

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF ARCHDALE
NORTH CAROLINA

**FISCAL YEAR ENDING
JUNE 30, 2022**



CITY OF ARCHDALE
NORTH CAROLINA

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2022

Prepared by the
City of Archdale
Finance Department



CITY OF ARCHDALE, NORTH CAROLINA

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INTRODUCTORY SECTION

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CITY OF ARCHDALE

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P.O. BOX 14068
ARCHDALE, NORTH CAROLINA 27263

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November 9, 2022

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, 2022. 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, 2022. 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 2022 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. Based on the audit, the independent auditor concluded 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, 2022, 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. Separation of duties, timely bank reconciliation, and presentation of monthly financial summaries to City Council are a few of the controls utilized in the City's control environment.

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, tobacco farming, 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, Stickley Fine Furniture, Lancaster Custom Crafted Upholstery, 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 courts, outdoor basketball court, Barkdale dog park, and a disc golf course. The Archdale Public Library, the Senior Center, and Randolph Community College (Archdale Center) are also located in or adjacent to Creekside Park.

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

PROFILE OF THE GOVERNMENT

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

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

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

In addition to visiting City Hall or attending monthly City Council meetings, citizens in Archdale have many ways to communicate and interact with their local government. The City uses social media and an updated website (www.archdale-nc.gov) for marketing events and programs throughout the community. These tools also provide citizens with valuable information about meeting agendas/minutes, City ordinances, utility accounts, and contact information for staff. On the website citizens can choose to be included in notifications generated by City staff about events and local emergencies. Additionally, citizen concerns can be submitted via the SeeClickFix app for staff to review. Finally, a quarterly newsletter, "In The Loop", is included with utility billing statements and offers a snapshot of events taking place around the City.

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. The EDC's largest marketed property is the Greensboro-Randolph Mega Site which spans ~1,900 acres in the northeastern quadrant of the County. In December 2021, it was announced that Toyota Motor North America had selected the Mega Site for production of lithium-ion batteries. Phase 1 of the project included a \$1.29B investment and the creation of 1,750 jobs. Anticipated future phases will more than double the investment and job creation numbers. It is expected that the entire region will be impacted by this announcement. In Archdale specifically, residential growth from the needed workforce and industrial expansion from supply chain industries are anticipated.

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/industrial ventures are meeting regularly with Archdale planning staff. Archdale remains an attractive location for developers because of its low taxes, prime location, and available water and sewer utilities.

INITIATIVES

The City of Archdale finds itself in an enviable position as the country emerges from the COVID-19 pandemic. Much of this good fortune is tied to geography and regional economic development achievements. However, the leadership of a stable body of elected officials and efforts of a professional staff have contributed to the bright future of Archdale. Our community is poised to grow substantially in the coming years. It is our mission to ensure that Archdale's quality of life remains high, and that the growth is sustainably managed.

NCDOT has acknowledged the expected growth in the community with the planned upgrades of several major thoroughfares and highway interchanges. In the coming years, Archdale Road, Main Street, NC-62, and Surret Drive will be modernized for better traffic flow and improved safety. The I-85 interchanges at NC-62 (2026) and Main Street (2028) are the first projects scheduled for completion. These changes represent investment in our community by the State of North Carolina to address anticipated growth in the region.

On a more local level, Archdale has strategically planned for future growth as well. The Plan Archdale Comprehensive Plan was adopted in December 2020 with considerable input from the community regarding the Archdale of tomorrow. Primary goals coming from Plan Archdale include modernization of N. Main Street, establishment of a downtown gathering place, and preparations for a possible Commerce Park near I-85 and NC-62. Efforts are ongoing to establish foundations for success on these goals. Additionally, more immediately achievable results of Plan Archdale are taking shape; LED street lighting replacements on Main Street, enhancing the visibility of arts in the community, expanding park offerings, and the planned addition of greenways and sidewalks.

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 FY22, improvements to Creekside Park included an expanded security camera system, new LED lighting in the recreation center, safety improvements on Mose Drive, and the creation of 3 new baseball fields along Park Drive where one large ballfield had previously been located. Additionally, progress is being made in the planned redevelopment of the Aldridge Ballfield property. The City acquired this 7.4-acre tract in 2021 and intends to update and modernize the park offerings for the nearby neighborhoods in the coming years. Plans are currently being made so that grant funding may be applied for in the coming years.

The Archdale Police Department (APD) continues to focus on maintaining community relations. While transitioning from retired Chief Shannon Craddock to newly appointed Chief David Jones, the department is working hard to attract and retain officers and telecommunications staff. The competition in the job market is stiff and filling existing positions and 4 newly created patrol positions has proven challenging. The department is well-supported, however, by the community and our elected officials. In FY22, the effort to incorporate body cameras (in addition to in-car and weapon-mounted cameras) on each patrol officer continued. Additionally, emergency response gear was purchased and drainage work around the Police Department was completed.

Internet and network security remained critically important in FY22. The number of cyber-attacks on businesses and government agencies has not decreased. So, in addition to numerous software and hardware measures in place, the IT department sought outside assistance from the North Carolina National Guard (NCNG). The NCNG offers to complete Security Assessment Reports for local governments. The results of this study showed strengths and weaknesses of the City's network security and offered recommended best practices for areas of concern. With much praise for the IT staff, the report concluded that the City demonstrated "a robust and effective vulnerability management program" and that "Archdale has a largely effective cyber security program" in place.

Maintaining the City's water distribution and sewer collection systems remains a priority. In 2021 the City was awarded a \$135,000 Asset Inventory and Assessment (AIA) grant from the North Carolina Department of Environmental Quality (NCDEQ) for evaluating the sewer system. This project is ongoing and will help guide investment and maintenance decisions going forward. In 2022, the City applied for an AIA grant to study the water system. The grant was approved in the amount of \$242,000 to map and evaluate the water system. Additionally, a rate study will be completed to ensure the sustainability of the utility's rate structure.

In the coming years, many challenges will be encountered, and capital projects in all funds will come due. While the City is financially stable, funding from the American Rescue Plan, state appropriations, and future grants will be sought to help maximize the results of these projects. We are grateful for the support of our citizens and the City Council as we move forward meeting the needs and expectations of our community.

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. Grant project ordinances are adopted for special revenue funds received by the City from the American Rescue Plan Act (ARPA) and North Carolina State Capital and Infrastructure (SCIF) budget appropriations.

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 is also used to schedule equipment and vehicle replacements, as well as requests for professional services. This plan includes capital purchases and projects ranging from equipment purchases to recreation center expansion and new greenway trails/sidewalks. The FY23 general fund budget includes over \$4,250,000 in capital expenditures. 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.

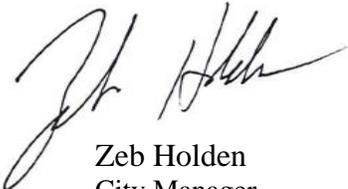
AWARDS AND ACKNOWLEDGMENTS

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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. 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 want to express sincere gratitude to the City's employees. In challenging times, they have continually risen to the occasion. They are dedicated and talented public service professionals and we 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

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



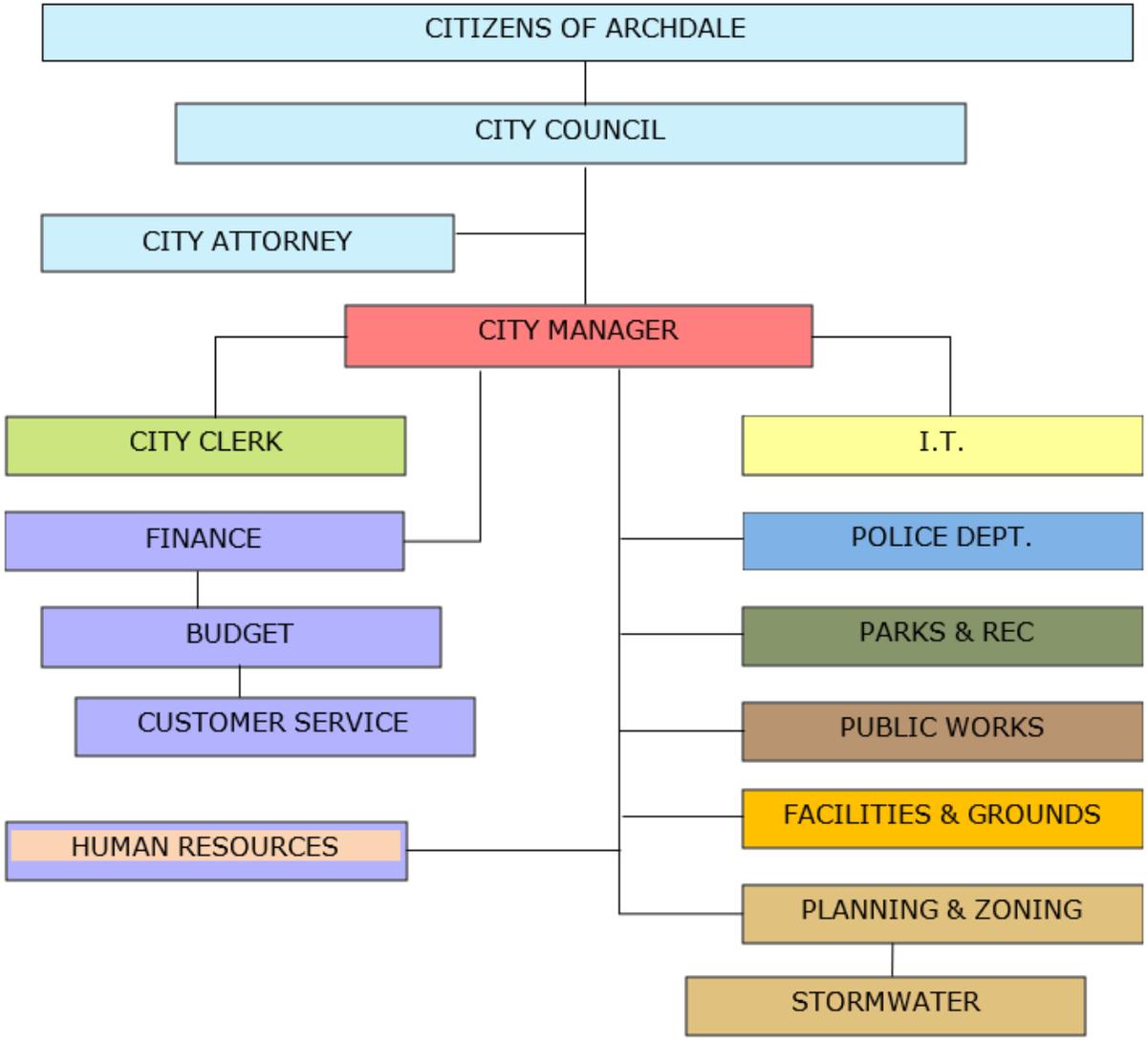
Tim
Williams
At Large



Lorie
McCroskey
At Large

Zeb Holden	City Manager
Beth Koonce	City Attorney
Susan Swaim	City Clerk
Lori Nurse	Finance Director
David Jones	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**



FINANCIAL SECTION

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



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, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Archdale, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note VI to the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Archdale's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Archdale's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Archdale's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 Governmental 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 is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Archdale's basic financial statements. The individual fund financial statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2022 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 9, 2022

CITY OF ARCHDALE

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

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, 2022. 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 \$60,479,009. (net position)
- The government's total net position increased by \$2,381,416 with increases in both governmental activities and business-type activities net position.
- Governmental activities include two new funds this year, the American Rescue Plan Act (ARPA) Fund and the State Capital and Infrastructure Fund (SCIF) Fund. These funds account for restricted cash received from federal and state grants.
- Net position in the business-type activities increased by \$868,342, of which \$848,91 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 \$12,964,866, an increase of \$1,192,731 in comparison with the prior year. Approximately 80 percent of this total amount, or \$10,399,968 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 (6%).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,377,754 or 49 percent of total general fund expenditures for the fiscal year.
- The fund balance for the General Fund includes \$676,621 assigned by City Council to be used for possible future economic development incentives and \$2,000,000 assigned for capital expenditures.

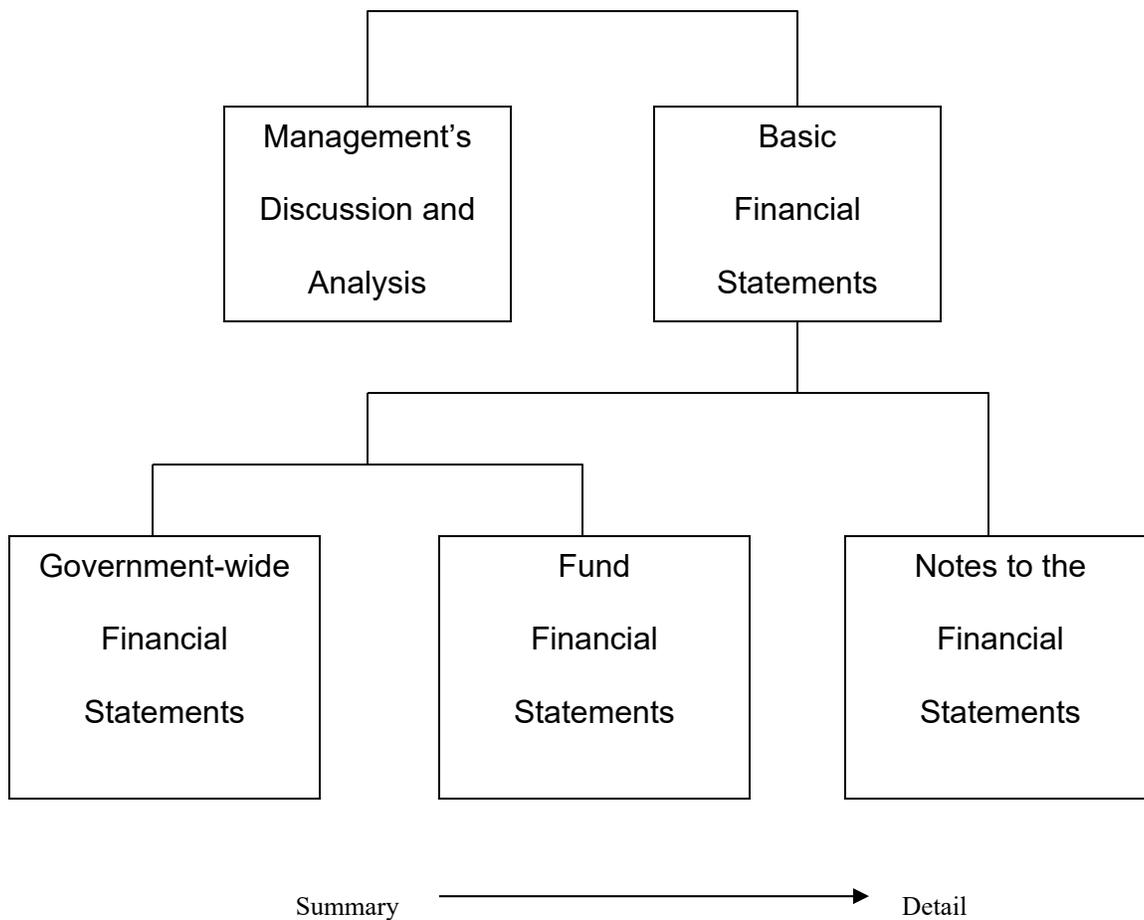
Overview of the Financial Statements

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, 2022

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2022

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, federal grants, state grants, 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.

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.

CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2022

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the Fiduciary Fund statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Archdale's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information immediately follows the Notes to the Financial Statements.

