

City of Reidsville North Carolina



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

Prepared by:
Finance Department
Chris Phillips
Assistant City Manager of Administration
Finance Director

CITY OF REIDSVILLE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2019

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INTRODUCTORY SECTION

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THE CITY OF Reidsville NORTH CAROLINA

November 27, 2019

To the Honorable Mayor, Members of the City Council
and the Citizens of the City of Reidsville, North Carolina:

N.C. General Statute (G.S. 159-34) requires an annual independent financial audit of all local government units in the state. Based on the level of expenditures, a compliance audit on federal and state financial assistance programs may also be required under uniform guidance and the State Single Audit Implementation Act. This report is published as a result of fulfilling those requirements for the fiscal year ended June 30, 2019.

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.

Cherry Bekeart, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Reidsville's financial statement 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. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the City of Reidsville

The City of Reidsville (the "City") was incorporated in 1873. It is located in the north central part of North Carolina in Rockingham County and is bordered on the north by the State of Virginia. It covers an area of 13.59 square miles and has a population of 14,171. The City operates under the Council-Manager form of government. The City Council is composed of seven members serving on a non-partisan basis. The Mayor is elected and serves a four-year term. Two council members are elected at-large, and serve four-year terms concurrent with the Mayor's term. The City is divided into two districts, each of which elects two council members. These council members serve four-year terms, staggered against the Mayoral and at-large election.

The City provides a wide range of services that include general administration, public safety, transportation, cultural and recreational, solid waste collection, planning and zoning, community and economic development, cemetery and grounds maintenance, water treatment and distribution, and wastewater collection and treatment. This report covers all the City's activities in maintaining these services. In addition to general government activities, the City also maintains two special revenue functions as well as two internal service funds; therefore, these activities are included in the reporting entity. One of the special revenue functions is related to activities in the City's downtown area. The other special revenue fund is for a multi-step State grant program to assess the City's former landfill. The internal service funds consist of the garage operation that maintains and supports the City's vehicle fleet, and an insurance fund that handles transactions for health and life insurance, as well as workers' compensation, liability, auto, property and equipment coverage.

The City Council is required to adopt a final budget by no later than the close of the prior fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The City of Reidsville adopts annual budgets for the General Fund, Downtown District Special Revenue Fund, and the Enterprise Funds. Multi-year project budgets are adopted for the Capital Projects Funds and the Landfill Assessment Special Revenue Fund. Appropriations in all funds are made at the departmental level. However, for internal accounting purposes, budgetary control is maintained by object class (line item account). Purchase orders that would create an over encumbrance at that level are not written until additional appropriations are available through budget amendments by Council or intradepartmental transfers approved by the City Manager. The City Manager may transfer funds between departments as long as total appropriations are not changed and the budgetary transfers are reported to the City Council at the next Board meeting. Encumbrances outstanding at June 30, 2019 are not included in expenditures and are charged to an appropriation in the following year. These encumbrances are a part of the fund balance restricted by stabilization by state statute.

Economic Condition

The local economy has shown some strong signs of improvement since the negative affects felt from the national recession. There has been a net increase jobs over the last 4 years in spite of some large business closings in the area. In improvement attempts the City has stressed both support for and diversification from traditional industries of tobacco and textiles. Efforts are being made countywide to encourage economic development. These efforts include a "One-Stop-Center" or incubator for the facilitation of business information and expansion needs, and an increased operating budget for economic development. In addition a non-profit partnership also exists to assist with these efforts. The City, along with Rockingham County, continues participating in commercial and industrial incentives to promote expansion of the tax base and employment.

The City and the County constructed the Reidsville Industrial Park (the "Park"). The Park is located along the Southern Connector, a four-lane highway that is a major bypass around town. The park has attracted three new businesses soon after its inception, prior to the recession. This year, a new company began construction a distribution center in the Park with plans for additional expansions in the near future as well. Two large buildings that were recently left vacant were filled quickly by one expansion and one new company as well. The City and County have worked together to market the Park and other locations for further development. Interest appears to be continuing.

Long-term Financial Planning

As mentioned above, and in the major initiatives section below, the City has several projects in progress. It is the policy of the City to seek grant funding, when appropriate, for projects; however, the majority of funding for the current projects has come from the General Fund Balance or capital reserves in the Enterprise Funds. The City has used short-term leasing for some vehicle purchases in recent years, and plans to continue this form of financing as long as it remains attractive. The City sold combined enterprise system revenue bonds in a private placement with a bank to finance improvements to the dam and spillway at Lake Reidsville; additional revenue bonds and a no-interest State loan were obtained for other infrastructure needs in the enterprise system, including upgrades at the water and wastewater plants. Grant and low interest funding continues to sought to continue these type of improvements. The City has not attempted to sell bonds in the public market in a number of years, but our last bond ratings from Moody's and Standard and Poor's were A1 and A+, respectively. Current state statutes require that the City's general obligation bonded debt issuance be subject to a legal limitation based on eight percent of total assessed value of real and personal property. On June 30, 2019, the City had no general obligation debt; the City's legal debt margin totaled \$91,273,871.

Relevant Financial Policies

Management of the City is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by Management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

Major Initiatives

The City continued work on several improvement projects.

With major improvement projects completed at both the water treatment plant and the wastewater treatment plant in the prior fiscal year, the City has continued to explore creative ways to make additional infrastructure improvements. Grants and low interest loans are being sought. Funding has been found for a major sewer line improvement, continued wastewater treatment plant upgrades and for water and sewer lines to a large track of vacant land owned jointly by the City and County.

There were also continued maintenance projects at the City's industrial park to keep that area attractive for business development opportunities.

The City was also able to make "quality-of-life" improvements at various parks that have been well received by citizens and visitors to the City. Additionally, major vehicle purchases were approved in the Police, Street and Sanitation Departments during the year without the use of debt financing.

City management realizes that Economic Development is not the responsibility of only a few. All management team members and senior leadership in various departments have been encouraged to follow leads and to promote opportunities within the City. This initiative has become a "friendly competition" as coworkers have lobbied prospective development. A higher degree of awareness has been built within employee ranks of the importance of economic development to the citizens of Reidsville.

Awards and Acknowledgements

The 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 Reidsville for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the twenty-third consecutive 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.

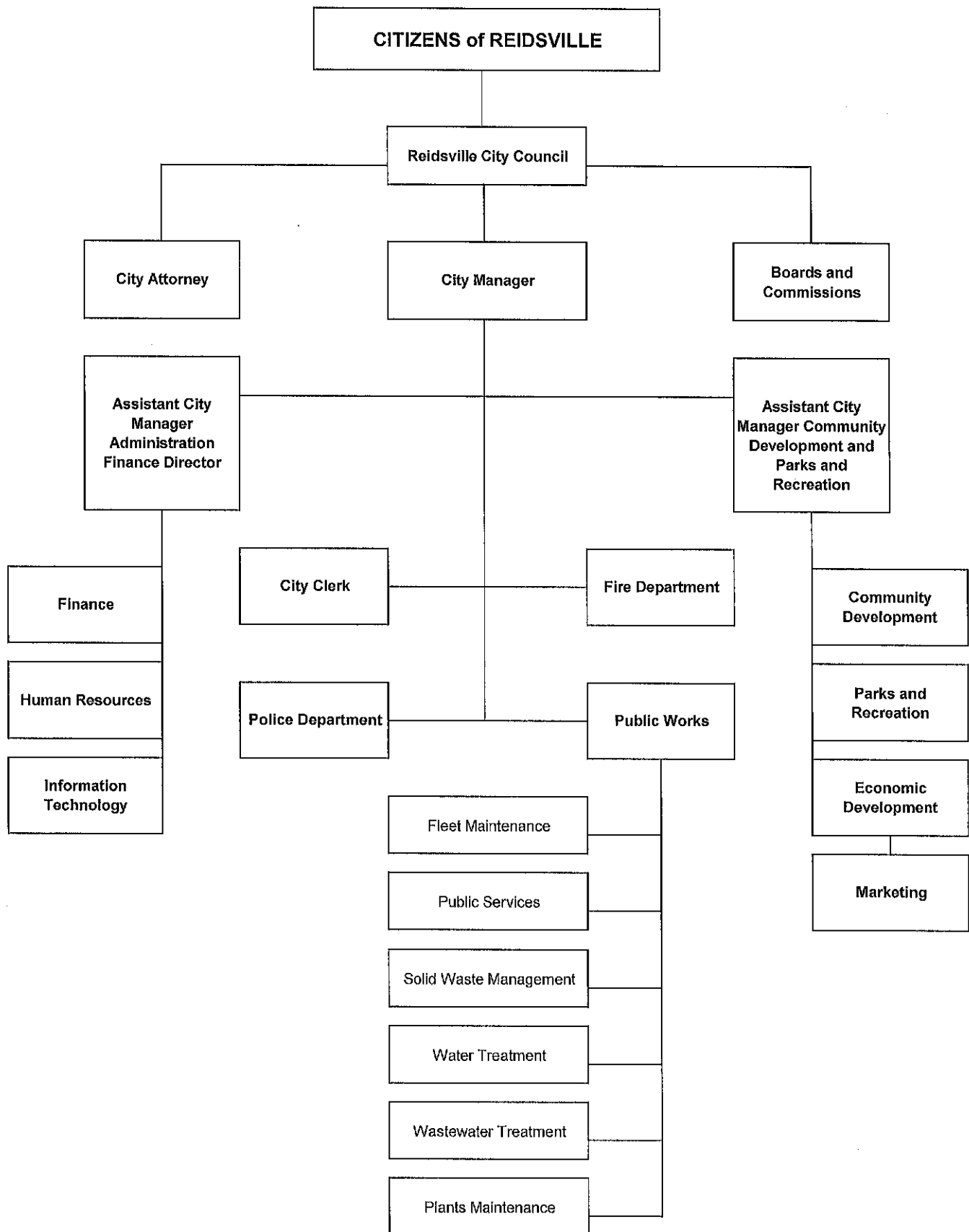
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Assistance and cooperation, during the preparation of this report, were also provided by employees of various departments within the City, particularly the Finance Department staff. Each person who provided assistance has our sincere appreciation for the contributions made in the preparation of this report. Our auditors also provided a great deal of support during the preparation of this report. We also thank the members of City Council for their continued support throughout the past year.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Chris Phillips', with a long horizontal line extending to the right.

Chris Phillips
Assistant City Manager – Administration
Finance Director



**City of Reidsville
List of Principal Officials
June 30, 2019**

**City Council
Members**

Jay Donecker, Mayor
Harry Brown, Mayor Pro-Tem
James K. Festerman
Donald L. Gorham
Rev. William Hairston
Terresia E. Scoble
Sherri G. Walker

City Officials

Preston W. Mitchell, City Manager
Haywood Cloud, Jr., Assistant City Manager of Community
Development and Parks and Recreation
William F. McLeod, Jr., City Attorney
Angela G. Stadler, City Clerk
Leigh Anne Bassinger, Director of Human Resources
Chris Phillips, Assistant City Manager –
Administration/ Finance Director
Charles Smith, Public Works Director
Robert Hassell, Police Chief
David L. Bracken, Fire Chief
Rhonda Wheeler, IT Director
Judy Yarbrough, City Marketer
Jeff Garstka, Economic Development Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Reidsville
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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Report of Independent Auditor

To the Honorable Mayor and
Members of the City Council
City of Reidsville, 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 Reidsville, North Carolina (the "City"), 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 Reidsville ABC Board (the "Board"). Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 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 of material misstatement. The financial statements of the 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of 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 as of June 30, 2019, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, for the year then ended in conformity 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 and the Required Supplementary Financial Data as listed in the table of contents 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, economic, or historical context. We 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.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and other schedules 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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's internal control over financial reporting and compliance.

Cheryl Bekaert LLP

Raleigh, North Carolina
November 27, 2019

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Management's Discussion and Analysis

As management of the City of Reidsville, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City of Reidsville for the fiscal year ended June 30, 2019. This Management Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial condition, identify material deviations from the financial budget, and identify individual fund issues or conditions. 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.

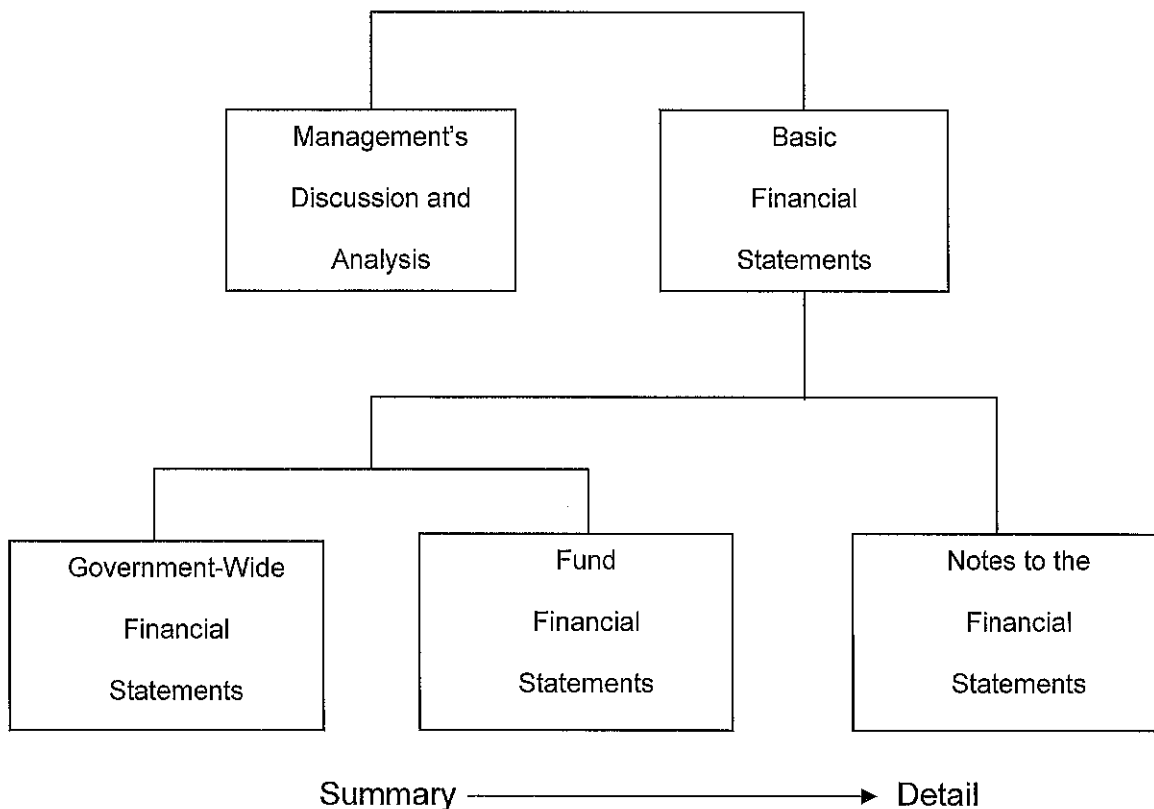
Financial Highlights

- The assets and deferred outflows of resources of the City of Reidsville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$69,207,970 (net position).
- The City's net position increased by \$1,190,618 from the prior year. The governmental activities net position increased by \$231,816 or .86%. The business-type activities net position increased by \$958,802 or 2.33%.
- The City's discretely presented component unit shows net position of \$855,019, an increase of \$24,819 over the prior fiscal year.
- At the end of the current fiscal year, the total unassigned fund balance for the General Fund was \$6,133,634 which is an increase from the prior year of \$195,092 or 3.29%. This unassigned fund balance represents 34.64% of total General Fund expenditures and transfers out for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Reidsville's basic financial statements. The financial statements include two kinds of statements that present different views of the City: 1) Government-Wide Financial Statements and 2) Fund Financial Statements. Both perspectives, however, are essential and complementary components that allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's financial accountability. Another element of the basic financial statements is the notes to 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 Reidsville.

Figure 1 - Required Components of Annual Financial Report



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 3 through 10) 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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary 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 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 general government, public safety, transportation, environmental protection, cultural and recreational, and economic and physical development. Property taxes, fees, 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 offered by the City of Reidsville. The final category is the component unit. Although legally separate from the City, the ABC Board is presented with the City's financial statements because 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 presented as Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements 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 Reidsville, 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 Reidsville can be divided into three categories: governmental funds, proprietary funds and fiduciary 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, and what monies are left at year-end that will be available for future spending. Governmental funds are reported using the *modified accrual* accounting method 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 government-wide statements, on the other hand, provide both a short- and a long-term focus. A reconciliation is provided on the page following the fund statements that explains the relationship or differences between the two views.

The City of Reidsville 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 fund 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 Reidsville has two types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Reidsville uses enterprise funds to account for its water and sewer activities. 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 of Reidsville. The City uses an internal service fund to account for two activities – its central garage operations and its insurance fund. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

Component Unit – The ABC Board is a discretely presented component unit of the City of Reidsville. This component unit is not considered to be part of the City's primary operations and therefore is reported in total as a separate column to differentiate its financial position, results of operations and cash flows from those of the City. Additional information on this legally separate entity can be found in the notes to the 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Reidsville's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees and retirees. Other supplementary information includes combining statements for selected funds showing additional detail for revenues and expenditures.

Government-wide Financial Analysis

Figure 2 - The City of Reidsville's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 12,271,649	\$ 12,692,752	\$ 11,245,724	\$ 10,830,067	\$ 23,517,373	\$ 23,522,819
Non-Current assets	29,344,555	29,518,619	54,126,826	55,283,573	83,471,381	84,802,192
Total Assets	41,616,204	42,211,371	65,372,550	66,113,640	106,988,754	108,325,011
Deferred outflows of resources	2,965,627	1,780,909	512,532	281,005	3,478,159	2,061,914
Long-term liabilities outstanding	15,914,607	14,591,716	21,813,130	22,821,550	37,727,737	37,413,266
Other liabilities	1,240,500	2,063,536	1,977,146	2,405,076	3,217,646	4,468,612
	17,155,107	16,655,252	23,790,276	25,226,626	40,945,383	41,881,878
Deferred inflows of resources	284,897	427,017	28,663	60,678	313,560	487,695
Net position:						
Net investment in capital assets	23,501,656	23,332,204	35,573,971	35,426,598	59,075,627	58,758,802
Restricted	2,983,776	4,434,258	-	-	2,983,776	4,434,258
Unrestricted	656,395	(856,451)	6,492,172	5,680,743	7,148,567	4,824,292
Total net Position	\$ 27,141,827	\$ 26,910,011	\$ 42,066,143	\$ 41,107,341	\$ 69,207,970	\$ 68,017,352

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 resources of the City of Reidsville exceeded liabilities and deferred inflows by \$69,207,970 as of June 30, 2019. The City's net position is more than the prior year by \$1,190,618 as a result of activities for the fiscal year. A large portion (85.36%) of the City's net position is represented by the City's investment in capital assets. The City of Reidsville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Reidsville'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's net position (4.31%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$7,148,567) may be used to meet the government's ongoing obligations to citizens and creditors.

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

- Continued effort in the collection of revenues, including property taxes collected by the Rockingham County Tax Department.
- Continued low cost of debt due to the City's good credit rating and the success in obtaining zero-interest loans from the State along with grants.
- Conservative revenue projections and spending by all departments.

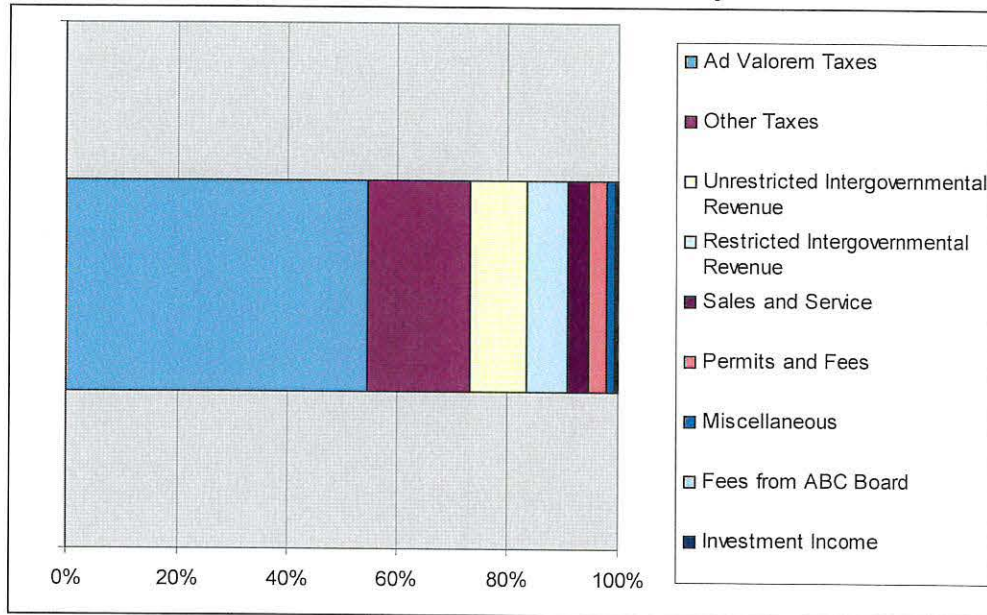
Figure 3 - City of Reidsville's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 914,971	\$ 838,022	\$ 9,050,583	\$ 8,405,890	\$ 9,965,554	\$ 9,243,912
Operating grants and contributions	827,134	804,023	-	-	827,134	804,023
Capital grants and contributions	107,256	58,698	62,253	1,863,055	169,509	1,921,753
General revenues:						
Property taxes	8,485,577	8,404,263	-	-	8,485,577	8,404,263
Other taxes	3,513,015	3,294,145	-	-	3,513,015	3,294,145
Grants and contributions not restricted to specific programs	2,142,604	2,056,840	-	-	2,142,604	2,056,840
Other	653,967	748,633	132,702	70,099	786,669	818,732
Total revenues	16,644,524	16,204,624	9,245,538	10,339,044	25,890,062	26,543,668
Expenses:						
General government	2,088,661	2,079,529	-	-	2,088,661	2,079,529
Public safety	7,270,006	7,074,162	-	-	7,270,006	7,074,162
Transportation	2,352,386	2,445,626	-	-	2,352,386	2,445,626
Environmental protection	1,989,046	1,786,515	-	-	1,989,046	1,786,515
Cultural and recreational	2,077,625	2,096,317	-	-	2,077,625	2,096,317
Economic and physical development	644,984	612,795	-	-	644,984	612,795
Water and sewer	-	-	8,276,736	8,088,598	8,276,736	8,088,598
Total expenses	16,422,708	16,094,944	8,276,736	8,088,598	24,699,444	24,183,542
Increase (decrease) in net position before transfers	221,816	109,680	968,802	2,250,446	1,190,618	2,360,126
Transfers in (out)	10,000	7,500	(10,000)	(7,500)	-	-
Increase (decrease) in net position	231,816	117,180	958,802	2,242,946	1,190,618	2,360,126
Net position, beginning	26,910,011	31,109,437	41,107,341	39,790,906	68,017,352	70,900,343
Cumulative effect of change in accounting principle	-	(4,316,606)	-	(926,511)	-	(5,243,117)
Net position, beginning, as restated	26,910,011	26,792,831	41,107,341	38,864,395	68,017,352	65,657,226
Net position, ending	\$ 27,141,827	\$ 26,910,011	\$ 42,066,143	\$ 41,107,341	\$ 69,207,970	\$ 68,017,352

Governmental activities: Governmental activities increased the City's net position by \$231,816. Key elements of governmental activities are as follows:

- The City continues to use current assets in Economic and Physical Development efforts to bring new business to the area to help secure financial stability and create future revenues.
- Economic related increases in interest earned and State shared sales tax revenues.

