

REVIEWED

By SLGFD at 1:54 pm, Nov 24, 2021



RANDLEMAN

★ **NORTH CAROLINA** ★

Fiscal Year Ended
June 30, 2021

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Randleman, North Carolina

Fiscal Year Ended June 30, 2021



Clarence Jernigan, Mayor
Gary Betts, Mayor Pro-Tempore

Board of Alderman

Nancy Henderson
Sharon Leonard

Melissa Blalock
Renee Bryant

City Manager
William Johnson

Finance Director
Crystal Postell

CITY OF RANDLEMAN, NORTH CAROLINA

City Officials

William Johnson, City Manager

Crystal Postell, Finance Director

Connie Cross, Interim City Clerk

Bob Wilhoit, City Attorney

Steve Leonard, Police Chief

Marty Leonard, Fire Chief

Don Peeler, Public Works Director

Robin Hughes, Parks and Recreation Director

Greg Patton, Planning Director

Donna Toomes, Library Director

Garry Glass, Wastewater Director

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position (Exhibit 1)	13
Statement of Activities (Exhibit 2)	14

Fund Financial Statements:

Governmental Funds:

Balance Sheet (Exhibit 3)	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit 4)	16
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit 5)	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities (Exhibit 6)	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund (Exhibit 7)	19

Proprietary Fund:

Statement of Net Position (Exhibit 8)	20
Statement of Revenues, Expenses and Changes in Fund Net Position (Exhibit 9)	21
Statement of Cash Flows (Exhibit 10)	22

Fiduciary - Statement of Net Position (Exhibit 11)	23
--	----

Notes to Financial Statements	24-56
-------------------------------------	-------

Required Supplementary Financial Data

Local Government Employees' Retirement System - Schedule of Proportionate Share of the Net Pension Liability (Asset)	57
Local Government Employees' Retirement System - Schedule of Contributions	57
Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability	58
Law Enforcement Officers' Special Separation Allowance – Schedule of Total Pension Liability as a Percentage of Covered Payroll	58
Schedule of Changes in Total OPEB Liability and Related Ratios	59

Individual Fund Statements and Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund (Schedule 1)	60-64
Combining Balance Sheet - Nonmajor Governmental Funds (Schedule 2)	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (Schedule 3)	66
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Capital Projects Fund - Downtown Improvements Project (Schedule 4)	67
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Capital Projects Fund - Sidewalk Improvements Project (Schedule 5).....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Capital Projects Fund – Police Department Renovations (Schedule 6)	69
Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP) - Water and Sewer Fund (Schedule 7)	70-71
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Capital Projects Fund – Water Sewer Systems Repairs and Installations (Schedule 8)	72
Schedule of Changes in Assets and Liabilities - Fireman’s Relief Fund (Schedule 9)	73

Other Schedules

Schedule of Ad Valorem Taxes Receivable (Schedule 10)	74
Analysis of Current Tax Levy City-Wide Levy (Schedule 11).....	75

Other Compliance Reporting

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	76-77
---	-------



RANDLEMAN

★ **NORTH CAROLINA** ★

FINANCIAL SECTION



Independent Auditor's Report

To the Honorable Mayor and
Board of Alderman
City of Randleman, 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 Randleman, North Carolina (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Randleman ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Randleman ABC Board, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City of Randleman ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Randleman, North Carolina as of June 30, 2021, and the respective changes in financial position, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12; the Local Government Employees' Retirement System - Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions on page 57; the Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability, and Schedule of Total Pension Liability as a Percentage of Covered Payroll on page 58, and the Schedule of Changes in Total OPEB Liability and Related Ratios on page 59; 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund statements, budgetary 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, based on our audit and the procedures as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the City of Randleman, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Randleman, North Carolina's internal control over financial reporting and compliance.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
October 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

As management of the City of Randleman (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Randleman for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

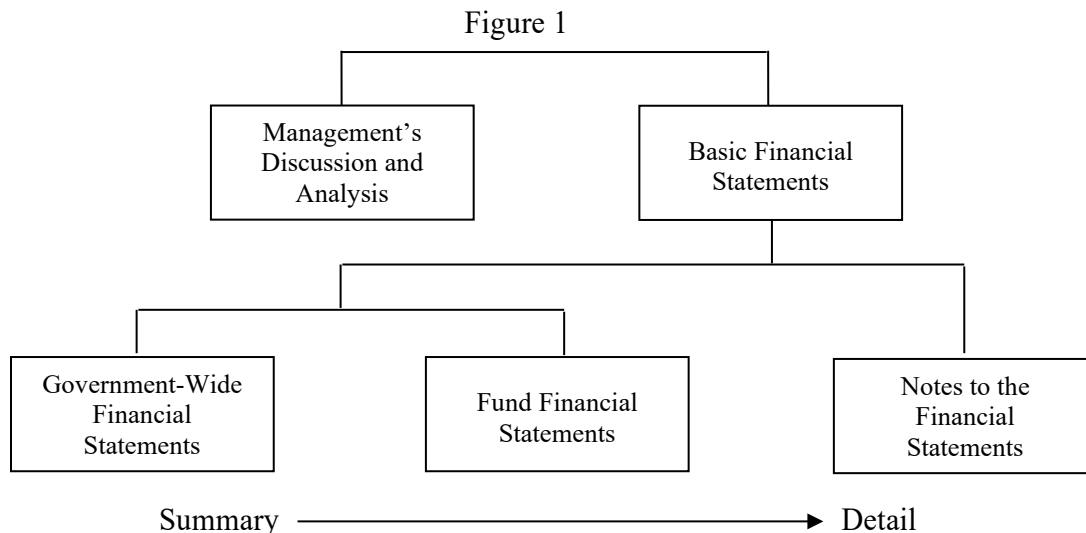
Financial Highlights

- The assets and deferred outflows of resources of the City of Randleman exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,807,472 (net position).
- The government's total net position increased by approximately \$422,000 primarily due to property tax collections and grants in the General Fund and utility charges in the Water and Sewer Fund.
- As of the close of the current fiscal year, the City of Randleman's governmental funds reported combined ending fund balances of \$6,610,730 an increase of \$1,095,639 in comparison with the prior year. Approximately 25% of this total amount, or \$1,620,880 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,684,557, or 82%, of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Randleman, 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 the City of Randleman can be divided into two categories: governmental funds and proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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

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

Proprietary Fund - The City of Randleman has one kind of proprietary fund or enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Randleman uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow Exhibit 11 of the audit report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Randleman's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information is included within this report.

Interdependence with Other Entities - The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Government-Wide Financial Analysis
City of Randleman's Net Position

Figure 2

	Business-Type					
	Governmental Activities		Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 6,799,818	\$ 5,706,993	\$ 3,746,871	\$ 3,296,121	\$ 10,546,689	\$ 9,003,114
Capital assets	9,442,558	9,792,210	6,364,741	6,405,345	15,807,299	16,197,555
Deferred outflows of resources	1,307,248	720,487	32,439	60,402	1,339,687	780,889
Total assets and deferred outflows	17,549,624	16,219,690	10,144,051	9,761,868	27,693,675	25,981,558
Long-term liabilities	4,422,569	3,380,999	2,466,779	2,494,429	6,889,348	5,875,428
Other liabilities	91,056	84,013	167,284	180,961	258,340	264,974
Deferred inflows of resources	668,064	393,815	70,451	61,421	738,515	455,236
Total liabilities and deferred inflows	5,181,689	3,858,827	2,704,514	2,736,811	7,886,203	6,595,638
Net investment in capital assets	8,292,849	8,989,404	5,417,033	5,352,757	13,709,882	14,342,161
Restricted	1,620,880	966,172	-	-	1,620,880	966,172
Unrestricted	2,454,206	2,405,287	2,022,504	1,672,300	4,476,710	4,077,587
Total net position	<u>\$ 12,367,935</u>	<u>\$ 12,360,863</u>	<u>\$ 7,439,537</u>	<u>\$ 7,025,057</u>	<u>\$ 19,807,472</u>	<u>\$ 19,385,920</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Randleman exceeded liabilities and deferred inflows of resources by \$19,807,472 as of June 30, 2021. One of the largest portions, \$13,709,882 or 69%, reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Randleman uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Randleman's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Randleman's net position, \$1,620,880, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,476,710 is unrestricted.