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

Government-Wide Financial Analysis

The City of Archdale's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 16,357,916	\$ 12,507,054	\$ 10,866,144	\$ 9,495,780	\$ 27,224,060	\$ 22,002,834
Capital and other non-current assets	18,433,354	18,255,346	25,502,780	26,376,896	43,936,134	44,632,242
Total assets	34,791,270	30,762,400	36,368,924	35,872,676	71,160,194	66,635,076
Deferred outflows of resources	1,315,433	1,218,427	204,974	179,475	1,520,407	1,397,902
Long-term liabilities outstanding	1,330,115	2,429,594	4,155,413	5,032,974	5,485,528	7,462,568
Other liabilities	3,554,218	918,604	1,416,047	1,262,547	4,970,265	2,181,151
Total liabilities	4,884,333	3,348,198	5,571,460	6,295,521	10,455,793	9,643,719
Deferred inflows of resources	1,357,303	280,636	388,496	11,030	1,745,799	291,666
Net position:						
Net investment in capital assets	18,391,402	18,255,346	20,761,897	21,095,109	39,153,299	39,350,455
Restricted	2,524,178	2,377,009	112,564	88,952	2,636,742	2,465,961
Unrestricted	8,949,487	7,719,638	9,739,481	8,561,539	18,688,968	16,281,177
Total net position	\$ 29,865,067	\$ 28,351,993	\$ 30,613,942	\$ 29,745,600	\$ 60,479,009	\$ 58,097,593

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 \$60,479,009 as of June 30, 2022. The City's net position increased by \$2,381,416 for the fiscal year ended June 30, 2022. However, the largest portion (64.7%) 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 \$18,688,968 is unrestricted.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2022

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

- Unrestricted cash increased by 13% to \$11,124,559.
 - Ad valorem revenue exceeded budget estimates by \$81,715.
 - Sales tax revenue exceeded original budget estimates by \$379,607.
- The liability for compensated absences was consistent with the prior year. A prior year change in policy for holiday accrual in the police department resulted in a decrease from previous years' balances. 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. The conversion to sick leave plus leave time used by employees roughly equated to the value of time earned. Employee sick leave balances add value to the calculation of monthly retirement benefits.
- 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 plan for the future and operate on a pay-as-you-go system.
- The Archdale Police Department used \$33,289 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 used these funds to support the K-9 program, purchase emergency response gear for police officers, and repair the transmission in a special use vehicle. 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 9% by \$122,505.
- Total OPEB liability decreased \$148,389 to \$259,684. This is an implicit liability since the retired employee pays the full cost of insurance under the City's plan. The total OPEB liability, deferred inflows, and deferred outflows changed in part for the following reasons:
 - There was an inflow due to the differences between actual and expected experience due to the premiums increasing less than expected.
 - The participation rate was lowered from 50% to 25%, resulting in an inflow.
 - The discount rate was changed from 2.21% to 2.16% resulting in an outflow.
 - The medical trend was updated, resulting in an outflow.
 - The recommendations from the 2019 experience study for the LGERS pension plan were adopted. Assumptions were updated for salary increase rates, retirement rates, termination rates, disability rates, pre-retirement mortality and post-retirement mortality, which collectively resulted in a net outflow.
- The net pension liability for LEOSSA decreased by \$72,543 to \$430,866. The plan net position as of the December 31, 2021 included net investment income of \$85,791. Investment results since that date have declined.
- The City's net pension liability for LGERS decreased from \$1,885,697 to \$749,622, of which \$623,296 is attributed to governmental funds.
- Continued focus on maintenance of City facilities to increase the useful life of assets and ensure safe use of the assets. Lighting upgrades to LED, replacing and tinting windows, adding drainage systems, and replacing a sidewalk at the library entrance are just a few of these projects.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2022

The City of Archdale's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,214,436	\$ 1,097,929	\$ 5,155,087	\$ 4,790,506	\$ 6,369,523	\$ 5,888,435
Operating grants and contributions	584,167	758,240	-	-	584,167	758,240
Capital grants and contributions	216,505	74,672	23,450	40,741	239,955	115,413
General revenues:						
Taxes	3,370,920	3,133,079	-	-	3,370,920	3,133,079
Grants and contributions not restricted to specific programs	4,763,585	4,203,643	-	-	4,763,585	4,203,643
Unrestricted investment earnings	19,782	5,079	21,538	28,260	41,320	33,339
Other	13,967	82,916	-	33,419	13,967	116,335
Total revenues	10,183,362	9,355,558	5,200,075	4,892,926	15,383,437	14,248,484
Expenses:						
General government	2,109,177	1,997,765	-	-	2,109,177	1,997,765
Public safety	3,134,455	2,859,397	-	-	3,134,455	2,859,397
Transportation	917,099	824,078	-	-	917,099	824,078
Environmental protection	969,167	949,781	-	-	969,167	949,781
Cultural and recreation	1,327,615	1,197,902	-	-	1,327,615	1,197,902
Community promotions	181,022	257,286	-	-	181,022	257,286
Water and sewer	-	-	3,879,828	3,834,113	3,879,828	3,834,113
Stormwater	-	-	483,658	512,722	483,658	512,722
Total expenses	8,638,535	8,086,209	4,363,486	4,346,835	13,002,021	12,433,044
Increase in net position before transfers	1,544,827	1,269,349	836,589	546,091	2,381,416	1,815,440
Transfers	(31,753)	-	31,753	-	-	-
Increase in net position	1,513,074	1,269,349	868,342	546,091	2,381,416	1,815,440
Net position, beginning	28,351,993	27,082,644	29,745,600	29,199,509	58,097,593	56,282,153
Net position, June 30	\$ 29,865,067	\$ 28,351,993	\$ 30,613,942	\$ 29,745,600	\$ 60,479,009	\$ 58,097,593

Governmental Activities: Governmental activities increased the City's net position \$1,513,074, thereby accounting for 63.5% of the total growth in the net position of the City of Archdale. Key elements of this increase are as follows:

- Current assets increased by more than the increase in current liabilities.
- Governmental activities restricted cash for advanced grants in the ARPA and SCIF funds total \$2,271,999. These funds are offset by a payable from restricted assets liability account.
- The City's proportionate share of the net pension liability for the LGERS decreased from \$1,885,697 to 749,622. The decrease for governmental activities is \$944,623 and compares to the prior year's increase of \$379,658. 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.
- Net investment in capital assets increased \$136,056. The YMCA donated unused ballfield property to the City. A small parcel of land adjacent to Creekside Park was donated by the community college. Depreciation expense exceeded capital outlay by \$13,852. Assets disposed of during the year were fully depreciated.
- The Police Department entered into an installment purchase agreement for phase one of police body cameras.
- Real property was purchased for greenway expansion.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2022

Business-Type Activities: Business-type activities increased the City of Archdale's net position by \$868,342, accounting for 36.4% 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 \$20,251 to \$1,331,160. Net investment in capital assets increased by \$66,774. A new mini excavator was purchased. 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 \$848,091.
- Charges for services in the Water and Sewer Fund increased 5.3%. Water and sewer rates increased by 4%.
- 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. As a consequence, Archdale must pay its share of capital upgrade projects. Generally, High Point allows partners to participate in the underlying debt service for the projects or pay the full share about one year after project completion. The City has two interlocal loans related to the sewer treatment plant totaling \$2,273,060 and requiring annual debt service of \$169,414.
- 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 PTRWA modified the interest rate on revenue bonds from 2.75% to 1.7339%. This reduced Archdale's debt service-related annual payment to PTRWA from \$343,058 to \$332,220. This will save over \$75,000 in interest charges over the remaining life of the bonds.
- The decrease in LGERS pensions liability is allocated \$132,784 to the water and sewer fund and \$58,668 to the stormwater fund. The liability as of June 30 is \$87,616 and \$38,710, respectively.
- 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.
- Due to the implementation of GASB Statement No. 87 lease guidance, the City recognized a non-current lease receivable of \$98,979, for two cell tower companies leasing space on and around the water tank. A deferred inflow of \$161,388 was recognized for the two leases.

Financial Analysis of the City Funds

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

The Archdale City Council has adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least equal to or greater than 50% of general fund operating expenditures, as defined in the policy. The policy includes fund balance assignments for economic development and capital expenditures.

Governmental Funds: The focus of the City of Archdale's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Archdale's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Archdale. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,377,754 with total fund balance of \$12,960,865. 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 49.6% of total General Fund expenditures, while total fund balance represents 147% of that same amount.

CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2022

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

- Collections of current year tax revenues increased 7.5% over the prior year. This is primarily due to an increase in the ad valorem tax rate from 29¢ to 31¢ per \$100 of assessed property value. Also, the City's total assessed value increased slightly over the previous year. Randolph and Guilford Counties bill and collect property taxes due to the City of Archdale. The percentage of the net levy collected was 99.42%. Property taxes on registered motor vehicles are collected by the NCDMV along with registration renewals.
- Sales tax revenue increased 10.2% over the prior year. Year over year increases have ranged from 5.1% to 15.2% for the eight most recent fiscal years. The underlying costs of goods and services have increased over the last year. The low unemployment levels and increases in pay rates have kept consumer spending from declining despite inflationary pressures. The shift to online shopping for goods during the pandemic continues to have a positive impact on sales tax revenues.
- Customers pay monthly fees for waste disposal and recycling. These fees are established to generate revenue to cover the direct cost of the related services provided by a third-party contractor. There were no changes to customer fees for fiscal year 2022. The cost of sanitation services exceeded revenues by \$13,044. For the third year in a row, the fees did not cover the cost of sanitation services. The City's contracts for these services will be renegotiated during fiscal year 2023.
- With the help of an insurance broker, the City has negotiated medical, dental, vision, and life insurance benefit rates with an increased rates on dental and medical insurance. Employees portion of medical insurance payroll deduction increased from \$35 per month to \$36.50 per month to offset some of the increase. The health insurance provider also supports the City's wellness program through expense reimbursements.
- The trend of declining revenues from the utility sales tax distribution for electricity, telecommunications, natural gas, and video programming, continues with a combined decrease of \$9,799 in the current year. Tax on telecommunications was the area of the largest 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. Tax revenues for both of these services increased slightly over the past year's level.
- The City charges participation fees for sports programs, childcare programs, facility rentals, and special events. These fees are not intended to cover the cost of the related services. Recreation fee revenue increased due to increased participation and the return of some programs suspended during the pandemic, such as youth basketball.
- Actual expenditures were 77.9% of budgeted expenditures, which is consistent with prior years.
- 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 \$349,658, which is about \$45,000 more than last year's amount and fund balance restricted for transportation decreased by \$20,511.
- Fund balance restricted for public safety increased \$17,052 to \$187,979. The police department received revenue of \$47,848. 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.

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, 2022 were made for the following reasons:

- Demolition of a house and clearing of land on property purchased by the City for right-of-way for future street improvements on Main Street.
- Decrease budget for police vehicles that were moved forward to the FY21 budget to place an order prior to the start of the fiscal year for hard-to-get vehicles.
- Concrete work at the library entrance.
- Increase funding of intersection street improvement project in Creekside Park.
- Order supplies needed in the future by the police department to allow for extended delivery times.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2022

- Upgrade streetlights on Main Street to LED.
- Purchase available property for future greenway construction.
- Increase revenue for Randolph County strategic planning funds designated for an Archdale greenway project.
- Increase sales and use tax revenue based on new estimates.
- Purchase property to expand public works facilities.
- Consideration of an economic development opportunity.
- Increased audit costs due to increased expenditures of federal and state funding.
- New fuel storage system for faculties and grounds operations.
- Unexpected vehicle maintenance and repairs and any related insurance proceeds.
- Purchase of lawn mowers before the start of mowing season.
- SCIF grant project ordinance for greenway construction, greenway maintenance, and equipment shelter construction.
- Premium pay and law enforcement services from ARPA funds.
- Installment financing of police body-worn cameras.
- Off-road diesel fuel and equipment repair.

Special Revenue Project Funds: Two funds have been established to account for restricted cash received for various projects.

The ARPA Fund is used to account for the City's \$3,669,164 allocation of federal funds received under the Coronavirus State and Local Fiscal Recovery Fund program of the American Rescue Plan Act (ARPA). The City used \$164,660 to provide premium pay to essential workers under U.S. Treasury rules. An additional \$48,475 was used for law enforcement services under the Revenue Replacement category of expenditures. This fund is budgeted for the life of the projects. The budget will be amended to provide governmental services as determined by the Archdale City Council in response to community needs.

The State Capital and Infrastructure Fund (SCIF) is used to account for three project grants awarded to the City from the State of North Carolina budget appropriations. The projects are \$200,000 to build an equipment shelter at the Public Works Facility, \$300,000 for greenway construction and \$150,000 for greenway maintenance. All interest earned on these funds will also be spent on the projects.

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 \$8,670,648 and \$1,068,833 respectively. Other factors concerning the finances of been addressed in the discussion of the City's business-type activities. Both funds were amended during the fiscal year to allow for retention pay, premium pay and related transfer from ARPA for premium pay.

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, 2022, totals \$43,837,155 (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:

- Purchase of real property and demolition of structures for future street improvements and greenway expansion.
- Donations of real property received for park development and expansion.
- Mowers
- Six fully equipped police vehicles, handheld radios, and in-car/body cameras.
- Building purchase for Public Works.
- Service truck and snowplow for Public Works.
- Light pole additions and coach pitch field/two t-ball field renovations at the park.
- Security camera additions at the park.
- Pumpstation pumps and an equipped box truck from the Water and Sewer Fund.
- Mini excavator from the Stormwater Fund.

CITY OF ARCHDALE
Management’s Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2022

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land, streets, and rights-of-way	\$ 8,869,903	\$ 8,425,639	\$ 414,974	\$ 415,900	\$ 9,284,877	\$ 8,841,539
Construction in progress	98,160	209,158	14,331	-	112,491	209,158
Water rights	-	-	7,100,708	7,318,013	7,100,708	7,318,013
Water treatment rights	-	-	4,263,188	4,511,861	4,263,188	4,511,861
Buildings and systems	5,850,026	5,922,583	-	-	5,850,026	5,922,583
Improvements other than buildings	2,298,293	2,429,435	20,173	21,868	2,318,466	2,451,303
Equipment and vehicles	1,231,907	1,169,603	1,757,724	1,711,374	2,989,631	2,880,977
Computer software	85,065	98,928	22,581	30,080	107,646	129,008
Water distribution system	-	-	2,655,356	2,806,297	2,655,356	2,806,297
Sewer collection system	-	-	9,154,766	9,561,503	9,154,766	9,561,503
Total	\$ 18,433,354	\$ 18,255,346	\$ 25,403,801	\$ 26,376,896	\$ 43,837,155	\$ 44,632,242

Additional information on the City’s capital assets can be found in note II.A.6 of the Basic Financial Statements.

Long-Term Debt: As of June 30, 2022, the City of Archdale Water and Sewer Fund had total debt outstanding of \$4,641,904. There is only one year 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. 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 \$88,071,716.

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

Economic Factors and Next Year’s Budgets and Rates

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

- The North Carolina Department of Commerce’s July County and Area Employment Figures reports eighty-six of the hundred counties have unemployment rates 5% or below. When compared to the same month last year, not seasonally adjusted unemployment rates decreased in all 100 counties. The unemployment rate for Randolph County is 3.6%
- The Office of Budget and Management for the State of North Carolina reports Archdale’s population estimate as of July 1, 2021 at 12,027, an increase of 104.
- Easy access to quality healthcare, education facilities, and recreation.
- Located on interstate highway system with close access to several larger cities with international airports. North Carolina has the second largest interstate highway system in the country.
- In 2021, Toyota announced an initial investment of \$1.29 billion for battery production and the creation of 1,750 new jobs at the Greensboro-Randolph Megasite in Liberty. In August of 2022 Toyota announced an additional investment of \$2.5 billion and 350 additional jobs at Toyota Battery Manufacturing North Carolina (TBMNC). Scheduled to begin production in 2025, the facility will produce batteries for hybrid electric vehicles (HEV) and BEVs.
- Applications for additional residential, commercial, and industrial units are in various stages of the City review process.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2022

- Archdale has several large tracts of land with access to water and sewer services.
- The City's planning department is continuing to work with a consultant for the development of downtown gathering space, commerce parks, and improvements for economic development as identified in the *Plan Archdale!* Comprehensive Plan, adopted in December 2020.
- The interstate brings traffic to support the many regional restaurant chains, hotels, and gas stations in Archdale.
- 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 76.64% of market value. The next revaluation is scheduled for 2023.
- The community college system works with local industry and economic development professionals to provide free customized training. Apprenticeship Randolph offers high school juniors and seniors skills and experience through on-the-job training.
- 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 largest number of employees in Archdale work in manufacturing or health care and social assistance. 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, 2023

Governmental Activities: The property tax rate remained at 31 cents per one hundred dollars of property value. Sales tax revenue is budgeted 3% higher than what was received in fiscal year 2022. The cost of a monthly service for a garbage cart is increasing forty cents to \$12.90 due to an increase in the cost of this contracted service. The original budget includes an increase of restricted fund balance of \$13,930 and an appropriation from unrestricted fund balance of \$3,342,430. The beginning budget for capital expenditures is \$4,261,979.

Budgeted expenditures in the original budget for the General Fund are \$13,524,900, compared to last year's final budget of \$11,320,172. The budget for the fiscal year ending June 30, 2023 has already been amended to \$13,686,780 for the following:

- Increase the library appropriation for contract payments to Randolph County for staffing budget.
- Repair to the concrete handicap parking area at the Creekside Park large picnic shelter.
- Appropriate funds for anticipated economic development agreements.
- Community promotions increase for sponsorship of a public event.
- Employee compensation competitive rate increase.

In addition to the usual vehicle and equipment replacements, this budget includes appropriations for a new phone system, virtual server and switch replacements at City Hall and the police department, police radios, phase two of police department in-car/body worn cameras, and an interior lighting upgrade at the police department. Public Works will purchase a metal building for storage. Public works has received a State grant for construction of an equipment shelter. The recreation department budget includes expansion of the recreation center, gym floor refinishing, lighting improvements to t-ball ballfields and coach pitch field, and construction of greenway trails. The recreation department received a State grant for greenway trail construction and maintenance. 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 and plan submittal software.

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). Archdale received the second half of the funds in July of 2022. 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. Some ARPA funding was used for premium pay and general government services in FY22, and the rest will be used for general government services under revenue replacement in FY23. City leaders are in the planning stages of determining the best projects for transformational improvements.

CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2022

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 \$760,350 which is twenty percent of the Water and Sewer Fund operating budget, excluding sewer capital projects.
- The \$406,000 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 3.5% 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 2023 budget is 8.25% higher than the prior year.
- Capital equipment purchases include a zero-turn mower replacement and a new mini excavator.
- Professional services budget includes funding for a water asset inventory and assessment study, as well as sewer flow metering.
- The annual budget for maintenance and repair at the pump stations increased to \$298,500. There is another \$125,000 included for capital upgrades at Weant Rd. pump station.
- Appropriations are included to upsize sewer lines and construct new sections of water lines in the capital project budget.
- 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. Net position will fund larger future projects and purchase replacement equipment.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Lori Nurse, P.O. Box 14068, Archdale, N.C. 27263. Archdale's website is <http://www.archdale-nc.gov>.

