



COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF ARCHDALE

NORTH CAROLINA

**FISCAL YEAR ENDING
JUNE 30, 2019**



CITY OF ARCHDALE
NORTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2019

Prepared by the
City of Archdale
Finance Department

CITY OF ARCHDALE, NORTH CAROLINA

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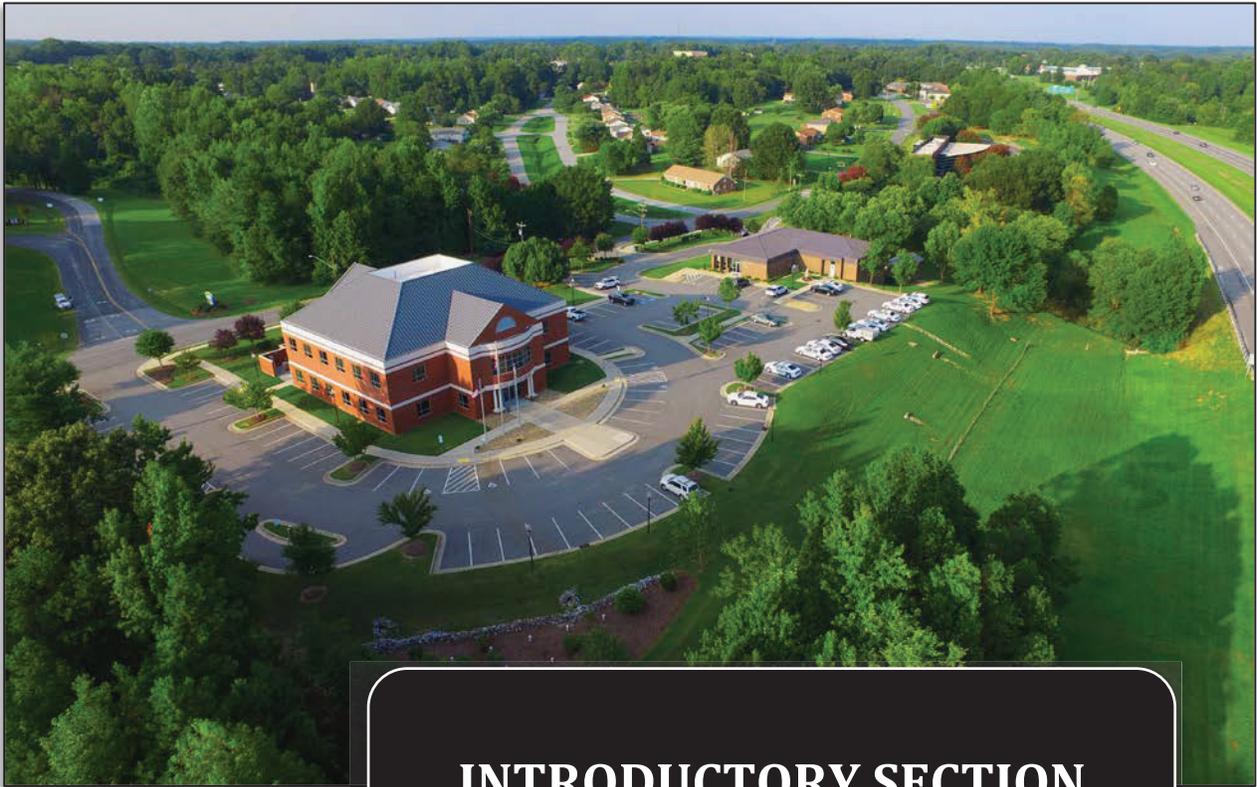
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INTRODUCTORY SECTION

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- ◆ Organizational Chart



CITY OF ARCHDALE

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November 27, 2019

To the Honorable Mayor Bert Lance-Stone,
Members of the City Council, and
Citizens of the City of Archdale

It is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Archdale, North Carolina for the fiscal year ended June 30, 2019. The general statutes of North Carolina require that every local government publish, within four months after the close of the fiscal year, a complete set of financial statements prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2019, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

Management assumes full responsibility for the completeness and reliability of the information included in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements of the City of Archdale were audited by Cannon and Company, LLP, a firm of licensed certified public accountants. Cannon and Company, LLP has issued an unmodified opinion on the City of Archdale's financial statements for the year ended June 30, 2019. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

Management's discussion and analysis (MD&A) provides a prescribed narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

DESCRIPTION OF THE CITY

The City of Archdale incorporated in 1969. The City is located primarily in Randolph County, with portions extending into Guilford County. These counties are part of the Piedmont Triad region of North Carolina, with the Blue Ridge Mountains about 100 miles to the west and the Atlantic Ocean within 200 miles to the east. Randolph County is home to the North Carolina Zoological Park, the Uwharrie National Forest, and internationally known Seagrove area potteries. The area's economic base continues to transition from traditional manufacturing and textiles to technology, logistics, healthcare, and advanced manufacturing.

Archdale is home to several large organizations, such as the corporate offices of Tempur+Sealy International, Inc. and Thomas Built Buses, one of the world's largest suppliers of school buses. Other international businesses, including Häfele America Co. and Hubbell Industrial Controls, Inc. are located within the City's industrial parks. Archdale is

also home to several businesses in the evolving furniture industry such as Ambella Home Collection, Brookline Furniture, Paul Brayton Designs, Stickley Fine Furniture, and United Furniture Industries.

One of the most appreciated aspects of the City is Creekside Park, a 105+/- acre regional park serving the northwestern portion of Randolph County. The park is host to a recreation center, ball fields, t-ball fields, playgrounds, tennis courts, greenways, picnic shelters, and a disc golf course. The Archdale Public Library, the Senior Center, and Randolph Community College (Archdale Center) are also located in or adjacent to Creekside Park.

There are several institutions of higher education within easy access of Archdale. The University of North Carolina at Greensboro, North Carolina A&T University, Greensboro College, and Guilford College are all located in Greensboro. Also, nearby are High Point University (5 miles), two campuses of Guilford Technical Community College (in Jamestown and High Point), and the previously mentioned Randolph Community College facility located at Creekside Park. In total, the Piedmont Triad Region is home to 13 major colleges and universities.

PROFILE OF THE GOVERNMENT

The City operates under a Council-Manager form of government. The City Council is the policy-making and legislative body of City government and includes the Mayor and six Council members. One Council member is elected from each of the City's four wards and two Council members are elected at-large. Members serve staggered four-year terms while the Mayor is elected to serve a two-year term. The Mayor Pro-Tem is selected by the Council to serve a term concurrent with the Mayor. The Mayor is the presiding officer and votes only when a Council vote results in a tie.

The City Manager is appointed by the Council as the Chief Executive Officer and is responsible for carrying out the policies and ordinances of the Council. The Manager appoints department directors to assist with the administration of the daily operations and programs of the City.

The City of Archdale provides many services for its citizens including police protection, garbage and recyclable materials collection, recreational activities, street maintenance, leaf and limb collection, planning and zoning, economic development, public improvements, and general administrative services. The City operates two enterprise funds, one for water distribution and wastewater collection and another for stormwater services.

ECONOMIC CONDITION AND OUTLOOK

As mentioned previously, the City of Archdale is located within Piedmont Triad at the intersection of I-85 and I-74. The City is adjacent to High Point and 11 miles southwest of Greensboro. More than one million people reside within a 30-mile radius of Archdale. The intersection of two interstate highways provides prime locations for national retail, logistics, warehousing, and distribution facilities as well as increasing the traffic for area hotels and restaurants. This geographic setting and the forward thinking of elected body led to the tagline "Crossroads of Progress".

The Randolph County Economic Development Corporation (EDC), a non-profit organization, uses public and private funds to promote Randolph County's economic future. The EDC works with new and existing industries for the creation of new jobs, expanded tax base, and a stronger local economy. In addition to several smaller industrial properties around the County, the EDC is currently marketing the 1,900-acre Greensboro-Randolph Mega Site for major manufacturers worldwide. If this site is successfully developed, it is expected to impact the entire region with jobs and economic growth for the primary user(s) and necessary supply chains.

The High Point Home Furnishings Market, a twice-a-year event, provides a substantial boost to the local economy. Each market attracts 75,000 home furnishing buyers, sellers, and support personnel to visit the 12.2 million square feet of exhibit space located in High Point and surrounding areas for the introduction of new home furnishing products, styles, finishes, and concepts by national and international furniture manufacturers.

The City of Archdale has 2.5 million-gallons-per-day (MGD) wastewater treatment capacity in the High Point Eastside Wastewater Treatment plant, 1.1 MGD of which has been allocated to the City's current wastewater customers. The City is a member of the Piedmont Triad Regional Water Authority (PTRWA) and will ultimately have 2.45 MGD capacity in the John Kime Water Treatment Plant on Randleman Lake. Archdale has 1.559 MGD under the joint

governmental agreement, of which current customers use about .865 MGD. The City also maintains its water connections with the City of High Point and Davidson Water, Inc. for emergency purposes. Both sold water to Archdale prior to the completion of the PTRWA water plant.

The Planning Department recently completed an Economic Development study and Pedestrian Network Master Plan. These plans will help guide an updated Comprehensive Plan process which will take place throughout FY20. Developers for new and expanded residential subdivisions and commercial ventures in Archdale are meeting regularly with City staff. Archdale has proven to be an attractive location for developers because of its low taxes, location along the interstate highway system, and available water and sewer utilities.

INITIATIVES

A major focus in FY19 was celebrating the City of Archdale's 50th Anniversary. It was a time for reflection on the growth and progress which has taken place since the City's incorporation in 1969. Simultaneously, however, a major initiative has been looking towards the future and planning what the next 10-20 years will bring. Building on the momentum of the 50th Anniversary celebration, staff have moved forward with a Comprehensive Plan update and the City adopted a new logo espousing the merits of Unity, Loyalty, and Progress. These projects will result in a branding effort over the coming years which will include new corridor signage, the logo on our water tank, a new website, and plans for growth and economic diversification.

Archdale remains a place where people and companies wish to stay. This was evidenced by requests for Building Reuse Grants from four separate industrial corporations in the past year. Each of these companies is growing and had needs for larger workforces and improved/expanded facilities. The City served as the applicant for each of the grant requests which were ultimately awarded by the NC Department of Commerce.

There are approximately three miles of greenway in and around Creekside Park, creating pedestrian-friendly connections to seven nearby housing communities and promoting active lifestyles to run, bike, walk, and easily access Creekside Park. The Planning Department recently completed a Pedestrian Network Plan update with financial assistance from the High Point Metropolitan Planning Organization (HPMPO). Annual appropriations allow for greenway maintenance and staff from the Planning and Parks & Recreation departments continually seek opportunities to add mileage to the existing trail system through grants or partnerships.

The City was awarded a Parks and Recreation Trust Fund (PARTF) grant in fiscal year 2017-18 for \$329,217. The grant assisted with the replacement of the large playground and partially funded two sand volleyball courts, a dog park, two picnic shelters, and a new restroom facility. The dog park and restroom are in progress, and the rest of the facilities have been completed.

The effort to revitalize and expand facilities in the area of Creekside Park has been intentionally evident. While serving an existing regional population, these improvements also serve as an indirect economic development tool. Companies considering relocating or expanding will often choose communities where there are amenities to benefit their growing workforce. Therefore, City Council has focused their attention on maximizing opportunities to improve the Park, Senior Center, and Library.

Another focal point has been the maintenance and expansion of public water distribution and sewer collection systems. The City's water and sewer facilities require constant observation and preventive maintenance. Regularly scheduled cleaning and repairs are supplemented by 3rd party inspections and proactive efforts such as smoke testing sewer lines to locate sources of inflow and infiltration (I/I). Construction on a new 16" force main sewer line along Weant Road has begun and will provide improved safety for staff and will serve Archdale's utility customers for years to come.

In addition to annual and general maintenance of the City's computer network, IT staff are working with departmental staff to implement new technology to improve staff efficiency and citizen access. New utility billing software will go live shortly, and website creation will follow as a developer has been selected. Department specific improvements will follow and result in a more connected network.

The Archdale Police Department (APD) continues to focus on community relations. Officers participate in community events such as Community Day, National Night Out, Coffee with Cops, and the Bush Hill Heritage Festival. APD

staff represents essentially half of the city's workforce and an ongoing community outreach effort has furthered the image of the APD in recent years.

FINANCIAL INFORMATION

Fund Balance Policy: The Archdale City Council formally adopted a revised fund balance policy for its general fund in March 2015. The policy instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least equal to or greater than fifty percent of general fund operating expenditures. The policy provides for minimum and maximum unrestricted fund balance thresholds, and the assignment of fund balance for capital expenditures and economic development projects. It is the City's intent to use fund balance to complete several capital projects each year.

Long-Term Financial Planning: Capital Improvement Plans are updated annually for each fund. Currently, these plans extend for a period of five years and include improvements with a useful life span of one year or more and a purchase price of \$5,000 or greater. The general fund plan for 2020 through 2024 includes projects totaling over \$11,000,000 in cost. This plan includes capital purchases and projects ranging from multi-function printers and vehicle replacements to a recreation center expansion and new greenway trails/sidewalks. The Water and Sewer Fund Capital Improvement Plan includes system expansion projects for future development, utility maintenance projects, and Archdale's share of the cost of proposed capital improvements at the Eastside Wastewater Treatment Plant as approved by the City of High Point. Each year as part of the annual operating budget, the City also adopts the current year portion of a long-term capital plan.

Long-term financial planning and prudent governance have resulted in a positive financial position for the City of Archdale. This allows for great flexibility when opportunities to invest in the future become available.

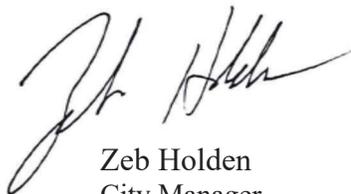
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Archdale, North Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

We acknowledge the dedicated, talented, and skilled City employees and thank them for their service to the citizens of Archdale. We also express our appreciation to the Mayor, City Council, and members of our boards and advisory committees for their dedication, public service, and commitment to stewardship.

Respectfully Submitted,



Zeb Holden
City Manager



Lori Nurse, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Archdale
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

PRINCIPAL OFFICIALS



Mayor
Bert Lance-Stone



Larry
Warlick
Ward I



Roger
Blackwell
Ward II



Robert (Trey)
Gray III
Ward III



Lewis
Dorsett
Ward IV

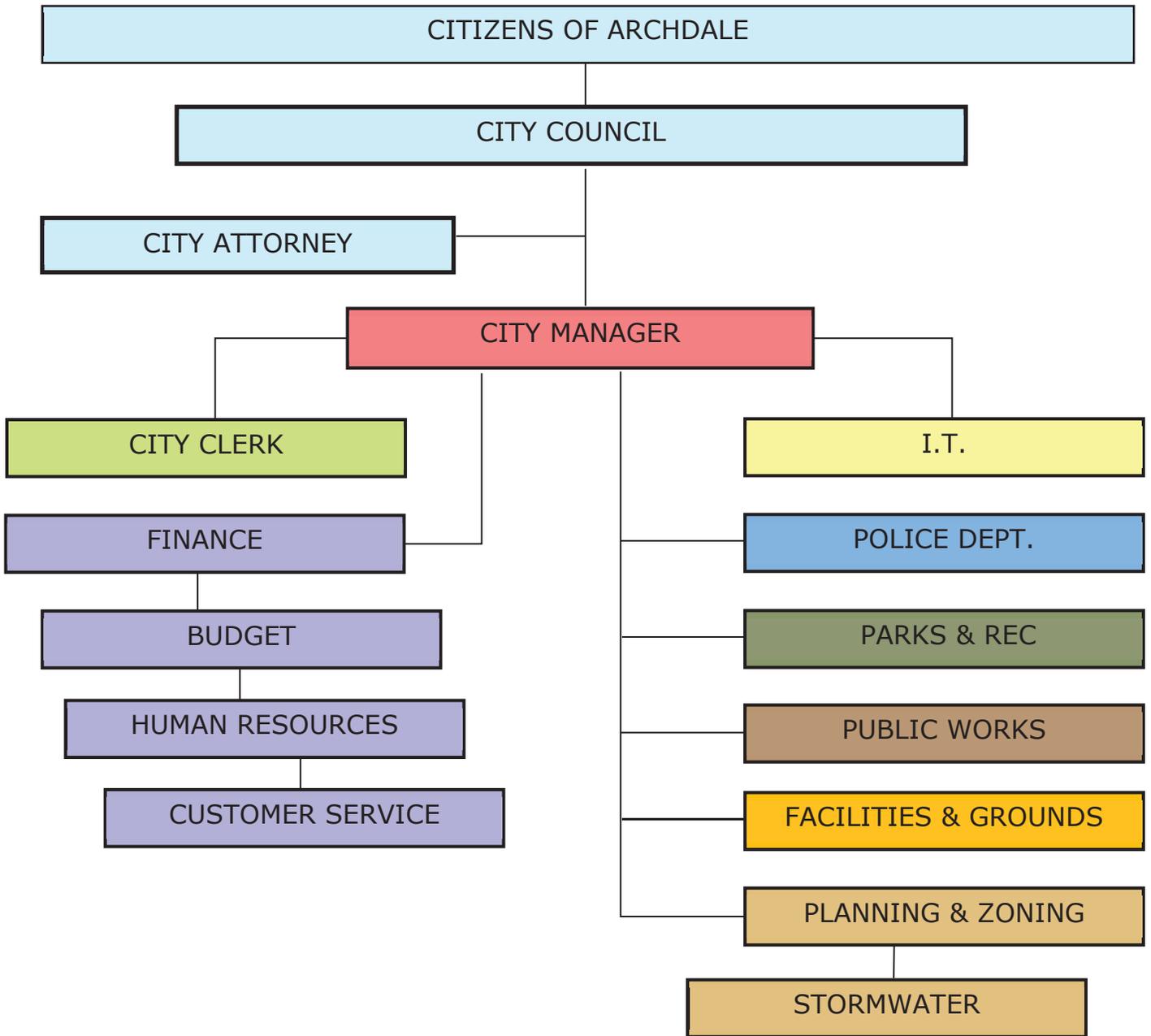


Tim
Williams
At Large

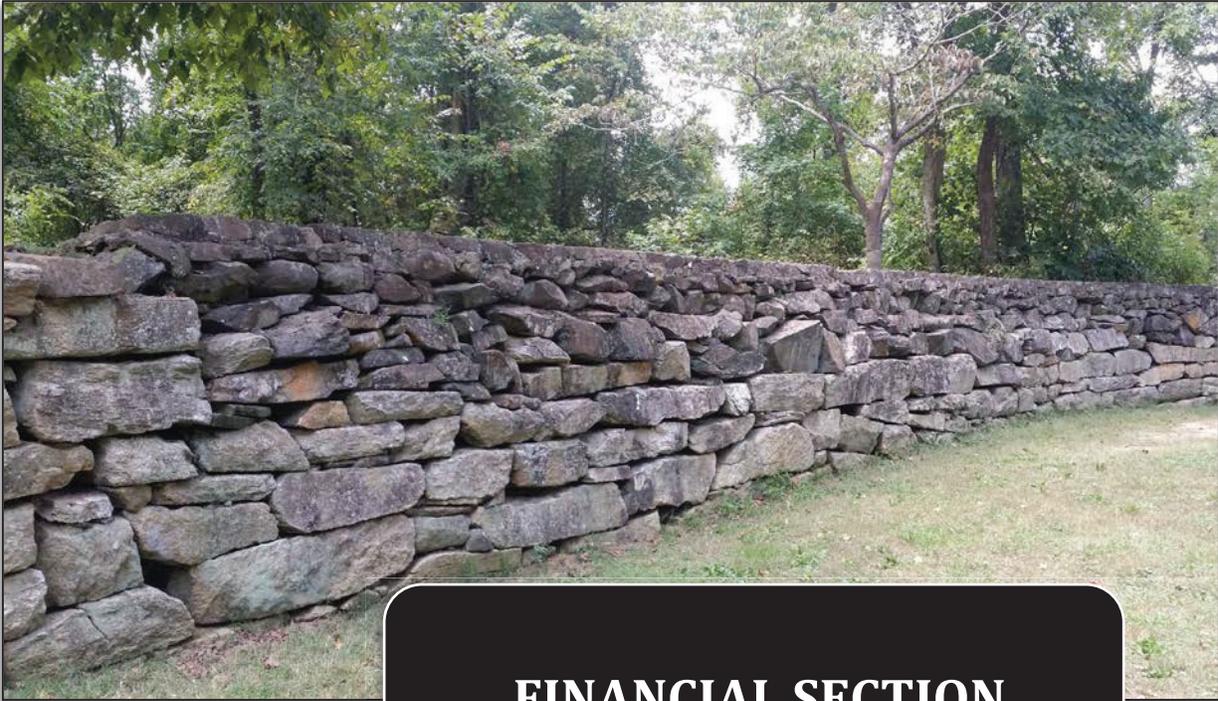


John
Glass
At Large

Zeb Holden City Manager
 Beth Koonce City Attorney
 Susan Swaim City Clerk
 Lori Nurse Finance Director
 Shannon Craddock Chief of Police
 Lloyd Wilson Public Works Director
 Jason Miller Planning Director
 Brian Clodfelter Parks & Recreation Director
 Donald Eddins Facilities & Grounds Director
 John Harrison IT Director



**City of Archdale
ORGANIZATIONAL CHART**



FINANCIAL SECTION

- ◆ Independent Auditors' Report
- ◆ Management's Discussion and Analysis
- ◆ Government-wide Financial Statements
- ◆ Fund Financial Statements
- ◆ Notes to the Financial Statements
- ◆ Required Supplementary Data
- ◆ Fund Statements
- ◆ Other Schedules



cannon&company
Certified Public Accountants L.L.P.

