



# *Comprehensive Annual Financial Report*

CITY OF ALBEMARLE, NORTH CAROLINA



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

# **CITY OF ALBEMARLE NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**

**PREPARED BY:**

**CITY OF ALBEMARLE FINANCE DEPARTMENT**



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

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## **INTRODUCTORY SECTION**



**ALBEMARLE**  
NORTH CAROLINA  
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November 26, 2019

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, 2019 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, 2019. 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 16,109 according to the 2017 estimates issued from the State of North Carolina Office of State Budget and Management.

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

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

North Carolina General Statutes require formal budgetary accounting for all funds. The City Council is required to hold public hearings on the proposed budget and to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Albemarle's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. The City Manager is authorized to reallocate departmental appropriations as he considers necessary within the same fund and function; however, transfers between a fund and function need special approval from the governing board. Budgets are legally enacted by adoption by the governing board of an Annual Budget Ordinance which can be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. Budget to actual comparisons are included in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Expenditures may not legally exceed appropriations at the departmental 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 2,000 people.

Stanly County currently has a 4.2 percent unemployment rate compared to a statewide rate of 4.2 percent and a national average of 3.7 percent. Because of its location in a region with a varied economic base, unemployment had been relatively stable over the last year averaging between 3.2 -4.3%. During



the past ten years, the unemployment rate rose from an initial low of 4.86% (2007) to a decade high of 13.17% (2010); currently, we are back to a pre-recession unemployment rate of 4.2% (2019). Consistent with state and nationwide trends, Stanly County and the City of Albemarle continues to experience relatively flat unemployment rates.

Overall, new construction and renovation investment for FY 18-19 has seen over double the amount that was documented in FY 17-18. The total dollar amount of investment for both commercial and residential activity in FY 18-19 is \$13,742,635 compared to last FY 17-18 total of \$5,300,644. Commercial and industrial activity amount to 79.2% of the total fiscal year investment with commercial investment totaling \$10,881,291. The commercial sector experienced relatively significant growth due to larger scale capital improvements primarily in hospital renovations, retail and industrial expansions, new businesses, and the new Pfeiffer University Health Sciences Center being constructed in our downtown district. There are already noteworthy commercial projects underway or scheduled to begin soon that will be on next fiscal year's report; so Albemarle should expect to see similar or slightly increased commercial activity in FY 19-20.

The other 20.8% of development investment for FY 18-19 is comprised of residential development activity which totaled \$2,861,344. Residential activity doubled last fiscal year's investment due to a major multi-family development groundbreaking in east Albemarle and a significant uptick in new single-family homes. Major residential developments that began prior to the recession are now being completely filled in with new construction. In the last fiscal year, as well as currently, Albemarle has been experiencing homebuilders capitalizing on the availability of vacant parcels with existing utilities for new single-family housing opportunities. There are also two major subdivisions that were recently approved and another multi-family development under review that should be under construction by late FY 19-20 to keep the residential investment positively steady.

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 \$36,682, the County's was \$46,017, while the state's was \$50,320. The government's population recently increased from 15,903 (2010) to 16,106 as of July 1, 2018. With the new residential development has taken place within the downtown area we are expecting to see an increase next year.

## **MAJOR INITIATIVES**

Fiscal Year 2018-2019 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.

### **US 52 Water Treatment Facility Rehabilitation**

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

are anticipated for the facility after completion of the project for quite some time. The project cost was completed in this fiscal year at a cost of \$11.4 million. A North Carolina Department of Environmental Quality State Revolving Fund loan was secured for the project. The project is now complete and debt service payments have begun and will continue to thru calendar year 2038.

#### *Sanitary Sewer Rehabilitation (I&I) Phase II and Long Creek WWTP Electrical Rehabilitation and 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 Phase III project also captures the Years 2 and 3 electrical improvements out of a 6-year plan developed in 2014. The project budget is \$6,294,000. The City has been approved for Clean Water State Revolving Funds. The project is expected to complete in early 2020, and the debt service payments should begin in FY2021.

#### *Pfeiffer University Project*

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

#### *Self-insured Health Insurance*

With rising healthcare costs, the City believes it can avert huge healthcare increases by insurance companies. 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 recently been sold and the necessary players to facilitate redevelopment are coming together. The City continues to work with Retail Strategies to prevent retail leakage to other communities; this helps our sales tax revenue continue to rise.

#### *New Police Headquarters*

The City has hired an architect and construction manager at risk for the Police Building. The City has loan approval from the LGC and the project is now under construction. It is anticipated the project will cost \$4.2 million and is anticipated to be complete in 12 months.



### *Parks and Recreation*

The City of Albemarle completed a PARTIF Grant for Morehead Park which now includes a dog park. There was significant damage to Parks during Hurricane Florence and the City is working to get these parks back up and running. The City anticipates funding from FEMA for these repairs. The City also worked with Carolina Treetop Challenge to bring a ropes course to the Rock Creek Park area. This is a good example of private/public partnership to bring development to the City.

### *New Solid Waste Administration and Employee Building*

This project was for the design and construction of a new administration and employee facility. This building will provide office and training space, a kitchen facility an employee break room area and much needed adequate bath, shower and locker room accommodations for staff. This engineered building is approximately 5,100 square feet. This is the first major building construction for the Solid Waste Facility since the City began operation of the landfill in 1972. The project was completed in the spring of 2019 at a cost of just over \$1.4million.

### *Leachate Force Main Project*

The leachate force main project is for the design and construction of a leachate pump station and force main from our Sanitary Landfill on Stony Gap Rd to a tie-in point of the City's sanitary sewer system. This new delivery system will replace the pump and haul leachate disposal method with a direct force main connection and rehabilitate the existing pump station with a new, more efficient pump station. Funding for this project comes from North Carolina Department of Environmental Quality Clean Water State Revolving Fund Program for 20 years at 2.21% interest. Construction began in May 2017 and is was substantially completed in the spring of 2019.

## ***Long-term Financial Planning and Major Initiatives***

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 32.4 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.

## **ALBEMARLE BUSINESS CENTER**

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

## **PARKS AND RECREATION**

### *Greenway Development*

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

## **PUBLIC UTILITIES**

### *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.



## **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.

## **LANDFILL**

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. This project is estimated to cost approximately \$400,000.

### ***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, 2018. , This was the second

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,

A handwritten signature in dark ink, appearing to read "Michael J. Ferris", with a stylized flourish at the end.

Michael J. Ferris  
City Manager

A handwritten signature in dark ink, appearing to read "Colleen M. Conroy", with a stylized flourish at the end.

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, 2018**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF ALBEMARLE, NORTH CAROLINA**

**CITY GOVERNING BODY AND OFFICIALS**

**JUNE 30, 2019**

**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

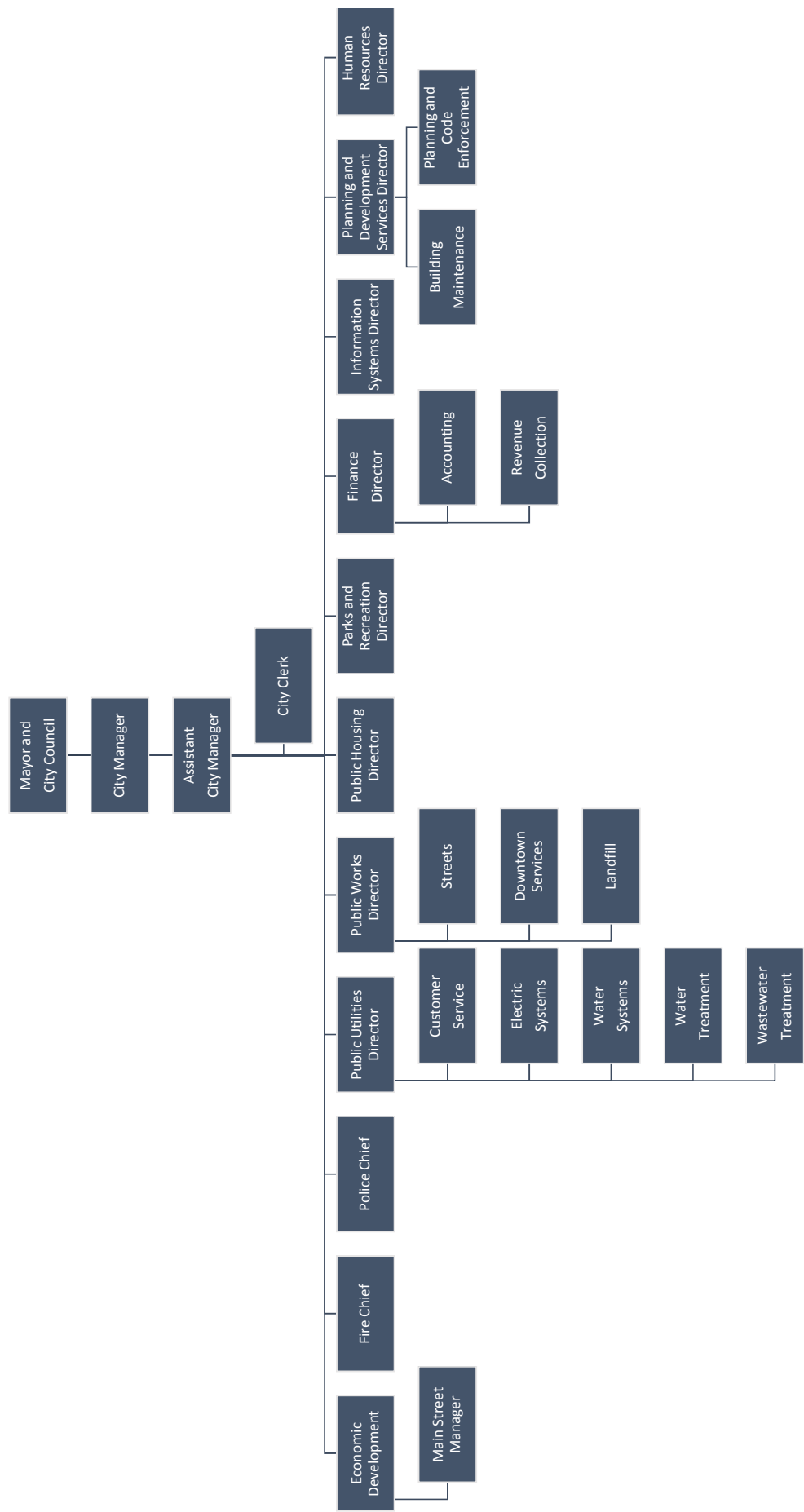
DAVID A. BEAVER

CITY ATTORNEY

PAULETTE BOWERS

CITY CLERK

# CITY ORGANIZATIONAL CHART





**ALBEMARLE**  
NORTH CAROLINA  
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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, 2019, 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 thereon 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 upon 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, 2019, 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 combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or the basic financial statements themselves, and other additional procedures in accordance with



auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the City of Albemarle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Albemarle's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 26, 2019



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

## **Management's Discussion and Analysis**

As management of the City of Albemarle, we offer readers of the City of Albemarle's financial statements this narrative overview and analysis of the financial activities of the City of Albemarle for the fiscal year ended June 30, 2019. 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**

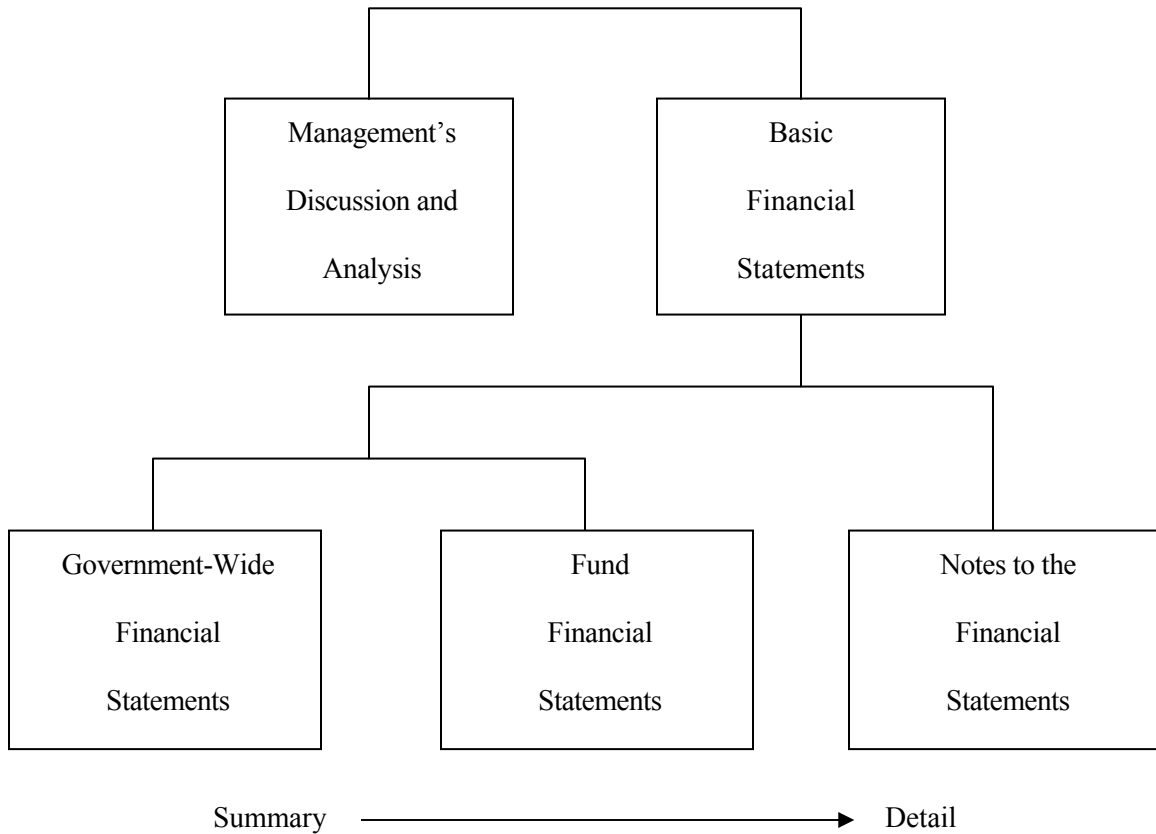
- The assets and deferred outflows of resources of the City of Albemarle exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$72,952,762.
- The government's total net position increased by \$6,202,765, primarily due to increased sales tax revenue and repayment 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.
- As of the close of the current fiscal year, the City of Albemarle's governmental funds reported combined ending fund balances of \$8,508,962, an increase of \$1,359,708 in comparison with the prior year. Approximately 39.0 percent of this total amount, or \$3,320,855, is restricted or non-spendable. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,760,370, or 30.6 percent of total General Fund expenditures for the fiscal year.
- The City of Albemarle's total debt decreased by \$2,392,632 during the current fiscal year. The key factor of the decrease is that the City finished paying off a fire truck & apparatus, a landfill excavator, information systems equipment, & police radios.

### **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

## **Government-wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

The City of Albemarle adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 28 through 73 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 74 through 78 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**

	<b>Activities</b>		<b>Activities</b>		<b>Totals</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets:</b>						
Current and other assets	\$ 10,619,344	\$ 9,322,086	\$ 24,348,902	\$ 22,753,356	\$ 34,968,246	\$ 32,075,442
Capital assets	20,006,121	19,260,547	72,802,798	72,597,229	92,808,919	91,857,776
Total assets	<u>30,625,465</u>	<u>28,582,633</u>	<u>97,151,700</u>	<u>95,350,585</u>	<u>127,777,165</u>	<u>123,933,218</u>
<b>Deferred Outflows of Resources</b>	<u>2,990,979</u>	<u>1,772,712</u>	<u>1,842,974</u>	<u>1,096,546</u>	<u>4,833,953</u>	<u>2,869,258</u>
<b>Liabilities:</b>						
Long-term liabilities	14,415,615	13,729,629	35,333,461	36,437,278	49,749,076	50,166,907
Other liabilities	1,823,048	1,718,779	6,991,325	7,306,998	8,814,373	9,025,777
Total liabilities	<u>16,238,663</u>	<u>15,448,408</u>	<u>42,324,786</u>	<u>43,744,276</u>	<u>58,563,449</u>	<u>59,192,684</u>
<b>Deferred Inflows of Resources</b>	<u>742,234</u>	<u>565,466</u>	<u>352,673</u>	<u>294,329</u>	<u>1,094,907</u>	<u>859,795</u>
<b>Net Position:</b>						
Net investment in capital assets	17,339,345	16,249,532	46,944,504	44,690,542	64,283,849	60,940,074
Restricted	3,238,404	2,490,055	-	-	3,238,404	2,490,055
Unrestricted	<u>(3,942,202)</u>	<u>(4,398,116)</u>	<u>9,372,711</u>	<u>7,717,984</u>	<u>5,430,509</u>	<u>3,319,868</u>
Total net position	<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>

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 \$72,952,762 as of June 30, 2019. The City's net position increased by \$6,202,765 for the fiscal year ended June 30, 2019. The largest portion of net position (88.1%) 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, \$3,238,404 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,430,509 is unrestricted.

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

- Increased sales tax revenue of approximately \$215,780 due to economic growth in the City
- Increase of .05 in property tax for repayment of debt incurred for a new police headquarters and land for economic development
- Continued diligence in collection of property taxes by maintaining a tax collection percentage of 97.15%

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

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,700,545	\$ 1,613,806	\$ 46,266,600	\$ 48,313,807	\$ 47,967,145	\$ 49,927,613
Operating grants and contributions	1,243,810	713,243	2,383,012	2,215,583	3,626,822	2,928,826
Capital grants and contributions	15,968	23,941	2,458,033	206,329	2,474,001	230,270
General revenues:						
Property taxes	6,873,954	6,218,480	-	-	6,873,954	6,218,480
Other taxes	5,945,536	5,678,176	149,002	169,766	6,094,538	5,847,942
Interest earned	209,123	46,992	269,501	69,370	478,624	116,362
Other	-	166,303	-	130,662	-	296,965
Total revenues	<u>15,988,936</u>	<u>14,460,941</u>	<u>51,526,148</u>	<u>51,105,517</u>	<u>67,515,084</u>	<u>65,566,458</u>
<b>Expenses:</b>						
General government	2,017,511	1,807,621	-	-	2,017,511	1,807,621
Public safety	8,021,031	7,740,486	-	-	8,021,031	7,740,486
Public works	3,370,980	3,362,049	-	-	3,370,980	3,362,049
Cultural and recreational	1,674,492	1,575,332	-	-	1,674,492	1,575,332
Interest on long-term debt	113,325	103,013	-	-	113,325	103,013
Water and sewer	-	-	9,779,782	9,748,310	9,779,782	9,748,310
Electric	-	-	30,402,233	31,976,701	30,402,233	31,976,701
Landfill	-	-	2,649,616	2,394,236	2,649,616	2,394,236
Public housing	-	-	3,283,349	3,345,221	3,283,349	3,345,221
Total expenses	<u>15,197,339</u>	<u>14,588,501</u>	<u>46,114,980</u>	<u>47,464,468</u>	<u>61,312,319</u>	<u>62,052,969</u>
Change in net position before transfers	791,597	(127,560)	5,411,168	3,641,049	6,202,765	3,513,489
Transfers in (out)	<u>1,502,479</u>	<u>793,152</u>	<u>(1,502,479)</u>	<u>(793,152)</u>	<u>-</u>	<u>-</u>
Change in net position	2,294,076	665,592	3,908,689	2,847,897	6,202,765	3,513,489
<b>Net Position:</b>						
Beginning of year - July 1	<u>14,341,471</u>	<u>13,675,879</u>	<u>52,408,526</u>	<u>49,560,629</u>	<u>66,749,997</u>	<u>63,236,508</u>
End of year - June 30	<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>



**Governmental Activities.** Governmental activities increased the City's net position by \$2,294,076. 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
- Moving to self-insurance for healthcare has curtailed high cost insurance hikes by insurance agencies and enabled to City to control cost of health insurance significantly
- Partnering with Pfeiffer University and with Carolina Treetop Challenge for economic development in the City
- Receipt of partial payment on an old debt previously written off
- Aggressive attitude toward downtown revitalization & street scape improvements

**Business-Type Activities.** Business-type activities increased the City of Albemarle's net position by \$3,908,689. 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
- Completed the renovation of the Highway 42 Water Treatment Plant
- Substantial completion of the Leachate Force Main project at the Landfill
- Substantial completion of the Solid Waste Landfill Employee Office Facility

### ***Financial Analysis of the City's Funds***

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

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

The General Fund is the chief operating fund of the City of Albemarle. At the end of the current fiscal year, City of Albemarle's unassigned fund balance in the General Fund was \$4,760,370, while total fund balance amounted to \$7,244,667. Unassigned General Fund balance represents 30.6 percent of total General Fund expenditures, while total fund balance represents 46.6 percent of that same amount.

At June 30, 2019, the governmental funds of City of Albemarle reported a combined fund balance of \$8,508,962, a 19.0 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 higher payment in lieu of taxes from enterprise funds, unanticipated repayment of a previously written off loan, a .05 property tax increase and a 5.8% increase in sales tax revenue.

**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 unspent funds for from prior year for demolition of abandoned property
- To appropriate grant funds for the Fire Department
- To appropriate fund balance for the purchase of property.
- Appropriate funds for transfer to the Business Park Project fund from the General Fund
- Appropriate funds to Police from reserved funds and drug substance tax for purchase of rifles
- Appropriate matching funds for the NCDOT widening project
- Appropriate fund balance for repairs to Parks after Hurricane Florence
- To transfer funds from the General Fund to the Police Headquarters Capital Project Fund
- Appropriate insurance proceeds for Police Department auto repairs

**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 \$2,330,142, for the Electric Fund, \$6,431,912; for the Landfill Fund (\$186,625); and for the Public Housing \$261,825. The total change in net position for each fund was (\$189,062), \$3,868,381, \$443,295, and (\$459,979), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Albemarle's business-type activities.