BASIC FINANCIAL STATEMENTS



City of Archdale, North Carolina
Statement of Net Position
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents/investments	\$ 11,124,559	\$ 9,463,059	\$ 20,587,618
Taxes receivables (net)	28,042	-	28,042
Accrued interest	8,798	5,181	13,979
Accounts receivable (net)	86,621	664,474	751,095
Due from other governments	1,354,626	102,138	1,456,764
Lease receivable	-	58,253	58,253
Inventories	-	79,720	79,720
Prepaid items	40,720	-	40,720
Restricted cash and cash equivalents	3,714,550	493,319	4,207,869
Total current assets	<u>16,357,916</u>	<u>10,866,144</u>	<u>27,224,060</u>
Non-current assets:			
Lease receivable	-	98,979	98,979
Capital assets:			
Land, non-depreciable improvements, and construction in progress	8,968,063	415,906	9,383,969
Other capital assets, net of depreciation	9,465,291	24,987,895	34,453,186
Total capital assets	<u>18,433,354</u>	<u>25,403,801</u>	<u>43,837,155</u>
Total noncurrent assets	<u>18,433,354</u>	<u>25,502,780</u>	<u>43,936,134</u>
Total assets	<u>34,791,270</u>	<u>36,368,924</u>	<u>71,160,194</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,265,532	194,862	1,460,394
OPEB deferrals	49,901	10,112	60,013
Total deferred outflows of resources	<u>1,315,433</u>	<u>204,974</u>	<u>1,520,407</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, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	413,678	333,508	747,186
Accrued interest payable	-	12,829	12,829
Current portion of long-term liabilities	214,488	688,955	903,443
Payable from restricted assets	579,606	380,755	960,361
Advance from grantor	2,346,446	-	2,346,446
Total current liabilities	<u>3,554,218</u>	<u>1,416,047</u>	<u>4,970,265</u>
Long-term liabilities:			
Net pension liability	623,296	126,326	749,622
Net pension liability-LEOSSA	430,866	-	430,866
Total OPEB liability	215,927	43,757	259,684
Due in more than one year	60,026	3,985,330	4,045,356
Total long-term liabilities	<u>1,330,115</u>	<u>4,155,413</u>	<u>5,485,528</u>
Total liabilities	<u>4,884,333</u>	<u>5,571,460</u>	<u>10,455,793</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	-	161,388	161,388
Prepaid cash receipts	22,238	-	22,238
Pension deferrals	1,190,453	197,803	1,388,256
OPEB deferrals	144,612	29,305	173,917
Total deferred inflows of resources	<u>1,357,303</u>	<u>388,496</u>	<u>1,745,799</u>
NET POSITION			
Net investment in capital assets	18,391,402	20,761,897	39,153,299
Restricted for:			
Stabilization by State Statute	1,735,395	-	1,735,395
Transportation	600,244	-	600,244
Public safety	187,959	-	187,959
Culture and recreation	580	-	580
System development	-	112,564	112,564
Unrestricted	8,949,487	9,739,481	18,688,968
Total net position	<u>\$ 29,865,067</u>	<u>\$ 30,613,942</u>	<u>\$ 60,479,009</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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 2,109,177	\$ 28,803	\$ 37,336	\$ -	\$ (2,043,038)	\$ -	\$ (2,043,038)
Public safety	3,134,455	-	65,717	-	(3,068,738)	-	(3,068,738)
Transportation	917,099	-	350,546	258	(566,295)	-	(566,295)
Environmental protection	969,167	936,940	12,815	-	(19,412)	-	(19,412)
Cultural and recreation	1,327,615	248,693	26,678	216,247	(835,997)	-	(835,997)
Community promotions	181,022	-	91,075	-	(89,947)	-	(89,947)
Total governmental activities	8,638,535	1,214,436	584,167	216,505	(6,623,427)	-	(6,623,427)
Business-type activities:							
Water and sewer	3,879,828	4,658,876	-	23,450	-	802,498	802,498
Stormwater	483,658	496,211	-	-	-	12,553	12,553
Total business-type activities	4,363,486	5,155,087	-	23,450	-	815,051	815,051
Total primary government	\$ 13,002,021	\$ 6,369,523	\$ 584,167	\$ 239,955	(6,623,427)	815,051	(5,808,376)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					3,370,920	-	3,370,920
Grants and contributions not restricted to specific programs					4,763,585	-	4,763,585
Unrestricted investment earnings					19,782	21,538	41,320
Miscellaneous					13,967	-	13,967
Total general revenues excluding transfers					8,168,254	21,538	8,189,792
Transfers					(31,753)	31,753	-
Total general revenues excluding transfers					8,136,501	53,291	8,189,792
Change in net position					1,513,074	868,342	2,381,416
Net position, beginning					28,351,993	29,745,600	58,097,593
Net position, ending					\$ 29,865,067	\$ 30,613,942	\$ 60,479,009

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

City of Archdale, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>ARPA Major Fund</u>	<u>SCIF Non Major Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents/investments	\$ 11,124,559	\$ -	\$ -	\$ 11,124,559
Restricted cash	1,442,551	1,621,161	650,838	3,714,550
Receivables, net:				
Taxes	28,042	-	-	28,042
Accounts	86,621	-	-	86,621
Interest	2,310	3,448	-	5,758
Due from other governments	1,354,626	-	-	1,354,626
Prepaid items	40,720	-	-	40,720
Total assets	<u>\$ 14,079,429</u>	<u>\$ 1,624,609</u>	<u>\$ 650,838</u>	<u>\$ 16,354,876</u>
LIABILITIES				
Accounts payable and accrued liabilities	413,678	-	-	413,678
Accounts payable from restricted assets	579,606	-	-	579,606
Advance from grantor	75,000	1,621,446	650,000	2,346,446
Total liabilities	<u>1,068,284</u>	<u>1,621,446</u>	<u>650,000</u>	<u>3,339,730</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	28,042	-	-	28,042
Prepaid cash receipts	22,238	-	-	22,238
Total deferred inflows of resources	<u>50,280</u>	<u>-</u>	<u>-</u>	<u>50,280</u>
FUND BALANCES				
Non spendable				
Prepays	40,720	-	-	40,720
Restricted				
Stabilization by state statute	1,735,395	-	-	1,735,395
Streets	599,986	-	258	600,244
Public safety	187,959	-	-	187,959
Cultural and recreation	-	-	580	580
Assigned				
Subsequent year's expenditures	3,342,430	-	-	3,342,430
Economic development	676,621	-	-	676,621
Capital	2,000,000	-	-	2,000,000
ARPA projects	-	3,163	-	3,163
Unassigned	4,377,754	-	-	4,377,754
Total fund balances	<u>12,960,865</u>	<u>3,163</u>	<u>838</u>	<u>12,964,866</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,079,429</u>	<u>\$ 1,624,609</u>	<u>\$ 650,838</u>	

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

(continued)

City of Archdale
Balance Sheet
Governmental Funds
June 30, 2022

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

Total Fund Balance, Governmental Funds		\$ 12,964,866
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 26,244,606	
Accumulated depreciation	<u>(7,811,252)</u>	18,433,354
Deferred outflows of resources related to pensions are not reported in the funds		1,265,532
Deferred outflows of resources related to OPEB are not reported in the funds		49,901
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		3,040
Earned revenues considered deferred inflows of resources in fund statements.		28,042
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in fund statements		
Compensated absences	(232,562)	
Note payable	(41,952)	
Net pension liability	(623,296)	
Net pension liability - LEOSSA	(430,866)	
Total OPEB liability	<u>(215,927)</u>	(1,544,603)
Deferred inflows of resources related to pensions are not reported in the funds		(1,190,453)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(144,612)</u>
Net position of governmental activities		<u><u>\$ 29,865,067</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, 2022

	<u>General Fund</u>	<u>ARPA Major Fund</u>	<u>SCIF Non Major Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Ad valorem taxes	\$ 3,370,105	\$ -	\$ -	\$ 3,370,105
Unrestricted intergovernmental	4,550,450	-	-	4,550,450
Restricted intergovernmental	548,504	213,135	-	761,639
Permits and fees	28,803	-	-	28,803
Sales and services	1,185,633	-	-	1,185,633
Investment earnings	17,545	3,163	838	21,546
Miscellaneous	72,511	-	-	72,511
Total revenues	<u>9,773,551</u>	<u>216,298</u>	<u>838</u>	<u>9,990,687</u>
EXPENDITURES				
Current:				
Governing body	45,691	-	-	45,691
Administration	295,871	-	-	295,871
Information technology	462,327	-	-	462,327
Finance	393,587	-	-	393,587
Legal	32,293	-	-	32,293
Planning and zoning	336,578	-	-	336,578
Facilities and grounds	401,949	-	-	401,949
Police	3,023,411	-	-	3,023,411
Fire inspections	32,945	-	-	32,945
Streets	460,622	-	-	460,622
Streets-Powell Bill	362,161	-	-	362,161
Sanitation	969,167	-	-	969,167
Parks and recreation	870,383	-	-	870,383
Senior building	11,602	-	-	11,602
Library	146,840	-	-	146,840
Community promotions	181,022	-	-	181,022
Debt service principal	10,488	-	-	10,488
Capital outlay	781,706	-	-	781,706
Total expenditures	<u>8,818,643</u>	<u>-</u>	<u>-</u>	<u>8,818,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>954,908</u>	<u>216,298</u>	<u>838</u>	<u>1,172,044</u>
OTHER FINANCING SOURCES (USES)				
Transfer (to) from other funds	181,382	(213,135)	-	(31,753)
Proceeds from debt	52,440	-	-	52,440
Total other financing sources (uses)	<u>233,822</u>	<u>(213,135)</u>	<u>-</u>	<u>20,687</u>
Net change in fund balance	1,188,730	3,163	838	1,192,731
Fund balances, beginning	11,772,135	-	-	11,772,135
Fund balances, ending	<u>\$ 12,960,865</u>	<u>\$ 3,163</u>	<u>\$ 838</u>	<u>\$ 12,964,866</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, 2022

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

Net changes in fund balances - total governmental funds \$ 1,192,731

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

Donations of capital assets	\$ 191,860	
Capital outlay expenditures which were capitalized	781,706	
Depreciation expense for governmental assets	<u>(795,558)</u>	178,008

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		371,567
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Benefit payments and Trust contributions for the LEOSSA are not included on the Statement of Activities		72,590
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OPEB implicit subsidy credit is not included on the Statement of Activities		3,151
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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	732	
Interest receivable from taxes and investments	<u>83</u>	815

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

Long-term debt issued	(52,440)	
Principal payments on long-term debt	<u>10,488</u>	(41,952)

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	1,391	
Pension expense	(235,436)	
Pension expense (LEOSSA)	(18,180)	
OPEB plan expense	<u>(11,611)</u>	<u>(263,836)</u>

Total changes in net position of governmental activities		<u><u>\$ 1,513,074</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, 2022

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,288,390	\$ 3,288,390	\$ 3,370,105	\$ 81,715
Unrestricted intergovernmental	4,171,200	4,271,200	4,550,450	279,250
Restricted intergovernmental	609,175	708,175	548,504	(159,671)
Permits and fees	11,500	11,500	28,803	17,303
Sales and services	1,095,500	1,095,500	1,185,633	90,133
Investment earnings	5,300	5,300	17,545	12,245
Miscellaneous	65,000	80,400	72,511	(7,889)
Total revenues	<u>9,246,065</u>	<u>9,460,465</u>	<u>9,773,551</u>	<u>313,086</u>
Expenditures:				
Governing body	47,960	47,960	45,691	2,269
Administration	296,075	306,261	295,871	10,390
Information technology	558,000	570,257	462,327	107,930
Finance	382,265	421,249	393,587	27,662
Legal	45,000	45,000	32,293	12,707
Planning and zoning	713,670	805,862	336,578	469,284
Facilities and grounds	498,680	571,514	459,782	111,732
Police	3,613,450	3,680,788	3,235,041	445,747
Fire inspections	32,950	32,950	32,945	5
Streets	649,100	663,397	629,935	33,462
Streets-Powell Bill	754,000	754,000	371,057	382,943
Sanitation	982,000	982,000	969,167	12,833
Parks and recreation	1,482,280	1,777,072	1,214,905	562,167
Senior building	27,880	27,880	11,602	16,278
Library	178,760	190,760	146,840	43,920
Community promotions	401,700	433,222	181,022	252,200
Contingency	10,000	10,000	-	10,000
Total expenditures	<u>10,673,770</u>	<u>11,320,172</u>	<u>8,818,643</u>	<u>2,501,529</u>
Revenues over (under) expenditures	<u>(1,427,705)</u>	<u>(1,859,707)</u>	<u>954,908</u>	<u>2,814,615</u>
Other financing sources (uses):				
Transfer from ARPA fund	-	203,004	181,382	(21,622)
Proceeds from debt	-	53,580	52,440	(1,140)
Total other financing sources (uses)	<u>-</u>	<u>256,584</u>	<u>233,822</u>	<u>(22,762)</u>
Fund balance appropriated	<u>1,427,705</u>	<u>1,603,123</u>	<u>-</u>	<u>(1,603,123)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,188,730</u>	<u>\$ 1,188,730</u>
Fund balances, beginning			<u>11,772,135</u>	
Fund balances, ending			<u>\$ 12,960,865</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, 2022

	Major	Nonmajor	Total
	Water and Sewer Fund	Stormwater Fund	
ASSETS			
Current assets:			
Cash and cash equivalents/investments	\$ 8,358,727	\$ 1,104,332	\$ 9,463,059
Restricted cash	493,319	-	493,319
Accounts receivable (net) - billed	396,863	43,310	440,173
Accounts receivable (net) - unbilled	224,301	-	224,301
Accrued interest receivable	3,564	-	3,564
Accrued interest receivable on leases	1,617	-	1,617
Lease receivable	58,253	-	58,253
Due from other governments	102,138	-	102,138
Inventories	79,720	-	79,720
Total current assets	<u>9,718,502</u>	<u>1,147,642</u>	<u>10,866,144</u>
Noncurrent assets:			
Lease receivable	98,979	-	98,979
Capital assets:			
Land, easements and construction in progress	415,906	-	415,906
Other capital assets, net of depreciation	24,725,568	262,327	24,987,895
Total capital assets	<u>25,141,474</u>	<u>262,327</u>	<u>25,403,801</u>
Total noncurrent assets	<u>25,240,453</u>	<u>262,327</u>	<u>25,502,780</u>
Total assets	<u>34,958,955</u>	<u>1,409,969</u>	<u>36,368,924</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	135,150	59,712	194,862
OPEB deferrals	7,016	3,096	10,112
Total deferred outflows of resources	<u>\$ 142,166</u>	<u>\$ 62,808</u>	<u>\$ 204,974</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, 2022

	Major Water and Sewer Fund	Nonmajor Stormwater Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 321,765	\$ 11,743	\$ 333,508
Accrued interest payable	12,829	-	12,829
Payable from restricted assets	380,755	-	380,755
Compensated absences - current	21,000	4,000	25,000
SRF loan payable	242,250	-	242,250
Interlocal agreements payable	421,705	-	421,705
Total current liabilities	<u>1,400,304</u>	<u>15,743</u>	<u>1,416,047</u>
Noncurrent liabilities:			
Compensated absences	3,204	4,177	7,381
Interlocal agreements payable	3,977,949	-	3,977,949
Net pension liability	87,616	38,710	126,326
Total OPEB liability	30,357	13,400	43,757
Total noncurrent liabilities	<u>4,099,126</u>	<u>56,287</u>	<u>4,155,413</u>
Total liabilities	<u>5,499,430</u>	<u>72,030</u>	<u>5,571,460</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	161,388	-	161,388
Pension deferrals	137,190	60,613	197,803
OPEB deferrals	20,331	8,974	29,305
	<u>318,909</u>	<u>69,587</u>	<u>388,496</u>
NET POSITION			
Net investment in capital assets	20,499,570	262,327	20,761,897
Restricted for system development	112,564	-	112,564
Unrestricted	8,670,648	1,068,833	9,739,481
Total net position	<u>\$ 29,282,782</u>	<u>\$ 1,331,160</u>	<u>\$ 30,613,942</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, 2022

	<u>Major</u>	<u>Nonmajor</u>	
	<u>Water and</u>		
	<u>Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 4,277,187	\$ 496,211	\$ 4,773,398
Water and sewer taps	46,693	-	46,693
Other operating revenues	334,996	-	334,996
Total operating revenues	<u>4,658,876</u>	<u>496,211</u>	<u>5,155,087</u>
OPERATING EXPENSES			
Salaries and employee benefits	677,401	207,462	884,863
Water purchases	382,657	-	382,657
Waste collection and treatment costs	444,192	-	444,192
Other operating expenses	1,041,762	178,311	1,220,073
Depreciation	747,720	97,885	845,605
Amortization	466,904	-	466,904
Total operating expenses	<u>3,760,636</u>	<u>483,658</u>	<u>4,244,294</u>
Operating income (loss)	<u>898,240</u>	<u>12,553</u>	<u>910,793</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	19,919	1,619	21,538
Interest and other charges	(119,192)	-	(119,192)
Total nonoperating revenue (expenses)	<u>(99,273)</u>	<u>1,619</u>	<u>(97,654)</u>
Income (loss) before contributions and transfers	798,967	14,172	813,139
System development fees	23,450	-	23,450
Transfer from other funds-ARP	25,674	6,079	31,753
Total contributions	<u>49,124</u>	<u>6,079</u>	<u>55,203</u>
Change in net position	848,091	20,251	868,342
Total net position, beginning	28,434,691	1,310,909	29,745,600
Total net position, ending	<u>\$ 29,282,782</u>	<u>\$ 1,331,160</u>	<u>\$ 30,613,942</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, 2022

