installment Debt | Capital Leases | | | | |
| 2011 | \$ 1,947,281 | \$ 3,582,513 | \$ - | | \$ 5,529,794 | 0.97% | \$ 348 |
| 2012 | 2,505,717 | 3,583,647 | - | | \$ 6,089,364 | 1.11% | \$ 383 |
| 2013 | 2,170,012 | 5,701,210 | - | | \$ 7,871,222 | 1.45% | \$ 495 |
| 2014 | 2,182,874 | 12,380,336 | - | | \$ 14,563,210 | 2.60% | \$ 914 |
| 2015 | 1,892,556 | 17,636,955 | - | | \$ 19,529,511 | 3.39% | \$ 1,222 |
| 2016 | 2,164,978 | 19,353,778 | - | | \$ 21,518,756 | 3.63% | \$ 1,347 |
| 2017 | 3,624,773 | 26,245,557 | - | | \$ 29,870,330 | 5.01% | \$ 1,853 |
| 2018 | 3,011,015 | 27,906,687 | - | | \$ 30,917,702 | 5.32% | \$ 1,919 |
| 2019 | 2,666,775 | 25,733,358 | 124,936 | | \$ 28,525,069 | 4.66% | \$ 1,771 |
| 2020 | 6,675,620 | 28,821,425 | 100,270 | | \$ 35,597,315 | 10.03% | \$ 2,191 |

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

Table 17

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Debt limit | \$ 81,439,457 | \$ 81,338,629 | \$ 82,978,357 | \$ 83,046,263 | \$ 80,632,773 | \$ 80,617,657 | \$ 82,218,351 | \$ 83,900,569 | \$ 85,689,125 | \$ 86,781,575 |
| Total net debt applicable to limit | <u>1,467,281</u> | <u>3,779,364</u> | <u>5,771,222</u> | <u>12,673,210</u> | <u>17,849,511</u> | <u>25,683,913</u> | <u>29,870,330</u> | <u>30,917,419</u> | <u>28,525,070</u> | <u>35,597,315</u> |
| Legal debt margin | <u>\$ 79,972,176</u> | <u>\$ 77,559,265</u> | <u>\$ 77,207,135</u> | <u>\$ 70,373,053</u> | <u>\$ 62,783,262</u> | <u>\$ 54,933,744</u> | <u>\$ 52,348,021</u> | <u>\$ 52,983,150</u> | <u>\$ 57,164,055</u> | <u>\$ 51,184,260</u> |
| Total net debt applicable to the limit as a percentage of debt limit | <u>1.80%</u> | <u>4.65%</u> | <u>6.96%</u> | <u>15.26%</u> | <u>22.14%</u> | <u>31.86%</u> | <u>36.33%</u> | <u>36.85%</u> | <u>33.29%</u> | <u>41.02%</u> |

Legal Debt Margin Calculation for Fiscal Year 2020

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

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

Table 18

| Fiscal Year | Population (1) | Personal Income | Per Capita Personal Income (2)* | School Enrollment (3)** | Unemployment Rate (4)** |
|------------------------|-----------------------|----------------------------|--|------------------------------------|------------------------------------|
| 2011 | 15,903 | \$ 570,154,356 | \$ 35,852 | 9,205 | 12.3% |
| 2012 | 15,919 | 550,208,397 | 34,563 | 9,070 | 10.3% |
| 2013 | 15,913 | 543,842,688 | 34,176 | 8,953 | 8.7% |
| 2014 | 15,937 | 561,014,274 | 35,202 | 8,763 | 6.2% |
| 2015 | 15,976 | 576,925,312 | 36,112 | 8,666 | 5.7% |
| 2016 | 15,979 | 592,101,845 | 37,055 | 8,670 | 4.8% |
| 2017 | 16,121 | 595,799,918 | 36,958 | 8,582 | 3.8% |
| 2018 | 16,109 | 580,890,540 | 36,060 | 8,291 | 3.7% |
| 2019 | 16,106 | 611,850,834 | 37,989 | 8,289 | 4.2% |
| 2020 | 16,246 | 355,023,838 | 21,853 | 8,270 | 6.1% |

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

** County-Level data, no city data available

Sources:

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

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

Table 19

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

Source: Stanly County Economic Development O

Note: (1) County-level data

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

Table 20

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

Source: City of Albemarle Finance, Payroll

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

Table 21

| Function | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|
| Police | | | | | | | | | | |
| Arrests | 1,670 | 1,910 | 1,857 | 1,623 | 1,450 | 1,550 | 1,732 | 2,453 | 1,925 | 1,881 |
| Traffic Violations | 4,342 | 3,127 | 3,895 | 4,990 | 4,364 | 4,890 | 4,161 | 3,309 | 2,856 | 3,442 |
| Parking Violations | 407 | 231 | 140 | 41 | 66 | 86 | 63 | 10 | 8 | 134 |
| Sworn Officers | 48 | 48 | 49 | 49 | 48 | 49 | 49 | 49 | 48 | 49 |
| Fire | | | | | | | | | | |
| Total Responses | 2,275 | 2,387 | 2,209 | 2,347 | 2,307 | 2,470 | 2,507 | 2,621 | 3,181 | 3,152 |
| Working Fires | 30 | 24 | 29 | 27 | 28 | 25 | 25 | 24 | 54 | 77 |
| EMS Response | 1,676 | 1,818 | 1,606 | 1,762 | 1,669 | 1,917 | 1,923 | 1,974 | 2,335 | 2,376 |
| Mutual Aid Given | 36 | 40 | 27 | 36 | 34 | 29 | 35 | 34 | 43 | 41 |
| Mutual Aid Received | 77 | 51 | 57 | 100 | 79 | 56 | 47 | 50 | 82 | 85 |
| Property Loss (dollars) | \$825,736 | \$205,191 | \$ 277,500 | \$ 384,240 | \$ 1,056,100 | \$ 378,119 | \$ 600,150 | \$ 556,209 | \$ 992,275 | \$ 955,050 |
| Inspections Performed | 1,202 | 941 | 785 | 640 | 677 | 1,279 | 446 | 581 | 1,129 | 1,219 |
| Streets | | | | | | | | | | |
| Street Resurfacing (miles) | 0.63 | 1.66 | 1.74 | 2.20 | 0.28 | - | - | - | 5.18 | 5.21 |
| Sidewalk Installation/Repair* | | | | | | | \$ 270,467 | - | \$ 27,521 | \$ 66,492 |
| Environmental Protection | | | | | | | | | | |
| Number of Households Served | 6,217 | 6,395 | 6,383 | 6,368 | 6,399 | 6,389 | 6,238 | 6,328 | 6,328 | 6,238 |
| Solid Waste Collected (tons/year) | 6,676 | 6,347 | 6,318 | 6,361 | 6,434 | 6,930 | 6,152 | 5,913 | 6,202 | 6,182 |
| Leaves Collected (tons/year)* | | 3,275 | 3,155 | 2,730 | 2,470 | 2,170 | 1,860 | 2,024 | 1,394 | 1,343 |
| Electric | | | | | | | | | | |
| Number of metered accounts | 11,974 | 11,905 | 11,901 | 11,865 | 11,867 | 11,889 | 12,113 | 13,516 | 13,609 | 13,778 |
| Average daily consumption | 65 | 74 | 64 | 72 | 79 | 76 | 74 | 72 | 69 | 62 |
| Water | | | | | | | | | | |
| Number of metered water accounts | 7,262 | 7,272 | 7,302 | 7,228 | 7,285 | 7,291 | 7,337 | 7,962 | 8,010 | 8,061 |
| Average daily water treatment* (gallons per million) | | | | | 2.23 | 3.10 | 4.07 | 4.16 | 4.31 | 4.50 |
| Wastewater | | | | | | | | | | |
| Number of sewer accounts | 6,639 | 6,667 | 6,701 | 6,646 | 6,696 | 6,705 | 6,712 | 7,271 | 7,317 | 7,371 |
| Average daily sewage collected* (gallons per million) | | | | | | 5.87 | 5.34 | 4.88 | 6.86 | 5.45 |
| Average daily sewage treatment* (gallons per million) | | | | | | 5.87 | 5.34 | 4.88 | 6.86 | 5.45 |
| Parks and Recreation | | | | | | | | | | |
| Number of Youth Programs | 50 | 58 | 70 | 61 | 54 | 67 | 49 | 101 | 65 | 30 |
| Number of Adult Programs | 14 | 16 | 19 | 25 | 17 | 20 | 50 | 34 | 49 | 25 |
| Number of Senior Programs | 6 | 9 | 6 | 7 | 7 | 9 | 15 | 38 | 36 | 10 |
| Number of Facility Rentals | 304 | 290 | 250 | 326 | 336 | 343 | 342 | 305 | 281 | 100 |
| Planning and Community Development | | | | | | | | | | |
| Building Permits (estimated structure cost)* | | | \$6,314,900 | \$2,999,612 | \$18,148,532 | \$26,550,096 | \$6,714,448 | \$ 5,300,644 | \$13,742,635 | \$31,879,764 |
| Sign Permits* | 1 | 3 | 21 | 31 | 64 | 49 | 36 | 41 | 49 | 60 |
| Landfill (tons) | | | | | | | | | | |
| Solid Waste | 40,980 | 38,384 | 39,593 | 42,832 | 43,360 | 53,040 | 41,891 | 50,670 | 40,804 | 42,517 |
| C&D* | 3,135 | - | 13,396 | 4,637 | 5,096 | 4,333 | 19,600 | 11,378 | 11,838 | 5,243 |
| Recyclables | | | | | | | | | | |
| Metal | 105 | 145 | 103 | 114 | 90 | 119 | 194 | 193 | 26 | 24 |
| Paper | 27 | 45 | 32 | 28 | 45 | 54 | 19 | 5 | 38 | 33 |
| Electronics* | | | | | | 26 | 37 | 20 | 23 | 18 |
| Plastics* | | | | | | 66 | 0 | 22 | 29 | 22 |
| Yard Waste* | | | | | | 3,838 | 3,720 | 7,473 | 626 | 286 |

