

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF ARCHDALE
NORTH CAROLINA

**FISCAL YEAR ENDING
JUNE 30, 2023**



CITY OF ARCHDALE
NORTH CAROLINA

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2023

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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October 31, 2023

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, 2023. The 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, 2023. 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, 2023 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, 2023, 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. Archdale covers 8.86 square miles and has a population of ~12,050.

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., Future Foam, Inc., 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, and Lancaster Custom Crafted Upholstery.

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, greenway trails, picnic shelters, sand volleyball courts, outdoor basketball court, Barkdale dog park, and a disc golf course. The Archdale Public Library, the Archdale Senior Center, Guil-Rand Fire Department, 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 (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 its 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, along the Carolina Core, 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, an expanded tax base, and a stronger local economy. The EDC has facilitated several expansion projects that resulted in improvements to the local economy. The EDC's largest marketed property was 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. Since then, the company announced further investment plans for this site in August 2022 and May 2023, bringing the total investment to nearly \$6 billion and adding at least 2,100 jobs.

In addition to Toyota, major economic development/job creation announcements have been made in the Carolina Core that will contribute to a new economic future for the Piedmont Triad. Examples such as Boom Supersonic (Greensboro) and Wolfspeed (Siler City) will require thousands of employees in the coming years. It is expected that the entire region will be impacted by these announcements. In Archdale specifically, residential growth from the needed workforce and industrial expansion from supply chain industries are anticipated.

Recently, significant jobs and investment announcements have also been made directly in Archdale. The EDC facilitated economic incentive agreements from the state, Randolph County, and the City of Archdale to bring Axium Packaging of New Albany, Ohio to a 35-acre site within Archdale. The same entities had previously partnered with a private developer to complete environmental and engineering site preparation on this property to increase its marketability. Axium produces packaging for personal care products, household chemicals, over-the-counter pharmaceuticals, and food markets. The expected investment is \$36 million with 129 workers to be hired for the Archdale location.

An economic development incentive package was approved during this fiscal year for Japanese wood-products maker Sumitomo Forestry to locate in Archdale. Sumitomo Forestry plans to create 129 new jobs to build roof and floor trusses and wall panels for houses, apartments, and wooden commercial buildings in the nearly \$20 million plant. Funds to incentivize development of this site, which includes new vehicular access from an NCDOT street and a new railroad spur, came from the state, Randolph County, the Golden Leaf Foundation, the North Carolina Railroad Company, and the City of Archdale.

Archdale upholstery maker Lancaster Inc. is relocating and expanding within Archdale due to multiple years of double-digit sales growth. The City of Archdale and Randolph County offered incentives to support the >\$5 million investment in the new facility, retain its current 25 full-time employees, and create at least 27 new jobs.

Construction of these new manufacturing sites is ongoing. Additionally, major investments in land have been made by industrial companies such as Future Foam, Inc. and Quikrete/Contech to allow for future development in Archdale. United Furniture Industries, on the other hand, previously one of Archdale's top ten property taxpayers, ceased operations and filed for bankruptcy in November 2022. The facilities they inhabited on Old Glenola Road and Glenola Industrial Drive are now on the market for new users.

The City of Archdale owns 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 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 remains in an enviable position. 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 Surrett 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. 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. A new zoning ordinance was adopted, land acquisitions have been made, and grant applications have been submitted.

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 FY23, improvements to Creekside Park included LED light fixtures on the 3 new baseball fields and an expanded security system. The recreation center gym was given an upfit with a floor treatment and new bleachers. And grant funding assisted in the repaving of approximately 6,600' of greenway trails and the construction of 2,317' of new, 10' wide paved greenway. All these investments have been met with praise from the community.

Equally exciting is the future construction of a new park; Aldridge Park. The City acquired this 7.42-acre tract with visions of developing a park facility directly accessible to the adjoining neighborhoods. The City then acquired three parcels totaling 1.62-acres and traded land with the Randolph County School System to maximize the footprint of this future attraction. A plan for the park was developed with assistance from a consulting firm and then grant applications were submitted. To date, \$680,000 in grant funds have been secured and plans are moving forward to engineer and construct Phase 1 of the park.

The Archdale Police Department (APD) continues to focus on maintaining community relations and retaining staff. The department is well-supported by the community and our elected officials, and staffing levels are growing. In FY23, 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 light fixtures were replaced with LED units throughout the Police Department.

Internet and network security remained critically important in FY23. IT staff continue to take steps to ensure compliance with Payment Card Industry (PCI) and Criminal Justice Information Systems (CJIS) requirements. Efficiency and network security were increased as a result of new Storage Area Networks (SANS) installed at City Hall and the Police Department. This project was partially grant funded and will impact network security for years to come.

Maintaining the City's water distribution and sewer collection systems remains a priority. An Asset Inventory and Assessment (AIA) of the wastewater system was recently completed with assistance from a North Carolina Department of Environmental Quality (DEQ) grant. This project created a strategic capital improvement plan, evaluated locations of inflow and infiltration (I/I), and produced updated GIS mapping of the City's primary sewer lines. A DEQ grant in the amount of \$242,000 has been awarded to the City to complete an AIA on the water distribution system. In addition to mapping and development of capital improvement plans, these funds will pay for a rate study to ensure the sustainability of the utility's rate structure.

Significant investments in public utilities are expected in the coming years. \$3.6M was awarded to the City for water and sewer system projects. This funding will be used to make necessary improvements to existing sewer lines, extending the life of mission critical infrastructure and increasing capacity for future growth. The City will also be investing in the future by participating in an upcoming plant expansion at the PTRWA. Archdale continually seeks strategic partnerships to help maximize the long-term impacts of these substantial investments.

In the coming years, the City will tackle many projects that address the needs of our growing community. It is an exciting time for the City of Archdale, and we are grateful for the support of our citizens and the City Council.

FINANCIAL INFORMATION

Budgetary Information: The City's budgets are adopted by July 1 of each year as required by The Local Government Budget and Fiscal Control Act of the North Carolina General Statutes. The City levies a property tax on both real and personal properties located within its boundaries. The City's budget ordinance provides a legal limit for spending authorizations and serves as the guide for financial planning and control. 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. The City Council can approve budget amendments affecting the total appropriations on the department and project levels. Encumbrance accounting is used to ensure the City does not exceed the spending limits established in the budget, as required by North Carolina General Statutes.

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. The current plan includes capital purchases and projects ranging from equipment purchases to a recreation center expansion and new greenway trails/sidewalks. The Water and Sewer Fund Capital Improvement Plan includes system expansion projects for future development, utility maintenance projects, and Archdale's share of the cost for proposed capital improvements at the Eastside Wastewater Treatment Plant as approved by the City of High Point.

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

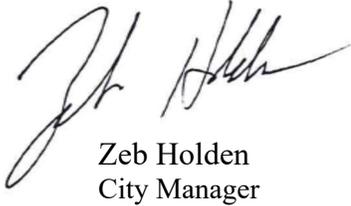
AWARDS AND ACKNOWLEDGMENTS

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, 2022. 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, 2022

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

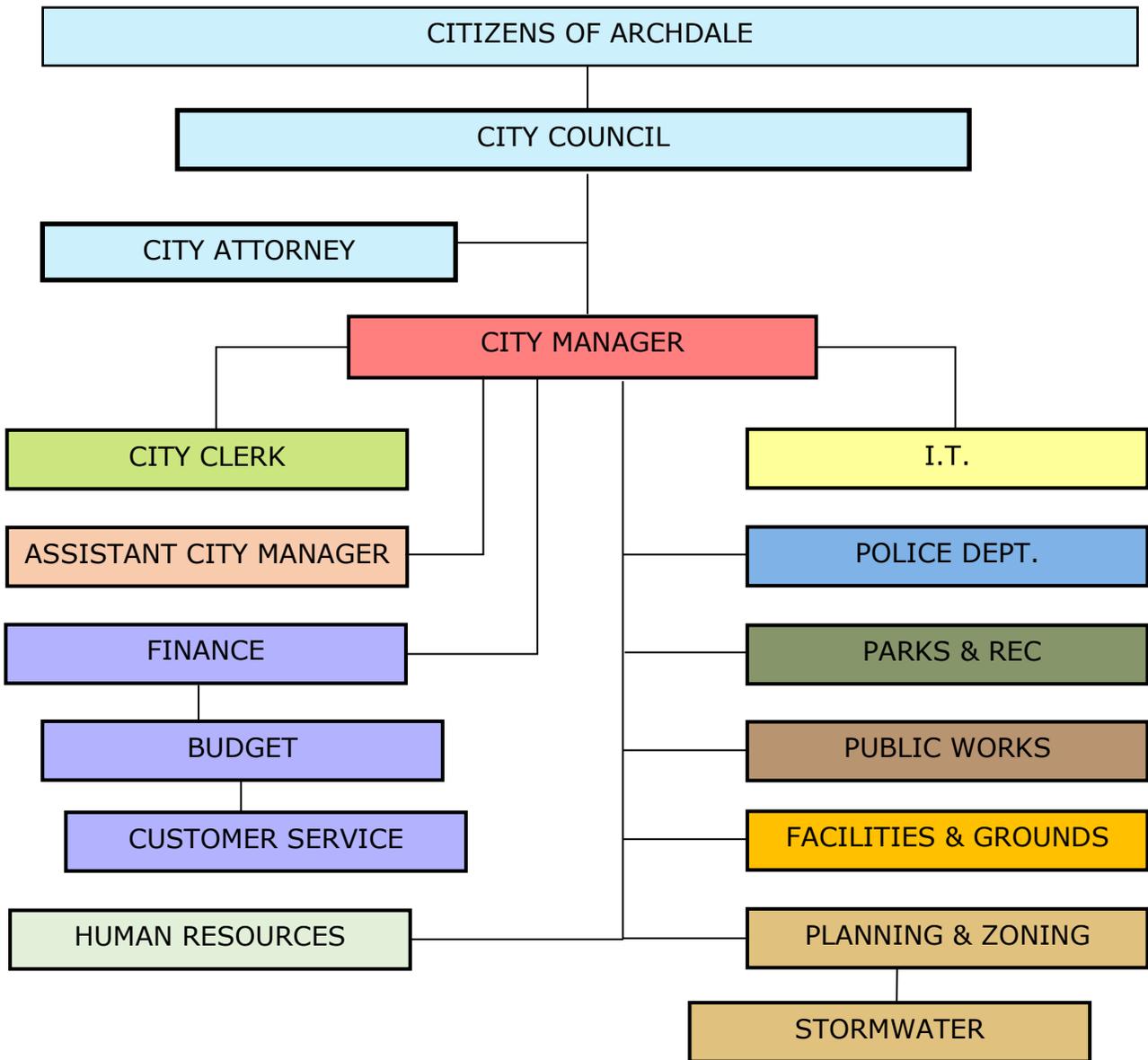


Tim
Williams
At Large



Kelly
Grooms
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



**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
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MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

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

Independent Auditor’s Report

To the Honorable Mayor and
Members of the City Council
City of Archdale, 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, 2023, 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, 2023, 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.

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

if 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 October 31, 2023 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
October 31, 2023

CITY OF ARCHDALE

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

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, 2023. 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 \$67,556,629. (net position)
- The government's total net position increased by \$7,077,620 with increases in both governmental activities and business-type activities net position. The governmental activities included revenue replacement projects closing out the American Rescue Plan Act (ARPA) Fund of \$3,456,029.
- Governmental activities include the American Rescue Plan Act (ARPA) fund and the State Capital and Infrastructure Fund (SCIF). These funds account for restricted cash received from federal and state grants. The ARPA fund was closed out during fiscal year 2023.
- Net position in the business-type activities increased by \$1,186,247, of which \$1,137,810 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 \$18,357,394, an increase of \$5,392,528 in comparison with the prior year. Eighty-five percent of this total amount, or \$15,551,671 is available for spending at the government's discretion.
- Ninety-two percent of general fund revenues come from the following four sources: property taxes (31%), local sales taxes (37%), sales and services (11%), and utility sales tax (13%).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$5,854,203 or fifty-eight percent of total general fund expenditures for the fiscal year.
- The fund balance for the General Fund includes \$670,484 assigned by the City Council to be used for possible future economic development incentives and \$5,669,164 assigned for capital expenditures.
- The City implemented GASB Statement No. 96 for subscription-based information technology arrangements (SBITAs). Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities. Subscription assets net of amortization totaled \$421,021 government-wide. Subscription liabilities totaled \$361,400.