	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,214,643	\$ 497,612	\$ 4,712,255
Cash paid for goods and services	(1,777,568)	(175,241)	(1,952,809)
Cash paid to or on behalf of employees for services	(692,252)	(216,287)	(908,539)
Customer deposits received	97,553	-	97,553
Customer deposits returned	(80,949)	-	(80,949)
Other operating revenues	339,152	-	339,152
Net cash provided by operating activities	<u>2,100,579</u>	<u>106,084</u>	<u>2,206,663</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds- ARP	<u>25,674</u>	<u>6,079</u>	<u>31,753</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System Development Fees	23,450	-	23,450
Principal and interest paid on notes	(769,575)	-	(769,575)
Acquisition and disposal of capital assets	(272,640)	(66,774)	(339,414)
Net cash used by capital and related financing activities	<u>(1,018,765)</u>	<u>(66,774)</u>	<u>(1,085,539)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	<u>18,585</u>	<u>1,619</u>	<u>20,204</u>
Net increase in cash and cash equivalents/investments	1,126,073	47,008	1,173,081
Balances, beginning	7,725,973	1,057,324	8,783,297
Balances, ending	<u>\$ 8,852,046</u>	<u>\$ 1,104,332</u>	<u>\$ 9,956,378</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 898,240	\$ 12,553	\$ 910,793
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	1,214,624	97,885	1,312,509
Changes in assets, deferred outflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	(109,237)	1,401	(107,836)
(Increase) decrease in inventories	(29,860)	-	(29,860)
(Increase) decrease in lease receivable	(157,232)	-	(157,232)
(Increase) decrease in deferred outflows of resources - pensions	(18,674)	(8,250)	(26,924)
(Increase) decrease in deferred outflows of resources - OPEB	988	437	1,425
Increase (decrease) in net pension liability	(132,784)	(58,668)	(191,452)
Increase (decrease) in deferred inflows of resources for pensions	132,323	58,461	190,784
Increase (decrease) in accounts payable and accrued liabilities	121,852	2,511	124,363
Increase (decrease) in customer deposits	16,604	-	16,604
Increase (decrease) in accrued vacation pay	2,146	(336)	1,810
Increase(decrease) in deferred inflows of resources-leases	161,388	-	161,388
Increase (decrease) in deferred inflows of resources - OPEB	17,548	7,746	25,294
Increase (decrease) in OPEB liability	(17,347)	(7,656)	(25,003)
Total adjustments	<u>1,202,339</u>	<u>93,531</u>	<u>1,295,870</u>
Net cash provided by operating activities	<u>\$ 2,100,579</u>	<u>\$ 106,084</u>	<u>\$ 2,206,663</u>

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, 2022**

	<u>LEOSSA Trust Fund</u>
ASSETS	
Cash and cash equivalents/investments	
Mutual funds:	
NC Short Term Investment Fund	\$ 176
NC Equity Index Fund	449,800
NC Bond Investment Fund	<u>177,117</u>
Total assets	<u>627,093</u>
NET POSITION	
Restricted for pension	<u>\$ 627,093</u>

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, 2022

	<u>LEOSSA</u> <u>Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 103,304
Investment earnings:	
Net appreciation (depreciation) in the fair value of investments	(104,129)
Investment income	3,305
Total investment earnings	<u>(100,824)</u>
Less investment costs	
Investment manager and advisory fees	165
Net investment income	<u>(100,989)</u>
Total additions	<u>2,315</u>
DEDUCTIONS	
Benefits paid	<u>72,589</u>
Net increase (decrease) in fiduciary net position	(70,274)
Total net position restricted for pension, beginning	697,367
Total net position restricted for pension, ending	<u><u>\$ 627,093</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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 funds:

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.

American Rescue Plan Act Special Revenue Fund. The American Rescue Plan Act (ARPA) Fund is used to account for the City's allocation of federal funds received under the Coronavirus State and Local Fiscal Recovery Fund program of the American Rescue Plan Act of 2021.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

The City reports the following nonmajor governmental fund:

State Capital and Infrastructure Fund. The State Capital and Infrastructure Fund (SCIF) is used to account for directed grant funds appropriated by the North Carolina General Assembly in the North Carolina state budget. Appropriated funds will be used for constructing an equipment shelter for the Public Works department, expansion of the greenway, and maintenance of the greenway.

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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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

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

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

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

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

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds, including the Water and Sewer Capital Fund and the Capital Reserve Fund. All annual appropriations lapse at the fiscal year-end. Multi-year project ordinances are adopted for Special Revenue 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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

transactions at the next regular meeting of the City Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and 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 AAAMf 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. State Capital and Infrastructure Fund (SCIF) grants and interest earned are restricted for the use of allowable projects. American Rescue Plan Act (ARPA) funding is restricted to allowable expenditures set forth in the U.S. Department of Treasury's Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) categories.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

Restricted cash:

Governmental Activities:

General Fund

Federal asset forfeitures	\$ 188,423
Streets	600,100
Refundable deposits	505,435
Property and evidence	73,593
Advanced grants	75,000
ARPA Fund - unearned grant	1,621,161
SCIF Grants Fund	<u>650,838</u>
Total governmental activities	<u>3,714,550</u>
Business-Type Activities:	
Water and Sewer Fund	
Customer deposits	380,755
Capital reserve	<u>112,564</u>
Total business-type activities	<u>493,319</u>
Total restricted cash	<u>\$ 4,207,869</u>

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, 2021. 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. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreements.

Deferred inflows of resources are recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of the resources is amortized on a straight-line basis over the term of the lease.

7. 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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.

8. Intangible Assets

Intangible assets, net of amortization, of \$7,100,708 as of June 30, 2022 are recorded in the Water and Sewer proprietary fund and represent rights to raw water allocations from the joint venture agreement established in 1987 with five other governmental entities to form a regional water supply. The intangible asset is based on City contributions to the Piedmont Triad Regional Water Authority (PTRWA) for construction of the Randleman Dam and reservoir, a water treatment plant, and related infrastructure improvements. The rights have been amortized since the plant became operational in fiscal year 2011. A useful life of 50 years was assigned to the dam and reservoir, and 40 years for the water treatment plant and related infrastructure.

Intangible assets, net of amortization, of \$4,263,188 as of June 30, 2022 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 \$13,399 are license fees for facility encroachments at railroad crossings for an initial term of twenty years.

9. 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, \$1,000; 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

10. Reimbursements for Pandemic-related Expenditures

In FY2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was awarded \$3,669,164 and received \$1,834,582, one-half of its allocation, in July 2021. The City received the second allocation of the remaining funds on July 22, 2022 for \$1,834,582. The funds are accounted for in a multi-year special revenue project fund and must be obligated by December 31, 2024. The City

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

Council elected to use \$164,660 of ARPA funds for premium pay and another \$48,475 for law enforcement salaries under revenue replacement during FY2021/22. The City plans to use the remaining funds for general government services in the revenue replacement category during FY2022/23. Revenue replacement funds will be transferred to the appropriate fund once the intended use of the funds is determined.

11. 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 assets 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 2022 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 assets 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, leases, and deferrals of pension and other post-employment benefit deferral.

12. 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.

13. 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.

14. Net Position/Fund Balances

Net Position

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

Restricted for System Development - North Carolina G.S. 162A, Article 8 requires all 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.

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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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.

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.

Restricted for Cultural and Recreation – portion of fund balance that is restricted by revenue source for cultural and recreational 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 2021-22 budget ordinance that is not already classified in restricted or committed. Appropriations for capital expenditures exceed the \$3,342,430 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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.

Assigned for ARPA Projects – portion of fund balance assigned for ARPA projects.

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.

15. 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 Governmental Employees' Retirement System (LGERS). The LEOSSA Plan is a single-employer trust administered by the City.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Archdale's employer contributions are recognized when due and the City of Archdale has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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.

16. 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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, 2022, the City's deposits had a carrying amount of \$8,895,182 and a bank balance of \$9,076,292. Of the bank balance \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the City's petty cash and change funds totaled \$675. The Police Department had \$1,340 in police investigation funds.

2. Investments

At June 30, 2022 the City of Archdale, excluding the Archdale LEOSSA Trust, had \$15,898,290 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, 2022.

LEOSSA Trust Fund

At June 30, 2022 the City's LEOSSA Trust had \$627,093 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) [28.2%] and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) [71.8%] (the equities were split with 60.68% in domestic securities and 39.32 % in international securities).

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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, 2022 of .9 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 8.75 years at June 30, 2022.

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, 2022 the fair value of funds was \$27.230307 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 .9 years at June 30, 2022. The State Treasurer’s BIF is unrated and had a weighted average maturity of 8.75 years at June 30, 2022.

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, 2022 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 10,000
Accounts receivable	3,000
Total General Fund	13,000
Enterprise Funds:	
Water and Sewer Fund - accounts receivable	21,000
Stormwater Fund - accounts receivable	1,300
Total Enterprise Fund	22,300
Total	\$ 35,300

4. Lease Receivable

The City leases space at and on the water tank for the placement of cellular communication and antenna equipment by two companies. The lease receivable is measured at the present value of the future lease payments expected to be received during the lease terms at a discount rate of 1.8%. Company One pays the City a monthly rate which totaled

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

\$30,699 of recognized lease revenue and \$1,508 of interest revenue under the lease, for fiscal year 2022 in the Water & Sewer Fund. Company Two pays the City a yearly rate which totaled \$23,079 of recognized lease revenue and \$1,517 of interest revenue under the lease, for fiscal year 2022 in the Water & Sewer Fund.

5. Due from Other Governments

Amounts due from governmental agencies consist of the following:

	State	County	Total
Governmental Funds:			
Sales and use tax distribution	\$ 1,058,462	\$ -	\$ 1,058,462
Utility sales tax	145,077	-	145,077
Sales tax refunds	107,155	-	107,155
Solid waste disposal tax	2,080	-	2,080
Property tax collections	-	40,539	40,539
Expenditure reimbursement	-	1,313	1,313
Total governmental funds	<u>\$ 1,312,774</u>	<u>\$ 41,852</u>	<u>\$ 1,354,626</u>
Enterprise Funds:			
Water and Sewer Fund grant	\$ 102,138	\$ -	\$ 102,138
Total enterprise funds	<u>\$ 102,138</u>	<u>\$ -</u>	<u>\$ 102,138</u>

6. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,782,494	\$ 444,264	\$ -	\$ 4,226,758
Construction-in-progress	209,158	12,738	123,736	98,160
Street rights-of-way	3,978,645	-	-	3,978,645
Streets	664,500	-	-	664,500
Total capital assets not being depreciated	<u>8,634,797</u>	<u>457,002</u>	<u>123,736</u>	<u>8,968,063</u>
Capital assets being depreciated:				
Buildings	8,753,067	120,145	-	8,873,212
Other improvements	4,203,602	87,525	77,578	4,213,549
Equipment, vehicles, and furniture	3,505,955	432,630	-	3,938,585
Computer software	251,197	-	-	251,197
Total capital assets being depreciated	<u>16,713,821</u>	<u>640,300</u>	<u>77,578</u>	<u>17,276,543</u>
Less accumulated depreciation for:				
Buildings	2,830,484	192,702	-	3,023,186
Land improvements	1,774,167	218,667	77,578	1,915,256
Equipment, vehicles, and furniture	2,336,352	370,326	-	2,706,678
Computer software	152,269	13,863	-	166,132
Total accumulated depreciation	<u>7,093,272</u>	<u>\$ 795,558</u>	<u>\$ 77,578</u>	<u>7,811,252</u>
Total capital assets being depreciated, net	<u>9,620,549</u>			<u>9,465,291</u>
Governmental activities capital assets, net	<u>\$ 18,255,346</u>			<u>\$ 18,433,354</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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

General government	\$ 175,916
Public safety	203,547
Transportation	102,150
Culture and recreation	313,945
	<u>\$ 795,558</u>

Construction commitments:

The City has one commitment for an active construction project in the water and sewer fund in the amount of \$118,250 for pump station upgrades as of June 30, 2022.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

	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	94,179	-	-	94,179
Construction-in-progress	-	14,331	-	14,331
Total capital assets not being depreciated	<u>401,575</u>	<u>14,331</u>	<u>-</u>	<u>415,906</u>
Capital assets being depreciated:				
Water distribution system	7,087,207	-	-	7,087,207
Sewer distribution system	19,817,559	-	-	19,817,559
Other improvements	15,357	-	-	15,357
Equipment and vehicles	2,801,300	258,309	24,580	3,035,029
Software	37,600	-	-	37,600
Total capital assets being depreciated	<u>29,759,023</u>	<u>258,309</u>	<u>24,580</u>	<u>29,992,752</u>
Less accumulated depreciation for:				
Water distribution system	4,280,910	150,941	-	4,431,851
Sewer collection system	10,256,056	406,737	-	10,662,793
Other improvements	2,225	1,023	-	3,248
Equipment and vehicles	1,374,628	181,520	24,580	1,531,568
Software	7,520	7,499	-	15,019
Total accumulated depreciation	<u>15,921,339</u>	<u>747,720</u>	<u>24,580</u>	<u>16,644,479</u>
Total capital assets being depreciated, net	<u>13,837,684</u>			<u>13,348,273</u>
Intangible assets being amortized, net:				
Water rights	9,572,917	-	-	9,572,917
Wastewater treatment rights	7,223,443	-	-	7,223,443
Utility easement rights	18,551	-	-	18,551
Total intangible assets being amortized	<u>16,814,911</u>	<u>-</u>	<u>-</u>	<u>16,814,911</u>
Less accumulated amortization for:				
Water rights	2,254,904	217,305	-	2,472,209
Wastewater treatment rights	2,711,582	248,673	-	2,960,255
Utility easement rights	4,226	926	-	5,152
Total accumulated amortization	<u>4,970,712</u>	<u>466,904</u>	<u>-</u>	<u>5,437,616</u>
Total intangible assets being amortized, net	<u>11,844,199</u>			<u>11,377,295</u>
Water and Sewer Fund capital assets, net	<u>26,083,458</u>			<u>25,141,474</u>
Stormwater Fund:				
Capital assets being depreciated:				
Other improvements	10,080	-	-	10,080
Equipment	794,644	66,774	-	861,418
Total capital assets being depreciated	<u>804,724</u>	<u>66,774</u>	<u>-</u>	<u>871,498</u>
Less accumulated depreciation for:				
Other improvements	1,344	672	-	2,016
Equipment	509,942	97,213	-	607,155
Total accumulated depreciation	<u>511,286</u>	<u>97,885</u>	<u>-</u>	<u>609,171</u>
Stormwater Fund capital assets, net	<u>293,438</u>			<u>262,327</u>
Business-type activity capital assets, net	<u>\$ 26,376,896</u>			<u>\$ 25,403,801</u>

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

B. Liabilities

1. Payables

Payables at the government-wide level as of June 30, 2022, were as follows:

	Vendors	Other	Total
Governmental activities:			
General	\$ 258,644	\$ 155,034	\$ 413,678
Businesss-type activities:			
Water and Sewer	\$ 306,855	\$ 14,910	\$ 321,765
Stormwater	7,683	4,060	11,743
Total - businesss-type activities	\$ 314,538	\$ 18,970	\$ 333,508

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 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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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, 2022, was 12.04% of compensation for law enforcement officers and 11.44% (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 \$446,875 for the year ended June 30, 2022.

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, 2022, the City reported a liability of \$749,622 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the City's proportion was 0.04888%, which was a decrease of 0.00389% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$283,152. At June 30, 2022, 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	\$ 238,482	\$ -
Changes of assumptions	470,954	-
Net difference between projected and actual earnings on pension plan investments	-	1,070,984
Changes in proportion and differences between City contributions and proportionate share of contributions	-	102,783
City contributions subsequent to measurement date	446,875	-
Total	\$ 1,156,311	\$ 1,173,767

\$446,875 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended 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:		
2023	\$	29,369
2024		(58,677)
2025		(107,297)
2026		(327,726)
Thereafter		-
Total	\$	<u>(464,331)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the General Mortality Table for Retirees 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, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income returns 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, 2021 are summarized in the following table:

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016 and is part of the asset, liability, and investment policy of the North Carolina Retirement System. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease <u>5.50%</u>	Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>
City's proportionate share of the net pension liability (asset)	\$ 2,909,969	\$ 749,622	\$ (1,028,219)

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.

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, 2020, the valuation date, 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	<u>25</u>
Total	<u><u>29</u></u>

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

The Separation Allowance has a June 30, 2022 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 \$80,455 for fiscal year 2022 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 made contributions of \$103,304, including \$72,589 needed to cover benefit payments and an additional \$30,715 in fiscal year 2022. These amounts represent 5.41% and 6.95% 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, 2021 actuarial valuation using the entry age normal actuarial cost method, amortized over a level dollar closed period. The actuarial assumptions include (a) 5.50% investment rate of return, net of pension plan investment expense and (b) projected salary increase of 3.25% - 7.75%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of assets was determined using the market value of investments. The remaining amortization period as of December 31, 2019 was 11 years.