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Archdale, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Archdale'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Archdale, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 23, the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 74, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 72 and 73, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 70 and 71, respectively, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Archdale, North Carolina's basic financials. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards 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, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates 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 by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, 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 November 27, 2019 on our consideration of the City of Archdale'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 the 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 City of Archdale's internal control over financial reporting and compliance.

Cannon & Company, L.L.P.

November 27, 2019

CITY OF ARCHDALE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

As management of the City of Archdale, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City of Archdale's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City of Archdale exceeded its liabilities and deferred inflows at the close of the fiscal year by \$54,559,978. (net position)
- The government's total net position increased by \$2,211,517 with increases in both governmental activities and business-type activities net position.
- Net position in the business-type activities increased by \$841,895, of which \$717,148 is attributable to the Water and Sewer Fund.
- As of the close of the current fiscal year, the City of Archdale's governmental funds reported combined ending fund balances of \$10,158,339 a decrease of \$968,509 in comparison with the prior year. Approximately 74 percent of this total amount, or \$7,645,638, is available for spending at the government's discretion.
- The decrease in fund balance is attributed to two transactions that improve the long-term financial stability of the City:
 - Principal payments of \$1,412,281 were made for the early retirement of debt related to the construction of City Hall.
 - The City established the Archdale LEOSSA Trust and made employer contributions of \$500,000 to the Trust.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,984,040 or 42 percent of total general fund expenditures for the fiscal year.
- The fund balance for the General Fund includes \$606,621 assigned by City Council to be used for possible future economic development incentives and \$2,819,198 assigned for capital expenditures.

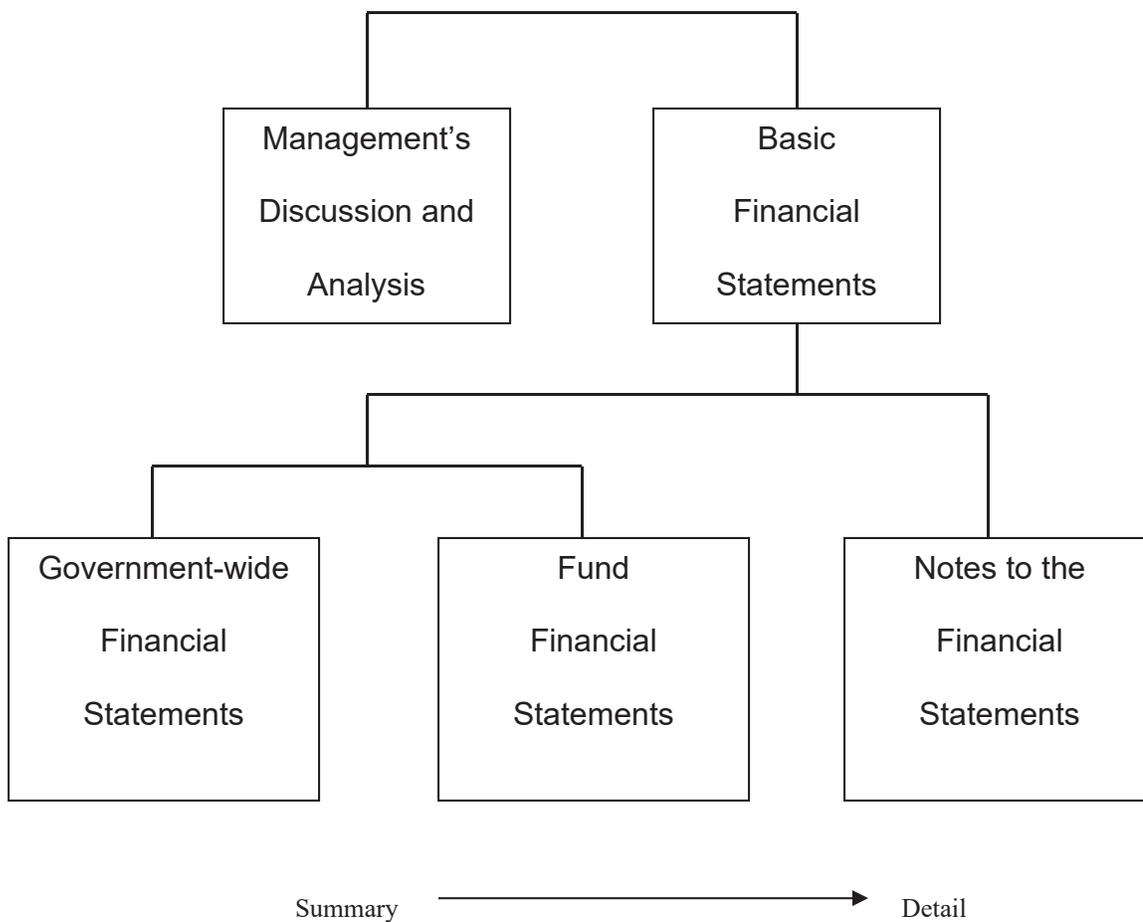
Overview of the Financial Statements

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

CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2019

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary statements.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2019

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 North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include the City's basic services such as public safety, parks and recreation, solid waste collection and disposal, street maintenance, and general administration. Property taxes, sales taxes and user fees finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water and sewer services offered by the City of Archdale as well as the stormwater enterprise.

The government-wide financial statements are 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 Archdale, 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 the funds of City of Archdale can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Proprietary Funds – City of Archdale has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Archdale uses an enterprise fund to account for its water and sewer activity as well as its stormwater operation. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. A reconciliation statement is provided following these funds to explain the differences between them.

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Management's Discussion and Analysis (Continued)
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Fiduciary Fund – The City established an irrevocable trust in May 2019. The City is the trustee, or fiduciary, for its Archdale LEOSSA Pension Trust, with all assets held and administered in a trust account invested with the State Treasurer. The City is responsible for ensuring that the assets reported in this fund are used only for their intended purpose. These activities are excluded from the government-wide financial statements because the City cannot use these assets to finance its operations.

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 begin on page 40 this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Archdale's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 70 of this report.

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

Government-Wide Financial Analysis

The City of Archdale's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 10,628,919	\$ 11,444,779	\$ 9,070,459	\$ 8,240,378	\$ 19,699,378	\$ 19,685,157
Capital assets	17,209,967	16,771,847	24,751,926	25,479,825	41,961,893	42,251,672
Total assets	27,838,886	28,216,626	33,822,385	33,720,203	61,661,271	61,936,829
Deferred outflows of resources	1,376,548	591,919	158,959	99,975	1,535,507	691,894
Long-term liabilities outstanding	2,291,415	3,371,652	4,165,608	4,963,046	6,457,023	8,334,698
Other liabilities	519,607	481,237	1,446,877	1,328,602	1,966,484	1,809,839
Total liabilities	2,811,022	3,852,889	5,612,485	6,291,648	8,423,507	10,144,537
Deferred inflows of resources	200,187	121,053	13,106	14,672	213,293	135,725
Net position:						
Net investment in capital assets	17,209,967	15,359,566	19,994,349	19,855,766	37,204,316	35,215,332
Restricted	2,496,877	1,909,465	19,074	-	2,515,951	1,909,465
Unrestricted	6,497,381	7,565,572	8,342,330	7,658,092	14,839,711	15,223,664
Total net position	\$ 26,204,225	\$ 24,834,603	\$ 28,355,753	\$ 27,513,858	\$ 54,559,978	\$ 52,348,461

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 Archdale exceeded liabilities and deferred inflows by \$54,559,978 as of June 30, 2019. The City's net position increased by \$2,211,517 for the fiscal year ended June 30, 2019. However, the largest portion (68.2%) reflects the City's investment in capital assets (e.g. land, buildings, equipment, and machinery); less any related debt still outstanding that was issued to acquire those

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2019

items. The City of Archdale uses these capital assets to provide services to citizens; consequently, these capital assets are not available for future spending. Although the City of Archdale's investment in its capital assets is reported net of any outstanding related debt, the resources needed to repay these obligations must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Archdale's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,839,711 is unrestricted.

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

- Randolph and Guilford Counties bill and collect property taxes due to the City of Archdale. The percentage of the net levy collected was 99.4%. Property taxes on registered motor vehicles are collected by the NCDMV along with registration renewals.
- The ad valorem tax rate remained at 29¢ per \$100 of assessed property value. Current year property tax revenue increased slightly from the prior year.
- Sales tax and hold harmless revenue of \$2,903,534 was a 6% increase from the prior year.
- The City received \$28,611 for administrative and insurance credits from its health insurance provider, based on the prior year claims experience.
- This is the fourth consecutive year of declining revenues from the utility sales tax distribution for electricity, telecommunications, natural gas and video programming. Tax on telecommunications continues to decline as people discontinue home telephone service. Sales tax on electricity showed an increase and kept the overall decrease at \$1,726. Sales tax on electricity and natural gas are based on the price and consumption; and consumption is tied directly to weather conditions.
- Unrestricted investment earnings increased due to rising interest rates.
- Customers pay monthly fees for waste disposal and recycling. These fees are established to generate revenue to cover the cost of the related services. Both revenues and expenditures have positive budget variances of \$3,956 and \$35,684, respectively. This resulted in revenues exceeding expenditures for the year by \$12,740. The cost of processing recycled materials has increased and continues to be difficult to predict.
- Actual expenditures were 83% of budgeted expenditures. Some significant budget to actual variances: salaries and benefits, \$244,108; gas, \$34,702; economic development contracts; rescheduling of the comprehensive plan; and uncompleted capital items.
- The Archdale Police Department received \$106,749 for participation in the U.S. Department of Justice's Equitable Sharing Program under which the department receives a share of assets seized during the arrest of individuals for illegal drugs. These funds may be used for law enforcement purposes only.
- The City Council supports the IT Department's efforts to provide a secure operating environment.
- Several key employees retired during the previous year. As a result, the liability for compensated absences is lower than the prior year. Many vacancies were filled through internal promotions.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2019

The City of Archdale's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,068,247	\$ 1,019,942	\$ 4,443,073	\$ 4,317,300	\$ 5,511,320	\$ 5,337,242
Operating grants and contributions	513,962	509,654	-	27,167	513,962	536,821
Capital grants and contributions	137,196	197,482	19,074	-	156,270	197,482
General revenues:						
Taxes	2,900,887	2,845,197	-	-	2,900,887	2,845,197
Grants and contributions not restricted to specific programs	3,618,849	3,454,666	-	-	3,618,849	3,454,666
Unrestricted investment earnings	210,225	130,712	104,442	52,293	314,667	183,005
Other	137,890	58,164	-	-	137,890	58,164
Total revenues	<u>8,587,256</u>	<u>8,215,817</u>	<u>4,566,589</u>	<u>4,396,760</u>	<u>13,153,845</u>	<u>12,612,577</u>
Expenses:						
General government	1,628,795	1,531,883	-	-	1,628,795	1,531,883
Public safety	2,654,576	2,592,063	-	-	2,654,576	2,592,063
Transportation	897,076	823,364	-	-	897,076	823,364
Environmental protection	826,516	798,534	-	-	826,516	798,534
Cultural and recreation	1,089,605	1,042,565	-	-	1,089,605	1,042,565
Community promotions	96,424	99,308	-	-	96,424	99,308
Interest on long-term debt	24,642	39,361	-	-	24,642	39,361
Water and sewer	-	-	3,352,589	3,079,877	3,352,589	3,079,877
Stormwater	-	-	372,105	358,689	372,105	358,689
Total expenses	<u>7,217,634</u>	<u>6,927,078</u>	<u>3,724,694</u>	<u>3,438,566</u>	<u>10,942,328</u>	<u>10,365,644</u>
Increase in net assets before transfers	1,369,622	1,288,739	841,895	958,194	2,211,517	2,246,933
Transfers	-	-	-	-	-	-
Increase in net position	<u>1,369,622</u>	<u>1,288,739</u>	<u>841,895</u>	<u>958,194</u>	<u>2,211,517</u>	<u>2,246,933</u>
Net position, beginning, previously reported	24,834,603	23,584,029	27,513,858	26,550,201	52,348,461	50,134,230
Restatement		(38,165)		5,463	-	(32,702)
Net position, beginning, restated	<u>24,834,603</u>	<u>23,545,864</u>	<u>27,513,858</u>	<u>26,555,664</u>	<u>52,348,461</u>	<u>50,101,528</u>
Net position, June 30	<u>\$ 26,204,225</u>	<u>\$ 24,834,603</u>	<u>\$ 28,355,753</u>	<u>\$ 27,513,858</u>	<u>\$ 54,559,978</u>	<u>\$ 52,348,461</u>

Governmental Activities: Governmental activities increased the City's net position \$1,369,622, thereby accounting for 62% of the total growth in the net position of the City of Archdale. Key elements of this increase are as follows:

- The City's total assessed value increased slightly over the previous year. Current year ad valorem revenue exceeds budget estimates by \$58,656.
- Sales tax, including hold-harmless, revenue increased \$166,063, or six percent, over the prior year. This growth rate, primarily due to improved economic conditions, was slightly better than expected and exceeded budget estimates by \$43,534.
- The ending total pension liability for the Law Enforcement Officers' Special Separation Allowance was \$931,559, a decrease of \$109,280.
- The City's proportionate share of the net pension liability for the LGERS increased from \$794,110 to \$1,231,957. The increase for governmental activities is \$364,058.

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Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2019

- Qualified retirees may participate in the City's group health insurance plan by paying the entire premiums at the same cost as active employees. The implicit liability for this benefit is \$294,938, of which \$245,235 is allocated to governmental activities.
- Net investment in capital assets increased \$1,850,401. Outstanding debt was reduced by \$1,412,281. Capital outlay exceeded depreciation expense.
- Powell Bill Funds are appropriated by the State legislature for specific street-related expenses for non-NCDOT system streets. Archdale received \$332,147 and net position restricted for transportation decreased by \$64,040.
- Net position restricted for public safety increased \$76,171 to \$174,723 because the police department received revenue of \$106,749. These funds were used to purchase software and support the K9 program. The police department also received a vehicle through this program during the year.
- Focus on maintenance of City facilities to increase the useful life of assets and ensure safe use of the assets.

Business-Type Activities: Business-type activities increased the City of Archdale's net position by \$841,895, accounting for 38% of the total growth in the City's net position. Key elements of the growth in net position are as follows:

- Total net position in the stormwater fund increased by \$124,747 to \$1,280,970. Net investment in capital assets increased by \$112,328.
- Stormwater fees are billed on active utility accounts and the revenue has been constant and predictable since the adoption of the fee in March 2008.
- Net position in the Water and Sewer Fund increased by \$717,148.
- Outstanding debt decreased by \$866,482 due to scheduled debt payments.
- Water and sewer utility rates increased 3.5 percent for the third consecutive year. Overall, charges for services in the Water and Sewer Fund increased 4.9 percent.
- Water treatment rights and wastewater treatment rights, along with related obligations, under interlocal agreements are recorded in the Water and Sewer Fund.
- The City of High Point processes wastewater for Archdale. Archdale owns wastewater treatment rights at High Point's Eastside Treatment Plant.
- Archdale is a member of the Piedmont Triad Regional Water Authority (PTRWA). See Note II and Note IV in the notes to the financial statements for information about this joint venture.
- Both enterprise funds are self-supporting activities and net position are to be used for future large projects, capital replacement and capital expansion requirements of the funds.

Financial Analysis of the City Funds

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

The Archdale City Council has 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 unassigned fund balance is at least equal to or greater than 50% of general fund operating expenditures, as defined in the policy. The policy includes fund balance assignments for economic development and capital expenditures.

Governmental Funds: The focus of the City of Archdale'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 Archdale's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Archdale. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,984,040 with total fund balance of \$10,042,029. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42% of total General Fund expenditures, while total fund balance represents 106% of that same amount.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2019

ordinance once exact information is available; (2) amendments made to recognize new funding from external sources, such as state and federal grants; and (3) increases in appropriations that become necessary to maintain services.

The amendments to the City's budget for the fiscal year ended June 30, 2019 were made for the following reasons:

- Addition to street and parking lot paving contract.
- Communications and technology maintenance contract.
- Donation for Cycle NC event at Creekside Park.
- Walmart grant awarded for purchase of picnic tables.
- Additional appropriation for cost to process recycled materials.
- Increase in workers' compensation insurance due to insurance audit.
- Reallocate communications budget among departments.
- Creekside Recreation Center roof maintenance.
- The appropriation and related revenue for award of a Building Reuse Grant from the NC Rural Infrastructure Authority for Ambella Home Collection.
- Increase debt service to pay balance of loan on City Hall.
- Update police uniforms for improved comfort and functionality.
- Make the prior year's excess revenues available for the current year's Community Appreciation Day.
- Employer contributions to the newly established irrevocable Archdale LEOSSA Trust.
- The appropriation for award of a Building Reuse Grant from the NC Rural Infrastructure Authority for Aeolus Filter Corporation and CovenantMade, LLC.

Proprietary Funds: The City of Archdale'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 and Stormwater Fund at the end of the fiscal year amounted to \$7,363,125 and \$979,205 respectively. Other factors concerning the finances of been addressed in the discussion of the City's business-type activities. There were no amendments to the proprietary funds' budgets during the year.

Capital Asset and Debt Administration

Capital Assets. The City of Archdale's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$41,961,893 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following additions:

- Sand volleyball courts and two picnic shelters were completed at Creekside Park in the PARTF grant fund.
- New large picnic shelter at Creekside Park.
- Purchase or replacement of vehicles, equipment, and software in the Police Department.
- Purchase or replacement of equipment, software, and security system at City Hall.
- Fire alarm system at the Creekside Park Recreation Center.
- Purchase of pick-up trucks for the Street Department, Public Works, and the Parks and Recreation Department.
- Paving and expansion of parking lots at the Senior Center, Tennis Courts, Park Drive, and Facilities and Grounds.
- Asphalt recycling machine for the Street Department.
- Brush chipper for the Facilities and Grounds Department.
- New restroom facility in Creekside Park.
- Acoustic system to reduce sound in the gym at Creekside Park.
- Purchased property adjacent to Creekside Park.
- Roof replacement at the Senior Building and the Creekside Recreation Center.
- Replaced HVAC system at the Library.
- Replaced the carpet at the Library.
- Mowers for the Facilities and Grounds department.
- Bay heaters at 16 Old School Road for Public Works.
- 65" LCD screen for the Planning and Zoning Department meetings and plan reviews.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2019

- Purchase of a trailer mounted sewer jet cleaner for Public Works.
- Purchase of leaf vacuum system mounted on a truck for Public Works.
- Concrete storage bins at Public Works for the storage of loose materials.
- Concrete apron at 20 Old School Road for Public Works.
- Acquisition of permanent and temporary construction easements for construction of a sewer line and sewer metering station.

The City of Archdale's Capital Assets
(net of depreciation and amortization)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land, streets, and rights-of-way	\$ 7,940,097	\$ 7,803,619	\$ 406,780	\$ 387,865	\$ 8,346,877	\$ 8,191,484
Construction in progress	42,013	-	174,789	141,817	216,802	141,817
Water rights	-	-	7,752,622	7,969,926	7,752,622	7,969,926
Water treatment rights	-	-	2,629,775	2,768,564	2,629,775	2,768,564
Buildings and systems	6,073,028	6,019,311	-	-	6,073,028	6,019,311
Improvements other than buildings	1,996,425	1,928,312	25,259	-	2,021,684	1,928,312
Equipment and vehicles	1,064,129	929,935	1,844,471	1,752,838	2,908,600	2,682,773
Computer software	94,275	90,670	-	-	94,275	90,670
Water distribution system	-	-	3,035,468	3,197,385	3,035,468	3,197,385
Sewer collection system	-	-	8,882,762	9,261,430	8,882,762	9,261,430
Total	\$ 17,209,967	\$ 16,771,847	\$ 24,751,926	\$ 25,479,825	\$ 41,961,893	\$ 42,251,672

Additional information on the City's capital assets can be found in note II.A.5 of the Basic Financial Statements.