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

- A collection rate of 99.34% for property taxes including Motor Vehicle taxes.
- Continual examination of departmental spending to conserve resources and boost fund balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

City of Randleman's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 456,707	\$ 482,316	\$ 2,697,325	\$ 2,687,099	\$ 3,154,032	\$ 3,169,415
Operating grants and contributions	125,286	132,148	-	-	125,286	132,148
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	2,818,231	2,760,718	-	-	2,818,231	2,760,718
Other taxes	181	214	-	-	181	214
Grants and contributions not restricted to specific programs	2,737,244	2,013,846	-	-	2,737,244	2,013,846
Unrestricted investment earnings	2,161	107,708	-	-	2,161	107,708
Other	88,254	82,496	-	-	88,254	82,496
Total revenues	<u>6,228,064</u>	<u>5,579,446</u>	<u>2,697,325</u>	<u>2,687,099</u>	<u>8,925,389</u>	<u>8,266,545</u>
Expenses:						
General government	807,929	808,163	-	-	807,929	808,163
Public safety	3,457,096	3,160,758	-	-	3,457,096	3,160,758
Public works	639,596	708,740	-	-	639,596	708,740
Cultural and recreation	909,507	807,493	-	-	909,507	807,493
Economic development	406,864	335,970	-	-	406,864	335,970
Water and sewer	-	-	2,282,845	2,356,421	2,282,845	2,356,421
Total expenses	<u>6,220,992</u>	<u>5,821,124</u>	<u>2,282,845</u>	<u>2,356,421</u>	<u>8,503,837</u>	<u>8,177,545</u>
Increase in net position before transfers	7,072	(241,678)	414,480	330,678	421,552	89,000
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	<u>7,072</u>	<u>(241,678)</u>	<u>414,480</u>	<u>330,678</u>	<u>421,552</u>	<u>89,000</u>
Net position beginning	<u>12,360,863</u>	<u>12,602,541</u>	<u>7,025,057</u>	<u>6,694,379</u>	<u>19,385,920</u>	<u>19,296,920</u>
Net position, June 30,	<u>\$ 12,367,935</u>	<u>\$ 12,360,863</u>	<u>\$ 7,439,537</u>	<u>\$ 7,025,057</u>	<u>\$ 19,807,472</u>	<u>\$ 19,385,920</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Governmental Activities - Governmental activities increased the City's net position by \$7,072.

Business-Type Activities - Business-type activities increased the City's net position by \$414,480.

Financial Analysis of the City's Funds

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

Governmental Funds - The focus of the City of Randleman'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 Randleman's financing requirements.

The General Fund is the chief operating fund of the City of Randleman. At the end of the current fiscal year, the City of Randleman's fund balance available in the General Fund was \$4,684,557, while the total fund balance increased to \$6,425,437. The Governing Body of the City of Randleman has determined that the City should maintain an available fund balance of 10% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an available fund balance of 82% of General Fund expenditures, while total fund balance represents 113% of the same amount.

At June 30, 2021, the governmental funds of the City of Randleman reported a combined fund balance of \$6,610,730 with a net increase in fund balance of \$1,095,639. Included in this change in fund balance are increases in fund balance of the General Fund and the Capital Projects Funds.

General Fund Budgetary Highlights - The City amended the budget prior to the end of the fiscal year to reflect revenues that were not anticipated at the beginning of the year as well as expenditures for capital items. 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.

Proprietary Fund - The City of Randleman's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,022,504. The total increase in net position for the Water and Sewer Fund amounted to \$414,480.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Capital Asset and Debt Administration

Capital Assets - The City of Randleman's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$15,807,299 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of a leaf truck for \$210,000
- Purchase of a fire truck for \$270,175
- Waterline project expenses of \$147,739

City of Randleman's Capital Assets
(net of accumulated depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 801,808	\$ 801,808	\$ 7,275	\$ 7,275	\$ 809,083	\$ 809,083
Construction in progress	542,521	472,133	461,259	313,520	1,003,780	785,653
Land improvements	1,014,038	1,196,415	-	-	1,014,038	1,196,415
System improvements	-	-	1,942,610	2,070,879	1,942,610	2,070,879
Water rights	-	-	1,148,529	1,177,791	1,148,529	1,177,791
Buildings and improvements	3,811,284	4,134,931	413,258	482,379	4,224,542	4,617,310
Water distribution system	-	-	1,821,094	1,950,899	1,821,094	1,950,899
Infrastructure	1,238,610	1,303,911	-	-	1,238,610	1,303,911
Machinery and equipment	1,187,182	1,484,092	505,991	330,770	1,693,173	1,814,862
Vehicles	644,675	161,912	-	-	644,675	161,912
Other	202,440	237,008	64,725	71,832	267,165	308,840
Total	<u>\$ 9,442,558</u>	<u>\$ 9,792,210</u>	<u>\$ 6,364,741</u>	<u>\$ 6,405,345</u>	<u>\$ 15,807,299</u>	<u>\$ 16,197,555</u>

Additional information regarding the City's capital assets can be found in NOTE 3.A. of the basic financial statements.

Long-Term Debt - As of June 30, 2021, the City of Randleman had total bonded debt outstanding of \$2,801,484. None of the current debt is backed by the full faith and credit of the City. The remainder of the City's debt is secured by specific assets financed by the debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

General Obligation Bonds, Installment Purchases and Notes

Figure 5

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Direct placement						
installment purchases	\$ 957,378	\$ 668,169	\$ 225,334	\$ 242,667	\$ 1,182,712	\$ 910,836
Notes payable	-	-	896,398	963,304	896,398	963,304
PTRWA obligation	-	-	722,374	809,921	722,374	809,921
Total OPEB liability	1,441,676	1,187,779	295,283	209,608	1,736,959	1,397,387
Net pension liability						
(LGERS)	1,232,951	982,236	268,246	218,278	1,501,197	1,200,514
Total pension liability						
(LEO)	543,728	311,808	-	-	543,728	311,808
Compensated absences	246,836	231,007	58,003	50,651	304,839	281,658
Total	<u>\$ 4,422,569</u>	<u>\$ 3,380,999</u>	<u>\$ 2,465,638</u>	<u>\$ 2,494,429</u>	<u>\$ 6,888,207</u>	<u>\$ 5,875,428</u>

City of Randleman's Outstanding Debt

The City of Randleman's total debt increased by \$1,012,779 (17.2%) during the past fiscal year. Key factors in this increase were the issuance of new notes payable for a leaf truck and a fire truck; increase of \$300,683 in the net pension liability for the Local Government Employees' Retirement System (LGERS); increase of \$231,920 in the net pension liability for Law Enforcement Officers; and increase of \$339,572 in other post-employment benefits. Increases were offset by planned debt service principal payments of \$332,577.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Randleman as of June 30, 2021 was \$35,601,882. The City had no general obligation bonds outstanding at June 30, 2021.

Economic Factors

The City of Randleman is situated in one of the best regions for business growth in the United States according to Site Selection magazine which named the Greensboro-High Point Metropolitan area as one of the nation's top ten regions for business growth and economic development. Randolph County is included in this area.

Unemployment - The City of Randleman's unemployment rate as of June 30, 2021 stands at 4.9%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Transportation Upgrade – The North Carolina Department of Transportation completed construction of US Highway 311 Bypass which became part of Interstate 74 and intersects with US Highway 220 just south of Randleman. US Highway 220 is designated as part of the future Interstate 73 which is projected to run from Sault Ste. Marie, Michigan to Myrtle Beach, South Carolina when completed. This situates Randleman at the crossroads of two major interstates with the potential for significant development, both commercial and residential, at our doorstep.

Piedmont Triad Regional Water Authority - The water plant went online in October 2010. As a member of the water authority, the City is now receiving the majority of its water from the Randleman Regional Reservoir. With an allotment of 1 million gallons of water per day, the City is able to provide ample amounts of water to its residents and businesses.

Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City.

- Tourism to the City has continued to increase. With the continuation of the City's Annual Food Truck State Championship and the Market and Music Summer Concert Series this upward trend is expected to continue.
- The City approved a \$6,132,887 general fund budget for fiscal year 2021-2022. This budget represents a 7.0% decrease from the fiscal year 2020-2021 amended budget.

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 Finance Office, City of Randleman, 204 S. Main St., Randleman, NC 27317.



BASIC FINANCIAL STATEMENTS

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Net Position
June 30, 2021

Exhibit 1

	Primary Government			City of Randleman ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 5,451,457	\$ 3,017,216	\$ 8,468,673	\$ 598,401
Receivables:				
Taxes receivable, net	30,441	-	30,441	-
Accounts receivable	72,515	608,979	681,494	-
Inventory and prepaid expenses	-	103,376	103,376	175,553
Due from other governments	404,014	17,300	421,314	-
Due from component unit	66,839	-	66,839	-
Restricted cash and cash equivalents	774,552	-	774,552	-
Total current assets	6,799,818	3,746,871	10,546,689	773,954
Non-current assets:				
Capital assets:				
Land and construction in progress	1,344,329	468,534	1,812,863	80,170
Other capital assets, net of depreciation	8,098,229	5,896,207	13,994,436	296,742
Total non-current assets	9,442,558	6,364,741	15,807,299	376,912
Total assets	16,242,376	10,111,612	26,353,988	1,150,866
Deferred Outflows of Resources				
Pension deferrals	973,690	31,975	1,005,665	14,174
OPEB deferrals	333,558	464	334,022	40,897
Total deferred outflows of resources	1,307,248	32,439	1,339,687	55,071
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	91,056	66,625	157,681	166,846
Customer deposits	-	78,928	78,928	-
Other current payables	-	21,731	21,731	69,814
Current portion of long-term liabilities	216,331	183,437	399,768	-
Total current liabilities	307,387	350,721	658,108	236,660
Long-term liabilities:				
Due in more than one year	4,206,238	2,283,342	6,489,580	272,571
Total liabilities	4,513,625	2,634,063	7,147,688	509,231
Deferred Inflows of Resources				
Prepaid taxes	13	-	13	-
Pension deferrals	88,950	19,696	108,646	3,165
OPEB deferrals	579,101	50,755	629,856	1,656
Total deferred inflows of resources	668,064	70,451	738,515	4,821
Net Position				
Net investment in capital assets	8,292,849	5,417,033	13,709,882	376,912
Restricted for:				
Stabilization by State Statute	846,328	-	846,328	-
Streets	774,552	-	774,552	-
Working capital	-	-	-	82,329
Unrestricted	2,454,206	2,022,504	4,476,710	232,644
Total net position	\$ 12,367,935	\$ 7,439,537	\$ 19,807,472	\$ 691,885