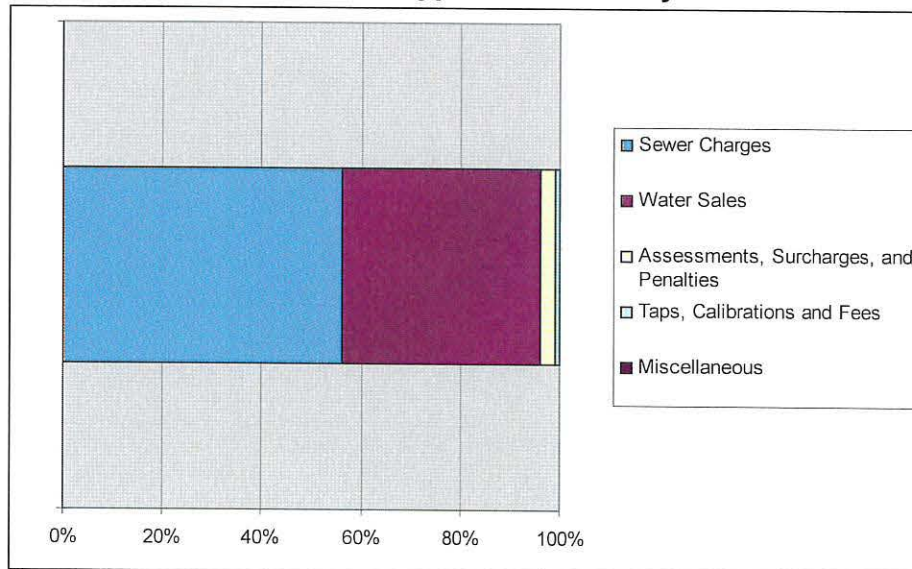
Figure 4 - General Fund Revenues by Source



Business-type activities: Business-type activities increased the City of Reidsville's net position by \$958,802. Key elements of this increase are as follows:

- Major water and wastewater treatment plants improvements completed in recent years have led to savings from efficiency in during the fiscal year.

Figure 5 – Business Type Revenues by Source



Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Reidsville'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 Reidsville'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 Reidsville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,133,634, while total fund balance was \$9,774,248. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.64% of total General Fund expenditures and transfers out, while total fund balance represents 55.20% of that same amount.

Total General Fund Balance decreased by \$1,274,167 or 3.61% over the prior fiscal year end. This change includes a \$2,778 decrease in the City's reserve for inventories. The decrease in fund balance was due to transfers to internal service funds totaling \$1,582,092 to eliminate historical due to balances from these funds. While these transfers did reduce total fund balance there was no effect on unassigned fund balance because the due from amounts had been restricted in previous years. Additionally, the General Fund and Water Fund transferred \$10,000 each to the Garage Fund for a capital purchase.

Fund balance for all Other Governmental Funds increased this year, due to normal operations in those funds.

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.

Revenues exceeded budgeted amounts by \$467,047. Expenditures were under budget by \$1,320,378, or 8.57%. The original budget was balanced with an appropriation of fund balance totaling \$49,000. Over the course of the year, the fund balance appropriation grew to \$3,074,950 as needs were identified and approved. The effects of these budget differences contributed to an actual net decrease of \$1,271,389; this outcome equates to a \$1,803,561 positive variance above the amount of fund balance appropriated.

Proprietary Funds. The City of Reidsville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position of the Water Fund at the end of the fiscal year amounted to \$19,557,556, while net position for the Sewer Fund amounted to \$22,508,587. The total change in net position was an increase in the Water Fund of \$48,219 and an increase in the Sewer Fund of \$910,583.

Capital Asset and Debt Administration

Capital assets. The City of Reidsville's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$83,471,381 (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 additions (there were no significant demolitions or disposals):

- The construction of a high volume pump for a major water customer was in progress and other business-type activity capital projects began.
- Some large vehicle purchases were made in the governmental activities funds.

Figure 6 - City of Reidsville's Capital Assets (Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,288,268	\$ 2,273,306	\$ 1,285,521	\$ 1,285,521	\$ 3,573,789	\$ 3,558,827
Construction in Progress	529,587	5,051	352,485	2,375,687	882,072	2,380,738
Buildings and System						
Improvements	11,549,550	11,878,959	51,681,414	51,003,495	63,230,964	62,882,454
Other Improvements	5,824,276	5,895,732	-	-	5,824,276	5,895,732
Infrastructure	6,022,991	6,179,875	-	-	6,022,991	6,179,875
Vehicles and Equipment	3,129,883	3,285,696	807,406	618,870	3,937,289	3,904,566
Total	\$ 29,344,555	\$ 29,518,619	\$ 54,126,826	\$ 55,283,573	\$ 83,471,381	\$ 84,802,192

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 47-49.

Outstanding Debt Obligations. As of June 30, 2019, the City of Reidsville had no general obligation bonded debt outstanding.

Figure 7 - City of Reidsville's Outstanding Debt Obligations

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds	-	-	10,688,000	11,279,000	10,688,000	11,279,000
Capital lease payable	919,782	1,183,936	174,863	262,290	1,094,645	1,446,226
Note payable	4,923,117	5,002,479	10,493,685	11,119,205	15,416,802	16,121,684
Total	\$ 5,842,899	\$ 6,186,415	\$ 21,356,548	\$ 22,660,495	\$ 27,199,447	\$ 28,846,910

The City of Reidsville's total outstanding debt obligations decreased by \$1,677,463 (5.82%) during the past fiscal year. This was the result of scheduled payments being made.

The City has paid off all outstanding general obligation bonds; therefore, the City has no official bond rating from the rating agencies. The City was able to borrow at a competitive rate during the year, evidence that financial institutions find the City in sound financial condition.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Reidsville is \$91,273,871.

Additional information regarding the City of Reidsville's long-term obligations can be found in the notes to the financial statements on pages 71-76.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the economic conditions affecting the City:

- **Unemployment.** The City of Reidsville's (Rockingham County's) unemployment rate has continued to drop much like the rest of the State and Country.
- **Jobs.** While there have been some large business closings in the area, within the City more jobs have been added than lost.
- **City employment.** The City of Reidsville continued with basically the same workforce this fiscal year.
- **Revenue affected by the economy.** Collections of sales taxes and sales taxes on utilities increased again this year. This indicates that the economy continues to show improvement. Additionally, the amount of interest earned on reserves showed improvement as well.
- **Tax Values.** The ad valorem tax base had a net drop in the past year, but several large building projects are underway.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Governmental revenues are budgeted to increase slightly based in increased collections in property taxes and sales taxes in recent years. Rockingham County completed the revaluation process for 2019 tax values. While much of the County was stagnant or experienced reduced values, the City saw overall growth resulting in a reduction of the tax rate to \$.739. Fund balance of \$130,400 was appropriated for capital purposes.

Business – type Activities: There was no utility rate increase in the 2019-2020 adopted budget. The City is in the process of completing a grant funded asset inventory analysis in both the Water and Sewer Funds. The results of these projects should help focus maintenance and improvement project. The City is also actively pursuing grants for infrastructure projects as well.

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 Reidsville, 230 West Morehead Street, Reidsville, NC 27320.

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BASIC FINANCIAL STATEMENTS

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CITY OF REIDSVILLE, NORTH CAROLINA

**Statement of Net Position
June 30, 2019**

Exhibit 1

	Governmental Activities	Business Type Activities	Total Primary Government	City of Reidsville ABC Board
Assets				
Current Assets:				
Cash and Investments	\$ 8,801,753	\$ 6,881,782	\$ 15,683,535	\$ 256,681
Receivables (net):				
Taxes	251,960	-	251,960	-
Accounts, Notes and Grants	2,993,924	1,354,901	4,348,825	-
Accrued Interest Income	4,138	3,982	8,120	-
Inventories	146,841	201,546	348,387	152,567
Prepaid Items	25,339	-	25,339	2,365
Restricted Cash	47,694	2,803,513	2,851,207	-
Total Current Assets	12,271,649	11,245,724	23,517,373	411,613
Non-Current Assets:				
Capital Assets:				
Nondepreciable	2,817,855	1,638,006	4,455,861	405,883
Depreciable, Net	26,526,700	52,488,820	79,015,520	347,875
Total Capital Assets	29,344,555	54,126,826	83,471,381	753,758
Total Non-Current Assets	29,344,555	54,126,826	83,471,381	753,758
Total Assets	41,616,204	65,372,550	106,988,754	1,165,371
Deferred Outflows of Resources				
Pension Deferrals	2,147,355	367,698	2,515,053	48,100
OPEB Deferrals	818,272	144,834	963,106	-
Total Deferred Outflows of Resources	2,965,627	512,532	3,478,159	48,100
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	792,085	481,310	1,273,395	99,863
Customer Deposits	-	139,281	139,281	-
Unearned Revenue	55,359	-	55,359	-
Current Portion of Long-Term Liabilities	393,056	1,356,555	1,749,611	-
Total Current Liabilities	1,240,500	1,977,146	3,217,646	99,863
Long Term Liabilities:				
LGERS Pension Liability	2,578,786	465,878	3,044,664	46,735
LEO Pension Liability	1,412,648	-	1,412,648	-
OPEB Liability	5,783,052	1,236,629	7,019,681	-
Due in More Than One Year	6,140,121	20,110,623	26,250,744	211,612
Total Long-Term Liabilities	15,914,607	21,813,130	37,727,737	258,347
Total Liabilities	17,155,107	23,790,276	40,945,383	358,210
Deferred Inflows of Resources				
Pension Deferrals	173,771	5,242	179,013	242
OPEB Deferrals	109,528	23,421	132,949	-
Prepaid Taxes	1,598	-	1,598	-
Total Deferred Inflows of Resources	284,897	28,663	313,560	242
Net Position				
Net Investment in Capital Assets	23,501,656	35,573,971	59,075,627	542,146
Restricted:				
Stabilization by State Statute	2,682,925	-	2,682,925	-
Public Safety	54,376	-	54,376	-
Debt Service	246,475	-	246,475	-
Working Capital	-	-	-	81,340
Unrestricted	656,395	6,492,172	7,148,567	231,533
Total Net Position	\$ 27,141,827	\$ 42,066,143	\$ 69,207,970	\$ 855,019

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

CITY OF REIDSVILLE, NORTH CAROLINA

Statement of Activities For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General Government	\$ 2,088,661	\$ 97,696	\$ 119,700	\$ -
Public Safety	7,270,006	4,208	241,787	-
Transportation	2,352,386	-	422,917	-
Environmental Protection	1,989,046	439,594	-	-
Cultural and Recreational	2,077,625	373,473	42,730	101,767
Economic and Physical Development	644,984	-	-	5,489
Total governmental activities	<u>16,422,708</u>	<u>914,971</u>	<u>827,134</u>	<u>107,256</u>
Business-type activities:				
Water	3,900,955	4,087,840	-	-
Sewer	4,375,781	4,962,743	-	62,253
Total business-type activities	<u>8,276,736</u>	<u>9,050,583</u>	<u>-</u>	<u>62,253</u>
Total primary government	<u>\$ 24,699,444</u>	<u>\$ 9,965,554</u>	<u>\$ 827,134</u>	<u>\$ 169,509</u>
Component unit:				
City of Reidsville ABC Board	\$ 2,716,171	\$ 2,740,990	\$ -	\$ -
Total component unit	<u>\$ 2,716,171</u>	<u>\$ 2,740,990</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Ad Valorem Taxes				
Local Option Sales Tax				
Other Taxes				
Unrestricted Intergovernmental Revenue				
Unrestricted Investment Earnings				
Miscellaneous				
Gain (Loss) on Sale of Capital Assets				
Transfers				
Total general revenues and transfers				
Change in Net Position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			City of Reidsville ABC Board
Governmental Activities	Business-type Activities	Total	
\$ (1,871,265)	\$ -	\$ (1,871,265)	\$ -
(7,024,011)	-	(7,024,011)	-
(1,929,469)	-	(1,929,469)	-
(1,549,452)	-	(1,549,452)	-
(1,559,655)	-	(1,559,655)	-
(639,495)	-	(639,495)	-
(14,573,347)	-	(14,573,347)	-
-	186,885	186,885	-
-	649,215	649,215	-
-	836,100	836,100	-
(14,573,347)	836,100	(13,737,247)	-
-	-	-	24,819
-	-	-	24,819
8,485,577	-	8,485,577	-
3,410,006	-	3,410,006	-
103,009	-	103,009	-
2,142,604	-	2,142,604	-
120,010	119,902	239,912	-
252,007	22,195	274,202	-
281,950	(9,395)	272,555	-
10,000	(10,000)	-	-
14,805,163	122,702	14,927,865	-
231,816	958,802	1,190,618	24,819
26,910,011	41,107,341	68,017,352	830,200
<u>\$ 27,141,827</u>	<u>\$ 42,066,143</u>	<u>\$ 69,207,970</u>	<u>\$ 855,019</u>

CITY OF REIDSVILLE, NORTH CAROLINA

**Balance Sheet
Governmental Funds
June 30, 2019**

Exhibit 3

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Non-Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets			
Cash and Investments	\$ 8,380,277	\$ 263,759	\$ 8,644,036
Receivables (net):			
Taxes	204,807	-	204,807
Accounts, Notes and Grants	2,884,592	109,332	2,993,924
Accrued Interest Income	3,990	149	4,139
Due from Other Funds	5,000	-	5,000
Inventories	99,128	-	99,128
Prepaid Items	25,339	-	25,339
Restricted Cash	-	47,694	47,694
Total assets	<u>\$ 11,603,133</u>	<u>\$ 420,934</u>	<u>\$ 12,024,067</u>
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 704,292	\$ 381	\$ 704,673
Due to Other Funds	-	5,000	5,000
Unearned Revenue	<u>4,938</u>	<u>52,019</u>	<u>56,957</u>
Total liabilities	<u>709,230</u>	<u>57,400</u>	<u>766,630</u>
Deferred Inflows of Resources			
Unavailable/Unearned Revenues	<u>1,119,655</u>	<u>102,306</u>	<u>1,221,961</u>
Fund balances			
Non Spendable			
Inventories	99,128	-	99,128
Prepaid Items	25,339	-	25,339
Restricted			
Stabilization by State Statute	2,682,929	7,175	2,690,104
Public Safety	54,376	-	54,376
Debt Service	246,475	-	246,475
Committed			
LEO Special Separation Allowance	295,217	-	295,217
Capital Projects	-	237,750	237,750
Downtown District	79,039	20,471	99,510
Assigned			
Subsequent Year's Expenditures	130,400	-	130,400
Pledges to be Received	27,711	-	27,711
Unassigned	<u>6,133,634</u>	<u>(4,168)</u>	<u>6,129,466</u>
Total fund balances (deficit)	<u>9,774,248</u>	<u>261,228</u>	<u>10,035,476</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 11,603,133</u>	 <u>\$ 420,934</u>	 <u>\$ 12,024,067</u>

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

(Continued)

CITY OF REIDSVILLE, NORTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2019

Exhibit 3
(Continued)

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Ending fund balance - governmental funds		\$ 10,035,476
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Gross capital assets at historical cost	\$ 78,804,042	
Accumulated Depreciation	<u>(49,459,487)</u>	29,344,555
Deferred outflows of resources not reported in the funds:		
Related to pensions	2,147,355	
Related to OPEB	<u>798,273</u>	2,945,628
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		
		47,153
Earned revenues considered deferred inflows of resources in fund statements:		
Property taxes receivable (net)	204,805	
Assessments receivable	20,146	
Other receivables	<u>997,009</u>	1,221,960
Internal service funds are used by management to charge insurance costs and garage charges to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		271
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt less Internal Service Funds portion	(6,518,356)	
LGERS pension liability	(2,578,786)	
LEO pension liability	(1,412,648)	
OPEB liability less Internal Service Funds portion	<u>(5,601,195)</u>	(16,110,985)
Deferred inflows of resources not reported in the funds:		
Related to pensions	(173,771)	
Related to OPEB	<u>(106,084)</u>	(279,855)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		(62,376)
Net position of governmental activities		<u>\$ 27,141,827</u>

CITY OF REIDSVILLE, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019**

Exhibit 4

	Major Fund		Total
	General	Non-Major	Governmental
	Fund	Funds	Funds
Revenues			
Ad Valorem Taxes	\$ 8,531,032	\$ -	\$ 8,531,032
Other Taxes	3,513,015	-	3,513,015
Unrestricted Intergovernmental Revenue	1,603,518	-	1,603,518
Fees from ABC Board	155,646	-	155,646
Restricted Intergovernmental Revenue	914,423	63,129	977,552
Permits and Fees	511,290	-	511,290
Sales and Service	847,179	-	847,179
Investment Income	120,010	5,488	125,498
Miscellaneous	143,124	142,673	285,797
Total revenues	<u>16,339,237</u>	<u>211,290</u>	<u>16,550,527</u>
Expenditures			
Current:			
General Government	1,921,847	-	1,921,847
Public Safety	6,704,518	-	6,704,518
Transportation	1,467,871	-	1,467,871
Environmental Protection	1,542,949	63,129	1,606,078
Cultural and Recreational	1,541,767	-	1,541,767
Economic and Physical Development	665,733	33,542	699,275
Capital Outlay	1,777,941	-	1,777,941
Debt service:			
Principal	343,516	-	343,516
Interest	149,392	-	149,392
Total expenditures	<u>16,115,534</u>	<u>96,671</u>	<u>16,212,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>223,703</u>	<u>114,619</u>	<u>338,322</u>
Other financing sources (uses)			
Transfers In	97,000	-	97,000
Transfers Out	(1,592,092)	(97,000)	(1,689,092)
Refund of debt issued	-	-	-
Total other financing sources (uses)	<u>(1,495,092)</u>	<u>(97,000)</u>	<u>(1,592,092)</u>
Net change in fund balances	<u>(1,271,389)</u>	<u>17,619</u>	<u>(1,253,770)</u>
Fund balance - beginning	11,048,415	243,609	11,292,024
Change in reserve for inventories	<u>(2,778)</u>	<u>-</u>	<u>(2,778)</u>
Fund balance - ending	<u>\$ 9,774,248</u>	<u>\$ 261,228</u>	<u>\$ 10,035,476</u>

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

(Continued)

CITY OF REIDSVILLE, NORTH CAROLINA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2019

Exhibit 4
(Continued)

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

Net change in fund balances - total governmental funds	\$	(1,253,770)
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Change in fund balance due to change in reserve for inventory.		(2,778)
--	--	---------

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. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures which were capitalized	\$ 1,777,941	
Depreciation expense for governmental assets	(1,952,005)	(174,064)

Contributions to the pension plan in the current fiscal year are not included on the statement of activities.		587,636
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Benefit payments paid for LEOSA are not included on the statement of activities.		47,537
--	--	--------

OPEB benefit payments and administrative costs in the current fiscal year are not included on the statement of activities.		415,532
--	--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. Change in:

Property taxes (net)	(35,887)	
Interest on property taxes	(9,567)	
Assessments	1,694	
Other receivables	67,736	23,976

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal payments on long-term debt	343,516	
Change in accrued interest payable	2,330	345,846

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Change in:

Pension expense	(766,143)	
Compensated absences	(96,867)	
Other postemployment benefits	(513,825)	(1,376,835)

The net revenue of certain activities of the internal service funds is reported with governmental activities.		1,618,736
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Change in net position of governmental activities	\$	231,816
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The notes to the financial statements are an integral part of this statement.