Long-Term Debt: As of June 30, 2019, the City of Archdale Water and Sewer Fund had total debt outstanding of \$4,757,577 including amounts due under utility inter-local agreements. These funds were used for construction of a water tank, construction of a pump station, expansion of water and sewer lines, and an upgrade to the City's main sewer pump station. Other loan funds relate to the investment in High Point's Eastside wastewater treatment plant and the Piedmont Triad Regional Water Authority John Kime Water Treatment Plant. It is anticipated that capital improvements at Eastside as well as other large utility expansions will be funded with new debt as they occur in the future.

The City made principal payments of \$1,412,281 during the year to pay the balance of the loan related to construction of the municipal office building. The interest rate was scheduled to be adjusted on November 21, 2021 and monthly payments would have continued for an additional ten years.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for City of Archdale is \$83,636,454.

Additional information regarding the City of Archdale's long-term debt can be found in Note II.G of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The Bureau of Labor Statistics shows Randolph County's preliminary unemployment rate (not seasonally adjusted) as of July 2019 to be 4.4%, compared to 4.2% for the State of North Carolina.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2019

- The Office of Budget and Management for the State of North Carolina reports Archdale's population estimate as of July 1, 2018 at 12,168.
- Easy access to quality healthcare, education facilities, and recreation.
- Located on interstate highway system with close access to several larger cities with international airports.
- Building continues in two residential developments that will include 430 home sites upon completion. In addition, construction has started on a development of townhomes. Other developments have been approved by the City Planning Board and City Council.
- Archdale has several large tracts of land with access to water and sewer services.
- The City is actively seeking citizen input for an update to the City's Comprehensive Plan. An external consulting service is working with City staff to envision the future of Archdale.
- Regional restaurant chains continue to select locations in Archdale.
- Randolph County Tax Office reappraised all the real property in the county at its current market value. The new values became effective January 1, 2019 for the July 2019 tax bill. Property values continue to hold steady or slightly increase year over year.
- Over half of the homes in Archdale have been built since 1980. Seventy-five percent of housing units are single family homes. Currently, almost ninety-five percent of all housing units are occupied. Housing in the Greensboro-High Point HFMA (including Archdale) is generally more affordable than the rest of the State.
- Between 2013 and 2017, the American Community Survey reported that the largest number of employees in Archdale worked in manufacturing (24.1%) or education and health care (18.5%). Other key industries included retail trade, professional and administrative services, and logistics and utilities.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities:

The property tax rate remains at 29 cents per one hundred dollars of property value in the budget for the thirteenth consecutive budget year. The revenue neutral tax rate is 28 cents per one hundred dollars. Sales tax revenue is budgeted consistent with the prior year budget. The original budget includes an appropriation from restricted fund balance of \$253,420 and from unrestricted fund balance of \$119,469. The beginning budget for capital expenditures is \$1,362,500.

Budgeted expenditures in the original budget for the General Fund are \$9,019,939, compared to last year's final budget of \$8,869,700. The budget for the fiscal year ending June 30, 2020 has already been amended to \$9,167,189 to include the following:

- The award of two Building Reuse grants from the NC Department of Commerce's Rural Infrastructure Authority and the Rural Economic Development Division.
- Retaining wall and fencing adjacent to the outdoor basketball and volleyball courts at Creekside Park.
- The City's twenty percent participation related to Department of Transportation award of TAP funding for improvement of handicap access at eleven sidewalk ramps.
- Roof repairs.

The budget for debt service would have been \$139,100 if the loan had not been paid in full during the current fiscal year.

In addition to the usual vehicle and equipment replacements, this budget includes appropriations for completion of the outdoor basketball court in Creekside Park, lighting at the tennis, basketball, and volleyball courts, and tennis court fencing. The recreation center at Creekside park will have a boiler replacement. The Public Works parking lot will be paved and fencing will be installed. External professional service providers will help with redesigning the City's website and performing greenway repairs. The Senior Center will receive an interior renovation and façade renovation.

Business-type Activities:

Water and Sewer Fund: The water and sewer rates are reviewed each year during the budget process. Monthly water and sewer user fees are increasing 3.5%. The Water and Sewer Fund is operated as a self-supported enterprise and the balance in unrestricted net position is necessary to finance expansion and replacement of infrastructure.

- The budget for debt service is \$987,500 which is twenty-two percent of the Water and Sewer Fund operating budget, excluding sewer capital projects.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2019

- Equipment purchases include a utility vehicle for sewer right-of-way maintenance and a multi-function copier for customer service.
- The budget for water purchases is based on take-or-pay contract with the PTRWA for 915,000 gallons per day and an additional allowance as needed.
- The sewer treatment rate charged by the City of High Point is determined annually based on the previous year's Eastside Wastewater Treatment Plant operating expenses. The rate for the fiscal year 2019 budget was 25% higher than the prior year. That rate continues in fiscal year 2020 and the budget for sewer treatment is \$667,200.
- The budget includes \$395,500 for water line system expansion and \$325,000 to recoat the inside of the water tank.
- The sewer budget includes \$300,000 for electrical upgrades to a major sewer pump station and \$133,000 for a generator, pump replacement and other sewer pump station maintenance. An additional \$110,000 is included for annual maintenance and repair at the pump stations.
- The capital project budget of \$1,925,500 is for the construction of a major sewer force main and a sewer metering station. Construction of the sewer force main is underway.

Stormwater Fund: Stormwater fee revenue is budgeted to remain steady. The fund provides for drainage repairs in the public right-of-way, leaf and limb collection, street sweeping, and stormwater education. The remaining net position will fund larger future projects and purchase replacement equipment.

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 Director, Lori Nurse, P.O. Box 14068, Archdale, N.C. 27263. Archdale's website is <http://www.archdale-nc.gov>.

BASIC FINANCIAL STATEMENTS

City of Archdale, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,499,480	\$ 8,028,910	\$ 16,528,390
Taxes receivables (net)	30,427	-	30,427
Accrued interest	17,703	64,391	82,094
Accounts receivable (net)	79,363	613,085	692,448
Due from other governments	1,067,316	-	1,067,316
Prepaid items	15,824	69	15,893
Restricted cash and cash equivalents	918,806	364,004	1,282,810
Total current assets	<u>10,628,919</u>	<u>9,070,459</u>	<u>19,699,378</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	7,982,110	565,388	8,547,498
Other capital assets, net of depreciation	9,227,857	24,186,538	33,414,395
Total capital assets	<u>17,209,967</u>	<u>24,751,926</u>	<u>41,961,893</u>
Total assets	<u>27,838,886</u>	<u>33,822,385</u>	<u>61,661,271</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,369,863	157,604	1,527,467
OPEB deferrals	6,685	1,355	8,040
Total deferred outflows of resources	<u>1,376,548</u>	<u>158,959</u>	<u>1,535,507</u>

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

(continued)

City of Archdale, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	272,500	170,803	443,303
Accrued interest payable	-	30,759	30,759
Customer deposits and overpayments	-	355,349	355,349
Current portion of long-term liabilities	130,000	889,966	1,019,966
Payable from restricted assets	117,107	-	117,107
Total current liabilities	<u>519,607</u>	<u>1,446,877</u>	<u>1,966,484</u>
Long-term liabilities:			
Net pension liability	1,024,348	207,609	1,231,957
Total pension liability	931,559	-	931,559
Total OPEB liability	245,235	49,703	294,938
Due in more than one year	90,273	3,908,296	3,998,569
Total long-term liabilities	<u>2,291,415</u>	<u>4,165,608</u>	<u>6,457,023</u>
Total liabilities	<u>2,811,022</u>	<u>5,612,485</u>	<u>8,423,507</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	141,338	7,835	149,173
OPEB deferrals	26,006	5,271	31,277
Prepaid cash receipts	32,843	-	32,843
Total deferred inflows of resources	<u>200,187</u>	<u>13,106</u>	<u>213,293</u>
NET POSITION			
Net investment in capital assets	17,209,967	19,994,349	37,204,316
Restricted for:			
Stabilization by State Statute	1,695,177	-	1,695,177
Transportation	626,977	-	626,977
Public safety	174,723	-	174,723
System development	-	19,074	19,074
Unrestricted	6,497,381	8,342,330	14,839,711
Total net position	<u>\$ 26,204,225</u>	<u>\$ 28,355,753</u>	<u>\$ 54,559,978</u>

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

City of Archdale, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 1,628,795	\$ 24,796	\$ 3,738	\$ 904	\$ (1,599,357)	\$ -	\$ (1,599,357)
Public safety	2,654,576	-	123,345	-	(2,531,231)	-	(2,531,231)
Transportation	897,076	-	338,485	-	(558,591)	-	(558,591)
Environmental protection	826,516	830,262	8,994	-	12,740	-	12,740
Cultural and recreation	1,089,605	213,189	39,400	136,292	(700,724)	-	(700,724)
Community promotions	96,424	-	-	-	(96,424)	-	(96,424)
Interest on long-term debt	24,642	-	-	-	(24,642)	-	(24,642)
Total governmental activities (See Note 1)	7,217,634	1,068,247	513,962	137,196	(5,498,229)	-	(5,498,229)
Business-type activities:							
Water and sewer	3,371,663	3,967,487	-	19,074	-	614,898	614,898
Stormwater	372,105	494,660	-	-	-	122,555	122,555
Total business-type activities	3,743,768	4,462,147	-	19,074	-	737,453	737,453
Total primary government	\$ 10,961,402	\$ 5,530,394	\$ 513,962	\$ 156,270	(5,498,229)	737,453	(4,760,776)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,900,887	-	2,900,887
Grants and contributions not restricted to specific programs					3,618,849	-	3,618,849
Unrestricted investment earnings					210,225	104,442	314,667
Miscellaneous					137,890	-	137,890
Total general revenues not including transfers					6,867,851	104,442	6,972,293
Total general revenues and transfers					6,867,851	104,442	6,972,293
Change in net position					1,369,622	841,895	2,211,517
Net position, beginning					24,834,603	27,513,858	52,348,461
Net position, ending					\$ 26,204,225	\$ 28,355,753	\$ 54,559,978

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

**City of Archdale
Balance Sheet
Governmental Funds
June 30, 2019**

	<u>General Fund</u>	<u>Nonmajor Fund PARTF Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 8,394,003	\$ 105,477	\$ 8,499,480
Restricted cash	918,806	-	918,806
Receivables, net:			
Taxes	34,427	-	34,427
Accounts	79,363	-	79,363
Due from other governments	1,056,483	10,833	1,067,316
Prepaid items	15,824	-	15,824
Total assets	<u>10,498,906</u>	<u>116,310</u>	<u>10,615,216</u>
LIABILITIES			
Accounts payable and accrued liabilities	272,500	-	272,500
Accounts payable from restricted assets	117,107	-	117,107
Total liabilities	<u>389,607</u>	<u>-</u>	<u>389,607</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	34,427	-	34,427
Prepaid cash receipts	32,843	-	32,843
Total deferred inflows of resources	<u>67,270</u>	<u>-</u>	<u>67,270</u>
FUND BALANCES			
Non spendable			
Prepays	15,824	-	15,824
Restricted			
Stabilization by state statute	1,695,177	-	1,695,177
Streets	626,977	-	626,977
Public safety	174,723	-	174,723
Assigned			
Parks and recreation	-	116,310	116,310
Subsequent year's expenditures	119,469	-	119,469
Economic development	606,621	-	606,621
Capital	2,819,198	-	2,819,198
Unassigned	3,984,040	-	3,984,040
Total fund balances	<u>10,042,029</u>	<u>116,310</u>	<u>10,158,339</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,498,906</u>	<u>\$ 116,310</u>	

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

(continued)

**City of Archdale
Balance Sheet
Governmental Funds
June 30, 2019**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds		\$ 10,158,339
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 23,308,468	
Accumulated depreciation	<u>(6,098,501)</u>	17,209,967
Deferred outflows of resources related to pensions are not reported in the funds		1,369,863
Deferred outflows of resources related to OPEB are not reported in the funds		6,685
Other long-term assets (accrued interest receivable from taxes and investments) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		17,703
Earned revenues considered deferred inflows of resources in fund statements.		30,427
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in fund statements		
Gross long-term debt	(220,273)	
Net pension liability	(1,024,348)	
Total pension liability	(931,559)	
OPEB liability	<u>(245,235)</u>	(2,421,415)
Deferred inflows of resources related to pensions are not reported in the funds		(141,338)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(26,006)</u>
Net position of governmental activities		<u><u>\$ 26,204,225</u></u>

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

City of Archdale
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Nonmajor Fund PARTF Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 2,893,656	\$ -	\$ 2,893,656
Unrestricted intergovernmental	3,618,849	-	3,618,849
Restricted intergovernmental	481,942	136,292	618,234
Permits and fees	12,825	-	12,825
Sales and services	1,043,577	-	1,043,577
Investment earnings	224,986	-	224,986
Miscellaneous	161,871	-	161,871
Total revenues	<u>8,437,706</u>	<u>136,292</u>	<u>8,573,998</u>
EXPENDITURES			
Current:			
Governing body	45,565	-	45,565
Administration	163,628	-	163,628
Information technology	311,900	-	311,900
Finance	290,878	-	290,878
Legal	37,643	-	37,643
Planning and zoning	235,919	-	235,919
Facilities and grounds	359,961	-	359,961
Police	2,907,006	-	2,907,006
Fire inspections	32,945	-	32,945
Streets	431,534	-	431,534
Streets-Powell Bill	402,526	-	402,526
Sanitation	826,516	-	826,516
Parks and recreation	692,513	-	692,513
Senior building	11,013	-	11,013
Library	119,749	-	119,749
Community promotions	96,424	-	96,424
Debt service:			
Principal	1,412,281	-	1,412,281
Interest and other charges	24,642	-	24,642
Capital outlay	1,076,988	67,116	1,144,104
Total expenditures	<u>9,479,631</u>	<u>67,116</u>	<u>9,546,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,041,925)</u>	<u>69,176</u>	<u>(972,749)</u>
OTHER FINANCING SOURCES (USES)			
Sales of capital assets	4,240	-	4,240
Total other financing sources (uses)	<u>4,240</u>	<u>-</u>	<u>4,240</u>
Net change in fund balance	(1,037,685)	69,176	(968,509)
Fund balances, beginning	11,079,714	47,134	11,126,848
Fund balances, ending	<u>\$ 10,042,029</u>	<u>\$ 116,310</u>	<u>\$ 10,158,339</u>

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

(continued)

City of Archdale
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds \$ (968,509)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	\$ 1,144,104	
Depreciation expense for governmental assets	<u>(705,984)</u>	438,120

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		206,168
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		575,698
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OPEB implicit subsidy credit are not included on the Statement of Activities		6,652
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	10,107	
Interest receivable from taxes and investments	<u>(1,089)</u>	9,018

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 these

Principal payments on long-term debt	1,412,281	
Increase in accrued interest payable	<u>-</u>	1,412,281

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	35,649	
Pension expense	(264,820)	
Pension expense (LEOSSA)	(59,653)	
OPEB plan expense	<u>(20,982)</u>	<u>(309,806)</u>

Total changes in net position of governmental activities		<u>\$ 1,369,622</u>
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The notes to the financial statements are an integral part of this statement.

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

	General Fund			Variance with Final
	Original	Final	Actual Amounts	Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 2,835,000	\$ 2,835,000	\$ 2,893,656	\$ 58,656
Unrestricted intergovernmental	3,560,900	3,560,900	3,618,849	57,949
Restricted intergovernmental	392,100	551,750	481,942	(69,808)
Permits and fees	22,400	22,400	12,825	(9,575)
Sales and services	981,000	983,750	1,043,577	59,827
Investment earnings	166,000	166,000	224,986	58,986
Miscellaneous	34,100	34,100	161,871	127,771
Total revenues	7,991,500	8,153,900	8,437,706	283,806
Expenditures:				
Governing body	50,500	50,500	45,565	4,935
Administration	179,840	179,840	163,628	16,212
Information technology	701,110	733,760	418,077	315,683
Finance	406,390	411,230	290,878	120,352
Legal	75,000	75,000	37,643	37,357
Planning and zoning	420,570	421,570	245,150	176,420
Facilities and grounds	703,710	2,000,210	1,899,288	100,922
Police	2,723,320	3,264,640	3,114,674	149,966
Fire inspections	32,950	32,950	32,945	5
Streets	642,680	645,880	509,414	136,466
Streets-Powell Bill	533,000	618,000	402,526	215,474
Sanitation	837,200	862,200	826,516	35,684
Parks and recreation	1,174,370	1,366,320	1,140,735	225,585
Senior building	36,900	60,900	52,912	7,988
Library	225,200	225,200	203,256	21,944
Community promotions	116,960	484,460	96,424	388,036
Contingency	10,000	10,000	-	10,000
Total expenditures	8,869,700	11,442,660	9,479,631	1,963,029
Revenues over (under) expenditures	<u>(878,200)</u>	<u>(3,288,760)</u>	<u>(1,041,925)</u>	<u>2,246,835</u>
Other financing sources (uses):				
Sale of capital assets	5,000	5,000	4,240	(760)
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>4,240</u>	<u>(760)</u>
Fund balance appropriated	<u>873,200</u>	<u>3,283,760</u>		<u>3,283,760</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,037,685)	<u>\$ (1,037,685)</u>
Fund balances, beginning			11,079,714	
Fund balances, ending			<u>\$ 10,042,029</u>	

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

City of Archdale
Statement of Fund Net Position
Proprietary Funds
June 30, 2019

	Major	Major	
	Water and Sewer Fund	Stormwater	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,042,491	\$ 986,419	\$ 8,028,910
Restricted cash	364,004	-	364,004
Accounts receivable (net) - billed	369,911	44,249	414,160
Accounts receivable (net) - unbilled	198,925	-	198,925
Accrued interest receivable	64,391	-	64,391
Prepaid items	50	19	69
Total current assets	<u>8,039,772</u>	<u>1,030,687</u>	<u>9,070,459</u>
Noncurrent assets:			
Capital assets:			
Land, easements and construction in progress	565,388	-	565,388
Other capital assets, net of depreciation	<u>23,884,773</u>	<u>301,765</u>	<u>24,186,538</u>
Capital assets	<u>24,450,161</u>	<u>301,765</u>	<u>24,751,926</u>
Total assets	<u>32,489,933</u>	<u>1,332,452</u>	<u>33,822,385</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	109,309	48,295	157,604
OPEB deferrals	940	415	1,355
Total deferred outflows of resources	<u>\$ 110,249</u>	<u>\$ 48,710</u>	<u>\$ 158,959</u>

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

(continued)

City of Archdale
Statement of Fund Net Position
Proprietary Funds
June 30, 2019

	Major Water and Sewer Fund	Major Stormwater	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 163,939	\$ 6,864	\$ 170,803
Accrued interest payable	30,759	-	30,759
Customer overpayments	10,427	-	10,427
Customer deposits	344,922	-	344,922
Compensated absences - current	11,000	5,000	16,000
Installment notes payable	572,418	-	572,418
Interlocal agreements payable	301,548	-	301,548
Total current liabilities	<u>1,435,013</u>	<u>11,864</u>	<u>1,446,877</u>
Noncurrent liabilities:			
Compensated absences	19,222	5,463	24,685
Installment notes payable	946,862	-	946,862
Interlocal agreements payable	2,936,749	-	2,936,749
Net pension liability	143,991	63,618	207,609
Total OPEB liability	34,472	15,231	49,703
Total noncurrent liabilities	<u>4,081,296</u>	<u>84,312</u>	<u>4,165,608</u>
Total liabilities	<u>5,516,309</u>	<u>96,176</u>	<u>5,612,485</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	5,434	2,401	7,835
OPEB deferrals	3,656	1,615	5,271
	<u>9,090</u>	<u>4,016</u>	<u>13,106</u>
NET POSITION			
Net investment in capital assets	19,692,584	301,765	19,994,349
Restricted for system development	19,074	-	19,074
Unrestricted	7,363,125	979,205	8,342,330
Total net position	<u>\$ 27,074,783</u>	<u>\$ 1,280,970</u>	<u>\$ 28,355,753</u>

