

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF ARCHDALE
NORTH CAROLINA

**FISCAL YEAR ENDING
JUNE 30, 2021**



CITY OF ARCHDALE
NORTH CAROLINA

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2021

Prepared by the
City of Archdale
Finance Department

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CITY OF ARCHDALE, NORTH CAROLINA

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CITY OF ARCHDALE

307 BALFOUR DRIVE
P.O. BOX 14068
ARCHDALE, NORTH CAROLINA 27263

PHONE: (336) 431-9141

FAX: (336) 431-2130

November 15, 2021

To the Honorable Mayor Lewis Dorsett,
Members of the City Council, and
Citizens of the City of Archdale

It is our pleasure to present the Annual Comprehensive Financial Report (ACFR) of the City of Archdale, North Carolina for the fiscal year ended June 30, 2021. Management of the City of Archdale is responsible for the integrity and objectivity of the financial statements and other representations contained in this annual report. The City's ACFR, prepared in accordance with generally accepted accounting principles for units of local government, consists of management's representation concerning the financial position and results of operations for the fiscal year ended June 30, 2021. The report consists of four major sections; the introductory section, the financial section, the statistical section and the single audit compliance section.

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. The City engaged Martin Starnes & Associates, CPAs P.A., an independent firm of licensed certified public accountants, to perform an audit of the City's reported financial position and results of operations contained in the government-wide and fund financial statements and notes to the financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Archdale for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Archdale's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Archdale was part of a broader single audit designed to meet the needs of federal and state grantor agencies. Information related to this single audit, including the schedule of expenditures of federal and state awards, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section at the end of this report.

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.

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.

Historically, there has been very little turnover in City Council membership. Mayor Bert Lance-Stone retired on June 22, 2021, after serving the City as a Council member or mayor for over 29 years. Mayor Pro Tem, Lewis Dorsett was sworn in as Mayor and a new Council member from his ward, Lorie McCroskey, was appointed in July 2021 to fill the remainder of his term.

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, prime location, and available water and sewer utilities.

INITIATIVES

The primary goals of the adopted FY21 budget were centered on maintaining high levels of service in a time of dramatic uncertainty. The COVID-19 pandemic initially impacted North Carolina in the spring of 2020, but the effects lingered throughout FY21. While City Council and staff found themselves working in unprecedented circumstances, there was a collective effort to provide efficient and effective service to the citizens of Archdale.

Internet and network security were as critical as ever in FY21. The number of cyber-attacks on businesses and government agencies has dramatically increased in recent years. With the pandemic ongoing, numerous staff members worked a significant amount of time from home. IT staff had quickly made this possible at the onset of the pandemic, but it introduced new vulnerabilities in network security. The IT team incorporated several new security measures and software programming options to ensure the safety of the City's network.

Planning staff have been working diligently to address the needs of development interests in Archdale. Industrial, commercial, and residential projects have all been presented for review. Simultaneously, staff have been working to modernize the policies and procedures that guide development. Adoption of the *Plan Archdale* comprehensive plan and amendments to NCGS 160D have driven much of this change. A current project to update the Zoning and Development Ordinances is underway to lay groundwork for the visions established in *Plan Archdale*.

In planning for the future, property acquisition has become a priority for the City.

- 413 Balfour Drive (parcel #7718435577) has 1.45 acres and was purchased for future expansion of City facilities. The home on the property was demolished after the purchase was complete. This now vacant property is adjacent to the City Hall complex and may be utilized as a passive park area until future facility needs present themselves.
- 10402 N. Main Street (parcel #7718563844) is .97 acres. This property was acquired with visions of a future road connection between Main Street and Julian Avenue. It is expected that the land will become right-of-way for a public street or to be used in an economic development project as a private road connection. The home and detached garage were demolished once the sale was completed, leaving a vacant lot prepared for future development.
- Aldridge Ballfield property (parcel #7718457320). City staff have worked closely with owner of this property (YMCA of High Point) to facilitate the donation of the ballfields to the City of Archdale. These fields are in disarray and the property will need substantial investment that the YMCA is unable to tackle at this time. The City sees this as an opportunity to offer a second park to the public and to take some pressure off the ever-popular amenities and programs at Creekside Park. A donation was eminent as FY21 ended.

Creekside Park's stature in the region continues to grow. The effort to revitalize and expand facilities in the 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 FY21, improvements in Creekside Park included a new sound system in the recreation center and ongoing trail maintenance. To help continue offering a safe haven for recreation, Phase 1 of a security camera system was completed with Phase 2 scheduled in FY22. Facilities & Grounds rebuilt the greenway bridge near Main Street and purchased a broom attachment for their skid steer so they can easily sweep the greenway when necessary.

A new bathroom facility was completed to close out the Parks & Recreation Trust Fund grant awarded in 2017. The bathroom serves the Mose Drive portion of the park, which has been immensely successful since the addition of new ball courts and Barkdale Dog Park. A large parking lot was added next to the door park and basketball court, and all existing parking in the area was overlaid with fresh asphalt in FY21. As part of the same contract, extensive grading was completed to allow for future ballfields.

The Archdale Police Department (APD) remains focused on community relations. This has proven more difficult during the pandemic as in-person gatherings have been limited. However, APD has risen to the challenge and remains well-respected in the community and with partner agencies. In FY21, the second and final phase of a weapon-mounted camera program was completed. These cameras activate and record the moment a weapon is unholstered. In addition to the in-car camera and audio systems, these weapon-mounted cameras provide a measure of accountability for citizens and officers during particularly tense interactions.

The APD purchased 3 replacement patrol vehicles in FY21 as planned. However, a microchip shortage related to interruptions in the international supply chain (stemming from COVID-19) left many law enforcement agencies scrambling to acquire vehicles. As the fiscal year was ending, an opportunity presented itself to purchase 3 additional vehicles. APD leadership presented this information and City Council acted quickly to complete this transaction as it was apparent that vehicle demand would not wane in FY22. This swift action by all involved proved important as new vehicles have become even more scarce in the months since.

Instead of requiring officers to take earned Holiday hours off, leaving shifts short, policy was amended to pay this time out. Emergency response gear and hazmat safety equipment were purchased to address officer safety in difficult situations. Additional expenditures included new floor coverings in the Police Department and a radar trailer for addressing traffic safety.

The water and sewer utility systems were the focus of many projects in FY21. Each of the City's 10 sewer pump stations has a computer monitoring system (SCADA) which calls for assistance when wastewater rises to critical levels. In order to modernize this system and bring uniformity to the system, radios were replaced at all pump stations except for Weant Road PS. This upgrade will make the system easier to monitor and maintain, while keeping pace with changes in the IT landscape.

Weant Road PS remained a constant battle for staff in FY21. Pump maintenance issues persisted, and the ongoing electrical upgrade project was coming to its end. These projects were further complicated by unexpected equipment failures. The suction valves serving pumps 1 and 2 were unanticipated replacements and the generator and Automatic Transfer Switch (ATS) both encountered electrical failures. As each of these items is resolved, one by one, staff see a light at the end of the tunnel for getting this pump station running smoothly again. Projects in FY22 will further improve safety and efficiency of the Weant Road PS.

A failing sewer line on Robbins Country Road, which travels beneath a Norfolk Southern railroad line, was repaired along with the 3 closest manholes which were degrading due to gasses in the system. A geotechnical and structural feasibility study for the Richland Creek Sewer crossing completed to begin evaluating alternatives for replacing this aerial sewer line on large piers. Additionally, the sewer main running along Main Street received a throughout cleaning and touch up work for the first time in decades in a project which was contracted out due to the scope of necessary traffic control measures.

The City applied for and was awarded an Asset Inventory and Assessment (AIA) Grant from the North Carolina Department of Environmental Quality. The AIA grant of \$135,000 will be utilized to have a consultant assist in mapping, evaluating, and planning for upkeep of the sewer system. In order to meet requirements of the American Water Infrastructure Act of 2018 (AWIA), the City contracted to have a system-wide Risk and Resilience Report completed on the water system. This report was completed, and certification was sent to the EPA. A follow up requirement of AWIA is an Emergency Response Plan, which will be completed in FY22.

Stormwater continues to be a major focus for communities across North Carolina, and Archdale is no different. FY21 saw the conclusion of 2 small area studies regarding flood prone areas within the City. These reports identified sources of flooding issues and offered possible improvements. Additionally, work continued on a multi-year City-wide digital mapping project for stormwater devices and features. Finally, stormwater funds were utilized to replace a knuckleboom truck utilized by staff to pick up limbs and bagged waste around the City year-round.

While COVID-19 continued to challenge customary processes and procedures in FY21, 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

Budgetary Information: The City's budgets are adopted as required by The Local Government Budget and Fiscal Control Act of the North Carolina General Statutes. Expenditures may not legally exceed appropriations at the department level for the general fund and at the fund level for enterprise funds.

Long-Term Financial Planning: The five-year capital improvement plan includes improvements with a useful life span of one year or more and a purchase price of \$5,000 or greater. The plan is updated annually for each fund as a starting point for work on the annual budget ordinance. The current year portion of this plan is appropriated within the annual operating budget. 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.

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.

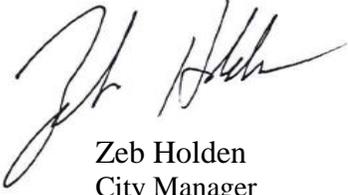
AWARDS AND ACKNOWLEDGMENTS

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, 2020. 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 annual comprehensive 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 professional 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, 2020

Christopher P. Morill

Executive Director/CEO

PRINCIPAL OFFICIALS



Mayor
Lewis Dorsett



Larry
Warlick
Ward I



Roger
Blackwell
Ward II



Robert (Trey)
Gray III
Ward III



John
Glass
Ward IV
Mayor Pro Tem



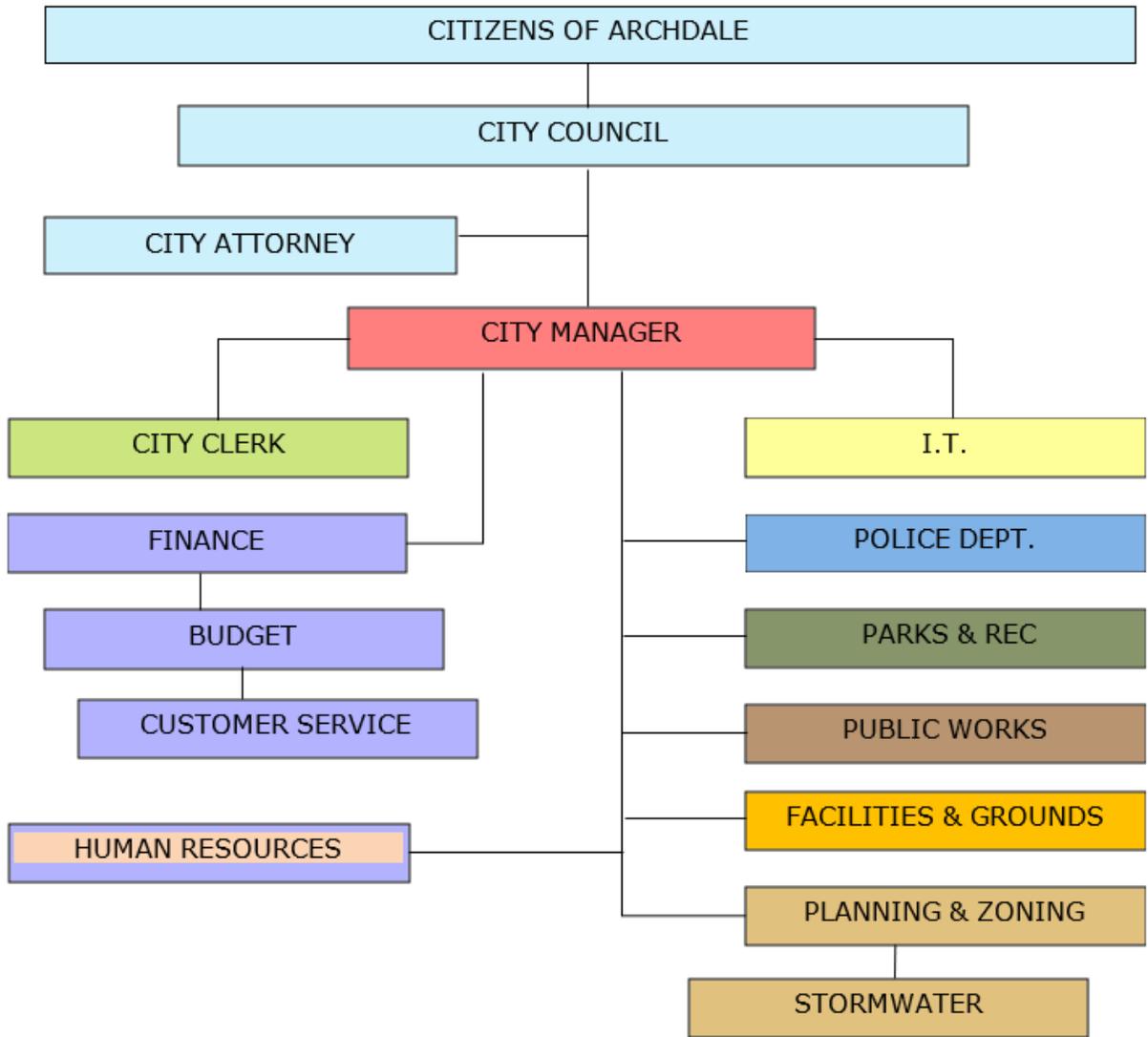
Tim
Williams
At Large



Lorie
McCroskey
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
Rob Welborn	Human Resources Director

As of Report Issue Date



**City of Archdale
ORGANIZATIONAL CHART**

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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, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2021, 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.

Change in Accounting Principle

As discussed in note VI, to the financial statements, for the fiscal year ended June 30, 2021, the City of Archdale adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 November 15, 2021 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
November 15, 2021

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CITY OF ARCHDALE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

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, 2021. 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 \$58,097,593. (net position)
- The government's total net position increased by \$1,815,440 with increases in both governmental activities and business-type activities net position.
- Net position in the business-type activities increased by \$546,091, of which \$526,683 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 \$11,772,135, an increase of \$792,896 in comparison with the prior year. Approximately 80 percent of this total amount, or \$9,383,942 is available for spending at the government's discretion.
- Ninety-three percent of general fund revenues come from the following four sources: property taxes (35%), local sales taxes (39%), sales and services (12%), and utility sales tax (7%).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,354,722 or 66 percent of total general fund expenditures for the fiscal year.
- The fund balance for the General Fund includes \$651,621 assigned by City Council to be used for possible future economic development incentives and \$2,500,000 assigned for capital expenditures.

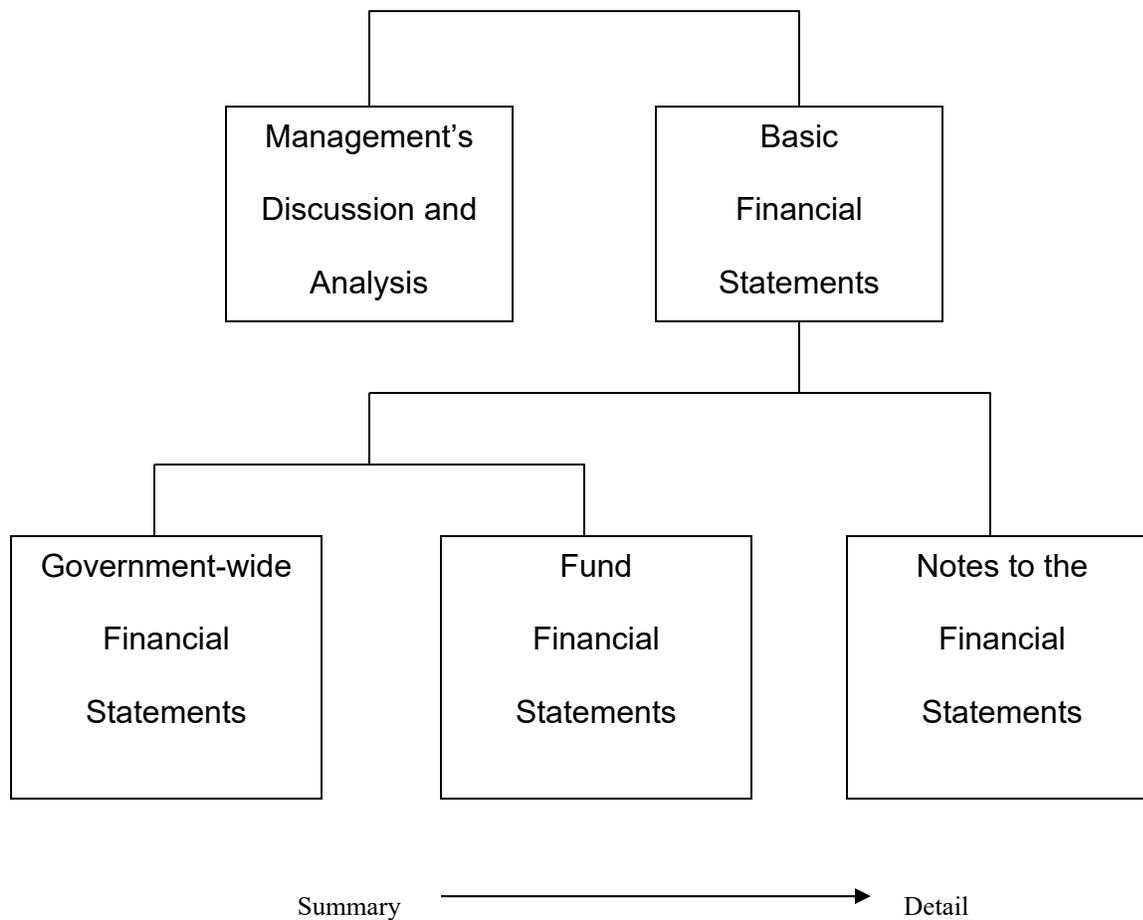
Overview of the Financial Statements

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 using 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, 2021

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The City of Archdale adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether 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.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

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.