CITY OF REIDSVILLE, NORTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended June 30, 2019

Exhibit 5

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 8,565,000	\$ 8,565,000	\$ 8,531,032	\$ (33,968)
Other Taxes	3,332,700	3,305,700	3,513,015	207,315
Unrestricted Intergovernmental Revenue	1,675,850	1,541,400	1,603,518	62,118
Fees from ABC Board	115,850	123,150	155,646	32,496
Restricted Intergovernmental Revenue	662,900	921,390	914,423	(6,967)
Permits and Fees	531,500	526,750	511,290	(15,460)
Sales and Service	348,000	833,020	847,179	14,159
Investment Income	25,000	25,000	120,010	95,010
Miscellaneous	109,550	30,780	143,124	112,344
Total revenues	<u>15,366,350</u>	<u>15,872,190</u>	<u>16,339,237</u>	<u>467,047</u>
Expenditures				
Current:				
General Government	2,463,790	2,419,628	2,032,522	387,106
Public Safety	6,939,150	7,908,898	7,576,410	332,488
Transportation	2,208,040	2,349,681	2,116,551	233,130
Environmental Protection	1,575,050	1,885,950	1,857,673	28,277
Cultural and Recreational	1,649,720	2,029,412	1,866,645	162,767
Economic and Physical Development	569,600	842,343	665,733	176,610
Total expenditures	<u>15,405,350</u>	<u>17,435,912</u>	<u>16,115,534</u>	<u>1,320,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,000)</u>	<u>(1,563,722)</u>	<u>223,703</u>	<u>1,787,425</u>
Other Financing Sources (Uses)				
Transfers In	-	97,000	97,000	-
Transfers Out	(10,000)	(1,608,128)	(1,592,092)	16,036
Fund Balance Appropriated	49,000	3,074,950	-	(3,074,950)
Total other financing sources (uses)	<u>39,000</u>	<u>1,563,722</u>	<u>(1,495,092)</u>	<u>(3,058,814)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,271,389)</u>	<u>\$ (1,271,389)</u>
Fund Balance - Beginning			11,048,415	
Change in reserve for inventories			(2,778)	
Fund Balance - Ending			<u>\$ 9,774,248</u>	

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

CITY OF REIDSVILLE, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Funds

June 30, 2019

Exhibit 6

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	
Assets				
Current assets				
Cash and Cash Equivalents	\$ 3,055,878	\$ 3,825,904	\$ 6,881,782	\$ 157,717
Receivables (net):				
Accounts and Notes	472,943	881,958	1,354,901	-
Accrued Interest Income	2,170	1,812	3,982	-
Inventories	167,537	34,009	201,546	47,713
Restricted Cash	2,203,513	600,000	2,803,513	-
Total Current assets	5,902,041	5,343,683	11,245,724	205,430
Noncurrent assets				
Capital Assets:				
Land and Construction in Progress	1,108,052	529,954	1,638,006	-
Other Capital Assets, net of Depreciation	22,655,999	29,832,821	52,488,820	-
Total Capital Assets	23,764,051	30,362,775	54,126,826	-
Total noncurrent assets	23,764,051	30,362,775	54,126,826	-
Total assets	29,666,092	35,706,458	65,372,550	205,430
Deferred Outflows of Resources				
Pension Deferrals	151,862	215,836	367,698	-
OPEB Deferrals	64,833	80,001	144,834	20,000
Total deferred outflows of resources	216,695	295,837	512,532	20,000
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	220,032	261,278	481,310	25,037
Customer Deposits	39,650	99,631	139,281	-
Current Portion of Long-Term Obligations	566,029	790,526	1,356,555	-
Total current liabilities	825,711	1,151,435	1,977,146	25,037
Noncurrent liabilities				
LGERS Pension Liability	192,409	273,469	465,878	-
OPEB Liability	509,200	727,429	1,236,629	181,857
Long-Term Obligations	8,786,102	11,324,521	20,110,623	14,821
Total noncurrent liabilities	9,487,711	12,325,419	21,813,130	196,678
Total liabilities	10,313,422	13,476,854	23,790,276	221,715
Deferred Inflows of Resources				
Pension Deferrals	2,165	3,077	5,242	-
OPEB Deferrals	9,644	13,777	23,421	3,444
Total deferred inflows of resources	11,809	16,854	28,663	3,444
Net Position				
Net Investment in Capital Assets	16,663,132	18,910,839	35,573,971	-
Unrestricted	2,894,424	3,597,748	6,492,172	271
Total net position	\$ 19,557,556	\$ 22,508,587	\$ 42,066,143	\$ 271

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

CITY OF REIDSVILLE, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2019

Exhibit 7

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	
Operating revenues				
Water Sales	\$ 3,922,466	\$ -	\$ 3,922,466	\$ -
Water and Sewer Assessments, Surcharges, and Penalties	124,227	21,358	145,585	-
Sewer Charges	-	4,929,425	4,929,425	-
Water and Sewer Taps, Calibrations and Fees	41,147	11,960	53,107	-
Charges for Services	-	-	-	974,748
Other Miscellaneous Income	3,162	6,438	9,600	-
Total operating revenues	<u>4,091,002</u>	<u>4,969,181</u>	<u>9,060,183</u>	<u>974,748</u>
Operating expenses				
Administration and Finance	750,660	771,312	1,521,972	-
Water Treatment and Distribution	2,046,079	-	2,046,079	-
Waste Collection and Treatment	-	2,495,219	2,495,219	-
Depreciation	809,405	1,062,872	1,872,277	-
Cost of Sales and Services	-	-	-	958,104
Total operating expenses	<u>3,606,144</u>	<u>4,329,403</u>	<u>7,935,547</u>	<u>958,104</u>
Operating income (loss)	<u>484,858</u>	<u>639,778</u>	<u>1,124,636</u>	<u>16,644</u>
Nonoperating revenue (expense)				
Interest Earned on Investments	65,372	54,530	119,902	-
Interest and Fees on Long-Term Debt	(294,811)	(46,378)	(341,189)	-
Total nonoperating revenue (expense)	<u>(229,439)</u>	<u>8,152</u>	<u>(221,287)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>255,419</u>	<u>647,930</u>	<u>903,349</u>	<u>16,644</u>
Capital Contributions	3,200	62,253	65,453	-
Transfers In	100,700	228,000	328,700	1,602,092
Transfers Out	<u>(311,100)</u>	<u>(27,600)</u>	<u>(338,700)</u>	<u>-</u>
Change in net position	<u>48,219</u>	<u>910,583</u>	<u>958,802</u>	<u>1,618,736</u>
Total net position (deficit) - beginning	<u>19,509,337</u>	<u>21,598,004</u>	<u>41,107,341</u>	<u>(1,618,465)</u>
Total net position (deficit) - ending	<u>\$ 19,557,556</u>	<u>\$ 22,508,587</u>	<u>\$ 42,066,143</u>	<u>\$ 271</u>

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

CITY OF REIDSVILLE, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit 8

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	
Operating activities				
Cash Received from Customers	\$ 4,483,318	\$ 4,842,289	\$ 9,325,607	\$ 974,748
Cash Paid to Employees	(1,401,432)	(1,696,630)	(3,098,062)	(266,733)
Cash Paid for Goods and Services	(1,684,529)	(1,657,818)	(3,342,347)	(705,871)
Miscellaneous Revenue	3,162	6,438	9,600	-
Net cash provided by operating activities	<u>1,400,519</u>	<u>1,494,279</u>	<u>2,894,798</u>	<u>2,144</u>
Noncapital financing activities				
Transfers In	100,700	228,000	328,700	1,602,092
Transfers Out	(311,100)	(27,600)	(338,700)	-
Capital Contributions	3,200	-	3,200	-
Reimbursement of Advances from Other Funds	-	-	-	(1,446,950)
Net cash provided by (used in) noncapital financing activities	<u>(207,200)</u>	<u>200,400</u>	<u>(6,800)</u>	<u>155,142</u>
Capital and related financing activities				
Acquisition and Construction of Capital Assets	(391,507)	(333,418)	(724,925)	-
Principal Paid on Capital Debt	(546,783)	(868,517)	(1,415,300)	-
Interest Paid on Capital Debt	(294,811)	(46,376)	(341,187)	-
Net cash used in capital and related financing activities	<u>(1,233,101)</u>	<u>(1,248,311)</u>	<u>(2,481,412)</u>	<u>-</u>
Investing activities				
Investment Earnings	64,110	53,352	117,462	-
Net cash provided by investing activities	<u>64,110</u>	<u>53,352</u>	<u>117,462</u>	<u>-</u>
Net Increase in cash and cash equivalents	<u>24,328</u>	<u>499,720</u>	<u>524,048</u>	<u>157,286</u>
Cash and cash equivalents				
Beginning of year	<u>5,235,063</u>	<u>3,926,184</u>	<u>9,161,247</u>	<u>431</u>
End of year	<u>\$ 5,259,391</u>	<u>\$ 4,425,904</u>	<u>\$ 9,685,295</u>	<u>\$ 157,717</u>

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

(Continued)

CITY OF REIDSVILLE, NORTH CAROLINA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019**

Exhibit 8
(Continued)

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 484,858	\$ 639,778	\$ 1,124,636	\$ 16,644
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and Amortization	809,405	1,062,872	1,872,277	-
Transfer of Assets	9,395	-	9,395	-
Change in assets and liabilities:				
(Increase) Decrease in Accounts and Notes Receivable	393,633	(130,461)	263,172	-
(Increase) Decrease in Inventories	22,566	(1,302)	21,264	2,505
Decrease in deferred outflows of resources for pensions	(48,067)	(83,897)	(131,964)	-
Decrease in Accounts Payable and Accrued Liabilities	(335,370)	(109,500)	(444,870)	(8,878)
Increase in Customer Deposits	1,845	10,007	11,852	-
Decrease in Reserve for Claims	-	-	-	(10,000)
Increase in Net Pension Obligation	55,044	99,292	154,336	-
Increase (Decrease) in OPEB Obligation	60,232	(78,556)	(18,324)	21,512
Increase (Decrease) in OPEB Deferrals	(53,022)	86,046	33,024	(19,639)
Total adjustments	915,661	854,501	1,770,162	(14,500)
Net cash provided by operating activities	<u>\$ 1,400,519</u>	<u>\$ 1,494,279</u>	<u>\$ 2,894,798</u>	<u>\$ 2,144</u>

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

CITY OF REIDSVILLE, NORTH CAROLINA

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Reidsville (the "City") and its discretely presented component unit conform to accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America, 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 Reidsville 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 and other designated entities. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Reidsville ABC Board, 102 Durwood Court, Reidsville, NC 27320.

B. BASIS OF PRESENTATION

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. 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.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including any fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – 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 non-major 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, and various other taxes and licenses. The primary expenditures are for administration, public safety, street maintenance, and environmental protection.

The City reports the following non-major funds:

The following non-major special revenue and capital projects funds are used to account for specific revenues that are legally reserved to expenditure for particular purposes.

Downtown District Fund. This special revenue fund is used to account for the activity of the downtown district in the City.

Landfill Assessment Fund. This special revenue fund is used to account for a grant funded assessment of a former landfill site.

Senior Center Project Fund. This capital project fund is used to account for the construction of a senior center. This project is being funded in the short-term with a construction loan and in the long-term with a USDA loan. There is also a fundraising campaign for this project.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reidsville Industrial Park Project Fund. This capital project fund is used to account for the engineering, site work and construction of an industrial park. This project is financed with federal and local intergovernmental grants and by transfers from the Water and Sewer Funds.

The City reports the following major enterprise fund:

Combined Enterprise Fund. This fund accounts for the City's water and sewer operations. While the budget is adopted at this combined fund level, the Water and Sewer funds are maintained separately for record keeping and reporting purposes.

Water Fund. This fund accounts for the City's water operations. The Water Treatment Plant Improvement Capital Project Fund is consolidated with the Water Fund for reporting purposes. This fund is used to account for improvements being funded by the issuance of combined enterprise system revenue bonds.

Sewer Fund. This fund accounts for the City's sewer operations. The Wastewater Treatment Plant Improvements Capital Project Fund, the Unifi Sewer Line Improvement Capital Project Fund, the Wastewater Treatment Plant BNR Capital Project Fund, and the Rural Ready Site Capital Project Fund are consolidated with the Sewer Fund for reporting purposes. These funds are used to account for improvements being funded by the issuance of a State loans and State grants.

The City also reports the following other proprietary fund types:

Internal Service Fund. Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City has two Internal Service Funds: the Central Garage Fund, which maintains and repairs the numerous vehicles owned by the City, and the Insurance Fund, which accumulates and pays all health and general insurance costs for the City.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, Proprietary, and Fiduciary Fund Financial Statements. Government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, 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 nonoperating 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 of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to reduce 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 nonoperating 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.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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 because the tax is levied by Rockingham 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. Grant advances which are unearned at year end are recorded as unearned revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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 are 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.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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, the Downtown District Special Revenue Fund, and the Enterprise Funds collectively as the City's Combined Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Project Funds, including the Water Fund Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The City Manager is authorized to transfer appropriations within a fund provided that such transfers are reported to the City Council at its next regularly scheduled meeting; however, any revisions that alter the total expenditures of any fund must be approved by the Council. During the year, several amendments to the original budget were necessary.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.
- June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.
- July 1 - The budget ordinance shall be adopted by the governing board.

As required by State law [G.S. 159-26(d)], the City maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Encumbrances are included in the Stabilization by State Statute calculation and are shown in Note III.B.10.

Also as required by State law, the City's Central Garage Fund and City's Insurance Fund intra-governmental service funds, operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. The financial plan also was entered into the minutes of the governing board. During the year, several changes to the original financial plan were necessary, the effects of which were not material.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND
FUND EQUITY

1. Deposits and Investments

All deposits of the City and of 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 nonguaranteed 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 (2a7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. 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.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursements and investments and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered 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 REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Restricted Assets

The unexpended bond proceeds totaling \$2,803,513 from Combined Enterprise Fund revenue bonds issued by the City are classified as restricted assets for the enterprise funds because their use is completely restricted to the purpose for which the bonds were originally issued.

Funds for a rehab grant loan program totaling \$47,694 in the Downtown District Fund available to be loaned out at year end are reported as restricted assets in the governmental funds.

4. 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 July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017.

5. Allowances for Doubtful Accounts

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

6. Inventory 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 reports significant amounts of inventory in fund balance even though they are recognized as expenditures when purchased as required by NCGA 1.

The inventories of the City's Enterprise Funds, the Central Garage Internal Service Fund and those of the City of Reidsville ABC Board consist of materials and supplies held for subsequent use. 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 government-wide and fund financial statements and expensed as items are used.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital Assets

Capital assets are reported as assets in the government-wide statements and by the proprietary fund types in the fund financial statements and 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 all asset categories. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and 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' useful lives are not capitalized. Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	10-50 years
Buildings	10-50 years
Improvements	10-50 years
Equipment	5-20 years
Vehicles	5-10 years
Office Equipment	5-20 years

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	39 years
Equipment	5-20 years
Building Improvements	15 years
Land Improvements	15 years

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 criterion, pension and OPEB 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 the criterion for this category as listed in note III.B.5 including deferrals of pension expense and OPEB expense.

9. Long-Term Obligations

In the government-wide financial statements and in the 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. Bond issuance costs are expensed in the reporting period in which they are incurred. See note III.B.8.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the reporting period in which they are incurred.

10. Compensated Absences

The vacation policy of the City provides for the accumulation of up to twenty-five days and the ABC Board provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. The City has assumed a first-in, first-out method of using accumulated compensated absence 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 City's liability for accumulated earned vacation and the salary-related payments for governmental funds are recorded in the Governmental activities in the government-wide financial statements. For the City's Enterprise Funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded within the fund and government-wide financial statements as the leave is earned.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Both the City's and the ABC Board's sick leave policies provide 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. As neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the City or its component unit.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are 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:

Nonspendable 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.

Prepaid Items – portion of fund balance that is not an available resource because it represents future expenses that have already been paid, which are not spendable resources.

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

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute".

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. 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 Public Safety – portion of fund balance that is restricted by revenue source for specific public safety items.

Restricted for Debt Service – portion of fund balance that is restricted for the current portion due to the USDA by financing agreements.

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

Committed to LEO Special Separation Allowance – portion of fund balance that is allocated to paying law enforcement officer special separation allowance benefits.

Committed to Capital Projects – portion of fund balance in Capital Project funds that have been allocated by the City Council for specific construction projects.

Committed to the Downtown District – portion of fund balance in the General Fund and the Downtown District Special Revenue Fund that has been allocated by the City Council for downtown district improvements and events.

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

Assigned for Internal Service Funds – portion of fund balance equal to deficit net position in internal service funds that the City Council has accepted when setting rates and policies. This assignment is net of the amount due to the General Fund that has already been Restricted for Stabilization by State Statute.

Assigned for Subsequent Year's Expenditures – portion of fund balance that was appropriated with adoption of the 2019-2020 budget and an amount later appropriated toward the Senior Center project to lower the amount borrowed.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned for Pledges to be Received – portion of fund balance equal to fundraising pledges not scheduled to be received before the issuance of long-term financing for the Senior Center Project.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds other than the General Fund, negative unassigned fund balance may be reported if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes.

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.

12. Pensions

For purposes of measuring the net pension asset or 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's employer contributions are recognized when due and the City 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.

13. Accounting Estimates

The preparation of the basic 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 disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

II. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

The GASB has issued several pronouncements that have effective dates which may impact future financial presentations. Management is evaluating what, if any, impact implementation of the following may have on the financial statements of the City.

In January 2018, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement will take effect for fiscal years beginning after December 15, 2018. The City will implement Statement No. 84 in FY 2020.

In June 2018, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement will take effect for fiscal years beginning after December 15, 2019. The City will implement Statement No. 87 in FY 2021.

In June 2018, GASB issued Statement No. 89, *Accounting For Interest Cost Incurred Before The End Of A Construction Period*. The objective of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The statement will take effect for fiscal years beginning after December 15, 2019. The City will implement Statement No. 89 in FY 2021.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 And No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The statement will take effect for fiscal years beginning after December 15, 2018. The City will implement Statement No. 90 in FY 2020.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The statement will take effect for fiscal years beginning after December 15, 2020. The City will implement Statement No. 91 in FY 2022.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS

A. ASSETS.

1. Deposits

All the deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the 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 and the ABC Board have no policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City and ABC Board comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the City's deposits had a carrying amount of \$6,439,192 and a bank balance of \$6,629,074. The carrying amount of deposits for the ABC Board was \$251,958 and the bank balance was \$361,791. The bank balances of the City were covered by federal depository insurance for \$666,340 and the remainder of \$5,962,733 was covered by collateral held under the Pooling Method. All of the bank balances of the ABC Board were covered by federal depository insurance, the pooling or dedicated method. At June 30, 2019, the City's petty cash fund totaled \$1,600.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

2. Investments

At June 30, 2019, the City's investment balances was as follows:

Investment Type	Valuation Measurement Method	Book Value	Maturity	Rating
NCCMT - Government Portfolio	Fair Value Level 1	\$ 12,093,950	N/A	AAAm
Total		<u>\$ 12,093,950</u>		

Interest Rate Risk: The City implemented an investment policy on July 13, 2005. As a means of limiting the City's exposure to declines in fair market values from rising interest rates, the City limits at least half of the City's investment portfolio to maturities of less than 12 months. Also, the City's purchases of securities are laddered with staggered maturity dates and limit all securities to a final maturity of no more than five years.

Credit risk: The investment policy requires that the City minimize credit risk by limiting investments to those described as allowable in the GFOA Policy Statement on State and Local Laws Concerning Investment Practices. The City's investments in the NCCMT Government Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2019.

Custodial Credit Risk: Custodial credit risk is the risk that the City will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. To minimize this risk, the City requires all negotiable instruments to be held in the City's name in safekeeping by a third-party custodian independent of all counterparties.

Concentration of Credit Risk: The City has no explicit limit on the amount that can be invested in any one issuer; however, the investment portfolio is required to be diversified so the impact of potential losses from any one type of security from any one individual issuer will be minimized.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

3. Receivables

a. Allowance for Doubtful Accounts

Receivables are recorded net of an allowance for estimated uncollectible accounts at June 30, 2019 in the City's individual funds as follows:

	General Fund	Water Fund	Sewer Fund	Total
Allowance for uncollectible accounts on:				
Property taxes	\$ 177,432	\$ -	\$ -	\$ 177,432
Service fees	-	2,992	2,624	5,616
	<u>\$ 177,432</u>	<u>\$ 2,992</u>	<u>\$ 2,624</u>	<u>\$ 183,048</u>

b. Long-Term Notes Receivable

In prior fiscal years, the City received grant funds from the USDA that allowed the creation of a revitalization loan program. The grant funds totaled \$150,000. The City Council established a loan committee that analyzes and approves loan applications from local businesses. When monthly loan payments are made by the borrowers, the funds are retained to be loaned out to other borrowers. At June 30, 2019, nine loans were outstanding. The current balance of these loans, \$102,306, has been recorded in the Downtown District Special Revenue Fund. The total amount of the loans has been reserved. In addition \$47,694 related to the program is being reported as restricted cash and unearned revenue in that this amount is available only for future loans.

c. Accounts, Notes and Grants

Accounts, notes and grants receivable are comprised of the following:

	General Fund	Water Fund	Sewer Fund	Other Funds	Total
Accounts	\$ 2,828,261	\$ 472,943	\$ 616,978	\$ 2,858	\$ 3,921,040
Notes	-	-	-	102,306	102,306
Financing reimbursements	-	-	181,794	-	181,794
Grants	56,331	-	83,186	4,168	143,685
	<u>\$ 2,884,592</u>	<u>\$ 472,943</u>	<u>\$ 881,958</u>	<u>\$ 109,332</u>	<u>\$ 4,348,825</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

4. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Transfers and Other Adjustments	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,273,306	\$ 14,962	\$ -	\$ -	\$ 2,288,268
Construction in progress	5,051	562,673	-	(38,137)	529,587
Total capital assets not being depreciated	2,278,357	577,635	-	(38,137)	2,817,855
Capital assets being depreciated:					
Buildings	16,235,728	-	-	-	16,235,728
Infrastructure	36,580,541	515,811	-	-	37,096,352
Other Improvements	10,280,254	203,213	-	-	10,483,467
Vehicles and Equipment	12,456,570	481,282	(805,349)	38,137	12,170,640
Total capital assets being depreciated	75,553,093	1,200,306	(805,349)	38,137	75,986,187
Less accumulated depreciation for:					
Buildings	4,356,769	329,409	-	-	4,686,178
Infrastructure	30,400,666	672,695	-	-	31,073,361
Other Improvements	4,384,522	274,669	-	-	4,659,191
Vehicles and Equipment	9,170,874	675,232	(805,349)	-	9,040,757
Total accumulated depreciation	48,312,831	\$ 1,952,005	\$ (805,349)	\$ -	49,459,487
Total capital assets being depreciated, net	27,240,262				26,526,700
Governmental activities capital assets, net	\$ 29,518,619				\$ 29,344,555

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

General Government	\$ 171,759
Public Safety	379,467
Transportation	852,101
Environmental Protection	128,367
Cultural and Recreational	401,497
Economic and Physical Development	18,814
Total depreciation expense	\$ 1,952,005

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

The following is a summary of the City's business-type capital assets:

	Beginning Balances	Increases	Decreases	Transfers and Other Adjustments	Ending Balances
Business-type activities:					
Water Fund					
Capital assets not being depreciated:					
Land	\$ 1,090,453	\$ -	\$ -	\$ -	\$ 1,090,453
Construction in progress	2,196,706	20,799	-	(2,199,906)	17,599
Total capital assets not being depreciated	3,287,159	20,799	-	(2,199,906)	1,108,052
Capital assets being depreciated:					
Plants and distribution systems	35,622,044	129,000	(15,112)	2,199,906	37,935,838
Equipment	441,713	153,794	(27,443)	-	568,064
Vehicles	798,011	87,914	(27,097)	-	858,828
Total capital assets being depreciated	36,861,768	370,708	(69,652)	2,199,906	39,362,730
Less accumulated depreciation for:					
Plants and distribution systems	15,175,771	732,594	(15,112)	-	15,893,253
Equipment	202,324	30,904	(18,048)	-	215,180
Vehicles	579,488	45,907	(27,097)	-	598,298
Total accumulated depreciation	15,957,583	809,405	(60,257)	-	16,706,731
Total capital assets being depreciated, net	20,904,185				22,655,999
Water Fund capital assets, net	24,191,344				23,764,051
Sewer Fund					
Capital assets not being depreciated:					
Land	195,068	-	-	-	195,068
Construction in progress	178,981	196,198	-	(40,293)	334,886
Total capital assets not being depreciated	374,049	196,198	-	(40,293)	529,954
Capital assets being depreciated:					
Plants and distribution systems	47,369,819	71,622	-	40,295	47,481,736
Equipment	795,544	65,596	(151,969)	-	709,171
Vehicles	289,033	-	-	-	289,033
Total capital assets being depreciated	48,454,396	137,218	(151,969)	40,295	48,479,940
Less accumulated depreciation for:					
Plants and distribution systems	16,812,597	1,030,310	-	-	17,842,907
Equipment	649,916	17,232	(151,969)	-	515,179
Vehicles	273,703	15,330	-	-	289,033
Total accumulated depreciation	17,736,216	\$ 1,062,872	\$ (151,969)	\$ -	18,647,119
Total capital assets being depreciated, net	30,718,180				29,832,821
Sewer Fund capital assets, net	31,092,229				30,362,775
Business-type activities capital assets, net	\$ 55,283,573				\$ 54,126,826

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

Construction contracts exist for various renovation and construction projects for the City. At June 30, 2019, there were \$383,952 in commitments on these contracts.