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

At June 30, 2022, the City reported a total pension liability of \$1,158,046. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing standard actuarial update roll forward procedures incorporating the actuarial assumptions. For the year ended June 30, 2022 the City recognized pension expense of \$48,895.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

At June 30, 2022, 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, 2021 measurement date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 117,168	\$ 39,406
Changes of assumptions and other inputs	114,325	84,519
Net difference between projected and actual earnings on plan investments	-	90,564
Benefit payments and administrative expenses subsequent to measurement date	41,875	-
Trust contribution subsequent to the measurement date	30,715	-
Total	<u>\$ 304,083</u>	<u>\$ 214,489</u>

\$72,590 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount Recognized as Increase (Decrease) to Pension Expense
2023	\$ 70,680	\$ 76,798	\$ (6,118)
2024	61,077	75,763	(14,686)
2025	56,426	45,651	10,775
2026	36,701	13,128	23,573
2027	6,609	3,025	3,584
Thereafter	-	124	(124)
	<u>\$ 231,493</u>	<u>\$ 214,489</u>	<u>\$ 17,004</u>

Actuarial Assumptions. The Entry Age Normal Actuarial Cost Method was used in the December 31, 2020 valuation. The total pension liability rolled forward to December 31, 2021 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental 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 LEOSSA Trust investment policy, adopted by the City Council in May 2019, allows for investment in instruments authorized by G.S. 159-30 as well as investments in the Ancillary Governmental Participant Investment Program established and managed by the Department of State Treasurer's Office, as per G.S.159-30. Placement of the City contributions are at the discretion of the Trustees, as is the allocation of assets within the fund. The current target allocation is Equity Index Fund 70% and Bond Index Fund 30%.

The long-term expected rate of return on pension plan investments is assumed to be 5.5% annually.

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, 2021 (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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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	\$ 523,013	\$ 430,866	\$ 347,332

Changes in the Net Pension Liability as of June 30, 2022 were as follows:

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Net pension liability as of December 31, 2020	\$ 1,144,798	\$ 641,389	\$ 503,409
Changes for the year:			
Service cost	31,676	-	31,676
Interest	61,275	-	61,275
Difference between expected and actual experience	(18,274)	-	(18,274)
Changes in assumptions and other inputs	-	-	-
Contributions - employer	-	61,429	(61,429)
Net investment income	-	85,791	(85,791)
Benefit payments	(61,429)	(61,429)	-
Net changes	13,248	85,791	(72,543)
Net pension liability as of December 31, 2021	\$ 1,158,046	\$ 727,180	\$ 430,866

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 283,152	\$ 48,895	\$ 332,047
Pension Liability	749,622	430,866	1,180,488
Proportionate share of the net pension liability	0.04888%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 238,482	\$ 117,168	\$ 355,650
Changes of assumptions	470,954	114,325	585,279
Benefit payments and administrative costs paid subsequent to the measurement date	446,875	41,875	488,750
Trust contribution subsequent to the measurement date	-	30,715	30,715
	<u>\$ 1,156,311</u>	<u>\$ 304,083</u>	<u>\$ 1,460,394</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 39,406	\$ 39,406
Changes of assumptions	-	84,519	84,519
Net difference between projected and actual earnings on pension plan investments	1,070,984	90,564	1,161,548
Changes in proportion and differences between City contributions and proportionate share of contributions	102,783	-	102,783
	<u>\$ 1,173,767</u>	<u>\$ 214,489</u>	<u>\$ 1,388,256</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, 2022 were \$126,493, which consisted of \$74,313 from the City and \$52,180 from the law enforcement officers.

The City elected to match general employee contributions to the Supplemental Retirement Plan up to 5% of salary for the year ended June 30, 2022. Employees not engaged in law enforcement made voluntary contributions of \$140,431 and the City contributions were \$91,087. In addition, employees made voluntary contributions of \$34,873 to the State of North Carolina 457 Plan.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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 on June 30, 2021, the date of the latest actuarial valuation:

Retirees receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	70
Total	71

Total OPEB Liability

The City's total OPEB liability of \$259,684 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 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	3.25 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	2.21 percent
Measurement date	2.16 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drug	6.62 percent for 2022 decreasing to an ultimate rate of 4.5 percent by 2029

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 2.16% on June 30, 2021.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 408,073
Changes for the year:	
Service cost at end of year	19,236
Interest on total OPEB liability and cash flows	8,960
Change in benefit terms	-
Difference between expected and actual experience	(5,832)
Changes in assumptions and other inputs	(165,495)
Benefit payments and implicit subsidy credit	(5,258)
Net changes	(148,389)
Balance at June 30, 2022	\$ 259,684

Changes in assumptions resulted in a net inflow. The discount rate was changed from 2.21% to 2.16%, which resulted in an outflow. The medical trend was updated resulting in an outflow. The participation rate was lowered from 50% to 25% resulting in an inflow.

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2021 valuation are the same as those used for the December 31, 2020 Actuarial Valuation of LGERS. The remaining actuarial assumptions were based on a review of recent plan experience done concurrently with the June 30, 2021 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 (1.16 percent) or one percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 292,572	\$ 259,684	\$ 230,579

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. Pre-Medicare health care cost trends are 6.62% for 2022, decreasing to an ultimate rate of 4.5% by 2029. 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	\$ 222,810	\$ 259,684	\$ 304,150

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$13,965. At June 30, 2022, 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	\$ 3,575	\$ 5,237
Changes of assumptions and other inputs	52,649	168,680
Implicit subsidy credit and administrative expenses subsequent to measurement date	3,789	-
Total	\$ 60,013	\$ 173,917

\$3,789 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in expense as follows:

Measurement Period ending June 30:	
2023	\$ (14,231)
2024	(14,231)
2025	(14,231)
2026	(14,231)
2027	(14,231)
Thereafter	(46,538)
	\$ (117,693)

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, 2022

C. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 446,875
Benefit payments, contributions, and administrative expenses subsequent to measurement date (LEOSSA)	72,590
Implicit subsidy credit for current fiscal year	3,789
Differences between expected and actual experience	359,225
Change of assumptions	637,928
Net difference between projected and actual earning on pension plan investments	-
	\$ 1,520,407

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

	Statement of Net Position	Governmental Funds Balance Sheet
Prepaid revenue (General Fund)	\$ 22,238	\$ 22,238
Property taxes receivable (General Fund)	-	28,042
Leases	161,388	-
Difference between expected and actual experience	44,643	-
Changes of assumptions and other inputs	253,199	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	102,783	-
Net difference between projected and actual earnings on pension plan investments	1,161,548	-
	\$ 1,745,799	\$ 50,280

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 and Deputy Finance Officer are 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, 2022

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, 2022 in the general fund are \$291,838. The majority of these are for professional services and economic development agreements. Commitments for outstanding contracts in the Water and Sewer fund total \$253,793 related to professional services and supplies.

G. Long-Term Obligations

1. Governmental Activities – General Fund – Debt and Commitments

Direct Borrowings

Note Payable:

\$52,440 contract dated October 2021, payable to Motorola, principal payable in 5 annual installments of \$10,488. Payments to be made with General Fund revenues. The cameras and related equipment are pledged as collateral for the debt.

	\$ 41,952
Less current portion	10,488
Total long-term note payable	\$ 31,464

2. 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. The State can withhold any other monies due to the City from the State and apply that toward the payment if the City fails to pay any principal or interest on the note when due.

	\$ 242,250
Less current portion	242,250
Total long-term note payable	\$ -

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

Interlocal Agreements:

\$2,170,910 agreement with Piedmont Triad Regional Water Authority, principal and interest payable in 14 semi-annual installments of \$166,109 with interest payable at 1.7339%.	\$ 2,033,870
\$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%.	188,407
\$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%	2,084,653
\$184,565 agreement with Davidson Water, principal and interest payable in 240 monthly installments of \$1,070 each, includes interest at 3.50%.	92,724
Total interlocal agreements	4,399,654
Less current portion	421,705
Total long-term interlocal agreements	\$ 3,977,949

Year Ending June 30	Business-type Activities	
	Principal	Interest
2023	\$ 663,955	\$ 99,179
2024	429,599	84,879
2025	437,660	76,818
2026	445,891	68,588
2027	454,295	60,184
2028-2032	1,113,942	196,062
2033-2037	601,666	107,384
2038-2042	494,896	25,075
Total	\$ 4,641,904	\$ 718,169

On June 30, 2022, the City of Archdale governmental funds had a legal debt margin of \$88,029,764.

3. 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	\$ 233,953	\$ 203,073	\$ 204,464	\$ 232,562	\$ 204,000
Direct borrowing - note payable	-	52,440	10,488	41,952	10,488
Net pension liability (LGERS)	1,567,919	-	944,623	623,296	-
Net pension liability (LEO)	503,409	-	72,543	430,866	-
Total OPEB liability	339,313	-	123,386	215,927	-
Governmental activity long-term liabilities	\$ 2,644,594	\$ 255,513	\$ 1,355,504	\$ 1,544,603	\$ 214,488

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

	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	\$ 5,281,787	\$ -	\$ 639,883	\$ 4,641,904	\$ 663,955
Compensated absences	22,058	23,208	21,062	24,204	21,000
Net pension liability (LGERS)	220,400	-	132,784	87,616	-
Total OPEB liability	47,704	-	17,347	30,357	-
Water and Sewer Fund long-term liabilities	5,571,949	23,208	811,076	4,784,081	684,955
<u>Stormwater Fund</u>					
Compensated absences	8,513	3,656	3,992	8,177	4,000
Net pension liability (LGERS)	97,378	-	58,668	38,710	-
Total OPEB liability	21,056	-	7,656	13,400	-
Stormwater Fund long-term liabilities	126,947	3,656	70,316	60,287	4,000
Business-type activity long-term liabilities	\$ 5,698,896	\$ 26,864	\$ 881,392	\$ 4,844,368	\$ 688,955

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. ARPA funds were transferred to the general fund for premium pay and general government services projects. ARPA funds were transferred to the Water and Sewer Fund and Stormwater Fund for premium pay.

I. Fund Balance

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

<i>Total fund balance - General Fund</i>	\$ 12,960,865
Less:	
Prepays	40,720
Stabilization by State Statute	1,735,395
Streets - Powell Bill	599,986
Public safety	187,959
Subsequent year's expenditures	3,342,430
Economic development	676,621
Capital	2,000,000
Remaining fund balance	4,377,754

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, 2022, this minimum

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

amount is \$3,775,621. 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 \$2,578 to the Council during the fiscal year ended June 30, 2022.

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 \$425,881; water purchases of \$381,724; and lab fees of \$3,985 for the 2022 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.

VI. Change in Accounting Principle

The City has implemented GASB Statement No. 87 effective July 1, 2021. "The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities."

The City performed a comprehensive review of contracts to see if they qualified as lease under GASB Statement No. 87. The City identified two contracts in which the City is the lessor.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2022

VII. Subsequent Event

The City has been awarded \$3,600,000 in ARPA funding under S.L. 2022-74 by the North Carolina General Assembly. The appropriations will be received from the Department of Environmental Quality (DEQ) for water and/or wastewater projects. The NC DEQ/Division of Water Infrastructure (Division) will administer the funds. The City Council will approve the projects to be completed. The City will file an application with the NC DEQ at the beginning of calendar year 2023 for final approval. The funding will be disbursed on a reimbursement basis after the City awards a division-approved construction contract. Funds must be obligated by December 31, 2024, and fully spent by December 31, 2026.

REQUIRED SUPPLEMENTARY FINANCIAL DATA



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

Local Governmental Employees' Retirement System *

	2022	2021	2020	2019	2018
Archdale's proportion of the net pension liability (asset) (%)	0.04888%	0.05277%	0.05233%	0.05193%	0.05198%
Archdale's proportion of the net pension liability (asset) (\$)	\$ 749,622	\$ 1,885,697	\$ 1,429,091	\$ 1,231,957	\$ 794,110
Archdale's covered payroll	\$ 3,382,307	\$ 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	22.16%	57.47%	46.02%	40.90%	26.71%
Plan fiduciary net position as a percentage of the total pension liability	95.51%	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.

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

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

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

Local Governmental Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 446,875	\$ 352,723	\$ 302,348	\$ 247,762	\$ 232,694
Contributions in relation to the contractually required contribution	\$ 446,875	\$ 352,723	\$ 302,348	\$ 247,762	\$ 232,694
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Archdale's covered payroll	\$ 3,839,012	\$ 3,382,307	\$ 3,281,424	\$ 3,105,538	\$ 3,012,287
Contributions as a percentage of covered payroll	11.64%	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 last ten fiscal years as the data becomes available.



City of Archdale, North Carolina
Schedule of Changes in Net Pension Liability and Related Ratios
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability:			
Service Cost	\$ 31,676	\$ 27,758	\$ 37,928
Interest	61,275	48,053	32,441
Difference between expected and actual experience	(18,274)	75,226	128,090
Changes of assumptions and other inputs	-	151,589	(144,179)
Benefit payments	<u>(61,429)</u>	<u>(63,030)</u>	<u>(80,637)</u>
Net change in total pension liability	13,248	239,596	(26,357)
Total pension liability - beginning	1,144,798	905,202	931,559
Total pension liability - ending (a)	1,158,046	1,144,798	905,202
Contributions - employer	61,429	63,030	580,637
Net investment income	85,791	78,979	62,410
Benefit payments	(61,429)	(63,030)	(80,637)
Administrative expense	-	-	-
Net change in plan net position	<u>85,791</u>	<u>78,979</u>	<u>562,410</u>
Plan fiduciary net position - beginning	641,389	562,410	-
Plan fiduciary net position - ending (b)	<u>727,180</u>	<u>641,389</u>	<u>562,410</u>
Net pension liability - ending (a) - (b)	<u>\$ 430,866</u>	<u>\$ 503,409</u>	<u>\$ 342,792</u>
Ratio of plan net position to total pension liability	62.79%	56.03%	62.13%
Covered payroll	\$ 1,316,064	\$ 1,320,005	\$ 1,261,294
Net pension liability as a percentage of covered payroll	32.74%	38.14%	27.18%
Changes of Assumptions:			
Assumed rate of return	5.50%	5.50%	5.50%
Assumed inflation rate	2.50%	2.50%	2.50%

(continued)

City of Archdale, North Carolina
Schedule of Changes in Net Pension Liability and Related Ratios
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability:			
Service Cost	\$ 37,224	\$ 34,324	\$ 37,421
Interest	31,788	35,529	33,220
Difference between expected and actual experience	(71,529)	16,400	-
Changes of assumptions and other inputs	(36,993)	60,139	(23,217)
Benefit payments	<u>(69,770)</u>	<u>(52,003)</u>	<u>(62,986)</u>
Net change in total pension liability	(109,280)	94,389	(15,562)
Total pension liability - beginning	1,040,839	946,450	962,012
Total pension liability - ending (a)	931,559	1,040,839	946,450
Contributions - employer	69,770	52,398	63,183
Net investment income			
Benefit payments	(69,770)	(52,003)	(62,986)
Administrative expense	<u>-</u>	<u>(395)</u>	<u>(197)</u>
Net change in plan net position	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	-	-	-
Net pension liability - ending (a) - (b)	<u>\$ 931,559</u>	<u>\$ 1,040,839</u>	<u>\$ 946,450</u>
Ratio of plan net position to total pension liability	0.00%	0.00%	0.00%
Covered payroll	\$ 1,179,490	\$ 1,236,309	\$ 1,247,899
Net pension liability as a percentage of covered payroll	78.98%	84.19%	75.84%
Changes of Assumptions:			
Assumed rate of return	3.64%	3.16%	3.86%
Assumed inflation rate	2.50%	2.50%	3.00%

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

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

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

	2022	2021	2020	2019
Actuarially determined employer contribution	\$ 80,455	\$ 149,402	\$ 130,687	\$ 125,903
Actual employer contributions	\$ 103,304	\$ 61,429	\$ 72,633	\$ 575,698
Annual contribution deficiency (excess)	\$ (22,849)	\$ 87,973	\$ 58,054	\$ (449,795)
Covered payroll	\$ 1,486,252	\$ 1,259,415	\$ 1,199,763	\$ 1,165,121
Actual contributions as a percentage of covered payroll	6.95%	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 2022:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Amortization period	11 years as of December 31, 2019
Asset valuation method	Market value
Inflation	2.50%
Salary increase	3.50% - 7.35%, including inflation
Investment rate of return	5.5%, net of pension plan investment expense, including inflation

Information will be presented for the last 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 Four Fiscal Years

	2022	2021	2020	2019
Investment rate of return, net of investment expense	-14.31%	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 last ten fiscal years as the data becomes available.

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

	2022	2021	2020
Service cost	\$ 19,236	\$ 18,820	\$ 18,184
Interest on the total pension liability and cash flows	8,960	11,236	11,319
Change in benefit terms	-	-	-
Difference between expected and actual experience	(5,832)	-	5,029
Changes of assumptions and other inputs	(165,495)	61,747	4,300
Benefit payments and implicit subsidy credit	(5,258)	(9,500)	(8,000)
Other	-	-	-
Net change in total OPEB liability	(148,389)	82,303	30,832
Total OPEB liability - beginning	408,073	325,770	294,938
Total OPEB liability - ending	\$ 259,684	\$ 408,073	\$ 325,770
Covered employee payroll	\$ 3,368,217	\$ 3,026,895	\$ 3,026,895
Total OPEB liability a percentage of covered employee payroll	7.71%	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 employee payroll	\$ 2,790,095	\$ 2,790,095	
Total OPEB liability a percentage of covered employee 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
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

The City of Archdale has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits for the OPEB plan.