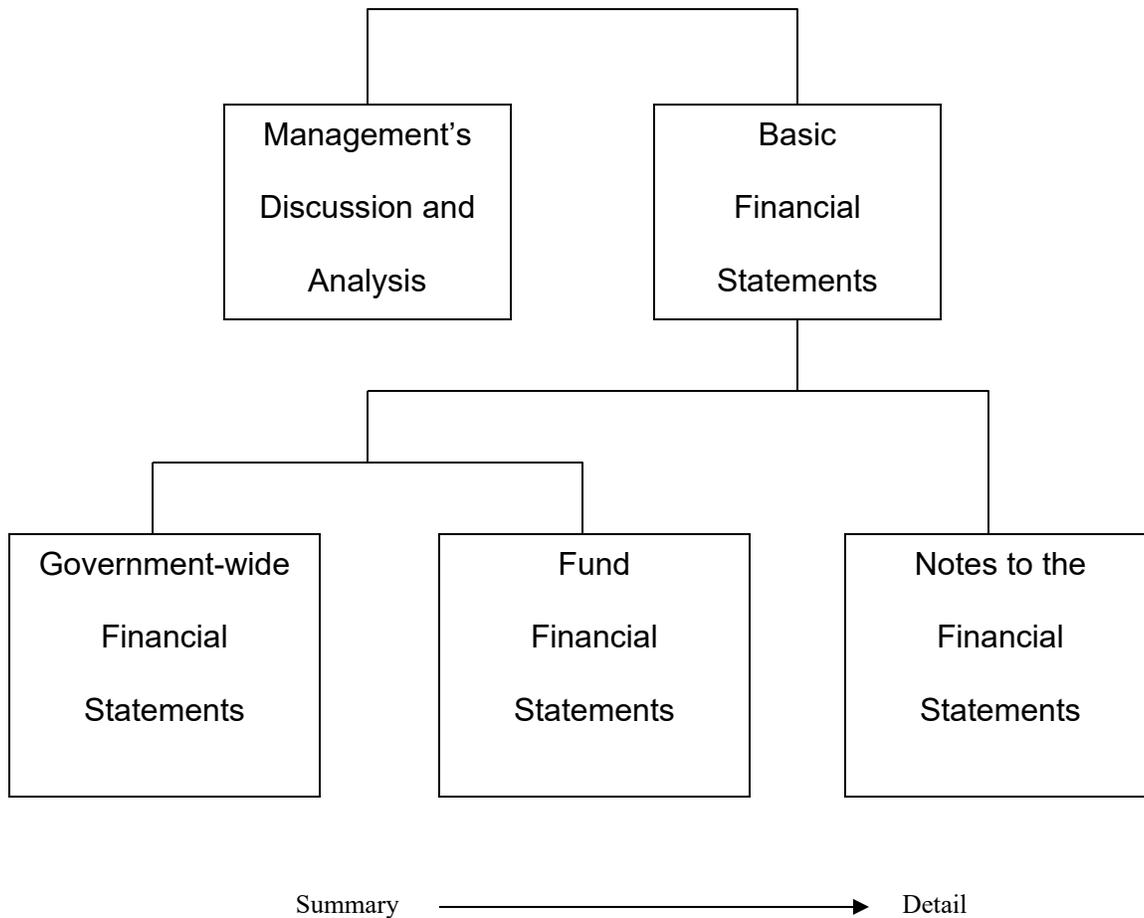
Overview of the Financial Statements

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, 2023

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 for major governmental funds; 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 can also 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, 2023

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 on 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 the 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. The 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, 2023

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 | |
|--------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 19,653,751 | \$ 16,357,916 | \$ 11,905,360 | \$ 10,866,144 | \$ 31,559,111 | \$ 27,224,060 |
| Capital and other non-current assets | 19,537,929 | 18,433,354 | 24,954,755 | 25,502,780 | 44,492,684 | 43,936,134 |
| Total assets | <u>39,191,680</u> | <u>34,791,270</u> | <u>36,860,115</u> | <u>36,368,924</u> | <u>76,051,795</u> | <u>71,160,194</u> |
| Deferred outflows of resources | 2,030,863 | 1,315,433 | 339,047 | 204,974 | 2,369,910 | 1,520,407 |
| Long-term liabilities outstanding | 3,602,836 | 1,330,115 | 4,159,878 | 4,155,413 | 7,762,714 | 5,485,528 |
| Other liabilities | 1,545,808 | 3,554,218 | 1,105,957 | 1,416,047 | 2,651,765 | 4,970,265 |
| Total liabilities | <u>5,148,644</u> | <u>4,884,333</u> | <u>5,265,835</u> | <u>5,571,460</u> | <u>10,414,479</u> | <u>10,455,793</u> |
| Deferred inflows of resources | 317,459 | 1,357,303 | 133,138 | 388,496 | 450,597 | 1,745,799 |
| Net position: | | | | | | |
| Net investment in capital assets | 19,051,808 | 18,391,402 | 20,851,980 | 20,761,897 | 39,903,788 | 39,153,299 |
| Restricted | 2,773,575 | 2,524,178 | 123,652 | 112,564 | 2,897,227 | 2,636,742 |
| Unrestricted | 13,931,057 | 8,949,487 | 10,824,557 | 9,739,481 | 24,755,614 | 18,688,968 |
| Total net position | <u>\$ 35,756,440</u> | <u>\$ 29,865,067</u> | <u>\$ 31,800,189</u> | <u>\$ 30,613,942</u> | <u>\$ 67,556,629</u> | <u>\$ 60,479,009</u> |

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the City of Archdale exceeded liabilities and deferred inflows by \$67,556,629 as of June 30, 2023. The City’s net position increased by \$7,077,620 for the fiscal year ended June 30, 2023. However, the largest portion (59%) 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 \$24,738,703 is unrestricted.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

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

- Unrestricted cash increased by 45.4% to \$16,184,560.
 - Ad valorem revenue exceeded budget estimates by \$121,497.
 - Sales tax revenue exceeded original budget estimates by \$338,833.
 - ARPA revenue replacement and interest totaled \$3,521,858 or 22% of the unrestricted cash.
 - General Fund unrestricted interest earnings totaled \$472,699 in fiscal year 2023 compared to \$16,619 in fiscal year 2022. Interest rates increased substantially in addition to increased cash balances.
- The liability for compensated absences increased from the prior year. In the highly competitive environment to retain employees and recruit new talent, the City increased the cost-of-living adjustment for employees. These wage adjustments lead to an increase in the compensated absences liability for vacation of 12%. Public Safety recruitment and retention was a driving factor in the increased liability. Vacation in excess of 22 ½ days as of January 1 is converted to sick leave. 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 the 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 \$27,410 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 and purchase 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 Departments 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 54% by \$715,430.
- Total OPEB liability decreased \$27,539 to \$232,145 and \$193,029 of this is in the governmental funds. 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:
 - The discount rate was changed from 2.16% to 3.69% resulting in an inflow due to assumption changes. There were no other sources of inflows or outflows.
- The City continues to focus on maintenance of City facilities to increase the useful life of assets and ensure safe use of the assets. Replacing gym bleachers, information technology infrastructure replacements at City Hall, and information technology infrastructure replacements at the Police Department are just a few of these projects. The Police Department was awarded a state grant of \$300,000 that was used to fund the majority of their information technology equipment replacements.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

The City of Archdale's Changes in Net Position

Figure 3

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,335,252 | \$ 1,214,436 | \$ 5,132,991 | \$ 5,155,087 | \$ 6,468,243 | \$ 6,369,523 |
| Operating grants and contributions | 914,102 | 584,167 | - | - | 914,102 | 584,167 |
| Capital grants and contributions | 645,035 | 216,505 | 7,020 | 23,450 | 652,055 | 239,955 |
| General revenues: | | | | | | |
| Taxes | 3,554,061 | 3,370,920 | - | - | 3,554,061 | 3,370,920 |
| Grants and contributions not restricted to specific programs | 8,524,755 | 4,763,585 | - | - | 8,524,755 | 4,763,585 |
| Unrestricted investment earnings | 562,541 | 19,782 | 362,686 | 21,538 | 925,227 | 41,320 |
| Other | 49,722 | 13,967 | | | 49,722 | 13,967 |
| Total revenues | <u>15,585,468</u> | <u>10,183,362</u> | <u>5,502,697</u> | <u>5,200,075</u> | <u>21,088,165</u> | <u>15,383,437</u> |
| Expenses: | | | | | | |
| General government | 2,236,836 | 2,109,177 | - | - | 2,236,836 | 2,109,177 |
| Public safety | 3,507,895 | 3,134,455 | - | - | 3,507,895 | 3,134,455 |
| Transportation | 941,089 | 917,099 | - | - | 941,089 | 917,099 |
| Environmental protection | 1,010,187 | 969,167 | - | - | 1,010,187 | 969,167 |
| Cultural and recreation | 1,751,505 | 1,327,615 | - | - | 1,751,505 | 1,327,615 |
| Community promotions | 242,485 | 181,022 | - | - | 242,485 | 181,022 |
| Interest on long-term debt | 4,098 | - | - | - | 4,098 | - |
| Water and sewer | - | - | 3,826,734 | 3,879,828 | 3,826,734 | 3,879,828 |
| Stormwater | - | - | 489,716 | 483,658 | 489,716 | 483,658 |
| Total expenses | <u>9,694,095</u> | <u>8,638,535</u> | <u>4,316,450</u> | <u>4,363,486</u> | <u>14,010,545</u> | <u>13,002,021</u> |
| Increase in net position before transfers | 5,891,373 | 1,544,827 | 1,186,247 | 836,589 | 7,077,620 | 2,381,416 |
| Transfers | - | (31,753) | - | 31,753 | - | - |
| Increase in net position | <u>5,891,373</u> | <u>1,513,074</u> | <u>1,186,247</u> | <u>868,342</u> | <u>7,077,620</u> | <u>2,381,416</u> |
| Net position, beginning | 29,865,067 | 28,351,993 | 30,613,942 | 29,745,600 | 60,479,009 | 58,097,593 |
| Net position, June 30 | <u>\$ 35,756,440</u> | <u>\$ 29,865,067</u> | <u>\$ 31,800,189</u> | <u>\$ 30,613,942</u> | <u>\$ 67,556,629</u> | <u>\$ 60,479,009</u> |

Governmental Activities: Governmental activities increased the City's net position \$5,891,373, thereby accounting for 83% 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 grant in the SCIF fund totaled \$391,097. This amount is offset by a liability for \$229,965, advanced from grantor and accounts payable.
- The City's proportionate share of the net pension liability for the LGERS increased from \$749,622 to \$3,031,139. The increase for governmental activities is \$1,897,035 in contrast to the prior year's decrease of \$944,623. 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 \$1,146,527. Capital outlay exceeded depreciation expense by \$797,844. Assets disposed of during the year fully depreciated. Capital assets include right-to-use assets for the implementation of GASB 96 SBITAs.
- The Police Department entered into an installment purchase agreement for phase two of police body worn and in-car cameras.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

- Real property was purchased to expand the creation of a new park. The City and Randolph County Schools participated in a land swap for additional park land.

Business-Type Activities: Business-type activities increased the City of Archdale's net position by \$1,186,247, accounting for 17% 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 \$48,437 to \$1,379,597. Net investment in capital assets increased by \$43,830. A new truck 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 \$1,137,810.
- Charges for services in the water and sewer fund increased 3.2 %. 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 \$2,159,351 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 increase in LGERS pensions liability is allocated \$266,664 to the water and sewer fund and \$117,818 to the stormwater fund. The liability as of June 30 is \$354,280 and \$156,528, 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.
- Continuing GASB Statement No. 87 lease guidance, the City recognized a non-current lease receivable of \$29,985, for one cell tower company leasing space on and around the water tank. A deferred inflow of \$58,030 was recognized for the lease. The lease is reflected in the water and sewer fund.
- Due to the implementation of GASB Statement No. 96 Subscription-Based Information Technology Arrangements, the City recognized a non-current subscription liability of \$49,518 in the water and sewer fund and \$7,842 in the stormwater fund. SBITA subscription assets in the water and sewer fund totaled \$95,097 and \$19,193 in the stormwater fund.

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, the unassigned fund balance of the general fund was \$5,854,203 with total fund balance of \$18,340,548. As a measure of the general fund's

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58% of total general fund expenditures, while total fund balance represents 180% of that same amount.