Sources: City departments

*Accurate information not available for prior years.

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

Table 22

| Function | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Substations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Patrol units | 27 | 27 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 |
| Unmarked units | 11 | 11 | 11 | 11 | 11 | 11 | 12 | 12 | 14 | 14 |
| K-9 Units | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 1 | 3 |
| Fire | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire Trucks | 5 | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 |
| Public Works | | | | | | | | | | |
| Miles of Streets | 120.94 | 121 | 121.14 | 121.14 | 121.19 | 121.20 | 121.20 | 121.20 | 121.20 | 121.20 |
| Electric | | | | | | | | | | |
| Miles of Distribution Lines | 320 | 320 | 320 | 325 | 325 | 325 | 400 | 345 | 345 | 143 |
| Number of delivery points (substations) | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Street Lights | 2882 | 2879 | 2881 | 2863 | 2840 | 2847 | 2894 | 2899 | 2901 | 2283 |
| Traffic Signals | 119 | 121 | 121 | 121 | 124 | 124 | 125 | 120 | 120 | 122 |
| Water Treatment | | | | | | | | | | |
| Plants | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Miles of Distribution Lines | 180 | 180 | 180 | 180 | 190 | 190 | 190 | 190 | 190 | 190 |
| Fire Hydrants | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 |
| Storage Capacity | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 |
| Wastewater Treatment | | | | | | | | | | |
| Plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Miles of Collection Lines | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 190 |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 295 | 297 | 297 | 297 | 297 | 297 | 297 | 274 | 274 | 274 |
| Playgrounds | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 |
| Parks | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 |
| Gymnasiums | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Basketball Courts | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 |
| Baseball Fields | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 4 | 4 | 4 |
| Soccer Fields | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Community Centers | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 |
| Tennis Courts | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Swimming Pools | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Greenway (miles) | 1 | 1 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Walking Trails | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Lakes | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Landfill** | | | | | | | | | | |
| Land and Improvements | \$ 159,691 | \$ 690,822 | \$ 1,100,048 | | \$ 1,047,204 | \$ 1,047,204 | \$ - | \$ 981,498 | \$ 959,595 | \$ 942,630 |
| Buildings | \$ 144,056 | \$ 137,278 | \$ 137,278 | | \$ 116,942 | \$ 116,942 | \$ 341,659 | \$ 96,607 | \$ 1,548,168 | \$ 1,648,626 |
| Equipment | \$ 817,396 | \$ 788,483 | \$ 851,701 | | \$ 842,556 | \$ 2,009,456 | \$ 11,020 | \$ 1,097,802 | \$ 1,046,357 | \$ 890,335 |
| Vehicles | \$ 229,524 | \$ 166,330 | \$ 166,330 | | \$ 156,968 | \$ 156,968 | \$ 94,212 | \$ 130,944 | \$ 99,144 | \$ 97,930 |
| Infrastructure | \$ 61,011 | \$ 3,600,840 | \$ 3,724,732 | | \$ 969,014 | \$ 968,014 | \$ 243,542 | \$ 46,214 | \$ 2,076,341 | \$ 1,970,265 |
| Public Housing | | | | | | | | | | |
| Units | 199 | 199 | 199 | 199 | 199 | 199 | 199 | 199 | 199 | 199 |

