

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF ARCHDALE
NORTH CAROLINA

**FISCAL YEAR ENDING
JUNE 30, 2020**



CITY OF ARCHDALE
NORTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2020

Prepared by the
City of Archdale
Finance Department

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CITY OF ARCHDALE, NORTH CAROLINA

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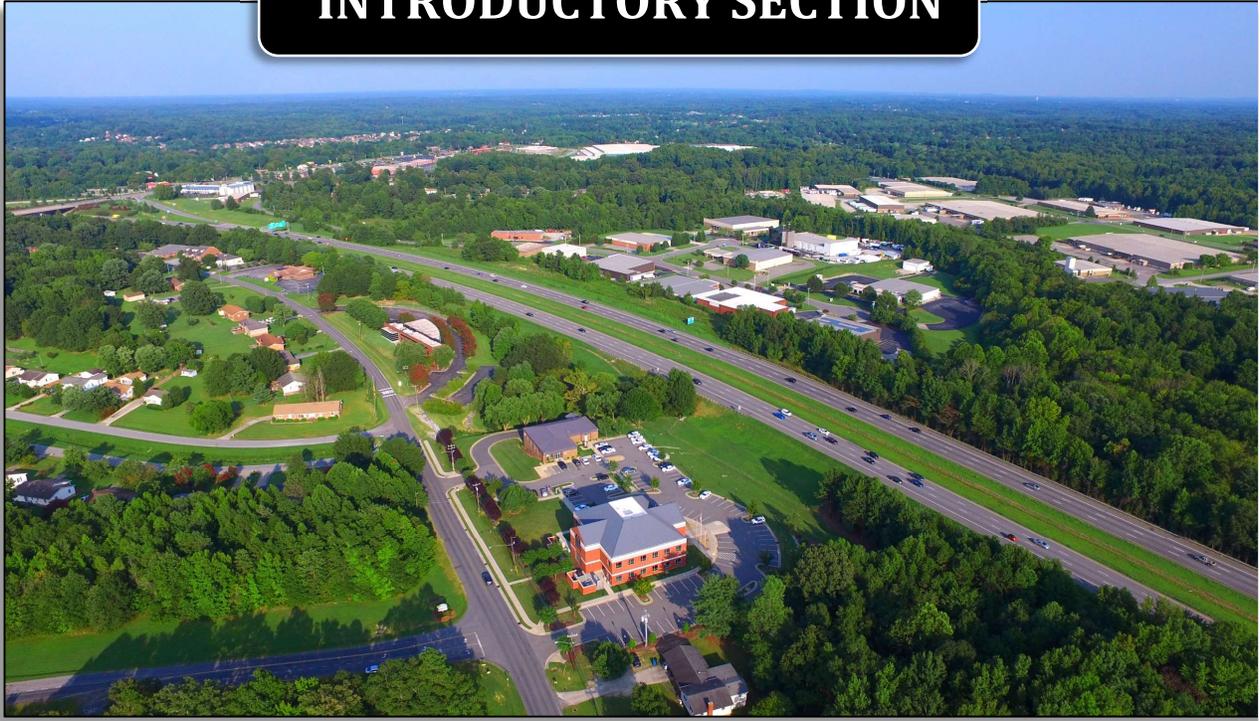
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INTRODUCTORY SECTION



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CITY OF ARCHDALE

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December 1, 2020

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, 2020. 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, 2020, 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 Martin Starnes & Associates, CPAs P.A., a firm of licensed certified public accountants. Martin Starnes & Associates, CPAs, P.A has issued an unmodified opinion on the City of Archdale's financial statements for the year ended June 30, 2020. 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) immediately follows the independent auditor's report and provides a 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.

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 corporate offices for 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, sand volleyball, outdoor basketball court, dog park, 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.

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 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 currently has 1.559 MGD under the joint governmental agreement, of which customers use about .9 MGD. The City also maintains its water connections with the City of High Point and Davidson Water, Inc. for emergency purposes. Both entities sold water to Archdale prior to the completion of the PTRWA water plant.

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

Building on the excitement of Archdale's 50th Anniversary in 2019, FY20 was poised to be a year of great promise. The adopted budget set forth goals and objectives to move the City forward in the short-term, while being mindful of what the next 50 years may bring. Notably, the Planning Department kicked off a Comprehensive Planning process at the Fourth of July Festival in Creekside Park. Public comments were sought at numerous events throughout the summer and fall and via an online survey. These were followed by design workshops and an economic development forum aimed at shaping ideas for the future of Archdale.

Progress on this project, and most others, was hindered in the spring of 2020, as an international public health crisis threatened to halt the positive momentum in the community. The COVID-19 pandemic had drastic impacts on all aspects of life, and local governments were not immune as the economy slowed to a halt. Many office staff members worked from home for the rest of the year as a way to limit interactions that could spread the virus. While COVID-19 remained on the forefront throughout the rest of FY20, staff pressed forward to complete numerous projects.

A primary goal in FY20 was implementing new and improved software products. The functionality, content, and imagery on the City webpage (www.archdale-nc.gov) had become cumbersome and failed to deliver a positive image of Archdale. The IT Department led a team of staff members to develop streamlined content for a new website which debuted in June 2020. Throughout FY20, staff worked to maximize user experience on the new site, and to implement Permitting and Parks & Recreation software applications that work in conjunction with the City's web page.

Once again in FY20, IT was focused on continued internet and network security. This effort expanded as a result of the COVID-19 pandemic, as many staff members worked from home. This presented new operational and security challenges which were met with a combination of software and hardware applications. Additionally, scheduled server and backup power replacement projects proceeded as planned at City Hall and in the police department.

Creekside Park's stature in the region continues to grow. In FY20, the tennis courts were given a major facelift with new fencing and a repainted playing surface. Pickleball lines were painted on two of the four courts to address the needs of this fast growing sport. To ensure the safety of users and maximize the use of courts, the aging light poles were replaced with high quality LED fixtures that are energy efficient and only project lighting onto the courts to reduce light pollution for surrounding uses.

The City was awarded a Parks and Recreation Trust Fund (PARTF) grant in FY18 for \$329,217. The final amenities associated with this grant are all located in the Mose Drive portion of the park and include 2 completed sand volleyball courts, Barkdale Dog Park, and a currently under construction bathroom facility. In FY20, another major improvement was the addition of a new outdoor basketball court adjacent to the sand volleyball courts. High quality LED light fixtures for the basketball and volleyball courts cemented their status as some of the best facilities around, as evidenced by the heavy use they have both received since completion.

The effort to revitalize and expand facilities in 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 significant attention on maximizing opportunities to improve the Park, Senior Center, and Library. In FY20, the Senior Center was specifically targeted for improvement with new interior paint as well as a storefront glass replacement project and accessible door system.

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 more. APD staff represents essentially half of the city's workforce and an ongoing community outreach effort has furthered the image of the department in recent years. In an effort towards greater transparency, the APD began a weapon-mounted camera program in FY20. These cameras activate and record the moment a weapon is unholstered and will provide a measure of accountability

for citizens and officers during potentially tense interactions. Additionally, technological upgrades were completed to modernize the interview/interrogation room within the police department.

Improvements in the water distribution and sewer collection systems have taken shape in FY20. An electrical upgrade project at the Weant Road sewer pump station and installation of a permanent generator at the Oak Forest sewer pump station are both underway. These improvements will ensure that sewer operations continue in the event of power outages, while also keeping staff safe when performing ongoing maintenance. Additionally, the City's lone water tank was due for recoating. This repainting and maintenance project added to the lifespan of this major investment, but also offered the opportunity to increase branding efforts by having the recently adopted city logo painted on two sides.

Stormwater has continued to emerge as a major focus for communities across North Carolina, and Archdale is no different. Small area studies were commissioned to examine stormwater situations in 2 flood prone locations, and a multi-year, City-wide mapping project was commenced. These studies will provide the basis for stormwater projects and studies for years to come.

While COVID-19 challenged customary processes and procedures in FY20, Council and staff have kept the momentum moving in a positive direction. Projects continue to be completed and bills continue to be paid. This is a tribute to the professionalism of a well-trained staff, and to the guidance of a supportive City Council.

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 (50%) 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. The fund balance of the General Fund available for appropriation at fiscal year-end stood at 120.8% of the total expenditures incurred in the General Fund.

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 2021 through 2025 includes projects totaling almost \$15,000,000 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 for 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.

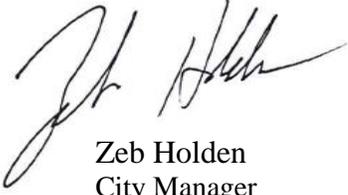
AWARDS AND ACKNOWLEDGMENTS

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, 2019. 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, 2019

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

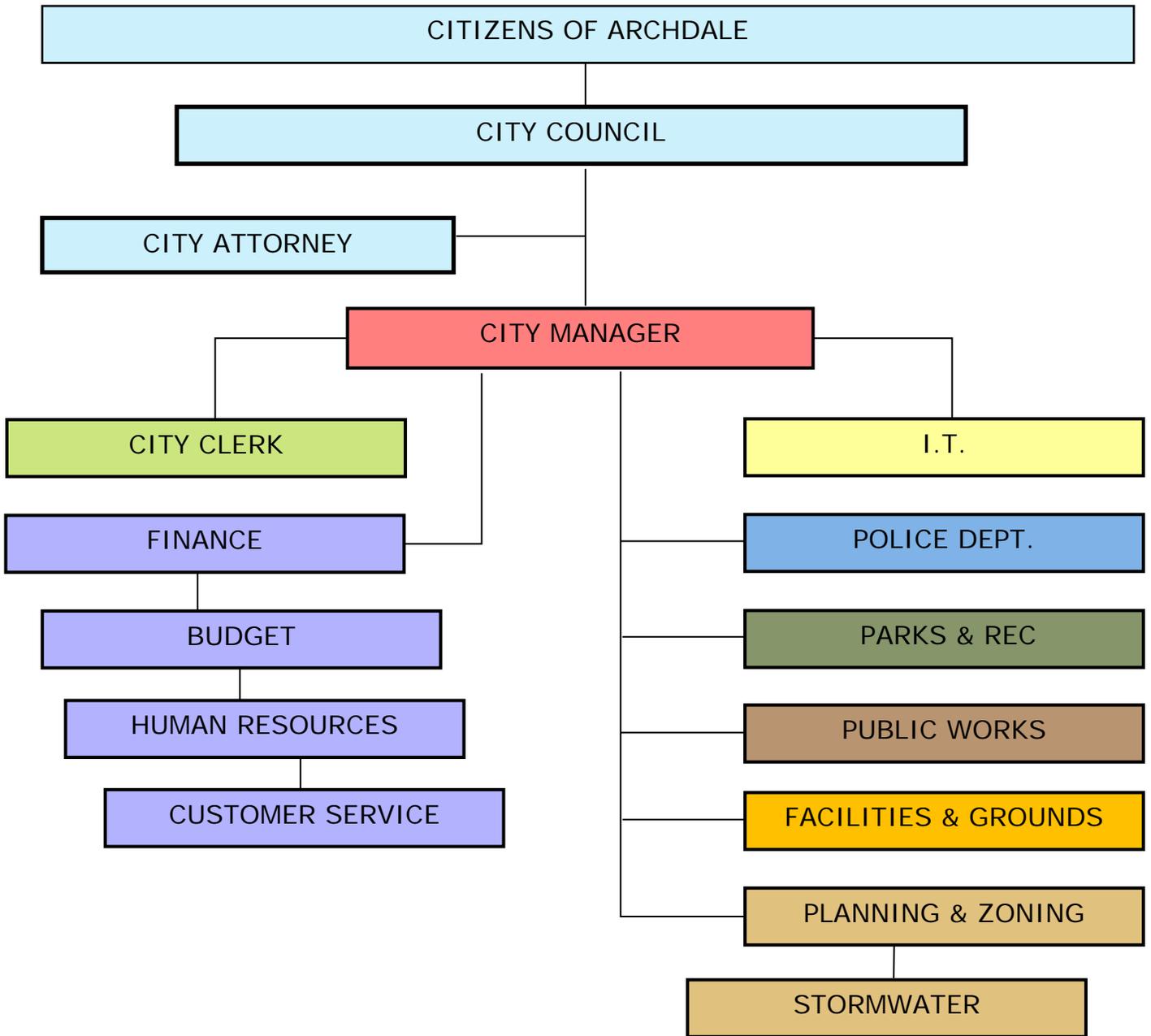


Tim
Williams
At Large



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**



- ◆ 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

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MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

“A Professional Association of Certified Public Accountants and Management Consultants”

Independent Auditor’s Report

To the Honorable Mayor and
Members of the City Council
City of Archdale
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, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2020, 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, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Net Pension Liability and Related Ratios, the Law Enforcement Officers' Special Separation Allowance (LEOSSA) Pension Benefit Trust Schedule of Employer Contributions, the Law Enforcement Officers' Special Separation Allowance (LEOSSA) Pension Benefit Trust Schedule of Investment Returns, the Other Post-Employment Benefits' Schedule of Changes in Total OPEB Liability and Related Ratios, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. The introductory information, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Archdale's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Archdale's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 1, 2020

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CITY OF ARCHDALE

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

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, 2020. 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 \$56,282,153. (net position)
- The government's total net position increased by \$1,722,175 with increases in both governmental activities and business-type activities net position.
- Net position in the business-type activities increased by \$843,756, of which \$833,225 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 \$10,979,239, an increase of \$820,900 in comparison with the prior year. Approximately 78 percent of this total amount, or \$8,615,098, is available for spending at the government's discretion.
- Eighty-eight percent of general fund revenues come from the following four sources: property taxes (36%), local sales taxes (35%), sales and services (12%), and utility sales tax (5%).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,539,905 or 58 percent of total general fund expenditures for the fiscal year.
- The fund balance for the General Fund includes \$626,621 assigned by City Council to be used for possible future economic development incentives and \$1,934,500 assigned for capital expenditures.

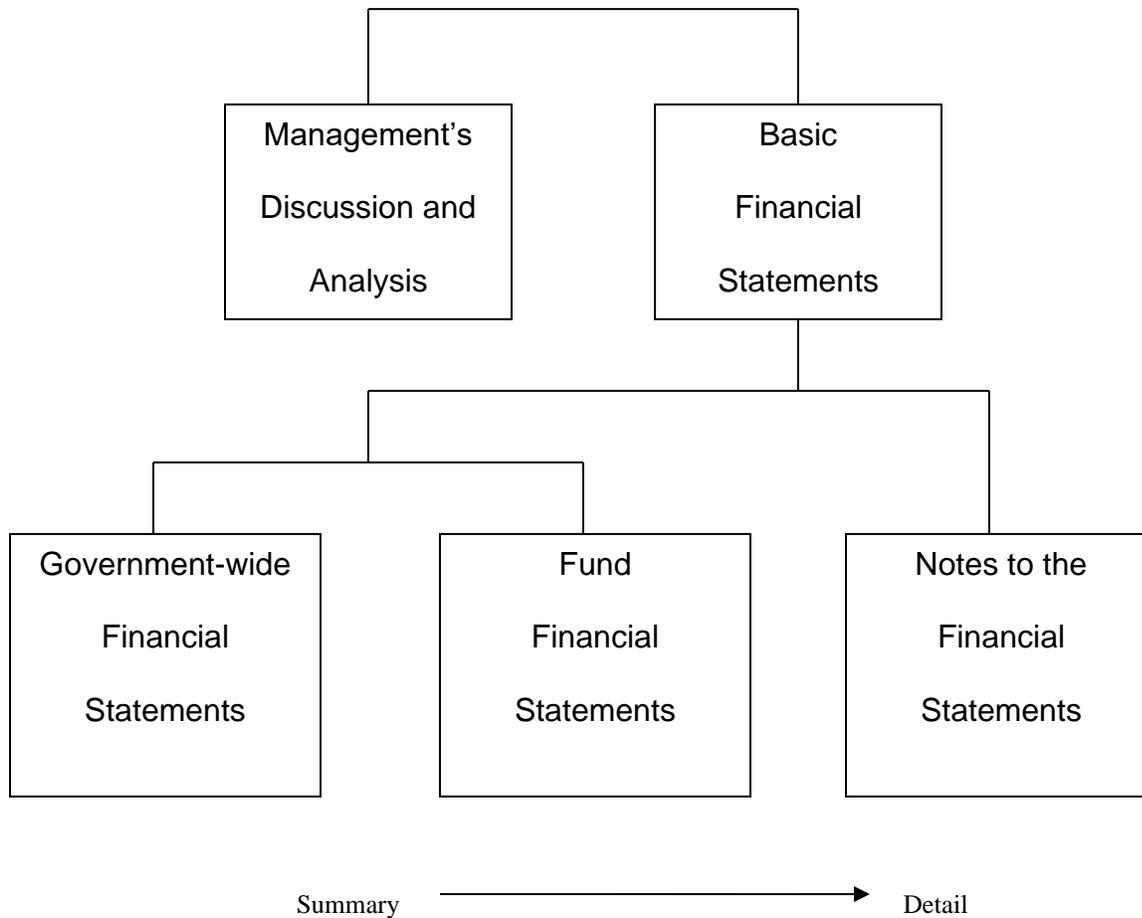
Overview of the Financial Statements

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, 2020

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 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.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2020

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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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 immediately following the Fiduciary Fund statements.