Discretely Presented Component Unit

The following is a summary of the ABC Board's business-type capital assets:

	Beginning Balances	Increases	Decreases and adjustments	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 197,683	\$ 208,200	\$ -	\$ 405,883
Total capital assets not being depreciated	197,683	-	-	405,883
Capital assets being depreciated:				
Buildings and building improvements	536,264	4,041	-	540,305
Office and store equipment	107,581	-	-	107,581
Total capital assets being depreciated	643,845	4,041	-	647,886
Less accumulated depreciation for:				
Building and building improvements	200,712	15,085	-	215,797
Office and store equipment	77,620	6,594	-	84,214
Total accumulated depreciation	278,332	\$ 21,679	\$ -	300,011
Total capital assets being depreciated, net	365,513			347,875
Business-type activities capital assets, net	<u>\$ 563,196</u>			<u>\$ 753,758</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES.

1. Payables at June 30, 2019, were as follows:

	Government-wide Financial Statements						
	Fund Financial Statements						
	General Fund	Non-Major Funds	Water Fund	Sewer Fund	Total	Adjustments to Full-Accrual	Total
Payables:							
Accounts and vouchers	\$ 343,842	\$ 381	\$ 93,185	\$ 208,220	\$ 645,628	\$ 16,641	\$ 662,269
Accrued payroll and related liabilities	341,473	-	29,451	36,217	407,141	8,396	415,537
Accrued interest payable	-	-	97,396	16,841	114,237	62,376	176,613
Other	18,977	-	-	-	18,977	(1)	18,976
Total Accounts Payable and Accrued Liabilities	\$ 704,292	\$ 381	\$ 220,032	\$ 261,278	\$ 1,185,983	\$ 87,412	\$ 1,273,395

Adjustments to full-accrual are primarily related to internal service funds. Internal service funds predominately serve the governmental funds. Accordingly, the accounts payable and accrued liability balances for the internal service funds are included in governmental-activities on the accompanying government-wide financial statement.

Discretely Presented Component Unit

Payables at June 30, 2019, were as follows:

Payables:	
Accounts and vouchers	\$ 691
Accrued payroll and related liabilities	14,809
Distributions payable	18,307
Other	66,056
Total Accounts Payable and Accrued Liabilities	<u>\$ 99,863</u>

CITY OF REIDSVILLE, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

2. Pension Plan and Postemployment Obligations

a. 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 government 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. LGERS 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 27669-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are 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.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

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 and ABC Board 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 8.36% of compensation for law enforcement officers and 7.72% for general employees and firefighters. The ABC Board's contractually required contribution rate for the year ended June 30, 2019 was 7.81% of compensation. These rates were 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 were \$696,109 for the year ended June 30, 2019. Contributions to the pension plan from the ABC Board were \$15,052 for the year ended June 30, 2019.

Refunds of Contributions – City and ABC Board 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 REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

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 \$3,044,664 for its proportionate share of the net pension liability; the ABC Board reported a liability of \$46,735 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 and ABC Board's proportion of the net pension liability was based on a projection of the City's and ABC Board'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 0.12834%, which was a decrease of 0.00171% from its proportion measured as of June 30, 2018; the ABC Board's proportion was 0.00197%, which was a decrease of 0.00013% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized pension expense of \$855,117. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 469,719	\$ 15,761
Changes of assumptions	807,936	-
Net difference between projected and actual earnings on pension plan investments	417,942	-
Changes in proportion and differences between City contributions and proportionate share of contributions	11,320	18,494
City contributions subsequent to the measurement date	696,109	-
Total	<u>\$ 2,403,026</u>	<u>\$ 34,255</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

\$696,109 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 inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:

2020	\$ 812,099
2021	520,934
2022	96,828
2023	242,801
2024	-
Thereafter	-
	<u>\$ 1,672,662</u>

For the year ended June 30, 2019, the ABC Board recognized pension expense of \$16,879. At June 30, 2019, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,210	\$ 242
Change of assumptions	12,402	-
Net difference between projected and actual earnings on pension plan investments	6,415	-
Changes in proportion and differences between City contributions and proportionate share of contributions	7,021	-
ABC Board contributions subsequent to the measurement date	15,052	-
Total	<u>\$ 48,100</u>	<u>\$ 242</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

\$15,052 reported as deferred outflows of resources related to pensions resulting from ABC Board 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 inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 15,209
2021	10,249
2022	3,030
2023	4,317
	<u>\$ 32,805</u>

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

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

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

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 3.05%. All rates of return and inflation are annualized.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

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 and ABC Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's and ABC Board's proportionate shares of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's and ABC Board's proportionate shares 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%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 7,313,546	\$ 3,044,664	\$ 522,481
	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
ABC Board's proportionate share of the net pension liability (asset)	\$ 112,262	\$ 46,735	\$ (8,020)

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.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

b. Law Enforcement Officers' Special Separation Allowance.

Plan Description. The City 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.

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

Retirees receiving benefits	7
Active plan members	<u>47</u>
Total	<u>54</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 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 No. 73.

Actuarial Assumptions. The entry age 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	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the S&P Municipal 20 year High Grade Rate Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

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 \$97,139 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 liability of \$1,412,648. 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 update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$87,829.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,350	\$ 86,438
Changes of assumptions	56,140	58,320
City benefit payments made subsequent to the measurement date	47,537	-
Total	<u>\$ 112,027</u>	<u>\$ 144,758</u>

\$47,537 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:

2020	\$ (21,647)
2021	(21,647)
2022	(20,586)
2023	(12,312)
2024	(4,076)
Thereafter	-
	<u>\$ (80,268)</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

Sensitivity of the City's total pension asset to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.64%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.64%) or one percentage point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 1,523,397	\$ 1,412,648	\$ 1,310,848

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

Beginning balance	\$ 1,442,623
Service cost	64,938
Interest	44,052
Difference between expected and actual experience	10,189
Changes of assumptions or other inputs	(52,015)
Benefit payments	(97,139)
Ending balance of the total pension liability	<u>\$ 1,412,648</u>

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 US population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used on 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.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 865,668	\$ 87,829	\$ 953,497
Pension Liability	3,044,664	1,412,648	4,457,312
Proportionate share of the net pension liability	0.12834%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	469,719	8,350	478,069
Changes of assumptions	807,936	56,140	864,076
Net difference between projected and actual earnings on plan investments	417,942	-	417,942
Changes in proportion and differences between contributions and proportionate share of contributions	11,320	-	11,320
Benefit payments and administrative costs paid subsequent to the measurement date	696,109	47,537	743,646
Total	2,403,026	112,027	2,515,053
Deferred of Inflows of Resources			
Differences between expected and actual experience	15,761	86,438	102,199
Changes of assumptions	-	58,320	58,320
Changes in proportion and differences between contributions and proportionate share of contributions	18,494	-	18,494
Total	34,255	144,758	179,013

c. Supplemental Retirement Income Plans.

Plan Description. The City of Reidsville and the ABC Board contribute to separate Supplemental Retirement Income Plans (Plans), defined contribution pension plans administered by the Department of State Treasurer and a Board of Trustees. The Plans provide retirement benefits to law enforcement officers employed by the City and participating employees of the ABC Board. 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 5.00% of each law enforcement officer's salary. All amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019, were \$187,085, which consisted of \$119,907 from the City and \$67,178 from the law enforcement officers.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

In addition, the City contributes each month an amount equal to 5.00% of salary for full-time employees not engaged in law enforcement, and all amounts contributed are vested immediately. Also, the employees not engaged in law enforcement may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019, were \$431,951, which consisted of \$290,111 from the City and \$141,840 from the full-time employees not engaged in law enforcement.

For the ABC Board plan, the Board has elected to contribute an amount equal to 5% of annual salary for each employee. Employees are eligible immediately upon becoming a voluntary contributing member. Contributions for the year ended June 30, 2019 were \$12,172, which consisted of \$9,172 from the Board and \$3,000 from the employees.

d. Firefighter's and Rescue Squad Workers' Pension Fund.

Plan Description. The State of North Carolina contributes, on behalf of the City, to the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 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 Firefighters' and Rescue Squad Workers' Pension Fund 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 the Firefighters' and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2019, the State contributed \$17,952,000 to the plan. The City's proportionate share of the State's contribution is \$13,158.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2019, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$35,797. 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 contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2019 and at June 30, 2018 was 0%.

For the year ended June 30, 2019, the City recognized pension expense of \$10,180 and revenue of \$10,180 for support provided by the State. At June 30, 2019, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

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.

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.

e. 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 Plan). This plan provides postemployment healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have one of the following creditable services: at least 25 years, with the last 10 years having been served in the City; at least 30 years, with the last 10 years having been served in the City; or retired on disability with at least five years, with all time having been served with the City. Insurance coverage ends once the retiree reaches age 65 or becomes Medicare eligible, whichever comes first. The City pays the full cost of coverage for these benefits when the 30-year service requirement is met; the City pays 50% of the cost of coverage when the 25-year service requirement or the disability service requirement are met. The coverage is provided through the City's health insurance provider. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

Membership of the Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

	General Employees	Law Enforce- ment Officers	Fire- Fighters	Total
Retirees and dependents receiving benefits	10	9	7	26
Active plan members	114	47	28	189
	<u>124</u>	<u>56</u>	<u>35</u>	<u>215</u>

Total OPEB Liability

The City's total OPEB liability of \$7,019,680 was measured as of June 30, 2018 and was determined by an actuarial valuation of June 30, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 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
Salary increases	3.50 – 7.75 percent, average, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	7.25 percent decreasing to an ultimate rate of 4.75 percent by 2028

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Schedule of Changes in Total OPEB Liability

Beginning balance	\$ 6,189,336
Service cost	283,155
Interest	211,152
Changes of benefit terms	-
Differences between expected and actual experience	750,301
Changes in assumptions or other inputs	106,501
Benefit payments	<u>(520,764)</u>
	<u>\$ 7,019,681</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014, adopted by the LGERS.

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:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 7,677,040	\$ 7,019,681	\$ 6,430,364

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 6,303,129	\$ 7,019,681	\$ 7,863,726

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 \$597,456. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 772,009	\$ -
Changes of assumptions	-	132,949
Benefit payments and administrative costs made subsequent to the measurement date	191,097	-
Total	<u>\$ 963,106</u>	<u>\$ 132,949</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

\$191,097 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30:	
2020	\$ 98,738
2021	98,738
2022	98,738
2023	98,738
2024	98,738
Thereafter	<u>145,370</u>
	<u><u>\$ 639,060</u></u>

f. Deferred Compensation Plan.

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. All transactions are administered by third party administrators and accordingly, Plan assets are not included in the City's financial statements.

3. Other Employment Benefits

The City has 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

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

4. Unearned Revenues

The balance of unearned revenues in the government-wide financial statements at year-end is composed of the following elements:

	Unearned Revenue
Revenue Received in Advance (General Fund)	\$ 3,340
Revenue Received in Advance (Nonmajor Gov)	52,019
	<u>\$ 55,359</u>

5. Deferred Inflows of Resources

Deferred inflows of resources at year-end is composed of the following at the governmental fund level of reporting:

	Unavailable Revenue	Unearned Revenue
Prepaid Taxes Not Yet Earned (General Fund)	\$ -	\$ 1,598
Taxes Receivable (Net) (General Fund)	202,805	-
Taxes Receivable (Net) (General Fund MSD)	1,997	-
Assessments Receivable (General Fund)	20,146	-
Receivables Not Available (Nonmajor Gov)	102,306	-
Receivables Not Available (General Fund)	894,707	-
	<u>\$ 1,221,961</u>	<u>\$ 1,598</u>

Prepaid taxes are considered to be deferred inflows of resources at the government-wide level of reporting while unavailable revenues are recognized as revenues at the government-wide level of reporting.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

6. Commitments

To encourage the redevelopment of certain aging facilities within the City, on two separate occasions the City acted as a conduit for redevelopment grant funds. To encourage the redeveloped properties to remain in service in the use for which they were intended, the City required non-interest bearing promissory notes in the original amount of \$250,000 from both RHS Limited Partnership and Beco Apartments Limited Partnership. Rather than requiring actual cash payments, the borrowers receive credit each year for one half of their timely paid City property taxes. These notes were entered into by the City in 1994 and 2001, respectively and mature in 2049 and 2040, respectively. The balance of the RHS Limited Partnership note at June 30, 2019 is \$154,603 and the balance of the Beco Apartments Limited Partnership is \$111,009. Due to the nature and limited recourse of these agreements, they are not recorded on the City's balance sheet.

7. 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 \$2 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits and employee health coverage. 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. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop 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.

Due to geographic low risk, the City has chosen not to carry flood insurance.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year. Settled claims have not materially 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; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. Claims have not exceeded coverage in any of the past three fiscal years.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

Prior to joining the self-funded risk financing pool administered by the North Carolina League of Municipalities, employee health care and dental insurance was financed through April 30, 2018 using an entirely self-funded plan, available to employees, retirees, covered dependents, and eligible former employees. The plan was administered by a third-party and was supplemented by employee contributions for dependent coverage. The plan paid for the cost of administration as well as paying medical claims. Specific stop-loss insurance with a deductible level of \$50,000 per member for all occurrences and a lifetime maximum of \$2,000,000 per member was purchased to limit the City's losses for the overall program.

Changes in the City's reserves for claims for the year ended June 30, 2019 are as follows:

	<u>Health Insurance</u>
Reserve, Beginning of Year	\$ 10,000
Incurred Claims (including IBNR) and Changes in Estimates	666
Less Claims Paid	<u>10,666</u>
Reserve, End of Year	<u>\$ -</u>

The reserve is now closed because the claims run-out period of the abandoned self-funded plan has ended.

Changes in the City's reserves for claims for the year ended June 30, 2018 are as follows:

	<u>Health Insurance</u>
Reserve, Beginning of Year	\$ 109,121
Incurred Claims (including IBNR) and Changes in Estimates	2,151,884
Less Claims Paid	<u>2,251,005</u>
Reserve, End of Year	<u>\$ 10,000</u>

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 is bonded at \$100,000 and the tax collector is bonded at \$50,000. The remaining employees that have access to funds are bonded under a blanket bond.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

8. Long-Term Obligations

a. Capital Leases.

The City has entered into agreements to lease certain vehicles and equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum payments as of the dates of inception. Capital leases outstanding at June 30, 2019, are comprised of the following individual leases:

- 1) Executed on June 28, 2010 to lease 800 mhz radio equipment; requires 15 annual payments of \$48,304. The gross amount of the equipment acquired is \$532,400.
- 2) Executed on June 27, 2014 to lease a sanitation, street, water and sewer vehicles requires 6 annual principal payments, one at \$119,187 and 5 at \$143,024, plus interest. The gross amount of the equipment acquired is \$834,307.
- 3) Executed on June 22, 2015 to lease a fire truck requires 12 annual payments of \$63,160. The gross amount of the equipment acquired is \$657,000.
- 4) Executed on June 29, 2016 to lease sanitation and street vehicles requires 5 annual payments of \$97,793. The gross amount of the vehicles acquired is \$475,000.

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 267,506	\$ 91,591
2021	168,389	89,517
2022	111,465	-
2023	111,465	-
2024	111,465	-
2025-2027	237,786	-
Total minimum lease payments	1,008,076	181,108
Less: amount representing interest	88,294	6,245
Present value of minimum lease payments	<u>\$ 919,782</u>	<u>\$ 174,863</u>

The total cost for all assets purchased under capital leases is \$2,521,791. To date, accumulated depreciation on these assets totals \$1,261,239, resulting in a net book value of \$1,260,552.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

b. General Obligation Indebtedness.

At June 30, 2019, the City had a legal debt margin of \$91,273,871.

c. Notes Payable.

The first note payable shown in the Sewer Fund is a loan from the State of North Carolina for the construction of improvements to the City's wastewater treatment plant. The total available loan is \$14,737,460, of which \$13,332,540 was borrowed as of June 30, 2019 as the project neared completion. The promissory note requires equal annual payments over 20 years with no interest beginning in 2015 and running through 2035. The annual payment for the year ended June 30, 2019 was \$736,873, which consisted of \$736,873 principal and no interest. This payment was based on the full amount available being borrowed; the debt service shown below only contains the payments for the amount actually borrowed as of June 30, 2019, less the payments made to date.

The City executed a second note payable on December 28, 2016 with the USDA for the long-term financing of the Senior Center Capital Project. A total of \$5,080,000 was borrowed. The note requires annual payments of \$198,171 including interest at 2.375% per annum through December 2057. The annual payment for the year ended June 30, 2019 of \$198,171, consisted of \$79,362 principal and \$118,809 of interest.

A third note payable shown in the Sewer Fund has been approved from the State of North Carolina for improvements to the City's wastewater treatment plant. The total available loan is \$3,963,089, of which \$108,460 was borrowed as of June 30, 2019 because the project is in progress. The promissory note requires equal annual payments over 20 years with no interest beginning in the year of expected project completion, 2021, and running through 2041. There was no payment for the year ended June 30, 2019. The debt service shown below only contains the payments for the amount actually borrowed as of June 30, 2019.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

Annual debt service requirements to maturity for the notes payable are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 81,247	\$ 116,924	\$ 649,065	\$ -
2021	83,177	114,994	654,497	-
2022	85,152	113,019	654,497	-
2023	87,174	110,997	654,497	-
2024	89,245	108,926	654,497	-
2025-2029	479,042	511,813	3,272,487	-
2030-2034	538,696	453,159	3,272,487	-
2035-2039	605,777	385,078	676,225	-
2040-2044	681,212	309,643	5,433	-
2045-2049	766,041	224,814	-	-
2050-2054	861,433	129,422	-	-
2055-2057	564,921	26,983	-	-
	<u>\$ 4,923,117</u>	<u>\$ 2,605,772</u>	<u>\$ 10,493,685</u>	<u>\$ -</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

d. Revenue Bonds.

\$5,400,000 Combined Enterprise System Revenue Bonds, Series 2012, issued for improvements to the City's dam and spillway. Principal installments are due annually on March 1 with semiannual interest payments due on September 1 and March 1, at an annual interest rate of 3.25%.

\$3,862,000

\$8,500,000 Combined Enterprise System Revenue Bonds, Series 2013, issued for improvements to the City's water plant and water and sewer lines. Principal installments are due annually on March 1 with semiannual interest payments due on September 1 and March 1, at an annual interest rate of 3.00%.

\$6,826,000

Annual debt service requirements to maturity for the revenue bond are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 609,000	\$ 324,805
2021	628,000	305,763
2022	649,000	286,115
2023	668,000	265,830
2024	689,000	244,940
2025-2029	3,783,000	887,515
2030-2034	3,662,000	269,695
	<u>\$ 10,688,000</u>	<u>\$ 2,584,663</u>

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

The City has been in compliance with the rate covenants in Section 704 of the Bond Order, authorizing the issuance of the Combined Enterprise System Revenue Bonds, series 2012 and series 2013. Section 704(a) of the Bond Orders requires the income available for debt service plus 15% of beginning unrestricted net position to be not less than 120% of the long-term debt service requirement for parity indebtedness; Section 704(b) of the Bond Orders requires the income available for debt service to be not less than long-term debt service requirement for parity and subordinated indebtedness and any general obligation debt serviced by the enterprise system. The rate covenant calculations for the year ended June 30, 2019, are as follows:

	Water Fund	Sewer Fund	Combined Enterprise System
Revenues	\$ 4,091,002	\$ 4,969,181	\$ 9,060,183
Current Expenses	2,796,739	3,266,531	6,063,270
Income Available for Debt Service	<u>\$ 1,294,263</u>	<u>\$ 1,702,650</u>	<u>\$ 2,996,913</u>
Section 704 (a) Covenant:			
Income Available for Debt Service	\$ 2,996,913		
15% of Unrestricted Net Position as of June 30, 2018	<u>852,111</u>		
Total	<u>\$ 3,849,024</u>		
Parity Debt Service	<u>\$ 934,000</u>		
Debt Service Coverage Ratio:	<u>412.10%</u>		
Section 704 (b) Covenant:			
Income Available for Debt Service	<u>\$ 2,996,913</u>		
Parity Debt Service	\$ 934,000		
Subordinate Debt Service	827,700		
General Obligation Debt Service	<u>-</u>		
	<u>\$ 1,761,700</u>		
Debt Service Coverage Ratio:	<u>170.11%</u>		

In addition, the covenants of the bonds also require disclosure of the amounts on deposit with the trustee at year end. At June 30, 2019, deposits with the trustee total \$873,442 for the 2012 issue and \$2,573,680 for the 2013 issue.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

The City has pledged future combined enterprise system revenues, net of current expenses, to repay the revenue bonds issued in 2012 and 2013. Proceeds from the bonds provided financing for improvements to the spillway and at both the water treatment and wastewater treatment plants. The bonds are payable solely from water and sewer customer net revenues and are payable through 2034. Annual principal and interest payments on the bonds are expected to require approximately 10% of net revenues. The total principal and interest remaining to be paid on the bonds is \$13,272,663. Principal and interest paid for the current year and total customer net revenues were \$934,290 and \$9,060,182, respectively.

e. **Long-term Obligation Activity.**

The following is a summary of changes in the City's long-term obligations during the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Note payable	\$ 5,002,479	\$ -	\$ 79,362	\$ 4,923,117	\$ 81,247
Capitalized leases	1,183,936	-	264,154	919,782	242,781
Compensated absences	591,052	99,226	-	690,278	69,028
Total OPEB liability	5,098,985	684,067	-	5,783,052	-
LGERS pension liability	1,675,262	903,524	-	2,578,786	-
LEO pension liability	1,442,623	-	29,975	1,412,648	-
Total governmental activities	\$ 14,994,337	\$ 1,686,817	\$ 373,491	\$ 16,307,663	\$ 393,056
Business-type activities:					
Revenue Bond	\$ 11,279,000	\$ -	\$ 591,000	\$ 10,688,000	\$ 609,000
Notes payable	11,119,205	111,353	736,873	10,493,685	649,065
Capitalized lease	262,290	-	87,427	174,863	87,427
Compensated absences	101,845	8,785	-	110,630	11,063
Total OPEB liability	1,090,351	146,278	-	1,236,629	-
LGERS pension liability	311,542	154,336	-	465,878	-
Total business-type activities	\$ 24,164,233	\$ 420,752	\$ 1,415,300	\$ 23,169,685	\$ 1,356,555

Compensated absences associated with governmental activities typically have been liquidated in the General Fund. Compensated absences associated with business-type activities typically have been liquidated in the Water and Sewer Funds.