Sources: City departments

*Data unavailable for blank fiscal years

**Assets reported net of depreciation



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

COMPLIANCE SECTION



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Albemarle, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 11, 2020. Our report includes a reference to other auditors who audited the financial statements of the City of Albemarle ABC Board, as described in our report on the City of Albemarle's financial statements. The financial statements of the City of Albemarle ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the City of Albemarle ABC Board.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

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

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Albemarle, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Albemarle's major federal programs for the year ended June 30, 2020. The City of Albemarle's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Albemarle complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

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

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Albemarle, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Albemarle's major state programs for the year ended June 30, 2020. The City of Albemarle's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the City of Albemarle complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

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

CITY OF ALBEMARLE, NORTH CAROLINA

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

1. Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

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

Type of auditor’s report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

| <u>Program Name</u> | <u>CFDA#</u> |
|---|---------------------|
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 |
| Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

Program Name

Capitalization Grants for Clean Water State Revolving Funds

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

None reported.

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

None reported.

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

None reported.

CITY OF ALBEMARLE, NORTH CAROLINA

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

None reported.

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the City of Albemarle under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Albemarle, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Albemarle.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Loans Outstanding

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

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

Note 4: Coronavirus Relief Funds

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



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

Print

Title – Update on Compensation Study

Description:

Human Resources Director Dana Chaney will introduce David Hill, Piedmont Triad Regional Council, who is performing our compensation study. Mr. Hill will provide an overview of this current project with the Mayor and Council. He will review the process to date, and the timeline and activities moving forward.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

Name:

Description:

No Attachments Available

APPROVALS:

Date/Time:

Approval:

Department:

Print

Title – Charters of Freedom

Description:

Councilmember Hall would like to provide an update on the status of the dedication and process moving forward.

From a construction standpoint, the City's Public Works Department Streets Division has prepared the site and dug the footages. Don Ramsey with Charters is still working with the County to receive approval for the footers.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

Name:

Description:

No Attachments Available

APPROVALS:

Date/Time:

Approval:

Department:

Print

Title – Process for Animal Control

Description:

An update regarding this process was requested.

The process from the City's standpoint has not changed, even with the Sheriff's Department taking over Animal Control, as this is still a Stanly County service and operation. When there is an issue that comes into the Police Department or any other Department, we investigate and help where we are able. If it is a true Animal Control issue we coordinate the handoff to Animal Control so they can provide their service.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

| | |
|--------------------------|--------------|
| Name: | Description: |
| No Attachments Available | |

APPROVALS:

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| Date/Time: | Approval: | Department: | |
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Title – Staffing Update

Description:

Councilmember Hall requested an update on the current staffing levels in Police and Fire Departments.

FIRE DEPARTMENT

The FD has 4 vacancies. Advertisement ended 11/30/2020 with 28 prospective candidates. Emails sent to each advising of the entry level qualification assessment for:

- Job Related Skills Assessment 1/2/21 and 1/9/21
- Job Related Written Assessment 1/16/21

- Peer/Chief's Interviews 1/20/21 and 1/21/21

There were no candidates with complete firefighter or EMS training (did receive candidates with this in the prior process), therefore we will host a fire cadet school through Stanly Community College. We continue to search for candidates through Employee Referrals, Social Media, Indeed, and State Fire Association.