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

City of Archdale
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Major</u> <u>Water and</u> <u>Sewer Fund</u>	<u>Major</u> <u>Stormwater</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 3,778,195	\$ 493,770	\$ 4,271,965
Water and sewer taps	15,440	-	15,440
Other operating revenues	173,852	890	174,742
Total operating revenues	<u>3,967,487</u>	<u>494,660</u>	<u>4,462,147</u>
OPERATING EXPENSES			
Salaries and employee benefits	569,373	183,876	753,249
Water purchases	355,825	-	355,825
Waste collection and treatment costs	619,243	-	619,243
Other operating expenses	616,274	120,471	736,745
Depreciation	718,751	67,758	786,509
Amortization	357,021	-	357,021
Total operating expenses	<u>3,236,487</u>	<u>372,105</u>	<u>3,608,592</u>
Operating income (loss)	<u>731,000</u>	<u>122,555</u>	<u>853,555</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	102,250	2,192	104,442
System development fees	19,074	-	19,074
Interest and other charges	(135,176)	-	(135,176)
Total nonoperating revenue (expenses)	<u>(13,852)</u>	<u>2,192</u>	<u>(11,660)</u>
Income (loss) before contributions and transfers	717,148	124,747	841,895
Change in net position	717,148	124,747	841,895
Total net position, beginning	26,357,635	1,156,223	27,513,858
Total net position, ending	<u>\$ 27,074,783</u>	<u>\$ 1,280,970</u>	<u>\$ 28,355,753</u>

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

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

	Water and Sewer Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,779,855	\$ 494,919	\$ 4,274,774
Cash paid for goods and services	(1,450,086)	(107,916)	(1,558,002)
Cash paid to or on behalf of employees for services	(556,550)	(179,513)	(736,063)
Customer deposits received	98,040	-	98,040
Customer deposits returned	(72,037)	-	(72,037)
Other operating revenues	173,852	-	173,852
Net cash provided by operating activities	<u>1,973,074</u>	<u>207,490</u>	<u>2,180,564</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System Development Fees	19,074	-	19,074
Principal and interest paid on notes	(1,005,306)	-	(1,005,306)
Acquisition and construction of capital assets	(235,545)	(180,086)	(415,631)
Net cash used by capital and related financing activities	<u>(1,221,777)</u>	<u>(180,086)</u>	<u>(1,401,863)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	78,843	2,192	81,035
Net increase in cash and cash equivalents	830,140	29,596	859,736
Balances, beginning	6,576,355	956,823	7,533,178
Balances, ending	<u>\$ 7,406,495</u>	<u>\$ 986,419</u>	<u>\$ 8,392,914</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 731,000	\$ 122,555	\$ 853,555
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,075,772	67,758	1,143,530
Changes in assets, deferred outflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	(15,848)	259	(15,589)
(Increase) decrease in due from other governments	19,038	1,317	20,355
(Increase) decrease in prepaid items	39,546	8,750	48,296
(Increase) decrease in deferred outflows of resources - pensions	(40,648)	(17,958)	(58,606)
(Increase) decrease in deferred outflows of resources - OPEB	(262)	(116)	(378)
Increase (decrease) in net pension liability	51,178	22,611	73,789
Increase (decrease) in deferred inflows of resources for pensions	(2,286)	(1,011)	(3,297)
Increase (decrease) in accounts payable and accrued liabilities	83,932	2,439	86,371
Increase(decrease) in customer deposits	26,003	-	26,003
Increase (decrease) in accrued vacation pay	1,305	(120)	1,185
Increase (decrease) in customer overpayments	2,068	-	2,068
Increase (decrease) in deferred inflows of resources - OPEB	1,201	530	1,731
Increase(decrease) in OPEB liability	1,075	476	1,551
Total adjustments	<u>1,242,074</u>	<u>84,935</u>	<u>1,327,009</u>
Net cash provided by operating activities	<u>\$ 1,973,074</u>	<u>\$ 207,490</u>	<u>\$ 2,180,564</u>

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

City of Archdale
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	LEOSSA Trust Fund
ASSETS	
Cash and cash equivalents	
Mutual funds:	
NC Short Term Investment Fund	\$ 169
NC Equity Index Fund	372,805
NC Bond Investment Fund	151,958
Total assets	524,932
 NET POSITION	
Restricted for pension	\$ 524,932

City of Archdale
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	LEOSSA Trust Fund
ADDITIONS	
Employer contributions	\$ 575,698
Investment earnings:	
Investment income	2,127
Net increase (decrease) in the fair value of investments	22,805
Total investment income	24,932
Total additions	600,630
DEDUCTIONS	
Benefits paid	75,698
Total deductions	75,698
Change in net position	524,932
Total net position restricted for pension, beginning	-
Total net position restricted for pension, ending	\$ 524,932

NOTES TO THE FINANCIAL STATEMENTS

City of Archdale, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of the City of Archdale conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Archdale is a municipal corporation that is governed by an elected mayor and a six-member council.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about all non-fiduciary activities of the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Internal activities related to interfund services provided, such as water and sewer services to the general government, are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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 the 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.

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

The City reports the following major governmental fund:

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

The City reports the following nonmajor governmental fund:

PARTF Capital Projects Fund. The PARTF Capital Projects is used to account for Parks and Recreation Trust Fund (PARTF) grant funds and the purchase and construction of park facilities.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

The City reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operations. Included as sub funds are the Water and Sewer Capital Fund and the Capital Reserve Fund.

Water and Sewer Capital Fund. Accounts for major capital projects.

Capital Reserve Fund. The Capital Reserve Fund for System Development Fees. System development fees are charges assessed on new development within the City to fund certain capital costs of the water and wastewater systems, attributable to that new development. The fee revenues are restricted to specific purposes, and by law must be accounted for in a capital reserve fund. The system development fees are restricted to the repayment of a specific debt and the construction of a sewer force main. Monies may not be spent directly from the capital project fund, rather they are withdrawn by budget ordinance.

Stormwater Fund. This fund is used to account for the City's stormwater operations.

Additionally, the government reports the following fund type:

Fiduciary Fund – The Archdale LEOSSA Trust Fund. The Archdale LEOSSA (Law Enforcement Officers' Special Separation Allowance) Trust Fund accounts for assets held by the City in a fiduciary capacity and accumulate funds to provide pension benefits payments to qualified law enforcement officers. Since, by definition, these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities of obligations of the government, these funds are not incorporated into the government-wide statements.

C. Measurement Focus and Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. 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, or when susceptible to accrual. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

the current period 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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds, including the Water and Sewer Capital Fund. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund and the fund level or project level for the remaining funds. All amendments must be approved by the governing board, with the exception that the City Manager may transfer amounts of up to \$10,000 between departments of the same fund with an official report on such transactions at the next regular meeting of the City Council. 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.

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

1. Deposits and Investments

All deposits of the City are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City 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 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 investments are reported at fair value.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolio have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

General Statute 159-30.2 allows the City to establish and fund an irrevocable trust for the purpose of providing pension benefits to eligible law enforcement officers for which the City is liable. The City's Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. The Trust is not registered with the SEC. G.S. 159-30(g) allows the City to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs-other than quoted prices-included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2019 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon the inflows and outflows as well as allocations of net earnings. On 6/30/2019 the BIF, which does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.81 years at June 30, 2019.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2019 the fair value of funds was \$22.562358 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

The financial statements for the enterprise funds have been consolidated to include a capital reserve fund with assets classified as restricted because their use is restricted. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Cash collected for drug forfeitures and seizures are classified as restricted assets for the General Fund because their use is completely restricted to the purpose for which the cash was received. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

Restricted cash:

Governmental Activities:

General Fund

Federal drug forfeitures	\$	175,141
Streets		626,977
Refundable deposits		63,795
Property and evidence		52,893
Total governmental activities		918,806

Business-Type Activities:

Water and Sewer Fund

Customer deposits		344,922
Capital reserve		19,082
Total business-type activities		364,004
Total restricted cash	\$	1,282,810

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, 2018. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the City are considered to be immaterial since most items are purchased on an as needed basis.

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.

7. Intangible Assets

Intangible assets, net of amortization, of \$7,752,621 as of June 30, 2019 are recorded in the Water and Sewer proprietary fund and represent rights to raw water allocations from the joint venture agreement established in 1987 with five other governmental entities to form a regional water supply. The intangible asset is based on City contributions to the Piedmont Triad Regional Water Authority (PTRWA) for construction of the Randleman Dam and reservoir, a water treatment plant, and related infrastructure improvements. The rights have been amortized since the plant became operational in fiscal year 2011. A useful life of 50 years was assigned to the dam and reservoir, and 40 years for the water treatment plant and related infrastructure.

Intangible assets, net of amortization, of \$2,629,775 as of June 30, 2019 are recorded in the Water and Sewer proprietary fund and represent wastewater treatment rights. The City paid \$4,500,000 under a May 2000 joint-use

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

facility agreement with the City of High Point for its share of the capacity use allocation to upgrade and expand the Eastside Wastewater Treatment Plant. This cost is being amortized over 40 years using the straight-line method. The City share of the cost to upgrade the plant in 2009 for the Odor Control project was \$525,787 and is being amortized over 20 years using the straight-line method.

8. 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: land, \$10,000; permanent utility easements, \$500; buildings, improvements, substations, and system lines, \$20,000; infrastructure, \$100,000; equipment and furniture, \$5,000; vehicles, \$5,000 at acquisition value. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Streets, water and sewer lines and sewer pump stations acquired from developers are valued at actual cost or engineer estimates. General infrastructure assets, consisting of road and sidewalk networks, acquired prior to July 1, 2003 are not recorded. 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>Useful Lives</u>
Buildings	15-50
Land Improvements	15-50
Vehicles and Heavy Equipment	5-15
Furniture and Equipment	5-20
Electronic Equipment and Software	3-5
Water and Sewer Infrastructure	10-20
Wastewater Treatment Rights, Water Treatment Rights and Other Intangible Assets	20-50

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, pension and other post-employment benefit deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - prepaid recreation revenues, prepaid taxes, property taxes receivable, and deferrals of pension and Other Post Employment Benefit expense.

10. 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.

11. Compensated Absences

The vacation policy of the City provides for the accumulation of up to twenty-two and a half days earned vacation leave with such leave being fully vested when earned. Excess vacation balances are converted to sick leave each January 1. In addition, it is the City's policy to allow Police Department employees to accrue holiday time and

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

compensatory leave time. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

12. Net Position/Fund Balances

Net Position

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

Restricted for System Development - North Carolina G.S. 162A, Article 8 requires all system development fee proceeds be accounted for in a capital reserve fund and restricts the use of the funds depending on the method used to calculate upfront fees for new development. Archdale employs the buy-in method, under which the proceeds must be allocated to pay debt service on past water or wastewater projects or to pay for future capital projects.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Prepaid Items - portion of fund balance that is not an available resource because it represents the year-end balance of costs applicable to future accounting periods, which are not spendable resources.

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

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

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

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for law enforcement purposes.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Archdale’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The City currently does not have committed fund balance.

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

Assigned for Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the adopted 2019-2020 budget ordinance that is not already classified in restricted or committed.

Assigned for Economic Development – portion of fund balance assigned by the City Council for future economic development opportunities. The City Council’s Fund Balance Policy – General Fund sets aside \$25,000 of current year revenues for economic development. In addition, one-half of scheduled annual debt service requirements saved through early retirement of debt has been assigned for economic development.

Assigned for Capital – The City Council authorized the City Manager to assign fund balance for capital expenditures when the general fund unassigned fund balance exceeds the minimum fund balance requirement. The assignment is based on the Capital Improvement Plan, which is updated at the start of the annual budget process. This assignment includes \$152, 069 appropriated in next year’s budget.

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

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

The Archdale City Council 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 the unassigned fund balance as it is reported for the general fund on the governmental funds balance sheet is at least 50% of general operating fund expenditures. The maximum unassigned fund balance should not exceed two times the minimum fund balance level.

13. Defined Benefit Cost-Sharing Plan

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 Archdale’s employer contributions are recognized when due and the City of Archdale 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents in the City's name. 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, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization. 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.

At June 30, 2019, the City's deposits had a carrying amount of \$9,483,197 and a bank balance of \$9,514,536. Of the bank balance \$500,317 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the City's petty cash and change funds totaled \$675. The Police Department had \$625 in police investigation funds.

2. Investments

At June 30, 2019 the City of Archdale, including the Archdale LEOSSA Trust, had the following investments:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2019</u>	<u>Maturity</u>	<u>Rating</u>
LEOSSA - STIF	Fair Value - Level 2	\$ 169	1.3 years	Unrated
LEOSSA - BIF	Fair Value - Level 2	151,958	7.81 years	Unrated
LEOSSA - EIF	Fair Value - Level 1	372,805		
NC Capital Management Trust- Government Portfolio	Fair Value - Level 1	738,772	N/A	AAAm
NC Capital Management Trust-Term Portfolio	Fair Value - Level 1	<u>7,587,930</u>	0.11 years	Unrated
		<u>\$ 8,851,634</u>		

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

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

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

At June 30, 2019 the Archdale LEOSSA Trust had \$524,932 invested in the State Treasurer's Local Government Trust for Law Enforcement Special Separation Allowance (LEOSSA) Benefits pursuant to G.S. 159-30.2. That State Treasurer's LEOSSA Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the City of Archdale's LEOSSA Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 0.03%, which is reported as cash and cash equivalents; State Treasurer's Bond Index Fund (BIF) 28.95% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) 71.02% (the equities were split with 55.3% in domestic securities and 44.7% in international securities).

Valuation Technique: North Carolina Department of State Treasurer Pension Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Interest Rate Risk. The City's formal investment policy addresses interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City will minimize this risk by structuring the investment portfolio so that securities mature to meet cash requirements and investing operating funds in shorter term securities. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.81 years at June 30, 2019.

Credit Risk: The City's formal investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, and diversifying the investment portfolio. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, an in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The State Treasurer's STIF is unrated and authorized under the G.S. 147-69.1. The STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under the G.S. 147-69.1 and G.S. 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

3. Receivables - Allowances for Doubtful Accounts

General Fund:	
Taxes receivable	\$ 4,000
Total General Fund	4,000
Enterprise Funds:	
Water and Sewer Fund - accounts receivable	21,000
Total Enterprise Fund	21,000
Total	\$ 25,000

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

4. Due from Other Governments

Amounts due from governmental agencies consist of the following:

	State	County	Total
Governmental Funds:			
Sales and use tax distribution	\$ 788,460	\$ -	\$ 788,460
Utility sales tax	149,294	-	149,294
Sales tax refunds	84,095	-	84,095
Solid waste disposal tax	2,240	-	2,240
PARTF grant	9,958	-	9,958
Property tax collections	-	30,927	30,927
Grant reimbursement	-	2,068	2,068
Expense reimbursement	-	274	274
Total governmental funds	<u>\$ 1,034,047</u>	<u>\$ 33,269</u>	<u>\$ 1,067,316</u>

5. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,160,474	\$ 136,478	\$ -	\$ 3,296,952
Construction-in-progress	-	42,013	-	42,013
Street rights-of-way	3,978,645	-	-	3,978,645
Streets	664,500	-	-	664,500
Total capital assets not being depreciated	<u>7,803,619</u>	<u>178,491</u>	<u>-</u>	<u>7,982,110</u>
Capital assets being depreciated:				
Buildings	8,312,164	232,566	-	8,544,730
Other improvements	3,275,863	241,928	34,238	3,483,553
Equipment, vehicles, and furniture	2,677,345	466,119	66,926	3,076,538
Computer software	196,537	25,000	-	221,537
Total capital assets being depreciated	<u>14,461,909</u>	<u>965,613</u>	<u>101,164</u>	<u>15,326,358</u>
Less accumulated depreciation for:				
Buildings	2,292,853	178,849	-	2,471,702
Land improvements	1,347,551	173,815	34,238	1,487,128
Equipment, vehicles, and furniture	1,747,410	331,925	66,926	2,012,409
Computer software	105,867	21,395	-	127,262
Total accumulated depreciation	<u>5,493,681</u>	<u>\$ 705,984</u>	<u>\$ 101,164</u>	<u>6,098,501</u>
Total capital assets being depreciated, net	<u>8,968,228</u>			<u>9,227,857</u>
Governmental activities capital assets, net	<u>\$ 16,771,847</u>			<u>\$ 17,209,967</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

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

General government	\$ 160,163
Public safety	220,460
Transportation	67,080
Culture and recreation	258,281
	<u>\$ 705,984</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 307,396	\$ -	\$ -	\$ 307,396
Easement rights	63,360	19,843	-	83,203
Construction-in-progress	141,817	32,972	-	174,789
Total capital assets not being depreciated	<u>512,573</u>	<u>52,815</u>	<u>-</u>	<u>565,388</u>
Capital assets being depreciated:				
Water distribution system	6,991,110	-	-	6,991,110
Sewer distribution system	18,380,053	-	-	18,380,053
Other improvements	-	15,357	-	15,357
Equipment and vehicles	2,489,280	167,373	-	2,656,653
Total capital assets being depreciated	<u>27,860,443</u>	<u>182,730</u>	<u>-</u>	<u>28,043,173</u>
Less accumulated depreciation for:				
Water distribution system	3,793,725	161,917	-	3,955,642
Sewer collection system	9,118,623	378,668	-	9,497,291
Other improvements	-	178	-	178
Equipment and vehicles	925,879	177,988	-	1,103,867
Total accumulated depreciation	<u>13,838,227</u>	<u>718,751</u>	<u>-</u>	<u>14,556,978</u>
Total capital assets being depreciated, net	<u>14,022,216</u>			<u>13,486,195</u>
Capital assets being amortized, net:				
Water rights	9,572,917	-	-	9,572,917
Wastewater treatment rights	5,025,787	-	-	5,025,787
Utility easement rights	18,551	-	-	18,551
Total capital assets being amortized	<u>14,617,255</u>	<u>-</u>	<u>-</u>	<u>14,617,255</u>
Less accumulated amortization for:				
Water rights	1,602,991	217,304	-	1,820,295
Wastewater treatment rights	2,257,223	138,789	-	2,396,012
Utility easement rights	1,442	928	-	2,370
Total capital assets being amortized, net	<u>10,755,599</u>	<u>357,021</u>	<u>-</u>	<u>10,398,578</u>
Water and Sewer Fund capital assets, net	<u>25,290,388</u>			<u>24,450,161</u>
Stormwater Fund:				
Capital assets being depreciated:				
Other improvements	-	10,080	-	10,080
Equipment	575,671	170,006	-	745,677
Total capital assets being depreciated	<u>575,671</u>	<u>180,086</u>	<u>-</u>	<u>755,757</u>
Less accumulated depreciation for:				
Equipment	386,234	67,758	-	453,992
Total capital assets being depreciated, net	<u>189,437</u>			<u>301,765</u>
Business-type activity capital assets, net	<u>\$ 25,479,825</u>			<u>\$ 24,751,926</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Archdale 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 Archdale's contractually required contribution rate for the year ended June 30, 2019, was 8.5% of compensation for law enforcement officers and 7.86% for general employees, 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 Archdale were \$247,953 for the year ended June 30, 2019.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2019, the City reported a liability of \$1,231,957 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the City's proportion was 0.05193%, which was a decrease of 0.00005% from its proportion measured as of June 30, 2017 (measured as of June 30, 2017).

For the year ended June 30, 2019, the City recognized pension expense of \$318,491. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 190,062	\$ 6,378
Changes of assumptions	326,914	-
Net difference between projected and actual earnings on pension plan investments	169,112	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,180	40,115
City contributions subsequent to measurement date	247,953	-
Total	\$ 935,221	\$ 46,493

\$247,953 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	314,548
2021	200,291
2022	32,125
2023	93,811
2024	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability (asset)	\$ 2,959,268	\$ 1,231,957	\$ (211,411)

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 Archdale 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 law enforcement officer must have completed a minimum of 5 years of continuous service as a law enforcement officer immediately preceding retirement. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Inactive members receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	24
Total	27

Summary of Significant Accounting Policies:

Basis of Accounting. Until May 2019, the City had chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures were made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits were recognized when due and payable in accordance with the terms of the plan.

The Archdale City Council established the Archdale LEOSSA Trust in May 2019 for the purpose of accumulating assets and paying pension benefits. The Trust was established subsequent to the plan measurement date of December 31, 2018.

Employer contributions to the LEOSSA Trust are recognized on the full accrual basis of accounting when due and when the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Management of the LEOSSA Trust is vested in two Trustees, the City Manager and the Finance Director. The LEOSSA Trust does not issue a separate stand-alone financial report and is included in the City's Comprehensive Annual Financial Report as the LEOSSA Trust Fund.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

Actuarial Assumptions. The Entry Age Normal Actuarial Cost Method was used in the December 31, 2017 valuation. The total pension liability was determined on December 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent per annum
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent, net of pension plan investment expense, including inflation

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index. Separation Allowance assets were not deposited in the Archdale LEOSSA Trust until after the measurement date.

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 rates of mortality for the period after service retirement are according to the RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

The rates of mortality for the period before service retirement are according to the RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the period ending December 31, 2014.

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget and to also advance the fund amounts as available. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The actuarially determined contribution rate of \$125,903 for Fiscal Year 2019 is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City contributed \$575,698, including benefit payments of \$75,698, for the reporting period. This amount represents 48.8 percent of covered employee payroll.