Other post employment benefits (OPEB) associated with governmental activities typically have been liquidated in the General Fund. OPEB associated with business-type activities typically have been liquidated in the Water and Sewer Funds.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

9. Interfund Balances and Activity

a. **Due From/To Other Funds/Interfund Balances**

Balances due to/from other funds at June 30, 2019, consist of the following:

<u>Due From</u>	<u>Due To</u> <u>General Fund</u>
Landfill Assessment Fund	\$ 5,000

The interfund balance due from the Landfill Assessment Fund is a result of the timing of funding reimbursements. At year end, a reimbursement is due in the project fund; this receivable created negative cash resulting in the interfund balance.

b. **Transfers to/from Other Funds**

Transfers in (out) for the year ended June 30, 2019 are summarized below:

<u>Transfer Out</u>	<u>Transfer in:</u>					<u>Total</u>
	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garage Fund</u>	<u>Insurance Fund</u>	
General Fund	\$ -	\$ -	\$ -	\$ 638,203	\$ 953,889	\$ 1,592,092
Downtown Fund	97,000	-	-	-	-	97,000
Water Fund	-	-	228,000	10,000	-	238,000
Sewer Fund	-	100,700	-	-	-	100,700
Total	<u>\$ 97,000</u>	<u>\$ 100,700</u>	<u>\$ 228,000</u>	<u>\$ 648,203</u>	<u>\$ 953,889</u>	<u>\$ 2,027,792</u>

The transfer from the Downtown District Fund is related to a change in reporting the Municipal Service District taxes in the General Fund. The transfers to the Garage and Insurance Funds from the General Fund are to forgive historical due to amounts. In addition the General Fund and Water Fund transferred a combined \$20,000 to the Garage Fund for a capital purchase. The transfers between the Water and Sewer funds are to compensate for overlapping use of resources.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

10. 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	\$ 9,774,248
Less:	
Inventories	99,128
Prepays	25,339
Stabilization by State Statute	2,682,929
Public Safety	54,376
LEO Special Separation Allowance	295,217
Downtown District	79,039
Subsequent Year's Expenditures	130,400
Pledges to be Received	27,711
Debt Service	246,475
Remaining Fund Balance	\$ 6,133,634

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

Encumbrances	General Fund	Non-Major Funds
	\$ 704,195	\$ -

C. REVENUES, EXPENDITURES, AND EXPENSES.

On-Behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2019, the City has recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$10,180 for the 28 employed firemen who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen's and Rescue Squad Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

D. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with twelve counties and sixty other municipalities, established the Piedmont Triad Regional Council (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. The City paid membership fees of \$7,472 to the Council during the fiscal year ended June 30, 2019.

E. JOINT VENTURES

The City, in conjunction with the Reidsville Community Pool Association and the Young Men's Christian Association of Reidsville, Inc. (YMCA) participate in a joint venture to construct and operate an enclosed swimming pool facility. Each of the participating organizations appoints three members of the nine member board of directors of the Pool Association. The City has an ongoing financial responsibility for the joint venture because it is legally obligated under the agreement that created the Pool Association to make an annual contribution to assist in the operation and maintenance of the facility. The City contributed \$67,251 to the Pool Association for operations and maintenance during the fiscal year ended June 30, 2019. The City does not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2019.

Complete financial statements for the Pool Association can be obtained from the Pool's administrative offices at 504 South Main Street, Reidsville, North Carolina 27320.

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2019, the City made no payments through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2019. The Firemen's Relief Fund does not issue separate audited financial statements.

Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, NC 27603.

CITY OF REIDSVILLE, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 (Continued)

III. DETAIL NOTES ON ALL FUNDS (continued)

F. RELATED ORGANIZATION

The five-member board of the Reidsville Housing Authority is appointed by the mayor of the City. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City is also disclosed as a related organization in the notes to the financial statements for the Reidsville Housing Authority. Complete financial statements for the Reidsville Housing Authority can be obtained from the Authority's office at 924 Third Avenue, Reidsville, NC 27320.

G. 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.

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CITY OF REIDSVILLE, NORTH CAROLINA

Required Supplemental Financial Data

This section contains additional information required by accounting principles generally accepted in the United States of America.

- **Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System**
- **Contributions – Local Government Employees' Retirement System**
- **Schedule of Changes in LEO Pension Liability – Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Changes in LEO Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Changes in the Total OPEB Liability and Related Ratios**

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City of Reidsville, North Carolina

**Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years ***

Exhibit A-1

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset) (%)	0.12834%	0.13005%	0.13190%	0.14008%	0.13319%	0.13140%
City's proportion of the net pension liability (asset) (\$)	\$ 3,044,664	\$ 1,986,804	\$ 2,799,360	\$ 628,670	\$ (785,481)	\$ 1,583,875
City's covered payroll	\$ 8,640,540	\$ 8,285,870	\$ 8,141,050	\$ 8,063,602	\$ 7,614,792	\$ 7,112,094
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.24%	23.98%	34.39%	7.80%	(10.32%)	22.27%
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 will be the same percentage for all participant employers in the LGERS plan.

City of Reidsville, North Carolina

**Contributions
Required Supplementary Information
Last Six Fiscal Years**

Exhibit A-2

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 685,215	\$ 642,828	\$ 624,546	\$ 560,939	\$ 577,385	\$ 542,888
Contributions in relation to the contractually required contribution	685,215	642,828	624,546	560,939	577,385	542,888
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$8,872,746	\$8,640,540	\$8,285,870	\$8,141,050	\$8,063,602	\$7,614,792
Contributions as a percentage of covered payroll	7.72%	7.44%	7.54%	6.89%	7.16%	7.13%

City of Reidsville, North Carolina

**Schedule of Changes in Total Pension Liability
Required Supplementary Information
June 30, 2019**

Exhibit A-3

Law Enforcement Officers' Special Separation Allowance

	2019	2018	2017
Beginning balance	\$ 1,442,623	\$ 1,476,922	\$ 1,500,521
Service cost	64,938	55,028	64,019
Interest on the LEO pension liability	44,052	55,134	51,662
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the LEO pension liability	10,189	(135,000)	-
Changes of assumptions or other inputs	(52,015)	87,678	(32,449)
Benefit payments	(97,139)	(97,139)	(106,831)
Other changes	-	-	-
Ending balance of the LEO pension liability	<u>\$ 1,412,648</u>	<u>\$ 1,442,623</u>	<u>\$ 1,476,922</u>

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

City of Reidsville, North Carolina

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
June 30, 2019**

Exhibit A-4

Law Enforcement Officers' Special Separation Allowance

	2019	2018	2017
LEO pension liability	\$1,412,648	\$1,442,623	\$ 1,476,922
Covered payroll	2,398,044	2,216,077	2,354,562
LEO pension liability as a percentage of covered payroll	58.91%	65.10%	62.73%

Notes to the schedule:

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

City of Reidsville, North Carolina

**Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
For the Year Ended June 30, 2019**

Exhibit A-5

Total OPEB Liability

	2019	2018
Service cost	\$ 283,155	\$ 306,023
Interest	211,152	182,767
Changes of benefit terms	-	-
Differences between expected and actual experience	750,301	174,785
Changes of assumptions	106,501	(313,394)
Benefit payments	(520,764)	(462,111)
Other changes	-	-
Net change in Total OPEB Liability	\$ 830,345	\$ (111,930)
Total OPEB Liability - beginning	\$6,189,336	\$6,301,266
Total OPEB Liability - ending	<u>\$7,019,681</u>	<u>\$6,189,336</u>
Covered payroll	\$7,997,189	\$7,486,544
Total OPEB liability as a percentage of covered payroll	87.78%	82.67%

Notes to the Schedule

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

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%

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CITY OF REIDSVILLE, NORTH CAROLINA

Major Governmental Funds

General Fund - The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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CITY OF REIDSVILLE, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Taxes	\$ 8,529,300	\$ 8,444,769	\$ (84,531)	\$ 8,356,270
MSD Taxes	35,700	38,911	3,211	-
Penalties and Interest	-	47,352	47,352	37,751
	8,565,000	8,531,032	(33,968)	8,394,021
Other Taxes:				
Local Option Sales Tax	3,222,700	3,410,006	187,306	3,216,627
Privilege Licenses	8,000	9,129	1,129	9,409
Occupancy Tax	75,000	78,910	3,910	55,039
Gross receipts tax	-	14,970	14,970	13,070
	3,305,700	3,513,015	207,315	3,294,145
Unrestricted Intergovernmental Revenues:				
Franchise Tax	1,469,000	1,538,447	69,447	1,530,252
Beer and Wine	65,000	60,867	(4,133)	61,348
Tax Refunds	5,000	1,804	(3,196)	2,842
Other	2,400	2,400	-	2,400
	1,541,400	1,603,518	62,118	1,596,842
City of Reidsville ABC Board:				
Profit Distribution	90,850	120,645	29,795	103,451
Law Enforcement	32,300	35,001	2,701	28,600
	123,150	155,646	32,496	132,051
Restricted Intergovernmental Revenues:				
State Street Aid Allocation	435,000	422,917	(12,083)	430,475
Police Grants	125,750	118,906	(6,844)	120,061
Rockingham Co Schools - Resoure Officers	185,000	198,449	13,449	197,745
State Forfeiture Funds	16,800	23,686	6,886	11,474
Court Awarded Seizure Funds	-	1,569	1,569	2,088
State Division of Aging - Senior Adults	10,000	16,839	6,839	4,792
SHIP Grant - Senior Adults	4,840	4,840	-	10,228
SKAT Bus Grant	125,000	119,700	(5,300)	119,700
Contribution - Rockingham Co. Industrial Park Maintenance	16,000	7,517	(8,483)	9,467
	921,390	914,423	(6,967)	906,030
Permits and Fees:				
Building Permits and Inspection Fees	113,250	97,696	(15,554)	80,253
Landfill Tipping Fees and Sanitation Pickups	413,500	413,594	94	386,350
	526,750	511,290	(15,460)	466,603

CITY OF REIDSVILLE, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Sales and Services:				
Recreation Department Fees	337,295	354,498	17,203	320,969
Rents, Commissions and Fees	75,000	77,457	2,457	82,334
Court Facilities Fees	8,500	4,208	(4,292)	3,722
Sale of Cemetery Plots	34,225	31,693	(2,532)	29,735
Sale of Fixed Assets	278,000	281,950	3,950	547,115
Cable TV Franchise Tax	100,000	97,373	(2,627)	105,009
	<u>833,020</u>	<u>847,179</u>	<u>14,159</u>	<u>1,088,884</u>
Investment Earnings	<u>25,000</u>	<u>120,010</u>	<u>95,010</u>	<u>64,359</u>
Miscellaneous:				
Property Assessments	-	1,597	1,597	2,076
Private Contributions	1,280	3,781	2,501	6,043
Property Demolition and Cleaning	27,000	29,489	2,489	15,412
Other	2,500	108,007	105,507	8,074
	<u>30,780</u>	<u>143,124</u>	<u>112,344</u>	<u>31,605</u>
Total Revenues	<u>\$ 15,872,190</u>	<u>\$ 16,339,237</u>	<u>\$ 467,047</u>	<u>\$ 15,974,540</u>
EXPENDITURES				
General Government:				
Governing Board:				
Salaries and Employee Benefits	\$ 31,746	\$ 21,355	\$ 10,391	\$ 21,305
Operating Expenses	117,026	70,677	46,349	56,871
Professional Services	44,886	39,723	5,163	38,329
Capital Outlay	-	-	-	13,911
	<u>193,658</u>	<u>131,755</u>	<u>61,903</u>	<u>130,416</u>
Administration and Personnel:				
Salaries and Employee Benefits	350,991	318,185	32,806	276,158
Operating Expenses	117,196	55,590	61,606	28,234
Professional Services	14,137	5,009	9,128	38,251
Capital Outlay	-	-	-	-
	<u>482,324</u>	<u>378,784</u>	<u>103,540</u>	<u>342,643</u>
Finance and Management Information Services:				
Salaries and Employee Benefits	372,747	356,324	16,423	385,638
Operating Expenses	120,816	105,511	15,305	112,085
Professional Services	96,831	92,570	4,261	96,926
Capital Outlay	126,918	83,383	43,535	206,625
	<u>717,312</u>	<u>637,788</u>	<u>79,524</u>	<u>801,274</u>

CITY OF REIDSVILLE, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Engineering and Code Enforcement:				
Salaries and Employee Benefits	231,208	227,257	3,951	232,000
Operating Expenses	141,158	107,506	33,652	90,597
Capital Outlay	-	-	-	-
	<u>372,366</u>	<u>334,763</u>	<u>37,603</u>	<u>322,597</u>
Planning:				
Salaries and Employee Benefits	174,170	166,668	7,502	146,405
Operating Expenses	45,486	26,309	19,177	28,581
	<u>219,656</u>	<u>192,977</u>	<u>26,679</u>	<u>174,986</u>
Public Buildings and Grounds:				
Operating Expenses	188,668	167,319	21,349	195,268
Contracted Services	28,884	28,946	(62)	18,063
Capital Outlay	68,350	27,085	41,265	13,650
	<u>285,902</u>	<u>223,350</u>	<u>62,552</u>	<u>226,981</u>
Total General Government	<u>2,271,218</u>	<u>1,899,417</u>	<u>371,801</u>	<u>1,998,897</u>
Public Safety:				
Police:				
Salaries and Employee Benefits	3,580,300	3,542,550	37,750	3,437,023
LEO Special Separation Allowance/Insurance	247,750	227,373	20,377	248,739
Operating Expenses	821,000	745,543	75,457	721,129
Contracted Services	180,100	177,410	2,690	138,304
Capital Outlay	297,457	218,701	78,756	185,264
	<u>5,126,607</u>	<u>4,911,577</u>	<u>215,030</u>	<u>4,730,459</u>
Fire:				
Salaries and Employee Benefits	1,889,876	1,810,873	79,003	1,837,243
Operating Expenses	300,889	282,032	18,857	263,061
Contracted Services	26,234	24,386	1,848	27,819
Capital Outlay	565,292	547,542	17,750	202,779
	<u>2,782,291</u>	<u>2,664,833</u>	<u>117,458</u>	<u>2,330,902</u>
Total Public Safety	<u>7,908,898</u>	<u>7,576,410</u>	<u>332,488</u>	<u>7,061,361</u>
Transportation:				
Administration:				
Salaries and Employee Benefits	92,639	90,997	1,642	58,954
Operating Expenses	41,011	34,788	6,223	25,341
	<u>158,650</u>	<u>150,407</u>	<u>8,243</u>	<u>84,295</u>

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Street Repair and Construction:				
Salaries and Employee Benefits	800,070	684,800	115,270	759,271
Operating Expenditures	935,810	501,902	433,908	508,128
Contracted Services	38,076	24,509	13,567	26,254
Street Lights	294,750	261,648	33,102	262,569
Capital Outlay	122,325	493,285	(370,960)	656,849
	<u>2,191,031</u>	<u>1,966,144</u>	<u>224,887</u>	<u>2,213,071</u>
Total Transportation	<u>2,349,681</u>	<u>2,116,551</u>	<u>233,130</u>	<u>2,297,366</u>
Environmental Protection:				
Solid Waste Management:				
Salaries and Employee Benefits	803,850	792,840	11,010	773,324
Operating Expenses	611,700	602,677	9,023	572,726
Contracted Services	102,400	102,603	(203)	49,884
Capital Outlay	262,250	262,224	26	-
	<u>1,780,200</u>	<u>1,760,344</u>	<u>19,856</u>	<u>1,395,934</u>
Cemetery:				
Salaries and Employee Benefits	89,250	82,375	6,875	87,886
Operating Expenses	16,500	14,954	1,546	12,321
	<u>105,750</u>	<u>97,329</u>	<u>8,421</u>	<u>100,207</u>
Total Environmental Protection	<u>1,885,950</u>	<u>1,857,673</u>	<u>28,277</u>	<u>1,496,141</u>
Cultural and Recreational:				
Parks and Recreation:				
Salaries and Employee Benefits	787,812	763,212	24,600	727,391
Operating Expenses	771,083	720,124	50,959	750,239
Contracted Services	58,200	49,439	8,761	37,842
Reidsville Community Pool Association	78,311	67,251	11,060	65,681
Capital Outlay	152,300	136,485	15,815	179,495
	<u>1,847,706</u>	<u>1,736,511</u>	<u>111,195</u>	<u>1,760,648</u>
Penn House:				
Salaries and Employee Benefits	21,400	20,395	1,005	106,831
Operating Expenses	79,833	72,700	7,133	72,562
Contracted Services	6,000	4,690	1,310	3,475
	<u>138,831</u>	<u>99,385</u>	<u>39,446</u>	<u>202,269</u>
Total Cultural and Recreational	<u>1,986,537</u>	<u>1,835,896</u>	<u>150,641</u>	<u>1,962,917</u>

CITY OF REIDSVILLE, NORTH CAROLINA
General Fund

Exhibit B-1
Page 5 of 5

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Economic and Physical Development:				
Economic Development:				
Salaries and Employee Benefits	122,800	119,854	2,946	118,923
Operating Expenditures	92,993	37,776	55,217	53,329
Industrial Site Preparation and Incentives	124,450	117,958	6,492	208,193
	<u>340,243</u>	<u>275,588</u>	<u>64,655</u>	<u>380,445</u>
Marketing:				
Salaries and Employee Benefits	98,300	96,650	1,650	57,111
Operating Expenditures	118,700	90,417	28,283	97,676
	<u>217,000</u>	<u>187,067</u>	<u>29,933</u>	<u>154,787</u>
Main St. and Market Square:				
Salaries and Employee Benefits	61,550	60,400	1,150	-
Operating Expenditures	37,550	35,717	1,833	-
Grants and Incentives	132,000	52,961	79,039	-
	<u>231,100</u>	<u>149,078</u>	<u>82,022</u>	<u>-</u>
Total Economic and Physical Development	<u>788,343</u>	<u>611,733</u>	<u>176,610</u>	<u>535,232</u>
Other Appropriations - Community Affairs:				
Allocation to:				
Council on Aging (Cultural and Recreational)	10,500	10,500	-	10,500
Chamber of Commerce (Economic & Physical Develop.)	54,000	54,000	-	54,000
Historical District Commission (Cultural and Recreational)	28,176	16,484	11,692	18,705
SKAT Bus (General Government)	140,000	133,000	7,000	133,476
Special Events (General Government)	7,910	-	7,910	-
Human Relations Commission (Cultural and Recreational)	4,199	3,765	434	2,204
Other (General Government)	500	105	395	-
Total Other Appropriations - Community Affairs	<u>245,285</u>	<u>217,854</u>	<u>27,431</u>	<u>218,885</u>
Total Expenditures	<u>17,435,912</u>	<u>16,115,534</u>	<u>1,320,378</u>	<u>15,570,799</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,563,722)</u>	<u>223,703</u>	<u>1,787,425</u>	<u>403,741</u>
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds:				
To Enterprise Funds:				
Internal Service Fund - Garage	(638,213)	(638,203)	10	(17,500)
Internal Service Fund - Self Insurance	(969,915)	(953,889)	16,026	
Transfers from Other Funds:				
From Special Revenue Fund:				
Downtown District Fund	97,000	97,000	-	-
Fund Balance Appropriated	<u>3,074,950</u>	<u>-</u>	<u>(3,074,950)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,563,722</u>	<u>(1,495,092)</u>	<u>(3,058,814)</u>	<u>(17,500)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(1,271,389)</u>	<u>\$ (1,271,389)</u>	<u>386,241</u>
FUND BALANCE				
Beginning of Year, July 1		11,048,415		10,663,212
Change in reserve for inventories		(2,778)		(1,038)
End of Year, June 30		<u>\$ 9,774,248</u>		<u>\$ 11,048,415</u>

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CITY OF REIDSVILLE, NORTH CAROLINA

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Landfill Assessment Fund – This fund is used to account for State grant funding for a multi-step assessment the City's old landfill.

Downtown District Fund – This fund is used to account for the ad valorem tax levy of the special district in the City.

Nonmajor Capital Projects Fund

Capital Projects Funds are used to account for specific revenues that are restricted to expenditure for improvements and rehabilitation of specified areas within the City of Reidsville.

Reidsville Industrial Park Project Fund – This fund is used to account for the engineering, site work and construction of an industrial park. This project is financed with federal and local intergovernmental grants and by transfers from the Water and Sewer Funds.

Senior Center Project Fund - This fund is used to account for construction of a senior center. This project is financed by transfers from the General Fund and a USDA loan, in addition to a local capital fundraising campaign.