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES



**City of Archdale, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 3,361,616	\$
Interest		8,489	
Total	<u>3,288,390</u>	<u>3,370,105</u>	<u>81,715</u>
Unrestricted intergovernmental:			
Local option sales taxes		3,879,607	
Telecommunications sales tax		48,809	
Electric sales tax		446,332	
Piped natural gas sales tax		35,331	
Video programming sales tax		91,327	
Beer and wine tax		47,320	
ABC profit distribution		1,724	
Total	<u>4,271,200</u>	<u>4,550,450</u>	<u>279,250</u>
Restricted intergovernmental:			
Powell Bill allocation		349,658	
Asset Forfeiture Program		47,848	
NC Dept. of Commerce grant		92,700	
Solid waste disposal tax		8,990	
Other		49,308	
Total	<u>708,175</u>	<u>548,504</u>	<u>(159,671)</u>
Permits and fees:			
Zoning permits and fees		28,803	
Total	<u>11,500</u>	<u>28,803</u>	<u>17,303</u>
Sales and services:			
Recreation department fees		248,693	
Solid waste		731,468	
Recycling		205,472	
Total	<u>1,095,500</u>	<u>1,185,633</u>	<u>90,133</u>
Investment earnings	<u>5,300</u>	<u>17,545</u>	<u>12,245</u>
Miscellaneous:			
Other		72,511	
Total	<u>80,400</u>	<u>72,511</u>	<u>(7,889)</u>
Total revenues	<u>9,460,465</u>	<u>9,773,551</u>	<u>313,086</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, 2022**

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing Body			
Salaries and employee benefits		40,227	
Other operating expenditures		5,464	
Total	47,960	45,691	2,269
Administration:			
Salaries and employee benefits		273,031	
Other operating expenditures		22,840	
Total	306,261	295,871	10,390
Information Technology:			
Salaries and employee benefits		246,100	
Software licensing and maintenance		133,549	
Other operating expenditures		82,678	
Total	570,257	462,327	107,930
Finance:			
Salaries and employee benefits		309,556	
Contracted services		71,797	
Other operating expenditures		12,234	
Total	421,249	393,587	27,662
Legal:			
Contracted services	45,000	32,293	12,707
Facilities and grounds:			
Salaries and employee benefits		279,011	
Other operating expenditures		122,938	
Capital outlay		57,833	
Total	571,514	459,782	111,732
Planning and zoning:			
Salaries and employee benefits		253,060	
Contracted services		61,980	
Other operating expenditures		21,538	
Total	805,862	336,578	469,284
Public safety:			
Police:			
Salaries and employee benefits		2,471,345	
Communications and IT		183,921	
Insurance		106,334	
Other operating expenditures		261,811	
Debt service		10,488	
Capital outlay		201,142	
Total	3,680,788	3,235,041	445,747
Fire:			
Contracted services	32,950	32,945	5
Transportation:			
Streets:			
Salaries and employee benefits		227,322	
Street Lights		123,714	
Other operating expenditures		109,586	
Capital outlay		169,313	
Total	663,397	629,935	33,462

(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, 2022**

	Budget	Actual	Variance Positive (Negative)
Streets-Powell Bill:			
Street repairs and maintenance		352,080	
Other operating expenditures		10,081	
Capital outlay		8,896	
Total	<u>754,000</u>	<u>371,057</u>	<u>382,943</u>
Environmental protection:			
Sanitation:			
Contracted services		958,975	
Other operating expenditures		10,192	
Total	<u>982,000</u>	<u>969,167</u>	<u>12,833</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		496,155	
Utilities		54,563	
Repairs and maintenance		88,550	
Other operating expenditures		231,115	
Capital outlay		344,522	
Total	<u>1,777,072</u>	<u>1,214,905</u>	<u>562,167</u>
Senior building:			
Other operating expenditures		11,602	
Total	<u>27,880</u>	<u>11,602</u>	<u>16,278</u>
Library:			
Payment to Randolph County		103,977	
Other operating expenditures		42,863	
Total	<u>190,760</u>	<u>146,840</u>	<u>43,920</u>
Community Promotions:			
Senior adult meal program		24,900	
Economic development		119,700	
Contracted services and membership dues		26,517	
Other		9,905	
Total	<u>433,222</u>	<u>181,022</u>	<u>252,200</u>
Contingency	10,000	-	10,000
Total expenditures	<u>11,320,172</u>	<u>8,818,643</u>	<u>2,501,529</u>
Revenues over (under) expenditures	(1,859,707)	954,908	2,814,615
Other financing sources (uses):			
Transfer from ARPA grant project fund	203,004	181,382	(21,622)
Proceeds from debt	53,580	52,440	(1,140)
Total	<u>256,584</u>	<u>233,822</u>	<u>(22,762)</u>
Fund balance appropriated	<u>1,603,123</u>	-	<u>(1,603,123)</u>
Net change in fund balance	\$ -	1,188,730	\$ 1,188,730
Fund balances, beginning		<u>11,772,135</u>	
Fund balances, ending		<u>\$ 12,960,865</u>	

City of Archdale, North Carolina
American Rescue Plan Act (ARPA) Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental:					
ARPA	\$ 3,669,164	\$ -	\$ 213,135	\$ 213,135	\$ (3,456,029)
Interest earnings	-	-	3,163	3,163	3,163
Total revenues	<u>3,669,164</u>	<u>-</u>	<u>216,298</u>	<u>216,298</u>	<u>(3,452,866)</u>
Expenditures:					
General projects	<u>3,456,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,456,029</u>
Total expenditures	<u>3,456,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,456,029</u>
Revenues over (under) expenditures	\$ 213,135	\$ -	216,298	216,298	3,163
Other financing sources (uses):					
Transfer for premium pay	(164,660)		(164,660)	(164,660)	-
Transfer for law enforcement services	<u>(48,475)</u>	<u>-</u>	<u>(48,475)</u>	<u>(48,475)</u>	<u>-</u>
Total	<u>(213,135)</u>	<u>-</u>	<u>(213,135)</u>	<u>(213,135)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,163	<u>\$ 3,163</u>	<u>\$ 3,163</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ 3,163</u>		

City of Archdale, North Carolina
State Capital Infrastructure Fund (SCIF) Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental:					
SCIF grant-greenway expansion	\$ 300,000	\$ -	\$ -	\$ -	\$ (300,000)
SCIF grant-greenway maintenance	150,000	-	-	-	(150,000)
SCIF grant-equipment shelter	200,000	-	-	-	(200,000)
Total restricted					
intergovernmental revenue	650,000	-	-	-	(650,000)
Restricted interest earnings	50	-	838	838	788
 Total revenues	 650,050	 -	 838	 838	 (649,212)
Expenditures:					
Culture and recreation:					
Parks and recreation:					
Contract services	150,007	-	-	-	150,007
Capital outlay	200,030	-	-	-	200,030
Transportation:					
Capital outlay	300,013	-	-	-	300,013
Total expenditures	650,050	-	-	-	650,050
 Revenues over (under) expenditures	 \$ -	 \$ -	 838	 \$ 838	 \$ 838
 Fund balances, beginning			-		
Fund balances, ending			\$ 838		

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, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water charges		\$ 1,845,224	
Sewer charges		2,431,963	
Water and sewer taps		46,693	
Other operating revenues		334,996	
Total	<u>\$ 4,507,270</u>	<u>4,658,876</u>	<u>\$ 151,606</u>
Nonoperating revenues:			
Interest earnings		13,271	
Total	4,500	<u>13,271</u>	<u>8,771</u>
Total revenues	<u>4,511,770</u>	<u>4,672,147</u>	<u>160,377</u>
Expenditures:			
Salaries and employee benefits		693,201	
Water purchases		382,657	
Waste disposal and treatment costs		444,192	
Repairs and maintenance		315,720	
Operating payments to PTRWA		93,467	
Professional services		253,081	
Other operating expenditures		379,494	
Debt service:			
Interest and other charges		119,192	
Principal retirement		639,883	
Capital outlay		272,640	
Total expenditures	<u>4,640,884</u>	<u>3,593,527</u>	<u>1,047,357</u>
Revenues over (under) expenditures	<u>(129,114)</u>	<u>1,078,620</u>	<u>1,207,734</u>
Other financing sources (uses)			
Transfer from other funds-ARPA	25,674	25,674	-
Total other financing sources (uses)	<u>25,674</u>	<u>25,674</u>	<u>-</u>
Revenues and other sources over expenditures and other uses	<u>(103,440)</u>	<u>1,104,294</u>	<u>1,207,734</u>
Net position appropriated	<u>103,440</u>		<u>(103,440)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 1,104,294</u>	<u>\$ 1,104,294</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, 2022

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

Revenues and other sources over expenditures and other uses	\$	1,104,294
Reconciling items:		
Principal retirement		639,883
Capital outlay		272,640
Increase in accrued vacation pay		(2,146)
Increase in deferred outflows of resources -pensions		18,674
Decrease in deferred outflows of resources - OPEB		(988)
Decrease in net pension liability		132,784
Increase in deferred inflows of resources - pensions		(132,323)
Increase in deferred inflows of resources - OPEB		(17,548)
Decrease in OPEB liability		17,347
Depreciation		(747,720)
Amortization		(466,904)
Revenues from Capital Reserve Fund		23,450
Interest income from Capital Reserve Fund		161
Interest income from Water and Sewer Capital Fund		6,487
Water and Sewer Capital Fund expenses		-
Total reconciling items		(256,203)
Change in net position	\$	848,091

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Nonoperating revenues:			
Interest earnings		\$ 6,487	
Total revenues	\$ 5,200	6,487	\$ 1,287
Expenditures:			
Capital outlay	500,000	-	500,000
Total expenditures	500,000	-	500,000
Revenues over (under) expenditures	(494,800)	6,487	501,287
Net position appropriated	494,800	-	(494,800)
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 6,487</u>	<u>\$ 6,487</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
System development fees		\$ 23,450	
Interest earnings		<u>161</u>	
Total revenues	<u>\$ 25,000</u>	<u>23,611</u>	<u>\$ (1,389)</u>
Revenues over (under) expenditures	25,000	23,611	(1,389)
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>\$ 23,611</u>	<u>\$ 23,611</u>

City of Archdale, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater fees		\$ 496,211	
Total	\$ 495,000	496,211	\$ 1,211
Nonoperating revenues:			
Interest earnings		1,619	
Total	500	1,619	1,119
Total revenues	495,500	497,830	2,330
Expenditures:			
Salaries and employee benefits		215,728	
Contract services		51,684	
Other operating expenditures		126,627	
Capital outlay		66,774	
Total expenditures	538,516	460,813	77,703
Revenues over (under) expenditures	(43,016)	37,017	80,033
Other financing sources (uses)			
Transfer from other funds-ARPA	6,080	6,079	(1)
Total other financing sources (uses)	6,080	6,079	(1)
Net position appropriated	(36,936)	-	(36,936)
Revenues and other sources over expenditures and other uses	\$ -	\$ 43,096	\$ 43,096

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

Revenues and other sources over expenditures and other uses	\$ 43,096
Reconciling items:	
Capital outlay	66,774
Decrease in accrued vacation pay	336
Increase in deferred outflows of resources - pensions	8,250
Decrease in deferred outflows of resources - OPEB	(437)
Decrease in net pension liability	58,668
Increase in deferred inflows of resources - pensions	(58,461)
Increase in deferred inflows of resources - OPEB	(7,746)
Decrease in OPEB liability	7,656
Depreciation	(97,885)
Total reconciling items	(22,845)
Change in net position	\$ 20,251

City of Archdale, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections And Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 3,412,779	\$ 3,393,017	\$ 19,762
2020-2021	18,390	-	13,250	5,140
2019-2020	6,171	-	2,967	3,204
2018-2019	2,616	-	514	2,102
2017-2018	1,746	-	317	1,429
2016-2017	1,132	-	-	1,132
2015-2016	721	-	10	711
2014-2015	403	-	24	379
2013-2014	2,449	-	71	2,378
2012-2013	1,817	-	12	1,805
2011-2012	1,865	-	1,865	-
	<u>\$ 37,310</u>	<u>\$ 3,412,779</u>	<u>\$ 3,412,047</u>	<u>38,042</u>
Less: allowance for uncollectible accounts:				
	General Fund			<u>10,000</u>
	Ad valorem taxes receivable - net			<u>\$ 28,042</u>
<u>Reconciliation to revenues:</u>				
	Ad valorem taxes - General Fund			\$ 3,370,105
	Reconciling items:			
	Interest collected			(8,489)
	Discounts allowed			46,380
	Taxes written off, releases and refunds			4,051
	Subtotal			<u>41,942</u>
	Total collections and credits			<u>\$ 3,412,047</u>

City of Archdale, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Year Ended June 30, 2022

	City - Wide		Total Levy		
	Property	Rate	Total	Property	Registered
	Valuation		Levy	excluding	Motor
				Registered	Motor
				Motor	Vehicles
				Vehicles	Vehicles
Original levy:					
Property taxed at current rate	\$ 1,099,411,935	0.31	\$ 3,408,177	\$ 3,032,841	\$ 375,336
Penalties	-		-	-	-
Total	<u>1,099,411,935</u>		<u>3,408,177</u>	<u>3,032,841</u>	<u>375,336</u>
Discoveries:					
Current year taxes	2,922,581	0.31	9,060	9,060	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Abatements	(1,438,065)		(4,458)	(4,458)	-
Total property valuation	<u>\$ 1,100,896,452</u>				
Net levy			3,412,779	3,037,443	375,336
Uncollected taxes at June 30, 2022			<u>(19,762)</u>	<u>(19,762)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 3,393,017</u>	<u>\$ 3,017,681</u>	<u>\$ 375,336</u>
Current levy collection percentage			<u>99.42%</u>	<u>99.35%</u>	<u>100.00%</u>



STATISTICAL SECTION

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



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.



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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net position:					
Governmental activities:					
Net investment in capital assets	\$ 12,827,900	\$ 12,998,897	\$ 13,245,910	\$ 13,990,727	\$ 14,217,643
Restricted	1,818,847	1,636,558	2,043,813	2,070,789	1,831,751
Unrestricted	<u>5,392,454</u>	<u>6,112,656</u>	<u>6,526,605</u>	<u>7,271,322</u>	<u>7,534,635</u>
Total governmental activities net position	<u>\$ 20,039,201</u>	<u>\$ 20,748,111</u>	<u>\$ 21,816,328</u>	<u>\$ 23,332,838</u>	<u>\$ 23,584,029</u>
Business-type activities:					
Net investment in capital assets	\$ 16,835,858	\$ 18,304,551	\$ 18,183,447	\$ 19,355,666	\$ 19,882,981
Restricted	-	-	-	-	-
Unrestricted	<u>6,265,831</u>	<u>5,489,605</u>	<u>6,231,492</u>	<u>6,345,377</u>	<u>6,667,220</u>
Total business-type activities net position	<u>\$ 23,101,689</u>	<u>\$ 23,794,156</u>	<u>\$ 24,414,939</u>	<u>\$ 25,701,043</u>	<u>\$ 26,550,201</u>
Primary government					
Net investment in capital assets	\$ 29,663,758	\$ 31,303,448	\$ 31,429,357	\$ 33,346,393	\$ 34,100,624
Restricted	1,818,847	1,636,558	2,043,813	2,070,789	1,831,751
Unrestricted	<u>11,658,285</u>	<u>11,602,261</u>	<u>12,758,097</u>	<u>13,616,699</u>	<u>14,201,855</u>
Total primary government net position	<u>\$ 43,140,890</u>	<u>\$ 44,542,267</u>	<u>\$ 46,231,267</u>	<u>\$ 49,033,881</u>	<u>\$ 50,134,230</u>
<hr/>					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net position:					
Governmental activities:					
Net investment in capital assets	\$ 15,359,566	\$ 17,209,967	\$ 17,579,389	\$ 18,255,346	\$ 18,391,402
Restricted	1,909,466	2,496,877	2,273,808	2,370,602	2,524,178
Unrestricted	<u>7,565,571</u>	<u>6,497,381</u>	<u>7,229,447</u>	<u>7,726,045</u>	<u>8,949,487</u>
Total governmental activities net position	<u>\$ 24,834,603</u>	<u>\$ 26,204,225</u>	<u>\$ 27,082,644</u>	<u>\$ 28,351,993</u>	<u>\$ 29,865,067</u>
Business-type activities:					
Net investment in capital assets	\$ 19,855,768	\$ 19,994,349	\$ 21,086,589	\$ 21,095,109	\$ 20,761,897
Restricted	-	19,074	64,565	88,952	112,564
Unrestricted	<u>7,658,090</u>	<u>8,342,330</u>	<u>8,048,355</u>	<u>8,561,539</u>	<u>9,739,481</u>
Total business-type activities net position	<u>\$ 27,513,858</u>	<u>\$ 28,355,753</u>	<u>\$ 29,199,509</u>	<u>\$ 29,745,600</u>	<u>\$ 30,613,942</u>
Primary government					
Net investment in capital assets	\$ 35,215,334	\$ 37,204,316	\$ 38,665,978	\$ 39,350,455	\$ 39,153,299
Restricted	1,909,466	2,515,951	2,338,373	2,459,554	2,636,742
Unrestricted	<u>15,223,661</u>	<u>14,839,711</u>	<u>15,277,802</u>	<u>16,287,584</u>	<u>18,688,968</u>
Total primary government net position	<u>\$ 52,348,461</u>	<u>\$ 54,559,978</u>	<u>\$ 56,282,153</u>	<u>\$ 58,097,593</u>	<u>\$ 60,479,009</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses					
Governmental activities:					
General government	\$ 1,225,340	\$ 1,241,317	\$ 1,235,682	\$ 1,289,975	\$ 1,359,290
Public safety	2,644,892	2,625,653	2,374,771	2,496,393	2,516,738
Transportation	871,805	884,759	736,193	773,384	845,365
Cultural and recreation	1,000,535	906,558	782,917	984,361	996,670
Environmental protection	731,280	748,514	768,301	764,780	770,273
Community Promotions	61,327	61,088	299,845	63,788	65,635
Interest on Long-Term Debt	78,434	70,457	63,813	45,123	42,180
Total Governmental Activities Expenses	<u>6,613,613</u>	<u>6,538,346</u>	<u>6,261,522</u>	<u>6,417,804</u>	<u>6,596,151</u>
Business-Type Activities:					
Water and Sewer	2,961,535	3,119,008	3,087,889	3,194,077	3,121,220
Stormwater	377,360	580,529	523,989	380,706	362,618
	<u>3,338,895</u>	<u>3,699,537</u>	<u>3,611,878</u>	<u>3,574,783</u>	<u>3,483,838</u>
Total primary government expenses	<u>\$ 9,952,508</u>	<u>\$ 10,237,883</u>	<u>\$ 9,873,400</u>	<u>\$ 9,992,587</u>	<u>\$ 10,079,989</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 146,546	\$ -	\$ -	\$ -	\$ 18,085
Cultural and recreation	145,000	160,977	152,241	170,949	167,635
Environmental protection	733,756	737,537	798,306	800,439	811,143
Operating grants and contributions:					
General government	4,095	25,511	8,000	11,010	-
Public safety	233,796	34,302	270,425	36,969	26,684
Transportation	318,987	329,160	336,331	309,426	339,195
Cultural and recreation	10,000	7,340	27,250	61,200	25,000
Environmental protection	6,524	7,086	7,580	487	15,940
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>1,598,704</u>	<u>1,301,913</u>	<u>1,831,980</u>	<u>2,129,962</u>	<u>1,403,682</u>
Business-type activities:					
Water and sewer:					
Charges for services	3,564,214	3,594,871	3,610,777	3,583,762	3,703,570
Operating grants and contributions	-	30,380	26,363	25,743	26,376
Capital grants and contributions	181,798	-	-	745,885	87,928
Stormwater:					
Charges for services	468,986	470,461	479,039	485,013	491,207
Operating grants and contributions	-	273,517	168,003	-	-
Total business-type activities program revenues	<u>4,214,998</u>	<u>4,369,229</u>	<u>4,284,182</u>	<u>4,840,403</u>	<u>4,309,081</u>
Total primary government program revenues	<u>\$ 5,813,702</u>	<u>\$ 5,671,142</u>	<u>\$ 6,116,162</u>	<u>\$ 6,970,365</u>	<u>\$ 5,712,763</u>