Fiduciary Fund – The City established an irrevocable trust in May 2019. The City is the trustee, or fiduciary, for its Archdale LEOSA 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 12,507,054	\$ 11,689,373	\$ 9,495,780	\$ 9,035,375	\$ 22,002,834	\$ 20,724,748
Capital assets	18,255,346	17,579,389	26,376,896	24,970,197	44,632,242	42,549,586
Total assets	30,762,400	29,268,762	35,872,676	34,005,572	66,635,076	63,274,334
Deferred outflows of resources	1,218,427	868,803	179,475	139,934	1,397,902	1,008,737
Long-term liabilities outstanding	2,429,594	1,801,924	5,032,974	3,407,736	7,462,568	5,209,660
Other liabilities	918,604	948,421	1,262,547	1,526,083	2,181,151	2,474,504
Total liabilities	3,348,198	2,750,345	6,295,521	4,933,819	9,643,719	7,684,164
Deferred inflows of resources	280,636	304,576	11,030	12,178	291,666	316,754
Net position:						
Net investment in capital assets	18,255,346	17,579,389	21,095,109	21,086,589	39,350,455	38,665,978
Restricted	2,377,009	2,273,808	88,952	64,565	2,465,961	2,338,373
Unrestricted	7,719,638	7,229,447	8,561,539	8,048,355	16,281,177	15,277,802
Total net position	\$ 28,351,993	\$ 27,082,644	\$ 29,745,600	\$ 29,199,509	\$ 58,097,593	\$ 56,282,153

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

The cost of processing recycled materials was once again the leading factor.

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 \$58,097,593 as of June 30, 2021. The City's net position increased by \$1,815,440 for the fiscal year ended June 30, 2021. However, the largest portion of net position (67.7%) 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 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 \$16,281,177 is unrestricted.

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

- Net pension liabilities for both LGERS and LEO increased over the prior year.
- Total OPEB liability increased \$82,303 to \$408,073. This is an implicit liability since the retired employee pays the full cost of insurance under the City's plan.
- The liability for compensated absences decreased from the prior year. A change in policy for holiday accrual in the police department is the biggest reason for the decrease. Previously, holidays were added to accrued leave time to be taken as a paid day off. The new policy compensates the officers for the value of holiday pay. As an added consequence, the amount of compensatory time was also reduced. Vacation in excess of 22 ½ days as of January 1 is converted to sick leave.
- 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 Archdale Police Department used \$46,315 of restricted cash from its participation in the U.S. Departments of Justice and Treasury Equitable Sharing Programs. These funds may be used for law enforcement purposes only. The Police Department uses these funds to support the K-9 program, as well as purchasing protective gear for police officers. These funds are used to support activities and purchases that supplement on-going budgeted operations.
- The City Council supports the IT Department's efforts to provide a secure operating environment. It is believed this use of resources has helped with continuity of operations and protection of data.
- Deferred outflows of resources, primarily pension and OPEB items, increased 39% by \$389,165. A decrease in deferred inflows had a positive effect on net position. The discount rate used for the actuarial valuation of the total OPEB liability changed from 3.50% to 2.21%, resulting in a deferred outflow of resources.
- Continued focus on maintenance of City facilities to increase the useful life of assets and ensure safe use of the assets.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

The City of Archdale's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,097,929	\$ 1,039,644	\$ 4,790,506	\$ 4,651,947	\$ 5,888,435	\$ 5,691,591
Operating grants and contributions	758,240	526,949	-	3,899	758,240	530,848
Capital grants and contributions	74,672	56,518	40,741	119,742	115,413	176,260
General revenues:						
Taxes	3,133,079	3,079,009	-	-	3,133,079	3,079,009
Grants and contributions not restricted to specific programs	4,203,643	-	-	-	4,203,643	-
Unrestricted investment earnings	5,079	141,838	28,260	119,088	33,339	260,926
Other	82,916	3,876,100	33,419	-	116,335	3,876,100
Total revenues	9,355,558	8,720,058	4,892,926	4,894,676	14,248,484	13,614,734
Expenses:						
General government	1,997,765	2,064,020	-	-	1,997,765	2,064,020
Public safety	2,859,397	2,816,346	-	-	2,859,397	2,816,346
Transportation	824,078	828,688	-	-	824,078	828,688
Environmental protection	949,781	889,737	-	-	949,781	889,737
Cultural and recreation	1,197,902	1,119,161	-	-	1,197,902	1,119,161
Community promotions	257,286	123,687	-	-	257,286	123,687
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	3,834,113	3,556,714	3,834,113	3,556,714
Stormwater	-	-	512,722	494,206	512,722	494,206
Total expenses	8,086,209	7,841,639	4,346,835	4,050,920	12,433,044	11,892,559
Increase in net position	1,269,349	878,419	546,091	843,756	1,815,440	1,722,175
Net position, beginning	27,082,644	26,204,225	29,199,509	28,355,753	56,282,153	54,559,978
Net position, June 30	\$ 28,351,993	\$ 27,082,644	\$ 29,745,600	\$ 29,199,509	\$ 58,097,593	\$ 56,282,153

Governmental Activities: Governmental activities increased the City's net position \$1,269,349, thereby accounting for 70% of the total growth in the net position of the City of Archdale. Key elements of this increase are as follows:

- Current assets increased and current liabilities decreased. Sales tax revenue increased more than expected and therefore increased cash and receivables from other governments. The original budget projected a decrease in sales tax revenue and, although a budget amendment adjusted the revenue projection, these funds were not appropriated for spending.
- The City's proportionate share of the net pension liability for the LGERS increased from \$1,429,091 to \$1,885,697. The increase for governmental activities is \$379,658 and compares to the prior year's increase of \$163,913. 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.
- The implicit liability for retiree health insurance benefits is \$408,073, of which \$339,313 is allocated to governmental activities because it has the largest share of employees.
- Net investment in capital assets increased \$675,957. Capital outlay exceeded depreciation expense. Governmental funds do not carry debt. The City is finished the final projects, a restroom facility, parking area, and dog park, using funds from a Parks and Recreation Trust Fund (PARTF) grant.
- Real property was purchased for future street improvements and for expansion of an area adjacent to other City-owned property.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

Business-Type Activities: Business-type activities increased the City of Archdale's net position by \$546,091, accounting for thirty percent 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 \$19,408 to \$1,310,909. Net investment in capital assets increased by \$57,934. A new knuckleboom truck was purchased to replace a fully depreciated 2008 knuckleboom truck, used to pick up tree limbs and brush. The old truck was sold for \$36,500. 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 \$526,683.
- Charges for services in the Water and Sewer Fund increased two percent. In consideration of the economic impact of the pandemic, water and sewer rates increased by only 1.5%.
- 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. A capital project was completed at the plant and Archdale's wastewater treatment rights increased as a result. This increase is offset by debt under an interlocal agreement with the City of High Point for the City's share of capital project expenses.
- 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.
- The increase in LGERS pensions liability is allocated \$53,368 to the water and sewer fund and \$23,580 to the stormwater fund.
- 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 \$5,354,722 with total fund balance of \$11,772,135. 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 66% of total General Fund expenditures, while total fund balance represents 145% of that same amount.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

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

- The ad valorem tax rate remained at 29¢ per \$100 of assessed property value. Randolph and Guilford Counties bill and collect property taxes due to the City of Archdale. The percentage of the net levy collected was 99.35%. Property taxes on registered motor vehicles are collected by the NCDMV along with registration renewals.
- The City's total assessed value increased slightly over the previous year. Current year ad valorem revenue exceeds budget estimates by \$127,560. Collections from prior year receivables contributed to the increase in revenue.
- Over the last two fiscal years, sales tax revenue increased by \$1,332,738 to \$3,519,388. This growth rate is primarily attributed to online shopping and home improvements triggered by people spending more time at home during the pandemic.
- Archdale received a total of \$289,081 of CARES Act funding spanning two fiscal years. The City would have needed to use other general fund revenue sources to pay for the expenses associated with the COVID-19 public health emergency.
- Customers pay monthly fees for waste disposal and recycling. These fees are established to generate revenue to cover the cost of the related services. In response to the increasing cost of processing recycled materials, the monthly cost of curbside pickup increased \$1.00 to \$4.00 in September 2020. As a result, recycling revenue increased \$48,732, or 32% over the prior year. The cost of sanitation services exceeded revenues by \$37,661. For the second year in a row, the fees did not cover the cost of sanitation services.
- In order to improve the efficiency of recycling, the City attached educational information to each recycling cart on a pick-up day in hopes of lowering the cost of contamination. The project was partially funded by a grant from the N.C. Department of Environmental Quality.
- With the help of an insurance broker, the City has negotiated medical, dental, vision, and life insurance benefit rates with no substantial budgetary impact over the past year. The benefit plan has remained consistent. Employees pay \$35 per month through payroll deduction for medical insurance. The health insurance provider also supports the City's wellness program through expense reimbursements.
- After five consecutive years of declining revenues from the utility sales tax distribution for electricity, telecommunications, natural gas and video programming, the total received in the fiscal year ending June 30, 2021 held fairly steady with the prior year. Sales tax on natural gas was the only category to post an increase. Sales tax for the other three services all dipped below prior year revenues. 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 76% of budgeted expenditures, as compared to 79.5% in the prior year.
- City leadership adapted to the COVID-19 pandemic conditions and employees continued to provide full services to Archdale residents. Planning and implementation for some projects was delayed due to uncertainties related to the pandemic. For example, planning for an expansion to the recreation center was delayed to account for lessons learned from this pandemic and to receive relevant input from the public.
- The order of emphasis for cash balances is safety, liquidity, and yield. Interest income is at a very low level due to the current environment of low interest rates.
- Powell Bill Funds are appropriated by the State legislature for specific street-related expenses for non-NCDOT system streets. The City uses these funds for annual street resurfacing contracts. Archdale received \$304,246 and fund balance restricted for transportation decreased by \$35,306. The annual paving project for the fiscal year was more than the amount of funds received. The Powell Bill allocation was \$16,125 less than the prior year.
- Fund balance restricted for public safety decreased \$42,278 to \$170,907. The police department received revenue of \$2,408. Revenue for this program is not budgeted until it is received. These funds were primarily used to support of the K9 program and provide protective gear for officers.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

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, 2021 were made for the following reasons:

- Record insurance proceeds and replacement cost of damaged police vehicles.
- Possible addition to greenway system.
- Increased cost for hazmat mask fitting equipment using AFP restricted funds.
- Purchase of property adjacent to City-owned property and City Hall.
- Expand security system project for Creekside Park and greenways.
- Grading of multipurpose field, expansion of a parking lot and additional green way maintenance
- CARES Act funding of public safety employee salaries.
- Purchase of land for improvement of an intersection.
- Purchase new police vehicles, originally included in the budget for the next fiscal year.

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 was required to offer 25% of its allocation with municipalities based on population.

Randolph County reimbursed the City of Archdale for eligible expenditures under the CARES Act. The funds were used for salaries of public safety first responders, for personal protective equipment and sanitation supplies, remote work tools, utility assistance,

Proprietary Funds: The City of Archdale's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund and Stormwater Fund at the end of the fiscal year amounted to \$7,544,068 and \$1,017,471 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 purchase easements for the expansion of the water and sewer systems.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

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, 2021, totals \$44,632,242 (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:

- Completion of PARTF projects, including restroom facility at Creekside Park, Barkdale Dog Park, and parking lot expansion.
- Purchase of real property and demolition of buildings for intersection improvement and expansion of City grounds.
- Mowers, copy machines, computer
- Sound system for the recreation center.
- Security system for the park and greenways.
- Three fully equipped police vehicles, radar trailer MPH, radios, and testing equipment for hazmat masks for the police department.
- Completion of a sewer force main and pump station generator project.
- SCADA radios, work truck, and sewer lateral camera for the Water and Sewer Fund.
- Knuckle boom loader truck for limb pick-up from the Stormwater Fund.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land, streets, and rights-of-way	\$ 8,425,639	\$ 7,940,097	\$ 415,900	\$ 405,852	\$ 8,841,539	\$ 8,345,949
Construction in progress	209,158	71,540	-	1,398,804	209,158	1,470,344
Water rights	-	-	7,318,013	7,535,318	7,318,013	7,535,318
Water treatment rights	-	-	4,511,861	2,490,986	4,511,861	2,490,986
Buildings and systems	5,922,583	5,926,979	-	-	5,922,583	5,926,979
Improvements other than buildings	2,429,435	2,270,717	21,868	23,563	2,451,303	2,294,280
Equipment and vehicles	1,169,603	1,257,265	1,711,374	1,601,853	2,880,977	2,859,118
Computer software	98,928	112,791	30,080	37,600	129,008	150,391
Water distribution system	-	-	2,806,297	2,918,053	2,806,297	2,918,053
Sewer collection system	-	-	9,561,503	8,558,168	9,561,503	8,558,168
Total	\$ 18,255,346	\$ 17,579,389	\$ 26,376,896	\$ 24,970,197	\$ 44,632,242	\$ 42,549,586

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

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

Long-Term Debt: As of June 30, 2021, the City of Archdale Water and Sewer Fund had total debt outstanding of \$5,281,787. There are two years remaining on the State Revolving Loan Fund (SRF) note payable for expansion of the City of High Point's Eastside Sewer Treatment Plant. The remaining debt is interlocal agreements related to the investment in High Point's Eastside wastewater treatment plant and the Piedmont Triad Regional Water Authority John Kime Water Treatment Plant. New debt of \$2,197,656 was added in March 2021, payable to the City of High Point, for Archdale's 9.615% share of an incinerator rehab and emissions improvement project at Eastside 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 \$87,526,179.

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

Economic Factors and Next Year's Budgets and Rates

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

- Bestplaces.net reports a 4.5% unemployment rate for Archdale as of May 2021, compared to 6.0% for the United States. Archdale is lagging in recent job growth, showing -7.5% compared to -6.2% for the United States.
- The beginning of the pandemic saw unemployment rates of 14.8% when many businesses were closed. Unemployment rates are falling, but many businesses are having a difficult time finding workers. Many workers are seeking jobs with higher pay, better benefits, and improved working conditions when compared to previous jobs. Local businesses are responding with advertisements for jobs offering more flexibility and higher wages than what has been typically seen in the past.
- Bestplaces.net reports \$26,717 income per capita, \$51,154 in household income and \$62,232 for family median income.
- The Office of Budget and Management for the State of North Carolina reports Archdale's population estimate as of July 1, 2020 at 11,923, a decrease of 355. Population estimates have indicated slow and steady increases, but the recent census data did not support those figures.
- Easy access to quality healthcare, education facilities, and recreation.
- Located on interstate highway system with close access to several larger cities with international airports.
- Applications for approximately 600 additional residential units are in various stages of the City review process.
- Archdale has several large tracts of land with access to water and sewer services.
- The City's planning department is spearheading work to revamp the City's Zoning Ordinance, Code of Ordinances, and Development Guidelines documents following completion of the *Plan Archdale!* Comprehensive Plan.
- Regional restaurant chains, hotels and gas stations are located in Archdale, near the interstate. Many of these restaurants have drive-thru windows and continued to stay busy during the pandemic. Two additional restaurant chains have been approved for Archdale locations.
- Randolph County Tax Office reappraised all the real property in the county at its current market value effective January 1, 2019 for the July 2019 tax bill. The assessed value is estimated by the tax office to be 87.32% of market value. The next revaluation is scheduled for 2023.
- The community college system works with local industry and economic development professionals to provide skilled workers.
- Archdale is a 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 CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

- The largest number of employees in Archdale work in manufacturing (26.4%) or health care and social assistance (11.7%). Other key industries include retail trade, education, transportation and warehousing, construction, wholesale trade, and finance and insurance.
- In 2020, North Carolina was the ninth largest state in the nation by population, with the sixth largest population gain over the last decade. The state gained one additional congressional seat after the 2020 Census apportionment numbers were reported on April 26, 2021. Net migration accounted for 68% of population growth from 2010 to 2020.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The property tax rate increased 2 cents to 31 cents per one hundred dollars of property value. This was the first tax increase in fifteen years. The increased revenue will fund four additional police officers. Sales tax revenue is budgeted \$19,000 less than what was received in fiscal year 2021. The cost of a monthly service for a garbage cart is increasing fifty cents to \$12.50 due to an increase in the cost of this contracted service. The original budget includes an appropriation from restricted fund balance of \$513,540 and from unrestricted fund balance of \$914,165. The beginning budget for capital expenditures is \$1,205,180.

Budgeted expenditures in the original budget for the General Fund are \$10,673,770, compared to last year's final budget of \$10,695,836. The budget for the fiscal year ending June 30, 2022 has already been amended to \$10,783,595 for the following:

- Remove appropriation for purchase of police vehicles. A budget amendment was made at the end of the previous year to allow for purchase of available vehicles. The police department was concerned about continued availability of inventory.
- Improvements to the concrete at the library entrance.
- Demolition of a house on property purchased by the City in the prior year.
- Extended lead time required for police department ammunition order.
- Higher than expected paving costs for intersection improvements within Creekside Park.