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

CITY OF RANDLEMAN, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2021

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 807,929	\$ -	\$ -	\$ -
Public safety	3,457,096	-	-	-
Public works	639,596	376,700	113,286	-
Cultural and recreational	909,507	80,007	12,000	-
Economic and physical development	406,864	-	-	-
Total governmental activities	<u>6,220,992</u>	<u>456,707</u>	<u>125,286</u>	<u>-</u>
Business-type activities:				
Water and sewer	2,282,845	2,697,325	-	-
Total business-type activities	<u>2,282,845</u>	<u>2,697,325</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 8,503,837</u>	<u>\$ 3,154,032</u>	<u>\$ 125,286</u>	<u>\$ -</u>
Component Unit:				
ABC Board	\$ 2,086,084	\$ 2,146,168	\$ -	\$ -
Total component unit	<u>\$ 2,086,084</u>	<u>\$ 2,146,168</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Activities (Continued)
For the Year Ended June 30, 2021

Exhibit 2

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			City of Randleman ABC Board
	Governmental Activities	Business-type Activities	Total	
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ (807,929)	\$ -	\$ (807,929)	\$ -
Public safety	(3,457,096)	-	(3,457,096)	-
Public works	(149,610)	-	(149,610)	-
Cultural and recreational	(817,500)	-	(817,500)	-
Economic and physical development	(406,864)	-	(406,864)	-
Total governmental activities	(5,638,999)	-	(5,638,999)	-
Business-type activities:				
Water and sewer	-	414,480	414,480	-
Total business-type activities	-	414,480	414,480	-
Total primary government	(5,638,999)	414,480	(5,224,519)	-
Component Unit:				
ABC Board	-	-	-	60,084
Total component unit	-	-	-	60,084
General Revenues:				
Taxes:				
Property taxes, levied for general purpose	2,818,231	-	2,818,231	-
Other taxes and licenses	181	-	181	-
Grants and contributions not restricted to a specific purpose	2,737,244	-	2,737,244	-
Unrestricted investment earnings	2,161	-	2,161	468
Miscellaneous revenues	88,254	-	88,254	-
Total general revenues and transfers	5,646,071	-	5,646,071	468
Change in net position	7,072	414,480	421,552	60,552
Net position, beginning	12,360,863	7,025,057	19,385,920	631,333
Net position, ending	\$ 12,367,935	\$ 7,439,537	\$ 19,807,472	\$ 691,885

Balance Sheet

Governmental Funds

June 30, 2021

	Major Fund	Total	Total
	General Fund	Non-Major	Governmental
		Fund	Funds
Assets			
Cash and cash equivalents	\$ 5,251,457	\$ 200,000	\$ 5,451,457
Restricted cash	774,552	-	774,552
Receivables:			
Taxes receivable, net	30,441	-	30,441
Accounts receivable	72,515	-	72,515
Due from other governments	399,087	4,927	404,014
Due from component unit	66,839	-	66,839
Total assets	<u>\$ 6,594,891</u>	<u>\$ 204,927</u>	<u>\$ 6,799,818</u>
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 71,422</u>	<u>\$ 19,634</u>	<u>\$ 91,056</u>
Deferred inflows of resources			
Taxes and fees receivable	98,019	-	98,019
Prepaid taxes	13	-	13
Total deferred inflows of resources	<u>98,032</u>	<u>-</u>	<u>98,032</u>
Fund Balances:			
Restricted for:			
Stabilization by state statute	846,328	-	846,328
Streets	774,552	-	774,552
Assigned:			
Capital projects	-	185,293	185,293
Subsequent year's expenditures	120,000	-	120,000
Unassigned	4,684,557	-	4,684,557
Total fund balances	<u>6,425,437</u>	<u>185,293</u>	<u>6,610,730</u>
Total liabilities, deferred inflows of			
resources, and fund balances	<u>\$ 6,594,891</u>	<u>\$ 204,927</u>	

CITY OF RANDLEMAN, NORTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
For the Year Ended June 30, 2021

Exhibit 4

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

Total Fund Balance, Governmental Funds		\$ 6,610,730
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	\$ 19,852,655	
Accumulated depreciation	<u>(10,410,097)</u>	9,442,558
Deferred outflows of resources related to pensions are not reported in the funds		973,690
Deferred outflows of resources related to OPEB are not reported in the funds		333,558
Earned revenues considered deferred inflows of resources in fund statements		98,019
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt	(899,176)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	(305,038)	
Net pension liability	(1,232,951)	
Total pension liability	(543,728)	
OPEB liability	<u>(1,441,676)</u>	(4,422,569)
Deferred inflows of resources related to pensions are not reported in the funds		(88,950)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(579,101)</u>
Net position of governmental activities		<u><u>\$ 12,367,935</u></u>

CITY OF RANDLEMAN, NORTH CAROLINA

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

	Major Fund General Fund	Total Non-Major Fund	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 2,828,088	\$ -	\$ 2,828,088
Other taxes and licenses	181	-	181
Intergovernmental revenues:			
Unrestricted	2,737,244	-	2,737,244
Restricted	125,286	-	125,286
Sales and services	456,707	-	456,707
Investment earnings	2,161	-	2,161
Miscellaneous revenue	249,510	-	249,510
Total revenues	<u>6,399,177</u>	<u>-</u>	<u>6,399,177</u>
Expenditures			
Current:			
General government	688,368	-	688,368
Public safety	2,786,758	-	2,786,758
Public works	496,545	-	496,545
Cultural and recreational	742,228	-	742,228
Economic and physical development	231,866	-	231,866
Capital outlay	568,719	70,388	639,107
Debt service:			
Principal retirement	160,791	-	160,791
Interest	7,875	-	7,875
Total expenditures	<u>5,683,150</u>	<u>70,388</u>	<u>5,753,538</u>
Excess (deficiency) of revenues over expenditures	<u>716,027</u>	<u>(70,388)</u>	<u>645,639</u>
Other Financing Sources			
Debt proceeds	450,000	-	450,000
Total other financing sources	<u>450,000</u>	<u>-</u>	<u>450,000</u>
Net change in fund balances	1,166,027	(70,388)	1,095,639
Fund balances, beginning	<u>5,259,410</u>	<u>255,681</u>	<u>5,515,091</u>
Fund balances, ending	<u>\$ 6,425,437</u>	<u>\$ 185,293</u>	<u>\$ 6,610,730</u>

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

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of the Governmental Funds to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2021**

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

Net change in fund balances - total governmental funds	\$ 1,095,639
--	--------------

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	\$ 639,107	
Depreciation expense for governmental assets	<u>(827,503)</u>	(188,396)

Gain on disposal of governmental assets		(161,256)
---	--	-----------

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		234,080
--	--	---------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues		(9,857)
--	--	---------

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

New long-term debt issued	\$ (450,000)	
Principal payments on long-term debt	<u>160,791</u>	(289,209)

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 governmental funds:

Compensated absences	\$ (15,829)	
Pension expense	(412,930)	
OPEB plan expense	<u>(245,170)</u>	<u>(673,929)</u>

Total changes in net position of governmental activities		<u>\$ 7,072</u>
--	--	-----------------

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Annual Budget and Actual - General Fund
For the Year Ended June 30, 2021

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	2,700,000	\$ 2,700,000	\$ 2,828,088	\$ 128,088
Other taxes and licenses	200	200	181	(19)
Intergovernmental revenues:				
Unrestricted	2,218,000	2,215,000	2,737,244	522,244
Restricted	132,000	135,000	125,286	(9,714)
Sales and services	575,000	575,000	456,707	(118,293)
Investment earnings	125,000	125,000	2,161	(122,839)
Miscellaneous revenue	47,000	99,300	249,510	150,210
Total revenues	<u>5,797,200</u>	<u>5,849,500</u>	<u>6,399,177</u>	<u>549,677</u>
Expenditures				
Current:				
General government	874,800	826,438	701,366	125,072
Public safety	3,572,100	3,572,100	3,132,461	439,639
Public works	845,400	877,513	706,563	170,950
Cultural and recreational	818,600	871,791	742,228	129,563
Economic and physical development	282,000	296,249	231,866	64,383
Debt payments	106,300	177,681	168,666	9,015
Total expenditures	<u>6,499,200</u>	<u>6,621,772</u>	<u>5,683,150</u>	<u>938,622</u>
Revenues over (under) expenditures	<u>(702,000)</u>	<u>(772,272)</u>	<u>716,027</u>	<u>1,488,299</u>
Other Financing Sources (Uses)				
Debt proceeds	<u>712,000</u>	<u>712,000</u>	<u>450,000</u>	<u>(262,000)</u>
Total other financing sources (uses)	<u>712,000</u>	<u>712,000</u>	<u>450,000</u>	<u>(262,000)</u>
Fund balance appropriated	<u>60,000</u>	<u>103,100</u>	<u>-</u>	<u>(103,100)</u>
Net changes in fund balances	<u>\$ 70,000</u>	<u>\$ 42,828</u>	<u>1,166,027</u>	<u>\$ 1,123,199</u>
Fund balances, beginning			<u>5,259,410</u>	
Fund balances, ending			<u>\$ 6,425,437</u>	