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

- The City completed its ARPA fund requirements using the funds in the revenue replacement category.
- Collections of current year tax revenues increased 4.7% over the prior year. Guilford County completed a 2022 reappraisal to assess real estate values to their market value. The reappraisal resulted in a \$33,256 increase in billed property taxes for City property within Guilford County. 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 98.98%. Property taxes on registered motor vehicles are collected by the NCDMV along with registration renewals.
- Sales tax revenue increased 11.8% over the prior year. Year over year increases have ranged from 5.1% to 15.2% for the nine 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. The monthly service fee for the collection of one trash cart increased from \$12.50 a month to \$12.90 a month. The recycling cart collection fee remained unchanged. The cost of sanitation services exceeded revenues by \$21,964 for the fiscal year 2023. For the fourth year in a row, the fees did not cover the cost of sanitation services. The City's contracts for these services were 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 rate on medical insurance and a decreased rate on dental insurance for employees. Vision insurance remained the same rate for employees. Employees' portion of medical insurance payroll deduction remained at \$36.50 per month for those participating in the wellness program. The provider gave the City a one-time \$45,000 health improvement fund credit.
- Overall, revenues from the utility sales tax distribution for electricity, telecommunications, natural gas, and video programming increased by \$14,298 in fiscal year 2023. Taxes on telecommunications increased slightly from the prior fiscal year. 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 over the past year's level. Video programming sales tax is still holding in a declining pattern.
- 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 continued to increase post pandemic for the after school, summer camp, and youth sports programs to name a few.
- Actual expenditures were 66% of budgeted expenditures, which is less than prior years. Several capital projects were budgeted but not started.
- The order of emphasis for cash balances is safety, liquidity, and yield. Interest income has rebounded in fiscal year 2023 in the general fund to \$502,244 compared to \$17,545 in the prior fiscal year.
- 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 \$347,973, which is about \$1,685 less than last year's amount, and fund balance restricted for streets from Powell Bill funds increased by \$17,670.
- Fund balance restricted for public safety increased \$112,059 to \$300,038. The police department received revenue of \$137,868. Revenue for this program is not budgeted until it is received. These funds were primarily used to support the K9 program and for a special use vehicle purchase.

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 CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

The amendments to the City's budget for the fiscal year ended June 30, 2023 were made for the following reasons:

- Increase the Library Department appropriation to cover salary underestimation in budget for contract payments to Randolph County.
- Concrete repairs at handicap parking area for the large picnic shelter in Creekside Park.
- Appropriate funds for anticipated economic development agreements.
- Increase employee compensation to retain current employees and fill vacancies in a highly competitive job market.
- Community promotions for sponsorship of a public event.
- SCIF grant funding for Police Department information technology updates.
- Order hard-to-get vehicles for the Police Department in fiscal year 2023 instead of fiscal year 2024.
- Increased cost of vehicles purchased for the Police Department.
- Economic development agreement roll-forward.
- Expansion of Roelee Street.
- Repair of a Police Department vehicle.
- Increase Facilities and Grounds equipment maintenance budget.
- Adjust revenue budget for increases in interest rates.
- Land swap expenditures between the City and Randolph County Public Schools.
- City workers' compensation coverage increases.
- Budget for a replacement mower for Facilities and Grounds.
- Increase budget for gas and lubricants for Facilities and Grounds.
- Increase professional services budget for the Police Department.
- Police Department event for related revenues and expenditures.
- City Hall elevator maintenance.
- Transfer of ARPA funds to the general fund for revenue replacement project completions.
- Second Phase of Police Department body-worn cameras.
- Assessment and repair of Police Department generator.
- Repair of Facilities and Grounds truck.
- Structure demolition and increased code enforcement expenses.
- Property purchases for expansion of recreation facilities.
- Implement GASB 96 to increase proceeds from debt as well as debt service principal and interest budgets.

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

The ARPA fund was 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). To close out the ARPA fund in fiscal year 2023, \$3,456,029 was used for salaries and benefits under the Revenue Replacement category of expenditure projects. The balance was used to reimburse the general fund for those expenditures. The investment earnings balance of \$65,829 was transferred to the general fund, as investment earnings were not restricted to being used on the completed projects.

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 from these funds will also be spent on the projects. The greenway maintenance project was completed in fiscal year 2023. A new section of the greenway trail has been completed using a portion of the greenway construction SCIF funds. Construction for the equipment shelter at Public Works is planned to start in fiscal year 2024.

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. The unrestricted net position of the water and sewer fund and the stormwater fund at the end of the fiscal year amounted to \$9,662,222 and \$1,162,335 respectively.

THE CITY OF ARCHDALE
Management’s Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

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, 2023, totals \$44,462,699 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, infrastructure, and right-to-use assets.

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

- Purchase of real property and a land swap for the creation of a new park.
- Metal building construction for Public Works gas and equipment storage.
- Gym bleacher replacements and addition of basketball goal motors in the recreation center at Creekside Park.
- Installation of upper ball fields lighting at Creekside Park.
- Activity field creation at Creekside Park.
- Seven police vehicles, handheld radios, laptops, and in-car/body cameras.
- Mower replacement at Facilities and Grounds.
- IT infrastructure replacements for City Hall and the Police Department.
- Sewer connection upgrade and Weant Road pump station upgrades.
- NVR and security camera additions at Public Works.
- Truck replacement, mower, mini excavator, and sewer camera mounted in a box truck from the water and sewer fund.
- Truck purchase from the stormwater fund.
- Right-to-use assets from GASB 96 implementation.

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

Figure 4

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land, streets, and rights-of-way | \$ 9,128,943 | \$ 8,869,903 | \$ 414,047 | \$ 414,974 | \$ 9,542,990 | \$ 9,284,877 |
| Construction in progress | 289,938 | 98,160 | - | 14,331 | 289,938 | 112,491 |
| Water rights | - | - | 6,883,403 | 7,100,708 | 6,883,403 | 7,100,708 |
| Water treatment rights | - | - | 4,014,516 | 4,263,188 | 4,014,516 | 4,263,188 |
| Buildings and systems | 5,719,009 | 5,850,026 | - | - | 5,719,009 | 5,850,026 |
| Improvements other than buildings | 2,324,781 | 2,298,293 | 18,477 | 20,173 | 2,343,258 | 2,318,466 |
| Equipment and vehicles | 1,679,372 | 1,231,907 | 1,915,478 | 1,757,724 | 3,594,850 | 2,989,631 |
| Computer software | 89,155 | 85,065 | 15,061 | 22,581 | 104,216 | 107,646 |
| Water distribution system | - | - | 2,504,592 | 2,655,356 | 2,504,592 | 2,655,356 |
| Sewer collection system | - | - | 9,044,906 | 9,154,766 | 9,044,906 | 9,154,766 |
| Right-to-use IT subscriptions | 306,731 | - | 114,290 | - | 421,021 | - |
| Total | \$ 19,537,929 | \$ 18,433,354 | \$ 24,924,770 | \$ 25,403,801 | \$ 44,462,699 | \$ 43,837,155 |

Additional information on the City’s capital assets can be found in note II.A.7 of the Basic Financial Statements.

Long-Term Debt: As of June 30, 2023, the City of Archdale Water and Sewer Fund had total debt outstanding of \$3,977,949. The City paid the remaining balance 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

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

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 the City of Archdale is \$92,289,029.

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 ninety-one 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 98 out of the 100 counties. The unemployment rate for Randolph County is 3.7% .
- 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 an 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 \$1.3 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). In May of 2023 Toyota announced it would invest an additional \$2.1 billion to expand infrastructure, making its total planned investment \$5.9 billion. Scheduled to begin production in 2025, the facility will produce batteries for hybrid electric vehicles (HEV) and BEVs. The number of jobs is now projected to be 2,100.
- Applications for additional residential, commercial, and industrial units are in various stages of the City review process. Sumitomo, Lancaster Custom Crafted Upholstery, and Axium will start the construction of buildings in Archdale.
- 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 Plan Archdale Commission is involved in the planning of future development in Archdale.
- 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, 2023 for the July 2023 tax bill. The assessed value is estimated by the tax office to be 95% of market value on January 1st, 2023. The next revaluation is scheduled for 2027.
- 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 2022, North Carolina was the ninth largest state in the nation by population. North Carolina ranked third among all states in numeric growth from July 1st, 2021 to July 1st, 2022. The state gained one additional congressional seat after

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

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, 2024

Governmental Activities: The property tax rate remained at 31 cents per one hundred dollars of property value. Sales tax revenue is budgeted 12.5% higher than what was received in fiscal year 2023. The cost of a monthly service for a garbage cart increases fifty cents to \$13.40 due to an increase in the cost of this contracted service. Recycling cart monthly service increases sixty cents to \$4.60. The original budget includes a decrease of restricted fund balance of \$5,040 and an appropriation from unrestricted fund balance of \$3,357,820. The beginning budget for capital expenditures is \$5,018,420.

Budgeted expenditures in the original budget for the General Fund was \$15,828,830 in fiscal year 2024, compared to last year's final budget of \$15,407,533 in fiscal year 2023. The budget for the fiscal year ending June 30, 2024 has already been amended to \$16,617,030 for the following:

- Purchase of real property.
- Night-vision goggles for the Police Department.
- Community promotions increase for sponsorship of a public event.
- Public Works equipment shelter funding.

This budget includes appropriations for City Hall audio-visual system upgrade, access point and switch replacements, and other IT upgrades and replacements. Facilities and Grounds will replace a mower, purchase an aerator seeder, and purchase a stand-up blower. Police radios, phase three of in-car/body worn cameras, consolettes and consoles replacements, and other IT upgrades are planned purchases for the Police Department. The police vehicles will be upfitted for service. Public Works will purchase a mower and trailer replacements. Public works has received a state grant for construction of an equipment shelter and will work to complete the project. The recreation department budget includes expansion of the recreation center, fence replacements, UTV replacement, and construction of greenway trails. The recreation department received a state grant for greenway trail construction and will work to complete the projects. 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. The City has been awarded a PartF Grant and Rural Transformation Grant to assist in the construction of a new park in Archdale. The City has also been awarded a Rural Community Capacity Grant to assist in the upgrading of a lighting project.

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 4.5%. The water and sewer fund are operated as a self-supported enterprise and the balance in unrestricted net position is necessary to finance expansion and replacement of infrastructure.

Budgeted expenditures in the original budget for the water and sewer fund were \$4,246,615 in fiscal year 2024, compared to last year's final budget of \$4,529,388 in fiscal year 2023. The budget for the fiscal year ending June 30, 2024 has already been amended to \$4,309,515 for the following:

- Large water meter replacements.
- Increased cost of engineering study for system development fees.
- Increased cost for a truck replacement.

The fiscal year 2024 budget includes the following budget impacts.

- The budget for debt service is \$512,728 which is 14.5% percent of the water and sewer fund operating budget, excluding sewer capital projects.
- The \$440,200 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 3.75% 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 2024 budget is 30.48% higher than the prior year.
- Water and sewer fund equipment purchases include a truck replacement purchase.

THE CITY OF ARCHDALE
Management's Discussion and Analysis (Continued)
For the Fiscal Year End June 30, 2023

- The professional services budget includes funding for a water asset inventory and assessment study partially funded by a \$242,000 Division of Water Infrastructure grant that was approved by the State Water Infrastructure Authority.
- A sewer flow metering study is budgeted in professional services for \$40,000.
- A connection fees study is also budgeted in professional services for \$15,000.
- The City was 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 is working with the Piedmont Triad Regional Council to create bid documents for design-build sewer system projects.
- There is a pump replacement included for capital upgrades at Weant Road pump station. Suits Road pump station is budgeted to get a generator and automatic transfer switch.
- In the capital water and sewer fund, appropriations include upsizing sewer lines and an extension for a section of a water line. The budgeted capital water and sewer fund projects total \$3,030,000.

Stormwater Fund: Stormwater fee revenue is budgeted to remain steady. The fund provides for drainage repairs in the public right-of-way, leaf and limb collection, street sweeping, and stormwater education. The fiscal year 2024 budget includes budgeted replacements for a vacuum trailer/truck and a truck. 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, 2023

| | Primary Government | | Total |
|---|------------------------------------|-------------------------------------|-------------------|
| | Governmental Activities | Business-type Activities | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents/investments | \$ 16,184,560 | \$ 10,593,198 | \$ 26,777,758 |
| Taxes receivables (net) | 44,688 | - | 44,688 |
| Accrued interest receivable | 46,543 | 1,033 | 47,576 |
| Accounts receivable (net) | 84,087 | 664,360 | 748,447 |
| Due from other governments | 1,514,389 | 10,663 | 1,525,052 |
| Lease receivable | - | 28,867 | 28,867 |
| Inventories | - | 80,091 | 80,091 |
| Prepaid items | 15,237 | - | 15,237 |
| Restricted cash and cash equivalents | 1,764,247 | 527,148 | 2,291,395 |
| Total current assets | <u>19,653,751</u> | <u>11,905,360</u> | <u>31,559,111</u> |
| Non-current assets: | | | |
| Lease receivable | - | 29,985 | 29,985 |
| Capital assets: | | | |
| Land, non-depreciable improvements, and construction in progress | 9,418,881 | 401,575 | 9,820,456 |
| Other capital assets, net of depreciation | 9,812,317 | 13,498,514 | 23,310,831 |
| Right-to-use assets, net of amortization | 306,731 | 11,024,681 | 11,331,412 |
| Total capital assets | <u>19,537,929</u> | <u>24,924,770</u> | <u>44,462,699</u> |
| Total noncurrent assets | <u>19,537,929</u> | <u>24,954,755</u> | <u>44,492,684</u> |
| Total assets | <u>39,191,680</u> | <u>36,860,115</u> | <u>76,051,795</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension deferrals | 1,985,964 | 329,949 | 2,315,913 |
| OPEB deferrals | 44,899 | 9,098 | 53,997 |
| Total deferred outflows of resources | <u>2,030,863</u> | <u>339,047</u> | <u>2,369,910</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, 2023