CITY OF REIDSVILLE, NORTH CAROLINA

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

Exhibit C-1

	Landfill Assessment Fund	Downtown District Fund	Reidsville Industrial Park Project Fund	Senior Center Project Fund	Total Nonmajor Governmental Funds
Assets					
Cash and Investments	\$ 832	\$ 25,177	\$ 230,255	\$ 7,495	\$ 263,759
Receivable (net):					
Accounts, Notes and Grants	4,168	105,164	-	-	109,332
Accrued Interest Income	-	49	100	-	149
Restricted Cash	-	47,694	-	-	47,694
Total assets	<u>\$ 5,000</u>	<u>\$ 178,084</u>	<u>\$ 230,355</u>	<u>\$ 7,495</u>	<u>\$ 420,934</u>
Liabilities					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ 381	\$ -	\$ -	\$ 381
Unearned Revenue	-	52,019	-	-	52,019
Due to Other Funds	5,000	-	-	-	5,000
Total liabilities	<u>5,000</u>	<u>52,400</u>	<u>-</u>	<u>-</u>	<u>57,400</u>
Deferred inflows of resources					
Unavailable/Unearned Revenue	-	102,306	-	-	102,306
Fund balances:					
Restricted					
Stabilization by State Statute	4,168	2,907	100	-	7,175
Committed					
Capital Projects	-	-	230,255	7,495	237,750
Downtown District	-	20,471	-	-	20,471
Unassigned	(4,168)	-	-	-	(4,168)
Total fund balances	<u>-</u>	<u>23,378</u>	<u>230,355</u>	<u>7,495</u>	<u>261,228</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,000</u>	<u>\$ 178,084</u>	<u>\$ 230,355</u>	<u>\$ 7,495</u>	<u>\$ 420,934</u>

CITY OF REIDSVILLE, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

Exhibit C-2

	Landfill Assessment Fund	Downtown District Fund	Reidsville Industrial Park Project Fund	Senior Center Project Fund	Total Nonmajor Governmental Funds
Revenues					
Restricted Intergovernmental					
Revenue	\$ 63,129	\$ -	\$ -	\$ -	\$ 63,129
Investment Income	-	2,451	3,037	-	5,488
Miscellaneous	-	48,673	-	94,000	142,673
Total revenues	<u>63,129</u>	<u>51,124</u>	<u>3,037</u>	<u>94,000</u>	<u>211,290</u>
Expenditures					
Current:					
Environmental Protection	63,129	-	-	-	63,129
Economic and Physical Development	-	33,542	-	-	33,542
Total expenditures	<u>63,129</u>	<u>33,542</u>	<u>-</u>	<u>-</u>	<u>96,671</u>
Excess of revenues over expenditures	<u>-</u>	<u>17,582</u>	<u>3,037</u>	<u>94,000</u>	<u>114,619</u>
Other financing sources					
Transfers Out	-	(97,000)	-	-	(97,000)
Total other financing sources	<u>-</u>	<u>(97,000)</u>	<u>-</u>	<u>-</u>	<u>(97,000)</u>
Net change in fund balances	<u>-</u>	<u>(79,418)</u>	<u>3,037</u>	<u>94,000</u>	<u>17,619</u>
Fund balance - beginning	<u>-</u>	<u>102,796</u>	<u>227,318</u>	<u>(86,505)</u>	<u>243,609</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 23,378</u>	<u>\$ 230,355</u>	<u>\$ 7,495</u>	<u>\$ 261,228</u>

CITY OF REIDSVILLE, NORTH CAROLINA
Special Revenue Funds - Landfill Assessment
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
From Inception and for Year Ended June 30, 2019

Exhibit C-3

	Actual		
	Project Authorization	Prior Years	Current Year
			Total To Date
REVENUES			
Intergovernmental Grants:			
NCDEQ Landfill Assessment	\$ 286,500	\$ 222,938	\$ 63,129
			\$ 286,067
Total Revenues	286,500	222,938	63,129
			286,067
EXPENDITURES			
Environmental Protection:			
Engineering	286,500	222,938	63,129
			286,067
Total Expenditures	286,500	222,938	63,129
			286,067
REVENUES UNDER EXPENDITURES	-	-	-
			-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-
			\$ -
FUND BALANCE			
Beginning of Year, July 1			-
End of Year, June 30			\$ -

CITY OF REIDSVILLE, NORTH CAROLINA
Special Revenue Funds - Downtown District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis (Non-GAAP)
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

Exhibit C-4

	2019		2018	
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Current Year	\$ -	\$ -	\$ -	\$ 41,018
Prior Years	-	-	-	-
Investment Earnings	-	2,451	2,451	3,078
Miscellaneous	44,770	48,673	3,903	27,135
Total Revenues	44,770	51,124	6,354	71,231
EXPENDITURES				
Economic and Physical Development:				
Operating Expenditures	44,770	33,542	11,228	42,473
Total Expenditures	44,770	33,542	11,228	42,473
REVENUES OVER (UNDER) EXPENDITURES	-	17,582	17,582	28,758
OTHER FINANCING SOURCES(USES)				
Transfers - Out:				
To General Fund	(97,000)	(97,000)	-	-
Fund Balance Appropriated	97,000	-	(97,000)	-
Total Other Financing Sources (Uses)	-	(97,000)	(97,000)	-
NET CHANGE IN FUND BALANCE - BUDGETARY BASIS	\$ -	(79,418)	\$ (79,418)	28,758
FUND BALANCE				
Beginning of Year, July 1		102,796		74,038
End of Year, June 30		<u>\$ 23,378</u>		<u>\$ 102,796</u>

CITY OF REIDSVILLE, NORTH CAROLINA
Capital Projects Fund - Reidsville Industrial Park Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
From Inception and for Year Ended June 30, 2019

Exhibit C-5

	Actual			
	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES				
Intergovernmental Grants	\$ 2,077,697	\$ 2,048,201	\$ -	\$ 2,048,201
Duke Power Reimbursement	-	99,600	-	99,600
Investment Earnings	-	53,878	3,037	56,915
Total Revenues	<u>2,077,697</u>	<u>2,201,679</u>	<u>3,037</u>	<u>2,204,716</u>
EXPENDITURES				
Capital Outlay:				
Legal	10,000	6,650	-	6,650
Engineering	295,754	287,882	-	287,882
Construction	2,742,221	2,757,855	-	2,757,855
Contingency	99,622	-	-	-
Landscaping	814,300	809,100	-	809,100
Land	360,000	359,864	-	359,864
Water and Sewer	130,000	130,000	-	130,000
Street Construction	289,700	288,482	-	288,482
Environmental and Clearing	162,200	160,818	-	160,818
Surveying	48,500	48,310	-	48,310
Total Expenditures	<u>4,952,297</u>	<u>4,848,961</u>	<u>-</u>	<u>4,848,961</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,874,600)</u>	<u>(2,647,282)</u>	<u>3,037</u>	<u>(2,644,245)</u>
OTHER FINANCING SOURCES				
Transfer - In:				
From Water Fund	2,496,600	2,496,600	-	2,496,600
From Sewer Fund	378,000	378,000	-	378,000
Total Other Financing Sources	<u>2,874,600</u>	<u>2,874,600</u>	<u>-</u>	<u>2,874,600</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 227,318</u>	<u>3,037</u>	<u>\$ 230,355</u>
FUND BALANCE				
Beginning of Year, July 1			227,318	
End of Year, June 30			<u>\$ 230,355</u>	

CITY OF REIDSVILLE, NORTH CAROLINA
Capital Projects Fund - Senior Center Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
From Inception and for Year Ended June 30, 2019

Exhibit C-6

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Interest Earned	\$ -	\$ 1,736	\$ 1	\$ 1,737
Fundraising Proceeds	-	188,491	93,999	282,490
Total Revenues	-	190,227	94,000	284,227
EXPENDITURES				
Capital Outlay:				
Land	40,700	40,623	-	40,623
Design	35,900	45,829	-	45,829
Architecture	380,000	378,197	-	378,197
Furniture and fixtures	250,000	183,142	-	183,142
Consultant	27,000	21,215	-	21,215
Capitalized Interest	74,400	99,483	-	99,483
Professional Fees	34,000	57,844	-	57,844
Construction	5,304,799	5,242,965	-	5,242,965
Contingency	22,501	-	-	-
Total Expenditures	6,169,300	6,069,298	-	6,069,298
REVENUES UNDER EXPENDITURES	(6,169,300)	(5,879,071)	94,000	(5,785,071)
OTHER FINANCING SOURCES (USES)				
Transfers - In:				
From General Fund	477,000	727,000	-	727,000
Debt Proceeds from USDA Note Payable	5,692,300	5,065,566	-	5,065,566
Debt Proceeds from Construction Note Payable	-	6,000,000	-	6,000,000
Payoff of Construction Note Payable	-	(6,000,000)	-	(6,000,000)
Total Other Financing Sources (Uses)	6,169,300	5,792,566	-	5,792,566
NET CHANGE IN FUND BALANCE	\$ -	\$ (86,505)	94,000	\$ 7,495
FUND BALANCE				
Beginning of Year, July 1			(86,505)	
End of Year, June 30			\$ 7,495	

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CITY OF REIDSVILLE, NORTH CAROLINA

Enterprise Funds

Enterprise Funds account for operations that 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.

Combined Enterprise Fund – The City adopts a budget for a Combined Enterprise Fund that includes the operations for water and sewer services. For operating and reporting purposes, the Water and Sewer Funds are maintained separately.

Water Fund – This fund accounts for the City's water operations. The Water Treatment Plant Improvements Capital Project Fund is consolidated with the Water Fund for reporting purposes. This fund is to account for improvements being funded by the issuance of combined enterprise system revenue bonds.

Sewer Fund – This fund accounts for the City's sewer operations. The Wastewater Treatment Plant Improvements Capital Project Fund, the Unifi Sewer Line Capital Project Fund, the Wastewater Treatment Plant Improvements – BNR Capital Project Fund and the Rural Ready Site Capital Project Fund are consolidated with the Sewer Fund for reporting purposes. These funds are to account for system improvements being funded by State loans and grants.

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CITY OF REIDSVILLE, NORTH CAROLINA

Water Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating Revenues:				
Water Sales	\$ 3,735,250	\$ 3,922,466	\$ 187,216	\$ 3,446,318
Water Assessments and Penalties	95,000	124,227	29,227	118,240
Water Taps, Calibrations, and Cut-on Fees	40,000	41,147	1,147	29,200
Other Miscellaneous Income	5,000	3,162	(1,838)	6,976
Total Operating Revenues	4,025,250	4,091,002	65,752	3,600,734
Nonoperating Revenues:				
Interest on Investments	20,000	65,372	45,372	37,203
Total Nonoperating Revenues	20,000	65,372	45,372	37,203
Total Revenues	4,045,250	4,156,374	111,124	3,637,937
EXPENDITURES				
Water Administration:				
Salaries and Employee Benefits	364,823	364,823	-	353,081
Operating Expenses	87,223	86,588	635	106,171
Contracted Services	17,633	17,633	-	31,242
Total Water Administration	469,679	469,044	635	490,494
Finance:				
Salaries and Employee Benefits	188,959	188,959	-	168,655
Operating Expenses	32,492	32,492	-	42,529
Contracted Services	50,770	50,770	-	33,017
Total Finance	272,221	272,221	-	244,201
Total Water Administration and Finance	741,900	741,265	635	734,695
Water Treatment and Distribution:				
Salaries and Employee Benefits	504,200	460,498	43,702	497,576
Operating Expenses	734,920	684,146	50,774	654,883
Contracted Services	221,830	215,741	6,089	214,544
Total Water Treatment and Distribution	1,460,950	1,360,385	100,565	1,367,003
Raw Water Pump Station:				
Salaries and Employee Benefits	70,300	20,285	50,015	46,200
Operating Expenses	9,550	8,259	1,291	6,587
Total Raw Water Pump Station	79,850	28,544	51,306	52,787
Water Distribution:				
Salaries and Employee Benefits	381,800	358,004	23,796	325,427
Operating Expenses	440,350	290,293	150,057	223,259
Total Water Distribution	822,150	648,297	173,853	548,686
Total Water Treatment and Distribution	2,362,950	2,037,226	325,724	1,968,476

CITY OF REIDSVILLE, NORTH CAROLINA
Water Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Debt Service:				
Debt Principal	\$ 546,783	\$ 546,783	\$ -	\$ 530,916
Interest and Fees	301,817	294,811	7,006	311,424
Total Debt Service	848,600	841,594	7,006	842,340
Capital Outlay	1,065,967	388,307	677,660	377,333
Total Expenditures	5,019,417	4,008,392	1,011,025	3,922,844
REVENUES OVER (UNDER) EXPENDITURES	(974,167)	147,982	1,122,149	(284,907)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out):				
From Sewer Fund	100,650	100,700	50	100,700
From General Fund	-	-	-	-
To Garage Fund	(10,000)	(10,000)	-	(7,500)
To Water Treatment Plant Improvements Capital Project Fund	(4,523)	(4,523)	-	-
To Sewer Capital Project Fund: Rural Ready Site Project Fund	(73,100)	(73,100)	-	-
To Sewer Fund	(228,000)	(228,000)	-	(228,000)
Net Position Appropriated	721,840	-	(721,840)	-
Total Other Financing Sources (Uses)	506,867	(214,923)	(721,790)	(134,800)
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (467,300)	\$ (66,941)	\$ 400,359	\$ (419,707)
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL BASIS) TO FULL ACCRUAL BASIS				
Revenues and Other Financing Sources Over Expenditures	\$ (66,941)			\$ (419,707)
Water Treatment Plant Capital Project Fund interest	-			23
Water Treatment Plant Capital Project Fund contribution	3,200			1,807,357
Transfer to Water Treatment Plant Improvements Capital Project Fund	4,523			-
Depreciation	(809,405)			(753,361)
Debt Principal	546,783			530,916
Deferred outflows of resources for contributions made to pension plan in current fiscal year	43,991			44,445
Pension expense	(54,707)			(47,884)
OPEB deferrals	37,776			43,170
OPEB expense	(45,308)			(33,520)
Capital outlay	388,307			377,333
Change in Net Position - GAAP Basis	\$ 48,219			\$ 1,548,772

Note: The Water Fund is budgeted with the Sewer Fund as the City's Combined Enterprise Fund. The amount shown above for revenues and other sources under expenditures and other uses, (\$467,300) is offset by an amount over in the Sewer Fund.

CITY OF REIDSVILLE, NORTH CAROLINA
Water Fund Capital Projects Fund -
Water Treatment Plant Improvements Capital Project Fund
Schedule of Revenues, Expenditures,
Budget and Actual (Non-GAAP)
From Inception and for Year Ended June 30, 2019

Exhibit D-2

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Interest Earned	\$ -	\$ 2,244	\$ -	\$ 2,244
Total Revenues	-	2,244	-	2,244
EXPENDITURES				
Bond Issuance Costs	100,000	98,618	-	98,618
Capital Outlay:				
Engineering	425,000	421,460	-	421,460
Construction	5,959,678	5,968,732	-	5,968,732
Administration and Inspection	991,950	561,774	3,200	564,974
Contingency	92,351	1,329	-	1,329
Total Expenditures	7,568,979	7,051,913	3,200	7,055,113
REVENUES UNDER EXPENDITURES	(7,568,979)	(7,049,669)	(3,200)	(7,052,869)
OTHER FINANCING SOURCES				
Proceeds from Revenue Bonds	5,353,000	5,353,000	-	5,353,000
Contributed Capital	2,111,456	2,046,107	3,200	2,049,307
Transfers - In:				
From Water Fund	104,523	100,000	4,523	104,523
Total Other Financing Sources	7,568,979	7,499,107	7,723	7,506,830
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	\$ 449,438	\$ 4,523	\$ 453,961

CITY OF REIDSVILLE, NORTH CAROLINA
Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating Revenues:				
Sewer Charges	\$ 4,887,500	\$ 4,929,425	\$ 41,925	\$ 4,739,259
Sewer Assessments, Surcharges and Penalties	87,000	21,358	(65,642)	67,673
Sewer Taps and Fees	5,000	11,960	6,960	5,200
Other Miscellaneous Income	-	6,438	6,438	-
Total Operating Revenues	4,979,500	4,969,181	(10,319)	4,812,132
Nonoperating Revenues:				
Interest on Investments	20,000	54,530	34,530	25,897
Total Nonoperating Revenues	170,000	54,531	(115,469)	25,897
Total Revenues	5,149,500	5,023,712	(125,788)	4,838,029
EXPENDITURES				
Sewer Administration:				
Salaries and Employee Benefits	364,823	364,823	-	353,081
Operating Expenses	97,223	116,635	(19,412)	112,469
Contracted Services	17,633	17,633	-	31,242
Total Sewer Administration	479,679	499,091	(19,412)	496,792
Finance:				
Salaries and Employee Benefits	188,959	188,959	-	168,655
Operating Expenses	32,492	32,492	-	42,529
Contracted Services	50,770	50,770	-	33,017
Total Finance	272,221	272,221	-	244,201
Total Sewer Administration and Finance	751,900	771,312	(19,412)	740,993
Waste Collection and Treatment:				
Sewer Collection System:				
Salaries and Employee Benefits	206,700	198,828	7,872	193,160
Operating Expenses	241,500	145,842	95,658	75,289
Total Sewer Collection System	448,200	344,670	103,530	268,449
Waste Treatment:				
Salaries and Employee Benefits	587,650	496,754	90,896	499,574
Operating Expenses	923,950	671,936	252,014	627,211
Contracted Services	380,496	244,708	135,788	319,502
Total Waste Treatment	1,892,096	1,413,398	478,698	1,446,287
Plant Maintenance:				
Salaries and Employee Benefits	489,450	446,974	42,476	436,994
Operating Expenses	334,889	267,000	67,889	295,939
Total Plant Maintenance	824,339	713,974	110,365	732,933
Total Waste Collection and Treatment	3,164,635	2,472,042	692,593	2,447,669

CITY OF REIDSVILLE, NORTH CAROLINA
Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Debt Service:				
Debt Principal	\$ 868,517	\$ 868,517	\$ -	\$ 1,051,475
Interest and Fees	148,583	46,378	102,205	53,698
Total Debt Service	1,017,100	914,895	102,205	1,105,173
Capital Outlay	956,350	154,817	801,533	189,357
Total Expenditures	5,889,985	4,313,066	1,576,919	4,483,192
REVENUES OVER (UNDER) EXPENDITURES	(740,485)	710,646	1,451,131	354,837
OTHER FINANCING SOURCES (USES)				
Transfers In (Out):				
From Water Fund	228,000	228,000	-	228,000
To Water Fund	(100,700)	(100,700)	-	(100,700)
To WWTP Improvements Capital Project Fund	(115,650)	(115,650)	-	(79,262)
Net Position Appropriated	1,196,135	-	(1,196,135)	-
Total Other Financing Sources (Uses)	1,207,785	11,650	(1,196,135)	48,038
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 467,300	\$ 722,296	\$ 254,996	\$ 402,875
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL BASIS) TO FULL ACCRUAL BASIS				
Revenues and Other Financing Sources Over Expenditures	\$ 722,296			\$ 402,875
Transfer To Wastewater Treatment Plant Improvements Capital Project Fund	-			79,262
Transfer To Rural Ready Site Project Fund	115,650			-
Transfer from Water Fund:				
To Rural Ready Site Project Fund	73,100			-
Unifi Sewer Line Project grant proceeds	62,252			55,698
Depreciation	(1,062,872)			(1,083,366)
Debt Principal	868,517			1,051,475
Deferred outflows of resources for contributions made to pension plan in current fiscal year	62,523			56,355
Pension expense	(77,752)			(56,749)
OPEB deferrals	53,965			47,887
OPEB expense	(61,913)			(48,620)
Capital outlay	154,817			189,357
Change in Net Position - GAAP Basis	\$ 910,583			\$ 694,174

Note: The Sewer Fund is budgeted with the Water Fund as the City's Combined Enterprise Fund. The amount shown above for revenues and other sources over expenditures and other uses, \$467,300 is offset by an amount under in the Water Fund.

CITY OF REIDSVILLE, NORTH CAROLINA
Sewer Fund Capital Projects Fund -
Wastewater Treatment Plant Improvements Capital Project Fund
Schedule of Revenues, Expenditures,
Budget and Actual (Non-GAAP)
From Inception and for Year Ended June 30, 2019

Exhibit D-4

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Interest Earned	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Bond Issuance Costs	295,000	294,791	-	294,791
Capital Outlay:				
Engineering	1,314,356	1,201,110	-	1,201,110
Construction	12,578,950	12,207,834	2,712	12,210,546
Administration and Inspection	1,030,654	49	-	49
Total Expenditures	15,218,960	13,703,784	2,712	13,706,496
REVENUES UNDER EXPENDITURES	(15,218,960)	(13,703,784)	(2,712)	(13,706,496)
OTHER FINANCING SOURCES				
Proceeds from State Revolving Loan	14,841,241	13,329,827	2,712	13,332,539
Transfer In from Sewer Fund	377,719	377,719	-	377,719
Total Other Financing Sources	15,218,960	13,707,546	2,712	13,710,258
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	\$ 3,762	\$ -	\$ 3,762

CITY OF REIDSVILLE, NORTH CAROLINA
Sewer Fund Capital Projects Fund -
Unifi Sewer Line Improvements Capital Project Fund
Schedule of Revenues, Expenditures,
Budget and Actual (Non-GAAP)
From Inception and for Year Ended June 30, 2019

Exhibit D-5

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
REVENUES				
Restricted Intergovernmental Revenues:				
Community Development Block Grant	\$ 861,000	\$ 76,635	\$ 62,252	\$ 138,887
Total Revenues	861,000	76,635	62,252	138,887
EXPENDITURES				
Capital Outlay:				
Engineering	74,000	-	-	-
Construction	620,000	-	-	-
Easement	27,000	-	26,258	26,258
Administration and Inspection	85,000	76,635	35,994	112,629
Contingency	55,000	-	-	-
Total Expenditures	861,000	76,635	62,252	138,887
REVENUES UNDER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF REIDSVILLE, NORTH CAROLINA
Sewer Fund Capital Projects Fund -
Wastewater Treatment Plant Improvements - BNR Capital Project Fund
Schedule of Revenues, Expenditures,
Budget and Actual (Non-GAAP)
From Inception and for Year Ended June 30, 2019

Exhibit D-6

	Project Authorization	Prior Years	Actual Current Year	Total To Date
EXPENDITURES				
Bond Issuance Costs	\$ 79,262	\$ -	\$ -	\$ -
Capital Outlay:				
Engineering	304,000	39,000	69,640	108,640
Construction	3,389,000	-	-	-
Administration and Inspection	411,189	-	-	-
Grant Administration	20,000	-	-	-
Contingency	338,900	-	-	-
Total Expenditures	<u>4,542,351</u>	<u>39,000</u>	<u>69,640</u>	<u>108,640</u>
REVENUES UNDER EXPENDITURES	<u>(4,542,351)</u>	<u>(39,000)</u>	<u>(69,640)</u>	<u>(108,640)</u>
OTHER FINANCING SOURCES				
Proceeds from State Revolving Loan	4,463,089	-	108,640	108,640
Transfer In from Sewer Fund	79,262	79,262	-	79,262
Total Other Financing Sources	<u>4,542,351</u>	<u>79,262</u>	<u>108,640</u>	<u>187,902</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 40,262</u>	<u>\$ 39,000</u>	<u>\$ 79,262</u>

CITY OF REIDSVILLE, NORTH CAROLINA
Sewer Fund Capital Projects Fund -
Rural Ready Site Capital Project Fund
Schedule of Revenues, Expenditures,
Budget and Actual (Non-GAAP)
From Inception and for Year Ended June 30, 2019

Exhibit D-7

	Project Authorization	Prior Years	Actual Current Year	Total To Date
REVENUES				
Restricted Intergovernmental Revenues:				
NC Rural Ready Sites Grant Fund	\$ 1,132,500	\$ -	\$ -	\$ -
Rockingham County	188,750	-	-	-
Total Revenues	1,321,250	-	-	-
EXPENDITURES				
Capital Outlay:				
Engineering	\$ 170,000	\$ -	\$ 45,109	\$ 45,109
Construction	1,340,000	-	-	-
Total Expenditures	1,510,000	-	45,109	45,109
REVENUES UNDER EXPENDITURES	(188,750)	-	(45,109)	(45,109)
OTHER FINANCING SOURCES				
Transfer In from Water Fund	73,100	-	73,100	73,100
Transfer In from Sewer Fund	115,650	-	115,650	115,650
Total Other Financing Sources	188,750	-	188,750	188,750
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,641</u>	<u>\$ 143,641</u>

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CITY OF REIDSVILLE, NORTH CAROLINA

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Central Garage Fund – This fund is used to account for the accumulation and allocation of costs associated with the City's central garage.