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

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Net Position
Proprietary Fund
June 30, 2021

Exhibit 8

	<u>Water and Sewer Fund</u>
Assets	
Current assets:	
Cash and equivalents	\$ 3,017,216
Account receivables, net	608,979
Due from other governments	17,300
Inventories	103,376
Total current assets	<u>3,746,871</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	468,534
Other capital assets, net of depreciation	5,896,207
Total non-current assets	<u>6,364,741</u>
Total assets	<u>10,111,612</u>
Deferred Outflows of Resources	
Pension deferrals	31,975
OPEB deferrals	464
Total deferred outflows of resources	<u>32,439</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	66,625
Customer deposits	78,928
Accrued interest payable	21,731
Compensated absences - current	11,000
Notes payable- current	66,907
Installment purchase agreements payable - current	105,530
Total current liabilities	<u>350,721</u>
Noncurrent liabilities:	
Total OPEB liability	295,283
Net pension liability	269,387
Compensated absences - noncurrent	47,003
Notes payable- noncurrent	829,491
Installment purchase agreements payable - noncurrent	842,178
Total noncurrent liabilities	<u>2,283,342</u>
Total Liabilities	<u>2,634,063</u>
Deferred Inflows of Resources	
Pension deferrals	19,696
OPEB deferrals	50,755
Total deferred inflows of resources	<u>70,451</u>
Net Position	
Net investment in capital assets	5,417,033
Unrestricted	2,022,504
Total net position	<u>\$ 7,439,537</u>

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

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2021

Exhibit 9

	<u>Water and Sewer Fund</u>
Operating revenues:	
Water sales	\$ 1,364,648
Sewer charges	1,273,908
Water and sewer taps	12,500
Other operating revenues	46,269
Total operating revenues	<u>2,697,325</u>
Operating expenses:	
Water and treatment and distribution	985,785
Water and sewer maintenance	149,904
Wastewater treatment	545,077
Wastewater maintenance	83,530
Depreciation	439,569
Total operating expenses	<u>2,203,865</u>
Operating income	<u>493,460</u>
Non-operating expenses:	
PTRWA administration operating costs	(36,833)
Interest and other charges	(42,147)
Total non-operating expenses	<u>(78,980)</u>
Change in net position	<u>414,480</u>
Total net position, previously reported	<u>7,025,057</u>
Total net position, ending	<u><u>\$ 7,439,537</u></u>

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

Exhibit 10

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 2,681,676
Cash paid for goods and services	(1,184,483)
Cash paid to employees for services	(424,295)
Other operating revenues	46,269
Net cash provided by operating activities	<u>1,119,167</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(398,965)
Payments for PTRWA administration operating costs	(36,833)
Principal paid on bonds and installment purchase agreements	(171,786)
Interest paid on bonds and installment purchase agreements	(42,147)
Net cash used in capital and related financing activities	<u>(649,731)</u>
Net increase in cash and cash equivalents	469,436
Balances, beginning	2,547,780
Balances, ending	<u>\$ 3,017,216</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 493,460</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	439,569
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	30,620
Due from other governments	(5,338)
Inventory	(6,596)
Deferred outflows of resources for pension	27,887
Deferred outflows of resources for OPEB	76
Increase (decrease) in:	
Accounts payable and accrued liabilities	(22,197)
Customer deposits	8,520
Accrued compensated absences	7,352
Deferred inflows of resources for pension	3,686
Deferred inflows of resources for OPEB	5,344
Net pension liability	51,109
OPEB liability	85,675
Total adjustments	<u>625,707</u>
Net cash provided by operating activities	<u>\$ 1,119,167</u>

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

CITY OF RANDLEMAN, NORTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2021

Exhibit 11

	<u>Fireman's Relief Fund</u>
Assets:	
Cash and cash equivalents	<u>\$ 126,005</u>
Total assets	<u><u>\$ 126,005</u></u>
Liabilities:	
Intergovernmental payable	<u>\$ 126,005</u>
Total liabilities	<u><u>\$ 126,005</u></u>



NOTES TO THE FINANCIAL STATEMENTS

CITY OF RANDLEMAN, NORTH CAROLINA

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Randleman, North Carolina (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:

Reporting Entity

The City is a municipal corporation which is governed by an elected mayor and a five-member board of aldermen. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, the City of Randleman ABC Board, 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 Randleman ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the City of Randleman ABC Board may be obtained from the entity's administrative offices at 100 Hilliary Street, Randleman, NC 27317.

Basis of Presentation

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, parks and recreation, and general government services.

The City reports the following non-major governmental funds:

Police Department Renovations Fund – This fund is used to account for renovations to the police department headquarters.

Downtown Improvements Fund – This fund is used to account for the renovations to the City's downtown.

Sidewalks Improvements Fund – This fund is used to account for renovations and repairs to the City's sidewalks.

The City reports the following major proprietary fund:

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

The City reports the following fund type:

Agency Fund – Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the City holds on behalf of others. The City maintains a Fireman's Relief Fund for the assistance to firemen and their families.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects 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 project level for the multi-year funds. The City Manager is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$1,000; however, any revisions that alter the total expenditures of any fund or that change departmental appropriations by more than \$1,000 must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments (Continued)

The NCCMT Government Portfolio, a SEC-registered (2a-7) 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. As of June 30, 2021, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than six months.

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

Cash and Cash Equivalents

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

The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Assets

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

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 property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance for Doubtful Accounts

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

Inventory and Prepaid Items

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates net realizable value.

The inventories of the City's enterprise fund and those of the City of Randleman ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is an expense when consumed rather than when purchased.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory and Prepaid Items (Continued)

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 the items are used.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: software, equipment and supplies unit cost, \$5,000; vehicles (except for vehicles having a useful life of three years or less), \$10,000; all inexhaustible assets, \$1,000; buildings and improvements, \$20,000; and infrastructure, \$100,000. Purchased or constructed capital assets are reported 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. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	5-10 years
Infrastructure, buildings and improvements	15-50 years
Equipment, heavy equipment and plant facilities and distribution system	40 years
System improvements	15 years
Equipment and heavy vehicles	5-10 years
Software	5-7 years

Depreciation of ABC Board fixed assets is calculated on the straight-line method over their estimated useful lives.

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building	40 years
Store and administrative equipment	7 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meets this criterion – pension deferrals and OPEB deferrals. In addition to liabilities, the statement of net 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 three items that meet the criterion for this category – prepaid taxes, and pension and OPEB deferrals.

Long-Term Obligations

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

Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide statements.

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. Since 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.

Net Position/Fund Balances

Net Position

Net position in the 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 comprised of three classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

The governmental fund types classify fund balances as follows:

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 – 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 and is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as 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 Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

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

Capital projects – portion of fund balance that is assigned for various capital projects throughout the City that were approved by the governing body.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted. The governing body approves the appropriation.

Unassigned Fund Balance – the portion of fund balance that has not been restricted or assigned to specific purposes or other funds.

The Finance Officer has been given the authority to spend resources in the order deemed in the best interest of the City. For purposes of fund balance classification, expenditures are spent from restricted fund balance first, followed by assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City of Randleman has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of General Fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues, Expenditures and Expenses

Other Resources

The ABC Board makes quarterly transfers to the City's General Fund. These transfers represent the City's portion of the Board's surpluses that the ABC Board is required by State statute to distribute to the City.

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Randleman, North Carolina's employer contributions are recognized when due and the City of Randleman, North Carolina 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the City's capital outlay section of the Downtown Improvements Capital Projects Fund exceeded the authorized appropriations made by the governing board by \$14,707. This over-expenditure occurred because of unplanned expenditures. Management and the Board will more closely review the budget reports to ensure compliance in future years.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

All deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding 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.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Deposits (Continued)

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, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2021, the City's deposits, which include the Firemen's Relief Fund, had a carrying amount of \$679,632 and a bank balance of \$697,359. Of the bank balance, \$25,000 was covered by federal depository insurance, and \$447,359 in interest-bearing deposits was covered by collateral held under the Pooling Method. Also included in the City's cash balance is \$350 in petty cash on hand.

At June 30, 2021, the ABC Board's deposits had a carrying amount of \$596,251 and a bank balance of \$621,870. All of the bank balance was covered by federal depository insurance and collateral securities.

Investments

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

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2021</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value, Level 1	\$ 8,383,428	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value, Level 1	-	0.15 years	Unrated
Total		<u>\$ 8,383,428</u>		

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Investments (Continued)

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The City has no policy regarding interest rate, credit, custodial credit or concentration of credit risks.

The City of Randleman ABC Board has no investments. All funds are in deposit type accounts.