- Appropriate funds for transfer to the Business Park Project fund from the Water Sewer Fund
- Transfer funds from completed project to the Water and Sewer fund for purchase of automatic transfer switch
- Appropriate additional investment income proceeds for payment to Keller Partners for lobbying & grant writing
- Transfer funds from the Water and Sewer fund to the Inflow & Infiltration capital project closing costs
- Appropriate Insurance Proceeds for repairs to vehicles
- Appropriate Insurance Proceeds for roof repairs at Public Housing
- Appropriate additional income and expenditures for the Section 8 Housing Assistance

### **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, 2019, totals \$92,808,919 (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 3 Police Vehicles
- Purchase of Equipment & Vehicles for Public Works
- Purchase of switches, wireless access points & other equipment for City's Information System
- Purchase of land and buildings in General Fund
- Vehicle Exhaust Extraction System for Fire Department
- Utility Truck & Skid Steer for Powell Bill Fund
- Freight Elevator at Water Treatment Plant
- Conversion of all light fixtures at warehouse to LED
- Replace various equipment for Water/Sewer Fund
- Purchased Caterpillar Articulated Dump Truck for Landfill
- Roof replacement at Public Housing office building

- Replaced sheetrock/mold remediation & repair walls & ceiling at Public Housing offices
- Resurfacing of tennis courts
- New filtration system at swimming pool
- Construction of dog park
- Purchase new vehicle for City Manager
- Purchase of tire changer & balancer

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 4,384,333	\$ 4,281,615	\$ 1,036,477	\$ 1,047,061	\$ 5,420,810	\$ 5,328,676
Infrastructure	3,642,778	3,840,138	22,335,296	21,170,572	25,978,074	25,010,710
Other improvements	787,559	644,175	491,613	532,082	1,279,172	1,176,257
Buildings	7,256,349	7,341,628	37,707,176	38,160,830	44,963,525	45,502,458
Furniture and fixtures	9,599	28,797	15,764	47,810	25,363	76,607
Equipment	2,430,978	2,319,991	7,810,261	7,951,811	10,241,239	10,271,802
Construction in progress	1,494,525	804,203	3,406,211	3,687,063	4,900,736	4,491,266
Total	<u>\$ 20,006,121</u>	<u>\$ 19,260,547</u>	<u>\$ 72,802,798</u>	<u>\$ 72,597,229</u>	<u>\$ 92,808,919</u>	<u>\$ 91,857,776</u>

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

**Long-term Debt:** As of June 30, 2019, the City of Albemarle had no outstanding bonded debt.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Direct placement and direct borrowing - installment debt	\$ 2,666,776	\$ 3,011,015	\$25,733,358	\$27,906,687	\$28,400,134	\$30,917,702
Capital leases	-	-	124,936	-	124,936	-
Total	<u>\$ 2,666,776</u>	<u>\$ 3,011,015</u>	<u>\$25,858,294</u>	<u>\$27,906,687</u>	<u>\$28,525,070</u>	<u>\$30,917,702</u>

**City of Albemarle's Outstanding Debt**

The City of Albemarle's total debt decreased \$2,392,632 during the past fiscal year, primarily due to paying off some debt in Landfill, and Public Safety. There was also a reduction in the amount owed to the State from the Water and Sewer fund for a project completed that the City did not borrow the full amount of the approved amount. The City also had interfund loans for the addition and renovation to the Public Safety Facility issued by the Electric Fund and the Water and Sewer Fund which have been repaid in full. There is still an interfund loan from Parks/Recreation to the Electric Fund in the amount of \$313,918 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 \$57,164,055.

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

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

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

- The unemployment rate in Stanly County was 4.2 percent which is equal to the statewide rate of 4.2% and just above the national average of 3.7% for June 2019.
- Overall, new construction and renovation investment for FY 18-19 has seen over double the amount that was documented in FY 17-18. The total dollar amount of investment for both commercial and residential activity in FY 18-19 is \$13,742,635 compared to last FY 17-18 total of \$5,300,644. Commercial and industrial activity amount to 79.2% of the total fiscal year investment with commercial investment totaling \$10,881,291. The commercial sector experienced relatively significant growth due to larger scale capital improvements primarily in hospital renovations, retail and industrial expansions, new businesses, and the new Pfeiffer University Health Sciences Center being constructed in our downtown district. There are already noteworthy commercial projects underway or scheduled to begin soon that will be on next fiscal year's report; so Albemarle should expect to see similar or slightly increased commercial activity in FY 19-20.
- The other 20.8% of development investment for FY 18-19 is comprised of residential development activity which totaled \$2,861,344. Residential activity doubled last fiscal year's investment due to a major multi-family development groundbreaking in east Albemarle and a significant uptick in new single-family homes. Major residential developments that began prior to the recession are now being completely filled in with new construction. In the last fiscal year, as well as currently, Albemarle has been experiencing homebuilders capitalizing on the availability of vacant parcels with existing utilities for new single-family housing opportunities. There are also two major subdivisions that were recently approved and another multi-family development under review that should be under construction by late FY 19-20 to keep the residential investment positively steady.

### **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** Overall, the proposed General Fund budget totals \$17,295,209, representing a 1.35% increase from the 18/19 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. Additionally, the budget includes no increases in the motor vehicle registration fee nor planning and zoning fees. The budget does make an adjustment to the monthly solid waste collection fee (which includes recycling) and the solid waste disposal fee to keep this service self-funded. I believe it is always worth pointing out where the funds we collect go and what property taxes provide taxpayers. In this regard the operations of the Fire and Police Departments alone account for 54.39% of the General Fund budget expenditures. The total cost of these two departments is \$9,281,843 (an increase of \$262,303) while the proposed property tax

rate generates revenues totaling \$6,845,635. The difference is \$2,436,208 and would therefore require a 22.78-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.

Significant initiatives in the General Fund section of the proposed 19/20 budget are many. We will continue the implementation of the branding and streetscape initiatives and continue the services of retail strategies for the recruitment and retention of retail businesses to prevent leakage to other communities. The budget contains a \$25,000 increase in funding of street maintenance and repair, a high priority of the Mayor and Council. This increase brings the three-year total increase for this endeavor to approximately \$100,000. Additionally, the budget proposes the lease purchase of a street sweeper to replace the existing sweeper experiencing quite a bit of down time and repair costs and the acquisition of a paving machine to allow the City to pursue its aggressive street maintenance and preservation program. We have also budgeted for two major sidewalk rehabilitation projects in conjunction with the Pfeiffer construction and Police Headquarter projects. The acquisition of two Police vehicles, mobile data terminal replacement in the Police Department, the construction of a restroom facility at Optimist Park, funds for HVAC installation at the EE Waddell Community Center, funds for parking improvements at the EE Waddell Center, continuation of the LED lighting project for City Hall, and the continued bolstering of the City's technology infrastructure (cost shared by all funds) are all provided for in the budget. The City also included funds within the budget for the acquisition of SCBA equipment replacement for all fire suppression personnel. We will also continue to pursue the removal of dilapidated residential structures and other code issues.

The Powell Bill Fund is proposed at \$613,900 which is 9.21% 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 \$225,000 in Powell Bill funds. It also includes the purchase of a new mower for right of way maintenance and the City's share of the cost of the biennial municipal bridge inspection program.

**Business-Type Activities:** The Water and Sewer Fund budget is proposed at \$10,361,398 and is 9.55% lower than the current fiscal year adjusted budget (adjusted budget includes amendments to reflect the current budget authority). The proposed budget does include a 6.6% across-the-board water and sewer rate increase. This is a result of revenue lost from a significant reduction in consumption by a previously large user. The proposed rate increase, along with cuts to requested items in the budget, frozen positions, and a significant overall decrease in expenditures allow operations to continue with a balanced budget. This increase does follow a year with no change to the rate, making the two-year average comparable to past trends. Despite the challenges we face this year within the Water and Sewer Fund, there are many needs that will be addressed in the proposal. We will be undertaking significant Systems infrastructure projects, such as a sewer line replacement along Mill Street, the slip lining of a sewer line in the vicinity of the eastern terminus of Pee Dee Avenue and East Main Street, and the creation of loop in the water system on Forrest Avenue to improve water quality. We will also continue with routine maintenance and repairs as well as addressing I &I issues with the additional lining of manhole towers and the installation of additional AMR meters. We will make the second of three payments to the NCDOT for the utility relocation associated with the widening of NC Highway 24/27 from NC 740 to the Pee Dee River. Additionally, funds are budgeted to pay the City's share to relocate a water line as part of the NCDOT Bethany Road bridge replacement project.

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 \$32,568,960 and represents a .006% decrease from the current year adjusted budget (adjusted budget includes amendments to reflect the current budget authority). For the fifth consecutive year, the budget does not propose any increase in electric rates, and it is worth noting that during this five-year period rates have been reduced 5.6%, including the 4% reduction in FY 18/19. 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 the replacement of a service truck and a bucket truck. Both of these vehicles have been cut from the previous budgets and are needs that must be addressed. We have also budgeted for the upgrade of software and hardware for the SCADA system and a recloser benefiting system reliability and employee safety. We continue funding of the pole inspection and replacement program that began in 15/16. We have also budgeted for the design and replacement of the control house at the Lee-Lynn electric substation, which serves as one of our three electric delivery points for the City. The Electric Fund budget also continues to fund its proportionate share of our overall economic development activities.

The Solid Waste Disposal Fund is proposed at \$2,978,500 in FY 19/20, representing a decrease of 5.49% from FY 18/19 adjusted budget (adjusted budget includes amendments to reflect the current budget authority). I am recommending a \$1.00 per ton tipping fee increase for municipal solid waste (MSW) and construction and demolition (C&D) disposal, the first such increase of any kind in 3 years. This, and reductions to the Departmental requests, allows the Fund to meet needs and carry out obligations without any appropriation of fund balance. There is no proposed change in the \$1.00 per ton fee specifically designated for closure and post-closure costs. The Solid Waste Disposal budget includes principal and interest payments for the force main sewer leachate line. It also includes a payment to continue to rebuild our reserves, as we borrowed from ourselves and utilized Landfill cash to pay for the construction of the Employee Facility and made the commitment to replenish our reserves. Additionally, the budget plans for the acquisition of a used backhoe, a 4x4 utility vehicle for use around the site, a bush hog, one replacement vehicle, and a used dozer.

In all funds, the budget proposal does include a 2.0% cost of living adjustment for all employees to become effective in July. This will allow us to keep up to date with salary study results of 5 years ago and enable employee pay to keep pace with the rising cost of goods and services they utilize in their lives. Additionally, the City will provide 1.0% 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, or issues of market competitiveness. Overall, funding is slightly increased from the level it has been in recent years, but still less overall than in previous years. The reason for the increase is due to the increasing cost of living and our desire to continue to provide funds to address the variety of compensation issues mentioned above so we can retain our current employees by remaining competitive, as well as being able to recruit quality employees. This budget and proposed activities enable the City to continue to perform its essential mission, is financially responsible, and continue to provide for quality services.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 8,971,346	\$ 14,284,908	\$ 23,256,254	\$ 584,426
Taxes receivable - net	447,708	-	447,708	-
Accounts receivable - net	190,459	5,548,423	5,738,882	-
Due from other governments	1,552,809	-	1,552,809	-
Internal balances	(849,375)	849,375	-	-
Inventories	17,098	2,446,324	2,463,422	344,538
Prepaid expenses	65,353	82,411	147,764	8,874
Restricted cash	165,846	1,137,461	1,303,307	-
Total current assets	10,561,244	24,348,902	34,910,146	937,838
Non-current assets:				
Security deposits	58,100	-	58,100	-
Net pension asset	-	-	-	45,933
Capital assets:				
Land and construction in progress	5,878,858	4,442,688	10,321,546	222,167
Other capital assets, net of depreciation	14,127,263	68,360,110	82,487,373	758,819
Total capital assets	20,006,121	72,802,798	92,808,919	980,986
Total non-current assets	20,064,221	72,802,798	92,867,019	1,026,919
Total assets	30,625,465	97,151,700	127,777,165	1,964,757
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	2,305,897	1,408,438	3,714,335	42,300
OPEB deferrals	685,082	434,536	1,119,618	-
Total deferred outflows of resources	2,990,979	1,842,974	4,833,953	42,300
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,015,707	3,458,000	4,473,707	177,180
Current portion of long-term liabilities	777,983	2,350,354	3,128,337	-
Accrued interest payable	16,908	45,510	62,418	-
Liabilities payable from restricted assets:				
Customer deposits	5,000	1,137,461	1,142,461	-
Advances from grantors	7,450	-	7,450	-
Total current liabilities	1,823,048	6,991,325	8,814,373	177,180

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2019

	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	-	4,686,705	4,686,705	-
Total OPEB liability	7,282,607	4,835,177	12,117,784	-
Total pension liability - LEOSSA	1,857,649	-	1,857,649	-
Due in more than one year	2,534,886	23,967,027	26,501,913	-
Net pension liability	2,740,473	1,844,552	4,585,025	89,705
Total long-term liabilities	14,415,615	35,333,461	49,749,076	89,705
Total liabilities	16,238,663	42,324,786	58,563,449	266,885
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	2,901	-	2,901	-
Pension deferrals	225,449	56,398	281,847	18,081
OPEB deferrals	513,884	296,275	810,159	-
Total deferred inflows of resources	742,234	352,673	1,094,907	18,081
<b>Net Position:</b>				
Net investment in capital assets	17,339,345	46,944,504	64,283,849	980,986
Restricted for:				
Stabilization by state statute	1,742,482	-	1,742,482	-
Streets	153,396	-	153,396	-
Other functions	1,342,526	-	1,342,526	-
Working capital	-	-	-	103,343
Unrestricted	(3,942,202)	9,372,711	5,430,509	637,762
Total net position	\$ 16,635,547	\$ 56,317,215	\$ 72,952,762	\$ 1,722,091

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, 2019

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 2,017,511	\$ 29,154	\$ 100,825	\$ -
Public safety	8,021,031	78,641	49,770	-
Public works	3,370,980	1,471,735	1,038,531	-
Cultural and recreational	1,674,492	121,015	54,684	15,968
Interest on long-term debt	113,325	-	-	-
Total governmental activities	<u>15,197,339</u>	<u>1,700,545</u>	<u>1,243,810</u>	<u>15,968</u>
<b>Business-Type Activities:</b>				
Water and sewer	9,779,782	10,195,261	39,593	-
Electric	30,402,233	32,561,229	107,450	2,430,864
Landfill	2,649,616	2,891,829	19,613	-
Department of Public Housing	3,283,349	618,281	2,216,356	27,169
Total business-type activities	<u>46,114,980</u>	<u>46,266,600</u>	<u>2,383,012</u>	<u>2,458,033</u>
Total primary government	<u>\$ 61,312,319</u>	<u>\$ 47,967,145</u>	<u>\$ 3,626,822</u>	<u>\$ 2,474,001</u>
<b>Component Unit:</b>				
Albemarle ABC Board	<u>\$ 3,455,824</u>	<u>\$ 3,505,268</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, 2019

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (1,887,532)	\$ -	\$ (1,887,532)	
Public safety	(7,892,620)	-	(7,892,620)	
Public works	(860,714)	-	(860,714)	
Cultural and recreational	(1,482,825)	-	(1,482,825)	
Interest on long-term debt	(113,325)	-	(113,325)	
Total governmental activities	(12,237,016)	-	(12,237,016)	
<b>Business-Type Activities:</b>				
Water and sewer	-	455,072	455,072	
Electric	-	4,697,310	4,697,310	
Landfill	-	261,826	261,826	
Department of public housing	-	(421,543)	(421,543)	
Total business-type activities	-	4,992,665	4,992,665	
Total primary government	(12,237,016)	4,992,665	(7,244,351)	
<b>Component Unit:</b>				
Albemarle ABC Board				\$ 49,444
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purposes	6,873,954	-	6,873,954	-
Local option sales tax	4,079,244	-	4,079,244	-
Other taxes and licenses	1,866,292	149,002	2,015,294	-
Investment earnings	209,123	269,501	478,624	10,990
Total general revenues, excluding transfers	13,028,613	418,503	13,447,116	10,990
Transfers	1,502,479	(1,502,479)	-	-
Total general revenues and transfers	14,531,092	(1,083,976)	13,447,116	10,990
Change in net position	2,294,076	3,908,689	6,202,765	60,434
<b>Net Position:</b>				
Beginning of year, July 1	14,341,471	52,408,526	66,749,997	1,661,657
Net position, end of year	\$ 16,635,547	\$ 56,317,215	\$ 72,952,762	\$ 1,722,091

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

CITY OF ALBEMARLE, NORTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Major Fund General Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 6,258,917	\$ 1,353,750	\$ 7,612,667
Receivables, net			
Taxes receivable - net	447,708	-	447,708
Accounts receivable - net	180,906	-	180,906
Interest	9,553	-	9,553
Due from other governments	1,552,809	-	1,552,809
Inventories	17,098	-	17,098
Prepays	65,353	-	65,353
Restricted cash	165,846	-	165,846
Total assets	<u>\$ 8,698,190</u>	<u>\$ 1,353,750</u>	<u>\$ 10,051,940</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 675,760	\$ 89,455	\$ 765,215
Due to other funds	91,130	-	91,130
Advances from other funds	222,788	-	222,788
Liabilities to be paid from restricted assets:			
Customer deposits	5,000	-	5,000
Advances from grantor	7,450	-	7,450
Total liabilities	<u>1,002,128</u>	<u>89,455</u>	<u>1,091,583</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes receivable	447,708	-	447,708
License fees receivable	786	-	786
Prepaid taxes	2,901	-	2,901
Total deferred inflows of resources	<u>451,395</u>	<u>-</u>	<u>451,395</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	17,098	-	17,098
Prepays	65,353	-	65,353
Restricted:			
Stabilization by state statute	1,742,482	-	1,742,482
Streets - Powell Bill	153,396	-	153,396
Public safety	74,108	139,008	213,116
Parks and recreation	-	748,636	748,636
Economic development	4,123	376,651	380,774
Assigned:			
Subsequent year's expenditures	350,000	-	350,000
Parks and recreation	62,537	-	62,537
Streets - Health insurance	15,200	-	15,200
Unassigned	4,760,370	-	4,760,370
Total fund balances	<u>7,244,667</u>	<u>1,264,295</u>	<u>8,508,962</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,698,190</u>	<u>\$ 1,353,750</u>	<u>\$ 10,051,940</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, 2019**

	<b><u>Total Governmental Funds</u></b>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balance - governmental funds	\$ 8,508,962
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,006,121
Deferred outflows of resources related to pensions are not reported in the funds.	2,305,897
Deferred outflows of resources related to OPEB are not reported in the funds.	685,082
Other long-term assets (taxes, license receivable) are not available to pay for current period expenditures and, therefore, are deferred in the funds.	448,494
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.	1,166,287
Consolidation adjustment for internal balances between Internal Service Fund and the governmental funds	(535,457)
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	(2,666,776)
Total pension liability (LEOSSA)	(1,857,649)
Total OPEB liability	(7,282,607)
Compensated absences	(646,093)
Net pension liability	(2,740,473)
Accrued interest payable	(16,908)
Deferred inflows of resources related to pensions are not reported in the funds.	(225,449)
Deferred inflows of resources related to OPEB are not reported in the funds.	<u>(513,884)</u>
Net position of governmental activities	<b><u>\$ 16,635,547</u></b>

*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, 2019**

	<b>Major Fund General Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 6,904,421	\$ -	\$ 6,904,421
Other taxes and licenses	258,542	-	258,542
Unrestricted intergovernmental	5,686,994	-	5,686,994
Restricted intergovernmental	746,976	15,968	762,944
Permits and fees	53,489	-	53,489
Sales and services	1,551,257	-	1,551,257
Investment earnings	171,890	15,813	187,703
Miscellaneous	620,760	-	620,760
Total revenues	<u>15,994,329</u>	<u>31,781</u>	<u>16,026,110</u>
<b>Expenditures:</b>			
Current			
General government	2,183,069	-	2,183,069
Public safety	7,795,770	-	7,795,770
Public works	3,235,635	-	3,235,635
Cultural and recreation	1,619,202	-	1,619,202
Debt service:			
Principal retirement	611,197	-	611,197
Interest and other charges	104,638	-	104,638
Capital outlay	-	886,328	886,328
Total expenditures	<u>15,549,511</u>	<u>886,328</u>	<u>16,435,839</u>
Revenues over (under) expenditures	<u>444,818</u>	<u>(854,547)</u>	<u>(409,729)</u>
<b>Other Financing Sources (Uses):</b>			
Long-term debt issued	266,958	-	266,958
Transfers from other funds	1,274,727	1,559,097	2,833,824
Transfers to other funds	(1,314,632)	(16,713)	(1,331,345)
Total other financing sources (uses)	<u>227,053</u>	<u>1,542,384</u>	<u>1,769,437</u>
Net change in fund balances	671,871	687,837	1,359,708
<b>Fund Balances:</b>			
Beginning of year, July 1	<u>6,572,796</u>	<u>576,458</u>	<u>7,149,254</u>
End of year, June 30	<u>\$ 7,244,667</u>	<u>\$ 1,264,295</u>	<u>\$ 8,508,962</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, 2019**

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

Net changes in fund balances - total governmental funds	\$ 1,359,708
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	1,922,561
Depreciation	(1,148,074)
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	(30,467)
License fees	786
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	4,744
Pension expense (LGERS)	(176,013)
Pension expense (LEOSSA)	49,865
OPEB plan expense	201,404
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	(266,958)
Principal payments on installment purchase obligations	611,197
Decrease in accrued interest payable	(8,687)
Consolidation adjustment for the Internal Service Fund and the governmental funds	
Net revenue of the Internal Service Fund	48,977
Portion of net revenue allocated to business-type activities	(246,054)
Net book value of property disposed of during the year	<u>(28,913)</u>
Total changes in net position of governmental activities	<u>\$ 2,294,076</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, 2019

	Budgeted Amounts			Variance with
	Original Budget	Final Budget	Actual	Final Budget Over/Under
<b>Revenues:</b>				
Ad valorem taxes	\$ 6,801,170	\$ 6,801,170	\$ 6,904,421	\$ 103,251
Other taxes and licenses	221,900	221,900	258,542	36,642
Unrestricted intergovernmental	5,598,927	5,598,927	5,686,994	88,067
Restricted intergovernmental	649,925	656,320	746,976	90,656
Permits and fees	37,100	37,100	53,489	16,389
Sales and services	1,489,050	1,489,050	1,551,257	62,207
Investment earnings	61,300	66,300	171,890	105,590
Miscellaneous	75,176	145,833	620,760	474,927
Total revenues	<u>14,934,548</u>	<u>15,016,600</u>	<u>15,994,329</u>	<u>977,729</u>
<b>Expenditures:</b>				
Current:				
General government	1,924,663	2,253,063	2,183,069	69,994
Public safety	8,310,340	8,384,617	7,795,770	588,847
Public works	3,449,910	3,449,910	3,235,635	214,275
Cultural and recreational	1,531,890	1,734,340	1,619,202	115,138
Debt service				
Principal	1,123,320	977,070	611,197	365,873
Interest	237,125	145,125	104,638	40,487
Contingency	7,000	7,000	-	7,000
Total expenditures	<u>16,584,248</u>	<u>16,951,125</u>	<u>15,549,511</u>	<u>1,401,614</u>
Revenues over (under) expenditures	<u>(1,649,700)</u>	<u>(1,934,525)</u>	<u>444,818</u>	<u>2,379,343</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	273,000	273,000	266,958	(6,042)
Transfers from other funds	1,251,800	1,251,800	1,274,727	22,927
Transfers to other funds	(275,000)	(1,314,632)	(1,314,632)	-
Appropriated fund balance	399,900	1,724,357	-	(1,724,357)
Total other financing sources (uses)	<u>1,649,700</u>	<u>1,934,525</u>	<u>227,053</u>	<u>(1,707,472)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	671,871	<u>\$ 671,871</u>
<b>Fund Balance:</b>				
Beginning of year, July 1			<u>6,572,796</u>	
End of year, June 30			<u>\$ 7,244,667</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, 2019