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 immediately follows the Notes to the Financial Statements.

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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 11,689,373	\$ 10,628,919	\$ 9,035,375	\$ 9,070,459	\$ 20,724,748	\$ 19,699,378
Capital assets	17,579,389	17,209,967	24,970,197	24,751,926	42,549,586	41,961,893
Total assets	29,268,762	27,838,886	34,005,572	33,822,385	63,274,334	61,661,271
Deferred outflows of resources	868,803	1,376,548	139,934	158,959	1,008,737	1,535,507
Long-term liabilities outstanding	1,801,924	2,291,415	3,407,736	4,165,608	5,209,660	6,457,023
Other liabilities	948,421	519,607	1,526,083	1,446,877	2,474,504	1,966,484
Total liabilities	2,750,345	2,811,022	4,933,819	5,612,485	7,684,164	8,423,507
Deferred inflows of resources	304,576	200,187	12,178	13,106	316,754	213,293
Net position:						
Net investment in capital assets	17,579,389	17,209,967	21,086,589	19,994,349	38,665,978	37,204,316
Restricted	2,273,808	2,496,877	64,565	19,074	2,338,373	2,515,951
Unrestricted	7,229,447	6,497,381	8,048,355	8,342,330	15,277,802	14,839,711
Total net position	\$ 27,082,644	\$ 26,204,225	\$ 29,199,509	\$ 28,355,753	\$ 56,282,153	\$ 54,559,978

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 \$56,282,153 as of June 30, 2020. The City's net position increased by \$1,722,175 for the fiscal year ended June 30, 2020. However, the largest portion (75.6%) 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 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

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Management's Discussion and Analysis (Continued)
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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 \$15,277,802 is unrestricted.

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

- The City's long-term liabilities decreased \$1,247,363 to \$5,209,660. The reduction is attributed to principal payment on debt and funding of the LEOSSA Trust. The Archdale LEOSSA Trust was established in May 2019, and therefore reduces the ending net pension liability for the Law Enforcement Officers' Special Separation Allowance to \$342,792. The net pension liability for LGERS and the total OPEB liability both increased compared to the prior year.
- Customers pay monthly fees for waste disposal and recycling. These fees are established to generate revenue to cover the cost of the related services. However, fiscal year 2020 expenditures exceeded revenues by \$43,929. The increasing cost of processing recycled materials required a budget amendment to continue the program this year.
- Department heads annually update a five-year plan for capital spending, which is presented to Council for approval to include the first year in the proposed budget for the following year. This process has helped the City operate on a pay-as-you-go system.
- The coronavirus pandemic put many services and projects on hold as the City and the world learned how to navigate. Therefore, spending on spring athletics and special events were reduced, but offset by reductions in recreation revenues of \$27,770 from the prior year. Recreation staff adapted to new ways of delivering services to citizens, such as drive-in movie nights, outdoor sports and exercise classes, and summer camp activities.
- The Archdale Police Department received \$53,845 for participation in the U.S. Departments of Justice and Treasury Equitable Sharing Programs 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.
- The City did not experience any lay-offs or furloughs of employees during the last part of the fiscal year due to COVID-19 restrictions. The part-time seasonal staff were temporarily not working as the park adjusted to safe and effective ways to continue programming.
- Deferred outflows of resources, primarily pension and OPEB items, decreased 34% by \$526,770. The largest decrease is due to the contribution for the establishment of the Archdale LEOSSA Trust in May 2019, which was after the measurement date but prior to the reporting date of the pension liability. An increase in deferred inflows had a negative effect on net position.
- Focus on maintenance of City facilities to increase the useful life of assets and ensure safe use of the assets.

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The City of Archdale's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,039,644	\$ 1,068,247	\$ 4,651,947	\$ 4,443,073	\$ 5,691,591	\$ 5,511,320
Operating grants and contributions	526,949	513,962	3,899	-	530,848	513,962
Capital grants and contributions	56,518	137,196	119,742	19,074	176,260	156,270
General revenues:						
Taxes	3,079,009	2,900,887	-	-	3,079,009	2,900,887
Grants and contributions not restricted to specific programs		3,618,849	-	-	-	3,618,849
Unrestricted investment earnings	141,838	210,225	119,088	104,442	260,926	314,667
Other	3,876,100	137,890	-	-	3,876,100	137,890
Total revenues	8,720,058	8,587,256	4,894,676	4,566,589	13,614,734	13,153,845
Expenses:						
General government	2,064,020	1,628,795	-	-	2,064,020	1,628,795
Public safety	2,816,346	2,654,576	-	-	2,816,346	2,654,576
Transportation	828,688	897,076	-	-	828,688	897,076
Environmental protection	889,737	826,516	-	-	889,737	826,516
Cultural and recreation	1,119,161	1,089,605	-	-	1,119,161	1,089,605
Community promotions	123,687	96,424	-	-	123,687	96,424
Interest on long-term debt		24,642	-	-	-	24,642
Water and sewer	-	-	3,556,714	3,352,589	3,556,714	3,352,589
Stormwater	-	-	494,206	372,105	494,206	372,105
Total expenses	7,841,639	7,217,634	4,050,920	3,724,694	11,892,559	10,942,328
Increase in net position	878,419	1,369,622	843,756	841,895	1,722,175	2,211,517
Net position, beginning	26,204,225	24,834,603	28,355,753	27,513,858	54,559,978	52,348,461
Net position, June 30	\$ 27,082,644	\$ 26,204,225	\$ 29,199,509	\$ 28,355,753	\$ 56,282,153	\$ 54,559,978

Governmental Activities: Governmental activities increased the City's net position \$878,419, thereby accounting for 51% 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 \$39,468. Sales and prices of residential property have increased as people seek comfortable living conditions during the coronavirus pandemic.
- Sales tax, including hold-harmless, revenue increased \$151,635, or five percent, over the prior year. This growth rate is primarily attributed to online shopping and home improvements triggered by people spending more time at home during the pandemic. This revenue exceeded budget estimates by \$116,170.
- The City's proportionate share of the net pension liability for the LGERS increased from \$1,231,957 to \$1,429,091. The increase for governmental activities is \$163,913 and compares to the prior year's increase of \$364,058. The employer contribution rate is set by the state legislature and incremental increases are planned to help fund the liability. The assets in the plan are subject to investment market conditions.
- 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 \$325,770, of which \$270,871 is allocated to governmental activities.

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- Net investment in capital assets increased \$369,422. Capital outlay exceeded depreciation expense. Governmental funds do not carry debt. The City is fortunate to have a Parks and Recreation Trust Fund (PARTF) grant to add to funding of park facilities, including new playgrounds, sand volleyball courts, dog park, picnic shelters, and restroom facilities.

Business-Type Activities: Business-type activities increased the City of Archdale's net position by \$843,756, accounting for 49% 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 \$10,531 to \$1,291,501. Net investment in capital assets decreased by \$66,261. There were no capital asset purchases during the fiscal year. Stormwater capital assets include specialty vehicles for the removal of limbs and leaf debris and a jet machine for clearing pipes.
- Net position in the Water and Sewer Fund increased by \$833,225.
- Outstanding debt in the Water and Sewer Fund decreased by \$873,969 due to scheduled debt payments.
- Charges for services in the Water and Sewer Fund increased 5 percent. Water and sewer rates increased by 4.5%, which was the largest increase in recent years.
- 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. The budget for water purchases and related debt is based on a long-term shared financial model. The consistency of the model helps manage the budget and aids in the growth of net position.
- 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.
- 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 \$4,539,905 with total fund balance of \$10,862,878. 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 58% of total General Fund expenditures, while total fund balance represents 139% of that same amount.

There are several significant transactions and trends that influenced the fund balance for the General Fund:

- 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 CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
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- 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 due to growth in property valuations. Motor vehicle collections remained the same.
- Sales tax and hold harmless revenue of \$3,055,170 was a 5% increase from the prior year. Despite certain sectors of the economy being shut down due to COVID-19 beginning in March 2020, this revenue source continued to exceed expectations because of online shopping and people apparently making home improvements.
- The City received \$34,352 for administrative and insurance credits from its health insurance provider, based on the prior year claims experience. The health insurance provider also supports the City's wellness program through expense reimbursements.
- This is the fifth consecutive year of declining revenues from the utility sales tax distribution for electricity, telecommunications, natural gas and video programming. All four categories contributed to the \$40,597 decline. Tax on telecommunications continues to decline as people discontinue home telephone service. Sales tax on electricity and natural gas are based on the price and consumption; and consumption is tied directly to weather conditions.
- Actual expenditures were 79.5% of budgeted expenditures. Some significant budget to actual variances: salaries and benefits, \$190,814; utilities, \$65,177; gas, \$34,155; economic development contracts; and uncompleted capital items.
- Powell Bill Funds are appropriated by the State legislature for specific street-related expenses for non-NC DOT system streets. The City uses these funds for annual street resurfacing contracts. Archdale received \$320,372 and fund balance restricted for transportation increased by \$28,826. The annual paving project for the fiscal year was less than the amount of funds received.
- Fund balance restricted for public safety increased \$38,462 to \$213,185 because the police department received revenue of \$53,845. These funds were primarily used to support of the K9 program.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding 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, 2020 were made for the following reasons:

- Construction of a retaining wall and fence adjacent to the outdoor volleyball and basketball courts at Creekside Park.
- City's share of funding for sidewalk ramp on a City-maintained street.
- Grant revenues and related appropriation for Building Reuse grants awarded to specific businesses by the NC Department of Commerce's Rural Infrastructure Authority and the Rural Economic Development Division.
- Property and vehicle repair and maintenance.
- Increase for increased processing costs for recycled materials.
- Add maintenance costs for new software.
- Increase appropriations for Community Day event due to anticipated changes to sponsors and vendors.
- Renovation of Facilities and Grounds building to provide employee lunch and breakroom area.
- Purchase of a back-up replacement for in-car camera model that can no longer be repaired due to age.

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 \$6,992,358 and \$1,055,997 respectively. Other factors concerning the finances of been addressed in the discussion of the City's business-type activities. There was one amendment to the proprietary funds' budgets during the year. The appropriation in the Water and Sewer Fund was increased to cover capital project costs for improvement projects at two large sewer pump stations.

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Management's Discussion and Analysis (Continued)
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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, 2020, totals \$42,549,586 (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:

- Outdoor basketball court.
- Lighting and fencing at the tennis courts, sand volleyball courts, and basketball court.
- Purchase or replacement of vehicles, equipment, and software in the Police Department.
- Fencing at the Public Works facility.
- Replacement of computer servers and printers.
- New interview recording system for the Police Department.
- Purchase of pick-up trucks, RTV, rubber tire loader, and track loaders for the Street and Facilities and Grounds departments.
- New trench box for the Street Department.
- Utility billing software.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land, streets, and rights-of-way	\$ 7,940,097	\$ 7,940,097	\$ 405,852	\$ 406,780	\$ 8,345,949	\$ 8,346,877
Construction in progress	71,540	42,013	1,398,804	174,789	1,470,344	216,802
Water rights	-	-	7,535,318	7,752,622	7,535,318	7,752,622
Water treatment rights	-	-	2,490,986	2,629,775	2,490,986	2,629,775
Buildings and systems	5,926,979	6,073,028	-	-	5,926,979	6,073,028
Improvements other than buildings	2,270,717	1,996,425	23,563	25,259	2,294,280	2,021,684
Equipment and vehicles	1,257,265	1,064,129	1,601,853	1,844,471	2,859,118	2,908,600
Computer software	112,791	94,275	37,600	-	150,391	94,275
Water distribution system	-	-	2,918,053	3,035,468	2,918,053	3,035,468
Sewer collection system	-	-	8,558,168	8,882,762	8,558,168	8,882,762
Total	\$ 17,579,389	\$ 17,209,967	\$ 24,970,197	\$ 24,751,926	\$ 42,549,586	\$ 41,961,893

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, 2020, the City of Archdale Water and Sewer Fund had total debt outstanding of \$3,883,608 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.

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 \$86,079,586.

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

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
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Economic Factors and Next Year's Budgets and Rates

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

- The American Community Survey shows Randolph County's unemployment rate (not seasonally adjusted) as of June 2020 to be 6.5%, compared to 6.8% for the State of North Carolina. This indicates a recovery from the record high unemployment rate of 14.8% reported for April 2020 when businesses were closed in efforts to control the coronavirus pandemic. This is still higher than the 3% to 4% rates for the first half of the fiscal year.
- The Office of Budget and Management for the State of North Carolina reports Archdale's population estimate as of July 1, 2019 at 12,278, an increase of 110.
- 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. An additional subdivision plat was approved with sixteen single family lots. Another tract of land is under contract and the preliminary plan indicates 436 single family homes and 103 townhomes.
- A manufacturer is in the process of rezoning land for expansion of its existing location.
- Archdale has several large tracts of land with access to water and sewer services.
- The *Plan Archdale!* Comprehensive Plan was undertaken to update the City's plan and provide a starting point for revamping the City's Zoning Ordinance, Code of Ordinances, and Development Guidelines documents.
- Regional restaurant chains, hotels and gas stations are located in Archdale, near the interstate.
- 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. Just one year later, the assessed value is estimated by the tax office to be 85.7% of market value.
- Randolph County has one of the lowest tax rates in North Carolina.
- The community college system works with local industry and economic development professionals to provide skilled workers.
Archdale recently became the 325th member of the AARP Network of Age-Friendly States and Communities. People of all ages benefit from the adoption of policies and programs that make neighborhoods walkable, feature transportation options, enable access to key services, provide opportunities to participate in community activities, and support housing that's affordable and adaptable. Well-designed, age-friendly communities foster economic growth and make for happier, healthier residents of all ages.
- The largest number of employees in Archdale work in manufacturing (24.1%) or 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, 2021

Governmental Activities:

The coronavirus pandemic hit the United States in March 2020 as local governments were in the fiscal year 2021 budget process. The uncertainty of the economic and social impacts made it challenging to prepare a balanced budget. The property tax rate remains at 29 cents per one hundred dollars of property value in the budget for the fourteenth consecutive budget year. Sales tax revenue is budgeted fifteen percent below the prior year budget due to economic uncertainty of business shutdowns due to COVID-19. However, sales tax distributions over the past several months are at all-time highs and it is probable that a budget amendment will add back this \$439,000 reduction. Due to the continued increase in cost of processing recycled materials, the monthly recycling fee is going up \$1 to \$4 per carat. Parks and recreation program revenues and expenditures were budgeted consistent with the prior year to allow for the possibilities of providing services. The original budget includes an appropriation from restricted fund balance of \$281,800 and from unrestricted fund balance of \$1,116,272. The beginning budget for capital expenditures is \$1,163,500.

CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
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Budgeted expenditures in the original budget for the General Fund are \$9,558,440, compared to last year's final budget of \$9,854,720. The budget for the fiscal year ending June 30, 2020 has already been amended to \$10,010,240 to include the following:

- Record insurance settlement for accident damages to police vehicles and appropriate funds for vehicle replacement.
- Construction of additional sections on the proposed greenway system plan.
- Provide for Asset Forfeiture Program funds to cover additional cost of hazmat mask fitting equipment.
- Purchase of property adjacent to City-owned property and City Hall.