The annual required contribution for the current year was determined using the entry age normal actuarial cost method, amortized over a level dollar closed period. The actuarial assumptions include (a) 3.86% investment rate of return, net of pension plan investment expense and (b) projected salary increase of 3.50% - 7.35%. Both (a) and (b) included an inflation component if 3.00%. The actuarial value of assets was determined using the market value of investments. The remaining amortization period at December 31, 2016 was 14 years.

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

At June 30, 2019, the City reported a total pension liability of \$931,559. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019 the City recognized pension expense of \$59,653.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources, based on amounts computed as of the December 31, 2018 measurement date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,126	\$ 59,686
Changes of assumptions and other inputs	40,801	42,994
Benefit payments and administrative expenses subsequent to measurement date	540,319	-
Total	\$ 592,246	\$ 102,680

\$540,319 reported as deferred outflows of resources related to pensions resulting from contributions made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Outflows of Resources	Amount Recognized as Increase (Decrease) to Pension Expense
Year ended June 30:			
2020	\$ 12,306	\$ 21,665	\$ (9,359)
2021	12,306	21,665	(9,359)
2022	12,306	21,665	(9,359)
2023	12,306	19,003	(6,697)
2024	2,703	17,968	(15,265)
Thereafter	-	714	(714)

\$540,319 in benefit contributions to the Archdale LEOSSA Trust subsequent to the measurement date are reported as deferred outflows of resources.

Discount Rate. Since the Archdale LEOSSA Trust assets were not deposited until after the measurement date, the discount rate used is equal to the index rate for 20-year tax exempt general obligation municipal bonds with an average rating AA/Aa or higher. The S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018 was 3.64%

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.64%</u>	<u>3.64%</u>	<u>(4.64%)</u>
Total Pension Liability	\$ 1,010,507	\$ 931,559	\$ 859,616

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

	<u>2019</u>
Total pension liability as of December 31, 2017	\$ 1,040,839
Changes for the year:	
Service cost at end of year	37,224
Interest on the total pension liability	31,788
Difference between expected and actual experience	(71,529)
Changes in assumptions and other inputs	(36,993)
Benefit payments	<u>(69,770)</u>
Net changes	<u>(109,280)</u>
Total pension liability as of December 31, 2018	<u>\$ 931,559</u>

Investment Policy and Long-Term Expected Rate of Return. The Archdale LEOSSA Trust investment policy, adopted by the City Council in May 2019, allows for investment in instruments authorized by G.S. 159-30 as well as investments in the Ancillary Governmental Participant Investment Program established and managed by the Department of State Treasurer's Office, as per G.S.159-30. Placement of the City contributions are at the discretion of the Trustees, as is the allocation of assets within the fund. The current target allocation is Equity Index Fund 70% and Bond Index Fund 30%.

The long-term expected rate of return on pension plan investments is assumed to be 3.64% annually. Since the Archdale LEOSSA Trust assets were not deposited until after the measurement date, the discount rate used is equal to the index rate for 20-year tax exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 318,491	\$ 59,653	\$ 378,144
Pension Liability	1,231,957	931,559	2,163,516
Proportionate share of the net pension liability	0.05193%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	190,062	11,126	201,188
Changes of assumptions	326,914	40,801	367,715
Net difference between projected and actual earnings on pension plan investments	169,112		169,112
Changes in proportion and differences between City contributions and proportionate share of contributions	1,180		1,180
Benefit payments and administrative costs paid subsequent to the measurement date	247,953	540,319	788,272
Deferred Inflows of Resources			
Differences between expected and actual experience	6,378	59,686	66,064
Changes of assumptions	-	42,994	42,994
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	40,115	-	40,115

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$90,370, which consisted of \$59,617 from the City and \$30,753 from the law enforcement officers.

The City elected to match general employee contributions to the Supplemental Retirement Plan up to 5% of salary for the year ended June 30, 2019. Employees not engaged in law enforcement made voluntary contributions of \$103,167 and the City contributions were \$76,431. In addition, employees made voluntary contributions of \$18,249 to the State of North Carolina 457 Plan.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

d. Other Postemployment Benefit

Healthcare Benefits

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

Benefits Provided. Employees who retire under the provisions of the North Carolina Local Governmental Employees' Retirement System (System) with at least 20 years of creditable service with the City and are at least 50 years of age at the time of retirement, are eligible to participate in the City's Group Health Insurance Plan. Lateral transfer employees may also participate if they retire under the provisions of NCLGERS with at least thirty years of local government service and have at least ten or more years of service with the City of Archdale and are at least age 50 at the time of retirement. Retirees pay the full cost of coverage for employees' benefits through private insurers at the City's group rate. Eligibility ends when the retiree qualifies for Medicare. Dependents and/or family members of the retiree are not eligible to participate. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

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

	General Employees	Law Enforcement Officers
Retirees receiving benefits	-	1
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	39	25
Total	39	26

Total OPEB Liability

The City's total OPEB liability of \$294,938 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

Inflation	2.5 percent
Salary increases, general employees	3.5 to 7.75 percent, including wage inflation
Salary increase, law enforcement officers	3.5 to 7.35 percent, including wage inflation
Discount rate	
Prior measurement date	3.56 percent
Measurement date	3.89 percent
Healthcare cost trends, Pre-Medicare	7.5 percent for 2017 decreasing to an ultimate rate of 5.0 percent by 2023

The discount rate is based on the June 2018 average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 285,735
Changes for the year:	
Service cost at end of year	18,895
Interest on total OPEB liability and cash flows	10,070
Change in benefit terms	-
Difference between expected and actual experience	44
Changes in assumptions and other inputs	(14,006)
Benefit payments and implicit subsidy credit	(5,800)
Net changes	9,203
Balance at June 30, 2018	\$ 294,938

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, adopted by LGERS. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.89 percent) or one percentage point higher (4.89 percent) than the current discount rate:

	1% Decrease 2.89%	Current Discount Rate 3.89%	1% Increase 4.89%
Total OPEB Liability	\$ 339,405	\$ 294,938	\$ 256,239

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. Pre-Medicare health care cost trends are 7.50% for 2017, decreasing to an ultimate rate of 5.00% by 2023. 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 one percentage point lower or one percentage point higher than the current healthcare cost rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 243,863	\$ 294,938	\$ 357,904

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$25,234. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40	\$ -
Changes of assumptions and other inputs	-	31,277
Implicit subsidy credit and administrative expenses subsequent to measurement date	8,000	-
Total	\$ 8,040	\$ 31,277

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

Measurement Period ended June 30:		
2019	\$	(3,731)
2020		(3,731)
2021		(3,731)
2022		(3,731)
2023		(3,731)
Thereafter		(12,582)

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

The City also provides group-term life insurance, which is equal to each employee's annual salary up to \$50,000. As part of this benefit, each employee also receives accidental death and dismemberment coverage, which is again equal to annual salary up to \$50,000. The cost of benefits exceeding \$50,000 is taxable to the employee as a fringe benefit.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

C. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 247,953
Benefit payments and administrative expenses subsequent to measurement date (LEOSSA)	540,319
Implicit subsidy credit for current fiscal year	8,000
Differences between expected and actual experience	201,228
Change of assumptions	367,715
Net difference between projected and actual earning on pension plan investments	169,112
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,180
	<u>\$ 1,535,507</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid revenue (General Fund)	\$ 32,843	\$ 32,843
Property taxes receivable (General Fund)	-	34,427
Difference between expected and actual experience	66,064	-
Changes of assumptions and other inputs	74,271	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,115	-
	<u>\$ 213,293</u>	<u>\$ 67,270</u>

D. 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 carries commercial insurance coverage which provides for the following types of major coverage for the amounts of retained risk noted: general liability (\$2,000,000), comprehensive law enforcement liability (\$2,000,000), auto liability coverage (\$1,000,000) and commercial excess liability (\$2,000,000), employment practices (\$2,000,000), public officials' liability (\$2,000,000), cyber risk (\$2,000,000), and employee health coverage with an unlimited lifetime limit. The City also carries workers' compensation coverage of up to \$1,000,000. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three years.

The City carries flood insurance coverage up to a limit of coverage of \$1,000,000 with a \$50,000 deductible per covered location; the annual aggregate is \$1,000,000.

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 Director is individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

E. Claims, Judgments and Contingent Liabilities

There are multiple litigation issues outstanding for the City. Management intends to vigorously defend against these suits, and it is the opinion of the City's attorney and the City's management that the likelihood of material losses from the suits is remote.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

F. Commitments

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances at June 30, 2019 in the general fund are \$559,331. The majority of these are for economic development or capital items. There are no encumbrances in the PARTF Capital Projects Fund. Commitments for outstanding contracts in the proprietary funds total \$1,515,400. Most of this is the construction contract for the sewer force main.

G. Long-Term Obligations

1. Business Type Activities – Enterprise Fund – Water and Sewer Fund – Installment Debt and Commitments

Serviced by the Water and Sewer Fund:

\$4,845,000 note dated November 2002, payable to the State of North Carolina State Revolving Loan Fund, principal payable in 20 annual installments of \$242,250 and semi-annual interest installments at 2.66%.	\$969,000
\$2,971,509 direct placement installment purchase dated February 2012, payable to Branch Bank and Trust, principal payable in monthly installments of \$27,514 plus interest at 2.39%. The water and sewer infrastructure are pledged as collateral for the debt.	550,280
\$4,561,166 agreement with Piedmont Triad Regional Water Authority, principal and interest payable in 33 semi-annual installments of \$171,528 with interest payable at 2.75%.	2,850,996
\$525,787 inter-local agreement with the City of High Point, principal and interest payable in 240 monthly installments of \$2,191 each, includes interest at .21%.	267,275
\$184,565 agreement with Davidson Water, principal and interest payable in 240 monthly installments of \$1,070 each, includes interest at 3.50%.	120,026
	\$4,757,577
Less current portion	873,966
Total	\$3,883,611

Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 873,967	\$ 117,006
2021	771,601	95,308
2022	559,396	79,013
2023	567,523	64,639
2024	333,629	49,878
2025-2029	1,630,370	115,634
2030-2031	21,091	636
Total	\$ 4,757,577	\$ 522,114

At June 30, 2019, the City of Archdale governmental funds had a legal debt margin of \$83,636,454.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

2. Changes in Long-Term Liabilities Compensated absences for governmental activities have typically been liquidated in the general fund, water and sewer fund, and the stormwater fund. Liquidation of compensated absences is accounted for on a FIFO basis, assuming the employees are using accumulated leave time.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
<u>General Fund</u>					
Direct placement installment purchase	\$ 1,412,281	\$ -	\$ 1,412,281	\$ -	\$ -
Compensated absences	255,922	270,301	305,950	220,273	130,000
Net pension liability (LGERS)	660,290	364,058	-	1,024,348	-
Total pension liability (LEO)	1,040,839	-	109,280	931,559	-
Total OPEB liability	237,583	7,652	-	245,235	-
Governmental activity long-term liabilities	<u>\$ 3,606,915</u>	<u>\$ 642,011</u>	<u>\$ 1,827,511</u>	<u>\$ 2,421,415</u>	<u>\$ 130,000</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-type activities:					
<u>Water and Sewer Fund</u>					
Direct placement installment purchase	\$ 2,091,697	\$ -	\$ 572,417	\$ 1,519,280	\$ 572,418
Interlocal agreements payable	3,532,362	-	294,065	3,238,297	301,548
Compensated absences	28,917	33,486	32,181	30,222	11,000
Net pension liability (LGERS)	92,813	51,178	-	143,991	-
Total OPEB liability	33,397	1,075	-	34,472	-
Water and Sewer Fund long-term liabilities	<u>5,779,186</u>	<u>85,739</u>	<u>898,663</u>	<u>4,966,262</u>	<u>884,966</u>
<u>Stormwater Fund</u>					
Compensated absences	10,583	9,675	9,795	10,463	5,000
Net pension liability (LGERS)	41,007	22,611	-	63,618	-
Total OPEB liability	14,755	476	-	15,231	-
Stormwater Fund long-term liabilities	<u>66,345</u>	<u>32,762</u>	<u>9,795</u>	<u>89,312</u>	<u>5,000</u>
Business-type activity long-term liabilities	<u>\$ 5,845,531</u>	<u>\$ 118,501</u>	<u>\$ 908,458</u>	<u>\$ 5,055,574</u>	<u>\$ 889,966</u>

Net pension obligation and net other postemployment benefit obligation have been liquidated in the general fund, the water and sewer fund, and the stormwater fund.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

H. Fund Balance

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

<i>Total fund balance - General Fund</i>	\$ 10,042,029
Less:	
Prepays	15,824
Stabilization by State Statute	1,695,177
Streets - Powell Bill	626,977
Public safety	174,723
Subsequent year's expenditures	119,469
Economic development	606,621
Capital	2,819,198
Remaining fund balance	3,984,040

The Archdale City Council has 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 50% of general operating expenditures, as defined in the policy. As of June 30, 2019, this minimum amount is \$3,984,040. The policy includes debt service as general operating expenditures and does not address prepayment. The minimum fund balance amount would be \$3,277,899 if the prepayment of debt was excluded from operating expenses per the definition in the current policy. The fund balance policy specifies that \$25,000 will be added to the assignment for economic development each year. It further approves an assignment for capital outlays in variable amounts related to the Capital Improvement Plan at the discretion of the City Manager.

III. Jointly Governed Organization

The City, in conjunction with twelve counties and sixty other municipalities established the Piedmont Triad Regional Council (PTRC). The participating governments established the PTRC to coordinate various funding received from federal and State agencies. Each participating government appoints an elected official to the Council's Board of Delegates. The City paid membership fees of \$2,541 to the Council during the fiscal year ended June 30, 2019.

IV. Joint Ventures

The City, in conjunction with five other governments has entered into a joint governmental agreement with the Piedmont Triad Regional Water Authority (PTRWA). The Authority was established to develop a regional water supply, whereby each participant contributes funds to acquire land, develop a reservoir, and construct a dam, water treatment plant and distribution lines. The PTRWA Board is composed of ten members, one of which is appointed by the Archdale City Council. The participating governments are legally obligated under the 1987 intergovernmental agreement that created the PTRWA to contribute a pre-determined share of construction costs. According to the joint intergovernmental agreement, the participating governments do not have an equity interest in the joint venture, but rather rights to water in the reservoir. The 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 PTRWA. The City of Archdale funding share is 5.1%, based on the percentage of future water allocations. The City's treated water allocation is 1.559MGD. The City paid membership dues, including debt service, of \$428,942; water purchases of \$353,764; and lab fees of \$3,770 for the fiscal year. Complete financial statements for the PTRWA can be obtained from the Authority's administrative offices at 7297 Adams Farm Road, Randleman, North Carolina 27317.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2019

V. 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 moneys 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 moneys.

Subsequent Events

The City has evaluated subsequent events through November 25, 2019 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

City of Archdale, North Carolina
City of Archdale's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Archdale's proportion of the net pension liability (asset) (%)	0.05193%	0.05198%	0.05158%	0.05414%	0.05082%	0.05440%
Archdale's proportion of the net pension liability (asset) (\$)	\$ 1,231,957	\$ 794,110	\$ 1,094,700	\$ 242,977	\$ (299,709)	\$ 655,729
Archdale's covered payroll	\$ 3,012,287	\$ 2,973,091	\$ 2,804,844	\$ 2,781,194	\$ 2,670,224	\$ 2,792,740
Archdale's proportionate share of the net pension liability (asset) as a percentage of its covered-employee	40.90%	26.71%	39.03%	8.74%	(11.22%)	23.48%
Plan fiduciary net position as a percentage of the total pension	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Information will be presented for the last ten fiscal years as the data becomes available.

**City of Archdale, North Carolina
City of Archdale's Contributions
Required Supplementary Information
Last Six Fiscal Years**

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 247,953	\$ 232,694	\$ 222,466	\$ 190,590	\$ 198,590	\$ 191,449
Contributions in relation to the contractually required contribution	\$ 247,953	\$ 232,694	\$ 222,466	\$ 190,590	\$ 198,590	\$ 191,449
Contribution deficiency (excess)	-	-	-	-	-	-
Archdale's covered payroll	\$ 3,105,538	\$ 3,012,287	\$ 2,973,091	\$ 2,804,844	\$ 2,781,194	\$ 2,670,224
Contributions as a percentage of covered-employee payroll	7.98%	7.72%	7.48%	6.80%	7.14%	7.17%

Information will be presented for the last ten fiscal years as the data becomes available.

City of Archdale, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last three fiscal years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 931,559	\$ 1,040,839	\$ 946,450
Plan fiduciary net position	-	-	-
Net pension liability	931,559	1,040,839	946,450
Ratio of plan net position to total pension liability	0.00%	0.00%	0.00%
Covered payroll	1,179,490	1,236,309	1,247,899
Net pension liability as a percentage of covered payroll	78.98%	84.19%	75.84%

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

Information will be presented for the last ten fiscal years as the data becomes available.

City of Archdale, North Carolina
Schedule of Employer Contributions
Law Enforcement Officers' Special Separation Allowance (LEOSSA) Pension Benefit Trust
For the Year Ended June 30, 2019

	2019
Actuarially determined employer contribution	\$ 125,903
Actual employer contributions	\$ 575,698
Annual contribution deficiency (excess)	\$ (449,795)
Covered payroll	\$ 1,179,490
Actual contributions as a percentage of covered employee payroll	48.81%

Information will be presented for the last ten fiscal years as the data becomes available.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	14 years as of December 31, 2016
Asset valuation method	Market value
Inflation	3.00%
Salary increase	3.50% - 7.35%, including inflation
Investment rate of return	3.86% for FY2019, net of pension investment expense, including inflation

City of Archdale, North Carolina
Schedule of Investment Returns
Law Enforcement Officers' Special Separation Allowance (LEOSSA) Pension Benefit Trust
For the Year Ended June 30, 2019

2019

Investment rate of return, net of investment expense

5.00%

The Archdale LEOSSA Trust was established near the end of the fiscal year.
The above rate of return is for the month of June 2019.

The annual money-weighted rate of return on pension plan investments will
be presented as it becomes available over a ten year period.