In addition to the usual vehicle and equipment replacements, this budget includes appropriations for a new phone system, police radios and camera system with data management services, citizen reporting application, and a new equipment shelter for the public works department. The recreation department budget includes planning for expansion of the recreation center, interior lighting upgrade to LED fixtures, improvements to ballfields and multi-purpose fields, and construction of greenway trails. Powell Bill funds will be used in the annual street resurfacing program. The planning department has funding for outside consulting services for work on updating the City's comprehensive plan.

Archdale has been allocated \$3,669,164 of Coronavirus State and Local Fiscal Recovery Funds of H.R 1319 American Rescue Plan Act of 2021 (CSLRF). A special revenue fund has been created to account for these restricted funds, which must be obligated by December 31, 2024 and spent by December 31, 2026. City leaders are in the planning stages of determining the best projects for transformational improvements as allowed under federal Department of Treasury provisions and state law.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2021

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 4.0%. 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 \$776,600 which is twenty percent of the Water and Sewer Fund operating budget, excluding sewer capital projects.
- The \$382,000 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 price increased 2.7% over the prior year.
- 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 2021 budget is 8% higher than the prior year.
- Capital equipment replacements for a work truck, a digital camera system mounted in a vehicle and a mini excavator.
- Professional services budget includes funding for a sewer asset inventory and assessment study, engineering review of piers carrying a sewer line, and an emergency water interconnections study.
- The annual budget for maintenance and repair at the pump stations increased to \$251,000. There is another \$300,000 included for capital upgrades, primarily pump replacements, at pump stations.
- Appropriations are included to upsize a sewer line and construct a new section of water line.
- The capital project budget of \$500,000 remains in place for a sewer metering station.

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 mini excavator will replace the 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>.

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BASIC FINANCIAL STATEMENTS

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City of Archdale, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents/investments	\$ 9,810,580	\$ 8,330,194	\$ 18,140,774
Taxes receivables (net)	27,310	-	27,310
Accrued interest	2,957	3,847	6,804
Accounts receivable (net)	87,114	658,776	745,890
Due from other governments	1,360,800	-	1,360,800
Inventories	-	49,860	49,860
Prepaid items	11,584	-	11,584
Restricted cash and cash equivalents	1,206,709	453,103	1,659,812
Total current assets	<u>12,507,054</u>	<u>9,495,780</u>	<u>22,002,834</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	8,634,797	401,575	9,036,372
Other capital assets, net of depreciation	9,620,549	25,975,321	35,595,870
Total capital assets	<u>18,255,346</u>	<u>26,376,896</u>	<u>44,632,242</u>
Total assets	<u>30,762,400</u>	<u>35,872,676</u>	<u>66,635,076</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,161,496	167,938	1,329,434
OPEB deferrals	56,931	11,537	68,468
Total deferred outflows of resources	<u>1,218,427</u>	<u>179,475</u>	<u>1,397,902</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, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	288,299	209,145	497,444
Accrued interest payable	-	23,329	23,329
Current portion of long-term liabilities	215,000	665,922	880,922
Payable from restricted assets	415,305	364,151	779,456
Total current liabilities	<u>918,604</u>	<u>1,262,547</u>	<u>2,181,151</u>
Long-term liabilities:			
Net pension liability	1,567,919	317,778	1,885,697
Net pension liability-LEOSSA	503,409	-	503,409
Total OPEB liability	339,313	68,760	408,073
Due in more than one year	18,953	4,646,436	4,665,389
Total long-term liabilities	<u>2,429,594</u>	<u>5,032,974</u>	<u>7,462,568</u>
Total liabilities	<u>3,348,198</u>	<u>6,295,521</u>	<u>9,643,719</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	259,792	7,019	266,811
OPEB deferrals	19,796	4,011	23,807
Prepaid cash receipts	1,048	-	1,048
Total deferred inflows of resources	<u>280,636</u>	<u>11,030</u>	<u>291,666</u>
NET POSITION			
Net investment in capital assets	18,255,346	21,095,109	39,350,455
Restricted for:			
Stabilization by State Statute	1,585,605	-	1,585,605
Transportation	620,497	-	620,497
Public safety	170,907	-	170,907
System development	-	88,952	88,952
Unrestricted	7,719,638	8,561,539	16,281,177
Total net position	<u>\$ 28,351,993</u>	<u>\$ 29,745,600</u>	<u>\$ 58,097,593</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, 2021

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	\$ 1,997,765	\$ 16,225	\$ 16,041	\$ -	\$ (1,965,499)	\$ -	\$ (1,965,499)
Public safety	2,859,397	-	254,672	-	(2,604,725)	-	(2,604,725)
Transportation	824,078	-	304,613	-	(519,465)	-	(519,465)
Environmental protection	949,781	896,931	17,518	-	(35,332)	-	(35,332)
Cultural and recreation	1,197,902	184,773	37,231	74,672	(901,226)	-	(901,226)
Community promotions	257,286	-	128,165	-	(129,121)	-	(129,121)
Total governmental activities (See Note 1)	8,086,209	1,097,929	758,240	74,672	(6,155,368)	-	(6,155,368)
Business-type activities:							
Water and sewer	3,834,113	4,295,429	-	40,741	-	502,057	502,057
Stormwater	512,722	495,077	-	-	-	(17,645)	(17,645)
Total business-type activities	4,346,835	4,790,506	-	40,741	-	484,412	484,412
Total primary government	\$ 12,433,044	\$ 5,888,435	\$ 758,240	\$ 115,413	(6,155,368)	484,412	(5,670,956)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					3,133,079	-	3,133,079
Grants and contributions not restricted to specific programs					4,203,643	-	4,203,643
Unrestricted investment earnings					5,079	28,260	33,339
Sale or insurance proceeds for disposal of assets					64,234	33,419	97,653
Miscellaneous					18,682	-	18,682
Total general revenues					7,424,717	61,679	7,486,396
Change in net position					1,269,349	546,091	1,815,440
Net position, beginning					27,082,644	29,199,509	56,282,153
Net position, ending					\$ 28,351,993	\$ 29,745,600	\$ 58,097,593

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

City of Archdale, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Total Non Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents/investments	\$ 9,810,580	\$ -	\$ 9,810,580
Restricted cash	1,206,709	-	1,206,709
Receivables, net:			
Taxes	37,310	-	37,310
Accounts	87,114	-	87,114
Due from other governments	1,236,543	124,257	1,360,800
Due from other funds	124,257	-	124,257
Prepaid items	11,584	-	11,584
Total assets	<u>\$ 12,514,097</u>	<u>\$ 124,257</u>	<u>\$ 12,638,354</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 288,299	\$ -	\$ 288,299
Accounts payable from restricted assets	415,305	-	415,305
Due to other funds	-	124,257	124,257
Total liabilities	<u>703,604</u>	<u>124,257</u>	<u>827,861</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	37,310	-	37,310
Prepaid cash receipts	1,048	-	1,048
Total deferred inflows of resources	<u>38,358</u>	<u>-</u>	<u>38,358</u>
FUND BALANCES			
Non spendable			
Prepays	11,584	-	11,584
Restricted			
Stabilization by state statute	1,585,605	-	1,585,605
Streets	620,497	-	620,497
Public safety	170,907	-	170,907
Assigned			
Subsequent year's expenditures	877,199	-	877,199
Economic development	651,621	-	651,621
Capital	2,500,000	-	2,500,000
Unassigned	5,354,722	-	5,354,722
Total fund balances	<u>11,772,135</u>	<u>-</u>	<u>11,772,135</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,514,097</u>	<u>\$ 124,257</u>	

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

(continued)

City of Archdale
Balance Sheet
Governmental Funds
June 30, 2021

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

Total Fund Balance, Governmental Funds	\$	11,772,135
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	25,348,618
Accumulated depreciation		<u>(7,093,272)</u>
Deferred outflows of resources related to pensions are not reported in the funds		1,161,496
Deferred outflows of resources related to OPEB are not reported in the funds		56,931
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.		2,957
Earned revenues considered deferred inflows of resources in fund statements.		27,310
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in fund statements		
Compensated absences		(233,953)
Net pension liability		(1,567,919)
Net pension liability - LEOSA		(503,409)
Total OPEB liability		<u>(339,313)</u>
Deferred inflows of resources related to pensions are not reported in the funds		(259,792)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(19,796)</u>
Net position of governmental activities	\$	<u><u>28,351,993</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, 2021

	<u>General Fund</u>	<u>Total Non Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 3,142,560	\$ -	\$ 3,142,560
Unrestricted intergovernmental	4,203,643	-	4,203,643
Restricted intergovernmental	466,212	342,170	808,382
Permits and fees	16,225	-	16,225
Sales and services	1,081,704	-	1,081,704
Investment earnings	5,547	-	5,547
Miscellaneous	42,744	-	42,744
Total revenues	<u>8,958,635</u>	<u>342,170</u>	<u>9,300,805</u>
EXPENDITURES			
Current:			
Governing body	47,823	-	47,823
Administration	261,610	-	261,610
Information technology	408,224	-	408,224
Finance	348,506	-	348,506
Legal	29,350	-	29,350
Planning and zoning	287,565	-	287,565
Facilities and grounds	363,637	7,981	371,618
Police	2,322,878	239,455	2,562,333
Fire inspections	32,945	-	32,945
Streets	362,048	-	362,048
Streets-Powell Bill	339,919	-	339,919
Sanitation	949,781	-	949,781
Parks and recreation	737,028	19,870	756,898
Senior building	19,317	-	19,317
Library	124,560	-	124,560
Community promotions	257,094	192	257,286
Capital outlay	1,236,730	175,630	1,412,360
Total expenditures	<u>8,129,015</u>	<u>443,128</u>	<u>8,572,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>829,620</u>	<u>(100,958)</u>	<u>728,662</u>
OTHER FINANCING SOURCES (USES)			
Transfer to general fund from PARTF fund	15,403	(15,403)	-
Sales of capital assets	64,234	-	64,234
Total other financing sources (uses)	<u>79,637</u>	<u>(15,403)</u>	<u>64,234</u>
Net change in fund balance	909,257	(116,361)	792,896
Fund balances, beginning	10,862,878	116,361	10,979,239
Fund balances, ending	<u>\$ 11,772,135</u>	<u>\$ -</u>	<u>\$ 11,772,135</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, 2021

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

Net changes in fund balances - total governmental funds	\$	792,896
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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	\$ 1,412,360	
Depreciation expense for governmental assets	<u>(736,403)</u>	675,957

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		293,282
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Benefit payments paid for the LEOSSA are not included on the Statement of Activities		30,714
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OPEB implicit subsidy credit is not included on the Statement of Activities		4,372
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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	(6,631)	
Interest receivable from taxes and investments	<u>(2,850)</u>	(9,481)

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	45,121	
Pension expense	(517,298)	
Pension expense (LEOSSA)	(18,511)	
OPEB plan expense	<u>(27,703)</u>	<u>(518,391)</u>

Total changes in net position of governmental activities	\$	<u><u>1,269,349</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, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,015,000	\$ 3,015,000	\$ 3,142,560	\$ 127,560
Unrestricted intergovernmental	3,195,500	3,595,500	4,203,643	608,143
Restricted intergovernmental	782,868	782,868	466,212	(316,656)
Permits and fees	9,000	9,000	16,225	7,225
Sales and services	1,072,000	1,072,000	1,081,704	9,704
Investment earnings	40,000	40,000	5,547	(34,453)
Miscellaneous	46,000	98,200	42,744	(55,456)
Total revenues	<u>8,160,368</u>	<u>8,612,568</u>	<u>8,958,635</u>	<u>346,067</u>
Expenditures:				
Governing body	51,860	51,860	47,823	4,037
Administration	271,030	271,030	261,610	9,420
Information technology	534,810	534,810	429,172	105,638
Finance	367,450	380,450	348,506	31,944
Legal	45,000	45,000	29,350	15,650
Planning and zoning	435,970	459,250	287,565	171,685
Facilities and grounds	499,565	1,126,565	874,515	252,050
Police	2,940,520	2,829,858	2,580,070	249,788
Fire inspections	32,950	32,950	32,945	5
Streets	721,850	721,850	364,828	357,022
Streets-Powell Bill	529,000	529,000	339,919	189,081
Sanitation	963,700	963,700	949,781	13,919
Parks and recreation	1,419,550	1,813,400	1,181,960	631,440
Senior building	15,310	26,306	19,317	6,989
Library	150,300	150,300	124,560	25,740
Community promotions	569,575	749,507	257,094	492,413
Contingency	10,000	10,000	-	10,000
Total expenditures	<u>9,558,440</u>	<u>10,695,836</u>	<u>8,129,015</u>	<u>2,566,821</u>
Revenues over (under) expenditures	<u>(1,398,072)</u>	<u>(2,083,268)</u>	<u>829,620</u>	<u>2,912,888</u>
Other financing sources (uses):				
Transfer from capital project fund	-	-	15,403	15,403
Sale of capital assets	-	-	64,234	64,234
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>79,637</u>	<u>79,637</u>
Fund balance appropriated	<u>1,398,072</u>	<u>2,083,268</u>	<u>-</u>	<u>(2,083,268)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>909,257</u>	<u>\$ 909,257</u>
Fund balances, beginning			10,862,878	
Fund balances, ending			<u>\$ 11,772,135</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, 2021

	Major	Nonmajor	Total
	Water and Sewer Fund	Stormwater Fund	
ASSETS			
Current assets:			
Cash and cash equivalents/investments	\$ 7,272,870	\$ 1,057,324	\$ 8,330,194
Restricted cash	453,103	-	453,103
Accounts receivable (net) - billed	405,741	44,711	450,452
Accounts receivable (net) - unbilled	208,324	-	208,324
Accrued interest receivable	3,847	-	3,847
Inventories	49,860	-	49,860
Total current assets	<u>8,393,745</u>	<u>1,102,035</u>	<u>9,495,780</u>
Noncurrent assets:			
Capital assets:			
Land, easements and construction in progress	401,575	-	401,575
Other capital assets, net of depreciation	25,681,883	293,438	25,975,321
Capital assets	<u>26,083,458</u>	<u>293,438</u>	<u>26,376,896</u>
Total assets	<u>34,477,203</u>	<u>1,395,473</u>	<u>35,872,676</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	116,476	51,462	167,938
OPEB deferrals	8,004	3,533	11,537
Total deferred outflows of resources	<u>\$ 124,480</u>	<u>\$ 54,995</u>	<u>\$ 179,475</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, 2021

	Major Water and Sewer Fund	Nonmajor Stormwater Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 199,913	\$ 9,232	\$ 209,145
Accrued interest payable	23,329	-	23,329
Payable from restricted assets	364,151	-	364,151
Compensated absences - current	17,200	4,200	21,400
SRF loan payable	242,250	-	242,250
Interlocal agreements payable	402,272	-	402,272
Total current liabilities	<u>1,249,115</u>	<u>13,432</u>	<u>1,262,547</u>
Noncurrent liabilities:			
Compensated absences	4,858	4,313	9,171
SRF loan payable	242,250	-	242,250
Interlocal agreements payable	4,395,015	-	4,395,015
Net pension liability	220,400	97,378	317,778
Total OPEB liability	47,704	21,056	68,760
Total noncurrent liabilities	<u>4,910,227</u>	<u>122,747</u>	<u>5,032,974</u>
Total liabilities	<u>6,159,342</u>	<u>136,179</u>	<u>6,295,521</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	4,867	2,152	7,019
OPEB deferrals	2,783	1,228	4,011
Total deferred inflows of resources	<u>7,650</u>	<u>3,380</u>	<u>11,030</u>
NET POSITION			
Net investment in capital assets	20,801,671	293,438	21,095,109
Restricted for system development	88,952	-	88,952
Unrestricted	7,544,068	1,017,471	8,561,539
Total net position	<u>\$ 28,434,691</u>	<u>\$ 1,310,909</u>	<u>\$ 29,745,600</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, 2021

	<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	\$ 4,063,756	\$ 495,077	\$ 4,558,833
Water and sewer taps	25,620	-	25,620
Other operating revenues	206,053	-	206,053
Total operating revenues	<u>4,295,429</u>	<u>495,077</u>	<u>4,790,506</u>
OPERATING EXPENSES			
Salaries and employee benefits	635,171	235,698	870,869
Water purchases	369,660	-	369,660
Waste collection and treatment costs	505,018	-	505,018
Other operating expenses	1,091,096	190,035	1,281,131
Depreciation	727,168	86,989	814,157
Amortization	395,014	-	395,014
Total operating expenses	<u>3,723,127</u>	<u>512,722</u>	<u>4,235,849</u>
Operating income (loss)	<u>572,302</u>	<u>(17,645)</u>	<u>554,657</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	27,707	553	28,260
Gain or loss on disposal of capital assets	(3,081)	36,500	33,419
Interest and other charges	(110,986)	-	(110,986)
Total nonoperating revenue (expenses)	<u>(86,360)</u>	<u>37,053</u>	<u>(49,307)</u>
Income (loss) before contributions	485,942	19,408	505,350
CONTRIBUTIONS			
Capital contributions	16,391	-	16,391
System development fees	24,350	-	24,350
Total contributions	<u>40,741</u>	<u>-</u>	<u>40,741</u>
Change in net position	526,683	19,408	546,091
Total net position, beginning	27,908,008	1,291,501	29,199,509
Total net position, ending	<u>\$ 28,434,691</u>	<u>\$ 1,310,909</u>	<u>\$ 29,745,600</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, 2021