In addition to the usual vehicle and equipment replacements, this budget includes appropriations for construction of additional parking for the dog park, outdoor basketball court and volleyball courts. In conjunction with the annual street repaving contracts, the City intends to perform maintenance on sections of greenways. The planning department has funding for outside consulting services for updating zoning ordinances and development guidelines. North Carolina revised state statutes regarding planning regulations and, along with the updates to the comprehensive plan, the timing is appropriate to undertake these projects.

Special Revenue Fund:

The federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020. The Act provides funding to cover COVID-19 expenses for the public health emergency that were not budgeted as of March 27, 2020 and are incurred between March 1, 2020 and December 30, 2020. The funds provided by the Act are intended to help state and local governments cover costs directly associated with the emergency. The North Carolina General Assembly allocated amounts to each county from the State's CARES allocation. Randolph County is required to offer 25% of its allocation with municipalities based on population. Archdale has \$289,081 available from the Act.

City Council created a CARES Act Special Revenue Fund in August 2020 to account for the CARES Act funds. Randolph County will reimburse Archdale's documented eligible expenditures.

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 1.5%. The low rate increase was done in consideration for the economic uncertainty caused by the coronavirus pandemic. 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 \$863,340 which is twenty-five percent of the Water and Sewer Fund operating budget, excluding sewer capital projects.
- The \$372,000 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 2020 budget was 13% lower than the prior year. The rate in the prior two budget years was 25% higher due to the hauling of waste products related to the incinerator rehab project. The fiscal year 2020 budget for sewer treatment is \$576,000, a reduction of \$91,000 from the prior year.
- The water budget includes funds for an EPZ emergency response assessment, customer web portal for individual meter analytics.
- The sewer budget includes \$116,400 estimate for year 1 of 20 for payment to the City of High Point for Archdale's share of the incinerator rehab project. The annual budget for maintenance and repair at the pump stations increased to \$139,000.
- Work on the sewer pump stations include the replacement of all SCADA radios, a pump replacement, and wet well rehabilitation projects at three stations.
- The budget includes construction of new manholes on a section of sewer line and construction of an expansion water line.

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- The capital project budget of \$825,000 is for the construction of a waterline, sewer metering station and related sewer line. Construction of the major sewer force main is nearing completion.
- The budget has been amended to provide for the purchase of easements for desired expansion of the water and sewer systems.

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. A new leaf and limb truck will replace the 2008 model presently in use. 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

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City of Archdale, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents/investments	\$ 9,141,925	\$ 7,953,986	\$ 17,095,911
Taxes receivables (net)	33,941	-	33,941
Accrued interest	5,807	34,528	40,335
Accounts receivable (net)	82,989	620,799	703,788
Due from other governments	1,169,085	3,899	1,172,984
Prepaid items	11,162	-	11,162
Restricted cash and cash equivalents	1,244,464	422,163	1,666,627
Total current assets	<u>11,689,373</u>	<u>9,035,375</u>	<u>20,724,748</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	8,011,637	1,789,403	9,801,040
Other capital assets, net of depreciation	9,567,752	23,180,794	32,748,546
Total capital assets	<u>17,579,389</u>	<u>24,970,197</u>	<u>42,549,586</u>
Total assets	<u>29,268,762</u>	<u>34,005,572</u>	<u>63,274,334</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	853,878	136,910	990,788
OPEB deferrals	14,925	3,024	17,949
Total deferred outflows of resources	<u>868,803</u>	<u>139,934</u>	<u>1,008,737</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, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	293,871	336,786	630,657
Accrued interest payable	-	27,045	27,045
Current portion of long-term liabilities	279,074	804,654	1,083,728
Payable from restricted assets	375,476	357,598	733,074
Total current liabilities	<u>948,421</u>	<u>1,526,083</u>	<u>2,474,504</u>
Long-term liabilities:			
Net pension liability	1,188,261	240,830	1,429,091
Net pension liability-LEOSSA	342,792	-	342,792
Total OPEB liability	270,871	54,899	325,770
Due in more than one year	-	3,112,007	3,112,007
Total long-term liabilities	<u>1,801,924</u>	<u>3,407,736</u>	<u>5,209,660</u>
Total liabilities	<u>2,750,345</u>	<u>4,933,819</u>	<u>7,684,164</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	280,636	7,537	288,173
OPEB deferrals	22,901	4,641	27,542
Prepaid cash receipts	1,039	-	1,039
Total deferred inflows of resources	<u>304,576</u>	<u>12,178</u>	<u>316,754</u>
NET POSITION			
Net investment in capital assets	17,579,389	21,086,589	38,665,978
Restricted for:			
Stabilization by State Statute	1,404,820	-	1,404,820
Transportation	655,803	-	655,803
Public safety	213,185	-	213,185
System development	-	64,565	64,565
Unrestricted	7,229,447	8,048,355	15,277,802
Total net position	<u>\$ 27,082,644</u>	<u>\$ 29,199,509</u>	<u>\$ 56,282,153</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, 2020

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	\$ 2,064,020	\$ 17,500	\$ 29,594	\$ 10,370	\$ (2,006,556)	\$ -	\$ (2,006,556)
Public safety	2,816,346	-	68,878		(2,747,468)	-	(2,747,468)
Transportation	828,688	-	331,161	19,000	(478,527)	-	(478,527)
Environmental protection	889,737	836,600	9,208		(43,929)	-	(43,929)
Cultural and recreation	1,119,161	185,544	42,001	27,148	(864,468)	-	(864,468)
Community promotions	123,687	-	46,107	-	(77,580)	-	(77,580)
Total governmental activities (See Note 1)	7,841,639	1,039,644	526,949	56,518	(6,218,528)	-	(6,218,528)
Business-type activities:							
Water and sewer	3,556,714	4,157,853	3,899	119,742	-	724,780	724,780
Stormwater	494,206	494,094	-	-	-	(112)	(112)
Total business-type activities	4,050,920	4,651,947	3,899	119,742	-	724,668	724,668
Total primary government	\$ 11,892,559	\$ 5,691,591	\$ 530,848	\$ 176,260	(6,218,528)	724,668	(5,493,860)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					3,079,009	-	3,079,009
Grants and contributions not restricted to specific programs					3,737,166	-	3,737,166
Unrestricted investment earnings					141,838	119,088	260,926
Miscellaneous					138,934	-	138,934
Total general revenues					7,096,947	119,088	7,216,035
Change in net position					878,419	843,756	1,722,175
Net position, beginning					26,204,225	28,355,753	54,559,978
Net position, ending					\$ 27,082,644	\$ 29,199,509	\$ 56,282,153

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

City of Archdale, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Nonmajor Fund PARTF Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents/investments	\$ 9,061,044	\$ 80,881	\$ 9,141,925
Restricted cash	1,244,464	-	1,244,464
Receivables, net:			
Taxes	39,941	-	39,941
Accounts	82,989	-	82,989
Due from other governments	1,131,895	37,190	1,169,085
Prepaid items	11,162	-	11,162
Total assets	<u>\$ 11,571,495</u>	<u>\$ 118,071</u>	<u>\$ 11,689,566</u>
LIABILITIES			
Accounts payable and accrued liabilities	292,161	1,710	293,871
Accounts payable from restricted assets	375,476	-	375,476
Total liabilities	<u>667,637</u>	<u>1,710</u>	<u>669,347</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	39,941	-	39,941
Prepaid cash receipts	1,039	-	1,039
Total deferred inflows of resources	<u>40,980</u>	<u>-</u>	<u>40,980</u>
FUND BALANCES			
Non spendable			
Prepays	11,162	-	11,162
Restricted			
Stabilization by state statute	1,367,630	37,190	1,404,820
Streets	655,803	-	655,803
Public safety	213,185	-	213,185
Assigned			
Parks and recreation	-	79,171	79,171
Subsequent year's expenditures	1,514,072	-	1,514,072
Economic development	626,621	-	626,621
Capital	1,934,500	-	1,934,500
Unassigned	4,539,905	-	4,539,905
Total fund balances	<u>10,862,878</u>	<u>116,361</u>	<u>10,979,239</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,571,495</u>	<u>\$ 118,071</u>	

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

(continued)

City of Archdale
Balance Sheet
Governmental Funds
June 30, 2020

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

Total Fund Balance, Governmental Funds		\$ 10,979,239
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 24,087,029	
Accumulated depreciation	<u>(6,507,640)</u>	17,579,389
Deferred outflows of resources related to pensions are not reported in the funds		
		853,878
Deferred outflows of resources related to OPEB are not reported in the funds		
		14,925
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.		
		5,807
Earned revenues considered deferred inflows of resources in fund statements.		
		33,941
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in fund statements		
Compensated absences	(279,074)	
Net pension liability	(1,188,261)	
Net pension liability - LEOSSA	(342,792)	
Total OPEB liability	<u>(270,871)</u>	(2,080,998)
Deferred inflows of resources related to pensions are not reported in the funds		
		(280,636)
Deferred inflows of resources related to OPEB are not reported in the funds		
		<u>(22,901)</u>
Net position of governmental activities		<u><u>\$ 27,082,644</u></u>

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

City of Archdale, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Nonmajor Fund PARTF Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 3,072,068	\$ -	\$ 3,072,068
Unrestricted intergovernmental	3,737,166	-	3,737,166
Restricted intergovernmental	494,492	27,148	521,640
Permits and fees	17,500	-	17,500
Sales and services	1,022,144	-	1,022,144
Investment earnings	168,182	-	168,182
Miscellaneous	102,374	-	102,374
Total revenues	<u>8,613,926</u>	<u>27,148</u>	<u>8,641,074</u>
EXPENDITURES			
Current:			
Governing body	46,454	-	46,454
Administration	244,233	-	244,233
Information technology	379,810	-	379,810
Finance	346,769	-	346,769
Legal	18,099	-	18,099
Planning and zoning	396,793	-	396,793
Facilities and grounds	360,039	-	360,039
Police	2,478,188	-	2,478,188
Fire inspections	32,945	-	32,945
Streets	397,375	-	397,375
Streets-Powell Bill	302,334	-	302,334
Sanitation	889,737	-	889,737
Parks and recreation	709,005	-	709,005
Senior building	15,689	-	15,689
Library	122,900	-	122,900
Community promotions	123,687	-	123,687
Capital outlay	957,016	57,097	1,014,113
Total expenditures	<u>7,821,073</u>	<u>57,097</u>	<u>7,878,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>792,853</u>	<u>(29,949)</u>	<u>762,904</u>
OTHER FINANCING SOURCES (USES)			
Transfer from general fund to PARTF fund	(30,000)	30,000	-
Sales of capital assets	57,996	-	57,996
Total other financing sources (uses)	<u>27,996</u>	<u>30,000</u>	<u>57,996</u>
Net change in fund balance	820,849	51	820,900
Fund balances, beginning	10,042,029	116,310	10,158,339
Fund balances, ending	<u>\$ 10,862,878</u>	<u>\$ 116,361</u>	<u>\$ 10,979,239</u>

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

(continued)

City of Archdale, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$	820,900
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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	\$ 1,014,114	
Capital contribution for trade-in in excess of book value	29,370	
Depreciation expense for governmental assets	<u>(674,062)</u>	369,422

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		249,414
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		72,633
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OPEB implicit subsidy credit is not included on the Statement of Activities		7,899
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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	3,514	
Interest receivable from taxes and investments	<u>(11,896)</u>	(8,382)

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	(58,801)	
Pension expense	(513,951)	
Pension expense (LEOSSA)	(38,525)	
OPEB plan expense	<u>(22,190)</u>	<u>(633,467)</u>

Total changes in net position of governmental activities	\$	<u><u>878,419</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Archdale, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	General Fund			Variance with Final
	Original	Final	Actual Amounts	Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 3,032,600	\$ 3,032,600	\$ 3,072,068	\$ 39,468
Unrestricted intergovernmental	3,662,500	3,662,500	3,737,166	74,666
Restricted intergovernmental	722,850	850,975	494,492	(356,483)
Permits and fees	11,100	11,100	17,500	6,400
Sales and services	1,028,000	1,028,000	1,022,144	(5,856)
Investment earnings	279,000	279,000	168,182	(110,818)
Miscellaneous	74,300	74,300	102,374	28,074
Total revenues	8,810,350	8,938,475	8,613,926	(324,549)
Expenditures:				
Governing body	51,470	51,470	46,454	5,016
Administration	262,670	262,670	244,233	18,437
Information technology	557,470	558,815	486,751	72,064
Finance	347,765	373,765	346,769	26,996
Legal	75,000	75,000	18,099	56,901
Planning and zoning	294,435	444,435	396,793	47,642
Facilities and grounds	552,176	598,276	484,650	113,626
Police	2,915,473	2,937,673	2,610,133	327,540
Fire inspections	32,950	32,950	32,945	5
Streets	764,860	786,920	690,396	96,524
Streets-Powell Bill	532,000	535,000	302,334	232,666
Sanitation	881,000	915,000	889,737	25,263
Parks and recreation	1,398,220	1,429,546	1,009,503	420,043
Senior building	60,300	60,300	15,689	44,611
Library	161,100	161,100	122,900	38,200
Community promotions	123,050	621,800	123,687	498,113
Contingency	10,000	10,000	-	10,000
Total expenditures	9,019,939	9,854,720	7,821,073	2,033,647
Revenues over (under) expenditures	(209,589)	(916,245)	792,853	1,709,098
Other financing sources (uses):				
Transfer to capital project fund	-	(30,000)	(30,000)	-
Sale of capital assets	-	-	57,996	57,996
Total other financing sources (uses)	-	(30,000)	27,996	57,996
Fund balance appropriated	209,589	946,245	-	(946,245)
Net change in fund balance	\$ -	\$ -	820,849	\$ 820,849
Fund balances, beginning			10,042,029	
Fund balances, ending			<u>\$ 10,862,878</u>	

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

City of Archdale, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Major Water and Sewer Fund	Nonmajor Stormwater Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents/investments	\$ 6,875,921	\$ 1,078,065	\$ 7,953,986
Restricted cash	422,163	-	422,163
Accounts receivable (net) - billed	369,980	44,644	414,624
Accounts receivable (net) - unbilled	206,175	-	206,175
Due from other governments	3,899	-	3,899
Accrued interest receivable	34,528	-	34,528
Total current assets	<u>7,912,666</u>	<u>1,122,709</u>	<u>9,035,375</u>
Noncurrent assets:			
Capital assets:			
Land, easements and construction in progress	1,789,403	-	1,789,403
Other capital assets, net of depreciation	<u>22,945,290</u>	<u>235,504</u>	<u>23,180,794</u>
Capital assets	<u>24,734,693</u>	<u>235,504</u>	<u>24,970,197</u>
Total assets	<u>32,647,359</u>	<u>1,358,213</u>	<u>34,005,572</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	94,957	41,953	136,910
OPEB deferrals	<u>2,097</u>	<u>927</u>	<u>3,024</u>
Total deferred outflows of resources	<u>\$ 97,054</u>	<u>\$ 42,880</u>	<u>\$ 139,934</u>

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

(continued)

City of Archdale, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Major Water and Sewer Fund	Nonmajor Stormwater Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 330,822	\$ 5,964	\$ 336,786
Accrued interest payable	27,045	-	27,045
Payable from restricted assets	357,598	-	357,598
Compensated absences - current	23,779	9,274	33,053
Installment notes payable	462,362	-	462,362
Interlocal agreements payable	309,239	-	309,239
Total current liabilities	<u>1,510,845</u>	<u>15,238</u>	<u>1,526,083</u>
Noncurrent liabilities:			
Installment notes payable	484,500	-	484,500
Interlocal agreements payable	2,627,507	-	2,627,507
Net pension liability	167,032	73,798	240,830
Total OPEB liability	38,076	16,823	54,899
Total noncurrent liabilities	<u>3,317,115</u>	<u>90,621</u>	<u>3,407,736</u>
Total liabilities	<u>4,827,960</u>	<u>105,859</u>	<u>4,933,819</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	5,226	2,311	7,537
OPEB deferrals	3,219	1,422	4,641
	<u>8,445</u>	<u>3,733</u>	<u>12,178</u>
NET POSITION			
Net investment in capital assets	20,851,085	235,504	21,086,589
Restricted for system development	64,565	-	64,565
Unrestricted	6,992,358	1,055,997	8,048,355
Total net position	<u>\$ 27,908,008</u>	<u>\$ 1,291,501</u>	<u>\$ 29,199,509</u>