POLICE DEPARTMENT

APD has 10 current vacancies. The vacancies are listed on our website as open until filled. We continue to sponsor individuals through BLET training at Stanly Community College. We have been screening applications and have narrowed down to at least seven that can pass the background checks. We are currently walking them through registering with SCC and finishing up with their background checks for hiring. These seven are not guaranteed at this time but are in the process of being hired. We are also working on a recruitment day to be held at the new PD soon, giving us the additional three needed to be staffed fully. The next BLET class is scheduled for February of 2021, so the next group of cadets should be finished around June of 2021.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

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|--------------------------|--------------|
| Name: | Description: |
| No Attachments Available | |

APPROVALS:

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| Date/Time: | Approval: | Department: | |
|------------|-----------|-------------|--|

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Title – Municipal Calendar

Description:

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

| Name: | Description: |
|---|--------------------|
| <input type="checkbox"/> Municipal_Calendar_2021_Jan_4_2021.docx | Municipal Calendar |

APPROVALS:

| Date/Time: | Approval: | Department: | |
|------------|-----------|-------------|--|
| | | | |

CITY OF ALBEMARLE
MUNICIPAL CALENDAR – 2021

January 2021



- 1 City Holiday – New Year’s Day
- 4 Regular Meeting City Council – 6:30 pm
- 7 Planning/Zoning Board – 6:30 pm
- 11 ADDC Board of Directors – 12 Noon
- Historic Resources Commission – 6 pm
- 18 City Holiday – Martin Luther King, Jr. Day
- 19 Regular Meeting City Council – 6:30 pm
- 21 Rocky River RPO TAC meeting – 6 pm
- 26 Stanly County COG Liaison Meeting (Norwood) – 6:30 pm

February 2021



- 1 Regular Meeting City Council – 6:30 pm
- 4 Planning/Zoning Board – 6:30 pm
- 8 ADDC Board of Directors – 12 Noon
- Historic Resources Commission – 6 pm
- Parks and Recreation Advisory Board – 6 pm at the Niven Center
- 9 Winter Strategic Planning Session – 4 pm @ Stanly County Senior Center
- 15 Regular Meeting City Council – 6:30 pm
- 16 Winter Strategic Planning Session – 4 pm @ Stanly County Senior Center
- 23 Stanly County COG Quarterly Meeting – 6:30 pm; COA hosting

March 2021



- 1 Regular Meeting City Council – 6:30 pm
- 4 Planning/Zoning Board – 6:30 pm
- 8 ADDC Board of Directors – 12 Noon
- Historic Resources Commission – 6 pm
- 15 Regular Meeting City Council – 6:30 pm
- 18 Rocky River RPO TAC meeting – 6 pm
- 30 Stanly County COG Liaison Meeting (Oakboro) – 6:30 pm

April 2021



- 1 Planning/Zoning Board – 6:30 pm
- 2 City Holiday – Good Friday
- 5 Regular Meeting City Council – 6:30 pm
- 12 ADDC Board of Directors – 12 Noon
- Historic Resources Commission – 6 pm
- 19 Regular Meeting City Council – 6:30 pm

Print

Title – Electric Vehicle Charging Station

Description:

The current grant opportunity and project were recently discussed. For some time our primary location has been the area of the City Hall parking lot closest to the Courthouse Square Park and 2nd Street. A second location was also discussed as a possibility. Staff has looked at other locations for practicality, as well as for meeting the requirements of the grant. If another location is desired, our recommendations are either a second location in the City Hall parking lot, but on the other end close to 3rd Street, or in the City lot at First and Main. Once a number and location is settled upon, we will prepare and submit our application.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

| | |
|--------------------------|--------------|
| Name: | Description: |
| No Attachments Available | |

APPROVALS:

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| Date/Time: | Approval: | Department: | |
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Print

Title – Truck Traffic on Montgomery Avenue

Description:

Councilmember Hall would like to discuss this item.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

Name:

Description:

No Attachments Available

APPROVALS:

Date/Time:

Approval:

Department:

Print

Title – Review of Landfill Hours of Operation

Description:

The Landfill hours of operations are Monday - Friday, 7:15 a.m. to 4:30 p.m. When the COVID-19 first hit, the City, like many other agencies, was trying to find ways to limit exposure and so the Saturday hours were halted. An analysis was performed of the Saturday activity, and the volume and amount received at times was barely break even and at times not enough to cover the Saturday operations. Therefore, the Saturday hours have not been reinstated. I am advised that Uwharrie Environmental also remains closed on Saturday.