| | Primary Government | | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| | Governmental Activities | Business-type Activities | |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 537,363 | 198,704 | 736,067 |
| Accrued interest payable | 3,073 | 9,681 | 12,754 |
| Current portion of long-term liabilities | 320,255 | 494,076 | 814,331 |
| Payable from restricted assets | 455,152 | 403,496 | 858,648 |
| Advance from grantor | 229,965 | - | 229,965 |
| Total current liabilities | <u>1,545,808</u> | <u>1,105,957</u> | <u>2,651,765</u> |
| Long-term liabilities: | | | |
| Net pension liability | 2,520,331 | 510,808 | 3,031,139 |
| Net pension liability-LEOSSA | 607,451 | - | 607,451 |
| OPEB liability | 189,072 | 38,314 | 227,386 |
| Due in more than one year | 285,982 | 3,610,756 | 3,896,738 |
| Total long-term liabilities | <u>3,602,836</u> | <u>4,159,878</u> | <u>7,762,714</u> |
| Total liabilities | <u>5,148,644</u> | <u>5,265,835</u> | <u>10,414,479</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Leases | - | 58,030 | 58,030 |
| Prepaid cash receipts | 17,009 | 29,926 | 46,935 |
| Pension deferrals | 139,893 | 12,646 | 152,539 |
| OPEB deferrals | 160,557 | 32,536 | 193,093 |
| Total deferred inflows of resources | <u>317,459</u> | <u>133,138</u> | <u>450,597</u> |
| NET POSITION | | | |
| Net investment in capital assets | 19,051,808 | 20,851,980 | 39,903,788 |
| Restricted for: | | | |
| Stabilization by State Statute | 1,855,946 | - | 1,855,946 |
| Transportation | 624,411 | - | 624,411 |
| Public safety | 300,038 | - | 300,038 |
| Culture and recreation | 10,091 | - | 10,091 |
| System development | - | 123,652 | 123,652 |
| Unrestricted | 13,914,146 | 10,824,557 | 24,738,703 |
| Total net position | <u>\$ 35,756,440</u> | <u>\$ 31,800,189</u> | <u>\$ 67,556,629</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, 2023

| 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 | \$ 2,236,836 | \$ 33,379 | \$ 46,120 | \$ - | \$ (2,157,337) | \$ - | \$ (2,157,337) |
| Public safety | 3,507,895 | - | 175,463 | 300,000 | (3,032,432) | - | (3,032,432) |
| Transportation | 941,089 | - | 376,058 | 24,215 | (540,816) | - | (540,816) |
| Environmental protection | 1,010,187 | 966,799 | 13,947 | - | (29,441) | - | (29,441) |
| Cultural and recreation | 1,751,505 | 335,074 | 177,514 | 320,820 | (918,097) | - | (918,097) |
| Community promotions | 242,485 | - | 125,000 | - | (117,485) | - | (117,485) |
| Interest on long-term debt | 4,098 | - | - | - | (4,098) | - | (4,098) |
| Total governmental activities | 9,694,095 | 1,335,252 | 914,102 | 645,035 | (6,799,706) | - | (6,799,706) |
| Business-type activities: | | | | | | | |
| Water and sewer | 3,826,734 | 4,635,013 | - | 7,020 | - | 815,299 | 815,299 |
| Stormwater | 489,716 | 497,978 | - | - | - | 8,262 | 8,262 |
| Total business-type activities | 4,316,450 | 5,132,991 | - | 7,020 | - | 823,561 | 823,561 |
| Total primary government | \$ 14,010,545 | \$ 6,468,243 | \$ 914,102 | \$ 652,055 | (6,799,706) | 823,561 | (5,976,145) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 3,554,061 | - | 3,554,061 |
| Grants and contributions not restricted to specific programs | | | | | 8,524,755 | - | 8,524,755 |
| Unrestricted investment earnings | | | | | 562,541 | 362,686 | 925,227 |
| Miscellaneous | | | | | 49,722 | - | 49,722 |
| Total general revenues | | | | | 12,691,079 | 362,686 | 13,053,765 |
| Change in net position | | | | | 5,891,373 | 1,186,247 | 7,077,620 |
| Net position, beginning | | | | | 29,865,067 | 30,613,942 | 60,479,009 |
| Net position, ending | | | | | \$ 35,756,440 | \$ 31,800,189 | \$ 67,556,629 |

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

City of Archdale, North Carolina
Balance Sheet
Governmental Funds
June 30, 2023

| | <u>General Fund</u> | <u>ARPA Major Fund</u> | <u>SCIF Major Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|----------------------------|----------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents/investments | \$ 16,184,560 | \$ - | \$ - | \$ 16,184,560 |
| Restricted cash | 1,373,150 | - | 391,097 | 1,764,247 |
| Receivables, net: | | | | |
| Taxes | 44,688 | - | - | 44,688 |
| Accounts | 84,087 | - | - | 84,087 |
| Interest | 37,436 | - | - | 37,436 |
| Due from other governments | 1,514,389 | - | - | 1,514,389 |
| Prepaid items | 15,237 | - | - | 15,237 |
| Total assets | <u>\$ 19,253,547</u> | <u>\$ -</u> | <u>\$ 391,097</u> | <u>\$ 19,644,644</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 393,077 | - | 144,286 | 537,363 |
| Accrued interest payable | 3,073 | - | - | 3,073 |
| Accounts payable from restricted assets | 455,152 | - | - | 455,152 |
| Advance from grantor | - | - | 229,965 | 229,965 |
| Total liabilities | <u>851,302</u> | <u>-</u> | <u>374,251</u> | <u>1,225,553</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes receivable | 44,688 | - | - | 44,688 |
| Prepaid cash receipts | 17,009 | - | - | 17,009 |
| Total deferred inflows of resources | <u>61,697</u> | <u>-</u> | <u>-</u> | <u>61,697</u> |
| FUND BALANCES | | | | |
| Non spendable | | | | |
| Prepays | 15,237 | - | - | 15,237 |
| Restricted | | | | |
| Stabilization by state statute | 1,855,946 | - | - | 1,855,946 |
| Streets | 617,656 | - | 6,755 | 624,411 |
| Public safety | 300,038 | - | - | 300,038 |
| Cultural and recreation | - | - | 10,091 | 10,091 |
| Assigned | | | | |
| Subsequent year's expenditures | 3,357,820 | - | - | 3,357,820 |
| Economic development | 670,484 | - | - | 670,484 |
| Capital | 5,669,164 | - | - | 5,669,164 |
| Unassigned | 5,854,203 | - | - | 5,854,203 |
| Total fund balances | <u>18,340,548</u> | <u>-</u> | <u>16,846</u> | <u>18,357,394</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 19,253,547</u> | <u>\$ -</u> | <u>\$ 391,097</u> | |

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

(continued)

City of Archdale
Balance Sheet
Governmental Funds
June 30, 2023

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

| | | |
|---|--------------------|--------------------------|
| Total Fund Balance, Governmental Funds | \$ | 18,357,394 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Gross capital assets at historical cost | \$ | 27,628,812 |
| Accumulated depreciation | <u>(8,397,614)</u> | 19,231,198 |
| Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Right-to-use assets at historical cost | 364,058 | |
| Accumulated amortization | <u>(57,327)</u> | 306,731 |
| Deferred outflows of resources related to pensions are not reported in the funds | | 1,985,964 |
| Deferred outflows of resources related to OPEB are not reported in the funds | | 44,899 |
| Other long-term assets (accrued interest receivable from taxes and investments) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds. | | 9,107 |
| Earned revenues considered deferred inflows of resources in fund statements. | | 44,688 |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in fund statements | | |
| Compensated absences | (260,445) | |
| Note payable | (75,276) | |
| Subscription liability | (266,559) | |
| Net pension liability | (2,520,331) | |
| Net pension liability - LEOSSA | (607,451) | |
| Total OPEB liability | <u>(193,029)</u> | (3,923,091) |
| Deferred inflows of resources related to pensions are not reported in the funds | | (139,893) |
| Deferred inflows of resources related to OPEB are not reported in the funds | | <u>(160,557)</u> |
| Net position of governmental activities | \$ | <u><u>35,756,440</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, 2023

| | <u>General Fund</u> | <u>ARPA Major Fund</u> | <u>SCIF Major Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|----------------------------|----------------------------|---|
| REVENUES | | | | |
| Ad valorem taxes | \$ 3,536,397 | \$ - | \$ - | \$ 3,536,397 |
| Unrestricted intergovernmental | 5,068,726 | - | - | 5,068,726 |
| Restricted intergovernmental | 1,028,497 | 3,456,029 | 420,035 | 4,904,561 |
| Permits and fees | 28,879 | - | - | 28,879 |
| Sales and services | 1,301,813 | - | - | 1,301,813 |
| Investment earnings | 502,244 | 62,666 | 20,667 | 585,577 |
| Miscellaneous | 136,802 | - | - | 136,802 |
| Total revenues | <u>11,603,358</u> | <u>3,518,695</u> | <u>440,702</u> | <u>15,562,755</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Governing body | 49,823 | - | - | 49,823 |
| Administration | 292,889 | - | - | 292,889 |
| Information technology | 448,962 | - | - | 448,962 |
| Finance | 376,996 | - | - | 376,996 |
| Legal | 33,765 | - | - | 33,765 |
| Planning and zoning | 298,287 | - | - | 298,287 |
| Facilities and grounds | 434,590 | - | - | 434,590 |
| Police | 3,011,990 | - | - | 3,011,990 |
| Fire inspections | 32,945 | - | - | 32,945 |
| Streets | 459,637 | - | - | 459,637 |
| Streets-Powell Bill | 358,388 | - | - | 358,388 |
| Sanitation | 1,010,187 | - | - | 1,010,187 |
| Parks and recreation | 1,045,273 | - | 154,659 | 1,199,932 |
| Senior building | 12,064 | - | - | 12,064 |
| Library | 162,268 | - | - | 162,268 |
| Community promotions | 242,485 | - | - | 242,485 |
| Debt service: | | | | |
| Principal | 117,990 | - | - | 117,990 |
| Interest and other charges | 4,098 | - | - | 4,098 |
| Capital outlay | 1,770,769 | - | 270,035 | 2,040,804 |
| Total expenditures | <u>10,163,406</u> | <u>-</u> | <u>424,694</u> | <u>10,588,100</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,439,952</u> | <u>3,518,695</u> | <u>16,008</u> | <u>4,974,655</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer (to) from other funds | 3,521,858 | (3,521,858) | - | - |
| IT subscription agreements | 363,108 | - | - | 363,108 |
| Issuance of debt | 54,765 | - | - | 54,765 |
| Total other financing sources (uses) | <u>3,939,731</u> | <u>(3,521,858)</u> | <u>-</u> | <u>417,873</u> |
| Net change in fund balance | 5,379,683 | (3,163) | 16,008 | 5,392,528 |
| Fund balances, beginning | 12,960,865 | 3,163 | 838 | 12,964,866 |
| Fund balances, ending | <u>\$ 18,340,548</u> | <u>\$ -</u> | <u>\$ 16,846</u> | <u>\$ 18,357,394</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, 2023

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

Net changes in fund balances - total governmental funds \$ 5,392,528

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

| | | |
|--|------------------|---------|
| Capital outlay expenditures which were capitalized | 1,676,746 | |
| Depreciation expense for governmental assets | <u>(878,902)</u> | 797,844 |

| | | |
|---|-----------------|---------|
| Expenditures for right-to-use assets which were capitalized | 364,058 | |
| Amortization expense for right-to-use assets | <u>(57,327)</u> | 306,731 |

| | | |
|--|--|---------|
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | | 383,061 |
|--|--|---------|

| | | |
|---|--|--------|
| Benefit payments for the LEOSSA are not included on the Statement of Activities | | 44,924 |
|---|--|--------|

| | | |
|---|--|-------|
| OPEB implicit subsidy credit is not included on the Statement of Activities | | 3,957 |
|---|--|-------|

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 | 16,646 | |
| Interest receivable from taxes and investments | <u>6,067</u> | 22,713 |

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 | (417,873) | |
| Principal payments on long-term debt | <u>117,990</u> | (299,883) |

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 | (27,883) | |
| Pension expense | (699,999) | |
| Pension expense (LEOSSA) | (30,614) | |
| OPEB plan expense | <u>(2,006)</u> | <u>(760,502)</u> |

| | | |
|--|--|----------------------------|
| Total changes in net position of governmental activities | | <u><u>\$ 5,891,373</u></u> |
|--|--|----------------------------|