City of Archdale, North Carolina
Schedule of Changes in Total OPEB Liability
June 30, 2019

	<u>2019</u>	<u>2018</u>
Service cost	\$ 18,895	\$ 20,477
Interest on the total pension liability and cash flows	10,070	8,512
Change in benefit terms	-	-
Difference between expected and actual experience	44	-
Changes of assumptions and other inputs	(14,006)	(23,340)
Benefit payments and implicit subsidy credit	(5,800)	(5,355)
Other	-	-
Net change in total OPEB liability	<u>9,203</u>	<u>294</u>
Total OPEB liability - beginning	<u>285,735</u>	<u>285,441</u>
Total OPEB liability - ending	<u><u>\$ 294,938</u></u>	<u><u>\$ 285,735</u></u>
Covered payroll	2,790,095	2,790,095
Total OPEB liability a percentage of covered payroll	10.57%	10.24%

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of Archdale, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 2,886,912	\$
Interest		6,744	
Total	<u>2,835,000</u>	<u>2,893,656</u>	<u>58,656</u>
Unrestricted intergovernmental:			
Local option sales taxes		2,903,534	
Telecommunications sales tax		82,303	
Utilities sales tax		450,861	
Piped natural gas sales tax		29,098	
Video franchise fee		99,781	
Beer and wine tax		52,304	
ABC profit distribution		968	
Total	<u>3,560,900</u>	<u>3,618,849</u>	<u>57,949</u>
Restricted intergovernmental:			
Powell Bill allocation		322,147	
DOJ equitable sharing funds		106,749	
State controlled substance tax		5,034	
Randolph County Tourism Development Authority		25,900	
Solid waste disposal tax		8,994	
Other		13,118	
Total	<u>551,750</u>	<u>481,942</u>	<u>(69,808)</u>
Permits and fees:			
Zoning permits and fees		11,795	
Yard sale permits		1,030	
Total	<u>22,400</u>	<u>12,825</u>	<u>(9,575)</u>
Sales and services:			
Recreation department fees		213,315	
Solid waste		681,550	
Recycling		148,712	
Total	<u>983,750</u>	<u>1,043,577</u>	<u>59,827</u>
Investment earnings	<u>166,000</u>	<u>224,986</u>	<u>58,986</u>
Miscellaneous:			
Other		161,871	
Total	<u>34,100</u>	<u>161,871</u>	<u>127,771</u>
Total revenues	<u>8,153,900</u>	<u>8,437,706</u>	<u>283,806</u>

(continued)

City of Archdale, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing Body			
Salaries and employee benefits		37,234	
Other operating expenditures		8,331	
Total	<u>50,500</u>	<u>45,565</u>	<u>4,935</u>
Administration:			
Salaries and employee benefits		154,111	
Other operating expenditures		9,517	
Total	<u>179,840</u>	<u>163,628</u>	<u>16,212</u>
Information Technology:			
Salaries and employee benefits		147,206	
Software licensing and maintenance		37,677	
Other operating expenditures		127,017	
Capital outlay		106,177	
Total	<u>733,760</u>	<u>418,077</u>	<u>315,683</u>
Finance:			
Salaries and employee benefits		204,518	
Contracted services		69,043	
Other operating expenditures		17,317	
Total	<u>411,230</u>	<u>290,878</u>	<u>120,352</u>
Legal:			
Contracted services	<u>75,000</u>	<u>37,643</u>	<u>37,357</u>
Facilities and grounds:			
Salaries and employee benefits		249,504	
Other operating expenditures		110,457	
Debt service:			
Principal		1,412,281	
Interest		24,642	
Capital outlay		102,404	
Total	<u>2,000,210</u>	<u>1,899,288</u>	<u>100,922</u>
Planning and zoning:			
Salaries and employee benefits		205,476	
Other operating expenditures		30,443	
Capital outlay		9,231	
Total	<u>421,570</u>	<u>245,150</u>	<u>176,420</u>
Public safety:			
Police:			
Salaries and employee benefits		2,497,275	
Communications and IT		132,188	
Insurance		78,884	
Other operating expenditures		198,659	
Capital outlay		207,668	
Total	<u>3,264,640</u>	<u>3,114,674</u>	<u>149,966</u>
Fire:			
Contracted services	<u>32,950</u>	<u>32,945</u>	<u>5</u>
Transportation:			
Streets:			
Salaries and employee benefits		220,200	
Street Lights		125,070	
Other operating expenditures		86,264	
Capital outlay		77,880	
Total	<u>645,880</u>	<u>509,414</u>	<u>136,466</u>

(continued)

**City of Archdale, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Streets-Powell Bill:			
Street repairs and maintenance		398,907	
Other operating expenditures		3,619	
Total	<u>618,000</u>	<u>402,526</u>	<u>215,474</u>
Environmental protection:			
Sanitation:			
Contracted services		786,704	
Tipping fees		25,736	
Other operating expenditures		14,076	
Total	<u>862,200</u>	<u>826,516</u>	<u>35,684</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		424,171	
Utilities		45,845	
Repairs and maintenance		49,500	
Other operating expenditures		172,997	
Capital outlay		448,222	
Total	<u>1,366,320</u>	<u>1,140,735</u>	<u>225,585</u>
Senior building:			
Other operating expenditures		11,013	
Capital outlay		41,899	
Total	<u>60,900</u>	<u>52,912</u>	<u>7,988</u>
Library:			
Payment to Randolph County		94,838	
Other operating expenditures		24,911	
Capital outlay		83,507	
Total	<u>225,200</u>	<u>203,256</u>	<u>21,944</u>
Community Promotions:			
Senior adult meal program		24,900	
Economic development		30,057	
Contracted services and membership dues		41,467	
Total	<u>484,460</u>	<u>96,424</u>	<u>388,036</u>
Contingency	10,000	-	10,000
Total expenditures	<u>11,442,660</u>	<u>9,479,631</u>	<u>1,963,029</u>
Revenues over (under) expenditures	(3,288,760)	(1,041,925)	2,246,835
Other financing sources (uses):			
Sale of capital assets	5,000	4,240	(760)
Total	<u>5,000</u>	<u>4,240</u>	<u>(760)</u>
Fund balance appropriated	3,283,760		3,283,760
Net change in fund balance	\$ <u>-</u>	(1,037,685)	\$ <u>(1,037,685)</u>
Fund balances, beginning		11,079,714	
Fund balances, ending		<u>\$ 10,042,029</u>	

City of Archdale, North Carolina
PARTF Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2019

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Year	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental:					
PARTF grant	\$ 329,217	\$ 79,600	\$ 136,292	\$ 215,892	\$ 113,325
Randolph County	100,000	100,000	-	100,000	-
Total revenues	429,217	179,600	136,292	315,892	113,325
Expenditures:					
Culture and recreation:					
Parks and recreation:					
Capital outlay	882,685	585,934	67,116	653,050	229,635
Revenues over (under) expenditures	(453,468)	(406,334)	69,176	(337,158)	(116,310)
Other financing sources (uses):					
Transfer from General Fund	453,468	453,468	-	453,468	-
Total					
Net change in fund balance	<u>\$ -</u>	<u>\$ 47,134</u>	<u>69,176</u>	<u>\$ 116,310</u>	<u>\$ (116,310)</u>
Fund balances, beginning		-	47,134		
Fund balances, ending		<u>47,134</u>	<u>\$ 116,310</u>		

City of Archdale, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water charges		\$ 1,626,332	
Sewer charges		2,151,863	
Water and sewer taps		15,440	
Other operating revenues		173,852	
Total	<u>\$ 3,842,000</u>	<u>3,967,487</u>	<u>\$ 125,487</u>
Nonoperating revenues:			
Interest earnings		53,922	
Total	<u>95,980</u>	<u>53,922</u>	<u>(42,058)</u>
Total revenues	<u>3,937,980</u>	<u>4,021,409</u>	<u>83,429</u>
Expenditures:			
Salaries and employee benefits		557,810	
Water purchases		355,825	
Waste disposal and treatment costs		619,243	
Repairs and maintenance		132,714	
Operating payments to PTRWA		85,884	
Other operating expenditures		397,676	
Debt service:			
Interest and other charges		135,176	
Principal retirement		866,482	
Capital outlay		190,573	
Total expenditures	<u>4,604,060</u>	<u>3,341,383</u>	<u>1,262,677</u>
Revenues over (under) expenditures	(666,080)	680,026	1,346,106
Net assets appropriated	<u>666,080</u>	<u>-</u>	<u>(666,080)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>680,026</u>	<u>\$ 680,026</u>

(continued)

City of Archdale, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

**Reconciliation from budgetary basis (modified
accrual) to full accrual:**

Revenues and other sources over expenditures and other uses	\$	680,026
Reconciling items:		
Principal retirement		866,482
Capital outlay		235,545
Increase in accrued vacation pay		(1,305)
Increase in deferred outflows of resources - pensions		40,648
Increase in deferred outflows of resources - OPEB		262
Increase in net pension liability		(51,178)
Decrease in deferred inflows of resources - pensions		2,286
Increase in deferred inflows of resources - OPEB		(1,201)
Increase in OPEB liability		(1,075)
Depreciation		(718,751)
Amortization		(357,021)
Revenues from Capital Reserve Fund		19,074
Interest income from Capital Reserve Fund		8
Interest income from Water and Sewer Capital Fund		48,320
Water and Sewer Capital Fund expenses		(44,972)
Total reconciling items		<u>37,122</u>
Change in net position	\$	<u><u>717,148</u></u>

City of Archdale, North Carolina
Water and Sewer Capital Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Nonoperating revenues:			
Interest earnings	\$ 13,000	\$ 48,320	\$ 35,320
Total revenues	13,000	48,320	35,320
Expenditures:			
Capital outlay	1,925,500	44,972	1,880,528
Total expenditures	1,925,500	44,972	1,880,528
Revenues over (under) expenditures	(1,912,500)	3,348	1,915,848
Net assets appropriated	1,912,500	-	(1,912,500)
Revenues and other sources over expenditures and other uses	\$ -	\$ 3,348	\$ 3,348

City of Archdale, North Carolina
Water and Sewer Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Nonoperating revenues:			
System development fees	\$	\$ 19,074	\$
Interest earnings		8	
Total revenues	<u>22,000</u>	<u>19,082</u>	<u>(2,918)</u>
Expenditures:			
Transfer to Water Sewer Fund	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Total expenditures	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Revenues over (under) expenditures	-	19,082	19,082
Net assets appropriated		<u>-</u>	<u>-</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 19,082</u>	<u>\$ 19,082</u>

City of Archdale, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater fees		\$ 493,770	
Miscellaneous		890	
Total	\$ 492,000	494,660	\$ 2,660
Nonoperating revenues:			
Interest earnings		2,192	
Total	1,500	2,192	692
Total revenues	493,500	496,852	3,352
Expenditures:			
Salaries and employee benefits		179,464	
Contract services		53,434	
Other operating expenditures		67,037	
Capital outlay		180,086	
Total expenditures	596,520	480,021	116,499
Revenues over (under) expenditures	(103,020)	16,831	119,851
Net assets appropriated	103,020	-	(103,020)
Revenues and other sources over expenditures and other uses	\$ -	\$ 16,831	\$ 16,831

**Reconciliation from budgetary basis (modified
accrual) to full accrual:**

Revenues and other sources over expenditures and other uses	\$ 16,831
Reconciling items:	
Capital outlay	180,086
Decrease in accrued vacation pay	120
Increase in deferred outflows of resources - pensions	17,958
Increase in deferred outflows of resources - OPEB	116
Increase in net pension liability	(22,611)
Decrease in deferred inflows of resources - pensions	1,011
Increase in deferred inflows of resources - OPEB	(530)
Increase in OPEB liability	(476)
Depreciation	(67,758)
Total reconciling items	107,916
Change in net position	\$ 124,747

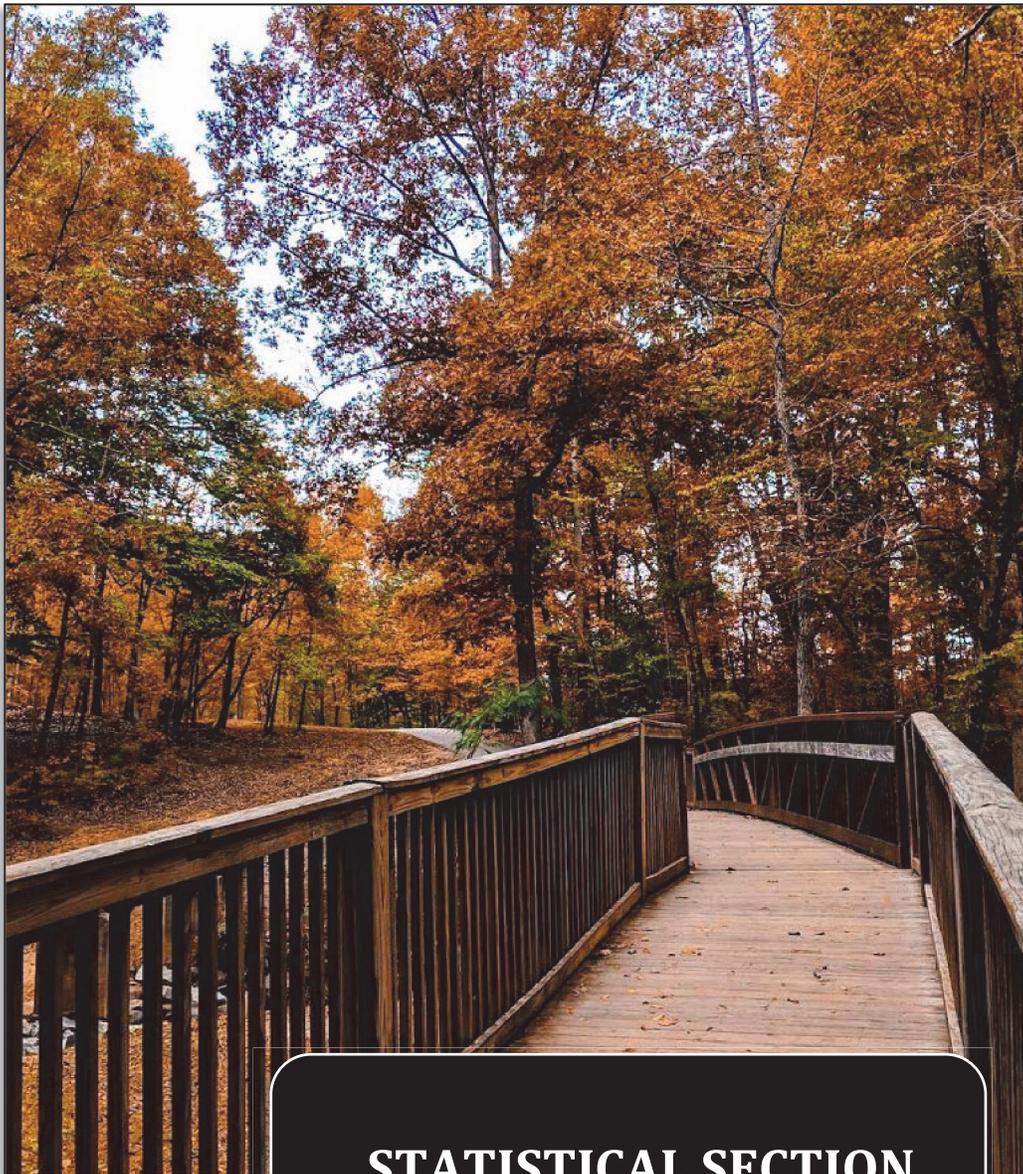
OTHER SCHEDULES

City of Archdale, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 2,942,226	\$ 2,924,573	\$ 17,653
2017-2018	8,754	-	5,313	3,441
2016-2017	2,598	-	570	2,028
2015-2016	862	-	73	789
2014-2015	530	-	47	483
2013-2014	2,549	-	1,399	1,150
2012-2013	1,953	-	1,662	291
2011-2012	1,972	-	1,432	540
2010-2011	1,561	-	965	596
2009-2010	2,407	-	1,186	1,221
2008-2009	1,134	-	1,134	-
	<u>\$ 24,320</u>	<u>\$ 2,942,226</u>	<u>\$ 2,938,354</u>	<u>28,192</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>4,000</u>
Ad valorem taxes receivable - net				<u>\$ 24,192</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 2,893,656
Reconciling items:				
Interest collected				(6,744)
Discounts allowed				37,603
Taxes written off, releases and refunds				<u>13,839</u>
Subtotal				<u>44,698</u>
Total collections and credits				<u>\$ 2,938,354</u>

City of Archdale, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
June 30, 2019

	City - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 1,029,248,621	0.29	\$ 2,984,821	\$ 2,675,355	\$ 309,466
Penalties	-		-	-	-
Total	1,029,248,621		2,984,821	2,675,355	309,466
Discoveries:					
Current year taxes	1,016,897	0.29	2,949	2,949	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Abatements	(15,704,828)		(45,544)	(44,026)	(1,518)
Total property valuation	\$ 1,014,560,690				
Net levy			2,942,226	2,634,278	307,948
Uncollected taxes at June 30, 2019			(17,653)	(17,653)	-
Current year's taxes collected			\$ 2,924,573	\$ 2,616,625	\$ 307,948
Current levy collection percentage			99.40%	99.33%	100.00%



STATISTICAL SECTION

- ◆ Financial Trends
- ◆ Revenue Capacity
- ◆ Debt Capacity
- ◆ Demographics and Economic Condition
- ◆ Operating Conditions

Statistical Section

This part of the City of Archdale's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the City's ability to generate its property and sales taxes.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

CITY OF ARCHDALE, NORTH CAROLINA
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net position:					
Governmental activities:					
Net investment in capital assets	\$ 11,057,050	\$ 11,750,122	\$ 11,981,198	\$ 12,827,900	\$ 12,998,897
Restricted	842,190	1,739,471	1,760,492	1,818,847	1,636,558
Unrestricted	<u>6,715,356</u>	<u>5,758,667</u>	<u>5,993,425</u>	<u>5,392,454</u>	<u>6,112,656</u>
Total governmental activities net position	<u>\$ 18,614,596</u>	<u>\$ 19,248,260</u>	<u>\$ 19,735,115</u>	<u>\$ 20,039,201</u>	<u>\$ 20,748,111</u>
Business-type activities:					
Net investment in capital assets	\$ 17,291,610	\$ 17,054,505	\$ 16,899,743	\$ 16,835,858	\$ 18,304,551
Unrestricted	<u>4,049,437</u>	<u>4,733,813</u>	<u>5,309,889</u>	<u>6,265,831</u>	<u>5,489,605</u>
Total business-type activities net position	<u>\$ 21,341,047</u>	<u>\$ 21,788,318</u>	<u>\$ 22,209,632</u>	<u>\$ 23,101,689</u>	<u>\$ 23,794,156</u>
Primary government					
Net investment in capital assets	\$ 28,348,660	\$ 28,804,627	\$ 28,880,941	\$ 29,663,758	\$ 31,303,448
Restricted	842,190	1,739,471	1,760,492	1,818,847	1,636,558
Unrestricted	<u>10,764,793</u>	<u>10,492,480</u>	<u>11,303,314</u>	<u>11,658,285</u>	<u>11,602,261</u>
Total primary government net position	<u>\$ 39,955,643</u>	<u>\$ 41,036,578</u>	<u>\$ 41,944,747</u>	<u>\$ 43,140,890</u>	<u>\$ 44,542,267</u>
<hr/>					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net position:					
Governmental activities:					
Net investment in capital assets	\$ 13,245,910	\$ 13,990,727	\$ 14,217,643	\$ 15,359,566	\$ 17,209,967
Restricted	2,043,813	2,070,789	1,831,751	1,909,466	2,496,877
Unrestricted	<u>6,526,605</u>	<u>7,271,322</u>	<u>7,534,635</u>	<u>7,565,571</u>	<u>6,497,381</u>
Total governmental activities net position	<u>\$ 21,816,328</u>	<u>\$ 23,332,838</u>	<u>\$ 23,584,029</u>	<u>\$ 24,834,603</u>	<u>\$ 26,204,225</u>
Business-type activities:					
Net investment in capital assets	\$ 18,183,447	\$ 19,355,666	\$ 19,882,981	\$ 19,855,768	\$ 19,994,349
Restricted	-	-	-	-	19,074
Unrestricted	<u>6,231,492</u>	<u>6,345,377</u>	<u>6,667,220</u>	<u>7,658,090</u>	<u>8,342,330</u>
Total business-type activities net position	<u>\$ 24,414,939</u>	<u>\$ 25,701,043</u>	<u>\$ 26,550,201</u>	<u>\$ 27,513,858</u>	<u>\$ 28,355,753</u>
Primary government					
Net investment in capital assets	\$ 31,429,357	\$ 33,346,393	\$ 34,100,624	\$ 35,215,334	\$ 37,204,316
Restricted	2,043,813	2,070,789	1,831,751	1,909,466	2,515,951
Unrestricted	<u>12,758,097</u>	<u>13,616,699</u>	<u>14,201,855</u>	<u>15,223,661</u>	<u>14,839,711</u>
Total primary government net position	<u>\$ 46,231,267</u>	<u>\$ 49,033,881</u>	<u>\$ 50,134,230</u>	<u>\$ 52,348,461</u>	<u>\$ 54,559,978</u>

Source: City of Archdale Audited Financial Statements.