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts: Enterprise Fund – Customer accounts receivable in the amount of \$11,743.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 801,808	\$ -	\$ -	\$ 801,808
Construction in progress	472,133	70,388	-	542,521
Total capital assets not being depreciated	1,273,941	70,388	-	1,344,329
Capital assets being depreciated:				
Land improvements	2,203,358	-	-	2,203,358
Buildings and improvements	6,616,249	-	202,167	6,414,082
Infrastructure	1,824,055	-	-	1,824,055
Equipment and heavy equipment	6,780,524	12,998	-	6,793,522
Vehicles	173,929	555,721	-	729,650
Other	543,659	-	-	543,659
Total capital assets being depreciated	18,141,774	568,719	202,167	18,508,326
Less accumulated depreciation for:				
Land improvements	1,006,943	182,377	-	1,189,320
Buildings and improvements	2,481,318	162,391	40,911	2,602,798
Infrastructure	520,144	65,301	-	585,445
Equipment and heavy equipment	5,296,432	309,908	-	5,606,340
Vehicles	12,017	72,958	-	84,975
Other	306,651	34,568	-	341,219
Total accumulated depreciation	9,623,505	827,503	40,911	10,410,097
Total capital assets being depreciated, net	8,518,269			8,098,229
Government activity capital assets, net	\$ 9,792,210			\$ 9,442,558

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

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

General Government	\$ 69,924
Public Safety	369,397
Public Works	112,458
Economic and Physical	109,810
Cultural and Recreation	165,914
Total depreciation expense	<u>\$ 827,503</u>

Business-Type Activities - Water and Sewer Fund:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 7,275	\$ -	\$ -	\$ 7,275
Construction in progress	313,520	147,739	-	461,259
Total capital assets not being depreciated	<u>320,795</u>	<u>147,739</u>	<u>-</u>	<u>468,534</u>
Capital assets being depreciated:				
System improvements	3,405,999	-	-	3,405,999
Water rights	1,463,095	-	-	1,463,095
Buildings and improvements	2,309,554	-	-	2,309,554
Water distribution system	7,412,172	-	-	7,412,172
Other assets	76,743	-	-	76,743
Equipment and heavy vehicle	1,304,070	251,226	-	1,555,296
Total capital assets being depreciated	<u>15,971,633</u>	<u>251,226</u>	<u>-</u>	<u>16,222,859</u>
Less accumulated depreciation for:				
System improvements	1,335,120	128,269	-	1,463,389
Water rights	285,304	29,262	-	314,566
Buildings and improvements	1,827,175	69,121	-	1,896,296
Water distribution system	5,461,273	129,805	-	5,591,078
Other assets	4,911	7,107	-	12,018
Equipment and heavy vehicle	973,300	76,005	-	1,049,305
Total accumulated depreciation	<u>9,887,083</u>	<u>439,569</u>	<u>-</u>	<u>10,326,652</u>
Total capital assets being depreciated, net	<u>6,084,550</u>			<u>5,896,207</u>
Business-type activities capital assets, net	<u>\$ 6,405,345</u>			<u>\$ 6,364,741</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the ABC Board for the year end June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 80,170	\$ -	\$ -	\$ 80,170
Total capital assets not being depreciated	80,170	-	-	80,170
Capital assets being depreciated:				
Buildings	538,798	-	-	538,798
Store and administrative equipment	58,048	31,707	-	89,755
Total capital assets being depreciated	596,846	31,707	-	628,553
Less accumulated depreciation:				
Buildings	266,296	13,957	-	280,253
Store and administrative equipment	48,092	3,466	-	51,558
Total accumulated depreciation	314,388	17,423	-	331,811
ABC capital assets, net	<u>\$ 362,628</u>			<u>\$ 376,912</u>

Liabilities

Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The City of Randleman, North Carolina 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 of Randleman, North Carolina's contractually required contribution rate for the year ended June 30, 2021, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Randleman, North Carolina were \$292,600 for the year ended June 30, 2021.

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

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

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

At June 30, 2021, the City reported a liability of \$1,501,196 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing updated procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participants, LGERS employers, actuarially determined. At June 30, 2020 the City's proportion was 0.042%, which was consistent with its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$486,428. At June 30, 2021, 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	\$ 189,575	\$ -
Changes of assumptions	111,718	-
Net difference between projected and actual earnings on pension plan investments	211,254	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	98,998
City contributions subsequent to the measurement date	292,600	-
	<u>\$ 805,147</u>	<u>\$ 98,998</u>

\$292,600 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, 2022. Other amounts reported as deferred inflows of resources, net, or deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2022	\$ 102,940
2023	160,214
2024	87,875
2025	62,520
	<u>\$ 413,549</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

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

Inflation	3.00%
Salary increase	3.50 to 8.10%, including inflation and productivity factor
Investment	7.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation 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.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

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

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

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 3,045,764	\$ 1,501,196	\$ 217,552

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.

b. Law Enforcement Officers Special Separation Allowance

Plan Description

The City of Randleman 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 0.85% 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.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

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

Retirees receiving benefits	-
Terminated plan member entitled to but not yet receiving benefits	-
Active plan members	<u>16</u>
	<u>16</u>

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.25 to 7.75% including inflation and productivity factor
Discount rate	1.93%

The discount rate is based on the yield of the S&P Municipal Bond 20-year High Grade Rate Index determined as of December 31, 2019.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements using MP-2015.

Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. 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 did not pay any benefits for the reporting period.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

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

At June 30, 2021, the City reported a total pension liability of \$543,728. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$66,563.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,844	\$ -
Changes of assumptions and other inputs	175,674	9,648
City benefit payments and plan administrative expense made subsequent to the measurement date	-	-
	<u>\$ 200,518</u>	<u>\$ 9,648</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2022	\$ 35,169
2023	35,169
2024	35,471
2025	33,097
2026	32,368
Thereafter	19,596
	<u>\$ 190,870</u>

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 1.93 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93%) or 1-percentage-point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
City's proportionate share of the net pension liability	\$ 599,763	\$ 543,728	\$ 493,039

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

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

Beginning balance	\$ 311,808
Service cost	21,229
Interest on the total pension liability	10,165
Change in benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	13,544
Changes of assumptions or other inputs	186,982
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 543,728</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 U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2019.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 486,428	\$ 66,563	\$ 552,991
Pension Liability	1,501,197	543,728	2,044,925
Proportionate share of the net pension liability	0.042%	n/a	

Deferred Outflow of Resources

Differences between expected and actual experience	189,575	24,844	214,419
Changes of assumptions	111,718	175,674	287,392
Net difference between projected and actual earnings on plan investments	211,254	-	211,254
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	292,600	-	292,600

Deferred Inflows of Resources

Differences between expected and actual experience	-	-	-
Changes of assumptions	-	9,648	9,648
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	98,998	-	98,998

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy: Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the Plan.

The City made contributions of \$37,808 for the reporting year. No amounts were forfeited.

Other Post-Employment Benefits

Healthcare Benefits

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

Benefits Provided: Retirees of the City who participate in the North Carolina Local Governmental Employees' Retirement System and have at least five years of creditable service with the City are eligible for post-employment health care benefits. The City pays the full cost of coverage for these benefits for employees that have thirty years of creditable service with the City; for employees that have twenty-five years of creditable service, the City pays 85% of the cost of coverage for these benefits; and for employees that have twenty years of creditable service, the City pays 75% of the cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the City's group rates. A separate report is not issued for the plan.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Healthcare Benefits (Continued)

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

	General Employees	Law Enforcement Officers
Retirees receiving benefits	5	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	39	16
Total	44	16

Total OPEB Liability

The City's total OPEB liability of \$1,736,959 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 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%
Salary increases, including wage inflation	
General Employees	3.50% to 7.75%
Firefighters	3.50% to 7.75%
Law Enforcement Officers	3.50% to 7.35%
Discount rate	3.50%
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Dental	4.00%

The discount rate is based on the yield of the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Healthcare Benefits (Continued)

Changes in the Total OPEB liability

Balance at July 1, 2020	\$ 1,397,387
Service cost	88,254
Interest	51,637
Change in benefit terms	258,755
Differences between expected and actual experience	(343,962)
Changes in assumptions or other inputs	305,674
Benefit payments	<u>(20,786)</u>
Balance at June 30, 2021	<u>\$ 1,736,959</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease	Discount Rate (2.21)	1% Increase
Total OPEB liability	\$ 2,038,779	\$ 1,736,959	\$ 1,491,864

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	Discount Rate	1% Increase
Total OPEB liability	\$ 1,471,664	\$ 1,736,959	\$ 2,077,058

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Healthcare Benefits (Continued)

For the year ended June 30, 2021, the City recognized OPEB expense of \$361,531. At June 30, 2021, 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	\$ 2,322	\$ 570,833
Changes of assumptions or other inputs	331,700	59,023
Total	<u>\$ 334,022</u>	<u>\$ 629,856</u>

Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2022	\$ (41,595)
2023	(41,595)
2024	(41,595)
2025	(41,595)
2026	(41,595)
Thereafter	(87,859)
	<u>\$ (295,834)</u>

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 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.

All death benefit payments are made from the Death Benefit Plan. 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. The City considers these contributions to be immaterial.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 292,600
Differences between expected and actual experience	216,741
Changes in assumptions	619,092
Net difference between projected and actual	211,254
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
	<u>\$ 1,339,687</u>

Deferred inflows of resources at year-end are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 13	\$ 13
Taxes receivable, net (General Fund)	-	30,440
Tipping fees, net (General Fund)	-	55,329
Storm water fees, net (General Fund)	-	7,432
Privilege license fees, net (General Fund)	-	4,818
Change in assumptions	68,671	-
Difference between expected and actual experience	570,833	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	98,998	-
	<u>\$ 738,515</u>	<u>\$ 98,032</u>

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City has property, general liability, and auto liability coverage of \$1 million per occurrence, 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. 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 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 the certified public accountants, and the audited statements are available to the City upon request.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

The City is also covered through the League of Municipalities for flood insurance damages. The limit for any one maximum loss is \$2.5 million with a \$50,000 deductible. This coverage only applies to buildings and structures mapped and designated as "B, C, or X" areas.