	Water and Sewer Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,055,366	\$ 495,010	\$ 4,550,376
Cash paid for goods and services	(2,146,544)	(187,791)	(2,334,335)
Cash paid to or on behalf of employees for services	(602,117)	(220,090)	(822,207)
Customer deposits received	81,553	-	81,553
Customer deposits returned	(75,000)	-	(75,000)
Other operating revenues	206,053	-	206,053
Net cash provided by operating activities	<u>1,519,311</u>	<u>87,129</u>	<u>1,606,440</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System Development Fees	24,350	-	24,350
Long-term debt issued	2,197,656	-	2,197,656
Principal and interest paid on notes	(914,179)	-	(914,179)
Acquisition and disposal of capital assets	(2,457,637)	(108,423)	(2,566,060)
Net cash used by capital and related financing activities	<u>(1,149,810)</u>	<u>(108,423)</u>	<u>(1,258,233)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	<u>58,388</u>	<u>553</u>	<u>58,941</u>
Net increase (decrease) in cash and cash equivalents/investments	427,889	(20,741)	407,148
Balances, beginning	7,298,084	1,078,065	8,376,149
Balances, ending	<u>\$ 7,725,973</u>	<u>\$ 1,057,324</u>	<u>\$ 8,783,297</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	<u>\$ 572,302</u>	<u>\$ (17,645)</u>	<u>\$ 554,657</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,122,182	86,989	1,209,171
Changes in assets, deferred outflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	(34,010)	(67)	(34,077)
(Increase) decrease in inventories	(49,860)	-	(49,860)
(Increase) decrease in deferred outflows of resources - pensions	(21,519)	(9,509)	(31,028)
(Increase) decrease in deferred outflows of resources - OPEB	(5,907)	(2,606)	(8,513)
Increase (decrease) in net pension liability	53,368	23,580	76,948
Increase (decrease) in deferred inflows of resources for pensions	(359)	(159)	(518)
Increase (decrease) in accounts payable and accrued liabilities	(130,910)	3,268	(127,642)
Increase(decrease) in customer deposits	6,553	-	6,553
Increase (decrease) in accrued vacation pay	(1,721)	(761)	(2,482)
Increase (decrease) in deferred inflows of resources - OPEB	(436)	(194)	(630)
Increase(decrease) in OPEB liability	9,628	4,233	13,861
Total adjustments	<u>947,009</u>	<u>104,774</u>	<u>1,051,783</u>
Net cash provided by operating activities	<u>\$ 1,519,311</u>	<u>\$ 87,129</u>	<u>\$ 1,606,440</u>

NONCASH CAPITAL CONTRIBUTION

A noncash contribution of \$16,391 represents City labor costs for construction of a waterline.

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, 2021**

	LEOSSA Trust Fund
ASSETS	
Cash and cash equivalents/investments	
Mutual funds:	
NC Short Term Investment Fund	\$ 173
NC Equity Index Fund	532,682
NC Bond Investment Fund	164,512
Total assets	697,367
 NET POSITION	
Restricted for pension	\$ 697,367

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, 2021

	<u>LEOSSA</u> <u>Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 61,429
Investment earnings:	
Net appreciation (depreciation) in the fair value of investments	146,552
Investment income	<u>3,745</u>
Total investment earnings	150,297
Less investment costs	
Investment manager and advisory fees	<u>111</u>
Net investment income	<u>150,186</u>
 Total additions	 <u>211,615</u>
DEDUCTIONS	
Benefits paid	<u>61,429</u>
 Net increase (decrease) in fiduciary net position	 150,186
Total net position restricted for pension, beginning	<u>547,181</u>
Total net position restricted for pension, ending	<u><u>\$ 697,367</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, 2021

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 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 funds:

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.

CARES Act Special Revenue Fund. The CARES Act Special Revenue Fund is used to account for funds received from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) passed by the federal government on March 27, 2020. The Act provides funding to cover COVID-19 expenses for the public health emergency.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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.

Water and Sewer 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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. 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, the Special Revenue 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, 2021

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 is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries and government agencies, is a money market mutual fund (2a7) and maintains a AAAM rating from S&P and AAA-mf by Moody's Investor Service. It is reported at fair value.

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 twelve months or less at the time of purchase are classified as cash equivalents.

3. Restricted Assets

The financial statements for the enterprise funds have been consolidated to include a capital reserve fund with assets classified as restricted because their use is restricted. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Cash collected for drug forfeitures and seizures are classified as restricted assets for the General Fund because their use is completely restricted to the purpose for which the cash was received. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. 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 for System Development - North Carolina G.S. 162A, Article 8 requires all water and sewer 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

Restricted cash:

Governmental Activities:

General Fund

Federal asset forfeitures	\$ 173,826
Streets	620,497
Refundable deposits	311,135
Property and evidence	101,251
Total governmental activities	1,206,709
 Business-Type Activities:	
Water and Sewer Fund	
Customer deposits	364,151
Capital reserve	88,952
Total business-type activities	453,103
Total restricted cash	\$ 1,659,812

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City’s General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the City’s enterprise funds consist of water and sewer supply parts held for subsequent use. The cost of these inventories is expensed using a first-in, first-out method when parts are consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Intangible Assets

Intangible assets, net of amortization, of \$7,318,013 as of June 30, 2021 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

Intangible assets, net of amortization, of \$4,511,861 as of June 30, 2021 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. The City's share of an incinerator rehab project, completed in 2021, was \$2,197,656 and is also being amortized over 20 years using the straight-line method. Utility easements with a net value of \$14,325 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 more than two years. Minimum capitalization costs are as follows: land, \$1000; permanent utility easements, \$500; improvements, \$5,000; buildings, 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 2021 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.

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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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 nonexempt employees to accrue 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 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.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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 governing board 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 exceed the \$877,199 assigned amount.

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.

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 Pension Plans

The City participates in one cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State: the Local Government Employees’ Retirement System (LGERS). The LEOSSA Plan is a single-employer trust administered by the City.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to the LEOSSA Plan and LEOSSA expense, information about the fiduciary net position of the LEOSSA Plan and additions to/deductions from LEOSSA fiduciary net position have been determined on the same basis as they are reported by LEOSSA Plan. For this purpose, the LEOSSA Plan recognize benefit payments when due and payable in accordance with the benefit terms.

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.

At June 30, 2021, the City's deposits had a carrying amount of \$5,973,421 and a bank balance of \$6,105,053. Of the bank balance \$1,800,755 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the City's petty cash and change funds totaled \$675. The Police Department had \$2,018 in police investigation funds.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

2. Investments

At June 30, 2021 the City of Archdale, excluding the Archdale LEOSSA Trust, had \$13,824,472 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM rating by S&P and AAA-mf by Moody's Investor Service.

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 NCCMT Government portfolio carried a credit rating of AAAM by Standard and Poor's and AAA-mf by Moody's Investor Service as of June 30, 2021.

LEOSSA Trust Fund

At June 30, 2021 the City's LEOSSA Trust had \$697,367 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) [23.6%] and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) [76.4%] (the equities were split with 58.82% in domestic securities and 41.18 % 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, 2021 of 1.3 years.

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 8.34 years at June 30, 2021.

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, 2021 the fair value of funds was \$32.24591 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, 2021. The State Treasurer's BIF is unrated and had a weighted average maturity of 8.34 years at June 30, 2021.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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, 2021 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 10,000
Total General Fund	10,000
Enterprise Funds:	
Water and Sewer Fund - accounts receivable	21,000
Total Enterprise Fund	21,000
Total	\$ 31,000

4. Due from Other Governments

Amounts due from governmental agencies consist of the following:

	State	County	Total
Governmental Funds:			
Sales and use tax distribution	\$ 957,472	\$ -	\$ 957,472
Utility sales tax	143,029	-	143,029
Sales tax refunds	95,016	-	95,016
Solid waste disposal tax	2,278	-	2,278
PARTF grant	123,283	-	123,283
Property tax collections	-	39,722	39,722
Total governmental funds	\$ 1,321,078	\$ 39,722	\$ 1,360,800

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

5. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,296,952	\$ 485,542	\$ -	\$ 3,782,494
Construction-in-progress	71,540	200,553	62,935	209,158
Street rights-of-way	3,978,645	-	-	3,978,645
Streets	664,500	-	-	664,500
Total capital assets not being depreciated	8,011,637	686,095	62,935	8,634,797
Capital assets being depreciated:				
Buildings	8,585,507	185,727	18,167	8,753,067
Other improvements	3,856,355	347,247	-	4,203,602
Equipment, vehicles, and furniture	3,382,333	256,226	132,604	3,505,955
Computer software	251,197	-	-	251,197
Total capital assets being depreciated	16,075,392	789,200	150,771	16,713,821
Less accumulated depreciation for:				
Buildings	2,658,528	190,123	18,167	2,830,484
Land improvements	1,585,638	188,529	-	1,774,167
Equipment, vehicles, and furniture	2,125,068	343,888	132,604	2,336,352
Computer software	138,406	13,863	-	152,269
Total accumulated depreciation	6,507,640	\$ 736,403	\$ 150,771	7,093,272
Total capital assets being depreciated, net	9,567,752			9,620,549
Governmental activities capital assets, net	\$ 17,579,389			\$ 18,255,346

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

General government	\$ 179,166
Public safety	180,080
Transportation	106,081
Culture and recreation	271,076
	\$ 736,403

Construction commitments:

The government did not have any commitments for active construction projects as of June 30, 2021.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 307,396	\$ -	\$ -	\$ 307,396
Easement rights	83,203	10,976	-	94,179
Construction-in-progress	1,398,804	-	1,398,804	-
Total capital assets not being depreciated	<u>1,789,403</u>	<u>10,976</u>	<u>1,398,804</u>	<u>401,575</u>
Capital assets being depreciated:				
Water distribution system	7,035,985	51,222	-	7,087,207
Sewer distribution system	18,434,582	1,382,977	-	19,817,559
Other improvements	15,357	-	-	15,357
Equipment and vehicles	2,591,769	230,001	20,470	2,801,300
Software	37,600	-	-	37,600
Total capital assets being depreciated	<u>28,115,293</u>	<u>1,664,200</u>	<u>20,470</u>	<u>29,759,023</u>
Less accumulated depreciation for:				
Water distribution system	4,117,932	162,978	-	4,280,910
Sewer collection system	9,876,414	379,642	-	10,256,056
Other improvements	1,202	1,023	-	2,225
Equipment and vehicles	1,216,012	176,005	17,389	1,374,628
Software	-	7,520	-	7,520
Total accumulated depreciation	<u>15,211,560</u>	<u>727,168</u>	<u>17,389</u>	<u>15,921,339</u>
Total capital assets being depreciated, net	<u>12,903,733</u>			<u>13,837,684</u>
Intangible assets being amortized, net:				
Water rights	9,572,917	-	-	9,572,917
Wastewater treatment rights	5,025,787	2,197,656	-	7,223,443
Utility easement rights	18,551	-	-	18,551
Total intangible assets being amortized	<u>14,617,255</u>	<u>2,197,656</u>	<u>-</u>	<u>16,814,911</u>
Less accumulated amortization for:				
Water rights	2,037,599	217,305	-	2,254,904
Wastewater treatment rights	2,534,801	176,781	-	2,711,582
Utility easement rights	3,298	928	-	4,226
Total accumulated amortization	<u>4,575,698</u>	<u>395,014</u>	<u>-</u>	<u>4,970,712</u>
Total intangible assets being amortized, net	<u>10,041,557</u>			<u>11,844,199</u>
Water and Sewer Fund capital assets, net	<u>24,734,693</u>			<u>26,083,458</u>
Stormwater Fund:				
Capital assets being depreciated:				
Other improvements	10,080	-	-	10,080
Equipment	745,677	144,923	95,956	794,644
Total capital assets being depreciated	<u>755,757</u>	<u>144,923</u>	<u>95,956</u>	<u>804,724</u>
Less accumulated depreciation for:				
Other improvements	672	672	-	1,344
Equipment	519,581	86,317	95,956	509,942
Total accumulated depreciation	<u>520,253</u>	<u>86,989</u>	<u>95,956</u>	<u>511,286</u>
Stormwater Fund capital assets, net	<u>235,504</u>			<u>293,438</u>
Business-type activity capital assets, net	<u>\$ 24,970,197</u>			<u>\$ 26,376,896</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

B. Liabilities

1. Payables

Payables at the government-wide level as of June 30, 2021, were as follows:

	Vendors	Other	Total
Governmental activities:			
General	\$ 153,887	\$ 134,412	\$ 288,299
Businesss-type activities:			
Water and Sewer	\$ 152,837	\$ 47,076	\$ 199,913
Stormwater	4,613	4,619	9,232
Total - businesss-type activities	\$ 157,450	\$ 51,695	\$ 209,145

2. 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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, 2021, was 10.84% of compensation for law enforcement officers and 10.25% (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 \$352,723 for the year ended June 30, 2021.

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

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

At June 30, 2021, the City reported a liability of \$1,885,697 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the City's proportion was 0.05277%, which was an increase of 0.00044% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$622,141. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 238,130	\$ -
Changes of assumptions	140,333	-
Net difference between projected and actual earnings on pension plan investments	265,361	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	41,651
City contributions subsequent to measurement date	352,723	-
Total	\$ 996,547	\$ 41,651

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

\$352,723 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 ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ 164,584
2023	227,228
2024	131,828
2025	78,533
2026	-
Thereafter	-
Total	<u>\$ 602,173</u>

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

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

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitant Mortality Tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

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

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability (asset)	\$ 3,825,874	\$ 1,885,697	\$ 273,274

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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, 2019, the Separation Allowance’s membership consisted of:

Inactive members receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	26
Total	30

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 Annual Comprehensive 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.

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 \$149,402 for fiscal year 2021 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 did not make an additional contribution, other than the \$61,429 needed to cover benefit payments, in fiscal year 2021. These amounts represent 11.85% and 0.0% of covered 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, 2018 actuarial valuation using the entry age normal actuarial cost method, amortized over a level dollar closed period. The actuarial assumptions include (a) 3.64% 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, 2018 was 12 years.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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

At June 30, 2021, the City reported a total pension liability of \$1,144,798. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing standard actuarial update rollforward procedures incorporating the actuarial assumptions. For the year ended June 30, 2021 the City recognized pension expense of \$49,266.

At June 30, 2021, 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, 2020 measurement date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 153,650	\$ 36,000
Changes of assumptions and other inputs	148,523	118,737
Net difference between projected and actual earnings on plan investments	-	70,423
Benefit payments and administrative expenses subsequent to measurement date	30,714	-
Total	\$ 332,887	\$ 225,160

\$30,714 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Outflows of Resources	Amount Recognized as Increase (Decrease) to Pension Expense
Year ended June 30:			
2022	\$ 70,680	\$ 66,332	\$ 4,348
2023	70,680	63,670	7,010
2024	61,077	62,635	(1,558)
2025	56,426	32,523	23,903
2026	36,701	-	36,701
Thereafter	6,609	-	6,609
	\$ 302,173	\$ 225,160	\$ 77,013

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

Actuarial Assumptions. The Entry Age Normal Actuarial Cost Method was used in the December 31, 2019 valuation. The total pension liability rolled forward to December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent per annum
Salary increases	3.25 to 7.75 percent, average, including inflation
Investment rate of return	5.5 percent, net of pension plan investment expense, including inflation

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. All mortality rates use Pub-2010 amount-weighted tables. All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

The rates of mortality for the period before service retirement are based on the Pub-2010 Safety Mortality Table for Employees.

The rates of mortality for the period after service retirement (healthy) are according to the Pub-2010 Safety Mortality Table for Retirees, projected from 2010 using generational improvement with Scale MP-2019. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Mortality rates for deaths after retirement (disabled) are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back three years for all ages.

Mortality rates for deaths after retirement (beneficiary) are based on Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward three years. Rates for female members are Set Forward one year. Because the contingent survivor tables have no rates prior to the age 45, the Below-median Teachers Morality Table for Employees is used for ages less than 45.

Leave Conversion: Eligibility service for unreduced retirement has been increased by one year. Credited service for benefit calculation purposed has been increased by 1.1 years. The service conversions are based on the service totals received from the Local Governmental Employees' Retirement System.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019. The following assumptions were updated: mortality rate, salary increase rates, service retirement rates, disability retirement rates, termination rates, real wage growth and leave conversion service.