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses					
Governmental activities:					
General government	\$ 602,118	\$ 651,681	\$ 731,161	\$ 1,225,340	\$ 1,241,317
Public safety	2,390,917	2,625,140	2,692,272	2,644,892	2,625,653
Transportation	585,673	803,452	927,569	871,805	884,759
Cultural and recreation	1,041,966	1,072,916	1,101,534	1,000,535	906,558
Environmental protection	686,145	699,360	740,371	731,280	748,514
Community Promotions	62,317	374,040	206,345	61,327	61,088
Interest on Long-Term Debt	42,747	47,689	68,302	78,434	70,457
Total Governmental Activities Expenses	<u>5,411,883</u>	<u>6,274,278</u>	<u>6,467,554</u>	<u>6,613,613</u>	<u>6,538,346</u>
Business-Type Activities:					
Water and Sewer	2,839,700	3,283,373	3,240,344	2,961,535	3,119,008
Stormwater	271,897	374,562	415,989	377,360	580,529
	<u>3,111,597</u>	<u>3,657,935</u>	<u>3,656,333</u>	<u>3,338,895</u>	<u>3,699,537</u>
Total primary government expenses	<u>\$ 8,523,480</u>	<u>\$ 9,932,213</u>	<u>\$ 10,123,887</u>	<u>\$ 9,952,508</u>	<u>\$ 10,237,883</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 53,425	\$ 96,924	\$ 97,968	\$ 146,546	\$ -
Cultural and recreation	189,902	183,463	148,713	145,000	160,977
Environmental protection	723,641	742,777	742,828	733,756	737,537
Operating grants and contributions:					
General government	-	-	-	4,095	25,511
Public safety	159,607	170,285	404,592	233,796	34,302
Transportation	269,100	271,533	309,328	318,987	329,160
Cultural and recreation	10,000	10,000	10,000	10,000	7,340
Environmental protection	6,670	6,686	7,818	6,524	7,086
Community promotions	-	-	-	-	-
Capital grants and contributions:					
General government	-	-	-	-	-
Transportation	-	-	-	-	-
Cultural and recreation	68,305	470,837	-	-	-
Total governmental activities program revenues	<u>1,480,650</u>	<u>1,952,505</u>	<u>1,721,247</u>	<u>1,598,704</u>	<u>1,301,913</u>
Business-type activities:					
Water and sewer:					
Charges for services	3,383,984	3,645,980	3,617,359	3,564,214	3,594,871
Operating grants and contributions	70,000	-	-	-	30,380
Capital grants and contributions	104,813	-	-	181,798	-
Stormwater:					
Charges for services	460,230	468,371	471,407	468,986	470,461
Operating grants and contributions	-	-	-	-	273,517
Total business-type activities program revenues	<u>4,019,027</u>	<u>4,114,351</u>	<u>4,088,766</u>	<u>4,214,998</u>	<u>4,369,229</u>
Total primary government program revenues	<u>\$ 5,499,677</u>	<u>\$ 6,066,856</u>	<u>\$ 5,810,013</u>	<u>\$ 5,813,702</u>	<u>\$ 5,671,142</u>

(continued)

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses					
Governmental activities:					
General government	\$ 1,235,682	\$ 1,289,975	\$ 1,359,290	\$ 1,531,883	\$ 1,628,795
Public safety	2,374,771	2,496,393	2,516,738	2,592,063	2,654,576
Transportation	736,193	773,384	845,365	823,364	897,076
Cultural and recreation	782,917	984,361	996,670	1,042,565	1,089,605
Environmental protection	768,301	764,780	770,273	798,534	826,516
Community Promotions	299,845	63,788	65,635	99,308	96,424
Interest on Long-Term Debt	63,813	45,123	42,180	39,361	24,642
Total Governmental Activities Expenses	<u>6,261,522</u>	<u>6,417,804</u>	<u>6,596,151</u>	<u>6,927,078</u>	<u>7,217,634</u>
Business-Type Activities:					
Water and Sewer	3,087,889	3,194,077	3,121,220	3,079,877	3,352,589
Stormwater	523,989	380,706	362,618	358,689	372,105
	<u>3,611,878</u>	<u>3,574,783</u>	<u>3,483,838</u>	<u>3,438,566</u>	<u>3,724,694</u>
Total primary government expenses	<u>\$ 9,873,400</u>	<u>\$ 9,992,587</u>	<u>\$ 10,079,989</u>	<u>\$ 10,365,644</u>	<u>\$ 10,942,328</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ -	\$ -	\$ 18,085	\$ 19,567	\$ 24,796
Cultural and recreation	152,241	170,949	167,635	173,128	213,189
Environmental protection	798,306	800,439	811,143	827,247	830,262
Operating grants and contributions:					
General government	8,000	11,010	-	2,780	3,738
Public safety	270,425	36,969	26,684	30,711	123,345
Transportation	336,331	309,426	339,195	338,121	338,485
Cultural and recreation	27,250	61,200	25,000	130,000	39,400
Environmental protection	7,580	487	15,940	8,042	8,994
Community promotions	231,847	7,682	-	-	-
Capital grants and contributions:					
General government	-	-	-	17,882	904
Transportation	-	713,350	-	-	-
Cultural and recreation	-	18,450	-	179,600	136,292
Total governmental activities program revenues	<u>1,831,980</u>	<u>2,129,962</u>	<u>1,403,682</u>	<u>1,727,078</u>	<u>1,719,405</u>
Business-type activities:					
Water and sewer:					
Charges for services	3,610,777	3,583,762	3,703,570	3,823,802	3,948,413
Operating grants and contributions	26,363	25,743	26,376	27,167	-
Capital grants and contributions	-	745,885	87,928	-	19,074
Stormwater:					
Charges for services	479,039	485,013	491,207	493,498	494,660
Operating grants and contributions	168,003	-	-	-	-
Total business-type activities program revenues	<u>4,284,182</u>	<u>4,840,403</u>	<u>4,309,081</u>	<u>4,344,467</u>	<u>4,462,147</u>
Total primary government program revenues	<u>\$ 6,116,162</u>	<u>\$ 6,970,365</u>	<u>\$ 5,712,763</u>	<u>\$ 6,071,545</u>	<u>\$ 6,181,552</u>

(continued)

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total net (expense) revenue by program:					
Governmental activities:					
General government	\$ (548,693)	\$ (554,757)	\$ (633,193)	\$ (1,074,699)	\$ (1,215,806)
Public safety	(2,231,310)	(2,454,855)	(2,287,680)	(2,411,096)	(2,591,351)
Transportation	(316,573)	(531,919)	(618,241)	(552,818)	(555,599)
Cultural and recreation	(773,759)	(408,258)	(942,821)	(845,535)	(738,241)
Environmental protection	44,166	50,103	10,275	9,000	(3,891)
Community promotions	(62,317)	(374,040)	(206,345)	(61,327)	(61,088)
Interest on Long-Term Debt	(42,747)	(47,689)	(68,302)	(78,434)	(70,457)
Total Governmental activities	<u>\$ (3,931,233)</u>	<u>\$ (4,321,415)</u>	<u>\$ (4,746,307)</u>	<u>\$ (5,014,909)</u>	<u>\$ (5,236,433)</u>
Business-type activities:					
Water and sewer	719,097	362,607	377,015	784,477	506,243
Stormwater	188,333	93,809	55,418	91,626	163,449
Total Business-type activities	<u>\$ 907,430</u>	<u>\$ 456,416</u>	<u>\$ 432,433</u>	<u>\$ 876,103</u>	<u>\$ 669,692</u>
Total net program (expense) revenue	<u>\$ (3,023,803)</u>	<u>\$ (3,864,999)</u>	<u>\$ (4,313,874)</u>	<u>\$ (4,138,806)</u>	<u>\$ (4,566,741)</u>
General revenues and transfers					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 2,745,826	\$ 2,738,747	\$ 2,700,949	\$ 2,752,837	\$ 2,833,307
Other taxes	1,447,948	1,492,971	1,811,266	1,858,454	1,926,888
Grants and contributions not restricted to specific programs	576,040	610,627	622,039	641,897	644,384
Investment earnings, unrestricted	44,823	35,502	23,258	17,548	23,086
Miscellaneous	123,927	46,076	44,494	48,259	285,060
Transfers	31,156	31,156	31,156	-	-
Total governmental activities general revenues and transfers	<u>\$ 4,969,720</u>	<u>\$ 4,955,079</u>	<u>\$ 5,233,162</u>	<u>\$ 5,318,995</u>	<u>\$ 5,712,725</u>
Business-type activities:					
Water and sewer:					
Investment earnings, unrestricted	34,914	22,011	20,037	15,954	22,775
Miscellaneous	(645)				
Transfers	-	-	-	-	-
Stormwater:					
Transfers	(31,156)	(31,156)	(31,156)	-	-
Total business-type activities general revenues and transfers	<u>\$ 3,113</u>	<u>\$ (9,145)</u>	<u>\$ (11,119)</u>	<u>\$ 15,954</u>	<u>\$ 22,775</u>
Total primary government	<u>\$ 4,972,833</u>	<u>\$ 4,945,934</u>	<u>\$ 5,222,043</u>	<u>\$ 5,334,949</u>	<u>\$ 5,735,500</u>
Change in Net Position					
Governmental activities	1,038,487	633,664	486,855	304,086	476,292
Business-type activities	910,543	447,271	421,314	892,057	692,467
Total Change in Net Position	<u>\$ 1,949,030</u>	<u>\$ 1,080,935</u>	<u>\$ 908,169</u>	<u>\$ 1,196,143</u>	<u>\$ 1,168,759</u>

(continued)

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2015	2016	2017	2018	2019
Total net (expense) revenue by program:					
Governmental activities:					
General government	\$ (1,227,682)	\$ (1,278,965)	\$ (1,341,205)	\$ (1,491,654)	\$ (1,599,357)
Public safety	(2,104,346)	(2,459,424)	(2,490,054)	(2,561,352)	(2,531,231)
Transportation	(399,862)	249,392	(506,170)	(485,243)	(558,591)
Cultural and recreation	(603,426)	(733,762)	(804,035)	(559,837)	(700,724)
Environmental protection	37,585	36,146	56,810	36,755	12,740
Community promotions	(67,998)	(56,106)	(65,635)	(99,308)	(96,424)
Interest on Long-Term Debt	(63,813)	(45,123)	(42,180)	(39,361)	(24,642)
Total Governmental activities	\$ (4,429,542)	\$ (4,287,842)	\$ (5,192,469)	\$ (5,200,000)	\$ (5,498,229)
Business-type activities:					
Water and sewer	549,251	1,161,313	696,654	771,092	614,898
Stormwater	123,053	104,307	128,589	134,809	122,555
Total Business-type activities	\$ 672,304	\$ 1,265,620	\$ 825,243	\$ 905,901	\$ 737,453
Total net program (expense) revenue	\$ (3,757,238)	\$ (3,022,222)	\$ (4,367,226)	\$ (4,294,099)	\$ (4,760,776)
General revenues and transfers					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 2,686,039	\$ 2,708,328	\$ 2,746,614	\$ 2,843,427	\$ 2,900,887
Other taxes	241,978	1,269	1,962	1,770	-
Grants and contributions not restricted to specific programs	2,866,578	3,015,823	3,324,876	3,454,666	3,618,849
Investment earnings, unrestricted	28,944	33,256	55,155	130,712	210,225
Miscellaneous	60,260	45,676	85,565	58,164	137,890
Transfers	-	-	-	-	-
Total governmental activities general revenues and transfers	\$ 5,883,799	\$ 5,804,352	\$ 6,214,172	\$ 6,488,739	\$ 6,867,851
Business-type activities:					
Water and sewer:					
Investment earnings, unrestricted	26,719	20,484	23,915	52,293	104,442
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	-	-
Stormwater:					
Transfers	-	-	-	-	-
Total business-type activities general revenues and transfers	\$ 26,719	\$ 20,484	\$ 23,915	\$ 52,293	\$ 104,442
Total primary government	\$ 5,910,518	\$ 5,824,836	\$ 6,238,087	\$ 6,541,032	\$ 6,972,293
Change in Net Position					
Governmental activities	1,454,257	1,516,510	1,021,703	1,288,739	1,369,622
Business-type activities	699,023	1,286,104	849,158	958,194	841,895
Total Change in Net Position	\$ 2,153,280	\$ 2,802,614	\$ 1,870,861	\$ 2,246,933	\$ 2,211,517

CITY OF ARCHDALE, NORTH CAROLINA
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Fund Balance					
General Fund					
Nonspendable:					
Prepaid items	\$ 6,712	\$ 4,001	\$ 40,998	\$ 32,815	\$ 5,589
Restricted:					
Stabilization by State Statute	638,982	800,097	784,361	798,295	856,550
Streets - Powell Bill	777,708	807,383	640,176	642,492	646,500
Public Safety	64,482	126,671	294,957	345,245	133,508
Assigned:					
Economic Development	275,000	287,120	306,036	331,036	356,036
Capital	-	-	-	-	-
Subsequent Year's Expenditure	237,740	465,394	136,700	37,300	7,363
Unassigned	5,397,050	4,297,226	4,675,575	5,175,320	6,123,899
Total general fund	<u>\$ 7,397,674</u>	<u>\$ 6,787,892</u>	<u>\$ 6,878,803</u>	<u>\$ 7,362,503</u>	<u>\$ 8,129,445</u>
All other governmental funds					
Restricted:					
Stabilization by State Statute	\$ 30,428	\$ 1,319	\$ -	\$ -	\$ -
Assigned:					
Capital Project Fund	334,092	1,013,938	1,192,404	196,084	-
Total all other governmental funds	<u>\$ 364,520</u>	<u>\$ 1,015,257</u>	<u>\$ 1,192,404</u>	<u>\$ 196,084</u>	<u>\$ -</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance					
General Fund					
Nonspendable:					
Prepaid items	\$ 5,501	\$ 1,431	\$ 23,941	\$ 136,118	\$ 15,824
Restricted:					
Stabilization by State Statute	996,555	1,138,833	1,043,101	1,119,896	1,695,177
Streets - Powell Bill	719,991	727,345	661,346	691,017	626,977
Public Safety	327,267	203,615	127,304	98,552	174,723
Assigned:					
Economic Development	375,191	441,691	511,191	577,134	606,621
Capital	894,695	1,614,896	3,014,232	3,027,481	2,819,198
Subsequent Year's Expenditure	-	-	-	-	119,469
Unassigned	5,925,258	5,858,299	5,537,795	5,429,516	3,984,040
Total general fund	<u>\$ 9,244,458</u>	<u>\$ 9,986,110</u>	<u>\$ 10,918,910</u>	<u>\$ 11,079,714</u>	<u>\$ 10,042,029</u>
All other governmental funds					
Restricted:					
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned:					
Capital Project Fund	-	-	-	47,134	116,310
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,134</u>	<u>\$ 116,310</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues					
Ad Valorem Taxes	\$ 2,740,687	\$ 2,718,590	\$ 2,751,071	\$ 2,752,837	\$ 2,848,905
Other Taxes and Licenses	-	-	-	-	-
Unrestricted Intergovernmental	2,019,255	2,103,598	2,433,305	2,500,351	2,571,272
Restricted Intergovernmental	507,012	922,655	723,920	562,783	402,617
Licenses and Permits	53,425	96,924	97,968	146,546	232,618
Sales and Services	933,738	943,284	899,359	889,375	898,514
Investment Earnings	44,823	35,503	23,258	17,548	14,287
Miscellaneous	115,135	36,076	44,494	48,259	285,060
Total Revenues	<u>6,414,075</u>	<u>6,856,630</u>	<u>6,973,375</u>	<u>6,917,699</u>	<u>7,253,273</u>
Expenditures					
General Government	870,127	901,607	952,169	1,263,430	1,145,411
Public Safety	1,916,452	2,180,750	2,271,801	2,255,128	2,424,384
Public Works	519,641	729,916	846,889	815,423	793,030
Sanitation	686,145	699,360	740,371	731,280	748,514
Cultural and Recreation	856,317	869,126	903,314	807,290	712,622
Community Promotions	62,317	374,040	206,345	61,327	61,088
Capital Outlay	1,492,510	806,660	2,532,869	1,230,603	469,816
Debt Service:					
Principal	202,354	237,683	214,413	187,404	231,263
Interest	42,747	47,689	68,302	78,434	70,457
Total Expenditures	<u>6,648,610</u>	<u>6,846,831</u>	<u>8,736,473</u>	<u>7,430,319</u>	<u>6,656,585</u>
Excess of Revenues Over (Under) Expenditures	(234,535)	9,799	(1,763,098)	(512,620)	596,688
Other Financing Sources (Uses), Net					
Operating Transfers	31,156	31,156	31,156	-	170,254
Proceeds from Issuance of Debt	1,260,000	-	2,000,000	-	-
Insurance Recovery	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Restricted Donation & Fee In-lieu	-	-	-	-	-
Total Change in Fund Balance	<u>\$ 1,056,621</u>	<u>\$ 40,955</u>	<u>\$ 268,058</u>	<u>\$ (512,620)</u>	<u>\$ 766,942</u>
Debt Service as a Percentage of Noncapital Expenditures	4.75%	4.72%	4.56%	4.29%	4.88%

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Ad Valorem Taxes	\$ 2,694,321	\$ 2,712,076	\$ 2,749,483	\$ 2,845,328	\$ 2,893,656
Other Taxes and Licenses	241,978	1,269	1,962	1,770	-
Unrestricted Intergovernmental	2,866,578	3,015,823	3,324,876	3,454,666	3,618,849
Restricted Intergovernmental	865,677	428,387	382,222	672,182	618,234
Licenses and Permits	9,290	12,440	18,085	18,015	12,825
Sales and Services	950,547	971,388	978,778	996,528	1,043,577
Investment Earnings	29,095	39,547	66,809	131,603	224,986
Miscellaneous	50,569	34,580	92,086	61,927	161,871
Total Revenues	<u>7,708,055</u>	<u>7,215,510</u>	<u>7,614,301</u>	<u>8,182,019</u>	<u>8,573,998</u>
Expenditures					
General Government	1,118,207	1,169,373	1,194,693	1,370,344	1,445,494
Public Safety	2,263,218	2,371,661	2,277,393	2,352,153	2,939,951
Public Works	695,746	728,270	788,192	762,947	834,060
Sanitation	768,301	764,780	770,273	798,534	826,516
Cultural and Recreation	618,871	800,747	789,375	836,989	823,275
Community Promotions	299,845	63,788	65,635	99,308	96,424
Capital Outlay	116,711	459,717	660,467	1,634,372	1,144,104
Debt Service:					
Principal	678,350	105,263	105,263	105,263	1,412,281
Interest	63,813	45,123	42,180	39,361	24,642
Total Expenditures	<u>6,623,062</u>	<u>6,508,722</u>	<u>6,693,471</u>	<u>7,999,271</u>	<u>9,546,747</u>
Excess of Revenues Over (Under) Expenditures	1,084,993	706,788	920,830	182,748	(972,749)
Other Financing Sources (Uses), Net					
Operating Transfers	-	-	-	-	-
Proceeds from Issuance of Debt	-	-	-	-	-
Insurance Recovery	30,020	-	-	-	-
Sale of Capital Assets	-	14,414	11,970	25,190	4,240
Restricted Donation & Fee In-lieu	-	20,450	-	-	-
Total Change in Fund Balance	<u>\$ 1,112,015</u>	<u>\$ /41,652</u>	<u>\$ 932,800</u>	<u>\$ 207,938</u>	<u>\$ (968,509)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.41%	2.49%	2.44%	2.27%	17.10%

CITY OF ARCHDALE, NORTH CAROLINA
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Utility Franchise/Sales Tax	Beer and Wine Tax	Solid Waste Disposal Tax	Total
2010	2,740,687	1,443,215	561,331	13,960	6,670	4,765,863
2011	2,718,590	1,492,971	566,432	43,475	6,686	4,828,154
2012	2,751,071	1,811,266	571,868	49,610	7,818	5,191,633
2013	2,752,837	1,858,454	594,351	46,762	6,524	5,258,928
2014	2,848,905	1,926,888	592,901	50,729	7,086	5,426,509
2015	2,694,321	2,102,948	706,795	56,021	7,580	5,567,665
2016	2,712,076	2,278,213	684,623	52,137	7,682	5,734,731
2017	2,749,483	2,604,025	665,798	54,106	8,029	6,081,441
2018	2,845,328	2,737,471	663,770	52,430	8,042	6,307,041
2019	2,893,656	2,903,534	662,043	52,304	8,994	6,520,531
Change from 2010 to 2019	5.58%	101.19%	17.94%	274.67%	34.84%	36.82%

In North Carolina, property tax would be considered an own-source revenue. Information about the tax rate and assessed value is found in the Revenue Capacity tables in the Statistical Section. Archdale's tax rate is .29 per \$100 of assessed valuation.

Sales tax revenue is distributed to Archdale from Randolph County under the per capita distribution formula and from Guilford County under the ad valorem distribution formula.

Beginning with FY 2015, the utilities franchise tax changed to a utility sales tax. The general sales tax rate was applied to sales of electricity and natural gas, and a portion of these sales taxes was distributed to cities and towns as a shared revenue.

A city or county is eligible to share in beer or wine excise tax revenues if beer or wine may legally be sold within its boundaries.

CITY OF ARCHDALE, NORTH CAROLINA
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	Public Service Companies	Total	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Property Tax Rate (per \$100 Assessed Value)
	Assessed Value	Estimated Actual Value (1)	Assessed Value (2)	Assessed Value (3)	Assessed Value			
2010	775,389,838	777,271,732	162,585,464	18,493,319	956,468,621	958,350,515	99.80%	0.29
2011	777,775,920	751,345,404	159,968,400	19,177,405	956,921,725	930,491,209	102.84%	0.29
2012	780,325,294	743,448,143	149,029,682	14,100,541	943,455,517	906,578,366	104.07%	0.29
2013	781,624,386	748,982,925	145,113,428	17,589,083	944,326,897	911,685,436	103.58%	0.29
2014	783,473,997	799,128,283	174,719,916	16,711,604	974,905,517	990,559,803	98.42%	0.29
2015	749,809,892	761,132,728	171,237,213	14,918,109	935,965,214	947,288,050	98.80%	0.29
2016	751,848,348	779,060,399	179,534,765	17,419,470	948,802,583	976,014,634	97.21%	0.29
2017	757,198,427	816,270,140	188,627,763	17,542,010	963,368,200	1,022,439,913	94.22%	0.29
2018	767,317,418	851,139,716	201,499,095	23,840,039	992,656,552	1,076,478,850	92.21%	0.29
2019	778,194,445	818,059,864	210,739,803	25,626,442	1,014,560,690	1,054,426,109	96.22%	0.29

Sources: Randolph County Tax Department and the Finance Departments for Randolph and Guilford Counties.

A revaluation of all property is required every eight (8) years by state statute.

Real property in Randolph County was revalued on January 1, 2019.