	Major Funds					
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	Internal Service Fund
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 3,995,291	\$ 4,352,147	\$ 5,136,384	\$ 801,086	\$ 14,284,908	\$ 1,358,679
Accounts receivable - net	1,149,414	4,007,124	362,582	29,303	5,548,423	-
Due from other funds	-	91,130	-	-	91,130	-
Inventories	341,408	2,104,916	-	-	2,446,324	-
Prepaid expenses	25,662	54,148	1,331	1,270	82,411	-
Restricted cash and cash equivalents	148,846	945,111	-	43,504	1,137,461	-
Total current assets	5,660,621	11,554,576	5,500,297	875,163	23,590,657	1,358,679
Non-current assets:						
Advances to other funds	-	222,788	-	-	222,788	-
Security deposits	-	-	-	-	-	58,100
Capital assets:						
Land, improvements and construction in progress	1,174,766	2,482,840	621,577	163,505	4,442,688	-
Other capital assets, net of depreciation	49,218,954	8,947,892	5,147,823	5,045,441	68,360,110	-
Total capital assets, net	50,393,720	11,430,732	5,769,400	5,208,946	72,802,798	-
Total non-current assets	50,393,720	11,653,520	5,769,400	5,208,946	73,025,586	58,100
Total assets	56,054,341	23,208,096	11,269,697	6,084,109	96,616,243	1,416,779
<b>Deferred Outflows of Resources:</b>						
Pension deferrals	724,350	402,260	161,045	120,783	1,408,438	-
OPEB deferrals	217,976	128,992	49,332	38,236	434,536	-
Total deferred outflows of resources	942,326	531,252	210,377	159,019	1,842,974	-
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities	270,399	2,758,100	346,790	82,711	3,458,000	250,492
Compensated absences - current	84,465	74,109	20,511	14,756	193,841	-
Accrued interest payable	35,235	3,209	7,066	-	45,510	-
Current portion of long-term liabilities	1,724,178	152,333	280,002	-	2,156,513	-
Liabilities to be paid from restricted assets:						
Customer deposits	148,846	945,111	-	43,504	1,137,461	-
Total current liabilities	2,263,123	3,932,862	654,369	140,971	6,991,325	250,492
Non-current liabilities:						
Accrued landfill closure and postclosure costs	-	-	4,686,705	-	4,686,705	-
Compensated absences	141,214	66,181	33,738	24,113	265,246	-
Total OPEB liability	2,472,908	1,393,203	551,981	417,085	4,835,177	-
Installment purchase agreements payable - non-current	21,823,564	470,135	1,408,082	-	23,701,781	-
Net pension liability	948,631	526,948	210,842	158,131	1,844,552	-
Total non-current liabilities	25,386,317	2,456,467	6,891,348	599,329	35,333,461	-
Total liabilities	27,649,440	6,389,329	7,545,717	740,300	42,324,786	250,492
<b>Deferred Inflows of Resources:</b>						
Pension deferrals	29,005	16,108	6,449	4,836	56,398	-
OPEB deferrals	142,102	93,735	33,217	27,221	296,275	-
Total deferred inflows of resources	171,107	109,843	39,666	32,057	352,673	-
<b>Net Position:</b>						
Net investment in capital assets	26,845,978	10,808,264	4,081,316	5,208,946	46,944,504	-
Unrestricted	2,330,142	6,431,912	(186,625)	261,825	8,837,254	1,166,287
Total net position	\$ 29,176,120	\$ 17,240,176	\$ 3,894,691	\$ 5,470,771	55,781,758	\$ 1,166,287
Adjustment to reflection the consolidation of internal service fund activities related to enterprise funds					535,457	
Net position of business-type activities					\$ 56,317,215	

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, 2019

	Major Funds					
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	Internal Service Fund
<b>Operating Revenues:</b>						
Charges for sales and services	\$ 9,905,081	\$ 31,404,375	\$ 2,828,238	\$ -	\$ 44,137,694	\$ -
Rental income	-	-	-	541,652	541,652	-
Interfund charges and employee contributions	-	-	-	-	-	3,191,491
Other	182,228	1,120,213	63,591	46,574	1,412,606	-
Total operating revenues	10,087,309	32,524,588	2,891,829	588,226	46,091,952	3,191,491
<b>Operating Expenses:</b>						
Administration	1,417,919	1,931,887	-	809,646	4,159,452	185,576
Water treatment plant	2,035,298	-	-	-	2,035,298	-
Sewer treatment plant	1,598,327	-	-	-	1,598,327	-
Systems division	1,624,176	-	-	-	1,624,176	-
Customer service	104,796	92,915	-	-	197,711	-
Electric operations	-	27,762,721	-	-	27,762,721	-
Landfill operations	-	-	1,855,377	-	1,855,377	-
Landfill closure and post-closure care costs	-	-	263,734	-	263,734	-
Utilities	-	-	-	351,845	351,845	-
Ordinary maintenance and operation	-	-	-	308,979	308,979	-
General expenses	-	-	-	53,169	53,169	-
Housing assistance program	-	-	-	1,362,160	1,362,160	-
Depreciation	2,774,341	673,669	495,805	423,632	4,367,447	-
Health benefit claims and premiums	-	-	-	-	-	2,978,358
Total operating expense	9,554,857	30,461,192	2,614,916	3,309,431	45,940,396	3,163,934
Operating income (loss)	532,452	2,063,396	276,913	(2,721,205)	151,556	27,557
<b>Non-Operating Revenues (Expenses):</b>						
Solid waste, scrap tire and white goods disposal tax	-	-	149,002	-	149,002	-
Operating grants	39,593	107,450	19,613	2,216,356	2,383,012	-
Gain (loss) on disposal of capital assets	14,371	23,603	(11,017)	5,322	32,279	-
Investment earnings	85,990	79,181	97,870	6,460	269,501	21,420
Interest and other charges	(348,689)	(12,151)	(48,781)	-	(409,621)	-
Other	93,581	13,038	-	24,733	131,352	-
Total non-operating revenues (expenses)	(115,154)	211,121	206,687	2,252,871	2,555,525	21,420
Income (loss) before contributions and transfers	417,298	2,274,517	483,600	(468,334)	2,707,081	48,977
<b>Capital Contributions and Transfers:</b>						
Capital contributions	-	2,430,864	-	27,169	2,458,033	-
Transfers in	-	25,000	-	-	25,000	-
Transfers out	(606,360)	(862,000)	(40,305)	(18,814)	(1,527,479)	-
Total contributions and transfers	(606,360)	1,593,864	(40,305)	8,355	955,554	-
Change in net position	(189,062)	3,868,381	443,295	(459,979)	3,662,635	48,977
<b>Net Position:</b>						
Beginning of year, July 1	29,365,182	13,371,795	3,451,396	5,930,750		1,117,310
End of year, June 30	\$ 29,176,120	\$ 17,240,176	\$ 3,894,691	\$ 5,470,771		\$ 1,166,287
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					246,054	
Change in net position - business-type activities					\$ 3,908,689	

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, 2019

	Major Funds					
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	Internal Service Fund
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers	\$ 10,151,684	\$ 32,142,055	\$ 2,952,408	\$ 588,313	\$ 45,834,460	\$ 3,191,614
Cash paid for goods and services	(3,030,653)	(27,281,794)	(1,083,509)	(2,481,142)	(33,877,098)	(3,095,847)
Cash paid to employees for services	(3,725,259)	(2,717,933)	(790,809)	(386,931)	(7,620,932)	-
Net cash provided (used) by operating activities	3,395,772	2,142,328	1,078,090	(2,279,760)	4,336,430	95,767
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Operating grants and subsidies	39,593	107,450	19,613	2,216,356	2,383,012	-
(Increase) decrease in advances to other funds/ due from other funds	52,562	196,269	-	-	248,831	-
Transfers from other funds	-	25,000	-	-	25,000	-
Transfers to other funds	(606,360)	(862,000)	(40,305)	(18,814)	(1,527,479)	-
Total cash flows from non-capital financing activities	(514,205)	(533,281)	(20,692)	2,197,542	1,129,364	-
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition of capital assets	(1,458,535)	(2,450,201)	(583,207)	(105,521)	(4,597,464)	-
Principal paid on bonds and installment purchase agreements	(1,788,314)	(146,900)	(282,417)	(345)	(2,217,976)	-
Interest paid on bonds and installment purchase agreements	(345,357)	(12,997)	(71,262)	-	(429,616)	-
Proceeds from issuance of long-term debt	102,284	67,299	-	-	169,583	-
Capital grants	-	2,430,864	-	27,169	2,458,033	-
Proceeds from sale of assets	24,955	23,603	2,847	5,322	56,727	-
Net cash provided (used) by capital and related financing activities	(3,464,967)	(88,332)	(934,039)	(73,375)	(4,560,713)	-
<b>Cash Flows from Investing Activities:</b>						
Interest earned on investments	85,990	79,181	97,870	6,460	269,501	21,420
Net increase (decrease) in cash and cash equivalents	(497,410)	1,599,896	221,229	(149,133)	1,174,582	117,187
<b>Cash and Cash Equivalents:</b>						
Beginning of year - July 1	4,641,547	3,697,362	4,915,155	993,723	14,247,787	1,241,492
End of year - June 30	\$ 4,144,137	\$ 5,297,258	\$ 5,136,384	\$ 844,590	\$ 15,422,369	\$ 1,358,679
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ 532,452	\$ 2,063,396	\$ 276,913	\$ (2,721,205)	\$ 151,556	\$ 27,557
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	2,774,341	673,669	495,805	423,632	4,367,447	-
Other receipts	93,581	13,038	149,002	24,733	280,354	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in accounts receivable	(30,556)	(381,999)	(88,423)	(25,024)	(526,002)	123
(Increase) decrease in inventory	2,212	87,599	-	-	89,811	-
(Increase) decrease in prepaid expenses	5,564	(6,502)	13,388	-	12,450	-
(Increase) decrease in security deposits	-	-	-	-	-	(58,100)
(Increase) decrease in deferred outflows - pensions	(257,384)	(142,935)	(57,224)	(42,918)	(500,461)	-
(Increase) decrease in deferred outflows - OPEB	(120,996)	(75,135)	(27,771)	(22,065)	(245,967)	-
Increase (decrease) in accounts payable and accrued liabilities	72,850	(269,050)	(26,615)	25,795	(197,020)	126,187
Increase (decrease) in net pension liability	322,286	178,978	71,654	53,740	626,658	-
Increase (decrease) in deferred inflows of resources - pensions	(3,973)	(2,206)	(883)	(663)	(7,725)	-
Increase (decrease) in deferred inflows of resources - OPEB	23,709	27,986	6,895	7,479	66,069	-
Increase (decrease) in customer deposits	1,350	(13,572)	-	378	(11,844)	-
Increase (decrease) in compensated absences	17,420	(10,241)	7,680	(2,193)	12,666	-
Increase (decrease) in other post-employment benefits	(37,084)	(698)	(6,065)	(1,449)	(45,296)	-
Increase (decrease) in accrued landfill post-closure costs	-	-	263,734	-	263,734	-
Total adjustments	2,863,320	78,932	801,177	441,445	4,184,874	68,210
Net cash provided (used) by operating activities	\$ 3,395,772	\$ 2,142,328	\$ 1,078,090	\$ (2,279,760)	\$ 4,336,430	\$ 95,767

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

### **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, 2019

*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.

The City reports the following nonmajor governmental funds:

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

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

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

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

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

**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, 2019

The City reports the following major enterprise funds:

**Water and Sewer Fund.** This fund is used to account for the City's water and sewer operations. The Water and Sewer (CKA) Capital Project Fund, Water and Sewer Utility Relocation Capital Project Fund, 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, 2019

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, 2019**

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 and the Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds, and the Enterprise Capital Project Funds. The enterprise capital project funds are consolidated with their respective operating funds for reporting purposes. The City's Health Insurance Fund and Internal Service Fund operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and 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, 2019**

### **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 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, 2019, The Term portfolio has a duration of .11 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, 2019

### Restricted Assets

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

#### Governmental Activities:

##### General Fund:

Streets	\$ 153,396
Advances from grantors	7,450
Customer deposits	<u>5,000</u>
Total governmental activities	<u>\$ 165,846</u>

#### Business-Type Activities:

##### Water and Sewer Fund:

Customer deposits	\$ 148,846
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##### Electric Fund:

Customer deposits	945,111
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##### Department of Public Housing:

Customer deposits	<u>43,504</u>
Total business-type activities	<u>1,137,461</u>
Total restricted cash	<u>\$ 1,303,307</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, 2018. 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, 2019**

### **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:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
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, 2019

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, 2019

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 considered a resource upon which a restriction is "imposed by law through constitutional

## CITY OF ALBEMARLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

**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.



# **CITY OF ALBEMARLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

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 noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City or the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits but relies on

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, the City's deposits had a carrying amount of \$12,148,388 and a bank balance of \$12,353,320. Of the bank balance, \$855,496 was covered by federal depository insurance, \$628,835 was covered by collateral held under the dedicated method and \$10,868,989 was covered by collateral held under the pooling method. At June 30, 2019, the City's petty cash fund totaled \$3,248.

At June 30, 2019, the carrying amount of deposits for the ABC Board was \$581,940 and the bank balance was \$546,268. Of the bank balance, the portion not covered by federal depository insurance was collateralized under the pooling method. At June 30, 2019, the ABC Board's petty cash fund totaled \$2,486.

### Investments

At June 30, 2019, 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	\$ 931,144	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	8,759,168	.11 years	Unrated
U.S. Government Agencies	Fair Value - Level 2	673,313	1-3 years	AAA
U.S. Treasuries	Fair Value - Level 1	2,044,300	1-3 years	AAA
Total		<u>\$ 12,407,925</u>		

\*As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 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 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, 2019

*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, 2019. 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 AAA 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, 2019 are net of the following allowances for doubtful accounts:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Taxes receivable	\$ 226,835	\$ -
Accounts receivable	-	12,674
Total	<u>\$ 226,835</u>	<u>\$ 12,674</u>

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

	<b>Governmental Activities</b>
Sales and use tax distribution	\$ 999,455
Sales tax refund	280,669
Grants	103,740
Motor vehicle tax	144,666
Other	24,279
Total	<u>\$ 1,552,809</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Capital Assets

#### Primary Government

Capital asset activity for the primary government for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 4,281,615	\$ 102,718	\$ -	\$ -	\$ 4,384,333
Construction in progress	804,203	952,554	-	(262,232)	1,494,525
Total non-depreciable capital assets	<u>5,085,818</u>	<u>1,055,272</u>	<u>-</u>	<u>(262,232)</u>	<u>5,878,858</u>
<b>Depreciable Capital Assets:</b>					
Buildings	12,009,892	326,618	-	16,180	12,352,690
Other improvements	1,167,471	-	-	176,217	1,343,688
Infrastructure	6,881,727	-	-	-	6,881,727
Furniture and fixtures	211,999	-	-	-	211,999
Equipment	7,457,922	540,671	(213,340)	78,367	7,863,620
Total depreciable capital assets	<u>27,729,011</u>	<u>867,289</u>	<u>(213,340)</u>	<u>270,764</u>	<u>28,653,724</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	4,668,264	428,077	-	-	5,096,341
Other improvements	523,296	32,833	-	-	556,129
Infrastructure	3,041,589	197,360	-	-	3,238,949
Furniture and fixtures	183,202	19,198	-	-	202,400
Equipment	5,137,931	470,606	(184,427)	8,532	5,432,642
Total accumulated depreciation	<u>13,554,282</u>	<u>\$ 1,148,074</u>	<u>\$ (184,427)</u>	<u>\$ 8,532</u>	<u>14,526,461</u>
Total depreciable capital assets, net	<u>14,174,729</u>				<u>14,127,263</u>
Governmental activities capital assets, net	<u>\$ 19,260,547</u>				<u>\$ 20,006,121</u>

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

<b>Governmental Activities:</b>	
General government	\$ 394,168
Public safety	282,895
Public works	240,817
Cultural and recreational	230,194
Total depreciation expense	<u>\$ 1,148,074</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital asset activity for business-type activities for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>					
<b>Water Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 155,812	\$ -	\$ (10,584)	\$ -	\$ 145,228
Construction in progress	<u>344,265</u>	<u>685,273</u>	<u>-</u>	<u>-</u>	<u>1,029,538</u>
Total non-depreciable capital assets	<u>500,077</u>	<u>685,273</u>	<u>(10,584)</u>	<u>-</u>	<u>1,174,766</u>
<b>Depreciable Capital Assets:</b>					
Buildings	52,409,700	73,511	-	-	52,483,211
Water and sewer lines	40,638,124	48,306	-	-	40,686,430
Furniture and fixtures	95,991	-	-	-	95,991
Equipment and vehicles	<u>9,337,798</u>	<u>651,445</u>	<u>(75,162)</u>	<u>-</u>	<u>9,914,081</u>
Total depreciable capital assets	<u>102,481,613</u>	<u>773,262</u>	<u>(75,162)</u>	<u>-</u>	<u>103,179,713</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	23,910,855	1,434,069	-	-	25,344,924
Water and sewer lines	23,239,239	723,829	-	-	23,963,068
Furniture and fixtures	81,593	9,599	-	-	91,192
Equipment and vehicles	<u>4,029,893</u>	<u>606,844</u>	<u>(75,162)</u>	<u>-</u>	<u>4,561,575</u>
Total accumulated depreciation	<u>51,261,580</u>	<u>\$2,774,341</u>	<u>\$ (75,162)</u>	<u>\$ -</u>	<u>53,960,759</u>
Total depreciable capital assets, net	<u>51,220,033</u>				<u>49,218,954</u>
Water and Sewer Fund capital assets, net	<u>\$ 51,720,110</u>				<u>\$ 50,393,720</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 145,963	\$ -	\$ -	\$ -	\$ 145,963
Construction in progress	-	2,336,877	-	-	2,336,877
Total non-depreciable capital assets	<u>145,963</u>	<u>2,336,877</u>	<u>-</u>	<u>-</u>	<u>2,482,840</u>
<b>Depreciable Capital Assets:</b>					
Buildings	6,782,083	16,973	-	-	6,799,056
Distribution lines	18,542,509	-	-	-	18,542,509
Furniture and fixtures	191,983	-	-	-	191,983
Equipment and vehicles	3,403,488	96,351	(266,630)	-	3,233,209
Total depreciable capital assets	<u>28,920,063</u>	<u>113,324</u>	<u>(266,630)</u>	<u>-</u>	<u>28,766,757</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	2,302,411	248,265	-	-	2,550,676
Distribution lines	14,817,036	189,879	-	-	15,006,915
Furniture and fixtures	163,185	19,198	-	-	182,383
Equipment and vehicles	2,129,194	216,327	(266,630)	-	2,078,891
Total accumulated depreciation	<u>19,411,826</u>	<u>\$ 673,669</u>	<u>\$ (266,630)</u>	<u>\$ -</u>	<u>19,818,865</u>
Total depreciable capital assets, net	<u>9,508,237</u>				<u>8,947,892</u>
Electric Fund capital assets, net	<u>\$ 9,654,200</u>				<u>\$ 11,430,732</u>

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>					
<b>Landfill Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 581,781	\$ -	\$ -	\$ -	\$ 581,781
Construction in progress	3,342,798	187,578	-	(3,490,580)	39,796
Total non-depreciable capital assets	<u>3,924,579</u>	<u>187,578</u>	<u>-</u>	<u>(3,490,580)</u>	<u>621,577</u>
<b>Depreciable Capital Assets:</b>					
Buildings	758,732	-	-	1,458,340	2,217,072
Landfill cell construction	6,814,278	-	-	2,032,240	8,846,518
Equipment and vehicles	4,242,808	395,629	(173,437)	-	4,465,000
Total depreciable capital assets	<u>11,815,818</u>	<u>395,629</u>	<u>(173,437)</u>	<u>3,490,580</u>	<u>15,528,590</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	262,409	28,681	-	-	291,090
Landfill cell construction	6,768,064	2,114	-	-	6,770,178
Equipment and vehicles	3,014,062	465,010	(159,573)	-	3,319,499
Total accumulated depreciation	<u>10,044,535</u>	<u>\$ 495,805</u>	<u>\$ (159,573)</u>	<u>\$ -</u>	<u>10,380,767</u>
Total depreciable capital assets, net	<u>1,771,283</u>				<u>5,147,823</u>
Landfill Fund capital assets, net	<u>\$ 5,695,862</u>				<u>\$ 5,769,400</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
<b>Business-Type Activities:</b>					
<b>Department of Public Housing :</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 163,505	\$ -	\$ -	\$ -	\$ 163,505
<b>Depreciable Capital Assets:</b>					
Buildings	11,326,510	60,534	-	-	11,387,044
Improvements	1,095,734	-	-	-	1,095,734
Furniture and fixtures	32,487	-	-	-	32,487
Equipment	659,734	44,987	(29,552)	(8,532)	666,637
Total depreciable capital assets	<u>13,114,465</u>	<u>105,521</u>	<u>(29,552)</u>	<u>(8,532)</u>	<u>13,181,902</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	6,640,520	351,997	-	-	6,992,517
Improvements	563,652	40,469	-	-	604,121
Furniture and fixtures	27,873	3,249	-	-	31,122
Equipment	518,868	27,917	(29,552)	(8,532)	508,701
Total accumulated depreciation	<u>7,750,913</u>	<u>\$ 423,632</u>	<u>\$ (29,552)</u>	<u>\$ (8,532)</u>	<u>8,136,461</u>
Total depreciable capital assets, net	<u>5,363,552</u>				<u>5,045,441</u>
Department of Public Housing capital assets, net	<u>5,527,057</u>				<u>5,208,946</u>
Total business-type assets	<u>\$ 72,597,229</u>				<u>\$ 72,802,798</u>

The government has active construction projects as of June 30, 2019. 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	\$ 600,022	\$ 2,838,228
Solid waste operations facility	506,275	5,913,370
Total	<u>\$ 1,106,297</u>	<u>\$ 8,751,598</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Discretely Presented Component Unit

Capital asset activity for the City of Albemarle ABC Board for the ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 222,167	\$ -	\$ -	\$ 222,167
<b>Depreciable Capital Assets:</b>				
Buildings	1,054,979	25,457	-	1,080,436
Equipment	206,387	40,132	-	246,519
Total depreciable capital assets	<u>1,261,366</u>	<u>65,589</u>	<u>-</u>	<u>1,326,955</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	345,722	31,788	-	377,510
Equipment	185,443	5,183	-	190,626
Total accumulated depreciation	<u>531,165</u>	<u>\$ 36,971</u>	<u>\$ -</u>	<u>568,136</u>
Total ABC depreciable capital assets, net	<u>730,201</u>			<u>758,819</u>
 ABC capital assets, net	 <u>\$ 952,368</u>			 <u>\$ 980,986</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	\$ 20,006,121	\$ 72,802,798
Less: Long-term debt	<u>(2,666,776)</u>	<u>(25,858,294)</u>
Net investment in capital assets	<u>\$ 17,339,345</u>	<u>\$ 46,944,504</u>



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 614,468	\$ 311,784	\$ 926,252
Other governmental	89,455	-	89,455
Total governmental activities	<u>\$ 703,923</u>	<u>\$ 311,784</u>	<u>\$ 1,015,707</u>
<b>Business-Type Activities:</b>			
Water and Sewer Fund	\$ 156,425	\$ 113,974	\$ 270,399
Electric Fund	2,676,656	81,444	2,758,100
Landfill Fund	323,206	23,584	346,790
Department of Public Housing	59,403	23,308	82,711
Total business-type activities	<u>\$ 3,215,690</u>	<u>\$ 242,310</u>	<u>\$ 3,458,000</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 statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

## CITY OF ALBEMARLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

*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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$947,528 for the year ended June 30, 2019.