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, 2021

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 as of December 31, 2020 (measurement date) 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	\$ 596,676	\$ 503,409

Changes in the Net Pension Liability as of June 30, 2021 were as follows:

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Net pension liability as of December 31, 2019	\$ 905,202	\$ 562,410	\$ 342,792
Changes for the year:			
Service cost	27,758		27,758
Interest	48,053		48,053
Difference between expected and actual experience	75,226		75,226
Changes in assumptions and other inputs	151,589		151,589
Contributions - employer		63,030	(63,030)
Net investment income		78,979	(78,979)
Benefit payments	(63,030)	(63,030)	
Net changes	239,596	78,979	160,617
Net pension liability as of December 31, 2020	<u>\$ 1,144,798</u>	<u>\$ 641,389</u>	<u>\$ 503,409</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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	\$ 622,141	\$ 49,266	\$ 671,407
Pension Liability	1,885,697	503,409	2,389,106
Proportionate share of the net pension liability	0.05277%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 238,130	\$ 153,650	\$ 391,780
Changes of assumptions	140,333	148,523	288,856
Net difference between projected and actual earnings on pension plan investments	265,361	-	265,361
Benefit payments and administrative costs paid subsequent to the measurement date	352,723	30,714	383,437
	<u>\$ 996,547</u>	<u>\$ 332,887</u>	<u>\$ 1,329,434</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 36,000	\$ 36,000
Changes of assumptions	-	118,737	118,737
Net difference between projected and actual earnings on pension plan investments	-	70,423	70,423
Changes in proportion and differences between City contributions and proportionate share of contributions	41,651	-	41,651
	<u>\$ 41,651</u>	<u>\$ 225,160</u>	<u>\$ 266,811</u>

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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, 2021 were \$112,000, which consisted of \$66,059 from the City and \$45,941 from the law enforcement officers.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

The City elected to match general employee contributions to the Supplemental Retirement Plan up to 5% of salary for the year ended June 30, 2021. Employees not engaged in law enforcement made voluntary contributions of \$93,480 and the City contributions were \$81,326. In addition, employees made voluntary contributions of \$45,051 to the State of North Carolina 457 Plan.

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	67
Total	70

Total OPEB Liability

The City's total OPEB liability of \$408,073 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

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	3.50 percent
Measurement date	2.21 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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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. The index was 2.21% at June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 325,770
Changes for the year:	
Service cost at end of year	18,820
Interest on total OPEB liability and cash flows	11,236
Change in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions and other inputs	61,747
Benefit payments and implicit subsidy credit	(9,500)
Net changes	82,303
Balance at June 30, 2021	\$ 408,073

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%, which results in deferred outflow of resources.

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 are the same as those used for the December 31, 2019 Actuarial Valuation of LGERS. 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 (1.21 percent) or one percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 464,473	\$ 408,073	\$ 358,634

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	\$ 345,806	\$ 408,073	\$ 483,886

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$33,307. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,073	\$ -
Changes of assumptions and other inputs	59,137	23,807
Implicit subsidy credit and administrative expenses subsequent to measurement date	5,258	-
Total	\$ 68,468	\$ 23,807

\$5,258 benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period ending June 30:		
2022	\$	3,251
2023		3,251
2024		3,251
2025		3,251
2026		3,251
Thereafter		23,148
	\$	39,403

3. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of 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, 2021

C. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 352,723
Benefit payments and administrative expenses subsequent to measurement date (LEOSSA)	30,714
Implicit subsidy credit for current fiscal year	5,258
Differences between expected and actual experience	395,853
Change of assumptions	347,993
Net difference between projected and actual earning on pension plan investments	265,361
	<u>\$ 1,397,902</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid revenue (General Fund)	\$ 1,048	\$ 1,048
Property taxes receivable (General Fund)	-	37,310
Difference between expected and actual experience	36,000	-
Changes of assumptions and other inputs	142,544	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,651	-
Net difference between projected and actual earnings on pension plan investments	70,423	-
	<u>\$ 291,666</u>	<u>\$ 38,358</u>

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance coverage which provides for the following types of major coverage for the amounts of retained risk noted: general liability (\$2,000,000), comprehensive law enforcement liability (\$2,000,000), auto liability coverage (\$1,000,000) and commercial excess liability (\$2,000,000), employment practices (\$2,000,000), public officials' liability (\$2,000,000), cyber risk (\$2,000,000), and employee health coverage with an unlimited lifetime limit. The City also carries workers' compensation coverage of up to \$1,000,000. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three years.

The City carries flood insurance coverage up to a limit of coverage of \$1,000,000 with a \$50,000 deductible per covered location; the annual aggregate is \$1,000,000. 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, 2021

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 as of June 30, 2021 in the general fund are \$137,691. The majority of these are for professional services and a truck. Commitments for outstanding contracts in the water and sewer fund total \$165,343 related to professional services, repairs and maintenance, and supplies. The stormwater fund has outstanding contracts for professional services in the amount of \$10,884.

G. Long-Term Obligations

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

Serviced by the Water and Sewer Fund:

Direct Borrowings

Note Payable:

\$4,845,000 note dated November 2002, payable to the State of North Carolina DEQ WPC Revolving Loan Fund, principal payable in 20 annual installments of \$242,250 and semi-annual interest installments at 2.66%. Payments to be made with sewer revenue and other sources.	\$ 484,500
Less current portion	242,250
Total long-term note payable	<u>\$ 242,250</u>

Interlocal Agreements:

\$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%.	\$ 2,310,667
\$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%.	214,697
\$2,197,656 inter-local agreement with the City of High Point, principal and interest payable in 240 monthly installments of 11,817.5 each, includes interest at 2.66%	2,169,779
\$184,565 agreement with Davidson Water, principal and interest payable in 240 monthly installments of \$1,070 each, includes interest at 3.50%.	102,144
Total interlocal agreements	<u>4,797,287</u>
Less current portion	402,272
Total long-term interlocal agreements	<u>\$ 4,395,015</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 644,522	\$ 135,697
2023	654,942	119,030
2024	423,401	101,915
2025	434,408	90,908
2026	445,721	79,596
2027-2031	1,471,196	238,572
2032-2036	585,890	123,160
2037-2041	621,707	40,073
Total	<u>\$ 5,281,787</u>	<u>\$ 928,951</u>

The City's outstanding notes from direct borrowings related to the Water and Sewer Fund of \$484,500 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from the system revenues or other available funds and not secured by a pledge of full faith and credit.

At June 30, 2021, the City of Archdale governmental funds had a legal debt margin of \$87,526,179.

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	\$ 279,074	\$ 170,632	\$ 215,753	\$ 233,953	\$ 215,000
Net pension liability (LGERS)	1,188,261	379,658	-	1,567,919	-
Net pension liability (LEO)	342,792	160,617	-	503,409	-
Total OPEB liability	270,871	68,442	-	339,313	-
Governmental activity long-term liabilities	<u>\$ 2,080,998</u>	<u>\$ 779,349</u>	<u>\$ 215,753</u>	<u>\$ 2,644,594</u>	<u>\$ 215,000</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Business-type activities:					
<u>Water and Sewer Fund</u>					
Notes and agreements from direct borrowings	\$ 3,883,608	\$ 2,197,656	\$ 799,477	\$ 5,281,787	\$ 644,522
Compensated absences	23,779	15,435	17,156	22,058	17,200
Net pension liability (LGERS)	167,032	53,368	-	220,400	-
Total OPEB liability	38,076	9,628	-	47,704	-
Water and Sewer Fund long-term liabilities	4,112,495	2,276,087	816,633	5,571,949	661,722
<u>Stormwater Fund</u>					
Compensated absences	9,274	3,405	4,166	8,513	4,200
Net pension liability (LGERS)	73,798	23,580	-	97,378	-
Total OPEB liability	16,823	4,233	-	21,056	-
Stormwater Fund long-term liabilities	99,895	31,218	4,166	126,947	4,200
Business-type activity long-term liabilities	\$ 4,212,390	\$ 2,307,305	\$ 820,799	\$ 5,698,896	\$ 665,922

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 2021 fiscal year, the City made a \$15,403 interfund transfer from the PARTF Capital Project Fund to the General Fund to return unspent project funds.

The close-out of the PARTF grant project fund results in a Due to General Fund when funds are received for receivables, which consist of sales tax refund and reimbursement from PARTF. The general fund records a Due from PARTF for the same reason.

I. Fund Balance

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

<u>Total fund balance - General Fund</u>	<u>\$ 11,772,135</u>
Less:	
Prepays	11,584
Stabilization by State Statute	1,585,605
Streets - Powell Bill	620,497
Public safety	170,907
Subsequent year's expenditures	877,199
Economic development	651,621
Capital	2,500,000
<u> Remaining fund balance</u>	<u>5,354,722</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

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, 2021, this minimum amount is \$3,186,169. 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, 2021.

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 \$430,372; water purchases of \$368,683; and lab fees of \$2,850 for the 2021 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.

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.

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may continue to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2021

VI. Change in Accounting Principle

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the City performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. The City has one fiduciary fund, the LEOSSA Trust Fund.

VII. Subsequent Event

The Federal American Rescue Plan (ARP) Act was signed into law on March 11, 2021 to help governments respond to the COVID-19 emergency and bring back jobs. The use of these funds is restricted as allowed by federal requirements and as explicitly authorized by state law. Archdale was awarded \$3,669,164 and received \$1,834,582, one-half of its allocation, in July 2021. The remaining amount is expected to be received within the next twelve months. The funds are accounted for in a multi-year special revenue fund and must be obligated by December 31, 2024.

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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 Eight Fiscal Years*

Local Government Employees' Retirement System

	2021	2020	2019	2018
Archdale's proportion of the net pension liability (asset) (%)	0.05277%	0.05233%	0.05193%	0.05198%
Archdale's proportion of the net pension liability (asset) (\$)	\$ 1,885,697	\$ 1,429,091	\$ 1,231,957	\$ 794,110
Archdale's covered payroll	\$ 3,281,424	\$ 3,105,538	\$ 3,012,287	\$ 2,973,091
Archdale's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	57.47%	46.02%	40.90%	26.71%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	90.86%	91.63%	94.18%
	2017	2016	2015	2014
Archdale's proportion of the net pension liability (asset) (%)	0.05158%	0.05414%	0.05082%	0.05440%
Archdale's proportion of the net pension liability (asset) (\$)	\$ 1,094,700	\$ 242,977	\$ (299,709)	\$ 655,729
Archdale's covered payroll	\$ 2,804,844	\$ 2,781,194	\$ 2,670,224	\$ 2,792,740
Archdale's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.03%	8.74%	(11.22%)	23.48%
Plan fiduciary net position as a percentage of the total pension liability **	91.47%	98.09%	99.07%	102.64%

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

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

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

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

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 352,723	\$ 302,348	\$ 247,762	\$ 232,694
Contributions in relation to the contractually required contribution	\$ 352,723	\$ 302,348	\$ 247,762	\$ 232,694
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Archdale's covered payroll	\$ 3,382,307	\$ 3,281,424	\$ 3,105,538	\$ 3,012,287
Contributions as a percentage of covered payroll	10.43%	9.21%	7.98%	7.72%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 222,466	\$ 190,590	\$ 198,590	\$ 191,449
Contributions in relation to the contractually required contribution	\$ 222,466	\$ 190,590	\$ 198,590	\$ 191,449
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Archdale's covered payroll	\$ 2,973,091	\$ 2,804,844	\$ 2,781,194	\$ 2,670,224
Contributions as a percentage of covered payroll	7.48%	6.80%	7.14%	7.17%

Information will be presented for the 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 Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability:					
Service Cost	\$ 27,758	\$ 37,928	\$ 37,224	\$ 34,324	\$ 37,421
Interest	48,053	32,441	31,788	35,529	33,220
Difference between expected and actual experience	75,226	128,090	(71,529)	16,400	-
Changes of assumptions and other inputs	151,589	(144,179)	(36,993)	60,139	(23,217)
Benefit payments	<u>(63,030)</u>	<u>(80,637)</u>	<u>(69,770)</u>	<u>(52,003)</u>	<u>(62,986)</u>
Net change in total pension liability	239,596	(26,357)	(109,280)	94,389	(15,562)
Total pension liability - beginning	905,202	931,559	1,040,839	946,450	962,012
Total pension liability - ending (a)	1,144,798	905,202	931,559	1,040,839	946,450
Contributions - employer	63,030	580,637	69,770	52,398	63,183
Net investment income	78,979	62,410			
Benefit payments	(63,030)	(80,637)	(69,770)	(52,003)	(62,986)
Administrative expense	-	-	-	(395)	(197)
Net change in plan net position	<u>78,979</u>	<u>562,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>562,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	641,389	562,410	-	-	-
Net pension liability - ending (a) - (b)	<u>\$ 503,409</u>	<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	56.03%	62.13%	0.00%	0.00%	0.00%
Covered payroll*	\$ 1,320,005	\$ 1,261,294	\$ 1,179,490	\$ 1,236,309	\$ 1,247,899
Net pension liability as a percentage of covered payroll	38.14%	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 ten fiscal years as the data becomes available.

Changes of Assumptions:

Assumed rate of return	5.50%	5.50%	3.64%	3.16%	3.86%
Assumed inflation rate	2.50%	2.50%	2.50%	2.50%	3.00%

* Valuation payroll

City of Archdale, North Carolina
Schedule of Employer Contributions
Law Enforcement Officers' Special Separation Allowance (LEOSSA) Pension Benefit Trust
Last Three Fiscal Years

	2021	2020	2019
Actuarially determined employer contribution	\$ 149,402	\$ 130,687	\$ 125,903
Actual employer contributions	\$ 61,429	\$ 72,633	\$ 575,698
Annual contribution deficiency (excess)	\$ 87,973	\$ 58,054	\$ (449,795)
Covered payroll	\$ 1,259,415	\$ 1,199,763	\$ 1,165,121
Actual contributions as a percentage of covered payroll	4.88%	6.05%	49.41%

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 2021:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Amortization period	12 years as of December 31, 2018
Asset valuation method	Market value
Inflation	2.50%
Salary increase	3.50% - 7.35%, including inflation
Investment rate of return	3.64%, net of pension plan investment expense, including inflation

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

Employer contributions include benefit payments paid through the general fund.

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

	2021	2020	2019
Investment rate of return, net of investment expense	27.45%	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 ten fiscal years as the data becomes available.

City of Archdale, North Carolina
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Four Fiscal Years

	2021	2020
Service cost	\$ 18,820	\$ 18,184
Interest on the total pension liability and cash flows	11,236	11,319
Change in benefit terms		-
Difference between expected and actual experience	-	5,029
Changes of assumptions and other inputs	61,747	4,300
Benefit payments and implicit subsidy credit	(9,500)	(8,000)
Other	-	-
Net change in total OPEB liability	82,303	30,832
Total OPEB liability - beginning	325,770	294,938
Total OPEB liability - ending	\$ 408,073	\$ 325,770
Covered payroll	\$ 3,026,895	\$ 3,026,895
Total OPEB liability a percentage of covered payroll	13.48%	10.76%
	2019	2018
Service cost	\$ 18,895	\$ 20,477
Interest on the total pension liability and cash flows	10,070	8,512
Change in benefit terms	-	-
Difference between expected and actual experience	44	-
Changes of assumptions and other inputs	(14,006)	(23,340)
Benefit payments and implicit subsidy credit	(5,800)	(5,355)
Other	-	-
Net change in total OPEB liability	9,203	294
Total OPEB liability - beginning	285,735	285,441
Total OPEB liability - ending	\$ 294,938	\$ 285,735
Covered payroll	\$ 2,790,095	\$ 2,790,095
Total OPEB liability a percentage of covered payroll	10.57%	10.24%

Notes to Schedule

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

	Rate
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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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, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 3,133,067	\$
Interest		9,493	
Total	<u>3,015,000</u>	<u>3,142,560</u>	<u>127,560</u>
Unrestricted intergovernmental:			
Local option sales taxes		3,519,388	
Telecommunications sales tax		65,914	
Electric sales tax		439,895	
Piped natural gas sales tax		30,716	
Video programming sales tax		95,073	
Beer and wine tax		51,280	
ABC profit distribution		1,377	
Total	<u>3,595,500</u>	<u>4,203,643</u>	<u>608,143</u>
Restricted intergovernmental:			
Powell Bill allocation		304,246	
Asset Forfeiture Program		2,048	
NC Dept. of Commerce grant		127,973	
Solid waste disposal tax		9,189	
Other		22,756	
Total	<u>782,868</u>	<u>466,212</u>	<u>(316,656)</u>
Permits and fees:			
Zoning permits and fees		16,225	
Total	<u>9,000</u>	<u>16,225</u>	<u>7,225</u>
Sales and services:			
Recreation department fees		184,773	
Solid waste		698,098	
Recycling		198,833	
Total	<u>1,072,000</u>	<u>1,081,704</u>	<u>9,704</u>
Investment earnings	<u>40,000</u>	<u>5,547</u>	<u>(34,453)</u>
Miscellaneous:			
Other		42,744	
Total	<u>98,200</u>	<u>42,744</u>	<u>(55,456)</u>
Total revenues	<u>8,612,568</u>	<u>8,958,635</u>	<u>346,067</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, 2021

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing Body			
Salaries and employee benefits		39,359	
Other operating expenditures		8,464	
Total	<u>51,860</u>	<u>47,823</u>	<u>4,037</u>
Administration:			
Salaries and employee benefits		243,739	
Other operating expenditures		17,871	
Total	<u>271,030</u>	<u>261,610</u>	<u>9,420</u>
Information Technology:			
Salaries and employee benefits		214,195	
Software licensing and maintenance		100,091	
Other operating expenditures		93,938	
Capital outlay		20,948	
Total	<u>534,810</u>	<u>429,172</u>	<u>105,638</u>
Finance:			
Salaries and employee benefits		267,226	
Contracted services		68,116	
Other operating expenditures		13,164	
Total	<u>380,450</u>	<u>348,506</u>	<u>31,944</u>
Legal:			
Contracted services	<u>45,000</u>	<u>29,350</u>	<u>15,650</u>
Facilities and grounds:			
Salaries and employee benefits		251,621	
Other operating expenditures		112,016	
Capital outlay		510,878	
Total	<u>1,126,565</u>	<u>874,515</u>	<u>252,050</u>
Planning and zoning:			
Salaries and employee benefits		224,422	
Other operating expenditures		63,143	
Total	<u>459,250</u>	<u>287,565</u>	<u>171,685</u>
Public safety:			
Police:			
Salaries and employee benefits		1,904,374	
Communications and IT		158,113	
Insurance		89,186	
Other operating expenditures		171,205	
Capital outlay		257,192	
Total	<u>2,829,858</u>	<u>2,580,070</u>	<u>249,788</u>
Fire:			
Contracted services	<u>32,950</u>	<u>32,945</u>	<u>5</u>
Transportation:			
Streets:			
Salaries and employee benefits		176,482	
Street Lights		116,498	
Other operating expenditures		69,068	
Capital outlay		2,780	
Total	<u>721,850</u>	<u>364,828</u>	<u>357,022</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, 2021