The City carries commercial coverage for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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 for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

Claims, Judgments and Contingent Liabilities

At June 30, 2021, there was no material pending or threatened litigation, claims or assessments involving the City of Randleman.

Long-Term Obligations

Installment Purchases

The City has entered into the following installment purchase contracts:

In June 2014, the City entered into a direct placement installment financing agreement of \$975,000 to finance downtown improvements. The property is pledged as collateral for the debt while the debt is outstanding. The financing agreement requires monthly principal payments of \$8,125 plus interest at a rate of 2.54%.

In May 2019, the City entered into a direct placement installment financing agreement of \$260,000 to finance waterline replacements and improvements. The property is pledged as collateral for the debt while the debt is outstanding. The financing agreement requires semiannual principal payments of \$8,667 with an interest rate of 3.59%.

In May 2020, the City entered into a direct placement installment financing agreement of \$278,169 to finance the purchase of a tanker truck. The property is pledged as collateral for the debt while the debt is outstanding. The financing agreement requires monthly payments of \$10,757 with an interest rate of 2.23%.

In December 2020, the City entered into a direct placement installment financing agreement of \$210,000 to finance the purchase of a leaf truck. The property is pledged as collateral for the debt while the debt is outstanding. The financing agreement requires quarterly payments of \$7,070 with an interest rate of 2.09%.

In June 2021, the City entered into a direct placement installment financing agreement of \$240,000 to finance the purchase of a fire truck. The property is pledged as collateral for the debt while the debt is outstanding. The financing agreement requires quarterly payments of \$9,220 with an interest rate of 2.04%.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Installment Purchases (Continued)

Annual debt service requirements of the installment purchases as of June 30, 2021, including \$115,947 of interest, are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 192,331	\$ 19,653	\$ 17,333	\$ 7,934
2023	194,336	15,142	17,333	7,312
2024	196,445	10,586	17,333	6,689
2025	101,069	7,121	17,333	6,067
2026	103,238	4,952	17,333	5,445
2027-2031	169,959	3,421	86,667	17,891
2032-2036	-	-	52,002	3,734
Totals	<u>\$ 957,378</u>	<u>\$ 60,875</u>	<u>\$ 225,334</u>	<u>\$ 55,072</u>

Notes Payable

Notes payable - Water and Sewer Fund consists of the following at June 30, 2021:

North Carolina Clean Water Revolving Loan:

On May 23, 2017, the City executed a noninterest bearing note with the State of North Carolina to borrow \$467,580 in accordance with the North Carolina Education, Clean Water and Parks Revolving Bond Act of 1993. Annual principal payments of \$23,379 are required through May 1, 2037.

\$ 374,064

On June 1, 2013, the City executed a note with the State of North Carolina to borrow up to \$870,555 in accordance with the North Carolina Education, Clean Water and Parks Revolving Bond Act of 1993. Annual principal payments are required through May 1, 2033. Interest at 2.00% is payable on November 1 and May 1 of each year until the loan is repaid.

522,334
\$ 896,398

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Notes Payable (Continued)

Annual debt service requirements to maturity for the note payable - Water and Sewer Fund at June 30, 2021 are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2022	\$ 66,907	\$ 10,447
2023	66,907	9,576
2024	66,907	8,706
2025	66,907	7,835
2026	66,907	6,964
2027-2031	334,535	21,764
2032-2036	203,948	2,611
2037-2041	23,380	-
Totals	<u>\$ 896,398</u>	<u>\$ 67,903</u>

PTRWA Obligation

The City has guaranteed \$1,429,389 of debt of the Piedmont Triad Regional Water Authority (the "Authority"), and the City is required to make semiannual payments to the Authority of \$53,754. These payments include interest at 2.75%.

Annual debt service requirements of the PTRWA Obligation as of June 30, 2021, including \$82,189 of interest, are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2022	\$ 88,197	\$ 19,311
2023	90,639	16,869
2024	93,149	14,359
2025	95,728	11,780
2026	98,379	9,130
2027-2031	256,282	10,740
Totals	<u>\$ 722,374</u>	<u>\$ 82,189</u>

At June 30, 2021, the City of Randleman had a legal debt margin of \$35,601,882.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Changes in Long-Term Liabilities

Compensated absences typically have been liquidated in the General Fund.

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental Activities:					
Direct placement					
installment purchases	\$ 668,169	\$ 450,000	\$ 160,791	\$ 957,378	\$ 192,331
Compensated absences	231,007	39,959	24,130	246,836	24,000
Other post employment benefits	1,187,779	253,897	-	1,441,676	-
Net pension liability (LGERS)	982,236	250,715	-	1,232,951	-
Total pension liability (LEO)	311,808	231,920	-	543,728	-
Governmental Activity Long-term Liabilities	<u>\$ 3,380,999</u>	<u>\$ 1,226,491</u>	<u>\$ 184,921</u>	<u>\$ 4,422,569</u>	<u>\$ 216,331</u>
Business-Type Activities:					
Direct placement					
installment purchases	\$ 242,667	\$ -	\$ 17,333	\$ 225,334	\$ 17,333
Notes payable	963,304	-	66,906	896,398	66,907
PTRWA obligation	809,921	-	87,547	722,374	88,197
Other post employment benefits	209,608	85,675	-	295,283	-
Net pension liability (LGERS)	218,278	49,968	-	268,246	-
Compensated absences	50,651	18,524	11,172	58,003	11,000
Business-Type Activity Long-term Liabilities	<u>\$ 2,494,429</u>	<u>\$ 154,167</u>	<u>\$ 182,958</u>	<u>\$ 2,465,638</u>	<u>\$ 183,437</u>

NOTE 4 - COMMITMENTS

The City of Randleman is obligated to pay the City's pro rata share (2.08%) of the Piedmont Triad Regional Water Authority's annual operating budget.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 5 - 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	\$ 6,425,437
Less:	
Stabilization by State Statute	846,328
Street - Powell Bill	774,552
Appropriated Fund balance in 2020 budget	120,000
Working Capital / Fund Balance Policy	613,289
Remaining Fund Balance	<u>\$ 4,071,268</u>

The City of Randleman has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the City in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

NOTE 6 - JOINT VENTURES

Firemen's Relief Fund

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 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, 2021, the City reported 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, 2021. 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, North Carolina 27603.

CITY OF RANDLEMAN, NORTH CAROLINA
Notes to Financial Statements

NOTE 6 - JOINT VENTURES (Continued)

Piedmont Triad Regional Water Authority

The City, in conjunction with five other governments, participated in the Piedmont Triad Regional Water Authority. The Authority was established to construct a dam facility, water treatment plant and related distribution lines. The Authority began construction of the dam in 2001, and the participating governments are legally obligated under the intergovernmental agreement that created the Authority to contribute a pre-determined share of the construction costs. According to the joint governmental agreement, the participating governments do not have an equity interest in the joint venture, but rather rights to water in the reservoir. After a water treatment plant is constructed, the participating governments have the right to purchase future treated water based upon their pre-determined share, according to a uniform rate structure to be set by the Authority. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 2216 West Meadowview Road, Greensboro, North Carolina.

NOTE 7 - JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with 7 counties and 42 other municipalities established the Piedmont Triad Regional Council of Governments ("Council"). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$877 to the Council during the fiscal year ended June 30, 2021.

NOTE 8 - RELATED ORGANIZATION

The five-member board of the City of Randleman Housing Authority is appointed by the mayor of the City of Randleman. 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 of Randleman is also disclosed as a related organization in the notes to the financial statements for the City of Randleman Housing Authority.

NOTE 9 - 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.

NOTE 10 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through October 29, 2021, the date the financial statements were available to be issued.



RANDLEMAN

★ **NORTH CAROLINA** ★

**REQUIRED SUPPLEMENTARY
FINANCIAL DATA**

CITY OF RANDLEMAN, NORTH CAROLINA
Local Government Employees' Retirement System -
City of Randleman's Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information

	2021	2020	2019	2018	2017	2016	2015	2014
Randleman's proportion of the net pension liability (asset) (%)	0.04201%	0.04396%	0.04465%	0.04518%	0.04743%	0.05129%	0.04090%	0.04178%
Randleman's proportion of the net pension liability (asset) (\$)	\$ 1,501,197	\$ 1,200,514	\$ 1,059,252	\$ 690,225	\$ 1,006,623	\$ 230,187	\$ (246,397)	\$ 493,002
Randleman's covered-employee payroll	\$ 2,674,581	\$ 2,595,609	\$ 2,452,352	\$ 2,419,632	\$ 2,493,647	\$ 2,445,608	\$ 2,234,536	\$ 1,847,292
Randleman's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.13%	46.25%	43.19%	28.53%	40.37%	9.41%	-11.03%	26.69%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

Local Government Employees' Retirement System -
City of Randleman's Schedule of Contributions