*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, 2019

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

At June 30, 2019, the City reported a liability of \$4,585,025 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the City's proportion was 0.19327%, which was a decrease of 0.00489% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$1,242,012. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 707,360	\$ 23,735
Changes of assumptions	1,216,689	-
Net difference between projected and actual earnings on pension plan investments	629,388	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	116,454
City contributions subsequent to the measurement date	947,528	-
Total	<u>\$ 3,500,965</u>	<u>\$ 140,189</u>

\$947,528 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2020	\$ 1,183,474
2021	764,239
2022	116,584
2023	348,951
Total	<u>\$ 2,413,248</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 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 rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality table 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, 2017 valuation were based on the results of an actuarial experience study as of 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<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, 2019

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
City's proportionate share of the net pension liability (asset)	<u>\$ 11,013,628</u>	<u>\$ 4,585,025</u>	<u>\$ (786,816)</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, 2019

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

Inactive members currently receiving benefits	11
Active members	<u>47</u>
Total	<u>58</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, 2017 valuation. The total pension liability in the December 31, 2017 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	3.64 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, 2017 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 ending 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, 2019

**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 \$149,079 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, 2019, the City reported a total pension liability of \$1,857,649. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$117,371.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 70,163	\$ 78,491
Changes of assumptions and other inputs	54,410	63,167
City benefit payments and administrative expenses subsequent to the measurement date	88,797	-
Total	<u>\$ 213,370</u>	<u>\$ 141,658</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The City paid \$88,797 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 ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2020	\$ (9,197)
2021	(9,197)
2022	(4,056)
2023	5,365
2024	-
Thereafter	-
Total	<u>\$ (17,085)</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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	<u>\$ 1,983,544</u>	<u>\$ 1,857,649</u>	<u>\$ 1,741,851</u>

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

	<b>2019</b>
Beginning balance	\$ 1,851,868
Service cost	69,904
Interest on the total pension liability	56,164
Differences between expected and actual experience in the measurement of the total pension liability	87,926
Changes of assumptions or other inputs	(59,134)
Benefit payments	(149,079)
Ending balance of the total pension liability	<u>\$ 1,857,649</u>



# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at December 31, 2017 to 3.64 percent at December 31, 2018.

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.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

### 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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,242,012	\$ 117,371	\$ 1,359,383
Pension liability	4,585,025	1,857,649	6,442,674
Proportionate share of the net pension liability	0.19327%	n/a	-

### Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 707,360	\$ 70,163	\$ 777,523
Changes of assumptions	1,216,689	54,410	1,271,099
Net difference between projected and actual earnings on plan investments	629,388	-	629,388
City contributions (LGERS) and benefit payments and administrative costs (LEOSSA) paid subsequent to the measurement date	<u>947,528</u>	<u>88,797</u>	<u>1,036,325</u>
Total	<u>\$ 3,500,965</u>	<u>\$ 213,370</u>	<u>\$ 3,714,335</u>

### Deferred of Inflows of Resources:

Differences between expected and actual experience	\$ 23,735	\$ 78,491	\$ 102,226
Changes of assumptions	-	63,167	63,167
Changes in proportion and differences between contributions and proportionate share of contributions	<u>116,454</u>	<u>-</u>	<u>116,454</u>
Total	<u>\$ 140,189</u>	<u>\$ 141,658</u>	<u>\$ 281,847</u>

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

#### **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 \$97,340 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, 2019

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

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

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

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

Retirees and dependents receiving benefits	48
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	270
Total	<u>318</u>

#### **Total OPEB Liability**

The City's total OPEB liability of \$12,117,784 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 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	3.56 percent
Measurement Date	3.89 percent
Healthcare cost trend rates:	
Pre-Medicare	7.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023

### Changes in the Total OPEB Liability

	<b><u>Total OPEB Liability</u></b>
Balance at June 30, 2018	\$ 12,131,426
Changes for the year:	
Service cost	551,538
Interest on the pension liability	412,447
Differences between expected and actual experience	501,668
Changes of assumptions or other inputs	(378,011)
Benefit payments	<u>(1,101,284)</u>
Net changes	<u>(13,642)</u>
Balance at June 30, 2019	<u>\$ 12,117,784</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%

The City selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2017 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, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<b>1% Decrease (2.89%)</b>	<b>Current Discount Rate (3.89%)</b>	<b>1% Increase (4.89%)</b>
Total OPEB liability	<u>\$ 13,306,192</u>	<u>\$ 12,117,784</u>	<u>\$ 11,053,087</u>

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 10,711,076</u>	<u>\$ 12,117,784</u>	<u>\$ 13,792,020</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$897,643. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 434,058	\$ 15,121
Changes of assumptions and other inputs	-	795,038
City benefit payments and administrative expenses subsequent to the measurement date	685,560	-
Total	<u>\$ 1,119,618</u>	<u>\$ 810,159</u>

\$685,560 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2020	\$ (72,467)
2021	(72,467)
2022	(72,467)
2023	(72,467)
2024	(72,467)
Thereafter	(13,766)
Total	<u>\$ (376,101)</u>

### Other Employment Benefits

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

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions to pension plan in current fiscal year:		
LGERS	\$ 947,528	\$ -
LEOSSA	88,797	-
Benefit payments/administration costs paid subsequent to the measurement date (OPEB)		
OPEB	685,560	-
Differences between expected and actual experience:		
LGERS	707,360	23,735
LEOSSA	70,163	78,491
OPEB	434,058	15,121
Changes in assumptions:		
LGERS	1,216,689	-
LEOSSA	54,410	63,167
OPEB	-	795,038
Net difference between projected and actual:		
LGERS	629,388	-
Changes in proportion and differences between employer contributions and proportionate share:		
LGERS	-	116,454
Prepaid taxes	-	2,901
Taxes receivable (General Fund)	-	447,708
License fees receivable (General Fund)	-	786
Total	<u>\$ 4,833,953</u>	<u>\$ 1,543,401</u>

### Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

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 \$2,514,101 and a contract period maximum of \$1,000,000. Claim reserves are established at the end of the Plan year based on the City's and third-party administrator's analysis of claims submission, processing and payment.

Unpaid liabilities as of June 30, 2019 are as follows:

Unpaid claims, July 1, 2018	\$ 124,305
Incurred claims and premiums	2,978,358
Claims and premiums paid	<u>(2,852,171)</u>
Balance, end of year	<u><u>\$ 250,492</u></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, 2019

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 following is an analysis of the assets recorded under capital leases at June 30, 2019:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	<u>\$ 134,597</u>	<u>\$ 2,243</u>	<u>\$ 132,354</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2020	\$ 26,380
2021	26,380
2022	26,380
2023	26,380
2024	<u>27,110</u>
Total minimum lease payments	132,630
Less: amount representing interest	<u>7,694</u>
Present value of the minimum lease payments	<u>\$ 124,936</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Installment Purchases

	<u>Serviced by</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
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.	\$ 560,000	\$ 840,000
Note payable to a bank for fire department radios; payable in fifteen quarterly installments of \$13,507 through April 2020, including interest at 1.579%, secured by equipment.	53,492	-
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.	1,652,540	-
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.	149,582	-
2010 Clean Water State Revolving Loan through the N.C. Department of Environment and Natural Resources; payable in annual installments of \$143,969 through May 2023, plus semi-annual interest payments at 2.22%.	-	2,015,579
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.	-	524,914
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.	-	4,560,000
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.	-	215,268

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Serviced by</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
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.	\$ -	\$ 2,710,881
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.	-	198,185
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%.	-	2,534,930
Note payable to a bank for computer equipment; payable in monthly installments of \$2,556 through November 2019, including interest of 1.45%, unsecured.	12,734	-
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.	-	10,643,702
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, 2019.	-	1,489,899
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	238,428	-
Total installment purchases	<u>\$ 2,666,776</u>	<u>\$ 25,733,358</u>

The City's outstanding note from which direct placements related to governmental and business-type activities of \$1,400,000 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) outstanding amount is declared immediately payable; B) proceed by appropriate court action to enforce the City's performance of applicable covenants; C) all available remedies under the agreement including execution and foreclosure and recovery of attorney's fees and other expenses.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

The City's outstanding note from direct placements related to governmental activities of \$53,492 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 which direct placements related to governmental activities of \$1,652,540 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 \$149,582 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 \$2,015,579 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 which direct placements related to business-type activities of \$524,914 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) declare unpaid portion immediately due and payable; B) proceed by appropriate court action to enforce the performance by the City of the applicable covenants; C) proceed by court action to enforce the performance by the City of the applicable covenants of the contract; D) exercise or direct the Deed of Trust Trustee to exercise all the rights and remedies of a secured party or creditor under the UCC code of the state and general laws of the state with respect to enforcement; E) take possession of any proceeds of the mortgaged property including net proceeds.

The City's outstanding note from which direct placements related to business-type activities of \$4,560,000 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.

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

The City's outstanding note from direct placements related to business-type activities of \$215,268 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 \$2,710,881 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 \$198,185 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 \$2,534,930 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 \$12,734 is unsecured. The loan agreement denotes certain events of default and upon the occurrence: A) lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due; B) lender may hire or pay someone else to help collect this note if City does not pay. City will pay lender that amount. This includes Lender's reasonable attorney fees and legal expenses whether or not there is a lawsuit including reasonable attorneys' fees, expenses for bankruptcy proceedings, and court costs.

The City's outstanding note from direct borrowings related to business-type activities of \$10,643,702 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct borrowings related to business-type activities of \$1,489,899 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, 2019

The City's outstanding note from direct placements related to governmental activities of \$238,428 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, 2019, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 509,830	\$ 80,153	\$ 2,131,847	\$ 363,878
2021	417,244	67,488	1,898,231	333,168
2022	328,522	56,464	1,815,222	301,847
2023	267,120	47,711	1,780,082	270,772
2024	127,120	40,895	1,465,208	243,361
2025-2029	635,752	133,353	7,326,040	867,419
2030-2034	381,188	23,114	6,605,381	292,298
2035-2038	-	-	2,711,347	12,335
Total	<u>\$ 2,666,776</u>	<u>\$ 449,178</u>	<u>\$ 25,733,358</u>	<u>\$ 2,685,078</u>

At June 30, 2019, the City had a legal debt margin of \$57,164,055.

### 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, 2019:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
Direct placements and borrowings -					
installment purchases	\$ 3,011,015	\$ 266,958	\$ (611,197)	\$ 2,666,776	\$ 509,830
Compensated absences	650,837	585,331	(590,075)	646,093	268,153
Total pension liability - LEO	1,851,868	5,781	-	1,857,649	-
Net pension liability - LGERS	1,809,442	931,031	-	2,740,473	-
Total OPEB liability	<u>7,250,953</u>	<u>689,891</u>	<u>(658,237)</u>	<u>7,282,607</u>	<u>-</u>
Governmental activities					
long-term liabilities	<u>\$ 14,574,115</u>	<u>\$ 2,478,992</u>	<u>\$(1,859,509)</u>	<u>\$ 15,193,598</u>	<u>\$ 777,983</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund:</b>					
Direct placement - installment purchases	\$ 25,233,772	\$ 34,985	\$(1,783,483)	\$23,485,274	\$1,711,845
Capital leases	-	67,299	(4,831)	62,468	12,333
Compensated absences	208,259	123,754	(106,334)	225,679	84,465
Net pension liability - LGERS	626,345	322,286	-	948,631	-
Total OPEB liability	<u>2,509,992</u>	<u>190,772</u>	<u>(227,856)</u>	<u>2,472,908</u>	<u>-</u>
Total Water and Sewer Fund	<u>28,578,368</u>	<u>739,096</u>	<u>(2,122,504)</u>	<u>27,194,960</u>	<u>1,808,643</u>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
Direct placement - installment purchases	702,069	-	(142,069)	560,000	140,000
Capital leases	-	67,299	(4,831)	62,468	12,333
Compensated absences	150,531	125,355	(135,596)	140,290	74,109
Net pension liability - LGERS	347,970	178,978	-	526,948	-
Total OPEB liability	<u>1,393,901</u>	<u>125,840</u>	<u>(126,538)</u>	<u>1,393,203</u>	<u>-</u>
Total Electric Fund	<u>2,594,471</u>	<u>497,472</u>	<u>(409,034)</u>	<u>2,682,909</u>	<u>226,442</u>
<b>Business-Type Activities:</b>					
<b>Landfill Fund:</b>					
Direct placements and borrowings - installment purchases	1,970,501	-	(282,417)	1,688,084	280,002
Compensated absences	46,569	17,141	(9,461)	54,249	20,511
Accrued landfill closure and postclosure costs	4,422,971	263,734	-	4,686,705	-
Net pension liability - LGERS	139,188	71,654	-	210,842	-
Total OPEB liability	<u>558,046</u>	<u>44,594</u>	<u>(50,659)</u>	<u>551,981</u>	<u>-</u>
Total Landfill Fund	<u>7,137,275</u>	<u>397,123</u>	<u>(342,537)</u>	<u>7,191,861</u>	<u>300,513</u>
<b>Business-Type Activities:</b>					
<b>Public Housing Fund:</b>					
Direct placement - installment purchases	345	-	(345)	-	-
Compensated absences	41,062	33,882	(36,075)	38,869	14,756
Net pension liability - LGERS	104,391	53,740	-	158,131	-
Total OPEB liability	<u>418,534</u>	<u>36,545</u>	<u>(37,994)</u>	<u>417,085</u>	<u>-</u>
Total Public Housing Fund	<u>564,332</u>	<u>124,167</u>	<u>(74,414)</u>	<u>614,085</u>	<u>14,756</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Total Business-Type Activities:</b>					
Direct placements and borrowings -					
installment purchases	\$ 27,906,687	\$ 34,985	\$(2,208,314)	\$25,733,358	\$2,131,847
Capital leases	-	134,598	(9,662)	124,936	24,666
Compensated absences	446,421	300,132	(287,466)	459,087	193,841
Accrued landfill closure and					
postclosure costs	4,422,971	263,734	-	4,686,705	-
Net pension liability - LGERS	1,217,894	626,658	-	1,844,552	-
Total OPEB liability	<u>4,880,473</u>	<u>397,751</u>	<u>(443,047)</u>	<u>4,835,177</u>	<u>-</u>
Total business-type activity					
long-term liabilities	<u>\$ 38,874,446</u>	<u>\$ 1,757,858</u>	<u>\$(2,948,489)</u>	<u>\$37,683,815</u>	<u>\$2,350,354</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, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund (1)	General Fund	\$ 313,918
General Fund (2)	Water and Sewer Fund	269,335
General Fund (2)	Electric Fund	154,747
General Fund (2)	Landfill Fund	54,617
General Fund (2)	Public Housing Fund	56,758
Total		<u>\$ 849,375</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, 2019, 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, 2019**

Transfers to/from other funds for the year ended June 30, 2019, consist of the following:

<b>Purpose</b>	<b>Amount</b>
From the Water and Sewer Fund to the General Fund for payment in lieu of taxes	\$ 336,895
From the Water and Sewer Fund to the Albemarle Business Park for capital outlay activities	235,665
From the Water and Sewer Fund to the Carolina Treetop Challenge Project for capital outlay activities	33,800
From the Electric Fund to the General Fund for payment in lieu of taxes	862,000
From the Landfill Fund to the General Fund for payment in lieu of taxes	40,305
From the Public Housing Fund to the General Fund for payment in lieu of taxes	18,814
	<u>\$ 1,527,479</u>
From the General Fund to the Albemarle Police Headquarters for capital outlay activities	\$ 738,250
From the General Fund to the Albemarle Business Park for engineering fees and grant match	360,000
From the General Fund to the Electric Fund for street lights	25,000
From the General Fund to the Public Works Utility Relocation Sidewalk Project for capital outlay activities	46,182
From the General Fund to the Parks and Recreation Carolina Treetop Challenge Project for capital outlay activities	145,200
From the Parks and Recreation Trust Grant Fund to the General Fund to close out the project	16,713
	<u>\$ 1,331,345</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, 2019**

### **3. Jointly Governed Organizations**

#### **North Carolina Municipal Power Agency Number 1**

The City, in conjunction with twenty other local governments, is a member of the North Carolina City Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The twenty-one members who receive power from the Agency have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2019 were \$24,336,816.

#### **Centralina Council of Governments**

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

### **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 which are referred to as the "MSW Landfill" and the "C&D Landfill." state and federal laws and regulations require the City to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although certain closure and post-closure care costs will be paid only near or after the date each landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,686,705 reported as landfill closure and post-closure care liability at June 30, 2019 represents a cumulative amount reported to date, based on the use of 56.6% and 30.4%

# CITY OF ALBEMARLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

of the total estimated capacity of the MSW landfill and the C&D landfill, respectively. At June 30, 2019, there was a decrease in the liability amounting to \$263,734. The City will recognize the remaining estimated cost of closure and post-closure care of \$5.5 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 2019. 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 General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 7,244,667
Less:	
Inventories	17,098
Prepays	65,353
Stabilization by state statute	1,742,482
Appropriated fund balance in 2020 budget	350,000
Streets - Powell Bill	153,396
Public safety	74,108
Economic development	4,123
Remaining fund balance	<u>\$ 4,838,107</u>

### 7. Subsequent Events

On July 11, 2019, the City entered into an instalment financing agreement in the amount of \$4,100,000 for the new police headquarter facility project.

## **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 SIX FISCAL YEARS \*

	Local Government Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
Albemarle's proportion of the net pension liability (asset) %	0.19327%	0.19816%	0.20077%	0.19907%	0.20039%	0.19690%
Albemarle's proportion of net pension liability (asset) \$	\$ 4,585,025	\$ 3,027,336	\$ 4,261,010	\$ 893,414	\$ (1,181,792)	\$ 2,373,401
Albemarle's covered payroll	\$11,921,550	\$ 11,827,787	\$ 11,796,289	\$ 11,148,197	\$ 10,816,329	\$ 10,757,264
Albemarle's proportionate share of net pension liability (asset) as a percentage of its covered payroll	38.46%	25.60%	36.12%	8.01%	-10.93%	22.06%
Plan fiduciary net position as a percentage of the total pension liability	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 ending June 30.

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

## CITY OF ALBEMARLE, NORTH CAROLINA

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

	<b>Local Government Employees' Retirement System</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 947,528	\$ 911,189	\$ 871,049	\$ 806,049	\$ 795,267	\$ 769,059
Contributions in relation to the contractually required contribution	<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>
Albemarle's covered payroll	\$ 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	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 THREE FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 1,851,868	\$ 1,917,124	\$ 1,969,751
Service cost	69,904	55,801	62,541
Interest on the total pension liability	56,164	71,066	67,718
Differences between expected and actual experience in the measurement of the total pension liability	87,926	(130,471)	-
Changes of assumptions or other inputs	(59,134)	90,442	(37,099)
Benefit payments	(149,079)	(152,094)	(145,787)
Ending balance of the total pension liability	<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 ending 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 THREE FISCAL YEARS

	<b>Law Enforcement Officers' Special Separation Allowance</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 1,857,649	\$ 1,851,868	\$ 1,917,124
Covered payroll	2,358,121	2,200,701	2,298,076
Total pension liability as a percentage of covered payroll	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 TWO FISCAL YEARS**

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

**Notes to Schedules:**

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

<b>Fiscal Year</b>	<b>Rate</b>
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 FUND**

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



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CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad valorem taxes:</b>			
Current year	\$ 6,538,970	\$ 6,677,834	\$ 138,864
Prior years	207,400	167,423	(39,977)
Penalties and interest	54,800	59,164	4,364
Total	<u>6,801,170</u>	<u>6,904,421</u>	<u>103,251</u>
<b>Other Taxes and Licenses:</b>			
Gross receipts tax on short-term rental property	26,000	34,040	8,040
Local occupancy tax	130,000	157,362	27,362
Privilege license fee	900	-	(900)
Motor vehicle fees	65,000	67,140	2,140
Total	<u>221,900</u>	<u>258,542</u>	<u>36,642</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Local option sales tax	3,820,927	3,921,882	100,955
Utility franchise tax	1,170,000	1,100,120	(69,880)
Telecommunications tax	135,500	114,926	(20,574)
Cable TV franchise	116,000	106,198	(9,802)
Piped natural gas sales tax	20,000	44,264	24,264
Beer and wine tax	72,500	69,604	(2,896)
ABC profit distribution	250,000	330,000	80,000
DENR grant	14,000	-	(14,000)
Total	<u>5,598,927</u>	<u>5,686,994</u>	<u>88,067</u>
<b>Restricted Intergovernmental Revenues:</b>			
ABC - law enforcement	14,000	12,577	(1,423)
Powell Bill allocation	516,500	509,316	(7,184)
Street sweeper contract	8,500	8,240	(260)
Federal grants	2,200	104,686	102,486
State grants	6,250	3,903	(2,347)
Drug tax distribution	6,395	20,344	13,949
Right of way mowing	16,800	17,235	435
Schools	85,675	70,675	(15,000)
Total	<u>656,320</u>	<u>746,976</u>	<u>90,656</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, 2019**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Permits and Fees:</b>			
Fire Department fees	26,600	35,169	8,569
Inspection and rezoning fees	8,500	16,140	7,640
Miscellaneous permits/fees	2,000	2,180	180
Total	37,100	53,489	16,389
<b>Sales and Service:</b>			
Court costs and fees	250	40	(210)
Refuse collection fees	1,400,000	1,447,874	47,874
Cultural and recreational fees	88,800	103,343	14,543
Total	1,489,050	1,551,257	62,207
<b>Investment Earnings</b>	66,300	171,890	105,590
<b>Miscellaneous:</b>			
Miscellaneous	11,126	418,754	407,628
Sale of surplus property	9,200	11,605	2,405
Sale of fixed assets	1,500	18,163	16,663
Rental revenue	41,500	31,961	(9,539)
Contributions	50,200	96,834	46,634
Insurance reimbursement	32,307	43,443	11,136
Total	145,833	620,760	474,927
Total revenues	15,016,600	15,994,329	977,729
<b>Expenditures:</b>			
<b>General Government:</b>			
Administration			
Salaries and employee benefits	150,400	142,726	7,674
Other operating expenditures	239,841	235,591	4,250
Capital outlay	285,400	285,666	(266)
Total	675,641	663,983	11,658
<b>Information Systems:</b>			
Salaries and employees benefits	298,900	276,483	22,417
Other operating expenditures	479,350	469,785	9,565
Capital outlay	281,600	241,184	40,416
Reimbursement - proprietary funds	(797,290)	(677,440)	(119,850)
Total	262,560	310,012	(47,452)

**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, 2019**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Economic Development:</b>			
Salaries and employees benefits	101,075	101,282	(207)
Other operating expenditures	87,700	55,520	32,180
Reimbursement - proprietary funds	(127,425)	(103,514)	(23,911)
Total	61,350	53,288	8,062
<b>Human Resources:</b>			
Salaries and employee benefits	81,190	80,167	1,023
Other operating expenditures	24,200	23,872	328
Total	105,390	104,039	1,351
<b>Finance:</b>			
Salaries and employee benefits	143,935	133,718	10,217
Other operating expenditures	217,870	214,833	3,037
Total	361,805	348,551	13,254
<b>Community Development:</b>			
Salaries and employee benefits	379,155	363,685	15,470
Other operating expenditures	301,330	241,337	59,993
Total	680,485	605,022	75,463
<b>Downtown Development:</b>			
Salaries and employee benefits	87,582	84,600	2,982
Other operating expenditures	18,250	13,574	4,676
Total	105,832	98,174	7,658
Total general government	2,253,063	2,183,069	69,994
<b>Public Safety:</b>			
<b>Police:</b>			
Salaries and employee benefits	3,993,450	3,684,575	308,875
School resource officers	141,350	120,207	21,143
Other operating expenditures	644,447	539,555	104,892
Capital outlay	110,700	85,317	25,383
Total	4,889,947	4,429,654	460,293