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

City of Archdale, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	<u>Major</u> <u>Water and</u> <u>Sewer Fund</u>	<u>Nonmajor</u> <u>Stormwater Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 3,966,455	\$ 494,094	\$ 4,460,549
Water and sewer taps	21,430	-	21,430
Other operating revenues	173,867	-	173,867
Total operating revenues	<u>4,161,752</u>	<u>494,094</u>	<u>4,655,846</u>
OPERATING EXPENSES			
Salaries and employee benefits	614,050	225,687	839,737
Water purchases	399,475	-	399,475
Waste collection and treatment costs	551,549	-	551,549
Other operating expenses	798,647	202,258	1,000,905
Depreciation	722,683	66,261	788,944
Amortization	357,021	-	357,021
Total operating expenses	<u>3,443,425</u>	<u>494,206</u>	<u>3,937,631</u>
Operating income (loss)	<u>718,327</u>	<u>(112)</u>	<u>718,215</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	108,445	10,643	119,088
Interest and other charges	(113,289)	-	(113,289)
Total nonoperating revenue (expenses)	<u>(4,844)</u>	<u>10,643</u>	<u>5,799</u>
Income (loss) before contributions	713,483	10,531	724,014
CONTRIBUTIONS			
Capital contributions	74,552	-	74,552
System development fees	45,190	-	45,190
Total contributions	<u>119,742</u>	<u>-</u>	<u>119,742</u>
Change in net position	833,225	10,531	843,756
Total net position, beginning	27,074,783	1,280,970	28,355,753
Total net position, ending	<u>\$ 27,908,008</u>	<u>\$ 1,291,501</u>	<u>\$ 29,199,509</u>

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

City of Archdale, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Water and Sewer Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,970,139	\$ 493,699	\$ 4,463,838
Cash paid for goods and services	(1,586,548)	(204,115)	(1,790,663)
Cash paid to or on behalf of employees for services	(577,488)	(208,581)	(786,069)
Customer deposits received	92,495	-	92,495
Customer deposits returned	(79,819)	-	(79,819)
Other operating revenues	169,968	-	169,968
Net cash provided by operating activities	<u>1,988,747</u>	<u>81,003</u>	<u>2,069,750</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System Development Fees	45,190	-	45,190
Principal and interest paid on notes	(990,972)	-	(990,972)
Acquisition and disposal of capital assets	(1,289,683)	-	(1,289,683)
Net cash used by capital and related financing activities	<u>(2,235,465)</u>	<u>-</u>	<u>(2,235,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	138,307	10,643	148,950
Net increase in cash and cash equivalents/investments	(108,411)	91,646	(16,765)
Balances, beginning	7,406,495	986,419	8,392,914
Balances, ending	<u>\$ 7,298,084</u>	<u>\$ 1,078,065</u>	<u>\$ 8,376,149</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 714,428	\$ (112)	\$ 714,316
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,079,704	66,261	1,145,965
Changes in assets, deferred outflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	(17,746)	(395)	(18,141)
(Increase) decrease in prepaid items	50	19	69
(Increase) decrease in deferred outflows of resources - pensions	14,352	6,342	20,694
(Increase) decrease in deferred outflows of resources - OPEB	(1,157)	(512)	(1,669)
Increase (decrease) in net pension liability	23,041	10,180	33,221
Increase (decrease) in deferred inflows of resources for	(208)	(90)	(298)
Increase (decrease) in accounts payable and accrued liabilities	166,883	(900)	165,983
Increase(decrease) in customer deposits	12,676	-	12,676
Increase (decrease) in accrued vacation pay	(6,443)	(1,189)	(7,632)
Increase (decrease) in deferred inflows of resources - OPEB	(437)	(193)	(630)
Increase(decrease) in OPEB liability	3,604	1,592	5,196
Total adjustments	<u>1,274,319</u>	<u>81,115</u>	<u>1,355,434</u>
Net cash provided by operating activities	<u>\$ 1,988,747</u>	<u>\$ 81,003</u>	<u>\$ 2,069,750</u>

NONCASH CAPITAL CONTRIBUTION

The NC Department of Transportation constructed water and sewer lines as part of a bridge renovation project. The \$74,552 difference between the cost of the lines and the portion paid by the City is recorded as a noncash capital contribution.

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

**City of Archdale, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

	LEOSSA Trust Fund
ASSETS	
Cash and cash equivalents/investments	
Mutual funds:	
NC Short Term Investment Fund	\$ 173
NC Equity Index Fund	381,786
NC Bond Investment Fund	165,222
Total assets	547,181
 NET POSITION	
Restricted for pension	\$ 547,181

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

City of Archdale, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	<u>LEOSSA</u> <u>Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 72,633
Investment earnings:	
Investment income	13,308
Net increase (decrease) in the fair value of investments	<u>9,004</u>
Total investment income	<u>22,312</u>
Total additions	<u>94,945</u>
DEDUCTIONS	
Benefits paid	72,633
Investment manager fees	<u>63</u>
Total deductions	<u>72,696</u>
Change in net position	22,249
Total net position restricted for pension, beginning	<u>524,932</u>
Total net position restricted for pension, ending	<u><u>\$ 547,181</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

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City of Archdale, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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 specific 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 specific 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, service fees 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, 2020

The City reports the following major enterprise fund:

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. The sub funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparisons for the Water and Sewer Capital Fund and the Capital Reserve Fund have been included in the supplemental information.

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.

The City reports the following nonmajor enterprise fund:

Stormwater Fund. This fund is used to account for the federally mandated program of stormwater system management, which is supported by a City-wide stormwater fee.

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 or obligations of the government, these funds are not incorporated into the government-wide statements. This fund uses the accrual basis of accounting and has a capital maintenance measurement focus.

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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or 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.

The NCCMT Government Portfolio, a SEC registered (2a-7) money market mutual fund, which invests in treasuries and government agencies, is rated AAAM by S&P. The NCCMT Term Portfolio is a short-term bond fund investing in treasuries, government agencies and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the NCCMT Government and Term Portfolios are reported at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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).

2. Cash and Cash Equivalents

The City pools money from several funds, except the LEOSSA Trust Fund, to facilitate disbursement and investment and to maximize investment income from cash and cash equivalents. Only investments with maturities of three months or less at the time of purchase are classified as cash equivalents.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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. Contractor performance deposits are considered restricted because they are held until they are either returned to the contractor for fulfilling the obligation or are retained by the City. In addition, a separate police evidence bank account holds funds belonging to various individuals that require Court orders to release.

Restricted cash:

Governmental Activities:

General Fund

Federal asset forfeitures	\$ 213,748
Streets	655,803
Refundable deposits	301,055
Property and evidence	73,858
Total governmental activities	1,244,464

Business-Type Activities:

Water and Sewer Fund

Customer deposits	357,598
Capital reserve	64,565
Total business-type activities	422,163
Total restricted cash	\$ 1,666,627

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, 2019. 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. Prepaid Items

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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

7. Intangible Assets

Intangible assets, net of amortization, of \$7,535,318 as of June 30, 2020 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 \$2,490,986 as of June 30, 2020 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 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. Utility easements with a net value of \$15,253 are license fees for facility encroachments at railroad crossings for an initial term of twenty years.

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, \$1000; 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	5-50
Vehicles and Heavy Equipment	5-15
Furniture and Equipment	5-20
Electronic Equipment and Software	3-5
Water and Sewer Infrastructure	10-50
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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, pension and other post-employment benefit deferrals for the 2020 fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, and deferrals of pension and Other Post Employment Benefit deferral.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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 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 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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.

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.

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 2020-21 budget ordinance that is not already classified in restricted or committed. Appropriations for capital expenditures are \$1,613,500.

Assigned for Parks and Recreation – portion of fund balance appropriated in the PARTF capital projects grant fund.

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.

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.

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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.

14. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts, unbilled receivables, and depreciation lives.

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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

At June 30, 2020, the City's deposits had a carrying amount of \$7,245,298 and a bank balance of \$7,276,668. Of the bank balance \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the City's petty cash and change funds totaled \$675. The Police Department had \$718 in police investigation funds.

2. Investments

At June 30, 2020 the City of Archdale, excluding the Archdale LEOSSA Trust, had the following investments:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust- Government Portfolio	Fair Value - Level 1	3,809,063	N/A	AAAm
NC Capital Management Trust-Term Portfolio	Fair Value - Level 1	7,706,784	0.15 years	Unrated
		<u>\$ 11,515,847</u>		

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.

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.

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, 2020. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, an in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

LEOSSA Trust Fund

At June 30, 2020 the City's LEOSSA Trust had \$547,181 invested in the State Treasurer's Local Government LEOSSA Trust pursuant to G.S. 159-30 (g). The 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's LEOSSA Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF) [0%], which is reported as cash and cash equivalent,; State Treasurer's Bond Index Fund (BIF) [30.2%] and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) [69.8 %] (the equities were split with 57.49% in domestic securities and 42.51 % in international securities).

Level of Fair Value Hierarchy: 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, 2020 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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. The BIF, which does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.97 years at June 30, 2020.

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, 2020 the fair value of funds was \$23.107392 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.

Valuation Technique: North Carolina Department of State Treasurer LEOSSA 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 does not have a formal investment interest rate policy for the LEOSSA Trust Fund that manages exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.97 years at June 30, 2020.

Credit Risk: The City does not have a formal investment policy regarding credit risk for the LEOSSA Trust Fund. 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

The amounts presented in the Balance Sheet and the Statement of Net Position as of June 30, 2020 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 6,000
Total General Fund	6,000
Enterprise Funds:	
Water and Sewer Fund - accounts receivable	21,000
Total Enterprise Fund	21,000
Total	\$ 27,000

4. Due from Other Governments

Amounts due from governmental agencies consist of the following:

	State	County	Total
Governmental Funds:			
Sales and use tax distribution	\$ 803,030	\$ -	\$ 803,030
Utility sales tax	133,870	-	133,870
Sales tax refunds	128,809	-	128,809
Solid waste disposal tax	2,199	-	2,199
PARTF grant	37,107	-	37,107
Property tax collections	-	34,881	34,881
CARES Act reimbursement	-	33,088	33,088
Total governmental funds	\$ 1,105,015	\$ 67,969	\$ 1,172,984

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

5. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,296,952	\$ -	\$ -	\$ 3,296,952
Construction-in-progress	42,013	68,290	38,763	71,540
Street rights-of-way	3,978,645	-	-	3,978,645
Streets	664,500	-	-	664,500
Total capital assets not being depreciated	<u>7,982,110</u>	<u>68,290</u>	<u>38,763</u>	<u>8,011,637</u>
Capital assets being depreciated:				
Buildings	8,544,730	40,777	-	8,585,507
Other improvements	3,483,553	423,340	50,538	3,856,355
Equipment, vehicles, and furniture	3,076,538	522,810	217,015	3,382,333
Computer software	221,537	29,660	-	251,197
Total capital assets being depreciated	<u>15,326,358</u>	<u>1,016,587</u>	<u>267,553</u>	<u>16,075,392</u>
Less accumulated depreciation for:				
Buildings	2,471,702	186,826	-	2,658,528
Land improvements	1,487,128	149,048	50,538	1,585,638
Equipment, vehicles, and furniture	2,012,409	327,044	214,385	2,125,068
Computer software	127,262	11,144	-	138,406
Total accumulated depreciation	<u>6,098,501</u>	<u>\$ 674,062</u>	<u>\$ 264,923</u>	<u>6,507,640</u>
Total capital assets being depreciated, net	<u>9,227,857</u>			<u>9,567,752</u>
Governmental activities capital assets, net	<u>\$ 17,209,967</u>			<u>\$ 17,579,389</u>

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

General government	\$ 173,725
Public safety	168,538
Transportation	96,604
Culture and recreation	235,195
	<u>\$ 674,062</u>

Construction commitments:

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

Project	Spent-to-Date	Remaining Commitment
PARTF restroom building	\$ -	\$ 189,153
Water and sewer lines	1,101,249	223,296
Pump station upgrades	103,050	326,950
	<u>\$ 1,204,299</u>	<u>\$ 739,399</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Business-type activities:				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 307,396	\$ -	\$ -	\$ 307,396
Easement rights	83,203		-	83,203
Construction-in-progress	<u>174,789</u>	<u>1,248,415</u>	<u>24,400</u>	<u>1,398,804</u>
Total capital assets not being depreciated	<u>565,388</u>	<u>1,248,415</u>	<u>24,400</u>	<u>1,789,403</u>
Capital assets being depreciated:				
Water distribution system	6,991,110	44,875	-	7,035,985
Sewer distribution system	18,380,053	54,529	-	18,434,582
Other improvements	15,357	-	-	15,357
Equipment and vehicles	2,656,653	21,957	86,841	2,591,769
Software	<u>-</u>	<u>37,600</u>	<u>-</u>	<u>37,600</u>
Total capital assets being depreciated	<u>28,043,173</u>	<u>158,961</u>	<u>86,841</u>	<u>28,115,293</u>
Less accumulated depreciation for:				
Water distribution system	3,955,642	162,290	-	4,117,932
Sewer collection system	9,497,291	379,123	-	9,876,414
Other improvements	178	1,024	-	1,202
Equipment and vehicles	<u>1,103,867</u>	<u>180,246</u>	<u>68,101</u>	<u>1,216,012</u>
Total accumulated depreciation	<u>14,556,978</u>	<u>722,683</u>	<u>68,101</u>	<u>15,211,560</u>
Total capital assets being depreciated, net	<u>13,486,195</u>			<u>12,903,733</u>
Intangible assets being amortized, net:				
Water rights	9,572,917	-	-	9,572,917
Wastewater treatment rights	5,025,787	-	-	5,025,787
Utility easement rights	<u>18,551</u>	<u>-</u>	<u>-</u>	<u>18,551</u>
Total intangible assets being amortized	<u>14,617,255</u>	<u>-</u>	<u>-</u>	<u>14,617,255</u>
Less accumulated amortization for:				
Water rights	1,820,295	217,304	-	2,037,599
Wastewater treatment rights	2,396,012	138,789	-	2,534,801
Utility easement rights	<u>2,370</u>	<u>928</u>	<u>-</u>	<u>3,298</u>
Total accumulated amortization	<u>4,218,677</u>	<u>357,021</u>	<u>-</u>	<u>4,575,698</u>
Total intangible assets being amortized, net	<u>10,398,578</u>			<u>10,041,557</u>
Water and Sewer Fund capital assets, net	<u>24,450,161</u>			<u>24,734,693</u>
Stormwater Fund:				
Capital assets being depreciated:				
Other improvements	10,080	-	-	10,080
Equipment	<u>745,677</u>	<u>-</u>	<u>-</u>	<u>745,677</u>
Total capital assets being depreciated	<u>755,757</u>	<u>-</u>	<u>-</u>	<u>755,757</u>
Less accumulated depreciation for:				
Other improvements	-	672	-	672
Equipment	<u>453,992</u>	<u>65,589</u>	<u>-</u>	<u>519,581</u>
Total accumulated depreciation	<u>453,992</u>	<u>66,261</u>	<u>-</u>	<u>520,253</u>
Stormwater Fund capital assets, net	<u>301,765</u>			<u>235,504</u>
Business-type activity capital assets, net	<u>\$ 24,751,926</u>			<u>\$ 24,970,197</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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, 2020, was 9.7% of compensation for law enforcement officers and 9.05% (including .10% death benefit) 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 \$299,963 for the year ended June 30, 2020.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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

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

At June 30, 2020, the City reported a liability of \$1,429,091 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the City’s proportion was 0.05233%, which was an increase of 0.0004% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$618,116. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 244,697	\$ -
Changes of assumptions	232,918	-
Net difference between projected and actual earnings on pension plan investments	34,857	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	44,727
City contributions subsequent to measurement date	299,963	-
Total	\$ 812,435	\$ 44,727

\$299,963 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 236,642
2022	67,128
2023	129,271
2024	34,704
2025	-
Thereafter	-

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

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	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 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability (asset)	\$ 3,268,594	\$ 1,429,091	\$ (99,907)

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, 2018, the Separation Allowance's membership consisted of:

Inactive members receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	26
Total	31

Management of the Archdale LEOSSA Trust is vested in two trustees, the City Manager and the Finance Director, appointed by City Council.

The Separation Allowance has a June 30, 2020 year end and does not issue a separate stand-alone financial report and is included in the City's Comprehensive Annual Financial Report as the Archdale LEOSSA (Pension Benefit) Trust Fund.