	Budget	Actual	Variance Positive (Negative)
Streets-Powell Bill:			
Street repairs and maintenance		338,388	
Other operating expenditures		1,531	
Total	<u>529,000</u>	<u>339,919</u>	<u>189,081</u>
Environmental protection:			
Sanitation:			
Contracted services		844,387	
Tipping fees		87,326	
Other operating expenditures		18,068	
Total	<u>963,700</u>	<u>949,781</u>	<u>13,919</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		448,888	
Utilities		50,761	
Repairs and maintenance		76,125	
Other operating expenditures		161,254	
Capital outlay		444,932	
Total	<u>1,813,400</u>	<u>1,181,960</u>	<u>631,440</u>
Senior building:			
Other operating expenditures		19,317	
Total	<u>26,306</u>	<u>19,317</u>	<u>6,989</u>
Library:			
Payment to Randolph County			
Other operating expenditures		101,668	
Total	<u>150,300</u>	<u>124,560</u>	<u>25,740</u>
Community Promotions:			
Senior adult meal program		24,900	
Economic development		154,973	
Contracted services and membership dues		63,469	
Utility Assistance		13,752	
Total	<u>749,507</u>	<u>257,094</u>	<u>492,413</u>
Contingency	10,000	-	10,000
Total expenditures	<u>10,695,836</u>	<u>8,129,015</u>	<u>2,566,821</u>
Revenues over (under) expenditures	(2,083,268)	829,620	2,912,888
Other financing sources (uses):			
Transfer from grant fund	-	15,403	15,403
Sale and insurance proceeds for assets	-	64,234	64,234
Total	<u>-</u>	<u>79,637</u>	<u>79,637</u>
Fund balance appropriated	<u>2,083,268</u>	<u>-</u>	<u>(2,083,268)</u>
Net change in fund balance	\$ <u>-</u>	909,257	\$ <u>909,257</u>
Fund balances, beginning		10,862,878	
Fund balances, ending		<u>\$ 11,772,135</u>	

City of Archdale, North Carolina
Combining Balance Sheet
Non Major Governmental Funds
June 30, 2021

	Non Major Special Revenue Fund CARES Act	Non Major Capital Project Fund PARTF	Total Non Major Governmental Funds
ASSETS			
Due from other governments	\$ -	\$ 124,257	\$ 124,257
Total assets	<u>\$ -</u>	<u>\$ 124,257</u>	<u>\$ 124,257</u>
LIABILITIES			
Due to other funds	\$ -	\$ 124,257	\$ 124,257
Total liabilities	<u>-</u>	<u>124,257</u>	<u>124,257</u>
FUND BALANCES			
Restricted	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 124,257</u>	<u>\$ 124,257</u>

City of Archdale, North Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non Major Governmental Funds
For the Year Ended June 30, 2021

	Non Major Special Revenue Fund CARES Act	Non Major Capital Project Fund PARTF	Total Non Major Governmental Funds
Revenues:			
Restricted intergovernmental	\$ 255,993	\$ 86,177	\$ 342,170
Expenditures:			
General government	7,981	-	7,981
Public safety	239,455	-	239,455
Culture and recreation	8,365	187,135	195,500
Community promotions	192	-	192
Total expenditures	<u>255,993</u>	<u>187,135</u>	<u>443,128</u>
Revenues over (under) expenditures	-	(100,958)	(100,958)
Other financing sources (uses):			
Transfer (to) from General Fund	<u>-</u>	<u>(15,403)</u>	<u>(15,403)</u>
Net change in fund balance	-	(116,361)	(116,361)
Fund balances, beginning	<u>-</u>	<u>116,361</u>	<u>116,361</u>
Fund balances, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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, 2021

	Actual			Totals to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
PARTF grant	\$ 329,217	\$ 243,040	\$ 86,177	\$ 329,217	\$ -
Randolph County	100,000	100,000	-	100,000	-
Total revenues	429,217	343,040	86,177	429,217	-
Expenditures:					
Culture and recreation:					
Parks and recreation:					
Supplies	-	-	11,505	11,505	(11,505)
Capital outlay	912,685	710,147	175,630	885,777	26,908
	912,685	710,147	187,135	897,282	15,403
Revenues over (under) expenditures	(483,468)	(367,107)	(100,958)	(468,065)	15,403
Other financing sources (uses):					
Transfer (to) from General Fund	483,468	483,468	(15,403)	468,065	15,403
Net change in fund balance	\$ -	\$ 116,361	(116,361)	\$ -	\$ -
Fund balances, beginning			116,361		
Fund balances, ending			\$ -		

**City of Archdale, North Carolina
 CARES Act Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental:			
CARES Act	\$ 255,993	\$ 255,993	\$ -
 Expenditures:			
General government		7,981	
Public safety		239,455	
Culture and recreation		8,365	
Community promotions		192	
Total expenditures	<u>255,993</u>	<u>255,993</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>-</u>	
Fund balances, ending		<u>\$ -</u>	

City of Archdale, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water charges		\$ 1,746,721	
Sewer charges		2,317,035	
Water and sewer taps		25,620	
Other operating revenues		206,053	
Total	<u>\$ 4,174,380</u>	<u>4,295,429</u>	<u>\$ 121,049</u>
Nonoperating revenues:			
Interest earnings		10,760	
Total	32,000	10,760	(21,240)
Total revenues	<u>4,206,380</u>	<u>4,306,189</u>	<u>99,809</u>
Expenditures:			
Salaries and employee benefits		602,117	
Water purchases		369,660	
Waste disposal and treatment costs		505,018	
Repairs and maintenance		622,977	
Operating payments to PTRWA		87,314	
Other operating expenditures		380,805	
Debt service:			
Interest and other charges		110,986	
Principal retirement		799,477	
Capital outlay		2,284,076	
Total expenditures	<u>6,532,464</u>	<u>5,762,430</u>	<u>770,034</u>
Revenues over (under) expenditures	<u>(2,326,084)</u>	<u>(1,456,241)</u>	<u>869,843</u>
Other financing sources (uses)			
Interlocal agreement proceeds	2,197,656	2,197,656	-
Total other financing sources (uses)	<u>2,197,656</u>	<u>2,197,656</u>	<u>-</u>
Revenues and other sources over expenditures and other uses	(128,428)	741,415	869,843
Net position appropriated	<u>128,428</u>		<u>(128,428)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	741,415	<u>\$ 741,415</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, 2021

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

Revenues and other sources over expenditures and other uses	\$	741,415
Reconciling items:		
Principal retirement		799,477
Principal on new debt		(2,197,656)
Capital outlay		2,457,637
Disposal of capital assets - net		(3,081)
Capital asset contribution		16,391
Decrease in accrued vacation pay		1,721
Increase in deferred outflows of resources -pensions		21,519
Increase in deferred outflows of resources - OPEB		5,907
Increase in net pension liability		(53,368)
Decrease in deferred inflows of resources - pensions		359
Decrease in deferred inflows of resources - OPEB		436
Increase in OPEB liability		(9,628)
Depreciation		(727,168)
Amortization		(395,014)
Revenues from Capital Reserve Fund		24,350
Interest income from Capital Reserve Fund		38
Interest income from Water and Sewer Capital Fund		16,909
Water and Sewer Capital Fund expenses		(173,561)
Total reconciling items		<u>(214,732)</u>
Change in net position	\$	<u>526,683</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Nonoperating revenues:			
Interest earnings		\$ 16,909	
Total revenues	\$ 32,000	16,909	\$ (15,091)
Expenditures:			
Capital outlay	1,182,751	173,561	1,009,190
Total expenditures	1,182,751	173,561	1,009,190
Revenues over (under) expenditures	(1,150,751)	(156,652)	994,099
Net position appropriated	1,150,751	-	(1,150,751)
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ (156,652)</u>	<u>\$ (156,652)</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
System development fees		\$ 24,350	
Interest earnings		<u>38</u>	
Total revenues	\$ <u>25,000</u>	<u>24,388</u>	\$ <u>(612)</u>
Revenues over (under) expenditures	25,000	24,388	(612)
Other financing sources (uses):			
Transfer out	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 24,388</u>	<u>\$ 24,388</u>

City of Archdale, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater fees		\$ 495,077	
Total	\$ 493,000	495,077	\$ 2,077
Nonoperating revenues:			
Interest earnings		553	
Sale of capital asset		36,500	
Total	1,300	37,053	35,753
Total revenues	494,300	532,130	37,830
Expenditures:			
Salaries and employee benefits		221,114	
Contract services		111,011	
Other operating expenditures		79,024	
Capital outlay		144,923	
Total expenditures	688,574	556,072	132,502
Revenues over (under) expenditures	(194,274)	(23,942)	170,332
Net position appropriated	194,274	-	(194,274)
Revenues and other sources over expenditures and other uses	\$ -	\$ (23,942)	\$ (23,942)

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

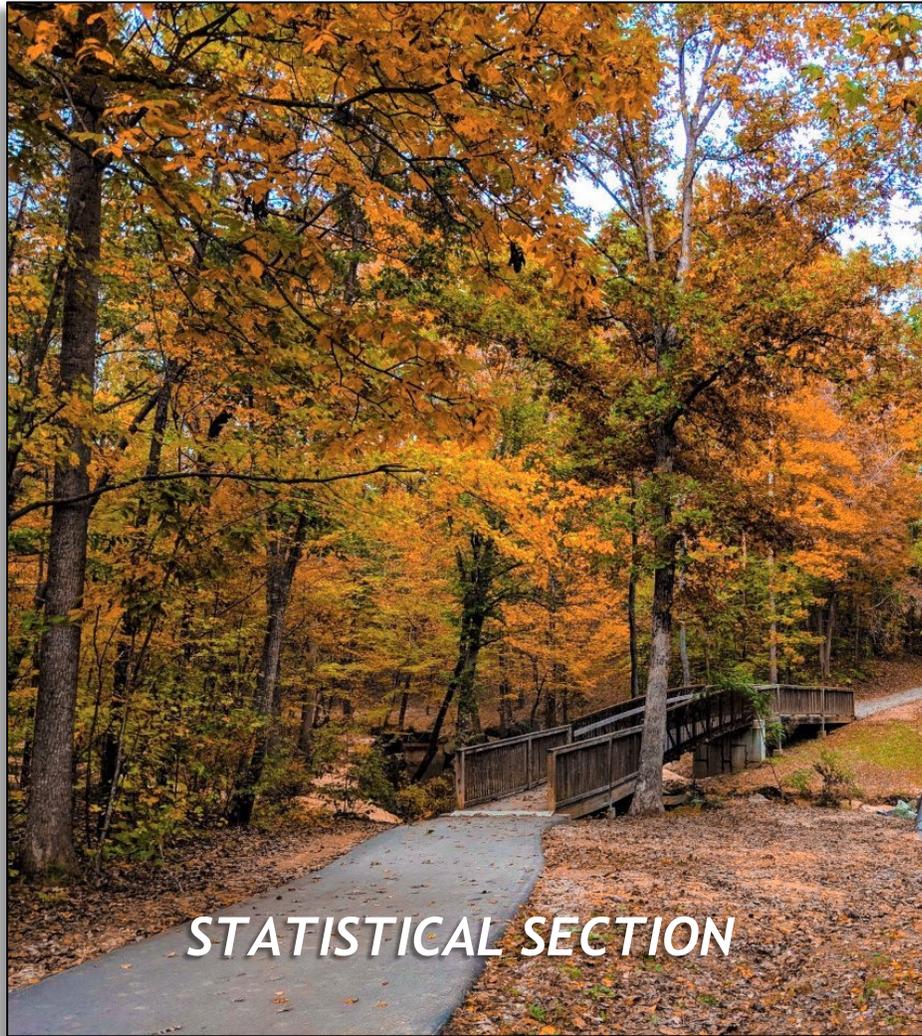
Revenues and other sources over expenditures and other uses	\$ (23,942)
Reconciling items:	
Capital outlay	144,923
Decrease in accrued vacation pay	761
Increase in deferred outflows of resources - pensions	9,509
Increase in deferred outflows of resources - OPEB	2,606
Increase in net pension liability	(23,580)
Decrease in deferred inflows of resources - pensions	159
Decrease in deferred inflows of resources - OPEB	194
Increase in OPEB liability	(4,233)
Depreciation	(86,989)
Total reconciling items	43,350
Change in net position	\$ 19,408

City of Archdale, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 3,172,824	\$ 3,154,434	\$ 18,390
2019-2020	19,195	-	13,024	6,171
2018-2019	7,564	-	4,948	2,616
2017-2018	2,495	-	749	1,746
2016-2017	1,887	-	755	1,132
2015-2016	809	-	88	721
2014-2015	495	-	92	403
2013-2014	2,457	-	8	2,449
2012-2013	1,817	-	-	1,817
2011-2012	1,869	-	4	1,865
2010-2011	1,353	-	1,353	-
	<u>\$ 39,941</u>	<u>\$ 3,172,824</u>	<u>\$ 3,175,455</u>	<u>37,310</u>
Less: allowance for uncollectible accounts:				
	General Fund			<u>10,000</u>
	Ad valorem taxes receivable - net			<u>\$ 27,310</u>
<u>Reconciliation to revenues:</u>				
	Ad valorem taxes - General Fund			\$ 3,142,560
	Reconciling items:			
	Interest collected			(9,493)
	Discounts allowed			41,043
	Taxes written off, releases and refunds			1,345
	Subtotal			<u>32,895</u>
	Total collections and credits			<u>\$ 3,175,455</u>

City of Archdale, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Year Ended June 30, 2021

	City - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 1,098,828,276	0.29	\$ 3,186,602	\$ 2,846,178	\$ 340,424
Penalties	-		-	-	-
Total	1,098,828,276		3,186,602	2,846,178	340,424
Discoveries:					
Current year taxes	10,368,276	0.29	30,068	30,068	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Abatements	(15,119,310)		(43,846)	(43,846)	-
Total property valuation	\$ 1,094,077,241				
Net levy			3,172,824	2,832,400	340,424
Uncollected taxes at June 30, 2021			(18,390)	(18,390)	-
Current year's taxes collected			\$ 3,154,434	\$ 2,814,010	\$ 340,424
Current levy collection percentage			99.42%	99.35%	100.00%