If Council would like the facility open, a suggestion would be an occasional Saturday, such as immediately following a significant holiday, a few Saturdays in the spring, a summer and fall Saturday as well. This concept would continue to help reduce costs and increase the volume on the Saturdays it is open to the public.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

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| Name: | Description: |
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No Attachments Available

APPROVALS:

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| Date/Time: | Approval: | Department: | |
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Title – Designation of City's Voting Delegate for NC League of Municipalities Policy Goals Planning Process

Description:

During even-numbered years, member municipalities submit their legislative goals and priorities. Over the last few months, the Legislative Policy Committee has been considering these ideas and will present its recommendations to the Board of Directors in December. The Board will refine the position further before sending them to the full League membership for a final vote. After the final voting period closes, cities and towns will have a focused advocacy agenda to pursue at the state and federal levels.

The voting delegate can be an elected or non-elected official. The delegate's vote can be cast electronically by January 14th. 17 policy goals have been advanced for the consideration of each member municipality. Each member municipality can vote for 10 of the 17 policy goal areas. I have attached a copy of the full set of 17 goals for your review.

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

| ATTACHMENTS: | |
|--|------------------------------|
| Name: | Description: |
| <input type="checkbox"/> NCLM_Policy_GoalContext_Text_(004).pdf | NCLM Proposed Advocacy Goals |

| APPROVALS: | | | |
|-------------------|-----------|-------------|--|
| Date/Time: | Approval: | Department: | |

LEGISLATIVE GOAL STATEMENTS

RECOMMENDED BY THE NCLM BOARD OF DIRECTORS

The following goal statements are NOT listed in any particular order.

- Grant local governments the authority to build broadband infrastructure in order to partner with private providers, and provide additional funding to help close the digital divide.
 - The COVID-19 pandemic has demonstrated the need for additional steps to improve broadband access.
 - Slow and unreliable internet service threatens educational and professional opportunities, and the economic future of entire communities.
 - Failure to utilize local government assistance and assets will continue to create digital gaps that have real-world consequences for North Carolinians.

- Secure federal and state aid directly to municipalities to offset all lost revenues due to the Covid-19 pandemic.
 - Municipalities saw large drops in sales and occupancy taxes and utility revenues last spring; the current surge in the virus is likely to produce more economic disruption and further erosion in revenues.
 - Earlier federal assistance to state and local governments was neither direct nor flexible, preventing revenue holes from being filled.
 - NC municipalities received only a fraction of the federal CARES Act state and local dollars allocated to North Carolina in March.

- Expand incentives and funding for local economic development.
 - Funding is simply inadequate in many cities and towns to encourage job growth.
 - A lack of state funding is seen in grants or incentives for major job creation projects as well as programs to boost small business growth.
 - Among the needs are restoring cuts or additional funding for film tax credits, major industrial site development, downtown development and renewable energy tax credits.

- Refine economic tier designation system to more accurately reflect conditions at sub-county level.
 - The existing criteria does not seem to reflect the status of many communities.
 - The current tier designations fail to take into account the disparate levels of wealth within individual counties.
 - The county-focused system means that municipalities can lose out on state grants and other types of funding when they fail to adequately reflect community's wealth.

- Revitalize vacant and abandoned properties with enhanced legal tools and funding.
 - Many towns and cities do not have the funding to address abandoned properties.
 - These properties affect surrounding home and business property values, economic development opportunities and crime rates.
 - With funding and additional legal tools, such as those allowing for properties to be more easily condemned and to address multiple heirs, these properties could serve to addressing local housing needs.

- Increase state and federal funding for affordable housing.
 - Ongoing revenue sources to meet affordable housing needs is extremely limited; the two primary state programs to meet those needs – the N.C. Housing Trust Fund and the Workforce Housing Loan Program – have received less than \$30 million annually in recent years.
 - More than one-in-four North Carolina households are considered “cost-burdened” when it comes to paying for housing, meaning they pay at least 30 percent of their income in housing costs.
 - Affordable housing is not an issue only in larger cities; a growing number of smaller cities and towns have recognized a lack of affordable housing as major problem facing residents and an impediment to workforce recruitment.