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, 2019

	Final Budget	Actual	Variance Over/Under
<b>Fire Department:</b>			
Salaries and employee benefits	3,035,390	2,978,548	56,842
Other operating expenditures	421,280	349,641	71,639
Capital outlay	38,000	37,927	73
Total	3,494,670	3,366,116	128,554
 Total public safety	 8,384,617	 7,795,770	 588,847
<b>Public Works:</b>			
<b>Administration:</b>			
Salaries and employees benefits	114,175	108,172	6,003
Solid waste disposal fee	303,000	337,933	(34,933)
Downtown services	149,400	131,649	17,751
Other operating expenditures	48,830	47,866	964
Capital outlay	36,500	36,571	(71)
Total	651,905	662,191	(10,286)
 <b>Streets and Highways:</b>			
Salaries and employee benefits	778,363	598,408	179,955
Other operating expenditures	538,750	453,862	84,888
Capital outlay	135,412	135,907	(495)
Total	1,452,525	1,188,177	264,348
 <b>Shop and Warehouse:</b>			
Salaries and employee benefits	127,650	124,104	3,546
Other operating expenditures	54,880	55,158	(278)
Capital outlay	11,500	10,845	655
Total	194,030	190,107	3,923
 <b>Solid Waste Division:</b>			
Solid waste	1,139,450	1,175,535	(36,085)
Bad debt expense	12,000	11,790	210
Capital outlay	-	7,835	(7,835)
Total	1,151,450	1,195,160	(43,710)
 Total public works	 3,449,910	 3,235,635	 214,275

**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, 2019**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Cultural and Recreation:</b>			
Parks and Recreation:			
Salaries and employee benefits	1,055,790	1,003,563	52,227
Other operating expenditures	473,190	404,922	68,268
Capital outlay	173,700	193,502	(19,802)
Total	1,702,680	1,601,987	100,693
<b>Auditorium:</b>			
Other operating expenditures	31,660	17,215	14,445
Total	31,660	17,215	14,445
Total cultural and recreation	1,734,340	1,619,202	115,138
<b>Debt Service:</b>			
Principal retirement	977,070	611,197	365,873
Interest and fees	145,125	104,638	40,487
Total debt service	1,122,195	715,835	406,360
Contingency	7,000	-	7,000
Total expenditures	16,951,125	15,549,511	1,401,614
Revenues over (under) expenditures	(1,934,525)	444,818	2,379,343
<b>Other Financing Sources (Uses):</b>			
Long term debt issued	273,000	266,958	(6,042)
Operating transfers (to) from other funds:			
From Water and Sewer Fund	336,895	336,895	-
From Landfill Fund	40,305	40,305	-
From Public Housing Fund	12,600	18,814	6,214
From Electric Fund	862,000	862,000	-
From Parks and Recreation Trust Grant Fund	-	16,713	16,713
To Electric Fund	(25,000)	(25,000)	-
To Parks and Recreation - Carolina Treetop Challenge Project	(145,200)	(145,200)	-
To Albemarle Police Headquarters Fund	(738,250)	(738,250)	-
To Utility Relocation Sidewalk Project	(46,182)	(46,182)	-
To Albemarle Business Park Fund	(360,000)	(360,000)	-
Appropriated fund balance	1,724,357	-	(1,724,357)
Total other financing sources (uses)	1,934,525	227,053	(1,707,472)

**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, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	671,871	\$ 671,871
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>6,572,796</u>	
End of year, June 30		<u>\$ 7,244,667</u>	

# **NONMAJOR GOVERNMENTAL FUNDS**

## **Capital Project Funds**

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

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

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

**Parks and Recreation Sports Complex 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, 2019

	Capital Project Funds			
	Albemarle Business Park	Albemarle Police Headquarters	Parks And Recreation Trust Grant Fund	Parks And Recreation Sports Complex Project
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 440,698	\$ 164,191	\$ -	\$ 584,230
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 64,047	\$ 25,183	\$ -	\$ -
<b>Fund Balances:</b>				
Restricted:				
Economic development	376,651	-	-	-
Public safety	-	139,008	-	-
Cultural and recreational	-	-	-	584,230
Total fund balances	376,651	139,008	-	584,230
Total liabilities and fund balances	\$ 440,698	\$ 164,191	\$ -	\$ 584,230

## CITY OF ALBEMARLE, NORTH CAROLINA

## COMBINING BALANCE SHEET

## NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2019

	Capital Project Funds			
	Parks And Recreation Roosevelt Ingram Park Erosion Control	Parks And Recreation Carolina Treetop Challenge Project	Public Works Utility Relocation Sidewalk Project	Total Capital Project Funds
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 55,715	\$ 108,916	\$ -	\$ 1,353,750
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 225	\$ -	\$ 89,455
<b>Fund Balances:</b>				
Restricted:				
Economic development	-	-	-	376,651
Public safety	-	-	-	139,008
Cultural and recreational	55,715	108,691	-	748,636
Total fund balances	55,715	108,691	-	1,264,295
Total liabilities and fund balances	\$ 55,715	\$ 108,916	\$ -	\$ 1,353,750



## CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Project Funds			
	Albemarle Business Park	Albemarle Police Headquarters	Parks And Recreation Trust Grant Fund	Parks And Recreation Sports Complex Project
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ 15,968	\$ -
Investment earnings	4,519	936	91	8,601
Total revenues	4,519	936	16,059	8,601
<b>Expenditures:</b>				
Capital outlay	213,985	525,478	4,350	-
Revenues over (under) expenditures	(209,466)	(524,542)	11,709	8,601
<b>Other Financing Sources (Uses):</b>				
Transfers from (to) other funds:				
From Water and Sewer Fund	235,665	-	-	-
From General Fund	360,000	738,250	-	-
To General Fund	-	-	(16,713)	-
Total other financing sources (uses)	595,665	738,250	(16,713)	-
Net change in fund balances	386,199	213,708	(5,004)	8,601
<b>Fund Balance:</b>				
Fund balance, beginning of year	(9,548)	(74,700)	5,004	575,629
Fund balance, end of year	\$ 376,651	\$ 139,008	\$ -	\$ 584,230

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Project Funds			
	Parks And Recreation Roosevelt Ingram Park Erosion Control	Parks And Recreation Carolina Treetop Challenge Project	Public Works Utility Relocation Sidewalk Project	Total Capital Project Funds
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 15,968
Investment earnings	896	770	-	15,813
Total revenues	896	770	-	31,781
<b>Expenditures:</b>				
Capital outlay	25,254	71,079	46,182	886,328
Revenues over (under) expenditures	(24,358)	(70,309)	(46,182)	(854,547)
<b>Other Financing Sources (Uses):</b>				
Transfers from (to) other funds:				
From Water and Sewer Fund	-	33,800	-	269,465
From General Fund	-	145,200	46,182	1,289,632
To General Fund	-	-	-	(16,713)
Total other financing sources (uses)	-	179,000	46,182	1,542,384
Net change in fund balances	(24,358)	108,691	-	687,837
<b>Fund Balance:</b>				
Fund balance, beginning of year	80,073	-	-	576,458
Fund balance, end of year	\$ 55,715	\$ 108,691	\$ -	\$ 1,264,295

## 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, 2019**

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
<b>Revenues:</b>					
Restricted intergovernmental revenues:					
Rural center grant	\$ 750,000	\$ -	\$ -	\$ -	\$ (750,000)
Investment earnings	-	30	4,519	4,549	4,549
Total revenues	<u>750,000</u>	<u>30</u>	<u>4,519</u>	<u>4,549</u>	<u>(745,451)</u>
<b>Expenditures:</b>					
Professional services	150,000	29,578	213,985	243,563	(93,563)
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>29,578</u>	<u>213,985</u>	<u>243,563</u>	<u>14,653,137</u>
Revenues over (under) expenditures	<u>(14,146,700)</u>	<u>(29,548)</u>	<u>(209,466)</u>	<u>(239,014)</u>	<u>13,907,686</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	250,000	20,000	360,000	380,000	130,000
From Water and Sewer Fund	672,550	-	235,665	235,665	(436,885)
From Electric Fund	621,400	-	-	-	(621,400)
Proceeds from installment financing	<u>12,602,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,602,750)</u>
Total other financing sources	<u>14,146,700</u>	<u>20,000</u>	<u>595,665</u>	<u>615,665</u>	<u>(13,531,035)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (9,548)</u>	386,199	<u>\$ 376,651</u>	<u>\$ 376,651</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			(9,548)		
End of year, June 30			<u>\$ 376,651</u>		

## CITY OF ALBEMARLE, NORTH CAROLINA

## ALBEMARLE POLICE HEADQUARTERS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 936	\$ 936	\$ 936
<b>Expenditures:</b>					
Professional services	500,000	74,700	139,113	213,813	286,187
Office furniture	300,000	-	-	-	300,000
Legal	-	-	18,219	18,219	(18,219)
Building structure improvements	2,638,250	-	368,146	368,146	2,270,104
Total expenditures	3,438,250	74,700	525,478	600,178	2,838,072
Revenues over (under) expenditures	(3,438,250)	(74,700)	(524,542)	(599,242)	2,839,008
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	238,250	-	738,250	738,250	500,000
Proceeds from installment financing	3,200,000	-	-	-	(3,200,000)
Total other financing sources	3,438,250	-	738,250	738,250	(2,700,000)
Net change in fund balance	\$ -	\$ (74,700)	213,708	\$ 139,008	\$ 139,008
<b>Fund Balance:</b>					
Beginning of year, July 1			(74,700)		
End of year, June 30			\$ 139,008		

## CITY OF ALBEMARLE, NORTH CAROLINA

## PARKS AND RECREATION TRUST GRANT FUND

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
<b>Revenues:</b>					
Restricted intergovernmental revenues:					
NC Parks and Recreation Trust Funds	\$ 130,492	\$ 117,443	\$ 12,254	\$ 129,697	\$ (795)
NC Department of Agriculture	5,000	-	3,714	3,714	(1,286)
Investment earnings	-	15	91	106	106
Total revenues	<u>135,492</u>	<u>117,458</u>	<u>16,059</u>	<u>133,517</u>	<u>(1,975)</u>
<b>Expenditures:</b>					
Salary and benefits	4,466	-	-	-	4,466
Equipment	54,302	54,302	-	54,302	-
Landscaping	2,961	2,961	-	2,961	-
Equipment rent	35	-	35	35	-
Construction	193,500	191,676	4,315	195,991	(2,491)
Contingency	8,943	8,943	-	8,943	-
Total expenditures	<u>264,207</u>	<u>257,882</u>	<u>4,350</u>	<u>262,232</u>	<u>1,975</u>
Revenues over (under) expenditures	<u>(128,715)</u>	<u>(140,424)</u>	<u>11,709</u>	<u>(128,715)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	145,428	145,428	-	145,428	-
To General Fund	<u>(16,713)</u>	<u>-</u>	<u>(16,713)</u>	<u>(16,713)</u>	<u>-</u>
Total other financing sources	<u>128,715</u>	<u>145,428</u>	<u>(16,713)</u>	<u>128,715</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,004</u>	<u>(5,004)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>5,004</u>		
End of year, June 30			<u>\$ -</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, 2019**

		<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>
<b>Revenues:</b>					
Contributions	\$ 4,600,000	\$ -	\$ -	\$ -	\$ (4,600,000)
Investment earnings	-	988	8,601	9,589	9,589
Total revenues	<u>4,600,000</u>	<u>988</u>	<u>8,601</u>	<u>9,589</u>	<u>(4,590,411)</u>
<b>Expenditures:</b>					
Construction	<u>7,000,000</u>	<u>430,359</u>	<u>-</u>	<u>430,359</u>	<u>6,569,641</u>
Revenues over (under) expenditures	(2,400,000)	(429,371)	8,601	(420,770)	1,979,230
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	<u>2,400,000</u>	<u>1,005,000</u>	<u>-</u>	<u>1,005,000</u>	<u>(1,395,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 575,629</u>	8,601	<u>\$ 584,230</u>	<u>\$ 584,230</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>575,629</u>		
End of year, June 30			<u>\$ 584,230</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, 2019**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total To Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 73	\$ 896	\$ 969	\$ 969
<b>Expenditures:</b>					
Engineering	19,500	-	14,675	14,675	4,825
Environmental remediation	52,700	-	10,579	10,579	42,121
Contingency	7,800	-	-	-	7,800
Total expenditures	80,000	-	25,254	25,254	54,746
Revenues over (under) expenditures	(80,000)	73	(24,358)	(24,285)	55,715
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	80,000	80,000	-	80,000	-
Net change in fund balance	\$ -	\$ 80,073	(24,358)	\$ 55,715	\$ 55,715
<b>Fund Balance:</b>					
Beginning of year, July 1			80,073		
End of year, June 30			\$ 55,715		

## 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, 2019**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total To Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 770	\$ 770	\$ 770
<b>Expenditures:</b>					
Legal	-	-	225	225	(225)
Building structure & improvements	20,000	-	3,927	3,927	16,073
Other improvements	37,500	-	25,667	25,667	11,833
Roadway & paving	66,900	-	11,784	11,784	55,116
Bridges	25,000	-	1,477	1,477	23,523
Water improvements	28,800	-	27,999	27,999	801
Contingency	800	-	-	-	800
Total expenditures	179,000	-	71,079	71,079	107,921
Revenues over (under) expenditures	(179,000)	-	(70,309)	(70,309)	108,691
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From Water and Sewer Fund	33,800	-	33,800	33,800	-
From General Fund	145,200	-	145,200	145,200	-
Total other financing sources (uses)	179,000	-	179,000	179,000	-
Net change in fund balance	\$ -	\$ -	108,691	\$ 108,691	\$ 108,691
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			\$ 108,691		



## 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, 2019**

		<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>
<b>Expenditures:</b>					
Sidewalks	\$ 92,363	\$ -	\$ 46,182	\$ 46,182	\$ 46,181
Revenues over (under) expenditures	(92,363)	-	(46,182)	(46,182)	46,181
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From General Fund	92,363	-	46,182	46,182	(46,181)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

## **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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Water sales:			
Residential	\$ 1,458,000	\$ 1,507,089	\$ 49,089
Commercial and industrial	5,356,500	5,070,506	(285,994)
Municipal usage	63,000	46,388	(16,612)
Total	<u>6,877,500</u>	<u>6,623,983</u>	<u>(253,517)</u>
<b>Sewer Charges:</b>			
Residential	1,225,000	1,266,183	41,183
Commercial and industrial	923,750	675,152	(248,598)
Municipal usage	971,000	1,311,613	340,613
Total	<u>3,119,750</u>	<u>3,252,948</u>	<u>133,198</u>
Water and sewer taps	<u>10,000</u>	<u>28,150</u>	<u>18,150</u>
Other operating revenues	<u>128,200</u>	<u>182,228</u>	<u>54,028</u>
Total operating revenues	<u>10,135,450</u>	<u>10,087,309</u>	<u>(48,141)</u>
Non-operating revenues:			
Investment earnings	27,600	84,110	56,510
Federal grants	-	39,593	39,593
Sale of assets	1,655	24,955	23,300
Other	76,097	93,581	17,484
Total non-operating revenues	<u>105,352</u>	<u>242,239</u>	<u>136,887</u>
Total revenues	<u>10,240,802</u>	<u>10,329,548</u>	<u>88,746</u>
<b>Expenditures:</b>			
<b>Water and Sewer Administration:</b>			
Salaries and employees benefits	646,950	588,651	58,299
Professional services	47,150	93,178	(46,028)
Postage	48,000	41,697	6,303
Repairs	13,325	13,025	300
Supplies	18,925	11,829	7,096
Other operating expenditures	744,200	649,222	94,978
Utilities	34,530	22,389	12,141
Total	<u>1,553,080</u>	<u>1,419,991</u>	<u>133,089</u>
<b>Water and Sewer Customer Service:</b>			
Salaries and employees benefits	95,080	102,085	(7,005)
Other operating expenditures	-	2,711	(2,711)
Total	<u>95,080</u>	<u>104,796</u>	<u>(9,716)</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, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Water Treatment Plant:</b>			
Salaries and employees benefits	1,004,955	841,507	163,448
Supplies	444,000	349,571	94,429
Repairs	59,500	57,900	1,600
Contracted services	252,130	185,641	66,489
Utilities	582,900	542,790	40,110
Other operating expenditures	79,150	73,452	5,698
Total	<u>2,422,635</u>	<u>2,050,861</u>	<u>371,774</u>
<b>Sewer Treatment Plant:</b>			
Salaries and employees benefits	926,180	884,649	41,531
Supplies	69,600	67,683	1,917
Repairs	96,882	101,421	(4,539)
Contracted services	154,220	155,431	(1,211)
Utilities	383,175	297,984	85,191
Other operating expenditures	113,260	108,795	4,465
Total	<u>1,743,317</u>	<u>1,615,963</u>	<u>127,354</u>
<b>System Division:</b>			
Salaries and employee benefits	1,258,065	1,252,345	5,720
Supplies	207,560	204,613	2,947
Repairs	58,000	40,672	17,328
Contracted services	19,200	14,278	4,922
Utilities	106,720	97,439	9,281
Other operating expenditures	47,470	33,368	14,102
Total	<u>1,697,015</u>	<u>1,642,715</u>	<u>54,300</u>
<b>Debt Service:</b>			
Principal retirement	1,791,290	1,788,314	2,976
Interest and fees	364,420	345,357	19,063
Total	<u>2,155,710</u>	<u>2,133,671</u>	<u>22,039</u>
<b>Capital Outlay:</b>			
Utility administration	18,500	84,980	(66,480)
Water treatment plant	134,059	39,425	94,634
Sewer treatment plant	300,000	249,646	50,354
Systems division	227,095	151,693	75,402
Total	<u>679,654</u>	<u>525,744</u>	<u>153,910</u>
Total expenditures	<u>10,346,491</u>	<u>9,493,741</u>	<u>852,750</u>
Revenues over (under) expenditures	<u>(105,689)</u>	<u>835,807</u>	<u>941,496</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Transfers (to) from other funds:			
To General Fund	(336,895)	(336,895)	-
Transfer to Albemarle Business Park	(265,667)	(235,665)	30,002
Transfer to Water & Sewer Utility Relocation Project Fund	(434,333)	(434,333)	-
Transfer to Carolina Treetop Challenge Project	(33,800)	(33,800)	-
Transfer to Inflow & Infiltration Sewer Project Fund	(40,875)	(40,875)	-
From Water & Sewer Capital (CKA) Project Fund	72,459	72,459	-
From General Fund	51,000	-	(51,000)
Issuance of long-term debt	67,299	67,299	-
Appropriated fund balance	<u>1,026,501</u>	<u>-</u>	<u>(1,026,501)</u>
Total other financing sources (uses)	<u>105,689</u>	<u>(941,810)</u>	<u>(1,047,499)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (106,003)</u>	<u>\$ (106,003)</u>

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (106,003)
Principal retirement	1,788,314
Proceeds from issuance of long-term debt	(67,299)
Capital outlay	525,744
Depreciation	(2,774,341)
Gain (loss) on disposal of capital assets	(10,584)
Change in inventory	(2,212)
Change in installment purchase interest accrued	(3,332)
Change in deferred outflows of resources - pensions	257,384
Change in net pension liability	(322,286)
Change in deferred inflows of resources - pensions	3,973
Change in deferred outflows of resources - OPEB	120,996
Change in other post-employment benefits	37,084
Change in deferred inflows of resources - OPEB	(23,709)
Change in accrued compensated absences	(17,420)
Transfer from Water & Sewer Capital (CKA) Project Fund	(72,459)
Transfer to Water & Sewer Utility Relocation Project Fund	434,333
Transfer to Inflow & Infiltration Sewer Project Fund	40,875
Interest income from Capital Project Funds	<u>1,880</u>
Total reconciling items	<u>(83,059)</u>
Change in net position	<u>\$ (189,062)</u>

## CITY OF ALBEMARLE, NORTH CAROLINA

**WATER & SEWER CAPITAL (CKA) PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total To Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 1,508	\$ -	\$ 1,508	\$ 1,508
<b>Expenditures:</b>					
Administration	188,585	232,399	-	232,399	(43,814)
Legal	11,000	7,962	-	7,962	3,038
Engineering	412,600	326,389	-	326,389	86,211
Land	20,000	19,784	-	19,784	216
Data processing equipment	96,200	103,946	-	103,946	(7,746)
Advertising	-	33	-	33	(33)
Contingency	194,266	8,758	-	8,758	185,508
Construction in process	5,814,600	6,039,488	-	6,039,488	(224,888)
Total expenditures	<u>6,737,251</u>	<u>6,738,759</u>	<u>-</u>	<u>6,738,759</u>	<u>(1,508)</u>
Revenues (under) expenditures	<u>(6,737,251)</u>	<u>(6,737,251)</u>	<u>-</u>	<u>(6,737,251)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
From Water and Sewer Fund	409,710	409,710	-	409,710	-
To Water and Sewer Fund	(72,459)	-	(72,459)	(72,459)	-
Installment purchase obligations issued	<u>6,400,000</u>	<u>6,400,000</u>	<u>-</u>	<u>6,400,000</u>	<u>-</u>
Total other financing sources (uses)	<u>6,737,251</u>	<u>6,809,710</u>	<u>(72,459)</u>	<u>6,737,251</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 72,459</u>	<u>\$ (72,459)</u>	<u>\$ -</u>	<u>\$ -</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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
<b>Revenues:</b>					
Restricted Intergovernmental revenues					
NCDOT Grant	\$ 208,175	\$ -	\$ -	\$ -	\$ (208,175)
<b>Expenditures:</b>					
Engineering	277,570	-	88,929	88,929	188,641
Construction	1,303,005	-	434,333	434,333	868,672
Total expenditures	1,580,575	-	523,262	523,262	1,057,313
Revenues (under) expenditures	(1,372,400)	-	(523,262)	(523,262)	849,138
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds:					
Water and Sewer Fund	1,372,400	-	434,333	434,333	(938,067)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ (88,929)	\$ (88,929)	\$ (88,929)



## 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, 2019**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total To Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues					
Clean water grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
<b>Expenditures:</b>					
Legal	30,000	-	2,798	2,798	27,202
Engineering, construction management and administration	603,000	343,460	33,337	376,797	226,203
Easement and encroachment	35,000	-	-	-	35,000
Loan costs	126,375	-	125,875	125,875	500
Construction	3,814,075	-	-	-	3,814,075
Contingency	242,550	805	-	805	241,745
Total expenditures	4,851,000	344,265	162,010	506,275	4,344,725
Revenues (under) expenditures	(4,351,000)	(344,265)	(162,010)	(506,275)	3,844,725
<b>Other Financing Sources (Uses):</b>					
Transfers (to) from other funds:					
Water and Sewer Fund	85,000	85,000	40,875	125,875	40,875
Installment purchase obligations issued	4,266,000	-	-	-	(4,266,000)
Total other financing sources (uses)	4,351,000	85,000	40,875	125,875	(4,225,125)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (259,265)	\$ (121,135)	\$ (380,400)	\$ (380,400)