- ❖ 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 annual comprehensive 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 annual comprehensive 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net position:					
Governmental activities:					
Net investment in capital assets	\$ 11,981,198	\$ 12,827,900	\$ 12,998,897	\$ 13,245,910	\$ 13,990,727
Restricted	1,760,492	1,818,847	1,636,558	2,043,813	2,070,789
Unrestricted	<u>5,993,425</u>	<u>5,392,454</u>	<u>6,112,656</u>	<u>6,526,605</u>	<u>7,271,322</u>
Total governmental activities net position	<u>\$ 19,735,115</u>	<u>\$ 20,039,201</u>	<u>\$ 20,748,111</u>	<u>\$ 21,816,328</u>	<u>\$ 23,332,838</u>
Business-type activities:					
Net investment in capital assets	\$ 16,899,743	\$ 16,835,858	\$ 18,304,551	\$ 18,183,447	\$ 19,355,666
Restricted	-	-	-	-	-
Unrestricted	<u>5,309,889</u>	<u>6,265,831</u>	<u>5,489,605</u>	<u>6,231,492</u>	<u>6,345,377</u>
Total business-type activities net position	<u>\$ 22,209,632</u>	<u>\$ 23,101,689</u>	<u>\$ 23,794,156</u>	<u>\$ 24,414,939</u>	<u>\$ 25,701,043</u>
Primary government					
Net investment in capital assets	\$ 28,880,941	\$ 29,663,758	\$ 31,303,448	\$ 31,429,357	\$ 33,346,393
Restricted	1,760,492	1,818,847	1,636,558	2,043,813	2,070,789
Unrestricted	<u>11,303,314</u>	<u>11,658,285</u>	<u>11,602,261</u>	<u>12,758,097</u>	<u>13,616,699</u>
Total primary government net position	<u>\$ 41,944,747</u>	<u>\$ 43,140,890</u>	<u>\$ 44,542,267</u>	<u>\$ 46,231,267</u>	<u>\$ 49,033,881</u>
<hr/>					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net position:					
Governmental activities:					
Net investment in capital assets	\$ 14,217,643	\$ 15,359,566	\$ 17,209,967	\$ 17,579,389	\$ 18,255,346
Restricted	1,831,751	1,909,466	2,496,877	2,273,808	2,377,009
Unrestricted	<u>7,534,635</u>	<u>7,565,571</u>	<u>6,497,381</u>	<u>7,229,447</u>	<u>7,719,638</u>
Total governmental activities net position	<u>\$ 23,584,029</u>	<u>\$ 24,834,603</u>	<u>\$ 26,204,225</u>	<u>\$ 27,082,644</u>	<u>\$ 28,351,993</u>
Business-type activities:					
Net investment in capital assets	\$ 19,882,981	\$ 19,855,768	\$ 19,994,349	\$ 21,086,589	\$ 21,095,109
Restricted	-	-	19,074	64,565	88,952
Unrestricted	<u>6,667,220</u>	<u>7,658,090</u>	<u>8,342,330</u>	<u>8,048,355</u>	<u>8,561,539</u>
Total business-type activities net position	<u>\$ 26,550,201</u>	<u>\$ 27,513,858</u>	<u>\$ 28,355,753</u>	<u>\$ 29,199,509</u>	<u>\$ 29,745,600</u>
Primary government					
Net investment in capital assets	\$ 34,100,624	\$ 35,215,334	\$ 37,204,316	\$ 38,665,978	\$ 39,350,455
Restricted	1,831,751	1,909,466	2,515,951	2,338,373	2,465,961
Unrestricted	<u>14,201,855</u>	<u>15,223,661</u>	<u>14,839,711</u>	<u>15,277,802</u>	<u>16,281,177</u>
Total primary government net position	<u>\$ 50,134,230</u>	<u>\$ 52,348,461</u>	<u>\$ 54,559,978</u>	<u>\$ 56,282,153</u>	<u>\$ 58,097,593</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental activities:					
General government	\$ 731,161	\$ 1,225,340	\$ 1,241,317	\$ 1,235,682	\$ 1,289,975
Public safety	2,692,272	2,644,892	2,625,653	2,374,771	2,496,393
Transportation	927,569	871,805	884,759	736,193	773,384
Cultural and recreation	1,101,534	1,000,535	906,558	782,917	984,361
Environmental protection	740,371	731,280	748,514	768,301	764,780
Community Promotions	206,345	61,327	61,088	299,845	63,788
Interest on Long-Term Debt	68,302	78,434	70,457	63,813	45,123
Total Governmental Activities Expenses	<u>6,467,554</u>	<u>6,613,613</u>	<u>6,538,346</u>	<u>6,261,522</u>	<u>6,417,804</u>
Business-Type Activities:					
Water and Sewer	3,240,344	2,961,535	3,119,008	3,087,889	3,194,077
Stormwater	415,989	377,360	580,529	523,989	380,706
	<u>3,656,333</u>	<u>3,338,895</u>	<u>3,699,537</u>	<u>3,611,878</u>	<u>3,574,783</u>
Total primary government expenses	<u>\$ 10,123,887</u>	<u>\$ 9,952,508</u>	<u>\$ 10,237,883</u>	<u>\$ 9,873,400</u>	<u>\$ 9,992,587</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 97,968	\$ 146,546	\$ -	\$ -	\$ -
Cultural and recreation	148,713	145,000	160,977	152,241	170,949
Environmental protection	742,828	733,756	737,537	798,306	800,439
Operating grants and contributions:					
General government	-	4,095	25,511	8,000	11,010
Public safety	404,592	233,796	34,302	270,425	36,969
Transportation	309,328	318,987	329,160	336,331	309,426
Cultural and recreation	10,000	10,000	7,340	27,250	61,200
Environmental protection	7,818	6,524	7,086	7,580	487
Community promotions	-	-	-	231,847	7,682
Capital grants and contributions:					
General government	-	-	-	-	-
Transportation	-	-	-	-	713,350
Cultural and recreation	-	-	-	-	18,450
Total governmental activities program revenues	<u>1,721,247</u>	<u>1,598,704</u>	<u>1,301,913</u>	<u>1,831,980</u>	<u>2,129,962</u>
Business-type activities:					
Water and sewer:					
Charges for services	3,617,359	3,564,214	3,594,871	3,610,777	3,583,762
Operating grants and contributions	-	-	30,380	26,363	25,743
Capital grants and contributions	-	181,798	-	-	745,885
Stormwater:					
Charges for services	471,407	468,986	470,461	479,039	485,013
Operating grants and contributions	-	-	273,517	168,003	-
Total business-type activities program revenues	<u>4,088,766</u>	<u>4,214,998</u>	<u>4,369,229</u>	<u>4,284,182</u>	<u>4,840,403</u>
Total primary government program revenues	<u>\$ 5,810,013</u>	<u>\$ 5,813,702</u>	<u>\$ 5,671,142</u>	<u>\$ 6,116,162</u>	<u>\$ 6,970,365</u>

(continued)

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses					
Governmental activities:					
General government	\$ 1,359,290	\$ 1,531,883	\$ 1,628,795	\$ 2,064,020	\$ 1,997,765
Public safety	2,516,738	2,592,063	2,654,576	2,816,346	2,859,397
Transportation	845,365	823,364	897,076	828,688	824,078
Cultural and recreation	996,670	1,042,565	1,089,605	1,119,161	1,197,902
Environmental protection	770,273	798,534	826,516	889,737	949,781
Community Promotions	65,635	99,308	96,424	123,687	257,286
Interest on Long-Term Debt	42,180	39,361	24,642	-	-
Total Governmental Activities Expenses	<u>6,596,151</u>	<u>6,927,078</u>	<u>7,217,634</u>	<u>7,841,639</u>	<u>8,086,209</u>
Business-Type Activities:					
Water and Sewer	3,121,220	3,079,877	3,371,663	3,556,714	3,834,113
Stormwater	362,618	358,689	372,105	494,206	512,722
	<u>3,483,838</u>	<u>3,438,566</u>	<u>3,743,768</u>	<u>4,050,920</u>	<u>4,346,835</u>
Total primary government expenses	<u>\$ 10,079,989</u>	<u>\$ 10,365,644</u>	<u>\$ 10,961,402</u>	<u>\$ 11,892,559</u>	<u>\$ 12,433,044</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 18,085	\$ 19,567	\$ 24,796	\$ 17,500	\$ 16,225
Cultural and recreation	167,635	173,128	213,189	185,544	184,773
Environmental protection	811,143	827,247	830,262	836,600	896,931
Operating grants and contributions:					
General government	-	2,780	3,738	29,594	16,041
Public safety	26,684	30,711	123,345	68,878	254,672
Transportation	339,195	338,121	338,485	331,161	304,613
Cultural and recreation	25,000	130,000	39,400	42,001	37,231
Environmental protection	15,940	8,042	8,994	9,208	17,518
Community promotions	-	-	-	46,107	128,165
Capital grants and contributions:					
General government	-	17,882	904	10,370	-
Transportation	-	-	-	19,000	-
Cultural and recreation	-	179,600	136,292	27,148	74,672
Total governmental activities program revenues	<u>1,403,682</u>	<u>1,727,078</u>	<u>1,719,405</u>	<u>1,623,111</u>	<u>1,930,841</u>
Business-type activities:					
Water and sewer:					
Charges for services	3,703,570	3,823,802	3,967,487	4,157,853	4,295,429
Operating grants and contributions	26,376	27,167	-	3,899	-
Capital grants and contributions	87,928	-	19,074	119,742	40,741
Stormwater:					
Charges for services	491,207	493,498	494,660	494,094	495,077
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>4,309,081</u>	<u>4,344,467</u>	<u>4,481,221</u>	<u>4,775,588</u>	<u>4,831,247</u>
Total primary government program revenues	<u>\$ 5,712,763</u>	<u>\$ 6,071,545</u>	<u>\$ 6,200,626</u>	<u>\$ 6,398,699</u>	<u>\$ 6,762,088</u>

(continued)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total net (expense) revenue by program:					
Governmental activities:					
General government	\$ (633,193)	\$ (1,074,699)	\$ (1,215,806)	\$ (1,227,682)	\$ (923,161)
Public safety	(2,287,680)	(2,411,096)	(2,591,351)	(2,104,346)	(764,293)
Transportation	(618,241)	(552,818)	(555,599)	(399,862)	(56,106)
Cultural and recreation	(942,821)	(845,535)	(738,241)	(603,426)	(34,113)
Environmental protection	10,275	9,000	(3,891)	37,585	(6,380,835)
Community promotions	(206,345)	(61,327)	(61,088)	(67,998)	713,350
Interest on Long-Term Debt	(68,302)	(78,434)	(70,457)	(63,813)	(3,194,077)
Total Governmental activities	<u>\$ (4,746,307)</u>	<u>\$ (5,014,909)</u>	<u>\$ (5,236,433)</u>	<u>\$ (4,429,542)</u>	<u>\$ (10,639,235)</u>
Business-type activities:					
Water and sewer	377,015	784,477	506,243	549,251	485,013
Stormwater	55,418	91,626	163,449	123,053	(9,992,587)
Total Business-type activities	<u>\$ 432,433</u>	<u>\$ 876,103</u>	<u>\$ 669,692</u>	<u>\$ 672,304</u>	<u>\$ (9,507,574)</u>
Total net program (expense) revenue	<u>\$ (4,313,874)</u>	<u>\$ (4,138,806)</u>	<u>\$ (4,566,741)</u>	<u>\$ (3,757,238)</u>	<u>\$ (20,146,809)</u>
General revenues and transfers					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 2,700,949	\$ 2,752,837	\$ 2,833,307	\$ 2,686,039	\$ 2,708,328
Other taxes	1,811,266	1,858,454	1,926,888	241,978	1,269
Grants and contributions not restricted to specific programs	622,039	641,897	644,384	2,866,578	3,015,823
Investment earnings, unrestricted	23,258	17,548	23,086	28,944	33,256
Miscellaneous	44,494	48,259	285,060	60,260	45,676
Transfers	31,156	-	-	-	-
Total governmental activities general revenues and transfers	<u>\$ 5,233,162</u>	<u>\$ 5,318,995</u>	<u>\$ 5,712,725</u>	<u>\$ 5,883,799</u>	<u>\$ 5,804,352</u>
Business-type activities:					
Water and sewer:					
Investment earnings, unrestricted	20,037	15,954	22,775	26,719	20,484
Miscellaneous					
Transfers	-	-	-	-	-
Stormwater:					
Transfers	(31,156)	-	-	-	-
Total business-type activities general revenues and transfers	<u>\$ (11,119)</u>	<u>\$ 15,954</u>	<u>\$ 22,775</u>	<u>\$ 26,719</u>	<u>\$ 20,484</u>
Total primary government	<u>\$ 5,222,043</u>	<u>\$ 5,334,949</u>	<u>\$ 5,735,500</u>	<u>\$ 5,910,518</u>	<u>\$ 5,824,836</u>
Change in Net Position					
Governmental activities	486,855	304,086	476,292	1,454,257	(4,834,883)
Business-type activities	421,314	892,057	692,467	699,023	(9,487,090)
Total Change in Net Position	<u>\$ 908,169</u>	<u>\$ 1,196,143</u>	<u>\$ 1,168,759</u>	<u>\$ 2,153,280</u>	<u>\$ (14,321,973)</u>

(continued)

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total net (expense) revenue by program:					
Governmental activities:					
General government	\$ (1,341,205)	\$ (1,491,654)	\$ (1,599,357)	\$ (2,006,556)	\$ (1,965,499)
Public safety	(2,490,054)	(2,561,352)	(2,531,231)	(2,747,468)	(2,604,725)
Transportation	(506,170)	(485,243)	(558,591)	(478,527)	(519,465)
Cultural and recreation	(804,035)	(559,837)	(700,724)	(864,468)	(901,226)
Environmental protection	56,810	36,755	12,740	(43,929)	(35,332)
Community promotions	(65,635)	(99,308)	(96,424)	(77,580)	(129,121)
Interest on Long-Term Debt	(42,180)	(39,361)	(24,642)	-	-
Total Governmental activities	<u>\$ (5,192,469)</u>	<u>\$ (5,200,000)</u>	<u>\$ (5,498,229)</u>	<u>\$ (6,218,528)</u>	<u>\$ (6,155,368)</u>
Business-type activities:					
Water and sewer	696,654	771,092	614,898	724,780	502,057
Stormwater	128,589	134,809	122,555	(112)	(17,645)
Total Business-type activities	<u>\$ 825,243</u>	<u>\$ 905,901</u>	<u>\$ 737,453</u>	<u>\$ 724,668</u>	<u>\$ 484,412</u>
Total net program (expense) revenue	<u>\$ (4,367,226)</u>	<u>\$ (4,294,099)</u>	<u>\$ (4,760,776)</u>	<u>\$ (5,493,860)</u>	<u>\$ (5,670,956)</u>
General revenues and transfers					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 2,746,614	\$ 2,843,427	\$ 2,900,887	\$ 3,079,009	\$ 3,133,079
Other taxes	1,962	1,770	-	-	-
Grants and contributions not restricted to specific programs	3,324,876	3,454,666	3,618,849	3,737,166	4,203,643
Investment earnings, unrestricted	55,155	130,712	210,225	141,838	5,079
Miscellaneous	85,565	58,164	137,890	138,934	82,916
Transfers	-	-	-	-	-
Total governmental activities general revenues and transfers	<u>6,214,172</u>	<u>6,488,739</u>	<u>6,867,851</u>	<u>7,096,947</u>	<u>7,424,717</u>
Business-type activities:					
Water and sewer:					
Investment earnings, unrestricted	23,915	52,293	104,442	119,088	28,260
Miscellaneous	-	-	-	-	33,419
Transfers	-	-	-	-	-
Stormwater:					
Transfers	-	-	-	-	-
Total business-type activities general revenues and transfers	<u>23,915</u>	<u>52,293</u>	<u>104,442</u>	<u>119,088</u>	<u>61,679</u>
Total primary government	<u>\$ 6,238,087</u>	<u>\$ 6,541,032</u>	<u>\$ 6,972,293</u>	<u>\$ 7,216,035</u>	<u>\$ 7,486,396</u>
Change in Net Position					
Governmental activities	1,021,703	1,288,739	1,369,622	878,419	1,269,349
Business-type activities	849,158	958,194	841,895	843,756	546,091
Total Change in Net Position	<u>\$ 1,870,861</u>	<u>\$ 2,246,933</u>	<u>\$ 2,211,517</u>	<u>\$ 1,722,175</u>	<u>\$ 1,815,440</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Fund Balance					
General Fund					
Nonspendable:					
Prepaid items	\$ 40,998	\$ 32,815	\$ 5,589	\$ 5,501	\$ 1,431
Restricted:					
Stabilization by State Statute	784,361	798,295	856,550	996,555	1,138,833
Streets - Powell Bill	640,176	642,492	646,500	719,991	727,345
Public Safety	294,957	345,245	133,508	327,267	203,615
Assigned:					
Economic Development	306,036	331,036	356,036	375,191	441,691
Capital	-	-	-	894,695	1,614,896
Subsequent Year's Expenditure	136,700	37,300	7,363	-	-
Unassigned	4,675,575	5,175,320	6,123,899	5,925,258	5,858,299
Total general fund	<u>\$ 6,878,803</u>	<u>\$ 7,362,503</u>	<u>\$ 8,129,445</u>	<u>\$ 9,244,458</u>	<u>\$ 9,986,110</u>
All other governmental funds					
Restricted:					
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned:					
Capital Project Fund	1,192,404	196,084	-	-	-
Total all other governmental fund	<u>\$ 1,192,404</u>	<u>\$ 196,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Fund Balance					
General Fund					
Nonspendable:					
Prepaid items	\$ 23,941	\$ 136,118	\$ 15,824	\$ 11,162	\$ 11,584
Restricted:					
Stabilization by State Statute	1,043,101	1,119,896	1,695,177	1,367,630	1,585,605
Streets - Powell Bill	661,346	691,017	626,977	655,803	620,497
Public Safety	127,304	98,552	174,723	213,185	170,907
Assigned:					
Economic Development	511,191	577,134	606,621	626,621	651,621
Capital	3,014,232	3,027,481	2,819,198	1,934,500	2,500,000
Subsequent Year's Expenditure	-	-	119,469	1,514,072	877,199
Unassigned	5,537,795	5,429,516	3,984,040	4,539,905	5,354,722
Total general fund	<u>\$ 10,918,910</u>	<u>\$ 11,079,714</u>	<u>\$ 10,042,029</u>	<u>\$ 10,862,878</u>	<u>\$ 11,772,135</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>\$ 47,134</u>	<u>\$ 116,310</u>	<u>\$ 116,361</u>	<u>\$ -</u>

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

	2012	2013	2014	2015	2016
Revenues					
Ad Valorem Taxes	\$ 2,751,071	\$ 2,752,837	\$ 2,848,905	\$ 2,694,321	\$ 2,712,076
Other Taxes and Licenses	-	-	-	241,978	1,269
Unrestricted Intergovernmental	2,433,305	2,500,351	2,571,272	2,866,578	3,015,823
Restricted Intergovernmental	723,920	562,783	402,617	865,677	428,387
Licenses and Permits	97,968	146,546	232,618	9,290	12,440
Sales and Services	899,359	889,375	898,514	950,547	971,388
Investment Earnings	23,258	17,548	14,287	29,095	39,547
Miscellaneous	44,494	48,259	285,060	50,569	34,580
Total Revenues	6,973,375	6,917,699	7,253,273	7,708,055	7,215,510
Expenditures					
General Government	952,169	1,263,430	1,145,411	1,118,207	1,169,373
Public Safety	2,271,801	2,255,128	2,424,384	2,263,218	2,371,661
Public Works	846,889	815,423	793,030	695,746	728,270
Sanitation	740,371	731,280	748,514	768,301	764,780
Cultural and Recreation	903,314	807,290	712,622	618,871	800,747
Community Promotions	206,345	61,327	61,088	299,845	63,788
Capital Outlay	2,532,869	1,230,603	469,816	116,711	459,717
Debt Service:					
Principal	214,413	187,404	231,263	678,350	105,263
Interest	68,302	78,434	70,457	63,813	45,123
Total Expenditures	8,736,473	7,430,319	6,656,585	6,623,062	6,508,722
Excess of Revenues Over (Under) Expenditures	(1,763,098)	(512,620)	596,688	1,084,993	706,788
Other Financing Sources (Uses), Net					
Operating Transfers	31,156	-	170,254	-	-
Proceeds from Issuance of Deb	2,000,000	-	-	-	-
Insurance Recovery	-	-	-	30,020	-
Sale of Capital Assets	-	-	-	-	14,414
Restricted Donation & Fee In-lieu	-	-	-	-	20,450
Total Change in Fund Balance	\$ 268,058	\$ (512,620)	\$ 766,942	\$ 1,115,013	\$ 741,652
Debt Service as a Percentage of Noncapital Expenditures	4.56%	4.29%	4.88%	11.41%	2.49%