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, 2023

| | General Fund | | | Variance with Final Budget - Positive (Negative) |
|--|---------------------|--------------------|----------------------|--|
| | Original | Final | Actual Amounts | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 3,414,900 | \$ 3,414,900 | \$ 3,536,397 | \$ 121,497 |
| Unrestricted intergovernmental | 4,663,500 | 4,663,500 | 5,068,726 | 405,226 |
| Restricted intergovernmental | 659,700 | 1,258,800 | 1,028,497 | (230,303) |
| Permits and fees | 25,500 | 25,500 | 28,879 | 3,379 |
| Sales and services | 1,215,300 | 1,215,300 | 1,301,813 | 86,513 |
| Investment earnings | 118,500 | 318,500 | 502,244 | 183,744 |
| Miscellaneous | 99,000 | 103,030 | 136,802 | 33,772 |
| Total revenues | <u>10,196,400</u> | <u>10,999,530</u> | <u>11,603,358</u> | <u>603,828</u> |
| Expenditures: | | | | |
| Governing body | 52,450 | 52,450 | 49,823 | 2,627 |
| Administration | 379,920 | 379,920 | 292,889 | 87,031 |
| Information technology | 699,910 | 911,520 | 854,282 | 57,238 |
| Finance | 395,680 | 418,254 | 376,996 | 41,258 |
| Legal | 45,000 | 45,000 | 33,765 | 11,235 |
| Planning and zoning | 616,220 | 696,809 | 298,287 | 398,522 |
| Facilities and grounds | 540,615 | 580,615 | 448,590 | 132,025 |
| Police | 3,837,369 | 4,507,786 | 3,960,517 | 547,269 |
| Fire inspections | 32,945 | 32,945 | 32,945 | - |
| Streets | 525,200 | 530,490 | 475,633 | 54,857 |
| Streets-Powell Bill | 472,000 | 472,000 | 358,388 | 113,612 |
| Sanitation | 1,032,800 | 1,032,800 | 1,010,187 | 22,613 |
| Parks and recreation | 4,523,701 | 4,804,341 | 1,554,287 | 3,250,054 |
| Senior building | 30,750 | 30,750 | 12,064 | 18,686 |
| Library | 152,860 | 182,708 | 162,268 | 20,440 |
| Community promotions | 177,480 | 719,145 | 242,485 | 476,660 |
| Contingency | 10,000 | 10,000 | - | 10,000 |
| Total expenditures | <u>13,524,900</u> | <u>15,407,533</u> | <u>10,163,406</u> | <u>5,244,127</u> |
| Revenues over (under) expenditures | <u>(3,328,500)</u> | <u>(4,408,003)</u> | <u>1,439,952</u> | <u>5,847,955</u> |
| Other financing sources (uses): | | | | |
| Transfer from ARPA fund | - | 3,527,029 | 3,521,858 | (5,171) |
| IT subscription agreements | - | 347,000 | 363,108 | 16,108 |
| Issuance of debt | - | 55,656 | 54,765 | (891) |
| Total other financing sources (uses) | <u>-</u> | <u>3,929,685</u> | <u>3,939,731</u> | <u>10,046</u> |
| Fund balance appropriated | <u>3,328,500</u> | <u>478,318</u> | <u>-</u> | <u>(478,318)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>5,379,683</u> | <u>\$ 5,379,683</u> |
| Fund balances, beginning | | | <u>12,960,865</u> | |
| Fund balances, ending | | | <u>\$ 18,340,548</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, 2023

| | <u>Major</u> | <u>Nonmajor</u> | |
|--|---------------------------------|------------------------|-------------------|
| | <u>Water and Sewer Fund</u> | <u>Stormwater Fund</u> | <u>Total</u> |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents/investments | \$ 9,377,128 | \$ 1,216,070 | \$ 10,593,198 |
| Restricted cash | 527,148 | - | 527,148 |
| Accounts receivable (net) - billed | 392,119 | 43,257 | 435,376 |
| Accounts receivable (net) - unbilled | 228,984 | - | 228,984 |
| Accrued interest receivable on leases | 1,033 | - | 1,033 |
| Lease receivable | 28,867 | - | 28,867 |
| Due from other governments | 10,663 | - | 10,663 |
| Inventories | 80,091 | - | 80,091 |
| Total current assets | <u>10,646,033</u> | <u>1,259,327</u> | <u>11,905,360</u> |
| Noncurrent assets: | | | |
| Lease receivable | 29,985 | - | 29,985 |
| Capital assets: | | | |
| Land, easements and construction in progress | 401,575 | - | 401,575 |
| Other capital assets, net of depreciation | 13,286,341 | 212,173 | 13,498,514 |
| Right-to-use assets, net of amortization | 11,005,488 | 19,193 | 11,024,681 |
| Total capital assets | <u>24,693,404</u> | <u>231,366</u> | <u>24,924,770</u> |
| Total noncurrent assets | <u>24,723,389</u> | <u>231,366</u> | <u>24,954,755</u> |
| Total assets | <u>35,369,422</u> | <u>1,490,693</u> | <u>36,860,115</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension deferrals | 228,842 | 101,107 | 329,949 |
| OPEB deferrals | 6,311 | 2,787 | 9,098 |
| Total deferred outflows of resources | <u>\$ 235,153</u> | <u>\$ 103,894</u> | <u>\$ 339,047</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, 2023

| | <u>Major</u> | <u>Nonmajor</u> | |
|--|---------------------------------|------------------------|----------------------|
| | <u>Water and Sewer Fund</u> | <u>Stormwater Fund</u> | <u>Total</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 188,837 | \$ 9,867 | \$ 198,704 |
| Accrued interest payable | 9,594 | 87 | 9,681 |
| Payable from restricted assets | 403,496 | - | 403,496 |
| Compensated absences - current | 22,000 | 7,000 | 29,000 |
| Interlocal agreements payable | 429,599 | - | 429,599 |
| IT subscription liabilities | 28,413 | 6,262 | 34,675 |
| OPEB liability | 556 | 246 | 802 |
| Total current liabilities | <u>1,082,495</u> | <u>23,462</u> | <u>1,105,957</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 654 | 1,586 | 2,240 |
| Interlocal agreements payable | 3,548,350 | - | 3,548,350 |
| IT subscription liabilities | 52,324 | 7,842 | 60,166 |
| Net pension liability | 354,280 | 156,528 | 510,808 |
| OPEB liability | 26,581 | 11,733 | 38,314 |
| Total noncurrent liabilities | <u>3,982,189</u> | <u>177,689</u> | <u>4,159,878</u> |
| Total liabilities | <u>5,064,684</u> | <u>201,151</u> | <u>5,265,835</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Leases | 58,030 | - | 58,030 |
| Prepaid Items | 29,926 | - | 29,926 |
| Pension deferrals | 8,771 | 3,875 | 12,646 |
| OPEB deferrals | 22,572 | 9,964 | 32,536 |
| | <u>119,299</u> | <u>13,839</u> | <u>133,138</u> |
| NET POSITION | | | |
| Net investment in capital assets | 20,634,718 | 217,262 | 20,851,980 |
| Restricted for system development | 123,652 | - | 123,652 |
| Unrestricted | 9,662,222 | 1,162,335 | 10,824,557 |
| Total net position | <u>\$ 30,420,592</u> | <u>\$ 1,379,597</u> | <u>\$ 31,800,189</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, 2023

| | <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 | \$ 4,413,919 | \$ 497,851 | \$ 4,911,770 |
| Water and sewer taps | 6,520 | - | 6,520 |
| Other operating revenues | 154,661 | 127 | 154,788 |
| Total operating revenues | <u>4,575,100</u> | <u>497,978</u> | <u>5,073,078</u> |
| OPERATING EXPENSES | | | |
| Salaries and employee benefits | 751,169 | 243,480 | 994,649 |
| Water purchases | 392,339 | - | 392,339 |
| Waste collection and treatment costs | 507,259 | - | 507,259 |
| Other operating expenses | 813,264 | 150,993 | 964,257 |
| Depreciation and amortization | 1,266,760 | 95,156 | 1,361,916 |
| Total operating expenses | <u>3,730,791</u> | <u>489,629</u> | <u>4,220,420</u> |
| Operating income (loss) | <u>844,309</u> | <u>8,349</u> | <u>852,658</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Lease revenue | 59,913 | - | 59,913 |
| Investment earnings | 322,511 | 40,175 | 362,686 |
| Interest and other charges | (95,943) | (87) | (96,030) |
| Total nonoperating revenue (expenses) | <u>286,481</u> | <u>40,088</u> | <u>326,569</u> |
| Income (loss) before contributions | 1,130,790 | 48,437 | 1,179,227 |
| System development fees | 7,020 | - | 7,020 |
| Total contributions | <u>7,020</u> | <u>-</u> | <u>7,020</u> |
| Change in net position | 1,137,810 | 48,437 | 1,186,247 |
| Total net position, beginning | 29,282,782 | 1,331,160 | 30,613,942 |
| Total net position, ending | <u>\$ 30,420,592</u> | <u>\$ 1,379,597</u> | <u>\$ 31,800,189</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, 2023

| | <u>Major</u> | <u>Nonmajor</u> | |
|--|---------------------|---------------------|----------------------|
| | <u>Water and</u> | <u>Stormwater</u> | |
| | <u>Sewer</u> | <u>Fund</u> | <u>Total</u> |
| | <u>Fund</u> | <u>Fund</u> | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 4,541,900 | \$ 498,031 | \$ 5,039,931 |
| Cash paid for goods and services | (1,850,588) | (155,779) | (2,006,367) |
| Cash paid to or on behalf of employees for services | (704,012) | (220,598) | (924,610) |
| Customer deposits received | 92,130 | - | 92,130 |
| Customer deposits returned | (69,389) | - | (69,389) |
| Other operating revenues | 149,683 | - | 149,683 |
| Net cash provided by operating activities | <u>2,159,724</u> | <u>121,654</u> | <u>2,281,378</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| System Development Fees | 7,020 | - | 7,020 |
| Acquisition and disposal of capital assets | (818,690) | (64,195) | (882,885) |
| IT subscription agreement | 111,956 | 20,365 | 132,321 |
| Principal and interest paid on notes | (794,352) | (6,261) | (800,613) |
| Cash received from a cell tower agreement | 59,913 | - | 59,913 |
| Net cash used by capital and related financing activities | <u>(1,434,153)</u> | <u>(50,091)</u> | <u>(1,484,244)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends | 326,659 | 40,175 | 366,834 |
| Net increase in cash and cash equivalents/investments | 1,052,230 | 111,738 | 1,163,968 |
| Balances, beginning | 8,852,046 | 1,104,332 | 9,956,378 |
| Balances, ending | <u>\$ 9,904,276</u> | <u>\$ 1,216,070</u> | <u>\$ 11,120,346</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 844,309 | \$ 8,349 | \$ 852,658 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | |
| Depreciation and amortization | 1,266,760 | 95,156 | 1,361,916 |
| Changes in assets, deferred outflows of resources, and liabilities: | | | |
| (Increase) decrease in accounts receivable | 91,535 | 53 | 91,588 |
| (Increase) decrease in inventories | (371) | - | (371) |
| (Increase) decrease in lease receivable | 98,380 | - | 98,380 |
| (Increase) decrease in deferred outflows of resources - pensions | (93,692) | (41,395) | (135,087) |
| (Increase) decrease in deferred outflows of resources - OPEB | 706 | 308 | 1,014 |
| Increase (decrease) in net pension liability | 266,664 | 117,818 | 384,482 |
| Increase (decrease) in deferred inflows of resources for pensions | (128,419) | (56,738) | (185,157) |
| Increase (decrease) in accounts payable and accrued liabilities | (132,928) | (1,875) | (134,803) |
| Increase (decrease) in customer deposits | 22,741 | - | 22,741 |
| Increase (decrease) in accrued vacation pay | (1,550) | 409 | (1,141) |
| Increase(decrease) in deferred inflows of resources-leases | (103,358) | - | (103,358) |
| Increase(decrease) in deferred inflows of prepaid receipts | 29,926 | - | 29,926 |
| Increase (decrease) in deferred inflows of resources - OPEB | 2,241 | 990 | 3,231 |
| Increase (decrease) in OPEB liability | (3,220) | (1,421) | (4,641) |
| Total adjustments | <u>1,315,415</u> | <u>113,305</u> | <u>1,428,720</u> |
| Net cash provided by operating activities | <u>\$ 2,159,724</u> | <u>\$ 121,654</u> | <u>\$ 2,281,378</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, 2023**

| | <u>LEOSSA Trust Fund</u> |
|---------------------------------------|------------------------------|
| ASSETS | |
| Cash and cash equivalents/investments | |
| Mutual funds: | |
| NC Short Term Investment Fund | \$ 213 |
| NC Equity Index Fund | 525,508 |
| NC Bond Investment Fund | <u>200,605</u> |
| Total assets | <u>726,326</u> |
| | |
| NET POSITION | |
| Restricted for pension | <u><u>\$ 726,326</u></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, 2023

| | LEOSSA Trust Fund |
|--|------------------------------|
| ADDITIONS | |
| Employer contributions | \$ 111,799 |
| Investment earnings: | |
| Net appreciation (depreciation) in the fair value of investments | 70,533 |
| Investment income | 3,839 |
| Total investment earnings | 74,372 |
| Less investment costs | |
| Investment manager and advisory fees | 139 |
| Net investment income | 74,233 |
| Total additions | 186,032 |
| DEDUCTIONS | |
| Benefits paid | 86,799 |
| Net increase (decrease) in fiduciary net position | 99,233 |
| Total net position restricted for pension, beginning | 627,093 |
| Total net position restricted for pension, ending | \$ 726,326 |

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, 2023

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, 2023

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, proprietary, and fiduciary 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, 2023

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/amortization 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 IT subscriptions 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, 2023

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] 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 North Carolina Capital Management Trust (NCCMT), which consists of an SEC-registered money market mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries, government agencies, and collateralized repurchase agreements, 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

Restricted cash:

Governmental Activities:

General Fund

| | | |
|---------------------------|----|---------|
| Federal asset forfeitures | \$ | 300,342 |
| Streets | | 617,656 |
| Refundable deposits | | 344,200 |
| Property and evidence | | 110,952 |

| | | |
|------------------|--|---------|
| SCIF Grants Fund | | 391,097 |
|------------------|--|---------|

| | | |
|-------------------------------|--|-----------|
| Total governmental activities | | 1,764,247 |
|-------------------------------|--|-----------|

Business-Type Activities:

Water and Sewer Fund

| | | |
|-------------------|--|---------|
| Customer deposits | | 403,496 |
| Capital reserve | | 123,652 |

| | | |
|--------------------------------|--|---------|
| Total business-type activities | | 527,148 |
|--------------------------------|--|---------|

| | | |
|-----------------------|----|-----------|
| Total restricted cash | \$ | 2,291,395 |
|-----------------------|----|-----------|

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, 2022. 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.