Summary of Significant Accounting Policies

Basis of Accounting. 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 fiduciary net position of the Separation Allowance and additions to/deductions from the Separation Allowance's fiduciary net position have been determined on the same basis as they are reported by the Archdale LEOSSA Trust Fund, that is using the full accrual basis of accounting. Employer contributions to the Separation Allowance 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 Separation Allowance. Investments are reported at fair value.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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. Contributions are not required to be made by employees, and as such, there were none. 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 \$130,687 for fiscal year 2020 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 \$72,633 including benefit payments of \$72,633, in fiscal year 2020. These amounts represent 10.36% and 2.75% of covered-employee payroll, respectively. Administrative costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2017 actuarial valuation using the entry age normal actuarial cost method, amortized over a level dollar closed period. The actuarial assumptions include (a) 3.16% 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 2.50%. The actuarial value of assets was determined using the market value of investments. The remaining amortization period at December 31, 2017 was 13 years.

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

At June 30, 2020, the City reported a total pension liability of \$905,202. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing standard actuarial update rollforward procedures incorporating the actuarial assumptions. For the year ended June 30, 2020 the City recognized pension expense of \$38,525.

At June 30, 2020, 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, 2019 measurement date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,906	\$ 47,843
Changes of assumptions and other inputs	31,132	152,955
Net difference between projected and actual earnings on plan investments	-	42,648
Benefit payments and administrative expenses subsequent to measurement date	32,315	-
Total	\$ 178,353	\$ 243,446

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

\$32,315 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Amount Recognized as Increase (Decrease) to Pension Expense</u>
2021	\$ 33,979	\$ 56,723	\$ (22,744)
2022	33,979	56,723	(22,744)
2023	33,979	54,061	(20,082)
2024	24,376	53,026	(28,650)
2025	19,725	22,913	(3,188)
Thereafter	-	-	-

Actuarial Assumptions. The Entry Age Normal Actuarial Cost Method was used in the December 31, 2018 valuation. The total pension liability rolled forward to December 31, 2019 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, average, including inflation
Investment rate of return	5.5 percent

Since the prior measurement date, the discount rate was changed from 3.64% to 5.5%.

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 103% for males and 99% 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, 2018 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.

Investment Policy and Long-Term Expected Rate of Return. The Archdale LEOSA 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 5.5% annually.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

The target asset allocation and best estimates of arithmetic real rates of return for each major asset provided by the City is summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity Index Fund	70.00%	7.96%
Bond Index Fund	30.00%	1.88%

Discount Rate. The discount rate used to measure the total pension liability was 5.50%. The discount rate determination as of the measurement date does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that the City would contribute the actuarially determined contribution in the future, or the actual benefit payments. 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 through 2056. 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 Total Pension Liability to Changes in the Discount Rate. The following presents the City's net pension liability calculated using the discount rate of 5.50 percent, as well as what the City's share of net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.50 percent) or one percentage point higher (6.50 percent) than the current rate:

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net Pension Liability	\$ 417,028	\$ 342,792	\$ 275,645

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Net pension liability as of December 31, 2018	\$ 931,559	\$	\$ 931,559
Changes for the year:			
Service cost	37,928		37,928
Interest	32,441		32,441
Difference between expected and actual experience	128,090		128,090
Changes in assumptions and other inputs	(144,179)		(144,179)
Contributions - employer		580,637	(580,637)
Net investment income		62,410	(62,410)
Benefit payments	(80,637)	(80,637)	
Net changes	(26,357)	562,410	(588,767)
Net pension liability as of December 31, 2019	\$ 905,202	\$ 562,410	\$ 342,792

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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:

	LGERS	LEOSSA	Total
Pension Expense	\$ 618,116	\$ 38,525	\$ 656,641
Pension Liability	1,429,091	342,792	1,771,883
Proportionate share of the net pension liability	0.05233%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	244,697	114,906	359,603
Changes of assumptions	232,918	31,132	264,050
Net difference between projected and actual earnings on pension plan investments	34,857	-	34,857
Benefit payments and administrative costs paid subsequent to the measurement date	299,963	32,315	332,278
 Deferred Inflows of Resources			
Differences between expected and actual experience	-	47,843	47,843
Changes of assumptions	-	152,955	152,955
Net difference between projected and actual earnings on pension plan investments	-	42,648	42,648
Changes in proportion and differences between City contributions and proportionate share of contributions	44,727	-	44,727

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, 2020 were \$97,091, which consisted of \$59,921 from the City and \$37,170 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, 2020. Employees not engaged in law enforcement made voluntary contributions of \$98,889 and the City contributions were \$84,695. In addition, employees made voluntary contributions of \$55,453 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, 2020

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, 2019, the date of the latest actuarial valuation:

Retirees receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>67</u>
Total	<u><u>70</u></u>

Total OPEB Liability

The City's total OPEB liability of \$325,770 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

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

Inflation	2.5 percent
Real wage growth	1.0 percent
Wage inflation	3.5 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	3.89 percent
Measurement date	3.50 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drug	7.0 percent for 2019 decreasing to an ultimate rate of 4.5 percent by 2026

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 294,938
Changes for the year:	
Service cost at end of year	18,184
Interest on total OPEB liability and cash flows	11,319
Change in benefit terms	-
Difference between expected and actual experience	5,029
Changes in assumptions and other inputs	4,300
Benefit payments and implicit subsidy credit	(8,000)
Net changes	30,832
Balance at June 30, 2020	\$ 325,770

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50% and a change in medical trend.

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, adopted by the LGERS Board. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 370,795	\$ 325,770	\$ 286,302

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. Pre-Medicare health care cost trends are 7.0% for 2019, decreasing to an ultimate rate of 4.5% by 2026. 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	\$ 276,061	\$ 325,770	\$ 386,293

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$26,688. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,571	\$ -
Changes of assumptions and other inputs	3,878	27,542
Implicit subsidy credit and administrative expenses subsequent to measurement date	9,500	-
Total	\$ 17,949	\$ 27,542

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

Measurement Period ended June 30:		
2021	\$	(2,815)
2022		(2,815)
2023		(2,815)
2024		(2,815)
2025		(2,815)
Thereafter		(5,018)

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, 2020

C. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 299,963
Benefit payments and administrative expenses subsequent to measurement date (LEOSSA)	32,315
Implicit subsidy credit for current fiscal year	9,500
Differences between expected and actual experience	364,174
Change of assumptions	267,928
Net difference between projected and actual earning on pension plan investments	34,857
	\$ 1,008,737

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid revenue (General Fund)	\$ 1,039	\$ 1,039
Property taxes receivable (General Fund)	-	39,941
Difference between expected and actual experience	47,843	-
Changes of assumptions and other inputs	180,497	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	44,727	-
Net difference between projected and actual earnings on pension plan investments	42,648	-
	\$ 316,754	\$ 40,980

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. The City also carries cyber risk insurance. This policy covers the City in areas like cyber liability, breaches, cyber-crime, and business operations loss. All areas are covered at a loss limit of \$2,000,000.

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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

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.

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, 2020 in the general fund are \$152,746. The majority of these are for economic development or professional services. Commitments for outstanding contracts in the water and sewer fund total \$697,376 related to professional services and construction contracts for the sewer force main and pump station upgrade. The stormwater fund has outstanding contracts for professional services in the amount of \$85,774.

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%.	\$726,750
\$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.	220,112
\$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%.	2,584,520
\$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%.	240,986
\$184,565 agreement with Davidson Water, principal and interest payable in 240 monthly installments of \$1,070 each, includes interest at 3.50%.	111,240
	\$3,883,608
Less current portion	771,601
Total	\$3,112,007

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 771,601	\$ 95,309
2022	559,395	79,013
2023	567,523	64,639
2024	333,628	49,878
2025	342,218	41,288
2026-2030	1,304,992	74,951
2031	4,251	31
Total	\$ 3,883,608	\$ 405,109

At June 30, 2020, the City of Archdale governmental funds had a legal debt margin of \$86,079,586.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

2. Changes in Long-Term Liabilities Compensated absences 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:					
Compensated absences	\$ 220,273	\$ 343,990	\$ 285,189	\$ 279,074	\$ 279,074
Net pension liability (LGERS)	1,024,348	163,913	-	1,188,261	-
Net pension liability (LEO)	931,559	-	588,767	342,792	-
Total OPEB liability	245,235	25,636	-	270,871	-
Governmental activity long-term liabilities	\$ 2,421,415	\$ 533,539	\$ 873,956	\$ 2,080,998	\$ 279,074

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-type activities:					
<u>Water and Sewer Fund</u>					
Direct placement installment purchase	\$ 1,519,280	\$ -	\$ 572,418	\$ 946,862	\$ 462,362
Interlocal agreements payable	3,238,297	-	301,551	2,936,746	309,239
Compensated absences	30,222	24,849	31,292	23,779	23,779
Net pension liability (LGERS)	143,991	23,041	-	167,032	-
Total OPEB liability	34,472	3,604	-	38,076	-
Water and Sewer Fund long-term liabilities	4,966,262	51,494	905,261	4,112,495	795,380
<u>Stormwater Fund</u>					
Compensated absences	10,463	9,235	10,424	9,274	9,274
Net pension liability (LGERS)	63,618	10,180	-	73,798	-
Total OPEB liability	15,231	1,592	-	16,823	-
Stormwater Fund long-term liabilities	89,312	21,007	10,424	99,895	9,274
Business-type activity long-term liabilities	\$ 5,055,574	\$ 72,501	\$ 915,685	\$ 4,212,390	\$ 804,654

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

H. Interfund Balances and Activity

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs. During the 2020 fiscal year, the City made a \$30,000 interfund transfer from the General Fund to the PARTF Capital Project Fund to appropriate additional funds for construction of the restroom facility included in the PARTF grant projects.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

I. 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>	\$ 10,862,878
Less:	
Prepays	11,162
Stabilization by State Statute	1,367,630
Streets - Powell Bill	655,803
Public safety	213,185
Subsequent year's expenditures	1,514,072
Economic development	626,621
Capital	1,934,500
Remaining fund balance	4,539,905

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, 2020, this minimum amount is \$3,273,054. 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 \$2,555 to the Council during the fiscal year ended June 30, 2020.

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 \$430,789; water purchases of \$369,316; and lab fees of \$2,520 for the 2020 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, 2020

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

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

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REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

Local Government Employees' Retirement System *

	2020	2019	2018	2017
Archdale's proportion of the net pension liability (asset) (%)	0.05233%	0.05193%	0.05198%	0.05158%
Archdale's proportion of the net pension liability (asset) (\$)	\$ 1,429,091	\$ 1,231,957	\$ 794,110	\$ 1,094,700
Archdale's covered payroll	\$ 3,105,538	\$ 3,012,287	\$ 2,973,091	\$ 2,804,844
Archdale's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.02%	40.90%	26.71%	39.03%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	91.63%	94.18%	91.47%
		2016	2015	2014
Archdale's proportion of the net pension liability (asset) (%)		0.05414%	0.05082%	0.05440%
Archdale's proportion of the net pension liability (asset) (\$)		\$ 242,977	\$ (299,709)	\$ 655,729
Archdale's covered payroll		\$ 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 payroll		8.74%	(11.22%)	23.48%
Plan fiduciary net position as a percentage of the total pension liability **		98.09%	99.07%	102.64%

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.

** This will be the same percentage for all participant employers in the LGERS plan.

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 299,963	\$ 247,762	\$ 232,694	\$ 222,466
Contributions in relation to the contractually required contribution	\$ 299,963	\$ 247,762	\$ 232,694	\$ 222,466
Contribution deficiency (excess)	-	-	-	-
Archdale's covered payroll	\$ 3,281,424	\$ 3,105,538	\$ 3,012,287	\$ 2,973,091
Contributions as a percentage of covered payroll	9.14%	7.98%	7.72%	7.48%

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 190,590	\$ 198,590	\$ 191,449
Contributions in relation to the contractually required contribution	\$ 190,590	\$ 198,590	\$ 191,449
Contribution deficiency (excess)	-	-	-
Archdale's covered payroll	\$ 2,804,844	\$ 2,781,194	\$ 2,670,224
Contributions as a percentage of covered payroll	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 Net Pension Liability and Related Ratios
Law Enforcement Officers' Special Separation Allowance
Last Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability:				
Service Cost	\$ 37,928	\$ 37,224	\$ 34,324	\$ 37,421
Interest	32,441	31,788	35,529	33,220
Difference between expected and actual experience	128,090	(71,529)	16,400	-
Changes of assumptions and other inputs	(144,179)	(36,993)	60,139	(23,217)
Benefit payments	<u>(80,637)</u>	<u>(69,770)</u>	<u>(52,003)</u>	<u>(62,986)</u>
Net change in total pension liability	(26,357)	(109,280)	94,389	(15,562)
Total pension liability - beginning	931,559	1,040,839	946,450	962,012
Total pension liability - ending (a)	905,202	931,559	1,040,839	946,450
Contributions - employer	580,637	69,770	52,398	63,183
Net investment income	62,410			
Benefit payments	(80,637)	(69,770)	(52,003)	(62,986)
Administrative expense			(395)	(197)
Net change in plan net position	<u>562,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	562,410	-	-	-
Net pension liability - ending (a) - (b)	<u>\$ 342,792</u>	<u>\$ 931,559</u>	<u>\$ 1,040,839</u>	<u>\$ 946,450</u>
Ratio of plan net position to total pension liability	62.13%	0.00%	0.00%	0.00%
Covered payroll	\$ 1,261,294	\$ 1,179,490	\$ 1,236,309	\$ 1,247,899
Net pension liability as a percentage of covered payroll	27.18%	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
Last Two Fiscal Years

	2020	2019
Actuarially determined employer contribution	\$ 130,687	\$ 125,903
Actual employer contributions	\$ 72,633	\$ 575,698
Annual contribution deficiency (excess)	\$ 58,054	\$ (449,795)
Covered payroll	\$ 1,261,294	\$ 1,179,490
Actual contributions as a percentage of covered payroll	5.76%	48.81%

Notes to the Required Schedule:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. The following actuarial methods and assumptions were used to determine the contribution rate for fiscal year 2020:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Amortization period	13 years as of December 31, 2017
Asset valuation method	Market value
Inflation	2.50%
Salary increase	3.50% - 7.35%, including inflation
Investment rate of return	3.16%, net of pension plan investment expense, including inflation

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

City of Archdale, North Carolina
Schedule of Investment Returns
Law Enforcement Officers' Special Separation Allowance (LEOSSA) Pension Benefit Trust
Last Two Fiscal Years

	<u>2020</u>	<u>2019</u>
Investment rate of return, net of investment expense	4.24%	5%*

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.