Real property in Guilford County was revalued on January 1, 2017.

(1) The estimated market value for real property is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the North Carolina Department of Revenue. The ratio is based on actual property sales that took place during the fiscal year.

(2) Personal property is appraised each year and assessed at 100% of appraised value.

(3) Public Service Companies valuations are provided by the North Carolina Department of Revenue.

Public Service Companies assessed value as a percentage of actual value is 100%.

Note: Beginning in 2014, the NCDMV began the Tax & Tag Together Program through which taxes on registered motor vehicles were collected at the time of vehicle registration renewal. Previously, county governments were collecting taxes on registered motor vehicles, and these taxes were due three months after the registration renewal. During the period in FY 2014 in which the Tax & Tag system was implemented, registered motor vehicle taxes were collected by Randolph County, Guilford County, and the NCDMV.

The Tax & Tag Program was fully implemented in FY 2015.

Fiscal Year	Ratio of Assessed Value to Estimated Actual Value of Real Property	
	Randolph County	Guilford County
2010	100.00%	92.60%
2011	103.72%	97.48%
2012	105.00%	103.72%
2013	104.50%	99.60%
2014	98.00%	99.50%
2015	98.60%	95.67%
2016	96.47%	97.77%
2017	92.57%	99.75%
2018	90.00%	94.74%
2019	95.26%	91.41%

CITY OF ARCHDALE, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	Randolph County					Guilford County			
	City of Archdale	Randolph County	Guil-Rand Fire District	Archdale Trinity School District	Combined Tax Rate	City of Archdale	Guilford County	Guil-Rand Fire District	Combined Tax Rate
2010	0.29	0.5550	0.1000	0.090	1.0350	0.29	0.7374	0.1000	1.1274
2011	0.29	0.5860	0.1000	0.090	1.0660	0.29	0.7374	0.1000	1.1274
2012	0.29	0.5860	0.1000	0.090	1.0660	0.29	0.7824	0.1056	1.1780
2013	0.29	0.5860	0.1200	0.090	1.0860	0.29	0.7804	0.1200	1.1904
2014	0.29	0.6100	0.1200	0.0954	1.1154	0.29	0.7700	0.1200	1.1800
2015	0.29	0.6550	0.1262	0.0954	1.1666	0.29	0.7600	0.1200	1.1700
2016	0.29	0.6550	0.1262	0.0954	1.1666	0.29	0.7550	0.1200	1.1650
2017	0.29	0.6525	0.1262	0.0954	1.1641	0.29	0.7550	0.1200	1.1650
2018	0.29	0.6525	0.1262	0.0954	1.1641	0.29	0.7305	0.1200	1.1405
2019	0.29	0.6525	0.1500	0.0954	1.1879	0.29	0.7305	0.1466	1.1671

Source: Randolph and Guilford County Finance Departments.
The majority of Archdale is in Randolph County.

CITY OF ARCHDALE, NORTH CAROLINA
Principal Taxpayers For the Year
Fiscal Years Ended June 30, 2019 and 2010

<u>Taxpayer</u>	<u>Type of Enterprise</u>	<u>Fiscal Year 2018</u>	
		<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Sealy Inc.	Mattress Manufacturer	\$ 23,468,750	2.24%
Hafele America Co	Architectural Hardware Manufacturer	18,783,268	1.80%
J L Darr & Son	Real Estate Developer/Contractor	18,492,591	1.77%
Thomas Built Buses	Bus Manufacturer	15,877,600	1.52%
BMA Brookwood Apartments LLC	Property Management/Rental	8,493,640	0.81%
Salem Leasing Corp	Trailer Rental/Leasing Services	8,424,182	0.81%
Daly GC, Inc.	Hotel Developer/Management	8,390,425	0.80%
Ace Avant Concrete	Concrete Construction	6,811,335	0.65%
Duke Energy Corp	Utility	6,728,155	0.64%
PST Properties	Property Management/Rental	6,066,680	0.58%
Total		<u>\$ 121,536,626</u>	11.63%

<u>Taxpayer</u>	<u>Type of Enterprise</u>	<u>Fiscal Year 2009</u>	
		<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Sealy Inc.	Mattress Manufacturer	\$ 34,843,826	3.64%
J L Darr & Son	Real Estate Developer/Contractor	16,079,288	1.68%
Thomas Built Buses	Bus Manufacturer	15,774,487	1.65%
Hafele America Co	Architectural Hardware Manufacturer	11,747,502	1.23%
Walker, Billy R.	Real Estate Developer/Contractor	11,678,800	1.22%
North State Telephone	Communications	9,236,409	0.97%
BMA Brookwood Apartments LLC	Property Management/Rental	8,413,890	0.88%
Daly GC, Inc.	Hotel Developer/Management	7,885,111	0.82%
Alexandra Holdings, Inc.	Real Estate Developer/Management	6,168,990	0.64%
United Furniture Industries NC	Furniture Manufacturer	3,917,070	0.41%
Total		<u>\$ 125,745,373</u>	13.15%

Source: Randolph County Tax Department.

CITY OF ARCHDALE, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Net Tax Levy	Collection within the Fiscal Year of Levy		Collection in Subsequent Years	Total Tax Collections	Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes
		Amount	Percent				
2010	\$ 2,773,763	\$ 2,729,369	98.40%	\$ 43,173	\$ 2,772,542	99.96%	\$ 1,221
2011	\$ 2,777,288	\$ 2,722,238	98.02%	\$ 54,454	\$ 2,776,692	99.98%	\$ 596
2012	\$ 2,739,467	\$ 2,697,923	98.48%	\$ 41,004	\$ 2,738,927	99.98%	\$ 540
2013	\$ 2,740,540	\$ 2,702,840	98.62%	\$ 37,409	\$ 2,740,249	99.99%	\$ 291
2014	\$ 2,827,226	\$ 2,802,234	99.12%	\$ 23,842	\$ 2,826,076	99.96%	\$ 1,150
2015	\$ 2,714,299	\$ 2,703,831	99.61%	\$ 9,985	\$ 2,703,831	99.61%	\$ 483
2016	\$ 2,751,528	\$ 2,743,898	99.72%	\$ 6,841	\$ 2,743,898	99.72%	\$ 789
2017	\$ 2,793,767	\$ 2,785,319	99.70%	\$ 6,420	\$ 2,785,319	99.70%	\$ 2,028
2018	\$ 2,878,704	\$ 2,869,950	99.70%	\$ 5,313	\$ 2,869,950	99.70%	\$ 3,441
2019	\$ 2,942,226	\$ 2,924,573	99.40%	N/A	\$ 2,924,573	99.40%	\$ 17,653

Source: City of Archdale audited financial statements.

City of Archdale property taxes are collected by the Randolph County and Guilford County Tax Departments.

Net Tax Levy shown above includes taxes levied on all property.

On average, 99.49% of the net levy on property excluding registered motor vehicles is collected in the current year.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Legal Debt Margin and Actual Debt
 Last Ten Fiscal Years

Fiscal Year	Assessed Valuation	Legal Debt Limit	Installment Debt	Legal Debt Margin	Ratio of Outstanding Debt to Debt Limit
2010	956,468,621	76,517,490	966,119	75,551,371	1.263%
2011	956,921,725	76,553,738	1,039,500	75,514,238	1.358%
2012	943,455,517	75,476,441	2,825,087	72,651,354	3.743%
2013	944,326,897	75,546,152	2,637,683	72,908,469	3.491%
2014	974,905,517	77,992,441	2,406,420	75,586,021	3.085%
2015	935,965,214	74,877,217	1,728,070	73,149,147	2.308%
2016	948,802,583	75,904,207	1,622,807	74,281,400	2.138%
2017	963,368,200	77,069,456	1,517,543	75,551,913	1.969%
2018	992,656,552	79,412,524	1,412,280	78,000,244	1.778%
2019	1,014,560,690	81,164,855	4,757,577	-	5.862%

Under North Carolina General Statutes, the net debt of the City is not to exceed eight percent (8%) of the assessed value of property subject of taxation by the City. All debt issued for Archdale's governmental activities has been installment contract financing, where the financed asset is collateral for the debt.

Excludes business-type activities. Outstanding debt in business-type activities, including amounts due under interlocal agreements, is \$4,757,577. Including business-type activities, the legal debt margin for the City is \$76,407,278, with a ratio of outstanding debt to debt limit of 5.86%.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Direct and Overlapping Governmental Activities Debt
 June 30, 2019

<u>Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Percentage Applicable to Archdale</u>	<u>Amount Applicable to Archdale</u>
Randolph County			
Installment financing debt	\$ 9,330,954		
Total direct debt	<u>9,330,954</u>	8.86%	\$ 827,161
Guilford County			
General obligation bonds-utility	997,777		
General obligation bonds-other	685,342,223		
Unamortized bond premium	81,550,915		
Limited obligation bonds	16,845,000		
Installment financing debt	-		
Total direct debt	<u>784,735,915</u>	0.06%	<u>462,050</u>
Subtotal, overlapping debt			1,289,211
City of Archdale			
Installment financing debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 1,289,211</u>

Sources: Outstanding debt and assessed value data provided by each governmental unit. Includes all governmental activities debt. Residents and businesses located within the City of Archdale boundaries are also in Randolph or Guilford County. Some businesses may extend into both counties. The purpose of this schedule is recognize that the entire debt burden borne by the residents and businesses should be taken into account when calculating the government's ability to issue and repay long-term debt.

The percentage of overlapping debt applicable to the City of Archdale is estimated using taxable assessed value information. Property tax is the largest governmental activities revenue source for these units and the rates are adopted by the governing boards in their annual budgets.

CITY OF ARCHDALE, NORTH CAROLINA
 Outstanding Debt Ratios
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government Debt	Ratio of Outstanding Debt to Personal Income	Total Outstanding Debt per Capita
	Installment Financing	Outstanding Debt per Capita	Agreements and Installment Financing	Outstanding Debt per Capita			
2010	1,277,183	129	6,569,418	666	7,846,601	2.32%	795
2011	1,039,500	91	11,280,862	985	12,320,362	3.04%	1,076
2012	2,825,087	244	10,712,293	925	13,537,380	3.19%	1,169
2013	2,637,683	227	9,851,206	849	12,488,889	2.90%	1,077
2014	2,406,420	205	9,019,177	768	11,425,597	2.57%	973
2015	1,728,070	146	8,180,635	690	9,908,705	2.13%	836
2016	1,622,807	136	7,335,393	614	8,958,200	1.84%	749
2017	1,517,543	125	6,483,268	536	8,000,811	1.56%	661
2018	1,412,281	117	5,624,059	465	7,036,340	1.37%	581
2019	-	-	4,757,577	391	4,757,577	0.92%	391

Population data is shown on the Demographic Statistics schedule.

Personal income was determined by multiplying population by per capita income, as shown on the Demographic Statistics schedule.

Percentages for 2018 and 2019 were calculated using personal income amounts for 2017, the last year data is available.

CITY OF ARCHDALE, NORTH CAROLINA
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Archdale Population (1)	Greensboro-High Point MSA Population (2)	Total Personal Income (2) (Thousands of Dollars)	Per Capita Income (2)	Unemployment Rate (3)	Archdale-Trinity Public School Enrollment (4)
2010	9,868	725,192	24,871,452	34,296	11.5%	5,086
2011	11,450	730,531	25,856,828	35,395	11.0%	5,078
2012	11,582	736,065	26,973,441	36,645	10.2%	5,117
2013	11,597	741,065	27,487,660	37,092	9.1%	5,051
2014	11,746	746,593	28,207,761	37,782	6.8%	4,951
2015	11,852	752,157	29,532,092	39,263	6.3%	4,892
2016	11,954	756,564	30,837,300	40,760	5.2%	4,869
2017	12,105	761,184	32,240,900	42,356	4.7%	4,790
2018	12,105	767,711	(5)	(5)	4.1%	4,707
2019	12,168	(5)	(5)	(5)	3.6%	4,591

- Source: (1) Office of Budget and Management for the State of North Carolina July 1, 2018 estimate is 12,168.
(2) Bureau of Economic Analysis Information for the Greensboro-High Point Metropolitan Statistical Area.
(3) Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas, Annual Average Rankings
The September 2018 unemployment rate, not seasonally adjusted, is 3.6%
(4) Randolph County School Administration.
(5) Information is unavailable.

CITY OF ARCHDALE, NORTH CAROLINA

Principal Employers For the Year
Fiscal Year Ended June 30, 2019 and 2010

Fiscal Year 2019			
Employer	Type of Enterprise	Number of Employees	Percentage of Randolph County Total Employment
Thomas Built Buses	Bus Manufacturer	1,845 *	2.733%
United Furniture of NC, LLC	Furniture Manufacturer	405 *	0.600%
Sealy, Inc.	Mattress Manufacturer	380	0.563%
Ace/Avant Concrete Construction Co., Inc.	Concrete Construction	265	0.393%
Hafele America Company	Architectural Hardware Manufacturer	261	0.387%
Randolph County Schools	Public School System	174 **	0.258%
Dar/Ran Furniture Industries, Inc.	Furniture Manufacturer	162	0.240%
Stickley Fine Upholstery	Furniture Manufacturer	153	0.227%
Hubbell Industrial Controls, Inc.	Commercial Equipment	145	0.215%
Hendrix Batting Company, Inc.	Cotton Batting Manufacturer	140	0.207%

Fiscal Year 2010			
Employer	Type of Enterprise	Number of Employees	
Thomas Built Buses	Bus Manufacturer	1,250 *	2.066%
Sealy	Mattress Manufacturer	500	0.826%
United Furniture	Furniture Manufacturer	400 *	0.649%
Hafele America Co.	Architectural Hardware Manufacturer	185	0.300%
Hendrix Batting Co.	Cotton Batting Manufacturer	180	0.292%
Stickley Furniture Company	Furniture Manufacturer	165	0.268%
Randolph County Schools	Public School System	128 **	0.208%
Dar/Ran Furniture Industries, Inc.	Furniture Manufacturer	130	0.211%
Wayne Industries	Upholstery Manufacturer	115	0.187%
Hubbell Industrial Controls, Inc.	Commercial Equipment	110	0.178%

Information for 2019 Principal Employers provided by Randolph County Economic Development Corporation (RCEDC).
Information on Randolph County's total employment data obtained from the NC Department of Commerce Labor and Economic Analysis Division.

* Thomas Built Buses is partially located in High Point and United Furniture Co. is partially located in Trinity.

** Information for 3 elementary schools located within Archdale city limits. 2019 RCS employee numbers include full-time employees only.

RCEDC reports the approximate number of employees in Archdale's industrial base is 4,848.

CITY OF ARCHDALE, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years

	2010	2011	2012	2013	2014
Public Safety:					
Calls for Service	11,018	11,897	12,553	11,844	12,473
Traffic Accidents	504	404	387	323	281
Vice/Narcotic Calls	45	70	64	117	76
Animal Control Calls	508	598	625	676	561
Planning & Zoning:					
Zoning Permits Issued	90	95	101	76	92
Complaints Investigated	301	206	216	282	144
Zoning Cases Prepared	8	8	16	14	7
Public Works:					
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:					
Summer Camp Participants	81	70	55	89	96
Youth Athletic Program Participants	934	923	910	842	777
Adult Athletic Program Participants					
After School Program Participants	34	35	27	42	34
Senior Adult Participants			100	55	60
Utility System:					
Number of Water Accounts Billed - June	4,900	4,730	4,749	4,740	4,767
Gallons of Water Billed	252,411,590	257,926,281	254,446,067	254,268,107	250,304,784
Sewer Treatment Gallons	355,098,272	313,184,191	330,957,427	362,545,843	405,278,915

	2015	2016	2017	2018	2019
Public Safety:					
Calls for Service	13,340	12,633	13,426	12,855	12,570
Traffic Accidents	497	531	521	522	523
Vice/Narcotic Calls	72	71	164	208	158
Animal Control Calls	720	617	553	562	720
Planning & Zoning:					
Zoning Permits Issued	101	110	78	113	78
Complaints Investigated	109	149	186	128	257
Zoning Cases Prepared	11	15	28	11	12
Public Works:					
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:					
Summer Camp Participants	80	95	155	111	119
Youth Athletic Program Participants	795	768	754	789	770
Adult Athletic Program Participants	145	140	185	262	260
After School Program Participants	38	52	64	53	66
Senior Adult Participants	102	100	308	327	373
Utility System:					
Number of Water Accounts Billed - June	4,800	4,856	4,889	4,937	4,956
Gallons of Water Billed	255,853,844	245,930,570	246,531,294	246,538,860	258,433,555
Sewer Treatment Gallons	347,241,401	402,390,122	357,753,810	333,062,023	457,548,961

Sources: City Departments.

CITY OF ARCHDALE, NORTH CAROLINA
Full-Time City Government Employees by Function
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government	9	9	9	10	11
Public Safety:					
Sworn Officers	25	25	25	25	25
Civilian	6	6	6	6	6
Public Works	6	6	5	5	5
Cultural & Recreation	8	8	8	8	8
General Fund	<u>54</u>	<u>54</u>	<u>53</u>	<u>54</u>	<u>55</u>
Enterprise Fund	<u>11</u>	<u>12</u>	<u>12</u>	<u>10</u>	<u>10</u>
City Total	<u><u>65</u></u>	<u><u>66</u></u>	<u><u>65</u></u>	<u><u>64</u></u>	<u><u>65</u></u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government	15	15.5	17	17	17
Public Safety:					
Sworn Officers	25	25	25	25	25
Civilian	6	6	6	6	6
Public Works	5	3.5	4.5	4.5	4.5
Cultural & Recreation	6	6	6	6	6
General Fund	<u>57</u>	<u>56</u>	<u>58.5</u>	<u>58.5</u>	<u>58.5</u>
Enterprise Fund	<u>10</u>	<u>11</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>
City Total	<u><u>67</u></u>	<u><u>67</u></u>	<u><u>69</u></u>	<u><u>69</u></u>	<u><u>69</u></u>

Source: City of Archdale budget.

This schedule includes only regular employees that work 30 or more hours per week on a continuous basis. In addition, there are many seasonal part-time employees for summer camp and after-school care in the cultural and recreation service area.

CITY OF ARCHDALE, NORTH CAROLINA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Municipal Facilities:	8	8	8	8	8
Public Safety:					
Police Vehicles	26	29	27	28	28
Public Works:					
Streets (Miles-Paved)	48.74	48.74	48.86	48.86	48.86
Streets (Miles-Unpaved)	2.24	2.24	2.24	2.24	2.24
Sidewalks (Linear Feet)	26,717	26,717	29,137	29,137	38,579
Culture and Recreation:					
Park Acreage	97.5	97.5	97.5	101.0	101.0
Tennis Courts	4	4	4	4	4
Ball Fields	6	6	6	6	6
Playgrounds	3	3	3	3	3
Picnic Shelters	2	2	2	2	2
Greenways (Linear Feet)	13,728	13,728	13,728	13,834	13,834
Utility System:					
Pump Stations	9	9	9	9	9

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Municipal Facilities:	8	8	8	9	9
Public Safety:					
Police Vehicles	27	31	32	30	30
Public Works:					
Streets (Miles-Paved)	50.98	51.82	53.37	53.37	53.37
Streets (Miles-Unpaved)	1.24	1.24	1.24	1.32	1.32
Sidewalks (Linear Feet)	38,579	39,369	43,466	43,510	43,510
Culture and Recreation:					
Park Acreage	101.0	101.0	101.0	101.0	101.4
Tennis Courts	4	4	4	4	4
Ball Fields	6	6	6	6	6
Playgrounds	3	3	3	3	3
Sand Volleyball Courts	-	-	-	-	2
Picnic Shelters	2	2	2	2	5
Greenways (Linear Feet)	13,834	17,156	17,448	17,448	17,448
Utility System:					
Pump Stations	9	10	10	10	10

Sources: City Departments.
Miles of Streets from Powell Bill Reports.



COMPLIANCE SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Archdale, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the City of Archdale's basic financial statements, and have issued our report thereon dated November 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Archdale's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Archdale'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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Archdale'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cannon & Company, S.L.P.

November 27, 2019

CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures (Direct and Passed Through)	State Expenditures (Direct and Passed Through)
Federal Grants:			
Cash Programs:			
<u>U.S. Department of Justice</u>			
Forfeiture Funds	16.922	\$ 32,038	\$ -
Total assistance - federal programs		<u>32,038</u>	<u>-</u>
State Grants:			
Cash Assistance:			
<u>N.C. Department of Transportation:</u>			
Powell Bill		-	402,526
<u>N.C. Department of Natural and Cultural Resources:</u>			
Division of Parks and Recreation			
Parks & Recreation Trust Fund		-	67,116
Total assistance		<u>\$ 32,038</u>	<u>\$ 469,642</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Archdale under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Archdale, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Archdale.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The City of Archdale has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.