(continued)

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses					
Governmental activities:					
General government	\$ 1,531,883	\$ 1,628,795	\$ 2,064,020	\$ 1,997,765	\$ 2,109,177
Public safety	2,592,063	2,654,576	2,816,346	2,859,397	3,134,455
Transportation	823,364	897,076	828,688	824,078	917,099
Cultural and recreation	1,042,565	1,089,605	1,119,161	1,197,902	1,327,615
Environmental protection	798,534	826,516	889,737	949,781	969,167
Community Promotions	99,308	96,424	123,687	257,286	181,022
Interest on Long-Term Debt	39,361	24,642	-	-	-
Total Governmental Activities Expenses	<u>6,927,078</u>	<u>7,217,634</u>	<u>7,841,639</u>	<u>8,086,209</u>	<u>8,638,535</u>
Business-Type Activities:					
Water and Sewer	3,079,877	3,371,663	3,556,714	3,834,113	3,879,828
Stormwater	358,689	372,105	494,206	512,722	483,658
	<u>3,438,566</u>	<u>3,743,768</u>	<u>4,050,920</u>	<u>4,346,835</u>	<u>4,363,486</u>
Total primary government expenses	<u>\$ 10,365,644</u>	<u>\$ 10,961,402</u>	<u>\$ 11,892,559</u>	<u>\$ 12,433,044</u>	<u>\$ 13,002,021</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 19,567	\$ 24,796	\$ 17,500	\$ 16,225	\$ 28,803
Cultural and recreation	173,128	213,189	185,544	184,773	248,693
Environmental protection	827,247	830,262	836,600	896,931	936,940
Operating grants and contributions:					
General government	2,780	3,738	29,594	16,041	37,336
Public safety	30,711	123,345	68,878	254,672	65,717
Transportation	338,121	338,485	331,161	304,613	350,546
Cultural and recreation	130,000	39,400	42,001	37,231	26,678
Environmental protection	8,042	8,994	9,208	17,518	12,815
Community promotions	-	-	46,107	128,165	91,075
Capital grants and contributions:					
General government	17,882	904	10,370	-	-
Transportation	-	-	19,000	-	258
Cultural and recreation	179,600	136,292	27,148	74,672	216,247
Total governmental activities program revenues	<u>1,727,078</u>	<u>1,719,405</u>	<u>1,623,111</u>	<u>1,930,841</u>	<u>2,015,108</u>
Business-type activities:					
Water and sewer:					
Charges for services	3,823,802	3,967,487	4,157,853	4,295,429	4,658,876
Operating grants and contributions	27,167	-	3,899	-	-
Capital grants and contributions	-	19,074	119,742	40,741	23,450
Stormwater:					
Charges for services	493,498	494,660	494,094	495,077	496,211
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>4,344,467</u>	<u>4,481,221</u>	<u>4,775,588</u>	<u>4,831,247</u>	<u>5,178,537</u>
Total primary government program revenues	<u>\$ 6,071,545</u>	<u>\$ 6,200,626</u>	<u>\$ 6,398,699</u>	<u>\$ 6,762,088</u>	<u>\$ 7,193,645</u>

(continued)

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total net (expense) revenue by program:					
Governmental activities:					
General government	\$ (1,074,699)	\$ (1,215,806)	\$ (1,227,682)	\$ (923,161)	\$ (1,341,205)
Public safety	(2,411,096)	(2,591,351)	(2,104,346)	(764,293)	(2,490,054)
Transportation	(552,818)	(555,599)	(399,862)	(56,106)	(506,170)
Cultural and recreation	(845,535)	(738,241)	(603,426)	(34,113)	(804,035)
Environmental protection	9,000	(3,891)	37,585	(6,380,835)	56,810
Community promotions	(61,327)	(61,088)	(67,998)	713,350	(65,635)
Interest on Long-Term Debt	(78,434)	(70,457)	(63,813)	(3,194,077)	(42,180)
Total Governmental activities	<u>\$ (5,014,909)</u>	<u>\$ (5,236,433)</u>	<u>\$ (4,429,542)</u>	<u>\$ (10,639,235)</u>	<u>\$ (5,192,469)</u>
Business-type activities:					
Water and sewer	784,477	506,243	549,251	485,013	696,654
Stormwater	91,626	163,449	123,053	(9,992,587)	128,589
Total Business-type activities	<u>\$ 876,103</u>	<u>\$ 669,692</u>	<u>\$ 672,304</u>	<u>\$ (9,507,574)</u>	<u>\$ 825,243</u>
Total net program (expense) revenue	<u>\$ (4,138,806)</u>	<u>\$ (4,566,741)</u>	<u>\$ (3,757,238)</u>	<u>\$ (20,146,809)</u>	<u>\$ (4,367,226)</u>
General revenues and transfers					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 2,752,837	\$ 2,833,307	\$ 2,686,039	\$ 2,708,328	\$ 2,746,614
Other taxes	1,858,454	1,926,888	241,978	1,269	1,962
Grants and contributions not restricted to specific programs	641,897	644,384	2,866,578	3,015,823	3,324,876
Investment earnings, unrestricted	17,548	23,086	28,944	33,256	55,155
Miscellaneous	48,259	285,060	60,260	45,676	85,565
Transfers	-	-	-	-	-
Total governmental activities general revenues and transfers	<u>\$ 5,318,995</u>	<u>\$ 5,712,725</u>	<u>\$ 5,883,799</u>	<u>\$ 5,804,352</u>	<u>\$ 6,214,172</u>
Business-type activities:					
Water and sewer:					
Investment earnings, unrestricted	15,954	22,775	26,719	20,484	23,915
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	-	-
Stormwater:					
Transfers	-	-	-	-	-
Total business-type activities general revenues and transfers	<u>\$ 15,954</u>	<u>\$ 22,775</u>	<u>\$ 26,719</u>	<u>\$ 20,484</u>	<u>\$ 23,915</u>
Total primary government	<u>\$ 5,334,949</u>	<u>\$ 5,735,500</u>	<u>\$ 5,910,518</u>	<u>\$ 5,824,836</u>	<u>\$ 6,238,087</u>
Change in Net Position					
Governmental activities	304,086	476,292	1,454,257	(4,834,883)	1,021,703
Business-type activities	892,057	692,467	699,023	(9,487,090)	849,158
Total Change in Net Position	<u>\$ 1,196,143</u>	<u>\$ 1,168,759</u>	<u>\$ 2,153,280</u>	<u>\$ (14,321,973)</u>	<u>\$ 1,870,861</u>

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total net (expense) revenue by program:					
Governmental activities:					
General government	\$ (1,491,654)	\$ (1,599,357)	\$ (2,006,556)	\$ (1,965,499)	\$ (2,043,038)
Public safety	(2,561,352)	(2,531,231)	(2,747,468)	(2,604,725)	(3,068,738)
Transportation	(485,243)	(558,591)	(478,527)	(519,465)	(566,295)
Cultural and recreation	(559,837)	(700,724)	(864,468)	(901,226)	(835,997)
Environmental protection	36,755	12,740	(43,929)	(35,332)	(19,412)
Community promotions	(99,308)	(96,424)	(77,580)	(129,121)	(89,947)
Interest on Long-Term Debt	(39,361)	(24,642)	-	-	-
Total Governmental activities	<u>\$ (5,200,000)</u>	<u>\$ (5,498,229)</u>	<u>\$ (6,218,528)</u>	<u>\$ (6,155,368)</u>	<u>\$ (6,623,427)</u>
Business-type activities:					
Water and sewer	771,092	614,898	724,780	502,057	802,498
Stormwater	134,809	122,555	(112)	(17,645)	12,553
Total Business-type activities	<u>\$ 905,901</u>	<u>\$ 737,453</u>	<u>\$ 724,668</u>	<u>\$ 484,412</u>	<u>\$ 815,051</u>
Total net program (expense) revenue	<u>\$ (4,294,099)</u>	<u>\$ (4,760,776)</u>	<u>\$ (5,493,860)</u>	<u>\$ (5,670,956)</u>	<u>\$ (5,808,376)</u>
General revenues and transfers					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 2,843,427	\$ 2,900,887	\$ 3,079,009	\$ 3,133,079	\$ 3,370,920
Other taxes	1,770	-	-	-	-
Grants and contributions not restricted to specific programs	3,454,666	3,618,849	3,737,166	4,203,643	4,763,585
Investment earnings, unrestricted	130,712	210,225	141,838	5,079	19,782
Miscellaneous	58,164	137,890	138,934	82,916	13,967
Transfers	-	-	-	-	(31,753)
Total governmental activities general revenues and transfers	<u>6,488,739</u>	<u>6,867,851</u>	<u>7,096,947</u>	<u>7,424,717</u>	<u>8,136,501</u>
Business-type activities:					
Water and sewer:					
Investment earnings, unrestricted	52,293	104,442	119,088	28,260	21,538
Miscellaneous	-	-	-	33,419	-
Transfers	-	-	-	-	25,674
Stormwater:					
Transfers	-	-	-	-	6,079
Total business-type activities general revenues and transfers	<u>52,293</u>	<u>104,442</u>	<u>119,088</u>	<u>61,679</u>	<u>53,291</u>
Total primary government	<u>\$ 6,541,032</u>	<u>\$ 6,972,293</u>	<u>\$ 7,216,035</u>	<u>\$ 7,486,396</u>	<u>\$ 8,189,792</u>
Change in Net Position					
Governmental activities	1,288,739	1,369,622	878,419	1,269,349	1,513,074
Business-type activities	958,194	841,895	843,756	546,091	868,342
Total Change in Net Position	<u>\$ 2,246,933</u>	<u>\$ 2,211,517</u>	<u>\$ 1,722,175</u>	<u>\$ 1,815,440</u>	<u>\$ 2,381,416</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fund Balance					
General Fund					
Nonspendable:					
Prepaid items	\$ 32,815	\$ 5,589	\$ 5,501	\$ 1,431	\$ 23,941
Restricted:					
Stabilization by State Statute	798,295	856,550	996,555	1,138,833	1,043,101
Streets - Powell Bill	642,492	646,500	719,991	727,345	661,346
Public Safety	345,245	133,508	327,267	203,615	127,304
Assigned:					
Economic Development	331,036	356,036	375,191	441,691	511,191
Capital	-	-	894,695	1,614,896	3,014,232
Subsequent Year's Expenditure	37,300	7,363	-	-	-
Unassigned	5,175,320	6,123,899	5,925,258	5,858,299	5,537,795
Total general fund	<u>\$ 7,362,503</u>	<u>\$ 8,129,445</u>	<u>\$ 9,244,458</u>	<u>\$ 9,986,110</u>	<u>\$ 10,918,910</u>
All other governmental funds					
Restricted:					
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned:					
Grant Project Fund	196,084	-	-	-	-
Total all other governmental fund:	<u>\$ 196,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Fund Balance					
General Fund					
Nonspendable:					
Prepaid items	\$ 136,118	\$ 15,824	\$ 11,162	\$ 11,584	\$ 40,720
Restricted:					
Stabilization by State Statute	1,119,896	1,695,177	1,367,630	1,585,605	1,735,395
Streets - Powell Bill	691,017	626,977	655,803	620,497	599,986
Public Safety	98,552	174,723	213,185	170,907	187,959
Assigned:					
Economic Development	577,134	606,621	626,621	651,621	676,621
Capital	3,027,481	2,819,198	1,934,500	2,500,000	2,000,000
Subsequent Year's Expenditure	-	119,469	1,514,072	877,199	3,342,430
Unassigned	5,429,516	3,984,040	4,539,905	5,354,722	4,377,754
Total general fund	<u>\$ 11,079,714</u>	<u>\$ 10,042,029</u>	<u>\$ 10,862,878</u>	<u>\$ 11,772,135</u>	<u>\$ 12,960,865</u>
All other governmental funds					
Restricted:					
Stabilization by State Statute	\$ -	\$ -	\$ 37,190	\$ -	\$ -
Grant Project Funds	-	-	-	-	838
Assigned:					
Grant Project Funds	47,134	116,310	79,171	-	3,163
Total all other governmental funds	<u>\$ 47,134</u>	<u>\$ 116,310</u>	<u>\$ 116,361</u>	<u>\$ -</u>	<u>\$ 4,001</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Ad Valorem Taxes	\$ 2,752,837	\$ 2,848,905	\$ 2,694,321	\$ 2,712,076	\$ 2,749,483
Other Taxes and Licenses	-	-	241,978	1,269	1,962
Unrestricted Intergovernmental	2,500,351	2,571,272	2,866,578	3,015,823	3,324,876
Restricted Intergovernmental	562,783	402,617	865,677	428,387	382,222
Licenses and Permits	146,546	232,618	9,290	12,440	18,085
Sales and Services	889,375	898,514	950,547	971,388	978,778
Investment Earnings	17,548	14,287	29,095	39,547	66,809
Miscellaneous	48,259	285,060	50,569	34,580	92,086
Total Revenues	<u>6,917,699</u>	<u>7,253,273</u>	<u>7,708,055</u>	<u>7,215,510</u>	<u>7,614,301</u>
Expenditures					
General Government	1,263,430	1,145,411	1,118,207	1,169,373	1,194,693
Public Safety	2,255,128	2,424,384	2,263,218	2,371,661	2,277,393
Public Works	815,423	793,030	695,746	728,270	788,192
Sanitation	731,280	748,514	768,301	764,780	770,273
Cultural and Recreation	807,290	712,622	618,871	800,747	789,375
Community Promotions	61,327	61,088	299,845	63,788	65,635
Capital Outlay	1,230,603	469,816	116,711	459,717	660,467
Debt Service:					
Principal	187,404	231,263	678,350	105,263	105,263
Interest	78,434	70,457	63,813	45,123	42,180
Total Expenditures	<u>7,430,319</u>	<u>6,656,585</u>	<u>6,623,062</u>	<u>6,508,722</u>	<u>6,693,471</u>
Excess of Revenues Over (Under)					
Expenditures	(512,620)	596,688	1,084,993	706,788	920,830
Other Financing Sources (Uses), Net					
Operating Transfers	-	170,254	-	-	-
Proceeds from Issuance of Debt	-	-	-	-	-
Insurance Recovery	-	-	30,020	-	-
Sale of Capital Assets	-	-	-	14,414	11,970
Restricted Donation & Fee In-lieu	-	-	-	20,450	-
Total Change in Fund Balance	<u>\$ (512,620)</u>	<u>\$ 766,942</u>	<u>\$ 1,115,013</u>	<u>\$ 741,652</u>	<u>\$ 932,800</u>
Debt Service as a Percentage of Noncapital Expenditures	4.29%	4.88%	11.41%	2.49%	2.44%

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
Ad Valorem Taxes	\$ 2,845,328	\$ 2,893,656	\$ 3,072,068	\$ 3,142,560	\$ 3,370,105
Other Taxes and Licenses	1,770	-	-	-	-
Unrestricted Intergovernmental	3,454,666	3,618,849	3,737,166	4,203,643	4,550,450
Restricted Intergovernmental	672,182	618,234	521,640	808,382	761,639
Licenses and Permits	18,015	12,825	17,500	16,225	28,803
Sales and Services	996,528	1,043,577	1,022,144	1,081,704	1,185,633
Investment Earnings	131,603	224,986	168,182	5,547	21,546
Miscellaneous	61,927	161,871	102,374	42,744	72,511
Total Revenues	<u>8,182,019</u>	<u>8,573,998</u>	<u>8,641,074</u>	<u>9,300,805</u>	<u>9,990,687</u>
Expenditures					
General Government	1,370,344	1,445,494	1,792,197	1,754,696	1,968,296
Public Safety	2,352,153	2,939,951	2,511,133	2,595,278	3,056,356
Public Works	762,947	834,060	699,709	701,967	822,783
Sanitation	798,534	826,516	889,737	949,781	969,167
Cultural and Recreation	836,989	823,275	847,594	900,775	1,028,825
Community Promotions	99,308	96,424	123,687	257,286	181,022
Capital Outlay	1,634,372	1,144,104	1,014,113	1,412,360	781,706
Debt Service:					
Principal	105,263	1,412,281	-	-	10,488
Interest	39,361	24,642	-	-	-
Total Expenditures	<u>7,999,271</u>	<u>9,546,747</u>	<u>7,878,170</u>	<u>8,572,143</u>	<u>8,818,643</u>
Excess of Revenues Over (Under)					
Expenditures	182,748	(972,749)	762,904	728,662	1,172,044
Other Financing Sources (Uses), Net					
Operating Transfers	-	-	-	-	(31,753)
Proceeds from Issuance of Debt	-	-	-	-	-
Insurance Recovery	-	-	-	-	-
Sale of Capital Assets	25,190	4,240	57,996	64,234	52,440
Restricted Donation & Fee In-lieu	-	-	-	-	-
Total Change in Fund Balance	<u>\$ 207,938</u>	<u>\$ (968,509)</u>	<u>\$ 820,900</u>	<u>\$ 792,896</u>	<u>\$ 1,192,731</u>
Debt Service as a Percentage of Noncapital Expenditures	2.27%	17.10%	0.00%	0.00%	0.13%

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
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
2022	3,370,105	3,879,607	621,799	47,320	8,990	7,927,821
Change from 2013 to 2022	22.42%	108.75%	4.62%	1.19%	37.80%	50.75%

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 .31 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			
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
2022	863,480,026	1,124,284,890	217,715,084	19,701,342	1,100,896,452	1,361,701,316	80.85%	0.31

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, 2022. Next scheduled revaluation is in 2027.