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 OPEB Liability and Related Ratios
Last Three Fiscal Years

	2020	2019	2018
Service cost	\$ 18,184	\$ 18,895	\$ 20,477
Interest on the total pension liability and cash flows	11,319	10,070	8,512
Change in benefit terms	-	-	-
Difference between expected and actual experience	5,029	44	-
Changes of assumptions and other inputs	4,300	(14,006)	(23,340)
Benefit payments and implicit subsidy credit	(8,000)	(5,800)	(5,355)
Other	-	-	-
Net change in total OPEB liability	30,832	9,203	294
Total OPEB liability - beginning	294,938	285,735	285,441
Total OPEB liability - ending	<u>\$ 325,770</u>	<u>\$ 294,938</u>	<u>\$ 285,735</u>
Covered payroll	\$ 3,026,895	\$ 2,790,095	\$ 2,790,095
Total OPEB liability a percentage of covered payroll	10.76%	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>
2020	3.50%
2019	3.89%
2018	3.56%

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

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 3,064,595	\$
Interest		7,473	
Total	<u>3,032,600</u>	<u>3,072,068</u>	<u>39,468</u>
Unrestricted intergovernmental:			
Local option sales taxes		3,055,170	
Telecommunications sales tax		66,409	
Electric sales tax		442,023	
Piped natural gas sales tax		23,686	
Video programming sales tax		96,285	
Beer and wine tax		52,335	
ABC profit distribution		1,258	
Total	<u>3,662,500</u>	<u>3,737,166</u>	<u>74,666</u>
Restricted intergovernmental:			
Powell Bill allocation		320,372	
Asset Forfeiture Program		53,845	
NC Dept. of Commerce grant		44,482	
Randolph County Tourism Development Authority		24,000	
Solid waste disposal tax		9,208	
CARES Act		29,189	
Other		13,396	
Total	<u>850,975</u>	<u>494,492</u>	<u>(356,483)</u>
Permits and fees:			
Zoning permits and fees		16,910	
Yard sale permits		590	
Total	<u>11,100</u>	<u>17,500</u>	<u>6,400</u>
Sales and services:			
Recreation department fees		185,544	
Solid waste		686,499	
Recycling		150,101	
Total	<u>1,028,000</u>	<u>1,022,144</u>	<u>(5,856)</u>
Investment earnings	<u>279,000</u>	<u>168,182</u>	<u>(110,818)</u>
Miscellaneous:			
Other		102,374	
Total	<u>74,300</u>	<u>102,374</u>	<u>28,074</u>
Total revenues	<u>8,938,475</u>	<u>8,613,926</u>	<u>(324,549)</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Governing Body			
Salaries and employee benefits		38,988	
Other operating expenditures		7,466	
Total	<u>51,470</u>	<u>46,454</u>	<u>5,016</u>
Administration:			
Salaries and employee benefits		229,262	
Other operating expenditures		14,971	
Total	<u>262,670</u>	<u>244,233</u>	<u>18,437</u>
Information Technology:			
Salaries and employee benefits		208,738	
Software licensing and maintenance		98,030	
Other operating expenditures		73,042	
Capital outlay		106,941	
Total	<u>558,815</u>	<u>486,751</u>	<u>72,064</u>
Finance:			
Salaries and employee benefits		256,021	
Contracted services		76,455	
Other operating expenditures		14,293	
Total	<u>373,765</u>	<u>346,769</u>	<u>26,996</u>
Legal:			
Contracted services	<u>75,000</u>	<u>18,099</u>	<u>56,901</u>
Facilities and grounds:			
Salaries and employee benefits		263,733	
Other operating expenditures		96,306	
Capital outlay		124,611	
Total	<u>598,276</u>	<u>484,650</u>	<u>113,626</u>
Planning and zoning:			
Salaries and employee benefits		221,154	
Other operating expenditures		175,639	
Total	<u>444,435</u>	<u>396,793</u>	<u>47,642</u>
Public safety:			
Police:			
Salaries and employee benefits		2,061,572	
Communications and IT		155,722	
Insurance		86,871	
Other operating expenditures		174,023	
Capital outlay		131,945	
Total	<u>2,937,673</u>	<u>2,610,133</u>	<u>327,540</u>
Fire:			
Contracted services	<u>32,950</u>	<u>32,945</u>	<u>5</u>
Transportation:			
Streets:			
Salaries and employee benefits		197,771	
Street Lights		118,977	
Other operating expenditures		80,627	
Capital outlay		293,021	
Total	<u>786,920</u>	<u>690,396</u>	<u>96,524</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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Streets-Powell Bill:			
Street repairs and maintenance	<u>535,000</u>	<u>302,334</u>	<u>232,666</u>
Environmental protection:			
Sanitation:			
Contracted services		813,307	
Tipping fees		65,661	
Other operating expenditures		<u>10,769</u>	
Total	<u>915,000</u>	<u>889,737</u>	<u>25,263</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		438,385	
Utilities		44,810	
Repairs and maintenance		60,750	
Other operating expenditures		165,060	
Capital outlay		<u>300,498</u>	
Total	<u>1,429,546</u>	<u>1,009,503</u>	<u>420,043</u>
Senior building:			
Other operating expenditures		<u>15,689</u>	
Total	<u>60,300</u>	<u>15,689</u>	<u>44,611</u>
Library:			
Payment to Randolph County		98,409	
Other operating expenditures		<u>24,491</u>	
Total	<u>161,100</u>	<u>122,900</u>	<u>38,200</u>
Community Promotions:			
Senior adult meal program		24,900	
Economic development		70,482	
Contracted services and membership dues		<u>28,305</u>	
Total	<u>621,800</u>	<u>123,687</u>	<u>498,113</u>
Contingency	<u>10,000</u>	-	<u>10,000</u>
Total expenditures	<u>9,854,720</u>	<u>7,821,073</u>	<u>2,033,647</u>
Revenues over (under) expenditures	(916,245)	792,853	1,709,098
Other financing sources (uses):			
Transfer to grant fund	(30,000)	(30,000)	-
Sale of capital assets	-	57,996	57,996
Total	<u>(30,000)</u>	<u>27,996</u>	<u>57,996</u>
Fund balance appropriated	<u>946,245</u>	-	<u>(946,245)</u>
Net change in fund balance	\$ <u>-</u>	820,849	\$ <u>820,849</u>
Fund balances, beginning		<u>10,042,029</u>	
Fund balances, ending		<u>\$ 10,862,878</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, 2020

	Actual			Totals to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
PARTF grant	\$ 329,217	\$ 215,892	\$ 27,148	\$ 243,040	\$ (86,177)
Randolph County	100,000	100,000	-	100,000	-
Total revenues	429,217	315,892	27,148	343,040	(86,177)
Expenditures:					
Culture and recreation:					
Parks and recreation:					
Capital outlay	912,685	653,050	57,097	710,147	202,538
Revenues over (under) expenditures	(483,468)	(337,158)	(29,949)	(367,107)	116,361
Other financing sources (uses):					
Transfer from General Fund	483,468	453,468	30,000	483,468	-
Net change in fund balance	\$ -	\$ 116,310	51	\$ 116,361	\$ 116,361
Fund balances, beginning			116,310		
Fund balances, ending			\$ 116,361		

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, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water charges		\$ 1,722,169	
Sewer charges		2,244,286	
Water and sewer taps		21,430	
Other operating revenues		192,607	
Total	<u>\$ 4,115,800</u>	<u>4,180,492</u>	<u>\$ 64,692</u>
Nonoperating revenues:			
Interest earnings		60,967	
Total	58,000	60,967	2,967
Total revenues	<u>4,173,800</u>	<u>4,241,459</u>	<u>67,659</u>
Expenditures:			
Salaries and employee benefits		581,298	
Water purchases		399,475	
Waste disposal and treatment costs		551,549	
Repairs and maintenance		277,497	
Operating payments to PTRWA		87,732	
Other operating expenditures		433,418	
Debt service:			
Interest and other charges		113,289	
Principal retirement		873,969	
Capital outlay		218,496	
Total expenditures	<u>4,690,196</u>	<u>3,536,723</u>	<u>1,153,473</u>
Revenues over (under) expenditures	(516,396)	704,736	1,221,132
Net position appropriated	<u>516,396</u>	<u>-</u>	<u>(516,396)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>704,736</u>	<u>\$ 704,736</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, 2020

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

Revenues and other sources over expenditures and other uses	\$	704,736
Reconciling items:		
Principal retirement		873,969
Capital outlay		1,308,423
Capital asset deletion net		(18,740)
Capital asset contribution		74,552
Decrease in accrued vacation pay		6,443
Decrease in deferred outflows of resources - pensions		(14,352)
Increase in deferred outflows of resources - OPEB		1,157
Increase in net pension liability		(23,041)
Decrease in deferred inflows of resources - pensions		208
Decrease in deferred inflows of resources - OPEB		437
Increase in OPEB liability		(3,604)
Depreciation		(722,683)
Amortization		(357,021)
Revenues from Capital Reserve Fund		45,190
Interest income from Capital Reserve Fund		292
Interest income from Water and Sewer Capital Fund		47,185
Water and Sewer Capital Fund expenses		(1,089,926)
Total reconciling items		<u>128,489</u>
Change in net position	\$	<u><u>833,225</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Nonoperating revenues:			
Interest earnings		\$ 47,185	
Total revenues	\$ 60,000	47,185	\$ (12,815)
Expenditures:			
Capital outlay	2,059,955	1,089,926	970,029
Total expenditures	2,059,955	1,089,926	970,029
Revenues over (under) expenditures	(1,999,955)	(1,042,741)	957,214
Net position appropriated	1,999,955	-	(1,999,955)
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ (1,042,741)</u>	<u>\$ (1,042,741)</u>

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
System development fees		\$ 45,190	
Interest earnings		292	
Total revenues	<u>\$ 20,000</u>	<u>45,482</u>	<u>\$ 25,482</u>
Other financing sources (uses):			
Transfer to Water Sewer Fund	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 45,482</u>	<u>\$ 45,482</u>

City of Archdale, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater fees		\$ 494,094	
Total	\$ 492,000	494,094	\$ 2,094
Nonoperating revenues:			
Interest earnings		10,643	
Total	3,900	10,643	6,743
Total revenues	495,900	504,737	8,837
Expenditures:			
Salaries and employee benefits		209,557	
Contract services		113,831	
Other operating expenditures		88,427	
Total expenditures	631,120	411,815	219,305
Revenues over (under) expenditures	(135,220)	92,922	228,142
Net position appropriated	135,220	-	(135,220)
Revenues and other sources over expenditures and other uses	\$ -	\$ 92,922	\$ 92,922

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

Revenues and other sources over expenditures and other uses	\$ 92,922
Reconciling items:	
Decrease in accrued vacation pay	1,189
Decrease in deferred outflows of resources - pensions	(6,342)
Increase in deferred outflows of resources - OPEB	512
Increase in net pension liability	(10,180)
Decrease in deferred inflows of resources - pensions	90
Decrease in deferred inflows of resources - OPEB	193
Increase in OPEB liability	(1,592)
Depreciation	(66,261)
Total reconciling items	(82,391)
Change in net position	\$ 10,531

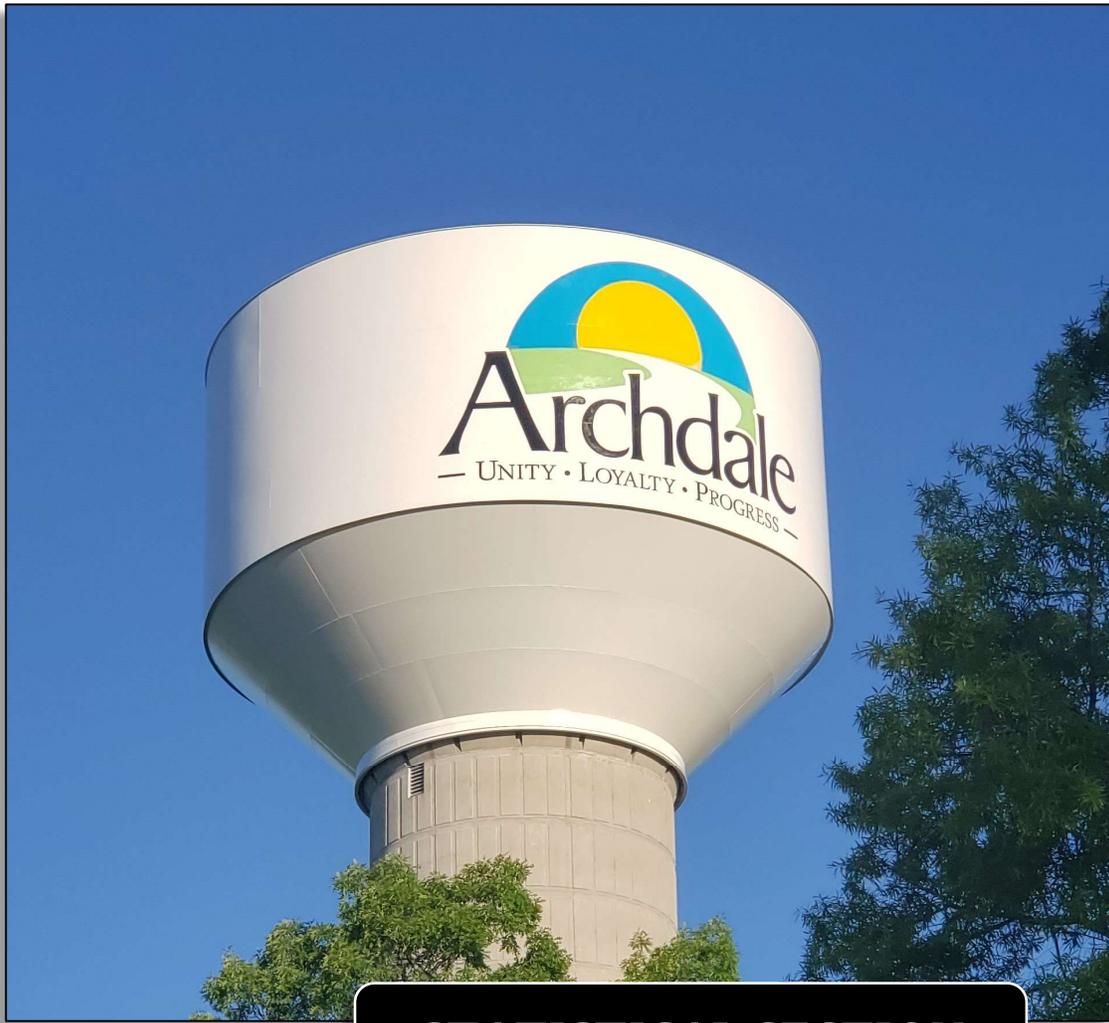
City of Archdale, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 3,120,385	\$ 3,101,190	\$ 19,195
2018-2019	17,653	-	10,089	7,564
2017-2018	3,441	-	946	2,495
2016-2017	2,028	-	141	1,887
2015-2016	825	-	16	809
2014-2015	508	-	13	495
2013-2014	2,471	-	14	2,457
2012-2013	1,851	-	34	1,817
2011-2012	1,891	-	22	1,869
2010-2011	1,417	-	64	1,353
2009-2010	2,342	-	2,342	-
	<u>\$ 34,427</u>	<u>\$ 3,120,385</u>	<u>\$ 3,114,871</u>	<u>39,941</u>
Less: allowance for uncollectible accounts:				
	General Fund			<u>6,000</u>
	Ad valorem taxes receivable - net			<u>\$ 33,941</u>
<u>Reconciliation to revenues:</u>				
	Ad valorem taxes - General Fund			\$ 3,072,068
	Reconciling items:			
	Interest collected			(7,473)
	Discounts allowed			39,836
	Taxes written off, releases and refunds			10,440
	Subtotal			<u>42,803</u>
	Total collections and credits			<u>\$ 3,114,871</u>

City of Archdale, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
June 30, 2020

	City - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 1,078,023,448	0.29	\$ 3,126,268	\$ 2,816,953	\$ 309,315
Total	<u>1,078,023,448</u>		<u>3,126,268</u>	<u>2,816,953</u>	<u>309,315</u>
Discoveries:					
Current year taxes	1,490,345	0.29	4,322	4,322	-
Abatements	(3,518,966)		(10,205)	(10,205)	-
Total property valuation	<u>\$ 1,075,994,828</u>				
Net levy			3,120,385	2,811,070	309,315
Uncollected taxes at June 30, 2020			<u>(19,195)</u>	<u>(19,195)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 3,101,190</u>	<u>\$ 2,791,875</u>	<u>\$ 309,315</u>
Current levy collection percentage			<u>99.38%</u>	<u>99.32%</u>	<u>100.00%</u>