Insurance Fund – This fund is used to account for the accumulation and allocation of costs for the City's health, general and workers' compensation insurance.

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CITY OF REIDSVILLE, NORTH CAROLINA

**Combining Statement of Net Position
Internal Service Funds
June 30, 2019**

Exhibit E-1

	Central Garage Fund	Insurance Fund	Total
Assets			
Current assets			
Cash and Investments	\$ 157,717	\$ -	\$ 157,717
Inventories	47,713	-	47,713
Total current assets	<u>205,430</u>	<u>-</u>	<u>205,430</u>
Total Assets	<u>205,430</u>	<u>-</u>	<u>205,430</u>
Deferred outflows of resources			
OPEB Deferrals	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Liabilities			
Current liabilities			
Accounts Payable and Accrued Liabilities	25,037	-	25,037
Reserves for Claims	-	-	-
Due to Other Funds	-	-	-
Total current liabilities	<u>25,037</u>	<u>-</u>	<u>25,037</u>
Noncurrent liabilities			
OPEB Liability	181,857	-	181,857
Long-Term Obligations	14,821	-	14,821
Total noncurrent liabilities	<u>196,678</u>	<u>-</u>	<u>196,678</u>
Total liabilities	<u>221,715</u>	<u>-</u>	<u>221,715</u>
Deferred Inflows of Resources			
OPEB Deferrals	<u>3,444</u>	<u>-</u>	<u>3,444</u>
Net Position			
Unrestricted	271	-	271
Total net position	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ 271</u>

CITY OF REIDSVILLE, NORTH CAROLINA

**Combining Statement of Revenues, Expenses, and Changes in Fund
Net Position**

**Internal Service Funds
For the Year Ended June 30, 2019**

Exhibit E-2

	Central Garage Fund	Insurance Fund	Total
Operating revenues			
Charges for Services	\$ 514,464	\$ 460,284	\$ 974,748
Total operating revenues	<u>514,464</u>	<u>460,284</u>	<u>974,748</u>
Operating expenses			
Cost of Sales and Services	534,183	423,921	958,104
Total operating expenses	<u>534,183</u>	<u>423,921</u>	<u>958,104</u>
Operating Income (Loss)	<u>(19,719)</u>	<u>36,363</u>	<u>16,644</u>
Income (Loss) before transfers	(19,719)	36,363	16,644
Transfers In	<u>648,203</u>	<u>953,889</u>	<u>1,602,092</u>
Change in net position (deficit)	628,484	990,252	1,618,736
Total net position (deficit) - beginning	<u>(628,213)</u>	<u>(990,252)</u>	<u>(1,618,465)</u>
Total net position (deficit) - ending	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ 271</u>

CITY OF REIDSVILLE, NORTH CAROLINA

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019**

Exhibit E-3

	Central Garage Fund	Insurance Fund	Total
Operating activities			
Cash Received from Customers	\$ 514,464	\$ 460,284	\$ 974,748
Cash Paid to Employees	(266,733)	-	(266,733)
Cash Paid for Goods and Services	(263,832)	(442,039)	(705,871)
Net cash provided by (used in) operating activities	<u>(16,101)</u>	<u>18,245</u>	<u>2,144</u>
Noncapital financing activities			
Transfers In	648,203	953,889	1,602,092
Reimburse Advances from Other Funds	(474,600)	(972,350)	(1,446,950)
Net cash provided by (used in) noncapital financing activities	<u>173,603</u>	<u>(18,461)</u>	<u>155,142</u>
Net increase (decrease) in cash and cash equivalents/investments	157,502	(216)	157,286
Cash and cash equivalents/investments Beginning of year	<u>215</u>	<u>216</u>	<u>431</u>
End of year	<u><u>\$ 157,717</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 157,717</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	<u>\$ (19,719)</u>	<u>\$ 36,363</u>	<u>\$ 16,644</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities			
Decrease in Inventories	2,505	-	2,505
Decrease in Accounts Payable and accrued liabilities	(760)	(8,118)	(8,878)
Decrease in Reserves for Claims	-	(10,000)	(10,000)
Increase in OPEB Obligation	21,512	-	21,512
Decrease in OPEB Defferals	(19,639)	-	(19,639)
Total adjustments	<u>3,618</u>	<u>(18,118)</u>	<u>(14,500)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (16,101)</u></u>	<u><u>\$ 18,245</u></u>	<u><u>\$ 2,144</u></u>

CITY OF REIDSVILLE, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Central Garage Internal Service Fund
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018**

Exhibit E-4

	<u>2019</u>			<u>2018</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Operating Revenues:				
Charges for Services	\$ 551,300	\$ 514,464	\$ (36,836)	\$ 454,927
Nonoperating Revenues:				
Other revenue	-	-	-	-
Total Revenues	<u>551,300</u>	<u>514,464</u>	<u>(36,836)</u>	<u>454,927</u>
EXPENDITURES				
Salaries and Employee Benefits	281,275	270,965	10,310	266,275
Supplies	16,400	10,762	5,638	10,115
Other Operating Expenses	284,824	252,456	32,368	249,590
Total Expenditures	<u>582,499</u>	<u>534,183</u>	<u>48,316</u>	<u>525,980</u>
REVENUES UNDER EXPENDITURES	<u>(31,199)</u>	<u>(19,719)</u>	<u>11,480</u>	<u>(71,053)</u>
OTHER FINANCING SOURCES				
Transfers In (Out):				
From General Fund	648,212	648,203	(9)	25,000
Net Assets Appropriated	<u>(617,013)</u>	-	<u>617,013</u>	-
Total Other Financing Sources (Uses)	<u>31,199</u>	<u>648,203</u>	<u>617,004</u>	<u>25,000</u>
NET CHANGE IN NET DEFICIT	<u>\$ -</u>	<u>\$ 628,484</u>	<u>\$ 628,484</u>	<u>\$ (46,053)</u>

CITY OF REIDSVILLE, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Insurance Internal Service Fund
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018**

Exhibit E-5

	2019		2018	
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating Revenues:				
Charges for Services	\$ 417,200	\$ 460,284	\$ 43,084	\$ 401,767
Total Revenues	<u>417,200</u>	<u>460,284</u>	<u>43,084</u>	<u>401,767</u>
EXPENDITURES				
Medical Insurance Excess Claims	-	-	-	203,010
Worker's Compensation Insurance	210,000	206,975	3,025	196,513
Property and General Liability Insurance	90,000	112,062	(22,062)	88,465
Vehicle Insurance	76,000	63,796	12,204	77,683
Fidelity Insurance	1,200	903	297	1,667
Professional Liability Insurance	40,000	40,185	(185)	39,811
Total Expenditures	<u>417,200</u>	<u>423,921</u>	<u>(6,721)</u>	<u>607,149</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>36,363</u>	<u>36,363</u>	<u>(205,382)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out):				
From General Fund	969,915	953,889	(16,026)	-
Net Assets Appropriated	<u>(969,915)</u>	<u>-</u>	<u>969,915</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>953,889</u>	<u>953,889</u>	<u>-</u>
NET CHANGE IN NET DEFICIT	<u>\$ -</u>	<u>\$ 990,252</u>	<u>\$ 990,252</u>	<u>\$ (205,382)</u>

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CITY OF REIDSVILLE, NORTH CAROLINA

Additional Financial Data

This section contains additional information on property taxes, interfund and component unit transfers, and cash and investments.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy – City-Wide Levy

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CITY OF REIDSVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE FOR THE YEAR ENDED JUNE 30, 2019

Exhibit F-1

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-19	\$ -	\$ 8,456,079	\$ 8,368,761	\$ 87,318
2017-18	111,703	-	49,526	62,177
2016-17	61,352	-	17,924	43,428
2015-16	41,759	-	6,263	35,496
2014-15	36,425	-	6,701	29,724
2013-14	34,149	49	5,921	28,277
2012-13	30,980	22	3,226	27,776
2011-12	23,697	-	1,700	21,997
2010-11	23,128	-	2,168	20,960
2009-10	21,215	-	1,619	19,596
2008-09	22,498	2,107	21,117	3,488
	<u>\$ 406,906</u>	<u>\$ 8,458,257</u>	<u>\$ 8,484,926</u>	<u>380,237</u>

Less Allowance for Uncollectible Accounts:

General Fund

(177,432)

Add MSD Taxes Receivable

2,002

Ad Valorem Taxes Receivable - Net

\$ 204,807

Ad valorem taxes-general fund

\$ 8,531,032

Reconciling items:

Interest collected

(47,352)

MSD Collections

(38,911)

Other Adjustments

18,683

Taxes written off

20,587

Releases

887

Total Collections and Credits

\$ 8,484,926

CITY OF REIDSVILLE, NORTH CAROLINA

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

Original Levy:

Property Taxed at Current Year's Rate
Penalties

Totals

Discoveries:

Current Year Taxes
Prior Years, Net
Penalties

Totals

Abatements/Releases/Corrections

Total Property Valuation

Net Levy

Less Uncollected Tax at June 30, 2019 (Exhibit F-1)

Current Year's Taxes Collected

Percent Current Year Collected

Exhibit F-2

City-Wide			Total Levy	
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Property Valuation	Rate	Total Levy		
\$ 1,138,307,860	\$ 0.0074	\$ 8,418,705	\$ 7,707,735	\$ 710,970
-		8,327	8,327	-
1,138,307,860		8,427,032	7,716,062	710,970
569,442	\$ 0.0074	4,232	4,232	-
-		10,003	10,003	-
-		2,830	2,830	-
569,442		17,065	17,065	-
2,046,090	\$ 0.0074	11,982	11,982	-
<u>\$ 1,140,923,392</u>				
		8,456,079	7,745,109	710,970
		87,318	87,318	-
		<u>\$ 8,368,761</u>	<u>\$ 7,657,791</u>	<u>\$ 710,970</u>
		<u>98.97%</u>	<u>98.87%</u>	<u>100.00%</u>

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CITY OF REIDSVILLE, NORTH CAROLINA

STATISTICAL SECTION

This part of the City'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. (Schedules 1 – 4) 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. (Schedules 5 – 8) These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity. (Schedules 9 – 12) 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. (Schedules 13 – 14) These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information. (Schedules 15 – 16) These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report 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 annual financial reports for the relevant year.

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Schedule 1
CITY OF REIDSVILLE, NORTH CAROLINA
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 26,978,126	\$ 27,694,890	\$ 27,324,447	\$ 26,067,314	\$ 25,553,602	\$ 24,938,905	\$ 24,749,438	\$ 23,619,290	\$ 23,332,204	\$ 23,501,656
Restricted	400,078	2,428,597	2,656,057	2,518,922	3,189,136	4,107,944	3,742,136	4,896,895	4,434,258	2,983,776
Unrestricted	9,199,514	5,502,824	5,236,483	5,793,732	4,953,877	4,002,827	4,328,966	2,593,252	(856,451)	656,395
Total governmental activities net position	<u>\$ 36,577,718</u>	<u>\$ 35,626,311</u>	<u>\$ 35,216,987</u>	<u>\$ 34,379,968</u>	<u>\$ 33,696,615</u>	<u>\$ 33,049,676</u>	<u>\$ 32,820,540</u>	<u>\$ 31,109,437</u>	<u>\$ 26,910,011</u>	<u>\$ 27,141,827</u>
Business-type activities										
Net investment in capital assets	\$ 31,981,584	\$ 31,527,751	\$ 31,289,759	\$ 32,146,517	\$ 32,153,948	\$ 32,473,297	\$ 32,853,223	\$ 33,044,722	\$ 35,426,598	\$ 35,573,971
Unrestricted	5,420,080	6,919,786	7,695,196	7,297,415	6,655,065	6,100,770	5,643,618	6,746,184	5,680,743	6,492,172
Total business-type activities net position	<u>\$ 37,401,664</u>	<u>\$ 38,447,537</u>	<u>\$ 38,984,955</u>	<u>\$ 39,443,932</u>	<u>\$ 38,809,013</u>	<u>\$ 38,574,067</u>	<u>\$ 38,496,841</u>	<u>\$ 39,790,906</u>	<u>\$ 41,107,341</u>	<u>\$ 42,066,143</u>
Primary government										
Net investment in capital assets	\$ 58,959,710	\$ 59,222,641	\$ 58,614,206	\$ 58,213,831	\$ 57,707,550	\$ 57,412,202	\$ 57,602,661	\$ 56,864,012	\$ 58,758,802	\$ 59,075,627
Restricted	400,078	2,428,597	2,656,057	2,518,922	3,189,136	4,107,944	3,742,136	4,896,895	4,434,258	2,983,776
Unrestricted	14,619,594	12,422,610	12,931,679	13,091,147	11,608,942	10,103,597	9,972,584	9,339,436	4,824,292	7,148,567
Total primary government net position	<u>\$ 73,979,382</u>	<u>\$ 74,073,848</u>	<u>\$ 74,201,942</u>	<u>\$ 73,823,900</u>	<u>\$ 72,505,628</u>	<u>\$ 71,623,743</u>	<u>\$ 71,317,381</u>	<u>\$ 70,900,343</u>	<u>\$ 68,017,352</u>	<u>\$ 69,207,970</u>

Note: The City implemented GASB Statement 54 in fiscal year 2011; as a result, Restricted Net Position shows a significant increase. Prior years have not been restated.

Schedule 2
CITY OF REIDSVILLE, NORTH CAROLINA
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 1,852,714	\$ 1,858,077	\$ 2,100,796	\$ 1,919,754	\$ 2,035,315	\$ 1,799,486	\$ 1,794,436	\$ 1,968,485	\$ 2,079,529	\$ 2,088,661
Public safety	6,443,755	6,826,548	6,737,472	6,895,714	6,906,548	6,461,783	7,339,282	7,012,681	7,074,162	7,270,006
Transportation	2,741,893	2,685,880	2,604,328	2,664,891	2,661,556	2,523,668	2,444,826	2,634,657	2,445,626	2,352,386
Environmental protection	1,434,227	1,501,198	1,527,181	1,558,173	1,593,572	1,494,710	1,526,865	1,729,846	1,786,515	1,989,046
Cultural and recreational	1,723,865	1,773,798	1,699,085	1,653,865	1,748,072	1,788,652	1,764,649	1,780,274	2,096,317	2,077,625
Economic and physical development	980,641	605,441	703,197	742,409	697,687	681,878	725,178	847,500	612,795	644,984
Total governmental activities	<u>15,177,095</u>	<u>15,249,942</u>	<u>15,372,059</u>	<u>15,234,806</u>	<u>15,642,750</u>	<u>14,750,177</u>	<u>15,595,236</u>	<u>15,973,443</u>	<u>16,094,944</u>	<u>16,422,708</u>
Business-type activities:										
Water	2,818,685	2,823,373	3,050,562	3,419,009	3,338,857	3,336,920	3,729,404	3,716,245	3,761,745	3,900,955
Sewer	3,817,976	3,664,120	3,950,449	3,822,384	5,090,773	4,310,445	4,184,161	4,428,927	4,326,853	4,375,781
Total business-type activities	<u>6,636,661</u>	<u>6,487,493</u>	<u>7,001,011</u>	<u>7,241,393</u>	<u>8,429,630</u>	<u>7,647,365</u>	<u>7,913,565</u>	<u>8,145,172</u>	<u>8,088,598</u>	<u>8,276,736</u>
Total primary government expenses	<u>\$ 21,813,756</u>	<u>\$ 21,737,435</u>	<u>\$ 22,373,070</u>	<u>\$ 22,476,199</u>	<u>\$ 24,072,380</u>	<u>\$ 22,397,542</u>	<u>\$ 23,508,801</u>	<u>\$ 24,118,615</u>	<u>\$ 24,183,542</u>	<u>\$ 24,699,444</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 80,362	\$ 122,585	\$ 64,651	\$ 93,097	\$ 63,413	\$ 84,979	\$ 108,242	\$ 186,027	\$ 80,252	\$ 97,696
Public safety	7,047	11,858	8,943	10,953	8,548	6,891	4,760	5,776	3,722	4,208
Environmental protection	400,094	437,567	434,817	431,689	426,904	419,886	417,500	430,876	407,341	439,594
Cultural and recreational	269,485	281,694	291,621	274,330	265,271	278,098	256,337	285,123	346,707	373,473
Operating grants and contributions:										
General government	-	-	-	-	-	-	204,107	246,087	119,700	119,700
Public safety	450,244	479,905	390,405	255,825	156,096	201,960	220,136	225,669	232,744	241,787
Transportation	426,604	428,683	436,233	444,200	444,887	443,876	441,251	434,101	430,475	422,917
Cultural and recreational	60,202	-	75,873	17,457	21,539	147,368	20,322	44,272	21,104	42,730
Economic and physical development	298,260	41,654	223,363	75,000	-	-	-	-	-	-
Capital grants and contributions:										
Public safety	93,900	-	-	-	-	-	-	-	-	-
Cultural and recreational	80,187	20,604	14,797	23,115	14,847	32,028	47,797	141,870	53,976	101,767
Economic and physical development	6,446	321,374	281,069	111,978	3,322	1,079	563	3,949	4,722	5,489
Total governmental activities program revenues	<u>2,172,831</u>	<u>2,145,924</u>	<u>2,221,772</u>	<u>1,737,644</u>	<u>1,404,827</u>	<u>1,616,165</u>	<u>1,721,015</u>	<u>2,003,750</u>	<u>1,700,743</u>	<u>1,849,361</u>

(Continued)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Water	2,705,963	3,235,378	3,300,586	3,427,014	3,223,067	3,355,725	3,428,754	3,931,835	3,593,758	4,087,840
Sewer	3,423,419	4,519,509	4,611,203	4,479,504	4,463,015	4,440,241	4,385,392	5,009,506	4,812,132	4,962,743
Operating grants and contributions:										
Water	-	22,223	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Water	-	-	-	-	-	-	-	-	1,807,357	-
Sewer	-	-	-	-	320,000	-	-	20,937	55,698	62,253
Total business-type activities program revenues	6,129,382	7,777,110	7,911,789	7,906,518	8,006,082	7,795,966	7,814,146	8,962,278	10,268,945	9,112,836
Total primary government program revenues	\$ 8,302,213	\$ 9,923,034	\$ 10,133,561	\$ 9,844,162	\$ 9,410,909	\$ 9,412,131	\$ 9,535,161	\$ 10,966,028	\$ 11,969,688	\$ 10,962,197
Net (Expense)/Revenue										
Governmental activities	\$ (13,004,264)	\$ (13,104,018)	\$ (13,150,287)	\$ (13,497,162)	\$ (14,237,923)	\$ (13,134,012)	\$ (13,874,221)	\$ (13,969,693)	\$ (14,394,201)	\$ (14,573,347)
Business-type activities	(507,279)	1,289,617	910,778	665,125	(423,546)	148,601	(99,419)	817,106	2,180,347	836,100
Total primary government net (expense)/revenue	\$ (13,511,543)	\$ (11,814,401)	\$ (12,239,509)	\$ (12,832,037)	\$ (14,661,471)	\$ (12,985,411)	\$ (13,973,640)	\$ (13,152,587)	\$ (12,213,854)	\$ (13,737,247)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad valorem taxes	\$ 7,443,146	\$ 7,356,327	\$ 7,703,051	\$ 7,781,448	\$ 8,346,338	\$ 8,265,235	\$ 8,706,861	\$ 8,663,160	\$ 8,404,263	\$ 8,485,577
Local Option Sales Tax	2,265,595	2,317,460	2,441,322	2,445,477	2,492,230	2,686,735	2,807,835	3,113,265	3,216,627	3,410,006
Other taxes	329,845	324,177	286,652	243,545	270,275	234,925	111,283	79,370	77,518	103,009
Unrestricted intergovernmental revenue	1,581,461	1,611,188	1,609,113	1,698,458	1,953,126	1,730,890	1,815,333	1,912,343	2,056,840	2,142,604
Unrestricted investment earnings	120,417	68,136	35,345	30,845	16,277	3,942	13,476	21,473	64,359	120,010
Miscellaneous	118,866	119,082	192,109	191,150	160,802	183,231	189,041	134,814	137,159	252,007
Gain on sale of capital assets	-	37,541	46,796	20,520	66,822	27,429	1,256	142,750	547,115	281,950
Transfers	839,600	318,700	426,575	248,700	248,700	230,200	-	(212,100)	7,500	10,000
Total governmental activities:	12,698,930	12,152,611	12,740,963	12,680,143	13,554,570	13,362,587	13,645,085	13,855,075	14,511,381	14,805,163
Business-type activities:										
Investment earnings	86,901	55,321	44,141	38,104	30,554	7,947	15,561	21,382	63,123	119,902
Miscellaneous	35,464	19,635	9,074	123,946	6,775	4,159	6,632	243,477	6,976	22,195
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	(9,395)
Transfers	(839,600)	(318,700)	(426,575)	(248,700)	(248,700)	(230,200)	-	212,100	(7,500)	(10,000)
Total business-type activities	(717,235)	(243,744)	(373,360)	(86,650)	(211,371)	(218,094)	22,193	476,959	62,599	122,702
Total primary government	\$ 11,981,695	\$ 11,908,867	\$ 12,367,603	\$ 12,593,493	\$ 13,343,199	\$ 13,144,493	\$ 13,667,278	\$ 14,332,034	\$ 14,573,980	\$ 14,927,865
Change in Net Position										
Governmental activities	\$ (305,334)	\$ (951,407)	\$ (409,324)	\$ (837,019)	\$ (683,353)	\$ 228,575	\$ (229,136)	\$ (114,618)	\$ 117,180	\$ 231,816
Business-type activities	(1,224,514)	1,045,873	537,418	578,475	(634,919)	(69,493)	(77,226)	1,294,065	2,242,946	958,802
Total primary government	\$ (1,529,848)	\$ 94,466	\$ 128,094	\$ (258,544)	\$ (1,318,272)	\$ 159,082	\$ (306,362)	\$ 1,179,447	\$ 2,360,126	\$ 1,190,618

Schedule 3
CITY OF REIDSVILLE, NORTH CAROLINA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Non Spendable										
Inventories	\$ 82,344	\$ 107,093	\$ 106,800	\$ 120,326	\$ 141,358	\$ 102,872	\$ 88,151	\$ 97,387	\$ 96,349	\$ 99,128
Prepaid Items	-	3,250	1,450	11,731	8,315	3,475	19,328	34,578	33,427	25,339
Restricted										
Stabilization by State Statute	1,979,661	2,005,915	2,160,896	2,062,841	2,683,726	3,466,770	3,380,371	3,999,394	4,133,000	2,682,929
Public Safety	4,232	14,700	14,160	12,085	36,283	39,975	63,146	58,157	48,176	54,376
Streets	-	-	-	-	-	-	-	16,127	-	-
Debt Service	48,305	48,305	48,305	48,305	48,305	48,305	258,305	246,475	246,475	246,475
Committed										
LEO Special Separation Allowance	2,114,542	-	-	-	-	-	317,894	304,487	297,337	295,217
Downtown District	-	-	-	-	-	-	-	-	-	79,039
Assigned										
Subsequent Year's Expenditures	-	-	35,000	-	-	-	421,600	197,400	49,000	130,400
Greenways Project	-	-	-	-	-	-	-	-	-	-
Pledges to be Received	-	-	-	-	-	-	215,900	15,369	34,594	27,711
Internal Service Funds	-	-	-	394,294	292,968	116,697	137,746	134,727	171,515	-
Unassigned	4,480,008	4,190,069	4,509,336	4,387,792	4,157,402	4,781,162	5,299,975	5,559,111	5,938,542	6,133,634
Total General Fund	\$ 8,709,092	\$ 6,369,332	\$ 6,875,947	\$ 7,037,374	\$ 7,368,357	\$ 8,559,256	\$ 10,202,416	\$ 10,663,212	\$ 11,048,415	\$ 9,774,248
All Other Governmental Funds										
Restricted										
Stabilization by State Statute	\$ 64,289	\$ 77,291	\$ 46,437	\$ 5,253	\$ 1,811	\$ 3,569	\$ 1,591	\$ 576,742	\$ 6,607	\$ 7,175
Public Safety	397,152	330,691	386,259	390,437	419,011	520,608	-	-	-	-
Committed										
Downtown District	103,684	89,976	23,018	92,460	53,910	58,146	49,781	25,405	100,445	20,471
Capital Projects	1,711,212	497,733	299,235	541,865	347,148	5,927,902	2,698,865	225,568	227,279	237,750
Unassigned	-	-	-	-	-	-	-	(629,850)	(90,722)	(4,168)
Total all other governmental funds	\$ 2,276,337	\$ 995,691	\$ 754,949	\$ 1,030,015	\$ 821,880	\$ 6,510,225	\$ 2,750,237	\$ 197,865	\$ 243,609	\$ 261,228
Total governmental funds	\$ 10,985,429	\$ 7,365,023	\$ 7,630,896	\$ 8,067,389	\$ 8,190,237	\$ 15,069,481	\$ 12,952,653	\$ 10,861,077	\$ 11,292,024	\$ 10,035,476

Note: The City implemented GASB Statement 54 in fiscal year 2011, resulting in the above presentation of fund balance. Prior years have been restated in the new format.