(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
	2013	104.50%
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%
2022	76.64%	82.44%

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
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
2022	0.31	0.6327	0.1500	0.0922	1.1849	0.31	0.7305	0.1466	1.1871

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, 2022 and 2013

Taxpayer	Type of Enterprise	Fiscal Year 2022	
		Assessed Valuation	Percent of Total Assessed Valuation
Sealy Inc.	Mattress Manufacturer	\$ 23,486,763	2.13%
Hafele America Co	Architectural Hardware Manufacturer	21,527,176	1.96%
J L Darr & Son	Real Estate Developer/Contractor	20,168,774	1.83%
Thomas Built Buses	Bus Manufacturer	15,310,424	1.39%
Duke Energy Carolinas LLC	Utility	8,186,384	0.74%
Daly GC INC	Hotel Developer/Management	7,997,892	0.73%
PC NC Brookwood LLC	Property Management/Rental	7,823,340	0.71%
PST Properties	Property Management/Rental	6,308,200	0.57%
Packagaing Corp	Packaging Products Manufacturer	5,765,435	0.52%
Piedmont Natural Gas	Utility	5,405,922	0.49%
Total		\$ 121,980,310	11.08%

Taxpayer	Type of Enterprise	Fiscal Year 2013	
		Assessed Valuation	Percent of Total Assessed Valuation
Sealy	Mattress Manufacturer	\$ 33,545,411	3.56%
J L Darr & Son	Real Estate Developer/Contractor	16,158,098	1.71%
Thomas Built Buses	Bus Manufacturer	12,741,613	1.35%
Hafele America Co	Architectural Hardware Manufacturer	11,399,956	1.21%
BMA Brookwood Apartments LLC	Property Management/Rental	8,413,890	0.89%
Walker, Billy R	Real Estate Developer/Contractor	8,067,070	0.86%
Daly GC, Inc	Hotel Developer/Management	7,785,301	0.83%
North State Telephone	Communications	7,603,479	0.81%
Alexandra Holdings, Inc.	Real Estate Developer/Management	6,168,990	0.65%
United Furniture Incustries NC	Furniture Manufacturer	4,337,101	0.46%
Total		\$ 116,220,909	12.32%

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				
2013	\$ 2,740,540	\$ 2,702,840	98.62%	\$ 35,895	\$ 2,738,723	99.93%	\$ 1,805
2014	\$ 2,827,226	\$ 2,802,234	99.12%	\$ 22,614	\$ 2,824,777	99.91%	\$ 2,378
2015	\$ 2,714,299	\$ 2,703,831	99.61%	\$ 10,089	\$ 2,713,896	99.99%	\$ 379
2016	\$ 2,751,528	\$ 2,743,898	99.72%	\$ 6,919	\$ 2,750,807	99.97%	\$ 711
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%	\$ 7,325	\$ 2,876,958	99.94%	\$ 1,429
2019	\$ 2,942,226	\$ 2,924,573	99.40%	\$ 15,551	\$ 2,939,610	99.91%	\$ 2,102
2020	\$ 3,120,385	\$ 3,101,190	99.38%	\$ 15,991	\$ 3,114,214	99.80%	\$ 3,204
2021	\$ 3,172,824	\$ 3,154,434	99.42%	\$ 13,250	\$ 3,154,434	99.42%	\$ 5,140
2022	\$ 3,412,779	\$ 3,393,017	99.42%	N/A	\$ 3,393,017	99.42%	\$ 19,762

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, 99.41% 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
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%
2022	1,100,896,452	88,071,716	41,952	88,029,764	0.048%

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 \$4,641,904.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Direct and Overlapping Governmental Activities Debt
 June 30, 2022

<u>Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Percentage Applicable to Archdale</u>	<u>Amount Applicable to Archdale</u>
Randolph County			
Installment financing debt	\$ 159,713,903		
Total direct debt	<u>159,713,903</u>	8.62%	\$ 13,774,173
Guilford County			
General obligation bonds-utility	-		
General obligation bonds-other	656,870,000		
Unamortized bond premium	69,830,921		
Limited obligation bonds	16,845,000		
Installment financing debt	3,386,000		
Total direct debt	<u>746,931,921</u>	0.06%	<u>427,051</u>
Subtotal, overlapping debt			14,201,224
City of Archdale			
Installment financing debt			<u>41,952</u>
Total direct and overlapping debt			<u>\$ 14,243,176</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			
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	0.67%	316
2021	-	-	5,281,787	443	5,281,787	0.94%	430
2022	41,952	3	4,641,904	386	4,683,856	0.83%	389

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 2021 and 2022 were calculated using personal income amounts for 2020, 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)
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	776,363	36,621,500	47,171	10.4%	4,556
2021	11,923	(5)	(5)	(5)	5.6%	4,359
2022	12,027	(5)	(5)	(5)	4.5%	4,303

- Source:
- (1) Office of Budget and Management for the State of North Carolina July 1, 2021 estimate is 12,027.
 - (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 2022 preliminary unemployment rate, not seasonally adjusted, is 4.4%
 - (4) Randolph County School Administration as of September 13, 2021.
 - (5) Information is unavailable.

CITY OF ARCHDALE, NORTH CAROLINA
Principal Employers For the Year
Fiscal Years Ended June 30, 2022 and 2013

Fiscal Year 2022			
Employer	Type of Enterprise	Number of Employees	Percentage of Randolph County Total Employment
Thomas Built Buses	Bus Manufacturer	1,591 *	2.529%
Lane (United Furniture)	Furniture Manufacturer	405 *	0.644%
Sealy, Inc.	Mattress Manufacturer	380	0.604%
Ace/Avant Concrete Construction Co., Inc.	Concrete Construction	265	0.421%
Hafele America Company	Architectural Hardware Manufacturer	261	0.415%
Hubbell Industrial Controls, Inc	Industrial Controls Equipment	181	0.288%
Dar/Ran Furniture Industries, Inc.	Furniture Manufacturer	162	0.257%
Stickley Fine Upholstery	Furniture Manufacturer	160	0.254%
Future Foam, Inc	Foam Fabricatons	150	0.238%
Hendrix Batting Company, Inc	Cotton batting	140	0.223%
Fiscal Year 2013			
Employer	Type of Enterprise	Number of Employees	
Thomas Built Buses	Bus Manufacturer	940 *	1.439%
United Furniture	Furniture Manufacturer	500 *	0.765%
Sealy	Mattress Manufacturer	340	0.520%
Ace/Avant Concrete Construction	Concrete Construction	220	0.337%
Hafele America Co.	Architectural Hardware Manufacturer	200	0.306%
Stickley Furniture Company	Furniture Manufacturer	161	0.246%
Dar/Ran Furniture Industries, Inc	Furniture Manufacturer	160	0.245%
Hendrix Batting Co.	Cotton Batting Manufacturer	150	0.230%
Hubbell Industrial Controls, Inc.	Commercial Equipment	150	0.230%
OFS Brands / Carolina		135	0.207%

Information for 2022 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. 2022 RCS employee numbers include full-time employees only.

RCEDC reports the approximate number of employees in Archdale's industrial base is 4,782.

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

	2013	2014	2015	2016	2017
Public Safety:					
Calls for Service	11,844	12,473	13,340	12,633	13,426
Traffic Accidents	323	281	497	531	521
Vice/Narcotic Calls	117	76	72	71	164
Animal Control Calls	676	561	720	617	553
Planning & Zoning:					
Zoning Permits Issued	76	92	101	110	78
Complaints Investigated	282	144	109	149	186
Zoning Cases Prepared	14	7	11	15	28
Public Works:					
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:					
Summer Camp Participants	89	96	80	95	155
Youth Athletic Program Participants	842	777	795	768	754
Adult Athletic Program Participants			145	140	185
After School Program Participants	42	34	38	52	64
Senior Adult Participants	55	60	102	100	308
Utility System:					
Number of Water Accounts Billed - June	4,740	4,767	4,800	4,856	4,889
Gallons of Water Billed	254,268,107	250,304,784	255,853,844	245,930,570	246,531,294
Sewer Treatment Gallons	362,545,843	405,278,915	347,241,401	402,390,122	357,753,810

	2018	2019	2020	2021	2022
Public Safety:					
Calls for Service	12,855	12,570	12,922	11,673	14,509
Traffic Accidents	522	523	449	495	459
Vice/Narcotic Calls	208	158	135	130	145
Animal Control Calls	562	720	557	521	565
Planning & Zoning:					
Zoning Permits Issued	113	78	145	118	115
Complaints Investigated	128	257	248	246	245
Zoning Cases Prepared	11	12	19	16	16
Public Works:					
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:					
Summer Camp Participants	111	119	75	74	99
Youth Athletic Program Participants	789	770	600	535	855
Adult Athletic Program Participants	262	260	250	221	265
After School Program Participants	53	66	71	58	56
Senior Adult Participants	327	373	231	50	250
Utility System:					
Number of Water Accounts Billed - June	4,937	4,956	4,836	4,915	4,931
Gallons of Water Billed	246,538,860	258,433,555	251,438,139	251,532,674	255,272,130
Sewer Treatment Gallons	333,062,023	457,548,961	396,259,174	410,242,792	347,975,686

Sources: City Departments.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	10	11	15	15.5	17
Public Safety:					
Sworn Officers	25	25	25	25	25
Civilian	6	6	6	6	6
Public Works	5	5	5	3.5	4.5
Cultural & Recreation	8	8	6	6	6
General Fund	54	55	57	56	58.5
Enterprise Fund	10	10	10	11	10.5
City Total	<u>64</u>	<u>65</u>	<u>67</u>	<u>67</u>	<u>69</u>

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government	17	17	17	17	17
Public Safety:					
Sworn Officers	25	25	25	26	30
Civilian	6	6	6	6	6
Public Works	4.5	4.5	3	4	3
Cultural & Recreation	6	6	6	6	6
General Fund	58.5	58.5	57	59	62
Enterprise Fund	10.5	10.5	12	12	13
City Total	<u>69</u>	<u>69</u>	<u>69</u>	<u>71</u>	<u>75</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Municipal Facilities:	8	8	8	8	8
Public Safety:					
Police Vehicles	28	28	27	31	32
Public Works:					
Streets (Miles-Paved)	48.86	48.86	50.98	51.82	53.37
Streets (Miles-Unpaved)	2.24	2.24	1.24	1.24	1.24
Sidewalks (Linear Feet)	29,137	38,579	38,579	39,369	43,466
Culture and Recreation:					
Park Acreage	101.0	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
Sand Volleyball Courts					-
Outdoor Basketball Courts					-
Picnic Shelters	2	2	2	2	2
Greenways (Linear Feet)	13,834	13,834	13,834	17,156	17,448
Utility System:					
Pump Stations	9	9	9	10	10

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Municipal Facilities:	9	9	9	9	10
Public Safety:					
Police Vehicles	30	30	30	35	37
Public Works:					
Streets (Miles-Paved)	53.37	53.37	53.37	53.37	52.01
Streets (Miles-Unpaved)	1.32	1.32	1.32	1.32	1.32
Sidewalks (Linear Feet)	43,510	43,510	44,334	44,334	44,334
Culture and Recreation:					
Park Acreage (1)	101.0	101.4	106.3	106.3	112.7
Tennis Courts	4	4	4	4	4
Ball Fields	6	6	6	3	5
Playgrounds	3	3	2	2	2
Sand Volleyball Courts	-	2	2	2	2
Outdoor Basketball Courts	-	-	1	1	1
Picnic Shelters	2	5	5	6	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



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, 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 (*Government Auditing Standards*), 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, 2022, 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 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

Report on 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*.

City of Archdale's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Archdale's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 9, 2022

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 the 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, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Archdale, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Archdale and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Archdale's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Archdale's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Archdale's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Archdale's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Archdale's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Archdale's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Archdale's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 9, 2022



CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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? Yes

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 with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Powell Bill

CITY OF ARCHDALE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

2. Findings Related to the Audit of the Basic Financial Statements

Finding 2022-001

Significant Deficiency

Criteria: Management should have a system of internal controls that limits the same personnel from having access to assets and having access to the general ledger therefore reducing the likelihood of errors in financial reporting. The review and approval of journal entries is an important part of this control system. Journal entries posted should have approval documented.

Condition: Controls over journals entries have been designed but not properly implemented. Journal entries entered do not contain supporting documentation of proper approval and review.

Effect: Lack of proper implementation of internal control policies greatly increases the risk of an error or irregularity going undetected and can result in improper financial reporting.

Cause: There are software limitations on certain functions, which do not allow for documentation of review and approval on the entry. The City's internal control system with respect to review and approval of journal entries has been performed verbally and through emails but not retained.

Recommendation: The City should implement a documented review process for journal entries and retain those records with other supporting documents.

Name of Contact Person: Lori Nurse, Finance Director

Views of Responsible Officials and Corrective Action Plan: Management concurs with the condition noted above. Please refer to the Corrective Action Plan of this report.

3. State Award Findings and Questioned Costs

None reported.



CITY OF ARCHDALE

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**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

Significant Deficiency

Finding 2022-001

Name of Contact Person: Lori Nurse

Corrective Action: Only the Deputy Finance Officer and Finance Director have authority to post journal entries. The Deputy Finance Officer posts most of the entries. The name of the person posting entries to the software is printed on each journal entry. Many of the monthly entries are prepared by other staff members, using documentation provided from external entities and internal software reporting. Staff saves supporting documentation in a systematic manner in various shared drives. Staff emails the Deputy Finance Officer when the supporting documentation and the journal entry are ready for review and posting. These emails will be saved as PDFs to journal entry email folders by month.

The Deputy Finance Officer is enrolled in the School of Government's internal control class at the end of November. The Finance Director and Deputy Finance Officer will be reviewing internal controls over many areas and updating the documentation and communication of the controls. Internal control over journal entries is updated in draft form. It will be one of the first ones completed once we use the course information to decide on the new format.

Proposed Completion Date: Immediately.

CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

None reported.

CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Federal Expenditures (Direct and Passed Through)	State Expenditures (Direct and Passed Through)	Pass-Through to Subrecipients
Federal Grants:				
Cash Programs:				
<u>U.S. Department of Treasury</u>				
Coronavirus State & Local Fiscal Recovery Funds	21.027	\$ 213,135	\$ -	\$ -
<u>U.S. Department of Justice</u>				
Equitable Sharing Program	16.922	33,289	-	-
Total assistance - federal programs		<u>246,424</u>	<u>-</u>	<u>-</u>
State Grants:				
Cash Assistance:				
<u>N.C. Department of Commerce:</u>				
N.C. Rural Infrastructure Authority				
Rural Economic Development Grant		-	92,700	-
<u>N.C. Department of Transportation:</u>				
Powell Bill		-	371,057	-
<u>N.C. Department of Environmental Quality:</u>				
Division of Water Infrastructure				
Clean Water Infrastructure Fund				
Clean Water Reserve				
State Project No. E-AIA-W-21-1216				
Asset Inventory & Assessment Grant		-	145,366	-
Total assistance		<u>\$ 246,424</u>	<u>\$ 609,123</u>	<u>\$ -</u>

Notes to the Schedule of Expenditures of Federal and State 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, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Archdale, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Archdale.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