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STATISTICAL SECTION

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

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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.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net position:					
Governmental activities:					
Net investment in capital assets	\$ 11,750,122	\$ 11,981,198	\$ 12,827,900	\$ 12,998,897	\$ 13,245,910
Restricted	1,739,471	1,760,492	1,818,847	1,636,558	2,043,813
Unrestricted	<u>5,758,667</u>	<u>5,993,425</u>	<u>5,392,454</u>	<u>6,112,656</u>	<u>6,526,605</u>
Total governmental activities net position	<u>\$ 19,248,260</u>	<u>\$ 19,735,115</u>	<u>\$ 20,039,201</u>	<u>\$ 20,748,111</u>	<u>\$ 21,816,328</u>
Business-type activities:					
Net investment in capital assets	\$ 17,054,505	\$ 16,899,743	\$ 16,835,858	\$ 18,304,551	\$ 18,183,447
Restricted	-	-	-	-	-
Unrestricted	<u>4,733,813</u>	<u>5,309,889</u>	<u>6,265,831</u>	<u>5,489,605</u>	<u>6,231,492</u>
Total business-type activities net position	<u>\$ 21,788,318</u>	<u>\$ 22,209,632</u>	<u>\$ 23,101,689</u>	<u>\$ 23,794,156</u>	<u>\$ 24,414,939</u>
Primary government					
Net investment in capital assets	\$ 28,804,627	\$ 28,880,941	\$ 29,663,758	\$ 31,303,448	\$ 31,429,357
Restricted	1,739,471	1,760,492	1,818,847	1,636,558	2,043,813
Unrestricted	<u>10,492,480</u>	<u>11,303,314</u>	<u>11,658,285</u>	<u>11,602,261</u>	<u>12,758,097</u>
Total primary government net position	<u>\$ 41,036,578</u>	<u>\$ 41,944,747</u>	<u>\$ 43,140,890</u>	<u>\$ 44,542,267</u>	<u>\$ 46,231,267</u>
Net position:					
Governmental activities:					
Net investment in capital assets	\$ 13,990,727	\$ 14,217,643	\$ 15,359,566	\$ 17,209,967	\$ 17,579,389
Restricted	2,070,789	1,831,751	1,909,466	2,496,877	2,273,808
Unrestricted	<u>7,271,322</u>	<u>7,534,635</u>	<u>7,565,571</u>	<u>6,497,381</u>	<u>7,229,447</u>
Total governmental activities net position	<u>\$ 23,332,838</u>	<u>\$ 23,584,029</u>	<u>\$ 24,834,603</u>	<u>\$ 26,204,225</u>	<u>\$ 27,082,644</u>
Business-type activities:					
Net investment in capital assets	\$ 19,355,666	\$ 19,882,981	\$ 19,855,768	\$ 19,994,349	\$ 21,086,589
Restricted	-	-	-	19,074	64,565
Unrestricted	<u>6,345,377</u>	<u>6,667,220</u>	<u>7,658,090</u>	<u>8,342,330</u>	<u>8,048,355</u>
Total business-type activities net position	<u>\$ 25,701,043</u>	<u>\$ 26,550,201</u>	<u>\$ 27,513,858</u>	<u>\$ 28,355,753</u>	<u>\$ 29,199,509</u>
Primary government					
Net investment in capital assets	\$ 33,346,393	\$ 34,100,624	\$ 35,215,334	\$ 37,204,316	\$ 38,665,978
Restricted	2,070,789	1,831,751	1,909,466	2,515,951	2,338,373
Unrestricted	<u>13,616,699</u>	<u>14,201,855</u>	<u>15,223,661</u>	<u>14,839,711</u>	<u>15,277,802</u>
Total primary government net position	<u>\$ 49,033,881</u>	<u>\$ 50,134,230</u>	<u>\$ 52,348,461</u>	<u>\$ 54,559,978</u>	<u>\$ 56,282,153</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses					
Governmental activities:					
General government	\$ 651,681	\$ 731,161	\$ 1,225,340	\$ 1,241,317	\$ 1,235,682
Public safety	2,625,140	2,692,272	2,644,892	2,625,653	2,374,771
Transportation	803,452	927,569	871,805	884,759	736,193
Cultural and recreation	1,072,916	1,101,534	1,000,535	906,558	782,917
Environmental protection	699,360	740,371	731,280	748,514	768,301
Community Promotions	374,040	206,345	61,327	61,088	299,845
Interest on Long-Term Debt	47,689	68,302	78,434	70,457	63,813
Total Governmental Activities Expenses	<u>6,274,278</u>	<u>6,467,554</u>	<u>6,613,613</u>	<u>6,538,346</u>	<u>6,261,522</u>
Business-Type Activities:					
Water and Sewer	3,283,373	3,240,344	2,961,535	3,119,008	3,087,889
Stormwater	374,562	415,989	377,360	580,529	523,989
	<u>3,657,935</u>	<u>3,656,333</u>	<u>3,338,895</u>	<u>3,699,537</u>	<u>3,611,878</u>
Total primary government expenses	<u>\$ 9,932,213</u>	<u>\$ 10,123,887</u>	<u>\$ 9,952,508</u>	<u>\$ 10,237,883</u>	<u>\$ 9,873,400</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 96,924	\$ 97,968	\$ 146,546	\$ -	\$ -
Cultural and recreation	183,463	148,713	145,000	160,977	152,241
Environmental protection	742,777	742,828	733,756	737,537	798,306
Operating grants and contributions:					
General government	-	-	4,095	25,511	8,000
Public safety	170,285	404,592	233,796	34,302	270,425
Transportation	271,533	309,328	318,987	329,160	336,331
Cultural and recreation	10,000	10,000	10,000	7,340	27,250
Environmental protection	6,686	7,818	6,524	7,086	7,580
Community promotions	-	-	-	-	231,847
Capital grants and contributions:					
Cultural and recreation	470,837	-	-	-	-
Total governmental activities program revenues	<u>1,952,505</u>	<u>1,721,247</u>	<u>1,598,704</u>	<u>1,301,913</u>	<u>1,831,980</u>
Business-type activities:					
Water and sewer:					
Charges for services	3,645,980	3,617,359	3,564,214	3,594,871	3,610,777
Operating grants and contributions	-	-	-	30,380	26,363
Capital grants and contributions	-	-	181,798	-	-
Stormwater:					
Charges for services	468,371	471,407	468,986	470,461	479,039
Operating grants and contributions	-	-	-	273,517	168,003
Total business-type activities program revenues	<u>4,114,351</u>	<u>4,088,766</u>	<u>4,214,998</u>	<u>4,369,229</u>	<u>4,284,182</u>
Total primary government program revenues	<u>\$ 6,066,856</u>	<u>\$ 5,810,013</u>	<u>\$ 5,813,702</u>	<u>\$ 5,671,142</u>	<u>\$ 6,116,162</u>

(continued)

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses					
Governmental activities:					
General government	\$ 1,289,975	\$ 1,359,290	\$ 1,531,883	\$ 1,628,795	\$ 2,064,020
Public safety	2,496,393	2,516,738	2,592,063	2,654,576	2,816,346
Transportation	773,384	845,365	823,364	897,076	828,688
Cultural and recreation	984,361	996,670	1,042,565	1,089,605	1,119,161
Environmental protection	764,780	770,273	798,534	826,516	889,737
Community Promotions	63,788	65,635	99,308	96,424	123,687
Interest on Long-Term Debt	45,123	42,180	39,361	24,642	-
Total Governmental Activities Expenses	<u>6,417,804</u>	<u>6,596,151</u>	<u>6,927,078</u>	<u>7,217,634</u>	<u>7,841,639</u>
Business-Type Activities:					
Water and Sewer	3,194,077	3,121,220	3,079,877	3,371,663	3,556,714
Stormwater	380,706	362,618	358,689	372,105	494,206
	<u>3,574,783</u>	<u>3,483,838</u>	<u>3,438,566</u>	<u>3,743,768</u>	<u>4,050,920</u>
Total primary government expenses	<u>\$ 9,992,587</u>	<u>\$ 10,079,989</u>	<u>\$ 10,365,644</u>	<u>\$ 10,961,402</u>	<u>\$ 11,892,559</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ -	\$ 18,085	\$ 19,567	\$ 24,796	\$ 17,500
Cultural and recreation	170,949	167,635	173,128	213,189	185,544
Environmental protection	800,439	811,143	827,247	830,262	836,600
Operating grants and contributions:					
General government	11,010	-	2,780	3,738	29,594
Public safety	36,969	26,684	30,711	123,345	68,878
Transportation	309,426	339,195	338,121	338,485	331,161
Cultural and recreation	61,200	25,000	130,000	39,400	42,001
Environmental protection	487	15,940	8,042	8,994	9,208
Community promotions	7,682	-	-	-	46,107
Capital grants and contributions:					
General government	-	-	17,882	904	10,370
Transportation	713,350	-	-	-	19,000
Cultural and recreation	18,450	-	179,600	136,292	27,148
Total governmental activities program revenues	<u>2,129,962</u>	<u>1,403,682</u>	<u>1,727,078</u>	<u>1,719,405</u>	<u>1,623,111</u>
Business-type activities:					
Water and sewer:					
Charges for services	3,583,762	3,703,570	3,823,802	3,967,487	4,157,853
Operating grants and contributions	25,743	26,376	27,167	-	3,899
Capital grants and contributions	745,885	87,928	-	19,074	119,742
Stormwater:					
Charges for services	485,013	491,207	493,498	494,660	494,094
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>4,840,403</u>	<u>4,309,081</u>	<u>4,344,467</u>	<u>4,481,221</u>	<u>4,775,588</u>
Total primary government program revenues	<u>\$ 6,970,365</u>	<u>\$ 5,712,763</u>	<u>\$ 6,071,545</u>	<u>\$ 6,200,626</u>	<u>\$ 6,398,699</u>

(continued)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total net (expense) revenue by program:					
Governmental activities:					
General government	\$ (554,757)	\$ (633,193)	\$ (1,074,699)	\$ (1,215,806)	\$ (1,227,682)
Public safety	(2,454,855)	(2,287,680)	(2,411,096)	(2,591,351)	(2,104,346)
Transportation	(531,919)	(618,241)	(552,818)	(555,599)	(399,862)
Cultural and recreation	(408,258)	(942,821)	(845,535)	(738,241)	(603,426)
Environmental protection	50,103	10,275	9,000	(3,891)	37,585
Community promotions	(374,040)	(206,345)	(61,327)	(61,088)	(67,998)
Interest on Long-Term Debt	(47,689)	(68,302)	(78,434)	(70,457)	(63,813)
Total Governmental activities	<u>\$ (4,321,415)</u>	<u>\$ (4,746,307)</u>	<u>\$ (5,014,909)</u>	<u>\$ (5,236,433)</u>	<u>\$ (4,429,542)</u>
Business-type activities:					
Water and sewer	362,607	377,015	784,477	506,243	549,251
Stormwater	93,809	55,418	91,626	163,449	123,053
Total Business-type activities	<u>\$ 456,416</u>	<u>\$ 432,433</u>	<u>\$ 876,103</u>	<u>\$ 669,692</u>	<u>\$ 672,304</u>
Total net program (expense) revenue	<u>\$ (3,864,999)</u>	<u>\$ (4,313,874)</u>	<u>\$ (4,138,806)</u>	<u>\$ (4,566,741)</u>	<u>\$ (3,757,238)</u>
General revenues and transfers					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 2,738,747	\$ 2,700,949	\$ 2,752,837	\$ 2,833,307	\$ 2,686,039
Other taxes	1,492,971	1,811,266	1,858,454	1,926,888	241,978
Grants and contributions not restricted to specific programs	610,627	622,039	641,897	644,384	2,866,578
Investment earnings, unrestricted	35,502	23,258	17,548	23,086	28,944
Miscellaneous	46,076	44,494	48,259	285,060	60,260
Transfers	31,156	31,156	-	-	-
Total governmental activities general revenues and transfers	<u>\$ 4,955,079</u>	<u>\$ 5,233,162</u>	<u>\$ 5,318,995</u>	<u>\$ 5,712,725</u>	<u>\$ 5,883,799</u>
Business-type activities:					
Water and sewer:					
Investment earnings, unrestricted	22,011	20,037	15,954	22,775	26,719
Miscellaneous					
Transfers	-	-	-	-	-
Stormwater:					
Transfers	(31,156)	(31,156)	-	-	-
Total business-type activities general revenues and transfers	<u>\$ (9,145)</u>	<u>\$ (11,119)</u>	<u>\$ 15,954</u>	<u>\$ 22,775</u>	<u>\$ 26,719</u>
Total primary government	<u>\$ 4,945,934</u>	<u>\$ 5,222,043</u>	<u>\$ 5,334,949</u>	<u>\$ 5,735,500</u>	<u>\$ 5,910,518</u>
Change in Net Position					
Governmental activities	633,664	486,855	304,086	476,292	1,454,257
Business-type activities	447,271	421,314	892,057	692,467	699,023
Total Change in Net Position	<u>\$ 1,080,935</u>	<u>\$ 908,169</u>	<u>\$ 1,196,143</u>	<u>\$ 1,168,759</u>	<u>\$ 2,153,280</u>

(continued)

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total net (expense) revenue by program:					
Governmental activities:					
General government	\$ (1,278,965)	\$ (1,341,205)	\$ (1,491,654)	\$ (1,599,357)	\$ (2,006,556)
Public safety	(2,459,424)	(2,490,054)	(2,561,352)	(2,531,231)	(2,747,468)
Transportation	249,392	(506,170)	(485,243)	(558,591)	(478,527)
Cultural and recreation	(733,762)	(804,035)	(559,837)	(700,724)	(864,468)
Environmental protection	36,146	56,810	36,755	12,740	(43,929)
Community promotions	(56,106)	(65,635)	(99,308)	(96,424)	(77,580)
Interest on Long-Term Debt	(45,123)	(42,180)	(39,361)	(24,642)	-
Total Governmental activities	<u>\$ (4,287,842)</u>	<u>\$ (5,192,469)</u>	<u>\$ (5,200,000)</u>	<u>\$ (5,498,229)</u>	<u>\$ (6,218,528)</u>
Business-type activities:					
Water and sewer	1,161,313	696,654	771,092	614,898	724,780
Stormwater	104,307	128,589	134,809	122,555	(112)
Total Business-type activities	<u>\$ 1,265,620</u>	<u>\$ 825,243</u>	<u>\$ 905,901</u>	<u>\$ 737,453</u>	<u>\$ 724,668</u>
Total net program (expense) revenue	<u>\$ (3,022,222)</u>	<u>\$ (4,367,226)</u>	<u>\$ (4,294,099)</u>	<u>\$ (4,760,776)</u>	<u>\$ (5,493,860)</u>
General revenues and transfers					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 2,708,328	\$ 2,746,614	\$ 2,843,427	\$ 2,900,887	\$ 3,079,009
Other taxes	1,269	1,962	1,770	-	-
Grants and contributions not restricted to specific programs	3,015,823	3,324,876	3,454,666	3,618,849	3,737,166
Investment earnings, unrestricted	33,256	55,155	130,712	210,225	141,838
Miscellaneous	45,676	85,565	58,164	137,890	138,934
Transfers	-	-	-	-	-
Total governmental activities general revenues and transfers	<u>5,804,352</u>	<u>6,214,172</u>	<u>6,488,739</u>	<u>6,867,851</u>	<u>7,096,947</u>
Business-type activities:					
Water and sewer:					
Investment earnings, unrestricted	20,484	23,915	52,293	104,442	119,088
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	-	-
Stormwater:					
Transfers	-	-	-	-	-
Total business-type activities general revenues and transfers	<u>20,484</u>	<u>23,915</u>	<u>52,293</u>	<u>104,442</u>	<u>119,088</u>
Total primary government	<u>\$ 5,824,836</u>	<u>\$ 6,238,087</u>	<u>\$ 6,541,032</u>	<u>\$ 6,972,293</u>	<u>\$ 7,216,035</u>
Change in Net Position					
Governmental activities	1,516,510	1,021,703	1,288,739	1,369,622	878,419
Business-type activities	1,286,104	849,158	958,194	841,895	843,756
Total Change in Net Position	<u>\$ 2,802,614</u>	<u>\$ 1,870,861</u>	<u>\$ 2,246,933</u>	<u>\$ 2,211,517</u>	<u>\$ 1,722,175</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Fund Balance					
General Fund					
Nonspendable:					
Prepaid items	\$ 4,001	\$ 40,998	\$ 32,815	\$ 5,589	\$ 5,501
Restricted:					
Stabilization by State Statute	800,097	784,361	798,295	856,550	996,555
Streets - Powell Bill	807,383	640,176	642,492	646,500	719,991
Public Safety	126,671	294,957	345,245	133,508	327,267
Assigned:					
Economic Development	287,120	306,036	331,036	356,036	375,191
Capital	-	-	-	-	894,695
Subsequent Year's Expenditure	465,394	136,700	37,300	7,363	-
Unassigned	4,297,226	4,675,575	5,175,320	6,123,899	5,925,258
Total general fund	<u>\$ 6,787,892</u>	<u>\$ 6,878,803</u>	<u>\$ 7,362,503</u>	<u>\$ 8,129,445</u>	<u>\$ 9,244,458</u>
All other governmental funds					
Restricted:					
Stabilization by State Statute	\$ 1,319	\$ -	\$ -	\$ -	\$ -
Assigned:					
Capital Project Fund	1,013,938	1,192,404	196,084	-	-
Total all other governmental funds	<u>\$ 1,015,257</u>	<u>\$ 1,192,404</u>	<u>\$ 196,084</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fund Balance					
General Fund					
Nonspendable:					
Prepaid items	\$ 1,431	\$ 23,941	\$ 136,118	\$ 15,824	\$ 11,162
Restricted:					
Stabilization by State Statute	1,138,833	1,043,101	1,119,896	1,695,177	1,367,630
Streets - Powell Bill	727,345	661,346	691,017	626,977	655,803
Public Safety	203,615	127,304	98,552	174,723	213,185
Assigned:					
Economic Development	441,691	511,191	577,134	606,621	626,621
Capital	1,614,896	3,014,232	3,027,481	2,819,198	1,934,500
Subsequent Year's Expenditure	-	-	-	119,469	1,514,072
Unassigned	5,858,299	5,537,795	5,429,516	3,984,040	4,539,905
Total general fund	<u>\$ 9,986,110</u>	<u>\$ 10,918,910</u>	<u>\$ 11,079,714</u>	<u>\$ 10,042,029</u>	<u>\$ 10,862,878</u>
All other governmental funds					
Restricted:					
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ 37,190
Assigned:					
Capital Project Fund	-	-	47,134	116,310	79,171
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,134</u>	<u>\$ 116,310</u>	<u>\$ 116,361</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Ad Valorem Taxes	\$ 2,718,590	\$ 2,751,071	\$ 2,752,837	\$ 2,848,905	\$ 2,694,321
Other Taxes and Licenses	-	-	-	-	241,978
Unrestricted Intergovernmental	2,103,598	2,433,305	2,500,351	2,571,272	2,866,578
Restricted Intergovernmental	922,655	723,920	562,783	402,617	865,677
Licenses and Permits	96,924	97,968	146,546	232,618	9,290
Sales and Services	943,284	899,359	889,375	898,514	950,547
Investment Earnings	35,503	23,258	17,548	14,287	29,095
Miscellaneous	36,076	44,494	48,259	285,060	50,569
Total Revenues	<u>6,856,630</u>	<u>6,973,375</u>	<u>6,917,699</u>	<u>7,253,273</u>	<u>7,708,055</u>
Expenditures					
General Government	901,607	952,169	1,263,430	1,145,411	1,118,207
Public Safety	2,180,750	2,271,801	2,255,128	2,424,384	2,263,218
Public Works	729,916	846,889	815,423	793,030	695,746
Sanitation	699,360	740,371	731,280	748,514	768,301
Cultural and Recreation	869,126	903,314	807,290	712,622	618,871
Community Promotions	374,040	206,345	61,327	61,088	299,845
Capital Outlay	806,660	2,532,869	1,230,603	469,816	116,711
Debt Service:					
Principal	237,683	214,413	187,404	231,263	678,350
Interest	47,689	68,302	78,434	70,457	63,813
Total Expenditures	<u>6,846,831</u>	<u>8,736,473</u>	<u>7,430,319</u>	<u>6,656,585</u>	<u>6,623,062</u>
Excess of Revenues Over (Under) Expenditures	9,799	(1,763,098)	(512,620)	596,688	1,084,993
Other Financing Sources (Uses), Net					
Operating Transfers	31,156	31,156	-	170,254	-
Proceeds from Issuance of Debt	-	2,000,000	-	-	-
Insurance Recovery	-	-	-	-	30,020
Total Change in Fund Balance	<u>\$ 40,955</u>	<u>\$ 268,058</u>	<u>\$ (512,620)</u>	<u>\$ 766,942</u>	<u>\$ 1,115,013</u>
Debt Service as a Percentage of Noncapital Expenditures	4.72%	4.56%	4.29%	4.88%	11.41%