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

8. Intangible Assets

Intangible assets, net of amortization, of \$6,883,403 as of June 30, 2023, 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 \$4,014,516 as of June 30, 2023, 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 \$12,472 are license fees for facility encroachments at railroad crossings for an initial term of twenty years.

Right-to-use capital assets that arise in association with agreements where the City reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 96 are recorded in the governmental and proprietary funds. The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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, \$1000; permanent utility easements, \$500; improvements, \$5,000; buildings, substations, and system lines, \$20,000; infrastructure, \$50,000; 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, sidewalks, 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.

In 2016, the City Council accepted infrastructure from developers in two subdivisions. The City uses the modified approach to account for these streets. The City's intent is to contract with a third-party every three years to perform a condition survey and assign a numeric condition value to each City-maintained street. The City's target condition level is 75, on a scale of 100. The most recent study assigns condition values ranging from 75.5 to 92.5, with the exception 679 linear feet needing attention with a score of 61.5 for the capitalized streets. The majority of these streets received a score of 86.5. The overall summary indicates the street condition score has dropped to 75 for the City-wide street system. The City uses the study to prioritize areas for inclusion in the annual resurfacing and maintenance program. The City's average annual expense of \$350,000 is lower than the revised minimum estimate of \$510,000 necessary to maintain the infrastructure at the target level.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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

| Asset Class | Useful Lives |
|---|--------------|
| 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. 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 2023 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, prepaid cash receipts (reported only on the balance sheet of the governmental funds), leases, and deferrals of pension and other post-employment benefit deferral.

11. 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.

12. 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.

13. 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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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.

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

Assigned for Subsequent Year's Expenditures – portion of fund balance that is appropriated in the adopted 2023-24 budget ordinance that is not already classified in restricted or committed. Appropriations for capital expenditures exceed the \$3,357,820 assigned amount.

Assigned for Economic Development – portion of fund balance assigned by the City Council for future economic development opportunities. The City Council's Fund Balance Policy – General Fund sets aside \$25,000 of current year revenues for economic development.

Assigned for Capital – The City Council authorized the City Manager to assign fund balance for capital expenditures when the general fund unassigned fund balance exceeds the minimum fund balance requirement. The assignment is based on the Capital Improvement Plan, which is updated at the start of the annual budget process. Funds transferred from ARPA for revenue replacement are assigned for capital.

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.

14. 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.

15. 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,

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts, unbilled receivables, and depreciation lives.

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the City's deposits had a carrying amount of \$7,069,772 and a bank balance of \$7,301,654. Of the bank balance \$2,790,664 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the City's petty cash and change funds totaled \$675. The Police Department had \$890 in police investigation funds.

2. Investments

At June 30, 2023 the City of Archdale, excluding the Archdale LEOSSA Trust, had \$21,997,815 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, 2023.

LEOSSA Trust Fund

On June 30, 2023 the City's LEOSSA Trust had \$726,326 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) [27.6%] and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) [72.4%] (the equities were split with 62.20% in domestic securities and 37.80 % in international securities).

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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 measured at fair value by the custodian using Level 2 inputs. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2023 of .7 years. Level 2 inputs in this case involve 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.

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 8.70 years on June 30, 2023.

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. On June 30, 2023, the fair value of funds was \$31.815788 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 .7 years on June 30, 2023. The State Treasurer’s BIF is unrated and had a weighted average maturity of 8.70 years on June 30, 2023.

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. Accrued Interest Receivable

Accrued interest receivable includes \$4,058 interest on taxes and \$42,485 interest on investments in the governmental activities. The business-type activities report \$1,033 accrued interest receivable from leases.

4. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position as of June 30, 2023 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 |

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

5. Due from Other Governments

Amounts due from governmental agencies consist of the following:

| | State | County | Total |
|--------------------------------|---------------------|------------------|---------------------|
| Governmental Funds: | | | |
| Sales and use tax distribution | \$ 1,162,700 | \$ - | \$ 1,162,700 |
| Utility sales tax | 143,509 | - | 143,509 |
| Sales tax refunds | 153,955 | - | 153,955 |
| ABC profit distribution | 8,288 | - | 8,288 |
| Solid waste disposal tax | 2,412 | - | 2,412 |
| Property tax collections | - | 41,835 | 41,835 |
| Expenditure reimbursement | - | 1,690 | 1,690 |
| Total governmental funds | <u>\$ 1,470,864</u> | <u>\$ 43,525</u> | <u>\$ 1,514,389</u> |
| Enterprise Funds: | | | |
| Water and Sewer Fund grant | \$ 10,663 | \$ - | \$ 10,663 |
| Total enterprise funds | <u>\$ 10,663</u> | <u>\$ -</u> | <u>\$ 10,663</u> |

6. Lease Receivable

The City leases space at and on the water tank for the placement of cellular communication and antenna equipment with two companies.

As of July 1, 2022, the City's Water and Sewer Fund had three years remaining on an agreement with AT&T. The company is required to make fixed annual payments that increase 2% each year. The payment during the current fiscal year was \$29,339. The City recognized lease revenue of \$34,234 and interest revenue of \$1,127 during the fiscal year, including an adjustment from the prior year. The value of the lease receivable is \$58,852. The lease receivable is measured at the present value of the future lease payments expected to be received during the lease terms at an estimated incremental borrowing rate of 1.8%. The lessee has four extension options, each for five years. The value of deferred inflow of resources as of June 30, 2023 is \$58,030.

T-Mobile pays the City a monthly rate which totaled \$25,679 of recognized lease revenue and \$789 of interest revenue under the lease for fiscal year 2023 in the Water & Sewer Fund. In April 2023 T-Mobile terminated the lease agreement due to a company merger and incompatible technology. The City recorded a loss on termination of \$1,889.

| Year Ending June 30 | Business-type Activities | |
|---------------------|--------------------------|-----------------|
| | Principal | Interest |
| 2024 | \$ 28,867 | \$ 1,059 |
| 2025 | 29,985 | 540 |
| Total | <u>\$ 58,852</u> | <u>\$ 1,599</u> |

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

7. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2023, was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balances</u> |
|--|-------------------------------|-------------------|-------------------|------------------|----------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 4,226,758 | \$ 259,040 | \$ - | \$ - | \$ 4,485,798 |
| Construction-in-progress | 98,160 | 270,035 | 78,257 | - | 289,938 |
| Street rights-of-way | 3,978,645 | - | - | - | 3,978,645 |
| Streets | 664,500 | - | - | - | 664,500 |
| Total capital assets not being depreciated | <u>8,968,063</u> | <u>529,075</u> | <u>78,257</u> | <u>-</u> | <u>9,418,881</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 8,873,212 | 67,933 | - | - | 8,941,145 |
| Other improvements | 4,213,549 | 270,366 | - | - | 4,483,915 |
| Equipment, vehicles, and furniture | 3,938,585 | 864,816 | 335,235 | 42,695 | 4,510,861 |
| Computer software | 251,197 | 22,813 | - | - | 274,010 |
| Total capital assets being depreciated | <u>17,276,543</u> | <u>1,225,928</u> | <u>335,235</u> | <u>42,695</u> | <u>18,209,931</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 3,023,186 | 198,950 | - | - | 3,222,136 |
| Land improvements | 1,915,256 | 243,878 | - | - | 2,159,134 |
| Equipment, vehicles, and furniture | 2,706,678 | 417,351 | 335,235 | 42,695 | 2,831,489 |
| Computer software | 166,132 | 18,723 | - | - | 184,855 |
| Total accumulated depreciation | <u>7,811,252</u> | <u>\$ 878,902</u> | <u>\$ 335,235</u> | <u>\$ 42,695</u> | <u>8,397,614</u> |
| Total capital assets being depreciated, net | <u>9,465,291</u> | | | | <u>9,812,317</u> |
| Capital assets being amortized: | | | | | |
| Right-to-use IT subscriptions | - | 364,058 | - | - | 364,058 |
| Less accumulated amortization for: | | | | | |
| Right-to-use IT subscriptions | - | 57,327 | - | - | 57,327 |
| Total capital assets being amortized, net | <u>-</u> | <u>\$ 306,731</u> | <u>\$ -</u> | <u>\$ -</u> | <u>306,731</u> |
| Governmental activities capital assets, net | <u>\$ 18,433,354</u> | | | | <u>\$ 19,537,929</u> |

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

| | |
|------------------------|-------------------|
| General government | \$ 206,807 |
| Public safety | 281,801 |
| Transportation | 102,865 |
| Culture and recreation | 344,756 |
| | <u>\$ 936,229</u> |

Construction commitments:

The City has one commitment for \$18,557 for greenway construction in the SCIF project fund as of June 30, 2023.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

| | Beginning Balances | Increases | Decreases | Transfers | 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>415,906</u> | <u>-</u> | <u>14,331</u> | <u>-</u> | <u>401,575</u> |
| Capital assets being depreciated: | | | | | |
| Water distribution system | 7,087,207 | - | - | - | 7,087,207 |
| Sewer distribution system | 19,817,559 | 297,918 | - | - | 20,115,477 |
| Other improvements | 15,357 | - | - | - | 15,357 |
| Equipment and vehicles | 3,035,029 | 423,147 | 83,361 | (42,695) | 3,332,120 |
| Software | 37,600 | - | - | - | 37,600 |
| Total capital assets being depreciated | <u>29,992,752</u> | <u>721,065</u> | <u>83,361</u> | <u>(42,695)</u> | <u>30,587,761</u> |
| Less accumulated depreciation for: | | | | | |
| Water distribution system | 4,431,851 | 150,764 | - | - | 4,582,615 |
| Sewer collection system | 10,662,793 | 407,778 | - | - | 11,070,571 |
| Other improvements | 3,248 | 1,024 | - | - | 4,272 |
| Equipment and vehicles | 1,531,568 | 215,911 | 83,361 | (42,695) | 1,621,423 |
| Software | 15,019 | 7,520 | - | - | 22,539 |
| Total accumulated depreciation | <u>16,644,479</u> | <u>782,997</u> | <u>83,361</u> | <u>(42,695)</u> | <u>17,301,420</u> |
| Total capital assets being depreciated, net | <u>13,348,273</u> | | | | <u>13,286,341</u> |
| Intangible assets being amortized: | | | | | |
| Water rights | 9,572,917 | - | - | - | 9,572,917 |
| Wastewater treatment rights | 7,223,443 | - | - | - | 7,223,443 |
| Right-to-use IT subscriptions | - | 111,956 | - | - | 111,956 |
| Utility easement rights | 18,551 | - | - | - | 18,551 |
| Total intangible assets being amortized | <u>16,814,911</u> | <u>111,956</u> | <u>-</u> | <u>-</u> | <u>16,926,867</u> |
| Less accumulated amortization for: | | | | | |
| Water rights | 2,472,209 | 217,305 | - | - | 2,689,514 |
| Wastewater treatment rights | 2,960,255 | 248,672 | - | - | 3,208,927 |
| Right-to-use IT subscriptions | - | 16,859 | - | - | 16,859 |
| Utility easement rights | 5,152 | 927 | - | - | 6,079 |
| Total accumulated amortization | <u>5,437,616</u> | <u>483,763</u> | <u>-</u> | <u>-</u> | <u>5,921,379</u> |
| Total intangible assets being amortized, net | <u>11,377,295</u> | | | | <u>11,005,488</u> |
| Water and Sewer Fund capital assets, net | <u>25,141,474</u> | | | | <u>24,693,404</u> |