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 246,103	\$ 246,103	\$ 207,738	\$ 190,134	\$ 181,784	\$ 167,007	\$ 166,973	\$ 154,577
Contributions related to the contractual required contribution	246,103	246,103	207,738	190,134	181,784	167,007	166,973	154,577
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Randleman's covered-employee payroll	\$ 2,821,709	\$ 2,674,581	\$ 2,595,609	\$ 2,452,352	\$ 2,419,632	\$ 2,493,647	\$ 2,445,608	\$ 2,445,608
Contributions as a percentage of covered-employee payroll	8.72%	9.20%	8.00%	7.75%	7.51%	6.70%	6.83%	6.32%

CITY OF RANDLEMAN, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance -
Schedule of Changes in Total Pension Liability
Required Supplementary Information

	2021	2020	2019	2018	2017
Beginning balance	\$ 311,808	\$ 260,625	\$ 237,277	\$ 192,338	\$ 176,821
Service cost	21,229	19,329	19,573	16,223	15,659
Interest on the total pension liability	10,165	9,487	7,498	7,424	6,313
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience in the measurement of the total pension liability	13,544	10,128	10,173	1,429	-
Changes of assumptions or other inputs	186,982	12,239	(13,896)	19,863	(6,455)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 543,728</u>	<u>\$ 311,808</u>	<u>\$ 260,625</u>	<u>\$ 237,277</u>	<u>\$ 192,338</u>

Law Enforcement Officers' Special Separation Allowance -
Schedule of Total Pension Liability as a Percentage of Covered Payroll

	2021	2020	2019	2018	2017
Total pension liability	\$ 543,728	\$ 311,808	\$ 260,625	\$ 237,277	\$ 192,338
Covered payroll	723,559	723,175	698,859	648,446	634,477
Total pension liability as a percentage of covered payroll	75.15%	43.12%	37.29%	36.59%	30.31%

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Changes in Total OPEB Liability and Related Ratios
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 88,254	\$ 81,194	\$ 108,622	\$ 117,820
Interest	51,637	47,507	51,195	42,169
Change in benefit terms	258,755	-	-	-
Difference between expected and actual experience	(343,962)	(5,420)	(361,464)	3,838
Change in assumptions	305,674	62,406	8,758	(97,535)
Benefit payments	(20,786)	(18,960)	(28,757)	(29,700)
Net change in total OPEB liability	339,572	166,727	(221,646)	36,592
Total OPEB liability - beginning	1,397,387	1,230,660	1,452,306	1,415,714
Total OPEB liability - ending	<u>\$ 1,736,959</u>	<u>\$ 1,397,387</u>	<u>\$ 1,230,660</u>	<u>\$ 1,452,306</u>

Notes to 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>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%



SUPPLEMENTAL STATEMENTS

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2021

Schedule 1
(Page 1 of 5)

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,692,000	\$ 2,827,880	\$ 135,880
Prior years	5,000	16	(4,984)
Penalties and interest	3,000	192	(2,808)
Total	2,700,000	2,828,088	128,088
Other taxes and licenses:			
Vehicle tag fee	-	1	1
Privilege licenses	200	180	(20)
Total	200	181	(19)
Intergovernmental revenues:			
Unrestricted:			
Local option sales tax	990,000	1,197,572	207,572
Utilities franchise tax	490,000	588,129	98,129
Randolph County fire district	515,000	657,759	142,759
ABC distribution	200,000	275,839	75,839
Beer and wine tax	20,000	17,445	(2,555)
Fire inspection revenue	-	500	500
Total	2,215,000	2,737,244	522,244
Restricted:			
Randolph County - Library	12,000	12,000	-
Solid waste disposal tax	3,000	2,351	(649)
Powell bill street allocation	120,000	110,935	(9,065)
Total	135,000	125,286	(9,714)
Sales and services:			
Rents and concessions	-	1,750	1,750
Recreation service revenues	194,000	76,062	(117,938)
Library fees	13,000	2,195	(10,805)
Storm water fees	35,000	39,769	4,769
Tipping fees	333,000	336,931	3,931
Total	575,000	456,707	(118,293)
Investment earnings	125,000	2,161	(122,839)
Miscellaneous:			
Fundraising	2,300	9,637	7,337
Other	97,000	239,873	142,873
Total	99,300	249,510	150,210
Total Revenues	5,849,500	6,399,177	549,677

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund (Continued)
For the Fiscal Year Ended June 30, 2021

Schedule 1
(Page 2 of 5)

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	\$ 33,000	\$ 31,838	\$ 1,162
Administration:			
Salaries and employee benefits		156,938	
Professional services		36,939	
Telephone and postage		14,650	
Travel and school		2,435	
Insurance		160,513	
Other services and charges		44,361	
Dues and subscriptions		26,271	
Supplies		13,003	
Contracted services		44,693	
Utilities		7,209	
Total	614,638	507,012	107,626
Central Garage:			
Salaries and employee benefits		116,288	
Automotive supplies		3,779	
Capital outlay		12,998	
Other services and charges		29,451	
Total	178,800	162,516	16,284
Total general government	826,438	701,366	125,072
Public safety:			
Police:			
Salaries and employee benefits		979,599	
Departmental supplies		59,511	
Telephone		20,947	
Uniforms		8,014	
Fundraising		375	
Other services and charges		68,295	
Capital outlay		90,418	
Total	1,348,700	1,227,159	121,541

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund (Continued)
For the Fiscal Year Ended June 30, 2021

Schedule 1
(Page 3 of 5)

	Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Public safety (Continued):			
Fire:			
Salaries and employee benefits		\$ 1,218,712	
Fire calls		127,926	
Departmental supplies		124,964	
Medical supplies		32,016	
Utilities		15,491	
Telephone and postage		13,637	
Uniforms		13,290	
Capital outlay		336,805	
Other services and charges		22,461	
Total	\$ 2,223,400	1,905,302	\$ 318,098
Total public safety	3,572,100	3,132,461	439,639
Public works:			
Streets:			
Salaries and employee benefits		125,420	
Utilities		70,278	
Maintenance and repairs		1,956	
Supplies and materials		13,455	
Capital outlay		33,960	
Other services and charges		3,418	
Total	416,313	248,487	167,826
Sanitation:			
Salaries and employee benefits		98,053	
Supplies		5,905	
Gas and automotive supplies		42,346	
Recycling and landfill		101,543	
Capital outlay		210,018	
Other services and charges		211	
Total	461,200	458,076	3,124
Total public works	877,513	706,563	170,950

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

(Page 4 of 5)

Budget and Actual - General Fund (Continued)

For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Cultural and recreational:			
Recreation:			
Salaries and employee benefits		\$ 205,799	
Utilities		23,777	
Gas and supplies		64,075	
Uniforms		22,996	
Special events		17,496	
Fundraising		127	
Capital outlay		16,531	
Other services and charges		120,898	
Total	\$ 549,891	471,699	\$ 78,192
Library:			
Salaries and employee benefits		213,998	
Utilities		8,763	
Books		12,000	
Maintenance and repairs		11,610	
Fundraising		854	
Other services and charges		23,304	
Total	321,900	270,529	51,371
Total cultural and recreational	871,791	742,228	129,563
Economic and physical development:			
Industrial development		7,000	
Senior citizens		30,000	
Other expenditures		99,945	
Capital outlay		17,652	
Total economic and physical development	158,362	154,597	3,765
Planning and zoning:			
Salaries and employee benefits		66,355	
Other services and charges		10,914	
Total planning and zoning	137,887	77,269	60,618

CITY OF RANDLEMAN, NORTH CAROLINA**Schedule 1****Schedule of Revenues, Expenditures, and Changes in Fund Balances -****(Page 5 of 5)****Budget and Actual - General Fund (Continued)****For the Fiscal Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued):			
Supplemental Budget Appropriations:			
Debt principal and interest payments	<u>\$ 177,681</u>	<u>\$ 168,666</u>	<u>\$ 9,015</u>
Total supplemental budget appropriations	<u>177,681</u>	<u>168,666</u>	<u>9,015</u>
Total expenditures	<u>6,621,772</u>	<u>5,683,150</u>	<u>938,622</u>
Revenues over (under) expenditures	<u>(772,272)</u>	<u>716,027</u>	<u>1,488,299</u>
Other Financing Sources:			
Debt proceeds	<u>712,000</u>	<u>450,000</u>	<u>(262,000)</u>
Total	<u>712,000</u>	<u>450,000</u>	<u>(262,000)</u>
Fund balance appropriated	103,100	-	(103,100)
Net change in fund balance	<u>\$ 42,828</u>	1,166,027	<u>\$ 1,123,199</u>
Fund balance, beginning		<u>5,259,410</u>	
Fund balance, ending		<u>\$ 6,425,437</u>	

CITY OF RANDLEMAN, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Schedule 2

	Police Department Renovation Fund	Downtown Improvements Fund	Sidewalk Improvements Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 200,000	\$ 200,000
Due from other governments	-	4,927	-	4,927
Total assets	<u>\$ -</u>	<u>\$ 4,927</u>	<u>\$ 200,000</u>	<u>\$ 204,927</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 19,634	\$ -	\$ 19,634
Total liabilities	<u>-</u>	<u>19,634</u>	<u>-</u>	<u>19,634</u>
Fund Balances:				
Restricted for:				
Cultural and recreational	-	(14,707)	200,000	185,293
Total fund balances	<u>-</u>	<u>(14,707)</u>	<u>200,000</u>	<u>185,293</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 4,927</u>	<u>\$ 200,000</u>	<u>\$ 204,927</u>