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues					
Ad Valorem Taxes	\$ 2,712,076	\$ 2,749,483	\$ 2,845,328	\$ 2,893,656	\$ 3,072,068
Other Taxes and Licenses	1,269	1,962	1,770	-	-
Unrestricted Intergovernmental	3,015,823	3,324,876	3,454,666	3,618,849	3,737,166
Restricted Intergovernmental	428,387	382,222	672,182	618,234	521,640
Licenses and Permits	12,440	18,085	18,015	12,825	17,500
Sales and Services	971,388	978,778	996,528	1,043,577	1,022,144
Investment Earnings	39,547	66,809	131,603	224,986	168,182
Miscellaneous	34,580	92,086	61,927	161,871	102,374
Total Revenues	<u>7,215,510</u>	<u>7,614,301</u>	<u>8,182,019</u>	<u>8,573,998</u>	<u>8,641,074</u>
Expenditures					
General Government	1,169,373	1,194,693	1,370,344	1,445,494	1,792,197
Public Safety	2,371,661	2,277,393	2,352,153	2,939,951	2,511,133
Public Works	728,270	788,192	762,947	834,060	699,709
Sanitation	764,780	770,273	798,534	826,516	889,737
Cultural and Recreation	800,747	789,375	836,989	823,275	847,594
Community Promotions	63,788	65,635	99,308	96,424	123,687
Capital Outlay	459,717	660,467	1,634,372	1,144,104	1,014,113
Debt Service:					
Principal	105,263	105,263	105,263	1,412,281	-
Interest	45,123	42,180	39,361	24,642	-
Total Expenditures	<u>6,508,722</u>	<u>6,693,471</u>	<u>7,999,271</u>	<u>9,546,747</u>	<u>7,878,170</u>
Excess of Revenues Over (Under) Expenditures	706,788	920,830	182,748	(972,749)	762,904
Other Financing Sources (Uses), Net					
Sale of Capital Assets	14,414	11,970	25,190	4,240	57,996
Restricted Donation & Fee In-lieu	20,450	-	-	-	-
Total Change in Fund Balance	<u>\$ 741,652</u>	<u>\$ 932,800</u>	<u>\$ 207,938</u>	<u>\$ (968,509)</u>	<u>\$ 820,900</u>
Debt Service as a Percentage of Noncapital Expenditures	2.49%	2.44%	2.27%	17.10%	0.00%

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
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
2020	3,072,068	3,055,170	628,403	52,335	9,208	6,817,184
Change from 2011 to 2020	13.00%	104.64%	10.94%	20.38%	37.72%	41.20%

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		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	Estimated Actual Value		
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
2020	843,832,920	984,883,963	206,088,536	26,073,372	1,075,994,828	1,217,045,871	88.41%	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
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%
2020	85.70%	85.00%

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
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
2020	0.29	0.6327	0.1430	0.0922	1.1579	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, 2020 and 2011

		Fiscal Year 2020	
Taxpayer	Type of Enterprise	Assessed Valuation	Percent of Total Assessed Valuation
Sealy Inc.	Mattress Manufacturer	\$ 24,123,387	2.24%
Hafele America Co	Architectural Hardware Manufacturer	23,759,237	2.21%
J L Darr & Son	Real Estate Developer/Contractor	20,173,148	1.87%
Thomas Built Buses	Bus Manufacturer	17,356,012	1.61%
Daly GC, Inc.	Hotel Developer/Management	8,141,838	0.76%
BMA Brookwood Apartments LLC	Property Management/Rental	7,823,340	0.73%
Salem Leasing Corp	Trailer Rental/Leasing Services	7,441,924	0.69%
Duke Energy Corp	Utility	7,110,583	0.66%
PST Properties	Property Management/Rental	6,308,200	0.59%
Packaging Corp	Packaging Products Manufacturer	5,675,162	0.53%
Total		<u>\$ 127,912,831</u>	11.89%

		Fiscal Year 2011	
Taxpayer	Type of Enterprise	Assessed Valuation	Percent of Total Assessed Valuation
Sealy Inc.	Mattress Manufacturer	\$ 31,682,384	3.31%
J L Darr & Son	Real Estate Developer/Contractor	16,348,506	1.71%
Thomas Built Buses	Bus Manufacturer	14,998,746	1.57%
Walker, Billy R.	Real Estate Developer/Contractor	11,796,150	1.23%
Hafele America Co	Architectural Hardware Manufacturer	11,421,087	1.19%
BMA Brookwood Apartments LLC	Property Management/Rental	8,413,890	0.88%
North State Telephone	Communications	8,099,013	0.85%
Daly GC, Inc.	Hotel Developer/Management	7,808,853	0.82%
Alexandra Holdings, Inc.	Real Estate Developer/Management	6,168,990	0.64%
United Furniture Industries NC	Furniture Manufacturer	4,366,865	0.46%
Total		<u>\$ 121,104,484</u>	12.66%

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				
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
2020	\$ 3,120,385	\$ 3,101,190	99.38%	N/A	\$ 3,101,190	99.38%	\$ 19,195

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
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	-	81,164,855	0.000%
2020	1,075,994,828	86,079,586	-	86,079,586	0.000%

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 \$3,883,608.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Direct and Overlapping Governmental Activities Debt
 June 30, 2020

<u>Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Percentage Applicable to Archdale</u>	<u>Amount Applicable to Archdale</u>
Randolph County			
Installment financing debt	\$ 133,286,180		
Total direct debt	<u>133,286,180</u>	9.12%	\$ 12,155,877
Guilford County			
General obligation bonds-utility	671,590		
General obligation bonds-other	623,783,410		
Unamortized bond premium	71,451,721		
Limited obligation bonds	16,845,000		
Installment financing debt	-		
Total direct debt	<u>712,751,721</u>	0.06%	<u>411,205</u>
Subtotal, overlapping debt			12,567,082
City of Archdale			
Installment financing debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 12,567,082</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			
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	1.35%	581
2019	-	-	4,757,577	391	4,757,577	0.91%	391
2020	-	-	3,883,608	316	3,883,608	0.73%	316

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 2019 and 2020 were calculated using personal income amounts for 2018, 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)
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	5.5%	4,869
2017	12,105	761,184	32,240,900	42,356	4.8%	4,790
2018	12,105	767,711	33,156,562	43,189	4.5%	4,707
2019	12,168	(5)	(5)	(5)	4.4%	4,591
2020	12,278	(5)	(5)	(5)	9.0%	4556

- Source: (1) Office of Budget and Management for the State of North Carolina July 1, 2019 estimate is 12,278.
 (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 2020 preliminary unemployment rate, not seasonally adjusted, is 8%
 (4) Randolph County School Administration as of September 23rd, 2019.
 (5) Information is unavailable.

CITY OF ARCHDALE, NORTH CAROLINA

Principal Employers For the Year

Fiscal Years Ended June 30, 2020 and 2011

Fiscal Year 2020			
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 2011			
Employer	Type of Enterprise	Number of Employees	
Thomas Built Buses	Bus Manufacturer	940 *	1.439%
United Furniture	Furniture Manufacturer	400 *	0.612%
Sealy	Mattress Manufacturer	370	0.566%
Hafele America Co.	Architectural Hardware Manufacturer	200	0.306%
Hendrix Batting Co.	Cotton Batting Manufacturer	180	0.276%
Randolph County Schools	Public School System	179 **	0.274%
Stickley Furniture Company	Furniture Manufacturer	172	0.263%
Dar/Ran Furniture Industries, Inc.	Furniture Manufacturer	170	0.260%
Carson's of High Point	Furniture Manufacturer	140	0.214%
Hubbell Industrial Controls, Inc.	Commercial Equipment	137	0.210%

Information for 2020 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. 2020 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

	2011	2012	2013	2014	2015
Public Safety:					
Calls for Service	11,897	12,553	11,844	12,473	13,340
Traffic Accidents	404	387	323	281	497
Vice/Narcotic Calls	70	64	117	76	72
Animal Control Calls	598	625	676	561	720
Planning & Zoning:					
Zoning Permits Issued	95	101	76	92	101
Complaints Investigated	206	216	282	144	109
Zoning Cases Prepared	8	16	14	7	11
Public Works:					
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:					
Summer Camp Participants	70	55	89	96	80
Youth Athletic Program Participants	923	910	842	777	795
Adult Athletic Program Participants					145
After School Program Participants	35	27	42	34	38
Senior Adult Participants		100	55	60	102
Utility System:					
Number of Water Accounts Billed - June	4,730	4,749	4,740	4,767	4,800
Gallons of Water Billed	257,926,281	254,446,067	254,268,107	250,304,784	255,853,844
Sewer Treatment Gallons	313,184,191	330,957,427	362,545,843	405,278,915	347,241,401

	2016	2017	2018	2019	2020
Public Safety:					
Calls for Service	12,633	13,426	12,855	12,570	12,922
Traffic Accidents	531	521	522	523	449
Vice/Narcotic Calls	71	164	208	158	135
Animal Control Calls	617	553	562	720	557
Planning & Zoning:					
Zoning Permits Issued	110	78	113	78	145
Complaints Investigated	149	186	128	257	248
Zoning Cases Prepared	15	28	11	12	19
Public Works:					
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:					
Summer Camp Participants	95	155	111	119	75
Youth Athletic Program Participants	768	754	789	770	600
Adult Athletic Program Participants	140	185	262	260	250
After School Program Participants	52	64	53	66	71
Senior Adult Participants	100	308	327	373	231
Utility System:					
Number of Water Accounts Billed - June	4,856	4,889	4,937	4,956	4,836
Gallons of Water Billed	245,930,570	246,531,294	246,538,860	258,433,555	251,438,139
Sewer Treatment Gallons	402,390,122	357,753,810	333,062,023	457,548,961	396,259,174

Sources: City Departments.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government	9	9	10	11	15
Public Safety:					
Sworn Officers	25	25	25	25	25
Civilian	6	6	6	6	6
Public Works	6	5	5	5	5
Cultural & Recreation	8	8	8	8	6
General Fund	<u>54</u>	<u>53</u>	<u>54</u>	<u>55</u>	<u>57</u>
Enterprise Fund	<u>12</u>	<u>12</u>	<u>10</u>	<u>10</u>	<u>10</u>
City Total	<u><u>66</u></u>	<u><u>65</u></u>	<u><u>64</u></u>	<u><u>65</u></u>	<u><u>67</u></u>

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government	15.5	17	17	17	17
Public Safety:					
Sworn Officers	25	25	25	25	25
Civilian	6	6	6	6	6
Public Works	3.5	4.5	4.5	4.5	3
Cultural & Recreation	6	6	6	6	6
General Fund	<u>56</u>	<u>58.5</u>	<u>58.5</u>	<u>58.5</u>	<u>57</u>
Enterprise Fund	<u>11</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>12</u>
City Total	<u><u>67</u></u>	<u><u>69</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Municipal Facilities:	8	8	8	8	8
Public Safety:					
Police Vehicles	29	27	28	28	27
Public Works:					
Streets (Miles-Paved)	48.74	48.86	48.86	48.86	50.98
Streets (Miles-Unpaved)	2.24	2.24	2.24	2.24	1.24
Sidewalks (Linear Feet)	26,717	29,137	29,137	38,579	38,579
Culture and Recreation:					
Park Acreage	97.5	97.5	101.0	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	13,834	13,834	13,834
Utility System:					
Pump Stations	9	9	9	9	9

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Municipal Facilities:	8	8	9	9	9
Public Safety:					
Police Vehicles	31	32	30	30	30
Public Works:					
Streets (Miles-Paved)	51.82	53.37	53.37	53.37	53.37
Streets (Miles-Unpaved)	1.24	1.24	1.32	1.32	1.32
Sidewalks (Linear Feet)	39,369	43,466	43,510	43,510	44,334
Culture and Recreation:					
Park Acreage (1)	101.0	101.0	101.0	101.4	106.3
Tennis Courts	4	4	4	4	4
Ball Fields	6	6	6	6	6
Playgrounds	3	3	3	3	2
Sand Volleyball Courts	-	-	-	2	2
Picnic Shelters	2	2	2	5	5
Greenways (Linear Feet)	17,156	17,448	17,448	17,448	17,448
Utility System:					
Pump Stations	10	10	10	10	10

Sources: City Departments.

Miles of Streets from Powell Bill Reports.

(1) GIS Recalculation of Park Acreage in 2020.



COMPLIANCE SECTION

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MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

“A Professional Association of Certified Public Accountants and Management Consultants”

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

Independent Auditor's Report

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

We have audited, 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, 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, 2020, and the related notes to the financial statements, which collectively comprise the City of Archdale's basic financial statements, and have issued our report thereon dated December 1, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of 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, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 1, 2020

CITY OF ARCHDALE, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020**

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

2. Financial Statement Findings

None reported

CITY OF ARCHDALE, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

None reported