	2017	2018	2019	2020	2021
Revenues					
Ad Valorem Taxes	\$ 2,749,483	\$ 2,845,328	\$ 2,893,656	\$ 3,072,068	\$ 3,142,560
Other Taxes and Licenses	1,962	1,770	-	-	-
Unrestricted Intergovernmental	3,324,876	3,454,666	3,618,849	3,737,166	4,203,643
Restricted Intergovernmental	382,222	672,182	618,234	521,640	808,382
Licenses and Permits	18,085	18,015	12,825	17,500	16,225
Sales and Services	978,778	996,528	1,043,577	1,022,144	1,081,704
Investment Earnings	66,809	131,603	224,986	168,182	5,547
Miscellaneous	92,086	61,927	161,871	102,374	42,744
Total Revenues	7,614,301	8,182,019	8,573,998	8,641,074	9,300,805
Expenditures					
General Government	1,194,693	1,370,344	1,445,494	1,792,197	1,754,696
Public Safety	2,277,393	2,352,153	2,939,951	2,511,133	2,595,278
Public Works	788,192	762,947	834,060	699,709	701,967
Sanitation	770,273	798,534	826,516	889,737	949,781
Cultural and Recreation	789,375	836,989	823,275	847,594	900,775
Community Promotions	65,635	99,308	96,424	123,687	257,286
Capital Outlay	660,467	1,634,372	1,144,104	1,014,113	1,412,360
Debt Service:					
Principal	105,263	105,263	1,412,281	-	-
Interest	42,180	39,361	24,642	-	-
Total Expenditures	6,693,471	7,999,271	9,546,747	7,878,170	8,572,143
Excess of Revenues Over (Under) Expenditures	920,830	182,748	(972,749)	762,904	728,662
Other Financing Sources (Uses), Net					
Operating Transfers	-	-	-	-	-
Proceeds from Issuance of Deb	-	-	-	-	-
Insurance Recovery	-	-	-	-	-
Sale of Capital Assets	11,970	25,190	4,240	57,996	64,234
Restricted Donation & Fee In-lieu	-	-	-	-	-
Total Change in Fund Balance	\$ 932,800	\$ 207,938	\$ (968,509)	\$ 820,900	\$ 792,896
Debt Service as a Percentage of Noncapital Expenditures	2.44%	2.27%	17.10%	0.00%	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
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
2021	3,142,560	3,519,388	631,598	51,280	9,189	7,354,015
Change from 2012 to 2021	14.23%	94.31%	10.44%	3.37%	17.54%	41.65%

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

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

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

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

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

Fiscal Year	Real Property		Personal Property	Public Service Companies	Total	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Property Tax Rate (per \$100 Assessed Value)
	Assessed Value	Estimated Actual Value (1)	Assessed Value (2)	Assessed Value (3)	Assessed Value			
		Assessed Value	Assessed Value	Assessed Value	Assessed Value			
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
2021	853,173,869	979,545,051	214,313,409	26,589,963	1,094,077,241	1,220,448,423	89.65%	0.29

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

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

Real property in Randolph County was revalued on January 1, 2019. Next scheduled revaluation is in 2023

Real property in Guilford County was revalued on January 1, 2017. Next scheduled revaluation is in 2022.

(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
	2012	105.00%
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%
2021	87.32%	80.78%

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
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
2021	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, 2021 and 2012

		Fiscal Year 2021	
Taxpayer	Type of Enterprise	Assessed Valuation	Percent of Total Assessed Valuation
Hafele America Co	Architectural Hardware Manufacturer	\$ 23,196,973	2.12%
Sealy Inc.	Mattress Manufacturer	22,844,964	2.09%
J L Darr & Son	Real Estate Developer/Contractor	20,163,010	1.84%
Thomas Built Buses	Bus Manufacturer	16,952,541	1.55%
Daly GC INC	Hotel Developer/Management	8,071,261	0.74%
BMA Brookwood LLC	Property Management/Rental	7,823,340	0.72%
Duke Energy Carolinas LLC	Utility	7,561,801	0.69%
PST Properties	Property Management/Rental	6,308,200	0.58%
Piedmont Natural Gas	Utility	5,494,140	0.50%
Packaging Corp	Packaging Products Manufacturer	5,429,684	0.50%
Total		\$ 123,845,914	11.32%

		Fiscal Year 2012	
Taxpayer	Type of Enterprise	Assessed Valuation	Percent of Total Assessed Valuation
Sealy Inc.	Mattress Manufacturer	\$ 29,510,331	3.13%
J L Darr & Son	Real Estate Developer/Contractor	16,342,608	1.73%
Thomas Built Buses	Bus Manufacturer	13,884,219	1.47%
Hafele America Co	Architectural Hardware Manufacturer	11,481,505	1.22%
BMA Brookwood Apartments LLC	Property Management/Rental	8,413,890	0.89%
Billy R Walker	Real Estate Developer/Contractor	8,067,070	0.86%
Daly GC, Inc.	Hotel Developer/Management	7,739,150	0.82%
Alexandra Holdings, Inc.	Real Estate Developer/Management	6,168,990	0.65%
North State Telephone	Communications	5,998,633	0.64%
United Furniture Industries NC	Furniture Manufacturer	4,346,365	0.46%
Total		\$ 111,952,761	11.87%

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				
2012	\$ 2,739,467	\$ 2,697,923	98.48%	\$ 39,679	\$ 2,737,602	99.93%	\$ 1,865
2013	\$ 2,740,540	\$ 2,702,840	98.62%	\$ 35,883	\$ 2,738,723	99.93%	\$ 1,817
2014	\$ 2,827,226	\$ 2,802,234	99.12%	\$ 22,543	\$ 2,824,777	99.91%	\$ 2,449
2015	\$ 2,714,299	\$ 2,703,831	99.61%	\$ 10,065	\$ 2,713,896	99.99%	\$ 403
2016	\$ 2,751,528	\$ 2,743,898	99.72%	\$ 6,909	\$ 2,750,807	99.97%	\$ 721
2017	\$ 2,793,767	\$ 2,785,319	99.70%	\$ 7,316	\$ 2,792,635	99.96%	\$ 1,132
2018	\$ 2,878,704	\$ 2,869,950	99.70%	\$ 7,008	\$ 2,876,958	99.94%	\$ 1,746
2019	\$ 2,942,226	\$ 2,924,573	99.40%	\$ 15,037	\$ 2,939,610	99.91%	\$ 2,616
2020	\$ 3,120,385	\$ 3,101,190	99.38%	\$ 13,024	\$ 3,114,214	99.80%	\$ 6,171
2021	\$ 3,172,824	\$ 3,154,434	99.42%	N/A	\$ 3,154,434	99.42%	\$ 18,390

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, 99.32% 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
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%
2021	1,094,077,241	87,526,179	-	87,526,179	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 state and interlocal agreements, is \$5,281,787.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Direct and Overlapping Governmental Activities Debt
 June 30, 2021

<u>Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Percentage Applicable to Archdale</u>	<u>Amount Applicable to Archdale</u>
Randolph County			
Installment financing debt	\$ 161,854,755		
Total direct debt	<u>161,854,755</u>	8.76%	\$ 14,178,998
Guilford County			
General obligation bonds-utility	566,545		
General obligation bonds-other	562,388,455		
Unamortized bond premium	62,876,462		
Limited obligation bonds	16,845,000		
Installment financing debt	-		
Total direct debt	<u>642,676,462</u>	0.06%	<u>370,043</u>
Subtotal, overlapping debt			14,549,041
City of Archdale			
Installment financing debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 14,549,041</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			
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	1.57%	661
2018	1,412,281	117	5,624,059	465	7,036,340	1.34%	581
2019	-	-	4,757,577	391	4,757,577	0.87%	391
2020	-	-	3,883,608	316	3,883,608	0.71%	316
2021	-	-	5,281,787	443	5,281,787	0.99%	430

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 2020 and 2021 were calculated using personal income amounts for 2019, 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)
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	42,026	4.8%	4,790
2018	12,105	767,711	33,156,562	43,437	4.5%	4,707
2019	12,168	771,851	34,624,284	44,859	4.4%	4,591
2020	12,278	(5)	(5)	(5)	10.4%	4556
2021	11,923	(5)	(5)	(5)	5.6%	4359

- Source: (1) Office of Budget and Management for the State of North Carolina July 1, 2020 estimate is 11,923.
(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 August 2021 preliminary unemployment rate, not seasonally adjusted, is 5.6%
(4) Randolph County School Administration as of September 23rd, 2020.
(5) Information is unavailable.

CITY OF ARCHDALE, NORTH CAROLINA
Principal Employers For the Year
Fiscal Years Ended June 30, 2021 and 2012

Fiscal Year 2021			
Employer	Type of Enterprise	Number of Employees	Percentage of Randolph County Total Employment
Thomas Built Buses	Bus Manufacturer	1,531 *	2.583%
United Furniture of NC, LLC	Furniture Manufacturer	405 *	0.683%
Sealy, Inc.	Mattress Manufacturer	380	0.641%
Ace/Avant Concrete Construction Co., Inc.	Concrete Construction	265	0.447%
Hafele America Company	Architectural Hardware Manufacturer	261	0.440%
Randolph County Schools	Public School System	155 **	0.262%
Dar/Ran Furniture Industries, Inc.	Furniture Manufacturer	162	0.273%
Stickley Fine Upholstery	Furniture Manufacturer	153	0.258%
Future Foam, Inc	Foam Fabricatons	150	0.253%
Hubbell Industrial Controls, Inc	Industrial Controls Equipment	145	0.245%
Fiscal Year 2012			
Employer	Type of Enterprise	Number of Employees	
Thomas Built Buses	Bus Manufacturer	940 *	1.378%
United Furniture	Furniture Manufacturer	450 *	0.660%
Hafele America Co.	Architectural Hardware Manufacturer	350	0.513%
Sealy Inc.	Mattress Manufacturer	340	0.498%
Ace/Avant Concrete Construction	Concrete Construction	275	0.403%
Hendrix Batting Co	Cotton Batting Manufacturer	200	0.293%
Randolph County School District	Public School	179	0.262%
Hubbell Industrial Controls, Inc.	Commercial Equipment	176	0.258%
Stickley Furniture Company	Furniture Manufacturer	172	0.252%
Dar/Ran Furniture Industries, Inc	Furniture Manufacturer	140	0.205%

Information for 2021 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. 2021 RCS employee numbers include full-time employees only.

RCEDC reports the approximate number of employees in Archdale's industrial base is 4,753.

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

	2012	2013	2014	2015	2016
Public Safety:					
Calls for Service	12,553	11,844	12,473	13,340	12,633
Traffic Accidents	387	323	281	497	531
Vice/Narcotic Calls	64	117	76	72	71
Animal Control Calls	625	676	561	720	617
Planning & Zoning:					
Zoning Permits Issued	101	76	92	101	110
Complaints Investigated	216	282	144	109	149
Zoning Cases Prepared	16	14	7	11	15
Public Works:					
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:					
Summer Camp Participants	55	89	96	80	95
Youth Athletic Program Participants	910	842	777	795	768
Adult Athletic Program Participants				145	140
After School Program Participants	27	42	34	38	52
Senior Adult Participants	100	55	60	102	100
Utility System:					
Number of Water Accounts Billed - June	4,749	4,740	4,767	4,800	4,856
Gallons of Water Billed	254,446,067	254,268,107	250,304,784	255,853,844	245,930,570
Sewer Treatment Gallons	330,957,427	362,545,843	405,278,915	347,241,401	402,390,122

	2017	2018	2019	2020	2021
Public Safety:					
Calls for Service	13,426	12,855	12,570	12,922	11,673
Traffic Accidents	521	522	523	449	495
Vice/Narcotic Calls	164	208	158	135	130
Animal Control Calls	553	562	720	557	521
Planning & Zoning:					
Zoning Permits Issued	78	113	78	145	118
Complaints Investigated	186	128	257	248	246
Zoning Cases Prepared	28	11	12	19	16
Public Works:					
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:					
Summer Camp Participants	155	111	119	75	74
Youth Athletic Program Participants	754	789	770	600	535
Adult Athletic Program Participants	185	262	260	250	221
After School Program Participants	64	53	66	71	58
Senior Adult Participants	308	327	373	231	50
Utility System:					
Number of Water Accounts Billed - June	4,889	4,937	4,956	4,836	5,034
Gallons of Water Billed	246,531,294	246,538,860	258,433,555	251,438,139	251,532,674
Sewer Treatment Gallons	357,753,810	333,062,023	457,548,961	396,259,174	410,242,792

Sources: City Departments.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	9	10	11	15	15.5
Public Safety:					
Sworn Officers	25	25	25	25	25
Civilian	6	6	6	6	6
Public Works	5	5	5	5	3.5
Cultural & Recreation	8	8	8	6	6
General Fund	53	54	55	57	56
Enterprise Fund	12	10	10	10	11
City Total	<u>65</u>	<u>64</u>	<u>65</u>	<u>67</u>	<u>67</u>

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government	17	17	17	17	17
Public Safety:					
Sworn Officers	25	25	25	25	26
Civilian	6	6	6	6	6
Public Works	4.5	4.5	4.5	3	4
Cultural & Recreation	6	6	6	6	6
General Fund	58.5	58.5	58.5	57	59
Enterprise Fund	10.5	10.5	10.5	12	12
City Total	<u>69</u>	<u>69</u>	<u>69</u>	<u>69</u>	<u>71</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Municipal Facilities:	8	8	8	8	8
Public Safety:					
Police Vehicles	27	28	28	27	31
Public Works:					
Streets (Miles-Paved)	48.86	48.86	48.86	50.98	51.82
Streets (Miles-Unpaved)	2.24	2.24	2.24	1.24	1.24
Sidewalks (Linear Feet)	29,137	29,137	38,579	38,579	39,369
Culture and Recreation:					
Park Acreage	97.5	101.0	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	13,834	13,834	13,834	17,156
Utility System:					
Pump Stations	9	9	9	9	10

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Municipal Facilities:	8	9	9	9	9
Public Safety:					
Police Vehicles	32	30	30	30	35
Public Works:					
Streets (Miles-Paved)	53.37	53.37	53.37	53.37	53.37
Streets (Miles-Unpaved)	1.24	1.32	1.32	1.32	1.32
Sidewalks (Linear Feet)	43,466	43,510	43,510	44,334	44,334
Culture and Recreation:					
Park Acreage (1)	101.0	101.0	101.4	106.3	106.3
Tennis Courts	4	4	4	4	4
Ball Fields	6	6	6	6	3
Playgrounds	3	3	3	2	2
Sand Volleyball Courts	-	-	2	2	2
Outdoor Basketball Courts	-	-	-	1	1
Picnic Shelters	2	2	5	5	6
Greenways (Linear Feet)	17,448	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.



SINGLE AUDIT 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 the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Archdale, North Carolina, as of and for the year ended June 30, 2021, 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 November 15, 2021.

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 Town'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
November 15, 2021

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance Required by Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Archdale, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Government Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Archdale's major state programs for the year ended June 30, 2021. The City of Archdale's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Archdale's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Audits in North Carolina* and the state Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Archdale's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of Archdale's compliance.

Opinion on Each Major State Program

In our opinion, the City of Archdale complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 15, 2021

CITY OF ARCHDALE, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

State Awards

Internal control over state programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Powell Bill

2. Financial Statement Findings

None reported.

3. State Award Findings and Questioned Costs

None reported.

CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

None reported.

CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal Expenditures (Direct and Passed Through)	State Expenditures (Direct and Passed Through)
Federal Grants:			
Cash Programs:			
<u>U.S. Department of Treasury</u>			
NC Office of Management and Budget, NC Pandemic Recovery Office Randolph County			
Coronavirus Relief Fund	21.019	\$ 255,993	
Equitable Sharing Program	21.016	3,716	
<u>U.S. Department of Justice</u>			
Equitable Sharing Program	16.922	42,599	\$ -
Total assistance - federal programs		302,308	-
State Grants:			
Cash Assistance:			
<u>N.C. Department of Commerce:</u>			
N.C. Rural Infrastructure Authority Rural Economic Development Grant			
		-	\$ 127,973
<u>N.C. Department of Transportation:</u>			
Powell Bill			
		-	339,919
<u>N.C. Department of Natural and Cultural Resources:</u>			
Division of Parks and Recreation Parks & Recreation Trust Fund			
		-	86,177
<u>N.C. Department of Environmental Quality:</u>			
Division of Environmental Assistance & Customer Service Community Waste Reduction and Recycling Grant Program			
		-	6,000
Total assistance		\$ 302,308	\$ 560,069

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Archdale under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Archdale, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Archdale.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

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