- Create a permanent and adequate funding stream for local infrastructure needs.
 - Infrastructure – including roads, water, sewer, stormwater, parks and beaches – are critical to economic development and job creation.
 - Many cities in the state are growing, creating a constant need for investment to keep pace with population growth; many cities and towns also have aging infrastructure that must be replaced.
 - Creating a more permanent funding stream for local infrastructure, such as a dedicated tax source, would allow for better planning to meet needs.
- Provide funding to keep aging water and sewer systems financially solvent today and viable for the future.
 - According to a state study, North Carolina will need at least \$17 billion to meet water and wastewater infrastructure needs over the next two decades.
 - Several dozen towns in the state have financially distressed water or sewer operations, threatening the towns' overall financial viability.
 - These stresses to water and sewer operations have coincided with population and job losses in rural areas, leading to an erosion of taxpayer and ratepayer bases.
- Ensure state funding for any new, state-mandated benefits for municipal employees.
 - In recent years, legislators have considered additional post-retirement benefits for certain classes of municipal employees.
 - Often, proposed legislation would act as an unfunded mandate on municipalities, as it fails to include a state-funding source.
 - Proposals, many focused on firefighter benefits, fail to consider that municipalities already enjoy the authority to provide these benefits individually without legislative action.
- Improve state-wide funding and support for LEO training focused on use of force, mental health and de-escalation skills.
 - Highly-publicized incidents of police use of force in 2020 have underscored the need for enhanced and expanded law enforcement training.
 - Improved training is needed to build trust and legitimacy in the community while serving the public in a professional and equitable manner.
 - Numerous studies show that additional and effective training focused on conflict de-escalation can significantly reduce police use of force.

- Permit all cities to establish a police department citizen review board.
 - Current state law requires cities to seek local legislation approved by the General Assembly to establish a police citizen review board.
 - A statewide law providing cities and towns the option of establishing such boards would allow more flexibility to meet local needs.
 - Establishing these review boards, when sought by and supported by local residents, can create another avenue to build trust with the community.
- Allow a short grace period for online posting of local emergency declarations while allowing them to take effect immediately.
 - Current state law requires immediate online posting of local emergency declarations in order to take effect.
 - Recent disasters and emergencies have demonstrated the difficulties meeting the requirement.
 - Weather issues and power outages are among the problems that can hamper compliance.
- Increase public safety grant funding and expand allowable uses.
 - Improving policing will require additional public safety grant funding and more flexibility in its uses.
 - More effective and equitable policing can be achieved by additional funding of community policing programs, as well as putting more dollars toward alternative programs that seek to address mental health calls and other issues through non-uniformed personnel.
 - Additional funding is also needed to meet public safety communication needs.
- Extend notification timeline for any changes to sales tax revenue disbursement.
 - Under current law, counties are able to shift the method of local sales tax disbursement in April, providing notice to municipalities just two months ahead of the new fiscal year.
 - These shifts, from per-capita to ad valorem distribution methods, or vice versa, can mean significant losses of sales tax revenue for municipalities, with little time to consider the budget implications.
 - County governments enjoy this power even though a majority of sales tax revenues are generated within municipal borders.

- Reduce pressure on property tax payers by expanding locally-controlled options for revenue generation.
 - Property taxes remain the primary revenue stream over which municipal governments exercise control.
 - Cities have little or no authority to raise significant revenue in other ways.
 - A lack of diverse, local tax options can affect economic growth, as well as cause large swings in revenue based on economic changes.
 - Increase in state funding to support public transportation development and operations.
 - Growing areas require public transportation options to effectively allow people to work, live and play.
 - When quality of life suffers due to traffic congestion, areas lose their attractiveness as places to live and work; that can affect the larger economic growth of the entire state.
 - The state needs to be a full partner in public transit solutions.
 - Improve processes and payments for moving utility lines located in the right-of-way during transportation projects.
 - NCDOT charges to cities to move utility lines for road projects can be costly.
 - Due to uncertain construction timelines, these charge often come with little notice or ability to budget.
 - Increased transparency and communication would allow cities to better plan for these projects.
-

Print

Title – Consider Closed Session Pursuant to N.C.G.S. 143-318.11(a) (4) - Economic Development

Description:

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

| | |
|-------|--------------|
| Name: | Description: |
|-------|--------------|

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|--------------------------|
| No Attachments Available |
|--------------------------|

APPROVALS:

| | | | |
|------------|-----------|-------------|--|
| Date/Time: | Approval: | Department: | |
|------------|-----------|-------------|--|

Print

Title – Adjourn until Tuesday, January 19, 2021 at 6:30 pm

Description:

Is this item budgeted?

Not Applicable

Fiscal Impact:

Management Recommendation:

ATTACHMENTS:

| | |
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| Name: | Description: |
|-------|--------------|

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|--------------------------|
| No Attachments Available |
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APPROVALS:

| | | | |
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| Date/Time: | Approval: | Department: | |
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