Schedule 4
CITY OF REIDSVILLE, NORTH CAROLINA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad Valorem Taxes	\$ 7,397,035	\$ 7,294,785	\$ 7,685,017	\$ 7,806,304	\$ 8,099,160	\$ 8,665,518	\$ 8,718,130	\$ 8,700,113	\$ 8,435,039	\$ 8,531,032
Other Taxes	2,420,323	2,641,637	2,727,974	2,689,022	2,762,505	2,921,660	2,919,118	3,192,635	3,294,145	3,513,015
Unrestricted Intergovernmental	1,359,643	1,420,319	1,435,250	1,524,561	1,758,438	1,546,572	1,611,057	1,595,924	1,596,842	1,603,518
Fees from ABC Board	86,299	57,112	51,185	62,747	79,540	67,996	94,023	106,634	132,051	155,646
Restricted Intergovernmental	1,295,142	1,246,653	1,346,744	910,815	641,360	687,311	917,985	1,111,997	1,028,780	977,552
Permits and Fees	452,806	523,062	473,692	497,086	461,623	486,041	503,376	584,134	466,603	511,290
Sales and Services	442,023	504,596	510,687	446,733	493,576	472,564	395,299	620,596	1,088,884	847,179
Investment Income	112,847	84,453	42,917	37,640	21,277	5,649	14,565	25,601	69,080	125,498
Miscellaneous	180,140	143,257	244,603	198,945	145,943	295,472	203,783	212,237	103,248	285,797
Total Revenues	<u>13,746,258</u>	<u>13,915,874</u>	<u>14,518,069</u>	<u>14,173,853</u>	<u>14,463,422</u>	<u>15,148,783</u>	<u>15,377,336</u>	<u>16,149,871</u>	<u>16,214,672</u>	<u>16,550,527</u>
Expenditures										
General Government	1,759,763	1,792,336	2,026,394	1,907,665	1,799,868	1,819,646	1,690,310	1,766,221	1,936,353	1,921,847
Public Safety	5,817,978	6,204,927	6,056,379	6,215,616	6,291,723	6,249,840	6,953,607	6,516,109	6,693,246	6,704,518
Transportation	1,585,393	1,501,228	1,408,897	1,529,145	1,521,144	1,491,175	1,395,493	1,536,475	1,509,168	1,467,871
Environmental Protection	1,319,871	1,388,532	1,364,100	1,426,563	1,433,908	1,415,081	1,419,933	1,588,633	1,558,371	1,606,078
Cultural and Recreational	1,457,623	1,465,587	1,406,254	1,393,238	1,458,864	1,113,886	1,507,442	1,459,731	1,600,022	1,541,767
Economic and Physical Development	815,955	476,447	644,221	690,329	620,778	622,702	699,231	867,888	631,705	699,275
Capital Outlay	1,618,031	2,949,019	1,622,449	504,568	1,522,140	2,424,010	4,371,149	2,931,983	1,327,383	1,777,941
Debt Service:										
Principal	278,799	373,399	278,373	272,465	218,191	189,316	282,484	6,255,443	337,532	343,516
Interest	23,126	38,604	37,157	32,945	25,937	20,570	41,418	141,428	156,973	149,392
Total Expenditures	<u>14,676,539</u>	<u>16,190,079</u>	<u>14,844,224</u>	<u>13,972,534</u>	<u>14,892,553</u>	<u>15,346,226</u>	<u>18,358,067</u>	<u>23,063,911</u>	<u>15,750,753</u>	<u>16,212,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(930,281)</u>	<u>(2,274,205)</u>	<u>(326,155)</u>	<u>201,319</u>	<u>(429,131)</u>	<u>(197,443)</u>	<u>(2,980,731)</u>	<u>(6,914,040)</u>	<u>463,919</u>	<u>338,322</u>
Other Financing Sources (Uses)										
Transfers in	492,099	485,000	865,175	763,705	357,700	327,200	5,000	250,000	-	97,000
Transfers out	(834,100)	(166,300)	(438,600)	(515,005)	(109,000)	(72,000)	-	(498,300)	(17,500)	(1,689,092)
Debt Proceeds	552,089	474,400	165,159	-	324,313	6,783,000	475,000	5,080,000	(14,434)	-
Total other financing sources (uses)	<u>210,088</u>	<u>793,100</u>	<u>591,734</u>	<u>248,700</u>	<u>573,013</u>	<u>7,038,200</u>	<u>480,000</u>	<u>4,831,700</u>	<u>(31,934)</u>	<u>(1,592,092)</u>
Net change in fund balances	<u>\$ (720,193)</u>	<u>\$ (1,481,105)</u>	<u>\$ 265,579</u>	<u>\$ 450,019</u>	<u>\$ 143,882</u>	<u>\$ 6,840,757</u>	<u>\$ (2,500,731)</u>	<u>\$ (2,082,340)</u>	<u>\$ 431,985</u>	<u>\$ (1,253,770)</u>
Debt service as a percentage of noncapital expenditures	2.31%	3.11%	2.39%	2.27%	1.83%	1.62%	2.32%	31.77%	3.43%	3.41%

Schedule 5

CITY OF REIDSVILLE, NORTH CAROLINA

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Companies (1)	Total Taxable Assessed Value	City Tax Rate (2)	Downtown District Tax Rate (2)	Total Direct Tax Rate (2) (4)
2010	\$ 787,208,378	\$ 189,612,971	\$ 28,331,459	\$ 1,005,152,808	0.73	0.25	0.74
2011	787,812,346	176,607,146	29,458,668	993,878,160	0.73	0.25	0.74
2012 (3)	863,450,981	185,188,278	27,760,400	1,076,399,659	0.71	0.25	0.72
2013	830,212,750	228,142,576	31,194,951	1,089,550,277	0.71	0.25	0.72
2014	842,177,583	249,818,565	31,189,235	1,123,185,383	0.71	0.25	0.72
2015	826,786,694	280,846,286	33,857,875	1,141,490,855	0.74	0.25	0.75
2016	830,402,553	281,212,049	33,857,875	1,145,472,477	0.74	0.25	0.75
2017	830,712,107	279,808,594	34,930,658	1,145,451,359	0.74	0.25	0.75
2018	833,715,582	261,882,667	35,055,946	1,130,654,195	0.74	0.25	0.75
2019	844,524,584	260,355,051	36,043,757	1,140,923,392	0.74	0.25	0.75

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Public service companies' valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (2) Per \$100 of value.
- (3) Property in the City is reassessed every four to eight years. The last reassessment was completed for values as of January 1, 2011.
- (2) The Total Direct Tax Rate is derived by applying the Downtown District Tax Rate to applicable property and adding that to the application of the City Tax Rate to all properties.

Schedule 6
CITY OF REIDSVILLE, NORTH CAROLINA
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years

Fiscal Year	City Tax Rate (1)	Downtown District Tax Rate (1)	Total Direct Tax Rate (1) (2)	Rockingham County Tax Rate (1)
2010	\$ 0.73	\$ 0.25	\$ 0.74	\$ 0.715
2011	0.73	0.25	0.74	0.715
2012	0.71	0.25	0.72	0.698
2013	0.71	0.25	0.72	0.698
2014	0.71	0.25	0.72	0.696
2015	0.74	0.25	0.75	0.696
2016	0.74	0.25	0.75	0.696
2017	0.74	0.25	0.75	0.696
2018	0.74	0.25	0.75	0.696
2019	0.74	0.25	0.75	0.696

Notes

(1) Per \$100 of value.

(2) The Total Direct Tax Rate is derived by applying the Downtown District Tax Rate to applicable property and adding that to the application of the City Tax Rate to all properties.

Source: City of Reidsville and Rockingham County annual adopted budgets.

Schedule 7
CITY OF REIDSVILLE, NORTH CAROLINA
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2019			Fiscal Year 2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Commonwealth Brands, Inc.	Tobacco Manufacturing	\$ 66,838,645	1	5.86%	\$ 42,668,000	1	4.24%
Henninges Automotive	Auto Parts Manufacturing	31,110,623	2	2.73%	27,280,000	2	2.71%
Duke Energy Carolinas	Public Utility	19,579,908	3	1.72%	14,028,000	6	1.40%
Global Textile Alliance, Inc.	Textiles	19,402,397	4	1.70%	*	*	*
Keystone Foods Corp.	Food Processing	17,817,725	5	1.56%	17,715,000	5	1.76%
Ball Metal	Can Manufacturing	17,021,045	6	1.49%	27,155,000	3	2.70%
Woodland Heights	Apartments	13,726,001	7	1.20%	11,419,000	9	1.14%
Walmart Real Est	Retail Sales	13,481,123	8	1.18%	12,943,000	7	1.29%
Aican Packaging	Package Manufacturing	10,439,911	9	0.92%	23,154,000	4	2.30%
Ancor Tobacco Packaging	Package Manufacturing	10,346,340	10	0.91%	*	*	*
Unifi Manufacturing Inc.	Textiles	*	*	*	11,739,000	8	1.17%
AFG Wipes	Manufacturing	*	*	*	10,915,000	10	1.09%
Totals		\$ 219,763,718		19.26%	\$ 199,016,000		19.80%

Source: Rockingham County Tax Department.

Schedule 8
CITY OF REIDSVILLE, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2010	\$	7,381,517	\$ 7,184,441	97.33%	\$ 181,024	\$ 7,365,465	99.78%
2011		7,296,120	7,091,536	97.20%	187,165	7,278,701	99.76%
2012		7,662,202	7,439,234	97.09%	242,642	7,681,876	100.26%
2013		7,752,381	7,534,156	97.19%	192,604	7,726,760	99.67%
2014		8,287,831	7,814,492	94.29%	833,141	8,647,633	104.34%
2015		8,477,427	8,359,730	98.61%	100,888	8,460,618	99.80%
2016		8,689,181	8,574,845	98.68%	93,293	8,668,138	99.76%
2017		8,664,965	8,546,673	98.63%	75,306	8,621,979	99.50%
2018		8,404,908	8,293,205	98.67%	51,743	8,344,948	99.29%
2019		8,456,079	8,368,761	98.97%	n/a	8,368,761	98.97%

Source: Rockingham County Tax Department, City of Reidsville Finance Department

Note: Some Percentages may exceed 100% because levies have not been adjusted for discoveries in subsequent years.

Schedule 9
CITY OF REIDSVILLE, NORTH CAROLINA
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	Capital Leases	Notes Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes Payable			
2010	\$ 1,091,485	\$ -	\$ 25,611	-	\$ -	\$ 1,480,730	\$ 2,597,826	\$ 177	0.74%
2011	1,192,478	-	-	-	-	1,295,639	2,488,117	171	0.72%
2012	1,079,264	-	-	-	5,400,000	1,110,548	7,589,812	523	2.21%
2013	806,799	-	-	-	5,169,000	925,457	6,901,256	475	1.85%
2014	912,920	-	509,994	-	13,468,000	3,129,432	18,020,346	1,265	4.92%
2015	1,506,604	6,000,000	509,994	-	12,946,000	10,127,196	31,089,794	2,175	8.19%
2016	1,699,120	6,000,000	437,137	-	12,407,000	12,046,272	32,589,529	2,294	8.50%
2017	1,443,677	5,080,000	349,710	-	11,852,000	12,048,734	30,774,121	2,173	7.63%
2018	1,183,936	5,002,479	262,290	-	11,279,000	11,119,205	28,846,910	2,038	7.01%
2019	919,782	4,923,117	174,863	-	10,688,000	10,493,685	27,199,447	1,919	*

* Information not yet available

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Schedule 10
CITY OF REIDSVILLE, NORTH CAROLINA
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2010	\$ -	0.00%	0.00%	\$ -
2011	-	0.00%	0.00%	-
2012	-	0.00%	0.00%	-
2013	-	0.00%	0.00%	-
2014	-	0.00%	0.00%	-
2015	-	0.00%	0.00%	-
2016	-	0.00%	0.00%	-
2017	-	0.00%	0.00%	-
2018	-	0.00%	0.00%	-
2019	-	0.00%	0.00%	-

Notes:

Details regarding the City's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) See Schedule 5 for property value data.

Schedule 11
CITY OF REIDSVILLE, NORTH CAROLINA
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value of Property	\$ 1,005,153	\$ 993,878	\$ 1,076,400	\$ 1,089,550	\$ 1,123,185	\$ 1,141,491	\$ 1,145,472	\$ 1,145,451	\$ 1,130,654	\$ 1,140,923
Debt Limit, 8% of Assessed Value (Statutory Limitation)	80,412	79,510	86,112	87,164	89,855	91,319	91,638	91,636	90,452	91,274
Amount of Debt Applicable to Limit										
Gross bonded debt	-	-	-	-	-	-	-	-	-	-
Less: Debt outstanding for water and sewer purposes	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 80,412</u>	<u>\$ 79,510</u>	<u>\$ 86,112</u>	<u>\$ 87,164</u>	<u>\$ 89,855</u>	<u>\$ 91,319</u>	<u>\$ 91,638</u>	<u>\$ 91,636</u>	<u>\$ 90,452</u>	<u>\$ 91,274</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note:
outstanding debt to 8% of the
appraised value of property subject
to taxation. The following deductions
are made from gross debt to arrive at
net debt applicable to the limit:
money held for payment of principal;
debt incurred for water, sewer, gas,
or electric power purposes;
uncollected special assessments,
funding and refunding bonds not yet

Schedule 12
CITY OF REIDSVILLE, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

<u>Governmental Unit</u>	<u>Net Governmental Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Reidsville	\$ 5,842,899	100.00%	\$ 5,842,899
Overlapping: Rockingham County	\$ 57,861,436	16.00% *	<u>9,257,830</u>
Total direct and overlapping debt			<u>\$ 15,100,729</u>

*The overlapping rate for Rockingham County is an estimate of the assessed value for the City as a percentage the assessed value of the County.

Schedule 13
CITY OF REIDSVILLE, NORTH CAROLINA
Estimated Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2010	14,637	\$ 352,522	\$ 24,084	12.90%
2011	14,538	346,866	23,859	11.90%
2012	14,520	343,169	23,634	11.20%
2013	14,520	373,010	25,689	10.80%
2014	14,246	366,607	25,734	7.50%
2015	14,293	379,811	26,573	5.90%
2016	14,205	383,360	26,988	5.45%
2017	14,164	403,094	28,459	3.50%
2018	14,152	411,778	29,097	4.30%
2019	14,171	*	*	*

* Information not yet available.

Notes:

(1) NC State Data Center. Estimates are as of beginning of fiscal year.

(2) Calculated by multiplying Population by Per Capita Personal Income.

(3) US Department of Commerce, Bureau of Economic Analysis. (Rockingham Co. adjusted)

(4) NC Employment Security Commission, Rockingham County Annual Average for prior calendar year.

Schedule 14
CITY OF REIDSVILLE, NORTH CAROLINA
Principal Employers
Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cone Health - Annie Penn Hospital	762	1	18.12%	515	1	12.25%
Dorada Foods (Formerly Keystone Foods)	450	2	10.70%	450	2	10.70%
Hennings Automotive	363	3	8.63%	229	6	5.45%
Unifi Manufacturing Inc.	338	4	8.04%	225	7	5.35%
Rockingham Co. Aging, Disability and Transit Services	298	5	7.09%	260	4	6.18%
Global Textile Alliance, Inc	267	6	6.35%	*	*	*
Wal-Mart	243	7	5.78%	282	3	6.71%
City of Reidsville	194	8	4.61%	176	10	4.19%
Albaad USA	186	9	4.42%	200	8	4.76%
Amcor Tobacco Packaging	130	10	3.09%	*	*	*
Commonwealth Brands	*	*	*	257	5	6.11%
Ball Metal	*	*	*	190	9	4.52%
Total	3,231		76.84%	2,784		66.21%

Source: Rockingham County Partnership for Economic and Tourism Development.

*Although some of these Employers may have existed in 2010 or still exist in 2019, their employment level was below that tracked for purposes of this schedule.

Schedule 15
CITY OF REIDSVILLE, NORTH CAROLINA
Full-time Equivalent City Employees by Function,
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2010	2011	2012	2013	2014*	2015	2016	2017	2018	2019
General government	26	26	26	25	25	25	24	25	25	25
Public safety	85	85	85	85	85	85	83	83	83	83
Transportation	23	23	23	23	23	23	22	22	22	22
Environmental protection	17	17	17	17	17	17	18	18	18	18
Cultural and recreation	12	13	12	12	12	12	11	11	11	11
Economic and physical development	1	-	-	-	-	-	1	1	1	1
Water/Sewer (Business activity)	12	12	12	12	33	33	33	33	33	33
Total	<u>176</u>	<u>176</u>	<u>175</u>	<u>174</u>	<u>195</u>	<u>195</u>	<u>192</u>	<u>193</u>	<u>193</u>	<u>193</u>

Source: City Personnel Department

Note: This schedule represents number of budgeted positions for each fiscal year.

*2014 - The operation of the City's Water and Wastewater plants were formally contracted to a private vendor. These positions were brought into the City on January 1, 2014 resulting in 21 additional employees in the Water and Sewer Departments.

Schedule 16**CITY OF REIDSVILLE, NORTH CAROLINA****Miscellaneous Statistics, Operating Indicators and Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years**

Date of Incorporation: 1873

Form of Government: Council/Manager

Area in Square Miles: 13.59

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Number of Government Facilities and Services:										
Miles of Streets:	91.91	91.91	91.91	91.91	91.91	91.91	91.94	91.94	91.94	91.94
Number of Street Lights:	2,164	2,164	2,164	2,164	2,051	2,051	2,051	2,051	2,051	2,051
Cultural and Recreational Community Centers:	4	4	4	4	4	4	4	4	4	4
Parks and Playgrounds:	9	9	9	9	9	9	9	9	9	9
Fire Protection										
Number of Stations:	3	3	3	3	3	3	3	3	3	3
Number of Calls Answered:	1,706	1,985	2,018	2,328	2,391	2,336	2,415	2,437	2,247	2,115
Number of Inspections Conducted:	450	466	559	461	406	541	283	398	452	485
Police Protection										
Number of Stations:	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units:	58	58	58	58	49	49	50	50	50	50
Number of Law Violations:										
Physical Arrests & Citations:	3,411	4,200	4,163	5,891	4,127	3,379	3,812	3,250	2,648	3,748
Incident Reports:	1,986	2,247	2,051	1,912	1,957	4,925	5,683	4,829	4,157	2,218
Sewerage System										
Miles of Sanitary Sewers:	93.76	93.76	93.76	93.76	93.76	93.76	93.76	93.76	93.76	93.76
Number of Treatment Plants:	1	1	1	1	1	1	1	1	1	1
Number of Utility Customers:	5,828	5,814	5,847	5,756	5,829	5,842	5,896	5,903	6,052	6,187
Daily Average Treatment (MGD):	2.70	2.48	2.26	2.20	2.21	2.01	2.63	2.35	2.26	2.62
Maximum Daily Capacity of Treatment Plant (MGD):	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Water System										
Miles of Water Mains:	115.73	115.73	115.73	115.73	115.73	115.73	115.81	115.81	115.81	115.81
Number of Utility Customers:	6,601	6,579	6,605	6,605	6,581	6,584	6,641	6,653	6,810	6,956
Number of Fire Hydrants:	757	757	757	757	757	757	757	757	757	757
Daily Average Consumption (MGD):	4.68	4.48	4.01	4.22	3.85	3.44	3.61	4.47	4.03	4.30
Maximum Daily Capacity of Plant (MGD):	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00

Notes:

(MGD) Million Gallons per Day

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