## 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, 2019**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total To Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Investment earnings	\$ 1,762	\$ 2,199	\$ 1,880	\$ 4,079	\$ 2,317
<b>Expenditures:</b>					
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	242,395	7,400	249,795	(1,088)
Construction	10,273,585	10,145,936	240,119	10,386,055	(112,470)
Contingency	180,000	19,183	-	19,183	160,817
Total expenditures	<u>11,506,792</u>	<u>11,199,041</u>	<u>247,519</u>	<u>11,446,560</u>	<u>60,232</u>
Revenues (under) expenditures	<u>(11,505,030)</u>	<u>(11,196,842)</u>	<u>(245,639)</u>	<u>(11,442,481)</u>	<u>62,549</u>
<b>Other Financing Sources (Uses):</b>					
Transfers (to) from other funds					
Old Whitney capital project	-	(120,468)	-	(120,468)	(120,468)
Water and Sewer Fund	-	19,200	-	19,200	19,200
52 EQ project	10,268	558,456	-	558,456	548,188
Installment purchase obligations issued	<u>11,494,762</u>	<u>11,183,456</u>	<u>34,985</u>	<u>11,218,441</u>	<u>(276,321)</u>
Total other financing sources (uses)	<u>11,505,030</u>	<u>11,640,644</u>	<u>34,985</u>	<u>11,675,629</u>	<u>170,599</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 443,802</u>	<u>\$ (210,654)</u>	<u>\$ 233,148</u>	<u>\$ 233,148</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Residential sales	\$ 15,605,000	\$ 15,949,786	\$ 344,786
Commercial and industrial sales	14,674,000	14,540,365	(133,635)
Sales to City Departments	998,000	914,224	(83,776)
Total revenues	31,277,000	31,404,375	127,375
Other operating revenues	1,023,700	1,120,213	96,513
Total operating revenues	32,300,700	32,524,588	223,888
<b>Non-Operating Revenues:</b>			
Interest earned on investments	44,500	79,181	34,681
Federal grants	-	107,450	107,450
Miscellaneous non-operating income	21,210	13,038	(8,172)
Sale of assets	5,000	23,603	18,603
Total non-operating revenues	70,710	223,272	152,562
Total revenues	32,371,410	32,747,860	376,450
<b>Expenditures:</b>			
<b>Administrative and finance:</b>			
Salaries and employees benefits	1,145,479	1,086,958	58,521
Other operating expenditures	1,009,760	851,396	158,364
Total	2,155,239	1,938,354	216,885
<b>Customer Service:</b>			
Salaries and employees benefits	95,530	89,600	5,930
Other operating expenditures	6,690	5,740	950
Total	102,220	95,340	6,880
<b>Electric Operations:</b>			
Salaries and employees benefits	1,547,980	1,517,124	30,856
Electric power purchases	24,791,000	24,336,816	454,184
Other operating expenditures	2,960,170	1,836,541	1,123,629
Total	29,299,150	27,690,481	1,608,669
<b>Debt service:</b>			
Principal retirement	144,500	146,900	(2,400)
Interest and other charges	15,350	12,997	2,353
Total debt service	159,850	159,897	(47)

**CITY OF ALBEMARLE, NORTH CAROLINA**

**ELECTRIC FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Capital Outlay:</b>			
Administrative and finance	27,750	97,622	(69,872)
Electric operations	50,700	15,702	34,998
Total	78,450	113,324	(34,874)
 Total expenditures	 31,794,909	 29,997,396	 1,797,513
 Revenues over (under) expenditures	 576,501	 2,750,464	 2,173,963
 <b>Other Financing Sources (Uses):</b>			
Transfer from (to) funds:			
To the General Fund	(862,000)	(862,000)	-
From the General Fund	218,200	25,000	(193,200)
Issuance of long-term debt	67,299	67,299	-
Total other financing sources (uses)	(576,501)	(769,701)	(193,200)
 Revenues and other financing sources over (under) expenditures and other financing uses	 \$ -	 \$ 1,980,763	 \$ 1,980,763
 <b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,980,763	
 Principal retirement		146,900	
Proceeds from issuance of long-term debt		(67,299)	
Capital outlay		113,324	
Depreciation		(673,669)	
Change in inventory		(87,599)	
Change in installment purchase interest accrued		846	
Change in deferred outflows of resources - pensions		142,935	
Change in net pension liability		(178,978)	
Change in deferred inflows of resources - pensions		2,206	
Change in deferred outflows of resources - OPEB		75,135	
Change in other post-employment benefits		698	
Change in deferred inflows of resources - OPEB		(27,986)	
Change in accrued compensated absences		10,241	
Capital contributions, revenues from Utility Relocation project		2,430,864	
Total reconciling items		1,887,618	
 Change in net position		\$ 3,868,381	

## 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, 2019**

		<b>Actual</b>			
	<b><u>Project Authorization</u></b>	<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	<b><u>Total To Date</u></b>	<b><u>Variance Over/Under</u></b>
<b>Revenues:</b>					
Restricted intergovernmental revenues					
NCDOT Grant	\$ 4,867,668	\$ -	\$ 2,430,864	\$ 2,430,864	\$ (2,436,804)
<b>Expenditures:</b>					
Engineering	75,000	-	129,470	129,470	(54,470)
Other professional services	230,000	-	-	-	230,000
Distribution lines	501,895	-	296,715	296,715	205,180
Contract services	<u>4,060,773</u>	<u>-</u>	<u>1,910,692</u>	<u>1,910,692</u>	<u>2,150,081</u>
Total expenditures	<u>4,867,668</u>	<u>-</u>	<u>2,336,877</u>	<u>2,336,877</u>	<u>2,530,791</u>
Revenues (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,987</u>	<u>\$ 93,987</u>	<u>\$ 93,987</u>

# CITY OF ALBEMARLE, NORTH CAROLINA

## LANDFILL FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Disposal fees	\$ 2,550,000	\$ 2,700,580	\$ 150,580
Solid waste fees	126,000	127,183	1,183
Sales of mulch and scrap	-	475	475
Total charges for services	2,676,000	2,828,238	152,238
Other operating revenues	63,000	63,591	591
Total operating revenues	<u>2,739,000</u>	<u>2,891,829</u>	<u>152,829</u>
<b>Non-Operating Revenues:</b>			
Solid waste, scrap tire, and white goods disposal tax	131,000	149,002	18,002
Interest earned on investments	7,500	87,441	79,941
Sale of assets	-	2,847	2,847
Grant revenue	-	19,613	19,613
Total non-operating revenues	<u>138,500</u>	<u>258,903</u>	<u>120,403</u>
Total revenues	<u>2,877,500</u>	<u>3,150,732</u>	<u>273,232</u>
<b>Expenditures:</b>			
Landfill Operations:			
Salaries and employees benefits	836,645	785,095	51,550
Other operating expenditures	1,272,260	1,075,996	196,264
Total	<u>2,108,905</u>	<u>1,861,091</u>	<u>247,814</u>
Debt service:			
Principal on capital leases	269,225	282,417	(13,192)
Interest and fees	71,285	71,262	23
Total	<u>340,510</u>	<u>353,679</u>	<u>(13,169)</u>
Capital outlay	<u>488,655</u>	<u>395,629</u>	<u>93,026</u>
Total expenditures	<u>2,938,070</u>	<u>2,610,399</u>	<u>327,671</u>
Revenues over (under) expenditures	<u>(60,570)</u>	<u>540,333</u>	<u>600,903</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**

**LANDFILL FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
Landfill Solid Waste Office Building Project Fund	(110,000)	(110,000)	-
General Fund	(40,305)	(40,305)	-
Landfill closure/post closure	(63,000)	-	63,000
Appropriated fund balance	<u>273,875</u>	<u>-</u>	<u>(273,875)</u>
Total other financing (uses)	<u>60,570</u>	<u>(150,305)</u>	<u>(210,875)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 390,028</u>	<u>\$ 390,028</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 390,028</u>	
Principal retirement		282,417	
Capital outlay		395,629	
Depreciation		(495,805)	
Gain (loss) on disposal of capital assets		(13,864)	
Change in installment purchase interest accrued		22,481	
Change in deferred outflows of resources - pensions		57,224	
Change in net pension liability		(71,654)	
Change in deferred inflows of resources - pensions		883	
Change in deferred outflows of resources - OPEB		27,771	
Change in other post-employment benefits		6,065	
Change in deferred inflows of resources - OPEB		(6,895)	
Change in accrued compensated absences		(7,680)	
Adjustment to accrued landfill closure and post-closure costs		(263,734)	
Interest income from Capital Project Funds		10,429	
Transfer to solid waste operations facility project fund		<u>110,000</u>	
Total reconciling items		<u>53,267</u>	
Change in net position		<u>\$ 443,295</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, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
<b>Expenditures:</b>					
Engineering	\$ 704,104	\$ 530,123	\$ 96,403	\$ 626,526	\$ 77,578
Legal	20,000	10,387	1,500	11,887	8,113
Other services	53,146	53,309	-	53,309	(163)
Construction	1,708,200	1,324,558	27	1,324,585	383,615
Total expenditures	<u>2,485,450</u>	<u>1,918,377</u>	<u>97,930</u>	<u>2,016,307</u>	<u>469,143</u>
Revenues (under) expenditures	<u>(2,485,450)</u>	<u>(1,918,377)</u>	<u>(97,930)</u>	<u>(2,016,307)</u>	<u>469,143</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	2,435,450	1,611,672	-	1,611,672	(823,778)
Transfer from Landfill Fund	50,000	49,000	-	49,000	(1,000)
Total other financing (uses)	<u>2,485,450</u>	<u>1,660,672</u>	<u>-</u>	<u>1,660,672</u>	<u>(824,778)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (257,705)</u>	<u>\$ (97,930)</u>	<u>\$ (355,635)</u>	<u>\$ (355,635)</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, 2019

		<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>
<b>Expenditures:</b>					
Engineering	\$ 85,000	\$ 32,364	\$ 7,432	\$ 39,796	\$ 45,204
Roadway and paving	20,000	-	-	-	20,000
Construction	295,000	-	-	-	295,000
Total expenditures	<u>400,000</u>	<u>32,364</u>	<u>7,432</u>	<u>39,796</u>	<u>360,204</u>
Revenues (under) expenditures	(400,000)	(32,364)	(7,432)	(39,796)	360,204
<b>Other Financing Sources (Uses):</b>					
Transfer from Landfill Fund	<u>400,000</u>	<u>290,000</u>	<u>110,000</u>	<u>400,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 257,636</u>	<u>\$ 102,568</u>	<u>\$ 360,204</u>	<u>\$ 360,204</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, 2019**

		<b>Actual</b>			
	<b><u>Project Authorization</u></b>	<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	<b><u>Total To Date</u></b>	<b><u>Variance Over/Under</u></b>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 1,124	\$ 10,429	\$ 11,553	\$ 11,553
<b>Expenditures:</b>					
Engineering	255,000	226,547	9,949	236,496	18,504
Office furniture and equipment	90,000	3,179	48,467	51,646	38,354
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	1,037,530	18,511	1,056,041	135,796
Landscaping	10,000	-	5,289	5,289	4,711
Contingency	28,018	-	-	-	28,018
Total expenditures	<u>1,665,000</u>	<u>1,333,589</u>	<u>82,216</u>	<u>1,415,805</u>	<u>249,195</u>
Revenues (under) expenditures	(1,665,000)	(1,332,465)	(71,787)	(1,404,252)	260,748
<b>Other Financing Sources (Uses):</b>					
Transfer from Landfill Fund	<u>1,665,000</u>	<u>1,665,000</u>	<u>-</u>	<u>1,665,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 332,535</u>	<u>\$ (71,787)</u>	<u>\$ 260,748</u>	<u>\$ 260,748</u>

## CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET  
DEPARTMENT OF PUBLIC HOUSING  
JUNE 30, 2019

	Department of Public Housing			
	Conventional	Section 8	Capital Fund	Total
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 632,026	\$ 99,917	\$ 69,143	\$ 801,086
Accounts receivable - net	7,666	-	21,637	29,303
Due from other funds	388	-	-	388
Prepaid expenses	1,143	127	-	1,270
Restricted cash and cash equivalents	43,504	-	-	43,504
Total current assets	684,727	100,044	90,780	875,551
Non-current assets:				
Capital assets:				
Land and non-depreciable assets	163,505	-	-	163,505
Other capital assets, net of depreciation	4,951,032	58,770	35,639	5,045,441
Total non-current assets	5,114,537	58,770	35,639	5,208,946
Total assets	5,799,264	158,814	126,419	6,084,497
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	111,204	9,579	-	120,783
OPEB deferrals	29,702	8,534	-	38,236
Total deferred outflows of resources	140,906	18,113	-	159,019
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	44,281	4,105	34,325	82,711
Due to other funds	-	-	388	388
Liabilities to be paid from restricted assets:				
Customer deposits	43,504	-	-	43,504
Compensated absences - current	11,406	3,350	-	14,756
Total current liabilities	99,191	7,455	34,713	141,359
Non-current liabilities:				
Compensated absences - non-current	18,638	5,475	-	24,113
Total OPEB liability	323,996	93,089	-	417,085
Net pension liability	146,137	11,994	-	158,131
Total non-current liabilities	488,771	110,558	-	599,329
Total liabilities	587,962	118,013	34,713	740,688
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	3,761	1,075	-	4,836
OPEB deferrals	21,145	6,076	-	27,221
Total deferred inflows of resources	24,906	7,151	-	32,057
<b>Net Position:</b>				
Net investment in capital assets	5,114,537	58,770	35,639	5,208,946
Unrestricted	212,765	(7,007)	56,067	261,825
Total net position	\$ 5,327,302	\$ 51,763	\$ 91,706	\$ 5,470,771

## 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, 2019

	Department of Public Housing			
	Conventional	Section 8	Capital Fund	Total
<b>Operating Revenues:</b>				
Rental income	\$ 541,652	\$ -	\$ -	\$ 541,652
Public housing revenues	46,574	-	-	46,574
Total operating revenues	<u>588,226</u>	<u>-</u>	<u>-</u>	<u>588,226</u>
<b>Operating Expenses:</b>				
Administrative	555,141	141,476	113,029	809,646
Utilities	351,845	-	-	351,845
Ordinary maintenance and operation	308,979	-	-	308,979
General expenses	53,169	-	-	53,169
Housing assistance program	-	1,362,160	-	1,362,160
Depreciation	<u>419,505</u>	<u>4,127</u>	<u>-</u>	<u>423,632</u>
Total operating expenses	<u>1,688,639</u>	<u>1,507,763</u>	<u>113,029</u>	<u>3,309,431</u>
Operating (loss)	<u>(1,100,413)</u>	<u>(1,507,763)</u>	<u>(113,029)</u>	<u>(2,721,205)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Operating subsidies	657,350	1,559,006	-	2,216,356
Gain (loss) on disposal of capital assets	5,322	-	-	5,322
Investment earnings	5,001	1,459	-	6,460
Other non-operating revenue	<u>24,733</u>	<u>-</u>	<u>-</u>	<u>24,733</u>
Total non-operating revenues	<u>692,406</u>	<u>1,560,465</u>	<u>-</u>	<u>2,252,871</u>
Income (loss) before capital contributions and transfers	<u>(408,007)</u>	<u>52,702</u>	<u>(113,029)</u>	<u>(468,334)</u>
<b>Capital Contributions and Transfers:</b>				
Capital contributions	-	-	27,169	27,169
Transfers out	<u>(18,814)</u>	<u>-</u>	<u>-</u>	<u>(18,814)</u>
Total contributions and transfers	<u>(18,814)</u>	<u>-</u>	<u>27,169</u>	<u>8,355</u>
Change in net position	(426,821)	52,702	(85,860)	(459,979)
<b>Net Position:</b>				
Beginning of year, July 1	<u>5,754,123</u>	<u>(939)</u>	<u>177,566</u>	<u>5,930,750</u>
End of year, June 30	<u>\$ 5,327,302</u>	<u>\$ 51,763</u>	<u>\$ 91,706</u>	<u>\$ 5,470,771</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, 2019**

	<b>Conventional</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Operating revenues:			
Rental income	\$ 500,400	\$ 541,652	\$ 41,252
Other operating revenues	48,500	46,574	(1,926)
Total operating revenues	548,900	588,226	39,326
Non-operating revenues:			
Operating subsidies	684,000	657,350	(26,650)
Interest income	2,500	5,001	2,501
Sale of capital assets	-	5,322	5,322
Misc	24,895	24,733	(162)
Total non-operating revenues	711,395	692,406	(18,989)
Total revenues	1,260,295	1,280,632	20,337
<b>Expenditures:</b>			
Operating expenditures:			
Administrative	663,750	564,180	99,570
Utilities	404,760	351,845	52,915
Ordinary maintenance and operation	339,671	308,979	30,692
General expenses	55,000	53,169	1,831
Non-routine maintenance	11,200	-	11,200
Total operating expenditures	1,474,381	1,278,173	196,208
Non-operating expenditures:			
Lease payments	1,200	345	855
Interest and other charges	300	-	300
Capital outlay	45,250	69,882	(24,632)
Total non-operating expenditures	46,750	70,227	(23,477)
Total expenditures	1,521,131	1,348,400	172,731
Revenues over (under) expenditures	(260,836)	(67,768)	193,068

## 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, 2019**

	<b>Conventional</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Other Financing Sources (Uses):</b>			
Transfer to General Fund	(18,814)	(18,814)	-
Appropriated fund balance	279,650	-	(279,650)
Total other financing sources (uses)	260,836	(18,814)	(279,650)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(86,582)	\$ (86,582)
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Depreciation		(419,505)	
Capital outlay		69,882	
Lease principal payments		345	
Change in deferred outflows of resources - pensions		33,339	
Change in net pension liability		1,126	
Change in deferred inflows of resources - pensions		1,738	
Change in deferred outflows of resources - OPEB		17,140	
Change in other post-employment benefits		(41,746)	
Change in deferred inflows of resources - OPEB		(5,809)	
Change in accrued compensated absences		3,251	
Change in net position		\$ (426,821)	

## 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, 2019**

	<b>Section 8</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
<b>Non-Operating Revenues:</b>			
Operating subsidies	\$ 1,525,465	\$ 1,559,006	\$ 33,541
Interest income	50	1,459	1,409
Total revenues	<u>1,525,515</u>	<u>1,560,465</u>	<u>34,950</u>
<b>Expenditures:</b>			
<b>Operating Expenditures:</b>			
Administrative	152,680	140,290	12,390
Housing assistance program	<u>1,372,835</u>	<u>1,362,160</u>	<u>10,675</u>
Total operating expenditures	<u>1,525,515</u>	<u>1,502,450</u>	<u>23,065</u>
Revenues over (under) expenditures	<u>\$ -</u>	58,015	<u>\$ 58,015</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Depreciation		(4,127)	
Change in deferred outflows of resources - pensions		5,970	
Change in net pension liability		(11,994)	
Change in deferred inflows of resources - pensions		3,331	
Change in deferred outflows of resources - OPEB		8,534	
Change in other post-employment benefits		323	
Change in deferred inflows of resources - OPEB		(6,076)	
Change in accrued compensated absences		<u>(1,274)</u>	
Change in net position		<u>\$ 52,702</u>	

## CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
DEPARTMENT OF PUBLIC HOUSING - CAPITAL FUNDS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Capital Funds</b>				
	<b><u>Project Authorization</u></b>	<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	<b><u>Total To Date</u></b>	<b><u>Variance Over/Under</u></b>
<b>Revenues:</b>					
HUD Capital Grants	\$ 617,961	\$ 299,940	\$ 27,169	\$ 327,109	\$ (290,852)
<b>Expenditures:</b>					
Administrative	5,000	19,627	113,029	132,656	(127,656)
Capital outlay	612,961	102,747	35,639	138,386	474,575
Total expenditures	617,961	122,374	148,668	271,042	346,919
Revenues under expenditures	\$ -	\$ 177,566	(121,499)	\$ 56,067	\$ 56,067
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>					
Capital outlay			35,639		
Change in net position			\$ (85,860)		





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## **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, 2019**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges	\$ 3,151,657	\$ 2,785,178	\$ (366,479)
Employee contributions	440,913	406,313	(34,600)
Total operating revenues	<u>3,592,570</u>	<u>3,191,491</u>	<u>(401,079)</u>
Non-operating revenues:			
Interest earned on investments	<u>-</u>	<u>21,420</u>	<u>21,420</u>
Total revenues	<u>3,592,570</u>	<u>3,212,911</u>	<u>(379,659)</u>
<b>Expenditures:</b>			
Operating expenditures:			
Health benefit claims and premiums	3,408,730	2,852,171	556,559
Other operating expenditures	<u>183,840</u>	<u>185,576</u>	<u>(1,736)</u>
Total expenditures	<u>3,592,570</u>	<u>3,037,747</u>	<u>554,823</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>175,164</u>	<u>\$ 175,164</u>
<b>Reconciliation from Budgetary Basis to Full Accrual Basis:</b>			
Reconciling items:			
Increase in health benefit claims payable		<u>(126,187)</u>	
Change in net position		<u>\$ 48,977</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, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 6,855,130	\$ 6,675,975	\$ 179,155
2017-2018	151,400	707	72,671	79,436
2016-2017	104,084	661	29,955	74,790
2015-2016	69,684	661	21,864	48,481
2014-2015	55,809	-	12,008	43,801
2013-2014	62,345	-	9,964	52,381
2012-2013	45,534	-	9,122	36,412
2011-2012	35,497	-	5,104	30,393
2010-2011	36,857	-	4,368	32,489
2009-2010	94,950	-	3,499	91,451
2008-2009	22,850	-	22,850	-
Total	<u>\$ 679,010</u>	<u>\$ 6,857,159</u>	<u>\$ 6,867,380</u>	668,789
Less: allowance for uncollectible accounts				
Ad valorem taxes receivable				<u>(226,835)</u>
Ad valorem taxes receivable - net				441,954
Municipal service district taxes receivable - net				<u>5,754</u>
Total taxes receivable - net				<u>\$ 447,708</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes collected - General Fund				\$ 6,904,421
Municipal service district collections				(48,685)
Discounts allowed				38,949
Releases and adjustments				10,440
Taxes written off				20,587
Interest collected				<u>(58,332)</u>
Total collections and credits				<u>\$ 6,867,380</u>



## CITY OF ALBEMARLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2019

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current rate	\$ 1,069,538,281	\$ 0.64	\$ 6,845,045	\$ 6,047,248	\$ 797,797
<b>Discoveries:</b>					
Current and prior years	9,815,469	0.64	62,819	62,819	-
<b>Abatements</b>	<u>(8,239,688)</u>	0.64	<u>(52,734)</u>	<u>(52,734)</u>	<u>-</u>
Total valuation	<u>\$ 1,071,114,063</u>				
<b>Net Levy</b>			6,855,130	6,057,333	797,797
Uncollected taxes at June 30, 2019			<u>(179,155)</u>	<u>(172,702)</u>	<u>(6,453)</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 6,675,975</u>	<u>\$ 5,884,631</u>	<u>\$ 791,344</u>
<b>Current Levy Collection Percentage</b>			<u>97.39%</u>	<u>97.15%</u>	<u>99.19%</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, 2019