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

| | Beginning Balances | Increases | Decreases | Transfers | Ending Balances |
|--|-----------------------|-----------|-----------|-----------|--------------------|
| Stormwater Fund: | | | | | |
| Capital assets being depreciated: | | | | | |
| Other improvements | 10,080 | - | - | - | 10,080 |
| Equipment | 861,418 | 43,830 | - | - | 905,248 |
| Total capital assets being depreciated | 871,498 | 43,830 | - | - | 915,328 |
| Less accumulated depreciation for: | | | | | |
| Other improvements | 2,016 | 672 | - | - | 2,688 |
| Equipment | 607,155 | 93,312 | - | - | 700,467 |
| Total accumulated depreciation | 609,171 | 93,984 | - | - | 703,155 |
| Total capital assets being depreciated, net | 262,327 | | | | 212,173 |
| Capital assets being amortized: | | | | | |
| Right-to-use IT subscriptions | - | 20,365 | - | - | 20,365 |
| Less accumulated amortization for: | | | | | |
| Right-to-use IT subscriptions | - | 1,172 | - | - | 1,172 |
| Total intangible assets being amortized, net | - | 19,193 | - | - | 19,193 |
| Stormwater Fund capital assets, net | 262,327 | | | | 231,366 |
| Business-type activity capital assets, net | \$ 25,403,801 | | | | \$ 24,924,770 |

B. Liabilities

1. Payables

Payables at the government-wide level as of June 30, 2023, were as follows:

| | Vendors | Other | Total |
|-----------------------------------|------------|------------|------------|
| Governmental activities: | | | |
| General | \$ 369,407 | \$ 167,956 | \$ 537,363 |
| Businesss-type activities: | | | |
| Water and Sewer | \$ 169,500 | \$ 19,337 | \$ 188,837 |
| Stormwater | 2,897 | 6,970 | 9,867 |
| Total - businesss-type activities | \$ 172,397 | \$ 26,307 | \$ 198,704 |

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Archdale employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Archdale's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.18% (including .08% 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 \$460,697 for the year ended June 30, 2023.

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, 2023, the City reported a liability of \$3,031,139 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the City's proportion was 0.05373%, which was a decrease of 0.00485% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$841,874. At June 30, 2023, 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 | \$ 130,609 | \$ 12,805 |
| Changes of assumptions | 302,440 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,001,823 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 62,354 | 62,233 |
| City contributions subsequent to measurement date | 460,697 | - |
| Total | \$ 1,957,923 | \$ 75,038 |

\$460,697 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, 2024.

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

| Year ending June 30: | |
|----------------------|--------------|
| 2024 | \$ 432,894 |
| 2025 | 378,447 |
| 2026 | 133,559 |
| 2027 | 477,288 |
| Thereafter | - |
| Total | \$ 1,422,188 |

Actuarial Assumptions. The total pension liability in the December 31, 2021 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 and methods used in the December 31, 2021 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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, 2022 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|--------------------------|---|
| Fixed Income | 33.0% | 0.9% |
| Global Equity | 38.0% | 6.5% |
| Real Estate | 8.0% | 5.9% |
| Alternatives | 8.0% | 8.2% |
| Opportunistic Fixed Income | 7.0% | 5.0% |
| Inflation Sensitive | 6.0% | 2.7% |
| Total | <u>100.0%</u> | |

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. 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) | \$ 5,470,816 | \$ 3,031,139 | \$ 1,020,704 |

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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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 North Carolina 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, 2021, 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 | 28 |
| Total | 32 |

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

The Separation Allowance has a June 30, 2023 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 \$97,907 for fiscal year 2023 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 \$111,799, including \$86,799 needed to cover benefit payments and an additional \$25,000 in fiscal year 2023. These amounts represent 6.88% and 7.85% 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, 2022 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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

salary increase of 3.25% - 7.75%. Both (a) and (b) included an inflation component if 2.50%. The actuarial value of assets was determined using the market value of investments. The remaining amortization period as of December 31, 2020 was 10 years.

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

At June 30, 2023, the City reported a total pension liability of \$1,264,922. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing standard actuarial update roll forward procedures incorporating the actuarial assumptions. For the year ended June 30, 2023 the City recognized pension expense of \$97,488.

At June 30, 2023, 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, 2022 measurement date:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 159,568 | \$ 24,538 |
| Changes of assumptions and other inputs | 80,127 | 52,963 |
| Net difference between projected and actual earnings on plan investments | 73,371 | - |
| Benefit payments and administrative expenses subsequent to measurement date | 44,924 | - |
| Total | \$ 357,990 | \$ 77,501 |

\$44,924 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Amount Recognized as Increase (Decrease) to Pension Expense |
|----------------------|--------------------------------------|-------------------------------------|---|
| Year ending June 30: | | | |
| 2024 | \$ 80,094 | \$ 45,389 | \$ 34,705 |
| 2025 | 86,104 | 25,938 | 60,166 |
| 2026 | 75,989 | 3,025 | 72,964 |
| 2027 | 56,001 | 3,025 | 52,976 |
| 2028 | 14,878 | 124 | 14,754 |
| Thereafter | - | - | - |
| | \$ 313,066 | \$ 77,501 | \$ 235,565 |

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

Actuarial Assumptions. The Entry Age Normal Actuarial Cost Method was used in the December 31, 2021 valuation. The total pension liability rolled forward to December 31, 2022 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 and real wage growth of .75% |
| Interest rate | 5.5 percent per annum, compounded annually |

The plan currently uses mortality tables that vary by age and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. All mortality rates use Pub-2010 amount-weighted tables. All mortality rates are projected from 2010 using generational improvement with Scale MP-2019. The rates of mortality for the period before service retirement are based on the Pub-2010 Safety Mortality Table for Employees.

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

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

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

Leave Conversion: Eligibility service for unreduced retirement has been increased by on 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, 2021 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% |

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2022 (measurement date) was 5.50%. The discount rate determination as of the measurement date does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that the City would contribute the actuarially determined contribution in the future, or the actual benefit payments. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members through 2056. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. *Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate.* The following presents the City's net pension liability calculated using the discount rate of 5.50 percent, as well as what the City's share of net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.50 percent) or one percentage point higher (6.50 percent) than the current rate:

| | 1% Decrease 4.50% | Current Discount Rate 5.50% | 1% Increase 6.50% |
|-----------------------|----------------------|-----------------------------------|----------------------|
| Net Pension Liability | \$ 707,160 | \$ 607,451 | \$ 517,086 |

Changes in the Net Pension Liability as of June 30, 2023 were as follows:

| | Total Pension Liability (a) | Plan Net Position (b) | Net Pension Liability (a) - (b) |
|---|-----------------------------------|-----------------------------|---------------------------------------|
| Net pension liability as of December 31, 2021 | \$ 1,158,046 | \$ 727,180 | \$ 430,866 |
| Changes for the year: | | | |
| Service cost | 34,353 | - | 34,353 |
| Interest | 61,389 | - | 61,389 |
| Difference between expected and actual experience | 94,883 | - | 94,883 |
| Changes in assumptions and other inputs | - | - | - |
| Contributions - employer | - | 139,464 | (139,464) |
| Net investment income | - | (125,424) | 125,424 |
| Benefit payments | (83,749) | (83,749) | - |
| Net changes | 106,876 | (69,709) | 176,585 |
| Net pension liability as of December 31, 2022 | \$ 1,264,922 | \$ 657,471 | \$ 607,451 |

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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

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

| | LGERS | LEOSSA | Total |
|---|--------------|------------|--------------|
| Pension Expense | \$ 841,874 | \$ 97,488 | \$ 939,362 |
| Pension Liability | 3,031,139 | 607,451 | 3,638,590 |
| Proportionate share of the net pension liability | 0.05373% | n/a | |
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$ 130,609 | \$ 159,568 | \$ 290,177 |
| Changes of assumptions | 302,440 | 80,127 | 382,567 |
| Net difference between projected and actual earnings on pension plan investments | 1,001,823 | 73,371 | 1,075,194 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 62,354 | - | 62,354 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 460,697 | 44,924 | 505,621 |
| | \$ 1,957,923 | \$ 357,990 | \$ 2,315,913 |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | \$ 12,805 | \$ 24,538 | \$ 37,343 |
| Changes of assumptions | - | 52,963 | 52,963 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 62,233 | - | 62,233 |
| | \$ 75,038 | \$ 77,501 | \$ 152,539 |

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, 2023 were \$115,783, which consisted of \$71,301 from the City and \$44,482 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, 2023. Employees not engaged in law enforcement made voluntary contributions of \$134,208 and the City contributions were \$89,538. In addition, employees made voluntary contributions of \$20,531 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, 2023

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 \$232,145 was measured as of June 30, 2022 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 | |
| Wage inflation | 3.25 percent | |
| Salary increases, general employees | 3.3 to 8.3 percent, including wage inflation | |
| Salary increase, law enforcement officers | 3.3 to 7.8 percent, including wage inflation | |
| Discount rate | | |
| Prior measurement date | 2.16 percent | |
| Measurement date | 3.69 percent | |
| Healthcare cost trend rates | | |
| Pre-Medicare medical and prescription drug | 6.62 percent for 2022; 7.5percent for 2023; decreasing to an ultimate rate of 4.5 percent by 2029 | |

Pursuant to GASB 75, for unfunded plans the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale.). The Fidelity GO AA Bond index is often cited as an appropriate benchmark. The 20-year bond rate for that index was 3.69% on June 30, 2022. A discount rate of 2.16% was used at the prior measurement date.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|-------------------------|
| Balance at June 30, 2022 | \$ 259,684 |
| Changes for the year: | |
| Service cost at end of year | 15,665 |
| Interest on total OPEB liability and cash flows | 5,568 |
| Change in assumptions | (44,983) |
| Benefit payments and implicit subsidy credit | (3,789) |
| Net changes | (27,539) |
| Balance at June 30, 2023 | \$ 232,145 |

Changes in assumptions resulted in a net inflow. The discount rate was changed from 2.16% to 3.69%, which resulted in an inflow due to assumption changes.

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, 2021 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 (2.69 percent) or one percentage point higher (4.69 percent) than the current discount rate:

| | 1% Decrease 2.69% | Current Discount Rate 3.69% | 1% Increase 4.69% |
|----------------------|----------------------|-----------------------------------|----------------------|
| Total OPEB Liability | \$ 261,545 | \$ 232,145 | \$ 206,126 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. Pre-Medicare health care cost trends are 7.5% for 2023, 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 | \$ 199,181 | \$ 232,145 | \$ 271,895 |

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$2,412. On June 30, 2023, 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 | \$ 3,077 | \$ (4,642) |
| Changes of assumptions and other inputs | 46,161 | (188,451) |
| Implicit subsidy credit and administrative expenses subsequent to measurement date | 4,759 | - |
| Total | \$ 53,997 | \$ (193,093) |

\$4,759 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, 2024. 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: | |
|---------------------------------------|--------------|
| 2024 | \$ (18,821) |
| 2025 | (18,821) |
| 2026 | (18,821) |
| 2027 | (18,821) |
| 2028 | (16,483) |
| Thereafter | (52,088) |
| | \$ (143,855) |

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, 2023

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 | \$ 460,697 |
| Benefit payments, contributions, and administrative expenses subsequent to measurement date (LEOSSA) | 44,924 |
| Implicit subsidy credit for current fiscal year | 4,759 |
| Differences between expected and actual experience | 290,177 |
| Change of assumptions | 385,644 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 62,354 |
| Net difference between projected and actual earning on pension plan investments | 1,121,355 |
| | \$ 2,369,910 |

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

| | Statement of Net Position | Governmental Funds Balance Sheet |
|---|------------------------------|--|
| Prepaid revenue (General Fund) | \$ 17,009 | \$ 17,009 |
| Property taxes receivable (General Fund) | - | 44,688 |
| Prepaid revenue (Water Sewer Fund) | 29,926 | - |
| Leases | 58,030 | - |
| Difference between expected and actual experience | 41,985 | - |
| Changes of assumptions and other inputs | 241,414 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 62,233 | - |
| | \$ 450,597 | \$ 61,697 |

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 N.C.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

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

a \$250,000 blanket bond. As of the July 1, 2023 the Finance Director is individually bonded for \$1,000,000, per SL 2022-563 modification to N.C.G.S. 159-29.