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 3

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Police Department Renovations Fund	Downtown Improvements Fund	Sidewalks Improvements Fund	Total Nonmajor Governmental Funds
Expenditures				
Current:				
Capital outlay	\$ -	\$ 70,388	\$ -	\$ 70,388
Total expenditures	-	70,388	-	70,388
Revenues over (under) expenditures	-	(70,388)	-	(70,388)
Other Financing Sources (Uses)				
Other income	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	-	(70,388)	-	(70,388)
Fund balances, beginning	-	55,681	200,000	255,681
Fund balances, ending	\$ -	\$ (14,707)	\$ 200,000	\$ 185,293

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 4

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

Capital Projects Fund - Downtown Improvements

From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Downtown Improvements:					
Capital outlay	\$ 176,000	\$ 120,319	\$ 70,388	\$ 190,707	\$ (14,707)
Total expenditures	<u>176,000</u>	<u>120,319</u>	<u>70,388</u>	<u>190,707</u>	<u>(14,707)</u>
Other Financing Sources					
Transfers from other funds:					
General Fund	76,000	76,000	-	76,000	-
Grants proceeds	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>176,000</u>	<u>176,000</u>	<u>-</u>	<u>176,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 55,681</u>	<u>(70,388)</u>	<u>\$ (14,707)</u>	<u>\$ (14,707)</u>
Fund balance, beginning			<u>55,681</u>		
Fund balance, ending			<u>\$ (14,707)</u>		

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 5

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

Capital Projects Fund - Sidewalks Improvements

From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Sidewalk Improvements:					
Capital outlay	\$ 650,000	\$ -	\$ -	\$ -	\$ 650,000
Total expenditures	650,000	-	-	-	650,000
Other Financing Sources (Uses)					
Transfers from other funds:					
General Fund	200,000	200,000	-	200,000	-
Grants proceeds	450,000	-	-	-	(450,000)
Total other financing sources (uses)	650,000	200,000	-	200,000	(450,000)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 200,000</u>	-	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Fund balance, beginning			200,000		
Fund balance, ending			<u>\$ 200,000</u>		

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 6

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

Capital Projects Fund - Police Department Renovations

From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Sidewalk Improvements:					
Capital outlay	451,000	\$ 449,829	\$ -	449,829	\$ 1,171
Total expenditures	451,000	449,829	-	449,829	1,171
Other Financing Sources					
Transfers from other funds:					
General Fund	449,800	449,829	-	449,829	29
Total other financing sources	449,800	449,829	-	449,829	29
Appropriated fund balance	1,200	-	-	-	(1,200)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance (deficit), beginning			-		
Fund balance, ending			\$ -		

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP)
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2021

Schedule 7
(Page 1 of 2)

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 1,364,648	
Sewer charges		1,273,908	
Water and sewer taps		12,500	
Other operating revenues		46,269	
Total	\$ 2,704,000	2,697,325	\$ (6,675)
Nonoperating revenues:			
Interest earned on investments	1,000	-	(1,000)
Total revenues	2,705,000	2,697,325	(7,675)
Expenditures:			
Operating expenditures:			
Water treatment and distribution:			
Salaries and employee benefits		319,185	
Repairs and maintenance		8,950	
Utilities		1,435	
Utility services		53,691	
Purchase of water		482,910	
Other operating expenditures		35,770	
Total	950,700	901,941	48,759
Water and sewer maintenance:			
Salaries and employee benefits		58,481	
Repairs and maintenance		17,841	
Other operating expenditures		58,222	
Total	206,900	134,544	72,356
Wastewater maintenance:			
Salaries and employee benefits		49,739	
Repairs and maintenance		12,058	
Supplies and services		6,831	
Other operating expenditures		1,836	
Capital outlay		5,690	
Total	261,900	76,154	185,746
Wastewater treatment:			
Salaries and employee benefits		227,758	
Supplies and chemicals		21,454	
Repairs and maintenance		50,664	
Utilities		66,213	
Pretreatment/lab		33,635	
Sludge removal		25,340	
Capital outlay		245,535	
Other operating expenditures		60,185	
Total	1,035,500	730,784	304,716
Total operating expenditures	2,455,000	1,843,423	611,577

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP)
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2021

Schedule 7
(Page 2 of 2)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued):			
Nonoperating expenditures:			
Interest and fiscal charges on long-term debt		\$ 42,147	
PTRWA principal payments		84,240	
Bond principal payments		85,235	
PTRWA admin operating costs		36,833	
Total nonoperating expenditures	<u>\$ 250,000</u>	<u>248,455</u>	<u>\$ 1,545</u>
Total expenditures	<u>2,705,000</u>	<u>2,091,878</u>	<u>613,122</u>
Revenues over (under) expenditures	<u>-</u>	<u>605,447</u>	<u>605,447</u>
Revenues and appropriated fund balance over (under) expenditures and other uses	<u><u>\$ -</u></u>	<u><u>605,447</u></u>	<u><u>\$ 605,447</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Reconciling items:			
Depreciation		(439,569)	
Capital outlay		251,226	
Decrease in deferred outflow of resources - pensions		(27,887)	
Decrease in net pension liability		(51,109)	
Decrease in deferred inflow of resources - pensions		5,344	
Increase in deferred outflow of resources - OPEB		(76)	
Increase in OPEB liability		(85,675)	
Increase in deferred inflow of resources - OPEB		(5,344)	
Increase in accrued vacation payable		(7,352)	
Principal retirement		169,475	
Total		<u>(190,967)</u>	
Change in net position		<u><u>\$ 414,480</u></u>	

CITY OF RANDLEMAN, NORTH CAROLINA

Schedule 8

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

Capital Projects Fund -Water Sewer Systems Repairs and Installations

From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Air Diffusers					
Project:					
Construction	\$ 535,000	\$ -	\$ 139,614	\$ 139,614	\$ 395,386
Contingency	55,000	-	-	-	55,000
Other expenditure	50,000	24,375	8,125	32,500	17,500
Total expenditures	640,000	24,375	147,739	172,114	467,886
Other Financing Sources					
Air Diffusers					
Project:					
Transfers from other funds:					
Water and sewer fund	640,000	640,000	-	640,000	-
Total other financing sources	640,000	640,000	-	640,000	-
Net change in fund balance	\$ -	\$ 615,625	(147,739)	\$ 467,886	\$ 467,886
Fund balance, beginning			615,625		
Fund balance, ending			\$ 467,886		

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Changes in Assets and Liabilities
Fireman's Relief Fund
For the Fiscal Year Ended June 30, 2021

Schedule 9

	Beginning Balance	Additions	Deductions	Ending Balance
Assets				
Cash and cash equivalents	<u>\$ 122,286</u>	<u>\$ 6,288</u>	<u>\$ 2,569</u>	<u>\$ 126,005</u>
Liabilities				
Intergovernmental payable	<u>\$ 122,286</u>	<u>\$ 6,288</u>	<u>\$ 2,569</u>	<u>\$ 126,005</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
Fiscal Years ended June 30, 2021

Schedule 10

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 - 2021	\$ -	\$ 2,817,873	\$ 2,799,368	\$ 18,505
2019 - 2020	22,800	-	19,535	3,265
2018 - 2019	1,884	-	945	939
2017 - 2018	512	-	16	496
2016 - 2017	253	-	(8)	261
2015 - 2016	433	-	-	433
2014 - 2015	316	-	-	316
2013 - 2014	2,246	-	-	2,246
2012 - 2013	2,656	-	-	2,656
2011 - 2012	1,338	-	14	1,324
2010 - 2011	2,073	-	2,073	-
	<u>\$ 34,511</u>	<u>\$ 2,817,873</u>	<u>\$ 2,821,943</u>	<u>30,441</u>
Less: allowance for uncollectible accounts				-
Ad valorem taxes receivable, net				<u>\$ 30,441</u>
Reconciliation with revenues:				
Ad valorem taxes collected - General Fund				\$ 2,828,088
Reconciling items:				
Interest collected				(192)
Miscellaneous adjustments				(5,953)
Total collections and credits				<u>\$ 2,821,943</u>

CITY OF RANDLEMAN, NORTH CAROLINA
Analysis of Current Tax Levy City-Wide Levy
Fiscal Year Ended June 30, 2021

Schedule 11

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 451,545,567	0.63%	\$ 2,856,929	\$ 2,606,223	\$ 250,706
Penalties	-		2,209	2,209	-
Total	<u>451,545,567</u>		<u>2,859,138</u>	<u>2,608,432</u>	<u>250,706</u>
Abatements	<u>(6,522,048)</u>		<u>(41,265)</u>	<u>(41,265)</u>	<u>-</u>
Total property valuation	<u><u>\$ 445,023,519</u></u>				
Net levy			2,817,873	2,567,167	250,706
Uncollected taxes at June 30, 2020			<u>(18,505)</u>	<u>(18,505)</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 2,799,368</u></u>	<u><u>\$ 2,548,662</u></u>	<u><u>\$ 250,706</u></u>
Current levy collection percentage			<u><u>99.34%</u></u>	<u><u>99.28%</u></u>	<u><u>100.00%</u></u>



COMPLIANCE SECTION



**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Board of Aldermen
City of Randleman, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund, and the aggregate remaining fund information of the City of Randleman, North Carolina (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 29, 2021. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, the City of Randleman ABC Board, as described in our report on the City of Randleman's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the City of Randleman ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
October 29, 2021