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872
	<b>Assets:</b>			
	Current Assets:			
	Cash:			
111	Cash - unrestricted	\$ 632,026	\$ 99,917	\$ 69,143
114	Cash - tenant security deposits	43,504	-	-
100	Total cash	675,530	99,917	69,143
	Accounts and notes receivable:			
122	Accounts receivable - miscellaneous	388	-	21,637
126	Accounts receivable - tenants - dwelling units	20,340	-	-
126.1	Allowance for doubtful accounts - dwelling units	(12,674)	-	-
120	Total receivables	8,054	-	21,637
142	Prepaid expenses and other assets	1,143	127	-
150	Total current assets	684,727	100,044	90,780
	Non-current assets:			
161	Land	163,505	-	-
162	Buildings	11,272,161	79,244	35,639
163	Furniture, equipment, machinery - dwellings	291,112	-	-
164	Furniture, equipment, machinery - administration	361,214	46,798	-
165	Leasehold improvements	1,095,734	-	-
166	Accumulated depreciation	(8,069,189)	(67,272)	-
180	Total non-current assets	5,114,537	58,770	35,639
190	Total assets	5,799,264	158,814	126,419
200	<b>Deferred Outflows of Resources</b>	140,906	18,113	-
290	Total assets and deferred outflows of resources	\$ 5,940,170	\$ 176,927	\$ 126,419
	<b>Liabilities and Equity:</b>			
	Liabilities:			
	Current Liabilities:			
312	Accounts payable (less than or equal to 90 days)	\$ 6,211	\$ 53	\$ 34,713
321	Accrued wage/payroll taxes payable	19,256	4,052	-
322	Accrued compensated absences	11,406	3,350	-
333	Accounts payable - other government	18,814	-	-
341	Tenant security deposits	43,504	-	-
310	Total current liabilities	99,191	7,455	34,713
	Non-current liabilities:			
354	Accrued compensated absences - non-current	18,638	5,475	-
357	Accrued pension and OPEB liabilities	470,133	105,083	-
350	Total non-current liabilities	488,771	110,558	-
300	Total liabilities	587,962	118,013	34,713

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
PUBLIC HOUSING PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2019

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872
400	<b>Deferred Inflows of Resources</b>	24,906	7,151	-
	Equity:			
	Contributed capital:			
508.4	Net investment in capital assets	5,114,537	58,770	35,639
512.4	Unrestricted net position	212,765	(7,007)	56,067
513	Total equity	5,327,302	51,763	91,706
600	Total liabilities, deferred inflows of resources and equity	\$ 5,940,170	\$ 176,927	\$ 126,419
	<b>Revenues:</b>			
70300	Net tenant rental revenue	\$ 541,652	\$ -	\$ -
70400	Tenant revenue - other	46,574	-	-
70600	HUD PHA operating grants	657,350	1,559,006	-
70610	Capital grants	-	-	27,169
71100	Investment income - unrestricted	5,001	1,459	-
71500	Other income	24,733	-	-
71600	Gain or loss on sale of capital assets	5,322	-	-
70000	Total revenues	1,280,632	1,560,465	27,169
	<b>Expenses:</b>			
	Administrative:			
91100	Administrative salaries	283,750	95,112	-
91200	Auditing fees	9,050	2,138	-
91500	Employee benefit contributions	154,691	30,197	-
91600	Office expenses	29,267	8,974	-
91800	Travel	27	-	-
91900	Other	69,443	-	113,029
91000	Total operating - administrative	546,228	136,421	113,029
93100	Water	35,128	-	-
93200	Electricity	275,749	-	-
93800	Other utility expense	40,968	-	-
93000	Total utilities	351,845	-	-
94100	Ordinary maintenance and operations - labor	145,781	1,813	-
94200	Ordinary maintenance and operations - materials and other	47,788	-	-
94300	Ordinary maintenance and operations - contract costs	115,410	-	-
94000	Total maintenance	308,979	1,813	-
96110	Property insurance	53,169	1,381	-
96100	Total insurance premiums	53,169	1,381	-
96200	Other general expenses	-	587	-
96210	Compensated absences	(3,251)	1,274	-
96400	Bad debt - tenant rents	12,164	-	-
96000	Total other general expenses	8,913	1,861	-
96900	Total operating expenses	1,269,134	141,476	113,029

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
PUBLIC HOUSING PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2019

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872
97000	Excess of operating revenues over expenditures	11,498	1,418,989	(85,860)
97300	Housing assistance payments	-	1,362,160	-
97400	Depreciation expense	419,505	4,127	-
90000	Total expenses	1,688,639	1,507,763	113,029
10030	Operating transfers from/to primary government	(18,814)	-	-
10000	Excess of revenue over expenses	(426,821)	52,702	(85,860)
11030	Beginning equity	5,754,123	(939)	177,566
	Ending equity	\$ 5,327,302	\$ 51,763	\$ 91,706
	Memo information:			
11190	Unit months available	\$ 2,388	\$ 3,996	\$ -
11210	Number of unit months leased	2,280	3,156	-
11620	Building purchase	24,895	-	35,639
11640	Furniture & equipment - administrative purchases	44,987	-	-



**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**

	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Governmental activities										
Net Investment in capital assets	\$ 14,165,960	\$ 14,370,860	\$ 13,262,477	\$ 14,403,544	\$ 14,179,497	\$ 14,001,213	\$ 14,015,366	\$ 15,988,670	\$ 16,249,532	\$ 17,339,345
Restricted	-	2,309,949	1,819,613	940,571	1,841,563	1,577,201	1,985,738	2,901,081	2,490,055	3,238,404
Unrestricted	2,861,528	962,655	2,914,029	3,332,448	2,901,486	3,474,113	4,123,830	629,614	(4,398,116)	(3,942,202)
Total Governmental activities net position	\$ 17,027,488	\$ 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
Business-type activities										
Net Investment in capital assets	\$ 41,490,312	\$ 42,084,089	\$ 42,415,279	\$ 42,948,565	\$ 39,408,597	\$ 42,422,961	\$ 44,464,743	\$ 45,170,225	\$ 44,690,542	\$ 46,944,504
Unrestricted	11,127,818	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
Total business-type activities net position	\$ 52,618,130	\$ 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
Primary government										
Net Investment in capital assets	\$ 55,656,272	\$ 56,454,949	\$ 55,677,756	\$ 57,352,109	\$ 53,588,094	\$ 56,424,174	\$ 58,480,109	\$ 61,158,895	\$ 60,940,074	\$ 64,283,849
Restricted	-	2,309,949	1,819,613	940,571	1,841,563	1,577,201	1,985,738	2,901,081	2,490,055	3,238,404
Unrestricted	13,989,346	12,409,059	13,185,439	10,974,831	12,661,067	8,259,529	9,736,656	6,806,140	3,319,868	5,430,509
Total primary government net position	\$ 69,645,618	\$ 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



**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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 1,632,156	\$ 1,690,535	\$ 1,809,417	\$ 1,788,218	\$ 1,856,381	\$ 1,591,598	\$ 1,954,727	\$ 2,480,395	\$ 1,807,621	\$ 2,017,511
Public safety	6,470,518	6,469,334	6,403,391	6,675,379	7,033,184	7,150,819	7,772,694	7,877,876	7,740,486	8,021,031
Public Works	2,215,974	2,277,094	2,061,552	2,183,786	2,032,970	2,036,115	2,867,886	3,167,899	3,362,049	3,370,980
Environmental protection	1,072,326	1,136,579	1,176,673	934,069	930,426	940,066	-	-	-	-
Economic and physical development	35,426	97,547	2,740	2,229	112,038	68,283	-	-	-	-
Culture and recreation	1,147,193	1,213,362	1,258,938	1,272,719	1,302,081	1,410,222	1,463,717	1,531,121	1,575,332	1,674,492
Interest on long-term debt	130,530	113,574	102,899	103,205	104,234	86,493	93,070	64,556	103,013	113,325
Total governmental activities expenses	12,704,123	12,998,025	12,815,610	12,959,605	13,371,314	13,283,596	14,152,094	15,121,847	14,588,501	15,197,339
Business-type activities:										
Water and sewer	7,482,155	6,373,060	6,626,752	7,003,619	7,158,112	7,426,506	8,648,339	9,278,188	9,748,310	9,779,782
Electric	27,983,274	29,827,906	30,947,485	32,496,423	34,128,798	34,617,760	32,628,604	32,943,240	31,976,701	30,402,233
Landfill	2,248,007	2,053,366	2,043,328	2,988,247	3,300,050	3,069,545	3,002,061	2,439,400	2,394,236	2,649,616
Department of public housing	2,873,375	2,916,958	2,930,052	3,029,943	3,041,526	2,982,647	3,116,509	3,030,163	3,345,221	3,283,349
Total business-type activities	40,586,811	41,171,290	42,547,617	45,518,232	47,628,486	48,096,458	47,395,513	47,690,991	47,464,468	46,114,980
Total primary governmental expenses	\$ 53,290,934	\$ 54,169,315	\$ 55,363,227	\$ 58,477,837	\$ 60,999,800	\$ 61,380,054	\$ 61,547,607	\$ 62,812,838	\$ 62,052,969	\$ 61,312,319
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 15,268	\$ 21,915	\$ 13,842	\$ 25,079	\$ 19,197	\$ 20,973	\$ 14,268	\$ 13,856	\$ 27,704	\$ 29,154
Public safety	24,804	25,508	29,006	26,358	24,169	28,754	33,698	27,287	28,853	78,641
Public Works	726,791	1,026,813	1,099,162	1,078,301	1,076,096	1,087,367	1,267,508	1,275,629	1,441,848	1,471,735
Culture and recreation	91,066	79,761	84,151	117,498	113,766	111,001	100,530	92,536	115,401	121,015
Operating grants and contributions	29,631	31,795	28,966	26,561	49,700	66,402	676,998	652,466	713,243	1,243,810
Capital grants and contributions	1,561,706	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	\$ 2,449,266	\$ 2,394,382	\$ 1,975,033	\$ 2,199,465	\$ 2,268,643	\$ 2,264,064	\$ 2,655,624	\$ 3,242,192	\$ 2,350,990	\$ 2,960,323
Business-type activities:										
Charges for services:										
Water and sewer	6,240,988	6,429,806	6,649,077	6,824,060	7,421,015	7,698,198	9,448,941	10,248,254	10,778,526	10,195,261
Electric	28,394,156	30,307,901	29,995,450	32,366,262	34,615,161	34,904,849	33,553,769	33,503,443	34,105,982	32,561,229
Landfill	2,455,316	2,104,072	2,292,726	2,366,306	2,628,348	2,462,101	2,874,421	2,762,869	2,897,365	2,891,829
Department of public housing	428,928	429,637	408,352	464,436	450,847	525,186	570,760	532,104	531,934	618,281
Operating grants and contributions	1,980,201	2,212,993	2,131,220	2,014,307	2,070,074	1,931,665	1,895,994	2,072,475	2,215,583	2,383,012
Capital grants and contributions	1,184,645	564,644	124,802	396,040	192,779	236,464	417,681	385,270	206,329	2,458,033
Total business-type activities program revenues	40,684,234	42,049,053	41,601,627	44,431,411	47,378,224	47,758,463	48,761,566	49,504,415	50,735,719	51,107,645
Total primary governmental program revenues	\$ 43,133,500	\$ 44,443,435	\$ 43,576,660	\$ 46,630,876	\$ 49,646,867	\$ 50,022,527	\$ 51,417,190	\$ 52,746,607	\$ 53,086,709	\$ 54,067,968
Net (expense)/revenue										
Governmental activities	\$ (10,254,857)	\$ (10,603,643)	\$ (10,840,577)	\$ (10,760,140)	\$ (11,102,671)	\$ (11,019,532)	\$ (11,496,470)	\$ (11,879,655)	\$ (12,237,511)	\$ (12,237,016)
Business-type activities	97,423	877,763	(945,990)	(1,086,821)	(250,262)	(337,995)	1,366,053	1,813,424	3,271,251	4,992,665
Total primary governmental net expense	\$ 96,424,434	\$ 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)

*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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 5,661,574	\$ 5,642,857	\$ 5,540,371	\$ 5,660,953	\$ 5,794,633	\$ 5,942,627	\$ 5,938,844	\$ 6,075,216	\$ 6,218,480	\$ 6,873,954
Other taxes	3,919,861	4,018,883	4,254,430	4,386,653	4,285,480	4,776,561	5,110,887	5,397,619	5,678,176	5,945,536
Unrestricted Interest earned on investments	55,594	33,304	18,135	10,038	2,528	2,185	7,614	17,090	46,992	209,123
Miscellaneous	100,908	202,507	190,296	215,981	134,347	72,132	168,849	208,081	166,303	-
Transfers in (out)	(3,770,698)	1,322,068	1,190,000	1,166,959	1,373,818	1,240,000	1,091,727	907,319	793,152	1,502,479
Special item								(227,361)		
Total governmental activities	5,967,239	11,219,619	11,193,232	11,440,584	11,590,806	12,033,505	12,317,921	12,377,964	12,903,103	14,531,092
Business-type activities:										
Other taxes	-	-	-	-	-	-	-	142,620	169,766	149,002
Unrestricted Interest earned on investments	96,253	49,211	25,971	18,091	79,476	57,763	9,586	17,254	69,370	269,501
Miscellaneous	3,430,815	1,214,005	1,226,215	1,065,333	121,834	280,781	209,570	203,203	130,662	-
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	3,770,698	(1,322,068)	(1,190,000)	(1,166,959)	(1,373,818)	(1,240,000)	(1,091,727)	(907,319)	(793,152)	(1,502,479)
Total business-type activities	7,297,766	(58,852)	62,186	(83,535)	(1,172,508)	(901,456)	(872,571)	(544,242)	(423,354)	(1,083,976)
Total primary government	\$ 13,265,005	\$ 11,160,767	\$ 11,255,418	\$ 11,357,049	\$ 10,418,298	\$ 11,132,049	\$ 11,445,350	\$ 11,833,722	\$ 12,479,749	\$ 13,447,116
<b>Change in net position</b>										
Governmental activities	\$ (4,287,618)	\$ 615,976	\$ 352,655	\$ 680,444	\$ 488,135	\$ 1,013,973	\$ 821,451	\$ 498,309	\$ 665,592	\$ 2,294,076
Business-type activities	7,395,189	818,911	(883,804)	(1,170,356)	(1,422,770)	(1,239,451)	493,482	1,269,182	2,847,897	3,908,689
Total primary government	\$ 3,107,571	\$ 1,434,887	\$ (531,149)	\$ (489,912)	\$ (934,635)	\$ (225,478)	\$ 1,314,933	\$ 1,767,491	\$ 3,513,489	\$ 6,202,765

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

**Table 3**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 62,744	\$ 139,287	\$ 24,313	\$ 17,834	\$ 35,781	\$ 78,870	\$ 234,821	\$ 45,878	\$ 85,500	\$ 82,451
Restricted	2,246,402	2,279,619	1,796,687	940,571	1,841,563	2,628,727	1,985,738	1,876,068	1,913,597	1,974,109
Committed	-	10,280	-	-	6,861	-	1,164,823	486,965	-	-
Assigned	130,101	100,000	266,700	266,700	133,000	37,300	-	333,780	250,000	427,737
Unassigned	1,423,670	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
Total General Fund	<u>\$ 3,862,917</u>	<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>\$ 7,244,667</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	(303,603)	-	-	-	-	-	-	-	-	-
Capital projects funds	(18,090)	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	454,351	-	-	-	-	24,185	-	-	576,458	1,264,295
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>\$ 132,658</u>	<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>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**Table 4**

(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Ad valorem taxes	\$ 5,554,762	\$ 5,550,706	\$ 5,512,617	\$ 5,638,150	\$ 5,844,284	\$ 5,990,284	\$ 5,984,454	\$ 6,101,473	\$ 6,260,114	\$ 6,904,421
Other taxes and licenses	273,170	256,490	422,060	420,930	289,743	298,590	204,587	229,951	242,641	258,542
Unrestricted intergovernmental	3,647,851	3,766,109	3,832,745	3,965,723	3,995,737	4,477,971	4,906,300	5,167,668	5,435,535	5,686,994
Restricted intergovernmental	1,591,337	1,240,385	748,872	952,229	1,035,415	1,016,828	1,237,190	928,156	717,804	762,944
Permits and fees	37,951	45,433	41,873	50,106	43,145	49,277	47,539	40,826	56,409	53,489
Sales and services	819,978	1,108,564	1,184,288	1,197,130	1,190,083	1,221,657	1,368,465	1,368,482	1,557,397	1,551,257
Investment earnings	55,594	33,304	18,135	10,038	6,851	2,185	7,614	17,090	46,992	187,703
Miscellaneous	100,908	202,507	190,296	215,981	130,024	112,210	221,472	214,689	203,884	620,760
Total revenues	12,081,551	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
<b>Expenditures</b>										
General government	1,601,348	1,442,843	1,490,441	1,445,778	1,599,637	1,489,113	1,996,872	4,036,398	1,692,325	2,183,069
Public safety	6,423,349	6,105,572	6,208,346	7,252,114	7,018,252	7,077,655	7,355,402	8,253,389	7,982,448	7,795,570
Public Works	2,125,370	2,001,471	1,829,798	1,939,171	1,905,120	1,857,988	3,076,021	2,875,905	3,168,184	3,235,635
Environmental protection	1,110,076	1,136,579	1,157,169	918,277	930,426	940,066	-	-	-	-
Economic and physical development	35,426	97,547	2,640	2,229	112,038	68,283	-	-	-	-
Culture and recreation	1,064,349	1,060,152	1,226,130	1,122,948	1,192,452	1,253,103	1,267,422	1,398,318	1,683,416	1,619,202
Capital Outlay	3,694,381	506,879	41,547	760,359	161,486	126,623	672,424	827,485	167,791	886,328
Debt service										
Principal retirement	417,180	434,258	344,665	346,844	318,728	290,318	366,507	505,182	613,758	611,197
Interest and other charges	130,530	113,574	102,899	102,620	104,234	86,493	79,943	65,439	107,036	104,638
Total expenditures	16,602,009	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
Excess of revenues over (under) expenditures	(4,520,458)	(695,377)	(452,749)	(1,440,053)	(807,091)	(20,640)	(836,970)	(3,893,781)	(894,182)	(409,729)
<b>Other financing sources (uses)</b>										
Transfers from other funds	3,502,979	1,445,641	1,236,638	2,191,452	1,398,818	1,551,230	1,218,985	2,138,199	923,152	2,833,824
Transfers to other funds	(1,432,979)	(123,573)	(46,638)	(1,024,493)	(25,000)	(311,230)	(127,258)	(1,230,880)	(616,965)	(1,331,345)
Proceeds from debt	81,017	-	903,100	-	331,590	-	638,934	1,964,972	-	266,958
Sales of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,151,017	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
Net change in fund balances	\$ (2,369,441)	\$ 626,691	\$ 1,640,351	\$ (273,094)	\$ 898,317	\$ 1,219,360	\$ 893,691	\$ (1,021,490)	\$ (587,995)	\$ 1,359,708
Debt services as a percentage of noncapital expenditures	4.2%	4.4%	3.6%	3.4%	3.2%	2.9%	3.2%	3.3%	4.7%	4.6%

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

**Table 5**

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

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

**Table 6**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Security Light</b>	<b>Total</b>
2010	9,827	2,168	15	2,882	14,892
2011	9,880	2,197	16	2,882	14,975
2012	9,805	2,202	15	2,891	14,913
2013	9,806	2,212	15	2,872	14,905
2014	9,762	2,208	15	2,873	14,858
2015	9,781	2,197	13	2,838	14,829
2016	9,845	2,108	13	2,847	14,813
2017	9,922	2,232	15	2,902	15,071
2018	9,889	2,229	13	2,870	15,001
2019	9,929	2,221	13	2,900	15,063

Source: City of Albemarle Finance and Utilities Department

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

*Table 7*

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Residential Customers</b>										
<i>Residential Service-RS</i>										
Basic Facilities Charge	11.140000	11.610000	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000
First 500 kWh used	0.094120	0.098070	0.101990	0.106690	0.112190	0.114990	0.113150	0.113150	0.108620	0.108620
All over 500 kWh used	0.100360	0.104580	0.108760	0.113460	0.118960	0.121930	0.119980	0.119980	0.115180	0.115180
<i>Residential All Electric Service-RE</i>										
Basic Facilities Charge	11.140000	11.610000	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000
First 500 kWh used	0.094120	0.098070	0.101990	0.106390	0.111590	0.114380	0.112550	0.112550	0.108050	0.108050
All over 500 kWh used	0.092210	0.096080	0.099920	0.104320	0.109520	0.112260	0.110460	0.110460	0.106040	0.106040
<b>Commercial Customers</b>										
<i>Small General Service-SGS</i>										
Basic Facilities Charge	15.310000	15.950000	16.590000	7781.000000	750.000000					
Demand Charge				16.590000	16.590000	17.000000	16.730000	16.730000	16.730000	16.730000
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	4.510000	4.700000	4.890000	4.890000	4.890000	5.010000	4.930000	4.930000	4.930000	4.930000
Energy Charge										
First 3,000 kWh used	0.131120	0.136630	0.142100	0.147600	0.154200	0.158060	0.155530	0.155530	0.149310	0.149310
Next 9,000 kWh used	0.067950	0.070800	0.073630	0.079130	0.085730	0.087870	0.086460	0.086460	0.083000	0.083000
All over 12,000 kWh used	0.062270	0.064890	0.067490	0.072990	0.079590	0.081580	0.080270	0.080270	0.077060	0.077060
Minimum Monthly Bill Amount	32.460000	33.820000	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000
<i>Medium General Service-LGS</i>										
Basic Facilities Charge	15.310000	15.950000	16.590000	16.590000	16.590000	17.000000	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	5.150000	5.370000	5.580000	5.580000	5.580000	5.720000	5.630000	5.630000	5.630000	5.630000
Energy Charge										
First 3,000 kWh used	0.127120	0.132460	0.137760	0.141760	0.146460	0.150120	0.147720	0.147720	0.141810	0.141810
Next 9,000 kWh used	0.077420	0.080670	0.083900	0.087900	0.092600	0.094920	0.093400	0.093400	0.089660	0.089660
All over 12,000 kWh used	0.067950	0.070800	0.073630	0.077630	0.082330	0.084390	0.083040	0.083040	0.079720	0.079720
Minimum Monthly Bill Amount	32.460000	33.820000	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000
<i>Large General Service-LGS</i>										
Basic Facilities Charge	23.670000	24.660000	25.650000	25.650000	25.650000	26.290000	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	5.340000	5.560000	5.780000	5.780000	5.780000	5.920000	5.830000	5.830000	5.830000	5.830000
Energy Charge										
First 25,000 kWh used	0.076140	0.079340	0.082510	0.085910	0.089910	0.092160	0.090690	0.090690	0.087060	0.087060
Next 50,000 kWh used	0.072160	0.075190	0.078200	0.081600	0.085600	0.087740	0.086340	0.086340	0.082890	0.082890
Next 75,000 kWh used	0.062850	0.065490	0.068110	0.071510	0.075510	0.077400	0.076160	0.076160	0.073110	0.073110
All over 150,000 kWh used	0.057390	0.059800	0.062190	0.065590	0.069590	0.071330	0.070190	0.070190	0.067380	0.067380
Minimum Monthly Bill Amount	54.090000	56.360000	58.610000	58.610000	61.250000	62.780000	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**

<b><u>Customer</u></b>	<b>2010</b>			<b>2019</b>		
	<b><u>Electric Revenue</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total Electric Revenue</u></b>	<b><u>Electric Revenue</u></b>	<b><u>Rank</u></b>	<b><u>Percentage of Total Electric Revenue</u></b>
IAC Albemarle LLC	1,185,115	1	4.12%	869,605	1	2.52%
Stanly Regional Medical Center	705,746	2	2.45%	788,218	2	2.29%
Preformed Line Products	635,843	3	2.21%	771,848	3	2.24%
City of Albemarle Public Utilities	268,150	7	0.93%	444,103	4	1.29%
Wal-Mart	346,993	4	1.21%	401,410	5	1.16%
Carolinas Healthcare System	-	-	0.00%	385,810	6	1.12%
Albemarle Correctional Institution	280,574	6	0.98%	354,373	7	1.03%
Enforge	236,705	8	0.82%	351,154	8	1.02%
Food Lion	217,150	10	0.75%	276,713	9	0.80%
City of Albemarle Public Housing	309,343	5	1.08%	275,749	10	0.80%
Lowe's	231,675	9	0.81%	-	-	0.00%
Totals	<u>\$ 4,417,294</u>		<u>15.35%</u>	<u>\$ 4,918,983</u>		<u>14.27%</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**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Wholesale</b>	<b>Total</b>
2010	6,167	1,050	17	-	7,234
2011	6,119	1,049	16	-	7,184
2012	6,112	1,050	19	-	7,181
2013	6,219	1,049	15	-	7,283
2014	6,224	1,037	15	-	7,276
2015	6,233	1,050	16	-	7,299
2016	6,249	1,057	14	1	7,321
2017	6,294	1,045	17	1	7,357
2018	6,251	1,045	14	1	7,311
2019	6,296	1,037	15	1	7,349

Source: City of Albemarle Finance and Utilities Departments

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

**Table 10**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Water-Inside Corporate Limits</b>										
0 - 300 cubic feet (minimum charge)	9.49	9.49	9.49	9.96	9.96	10.76	11.19	11.64	12.11	12.11
301 - 30,000 cubic feet (charge per 100 cubic feet)	1.80	1.88	1.98	2.08	2.18	2.35	2.44	2.54	2.64	2.64
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	1.54	1.61	1.70	1.79	1.88	2.03	2.11	2.19	2.28	2.28
Over 275,000 cubic feet (charge per 100 cubic feet)	1.13	1.18	1.24	1.30	1.37	1.48	1.54	1.60	1.65	1.65
<b>Water-Outside Corporate Limits</b>										
0 - 300 cubic feet (minimum charge)	18.97	18.97	18.97	19.92	19.92	21.51	22.37	23.26	24.19	24.19
301 - 30,000 cubic feet (charge per 100 cubic feet)	3.60	3.76	3.97	4.16	4.36	4.71	4.90	5.10	5.31	5.31
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	3.08	3.22	3.40	3.58	3.76	4.06	4.22	4.39	4.57	4.57
Over 275,000 cubic feet (charge per 100 cubic feet)	1.13	1.18	1.24	1.30	1.37	1.48	1.54	1.60	1.65	1.65

Source: City of Albemarle Finance and Utilities Departments

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

**Table 11**

<b>Customer</b>	<b>2010</b>			<b>2019</b>		
	<b>Water Revenue</b>	<b>Rank</b>	<b>Percentage of Total Water Revenue</b>	<b>Water Revenue</b>	<b>Rank</b>	<b>Percentage of Total Water Revenue</b>
City of Concord	\$ -	-	0.00%	\$2,303,634	1	34.23%
Stanly County Utilities	626,621	2	18.03%	1,036,161	2	15.40%
Pfeiffer North Stanly Water	336,094	3	9.67%	525,897	3	7.82%
IAC Albemarle LLC	684,494	1	19.70%	364,729	4	5.42%
Gentry Mills Inc	88,069	4	2.53%	181,625	5	2.70%
Town of Oakboro	-	-	0.00%	67,013	6	1.00%
Stanly Regional Medical Center	40,795	5	1.17%	53,168	7	0.79%
City of Albemarle Public Housing	28,026	6	0.81%	35,128	8	0.52%
Bethany Woods Nursing and Rehab	-	-	0.00%	28,590	9	0.42%
The Chinmey's LLC	17,662	7	0.51%	11,732	10	0.17%
American Fiber & Finisher	15,839	8	0.46%	-	-	0.00%
Britthaven of Piedmont	15,138	9	0.44%	-	-	0.00%
City of Albemarle Parks & Rec	10,422	10	0.30%	-	-	0.00%
Totals	<u>\$ 1,863,160</u>		<u>53.62%</u>	<u>\$4,607,677</u>		<u>68.47%</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**

<b><u>Taxpayer</u></b>	<b>2009</b>			<b>2019</b>		
	<b>Taxable Assessed</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed</b>	<b>Taxable Assessed</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed</b>
	<b>Value</b>		<b>Value</b>	<b>Value</b>		<b>Value</b>
Preformed Line Products Company	15,953,006	1	1.57%	17,592,192	1	1.64%
Walmart Real Estate Business	11,974,017	3	1.18%	12,301,123	2	1.15%
Olive Place Plaza LLC	-	-	-	12,051,008	3	1.13%
Centre Point Investors LLC	-	-	-	8,437,200	4	0.79%
Piedmont Natural Gas Company Inc	-	-	-	7,522,351	5	0.70%
Lowes Home Center Inc	7,953,465	7	0.78%	7,448,723	6	0.70%
South Central Oil Company	6,860,967	8	0.67%	7,381,287	7	0.69%
Auria Albemarle LLC	-	-	-	6,235,189	8	0.58%
Fabric DE Gp	6,592,567	10	0.65%	5,476,764	9	0.51%
Uwharrie Bank	-	-	-	4,766,674	10	0.45%
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%	-	-	-
<b>Totals</b>	<b><u>\$ 100,289,856</u></b>		<b><u>9.85%</u></b>	<b><u>\$ 89,212,511</u></b>		<b><u>8.33%</u></b>

Source: Stanly County Tax Assessor

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

*Table 13*

		<b>Fiscal Year</b>									
		<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b>County Direct Rate</b>											
Stanly (General)		0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
Total direct rate		0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
<b>City/Town Overlapping Rates</b>											
City of Albemarle		0.5600	0.5600	0.5600	0.5600	0.5900	0.5900	0.5900	0.5900	0.5900	0.6400
Municipal Service		0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
<b>Maximum Combined</b>											
**County Tax Rate		0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
*** City Tax Rate		0.6600	0.6600	0.6600	0.6600	0.6900	0.6900	0.6900	0.6900	0.6900	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**

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

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**

<b>Fiscal Year Ended June 30</b>	<b>Total Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2010	5,675,031	5,386,288	94.91%	197,292	5,583,580	98.39%
2011	5,708,742	5,383,660	94.31%	292,593	5,676,253	99.43%
2012	5,695,866	5,390,888	94.65%	274,584	5,665,472	99.47%
2013	5,814,698	5,437,536	93.51%	340,749	5,778,285	99.37%
2014	5,816,176	5,574,468	95.84%	189,327	5,763,795	99.10%
2015	5,953,379	5,768,421	96.89%	141,158	5,909,579	99.26%
2016	5,953,469	5,786,940	97.20%	118,048	5,904,988	99.19%
2017	6,063,603	5,900,042	97.30%	88,773	5,988,814	98.77%
2018	6,187,982	6,036,267	97.55%	72,277	6,108,544	98.72%
2019	6,855,130	6,675,975	97.39%	-	6,675,975	97.39%

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

**Table 16**

<b>Fiscal Year</b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b><u>Installment Debt</u></b>	<b><u>Installment Debt</u></b>			
2010	2,391,336	3,946,458	\$ 6,339,804	1.22%	\$ 410
2011	1,947,281	3,582,513	\$ 5,529,794	0.97%	\$ 348
2012	2,505,717	3,583,647	\$ 6,089,364	1.11%	\$ 383
2013	2,170,012	5,701,210	\$ 7,871,222	1.45%	\$ 495
2014	2,182,874	12,380,336	\$ 14,563,210	2.60%	\$ 914
2015	1,892,556	17,636,955	\$ 19,529,511	3.39%	\$ 1,222
2016	2,164,978	19,353,778	\$ 21,518,756	3.63%	\$ 1,347
2017	3,624,773	26,245,557	\$ 29,870,330	5.01%	\$ 1,853
2018	3,011,015	27,906,687	\$ 30,917,702	5.32%	\$ 1,919
2019	2,666,776	25,733,358	\$ 28,400,134	4.64%	\$ 1,763



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

**Table 17**

	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Debt limit	\$ 81,038,914	\$ 81,439,457	\$ 81,338,629	\$82,978,357	\$ 83,046,263	\$ 80,632,773	\$ 80,617,657	\$ 82,218,351	\$ 83,900,569	\$ 85,689,125
Total net debt applicable to limit	<u>3,607,794</u>	<u>1,467,281</u>	<u>3,779,364</u>	<u>5,771,222</u>	<u>12,673,210</u>	<u>17,849,511</u>	<u>25,683,913</u>	<u>29,870,330</u>	<u>30,917,419</u>	<u>28,525,070</u>
Legal debt margin	<u>\$ 77,431,120</u>	<u>\$ 79,972,176</u>	<u>\$ 77,559,265</u>	<u>\$77,207,135</u>	<u>\$ 70,373,053</u>	<u>\$ 62,783,262</u>	<u>\$ 54,933,744</u>	<u>\$ 52,348,021</u>	<u>\$ 52,983,150</u>	<u>\$ 57,164,055</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.45%</u>	<u>1.80%</u>	<u>4.65%</u>	<u>6.96%</u>	<u>15.26%</u>	<u>22.14%</u>	<u>31.86%</u>	<u>36.33%</u>	<u>36.85%</u>	<u>33.29%</u>

**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed value	<u>\$ 1,071,114,063</u>
Debt limit - 8% of assessed value	\$ 85,689,125
Debt applicable to limit:	
General obligation bonds	-
Installment purchases	28,400,134
Capital leases	<u>124,936</u>
Total amount of debt applicable to debt limit	<u>28,525,070</u>
Legal debt margin	<u>\$ 57,164,055</u>

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

**Table 18**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (2)*</b>	<b>School Enrollment (3)*</b>	<b>Unemployment Rate (4)</b>
2010	15,449	521,249,260	33,740	9,336	13.0%
2011	15,903	570,154,356	35,852	9,205	12.3%
2012	15,919	550,208,397	34,563	9,070	10.3%
2013	15,913	543,842,688	34,176	8,953	8.7%
2014	15,937	561,014,274	35,202	8,763	6.2%
2015	15,976	576,925,312	36,112	8,666	5.7%
2016	15,979	592,101,845	37,055	8,670	4.8%
2017	16,121	595,799,918	36,958	8,582	3.8%
2018	16,109	580,890,540	36,060	8,291	3.7%
2019	16,106	611,850,834	37,989	8,289	4.2%

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

Sources:

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

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

**Table 19**

<b>Employer</b>	<b>2019</b>			<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
Stanly County Schools	1146	1	1.88%	1350	1	4.56%
Carolina Healthcare Stanly	657	2	1.08%	705	2	2.38%
Stanly County Government	472	3	0.78%	353	7	1.19%
Michelin Aircraft	450	4	0.74%	444	4	1.50%
Fiberon	423	5	0.69%	441	5	1.49%
Wal-Mart Associates, Inc.	414	6	0.68%			
Food Lion	413	7	0.68%	527	3	1.78%
Stanly Community College	383	8	0.63%			
Dept of Public Safety	375	9	0.62%			
Monarch	350	10	0.57%			
NC DOT				410	6	1.38%
IAC Old Fort LLC				336	8	1.13%
City of Albemarle				280	9	0.94%
Food Lion				273	10	0.92%
<b>Total</b>	<b>5,083</b>		<b>8.35%</b>	<b>5,119</b>		<b>17.27%</b>

Source: Stanly County Economic Development Office

Note: (1) County-level data

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

**Table 20**

<b>Function</b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
General government										
Administration	3	3	4	4	3	3	3	3	2	3
Economic Development	0	0	0	0	1	1	1	1	1	1
Downtown Development	0	0	0	0	0	0	1	2	1	1
Human Resources	3	3	3	3	3	3	3	3	3	3
Finance	10	10	9	9	9	10	10	9	7	9
Information Systems	3	3	3	3	3	4	3	3	4	3
Planning Development Services	5	5	5	5	5	6	6	6	6	6
Engineering	2	1	1	1	1	1	1	1	1	0
Public safety										
Police	51	49	52	55	56	54	55	64	52	48
School Resource	3	3	1	2	2	2	2	2	2	2
Fire	40	39	39	42	41	42	43	43	39	40
Fire Marshal	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	3	3	3	2	2	3	2	2	2	2
Central Warehouse	5	3	3	2	2	2	2	2	2	2
Central Garage	4	4	4	3	4	4	4	2	4	4
Streets and Highways	17	16	15	15	12	11	14	17	10	10
Downtown Services	2	2	1	1	2	2	2	1	2	2
Landfill	15	14	14	14	14	12	13	12	10	11
Public Housing	10	10	9	10	10	10	9	9	9	9
Recreation	6	6	6	6	6	6	6	6	6	7
Parks	9	9	9	7	9	10	9	9	9	7
Water and Sewer										
Water Treatment	17	20	21	20	19	20	18	16	15	18
Sewer Treatment	16	15	15	16	16	16	16	16.5	15	16
Water/Sewer Lines	22	20	20	19	19	19	20	20	20	19
Electric										
Administration	10	10	11	9	10	10	10	10	10	9
Operations	21	20	21	21	21	21	21	21	19	19
Customer Service	3	3	3	3	3	3	3	3	3	3
Total	<u>281</u>	<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>

Note: Will become a ten-year schedule.

Source: City of Albemarle Finance, Payroll

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

**Table 21**

<b>Function</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Police</b>										
Arrests	1,996	1,670	1,910	1,857	1,623	1,450	1,550	1,732	2,453	1,925
Traffic Violations	4,020	4,342	3,127	3,895	4,990	4,364	4,890	4,161	3,309	2,856
Parking Violations	460	407	231	140	41	66	86	63	10	8
Sworn Officers	48	48	48	49	49	48	49	49	49	48
<b>Fire</b>										
Total Responses	2,091	2,275	2,387	2,209	2,347	2,307	2,470	2,507	2,621	3,181
Working Fires	26	30	24	29	27	28	25	25	24	54
EMS Response	1,506	1,676	1,818	1,606	1,762	1,669	1,917	1,923	1,974	2,335
Mutual Aid Given	31	36	40	27	36	34	29	35	34	43
Mutual Aid Received	39	77	51	57	100	79	56	47	50	82
Property Loss (dollars)	\$542,120	\$825,736	\$205,191	\$ 277,500	\$ 384,240	\$ 1,056,100	\$ 378,119	\$ 600,150	\$ 556,209	\$ 992,275
Inspections Performed	1,070	1,202	941	785	640	677	1,279	446	581	1129
<b>Streets</b>										
Street Resurfacing (miles)	1.40	0.63	1.66	1.74	2.20	0.28	-	-	-	5.18
Sidewalk Installation/Repair**								\$270,467.11	-	\$ 27,521.15
<b>Environmental Protection</b>										
Number of Households Served	6,225	6,217	6,395	6,383	6,368	6,399	6,389	6,238	6,328	6,328
Solid Waste Collected (tons/year)	6,684	6,676	6,347	6,318	6,361	6,434	6,930	6,152	5,913	6,202
Leaves Collected (tons/year)*			3,275	3,155	2,730	2,470	2,170	1,860	2,024	1,394
<b>Electric</b>										
Number of metered accounts	11,978	11,974	11,905	11,901	11,865	11,867	11,889	12,113	13,516	13,609
Average daily consumption	79	65	74	64	72	79	76	74	72	69
<b>Water</b>										
Number of metered water accounts	7,291	7,262	7,272	7,302	7,228	7,285	7,291	7,337	7,962	8,010
Average daily water treatment	674	652	661	582	637	744	716	441	488	817
<b>Wastewater</b>										
Number of sewer accounts	6,670	6,639	6,667	6,701	6,646	6,696	6,705	6,712	7,271	7,317
Average daily sewage collected	589	477	497	489	463	489	475	528	538	341
Average daily sewage treatment	589	477	497	489	463	489	475	528	538	341
<b>Parks and Recreation</b>										
Number of Youth Programs	58	50	58	70	61	54	67	49	101	65
Number of Adult Programs	18	14	16	19	25	17	20	50	34	49
Number of Senior Programs	5	6	9	6	7	7	9	15	38	36
Number of Facility Rentals	324	304	290	250	326	336	343	342	305	281
<b>Planning and Community Development</b>										
Building Permits (estimated structure cost)*				\$6,314,900	\$2,999,612	\$18,148,532	\$26,550,096	\$ 6,714,448	\$ 5,300,644	\$13,742,635
Sign Permits*		1	3	21	31	64	49	36	41	49
<b>Landfill (tons)</b>										
Solid Waste	52,339	40,980	38,384	39,593	42,832	43,360	53,040	41,891	50,670	40,804
C&D*	12,308	3,135	-	13,396	4,637	5,096	4,333	19,600	11,378	11,838
Recyclables									1,028	33
Metal*		105	145	103	114	90	119	194	193	26
Paper*		27	45	32	28	45	54	19	5	38
Electronics*							26	37	20	23
Plastics*							66	0	22	29
Yard Waste*							3,838	3,720	7,473	626

Sources: City departments

\*Accurate information not available for prior years.

\*\*Increase for fiscal year.

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

**Table 22**

<b>Function</b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
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	27	28	28	28	28	28	28	28
Unmarked units	10	11	11	11	11	11	11	12	12	14
K-9 Units	1	1	1	1	2	2	2	2	2	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	5	5	6	6	6	5	5	5	5	5
Public Works										
Miles of Streets	120.64	120.94	121	121.14	121.14	121.19	121.20	121.20	121.20	121.20
Electric										
Miles of Distribution Lines	315	320	320	320	325	325	325	400	345	345
Number of delivery points (substations)	2	2	2	2	2	3	3	3	3	3
Street Lights	2878	2882	2879	2881	2863	2840	2847	2894	2899	2901
Traffic Signals	118	119	121	121	121	124	124	125	120	120
Water Treatment										
Plants	2	2	2	2	2	2	2	2	2	2
Miles of Distribution Lines	180	180	180	180	180	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	295	297	297	297	297	297	297	274	274
Playgrounds	6	6	6	6	6	6	6	6	5	5
Parks	6	6	6	6	6	6	6	6	5	5
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Basketball Courts	3	3	3	3	3	3	3	3	2	3
Baseball Fields	4	4	4	4	4	4	4	3	4	4
Soccer Fields	5	5	5	5	5	5	5	5	5	5
Community Centers	1	1	1	2	2	2	2	2	1	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)	0.5	1	1	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Walking Trails	3	3	3	3	3	3	3	3	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
Buildings		\$ 144,056	\$ 137,278	\$ 137,278		\$ 116,942	\$ 116,942	\$ 341,659	\$ 96,607	\$ 1,548,168
Equipment		\$ 817,396	\$ 788,483	\$ 851,701		\$ 842,556	\$ 2,009,456	\$ 11,020	\$ 1,097,802	\$ 1,046,357
Vehicles		\$ 229,524	\$ 166,330	\$ 166,330		\$ 156,968	\$ 156,968	\$ 94,212	\$ 130,944	\$ 99,144
Infrastructure		\$ 61,011	\$ 3,600,840	\$ 3,724,732		\$ 969,014	\$ 968,014	\$ 243,542	\$ 46,214	\$ 2,076,341
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  
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## **COMPLIANCE SECTION**





**ALBEMARLE**  
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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards**

### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Albemarle, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 2019. 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*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Albemarle's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Albemarle's internal control. Accordingly, we do not express an opinion on the effectiveness of the City 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 26, 2019

# 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, 2019. 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, 2019.

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

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

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 26, 2019

# 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, 2019. 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; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, 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, 2019.

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

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

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 26, 2019

# CITY OF ALBEMARLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

### 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>
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
Public and Indian Housing	14.850

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

Auditee qualified as low-risk auditee? Yes



# CITY OF ALBEMARLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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

#### State Awards

Internal control over major state programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

No

Identification of major state programs:

#### Program Name

Powell Bill

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

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019**

**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, 2019**

**Finding: 2018-1**

Status: Corrected.

**CITY OF ALBEMARLE, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-Through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-Through to Subrecipients</b>
<b>FEDERAL AWARDS:</b>					
<u>U.S. Department of Housing &amp; Urban Development</u>					
Direct Grant:					
Low Income Housing:					
Public and Indian Housing	14.850		\$ 657,350	\$ -	\$ -
Housing Voucher Cluster:					
Section 8 Housing Choice Vouchers	14.871		1,502,450	-	-
Total Housing Voucher Cluster			1,502,450	-	-
Public Housing Capital Fund:					
Public Housing Capital Fund - NC19PO75501-16	14.872		121,499	-	-
Public Housing Capital Fund - NC19PO75501-17	14.872		27,169	-	-
Total Public Housing Capital Fund			148,668	-	-
Total U.S. Department of Housing & Urban Development			2,308,468	-	-
<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	78,344	19,586	-
Capitalization Grants for Clean Water State Revolving Funds (Inflow & Infiltration)	66.458	E-SRF-T-17-463	28,908	7,227	-
Total Clean Water State Revolving Fund Cluster			107,252	26,813	-
Total U.S. Department of Environmental Protection Agency			107,252	26,813	-
<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	78499, 78502, 78507, 78510	202,243	67,414	-
Total U.S. Department of Homeland Security			202,243	67,414	-
<u>U.S. Department of Justice</u>					
Pass through N.C. Department of Justice					
Bulletproof Vest Partnership Program	16.607	2019BUBX19097318	946	-	-
Total U.S. Department of Justice			946	-	-
Total federal awards			2,618,909	94,227	-
<b>STATE AWARDS:</b>					
<u>N.C. Department of Natural and Cultural Resources</u>					
Parks and Recreation Trust Fund (Morehead Park Renovations)		789	-	4,351	-
Total N.C. Department of Natural and Cultural Resources			-	4,351	-
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4 32570	-	584,319	-
Total N.C. Department of Transportation			-	584,319	-
Total state awards			-	588,670	-
Total federal and state awards			\$ 2,618,909	\$ 682,897	\$ -

**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, 2019. 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, 2019 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, 2019 consist of:

<b>Program Name</b>	<b>CFDA Number</b>	<b>Pass-through Grantor's Number</b>	<b>Amount Outstanding</b>
Capitalization Grants for Clean Water State Revolving Funds (Leachate Upgrade)	66.458	E-SRF-T-16-0415	\$ 1,489,899



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