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, 2023 in the general fund are \$220,034. The majority of these are for services and economic development agreements. Commitments for outstanding purchase orders in the Water and Sewer fund total \$22,332 for 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. \$ 31,464

\$54,765 contract dated August 2022, payable to Motorola, principal payable in 5 annual installments of \$10,953. Payments to be made with General Fund revenues. The cameras and related equipment are pledged as collateral for the debt. 43,812

Total 75,276

Less current portion 21,441

Total long-term note payable \$ 53,835

| <u>Governmental Activities</u> | |
|--------------------------------|-------------------------|
| Year Ending June 30 | <u>Principal</u> |
| 2024 | \$ 21,441 |
| 2025 | 21,441 |
| 2026 | 21,441 |
| 2027 | 10,953 |
| Total | <u><u>\$ 75,276</u></u> |

Cancellation of the overall agreement with Motorola requires the equipment debt to be paid in full or be subjected to legal action.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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

Serviced by the Water and Sewer Fund:

Direct Borrowings:

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%. | \$ 1,735,628 |
| \$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%. | 162,118 |
| \$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% | 1,997,234 |
| \$184,565 agreement with Davidson Water, principal and interest payable in 240 monthly installments of \$1,070 each, includes interest at 3.50%. | 82,969 |
| Total interlocal agreements | 3,977,949 |
| Less current portion | 429,599 |
| Total long-term interlocal agreements | \$ 3,548,350 |

| Year Ending June 30 | Business-type Activities | |
|---------------------|--------------------------|------------|
| | Principal | Interest |
| 2024 | \$ 429,599 | \$ 84,879 |
| 2025 | 437,660 | 76,818 |
| 2026 | 445,891 | 68,588 |
| 2027 | 454,295 | 60,184 |
| 2028 | 462,874 | 51,605 |
| 2029-2033 | 765,093 | 172,242 |
| 2034-2038 | 617,867 | 91,183 |
| 2039-2041 | 364,670 | 13,491 |
| Total | \$ 3,977,949 | \$ 618,990 |

Borrowing under interlocal agreements is part of larger contractual agreements with partners to provide water and sewer treatment services for utility customers. In the unlikely event of default, the ability to provide services would be at risk.

On June 30, 2023, the City of Archdale governmental funds had a legal debt margin of \$92,289,029.

3. Liabilities for Subscription Assets

On 07/01/2022, The City entered into a 46-month subscription for the use of Motorola - Phase 1 WatchGuard. An initial subscription liability was recorded in the amount of \$33,118. As of 06/30/2023, the value of the subscription liability is \$22,291. The City is required to make annual fixed payments of \$11,556. The subscription has an interest rate of 2.4453%. The value of the right to use asset as of 06/30/2023 is \$33,118 with accumulated amortization of \$8,492.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

On 07/01/2022, The City entered into a 36-month subscription for the use of SHI-Adobe Acrobat Pro DC. An initial subscription liability was recorded in the amount of \$11,720. As of 06/30/2023, the value of the subscription liability is \$7,862. The City is required to make annual fixed payments of \$4,040. The subscription has an interest rate of 2.4453%. The value of the right to use asset as of 06/30/2023 is \$11,720 with accumulated amortization of \$3,839. The City has 2 extension option(s), each for 12 months.

On 02/14/2023, The City entered into a 60-month subscription for the use of Motorola - WatchGuard Phase 2. An initial subscription liability was recorded in the amount of \$46,269. As of 06/30/2023, the value of the subscription liability is \$36,378. The City is required to make annual fixed payments of \$9,891. The subscription has an interest rate of 3.4450%. The value of the right to use asset as of 06/30/2023 is \$46,269 with accumulated amortization of \$3,522.

On 08/01/2022, The City entered into a 72-month subscription for the use of Axon - Input-Ace Dongle License. An initial subscription liability was recorded in the amount of \$16,333. As of 06/30/2023, the value of the subscription liability is \$13,484. The City is required to make annual fixed payments of \$2,848. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of 06/30/2023 is \$16,333 with accumulated amortization of \$2,495. The City has 5 extension option(s), each for 12 months.

On 12/16/2022, The City entered into a 36-month subscription for the use of SolarWinds Software. An initial subscription liability was recorded in the amount of \$11,582. As of 06/30/2023, the value of the subscription liability is \$7,597. The City is required to make annual fixed payments of \$3,985. The subscription has an interest rate of 3.2540%. The value of the right to use asset as of 06/30/2023 is \$11,582 with accumulated amortization of \$2,091. The City has 2 extension option(s), each for 12 months.

On 07/14/2022, The City entered into a 36-month subscription for the use of ESRI - ArcGIS. An initial subscription liability was recorded in the amount of \$13,893. As of 06/30/2023, the value of the subscription liability is \$9,177. The City is required to make annual fixed payments of \$4,716. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of 06/30/2023 is \$13,893 with accumulated amortization of \$4,464. The City has 2 extension option(s), each for 12 months.

On 05/06/2023, The City entered into a 36-month subscription for the use of CivicPlus - SeeClickFix Licenses. An initial subscription liability was recorded in the amount of \$16,185. As of 06/30/2023, the value of the subscription liability is \$10,673. The City is required to make annual fixed payments of \$5,513. The subscription has an interest rate of 2.1937%. The value of the right to use asset as is 06/30/2023 is \$16,185. with accumulated amortization of \$824. The City has 2 extension option(s), each for 12 months.

On 12/14/2022, The City entered into a 36-month subscription for the use of Cellebrite - UFED Subscription. An initial subscription liability was recorded in the amount of \$12,498. As of 06/30/2023, the value of the subscription liability is \$8,198. The City is required to make annual fixed payments of \$4,300. The subscription has an interest rate of 3.2540%. The value of the right to use asset as of 06/30/2023 is \$12,498 with accumulated amortization of \$2,280. The City has 2 extension option(s), each for 12 months.

On 01/01/2023, The City entered into a 72-month subscription for the use of MCSJ Application Software. An initial subscription liability was recorded in the amount of \$101,248. As of 06/30/2023, the value of the subscription liability is \$83,100. The City is required to make annual fixed payments of \$18,148. The subscription has an interest rate of 3.0043%. The value of the right to use asset as of 06/30/2023 is \$101,248 with accumulated amortization of \$8,437. The City has 5 extension option(s), each for 12 months.

On 12/18/2022, The City entered into a 36-month subscription for the use of Ferguson Subscription. An initial subscription liability was recorded in the amount of \$60,454. As of 06/30/2023, the value of the subscription liability is \$39,654. The City is required to make annual fixed payments of \$20,800. The subscription has an interest rate of 3.2540%. The value of the right to use asset as of 06/30/2023 is \$60,454 with accumulated amortization of \$10,803. The City has 2 extension option(s), each for 12 months.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

On 08/05/2022, The City entered into a 36-month subscription for the use of SHI - Sophos XDR Malware Protection. An initial subscription liability was recorded in the amount of \$18,516. As of 06/30/2023, the value of the subscription liability is \$12,231. The City is required to make annual fixed payments of \$6,285. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of 06/30/2023 is \$19,466 with accumulated amortization of \$5,876. The City has 2 extension option(s), each for 12 months.

On 02/14/2023, The City entered into a 36-month subscription for the use of SHI - Netmotion Platform. An initial subscription liability was recorded in the amount of \$11,054. As of 06/30/2023, the value of the subscription liability is \$7,259. The City is required to make annual fixed payments of \$3,794. The subscription has an interest rate of 3.0043%. The value of the right to use asset as of 06/30/2023 is \$11,054 with accumulated amortization of \$1,402. The City has 2 extension option(s), each for 12 months.

On 08/20/2022, The City entered into a 36-month subscription for the use of SHI - KnowBe4 & Cisco Umbrella. An initial subscription liability was recorded in the amount of \$13,995. As of 06/30/2023, the value of the subscription liability is \$9,244. The City is required to make annual fixed payments of \$4,751. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of 06/30/2023 is \$13,995 with accumulated amortization of \$4,030. The City has 2 extension option(s), each for 12 months.

On 02/01/2023, The City entered into a 48-month subscription for the use of LiftOff - Office 365 G3. An initial subscription liability was recorded in the amount of \$113,681. As of 06/30/2023, the value of the subscription liability is \$84,330. The City is required to make annual fixed payments of \$29,352. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of 06/30/2023 is \$113,681 with accumulated amortization of \$11,842. The City has 3 extension option(s), each for 12 months.

On 07/01/2022, The City entered into a 36-month subscription for the use of SBI - DCIN Terminal. An initial subscription liability was recorded in the amount of \$14,883. As of 06/30/2023, the value of the subscription liability is \$9,922. The City is required to make semi-annual fixed payments of \$2,538. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of 06/30/2023 is \$14,883 with accumulated amortization of \$4,961. The City has 4 extension option(s), each for 6 months.

Debt service for subscription assets:

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|---------------------|-------------------------|------------------|--------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 90,857 | \$ 6,718 | \$ 34,675 | \$ 2,805 |
| 2025 | 93,080 | 4,495 | 35,695 | 1,786 |
| 2026 | 49,350 | 2,237 | 7,917 | 735 |
| 2027 | 21,257 | 978 | 8,155 | 497 |
| 2028 | 12,015 | 329 | 8,399 | 253 |
| Total | <u>\$ 266,559</u> | <u>\$ 14,757</u> | <u>\$ 94,841</u> | <u>\$ 6,076</u> |

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

4. 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 | \$ 232,562 | \$ 229,996 | \$ 202,113 | \$ 260,445 | \$ 204,000 |
| Direct borrowing - note payable | 41,952 | 54,765 | 21,441 | 75,276 | 21,441 |
| IT subscription liabilities | - | 363,108 | 96,549 | 266,559 | 90,857 |
| Net pension liability (LGERS) | 623,296 | 1,897,035 | - | 2,520,331 | - |
| Net pension liability (LEO) | 430,866 | 176,585 | - | 607,451 | - |
| Total OPEB liability | 215,927 | - | 22,898 | 193,029 | 3,957 |
| Governmental activity long-term liabilities | \$ 1,544,603 | \$ 2,721,489 | \$ 343,001 | \$ 3,923,091 | \$ 320,255 |

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|---|----------------------|-------------------|-------------------|---------------------|----------------------------------|
| Business-type activities: | | | | | |
| <u>Water and Sewer Fund</u> | | | | | |
| Compensated absences | \$ 24,204 | \$ 20,961 | \$ 22,511 | \$ 22,654 | \$ 22,000 |
| Agreements from direct borrowings | 4,641,904 | - | 663,955 | 3,977,949 | 429,599 |
| IT subscription liabilities | - | 111,956 | 31,219 | 80,737 | 28,413 |
| Net pension liability (LGERS) | 87,616 | 266,664 | - | 354,280 | - |
| Total OPEB liability | 30,357 | - | 3,220 | 27,137 | 556 |
| Water and Sewer Fund long-term liabilities | 4,784,081 | 399,581 | 720,905 | 4,462,757 | 480,568 |
| <u>Stormwater Fund</u> | | | | | |
| Compensated absences | 8,177 | 7,797 | 7,388 | 8,586 | 7,000 |
| IT subscription liabilities | - | 20,366 | 6,262 | 14,104 | 6,262 |
| Net pension liability (LGERS) | 38,710 | 117,818 | - | 156,528 | - |
| Total OPEB liability | 13,400 | - | 1,421 | 11,979 | 246 |
| Stormwater Fund long-term liabilities | 60,287 | 145,981 | 15,071 | 191,197 | 13,508 |
| Business-type activity long-term liabilities | \$ 4,844,368 | \$ 545,562 | \$ 735,976 | \$ 4,653,954 | \$ 494,076 |

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.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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. 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. The funds are accounted for in a multi-year special revenue fund. During fiscal year 2023 all remaining ARPA funds were transferred to the general fund for general government services projects as allowed under revenue replacement provisions of the act. Interest income earned by the special revenue fund was also transferred to the general fund. Funds of an equal amount will now be available for capital projects in the general fund.

I. Net Investment in Capital Assets

| | Governmental Activities | Business-type Activities |
|--|-------------------------|--------------------------|
| Total capital assets | \$ 19,537,929 | \$ 24,924,770 |
| Outstanding principal for debt expended on capital assets: | | |
| Agreements from direct borrowings | \$ 75,276 | \$ 3,977,949 |
| IT subscription liabilities | \$ 266,559 | 341,835 |
| Other capital related liabilities at year-end | 144,286 | 4,072,790 |
| Net investment in capital assets | \$ 19,051,808 | \$ 20,851,980 |

J. 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> | \$ 18,340,548 |
| Less: | |
| Prepays | 15,237 |
| Stabilization by State Statute | 1,855,946 |
| Streets - Powell Bill | 617,656 |
| Public safety | 300,038 |
| Subsequent year's expenditures | 3,357,820 |
| Economic development | 670,484 |
| Capital | 5,669,164 |
| Remaining fund balance | 5,854,203 |

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, 2023, this minimum amount is \$3,945,533. 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.

As of June 30, 2023, encumbrances totaled \$220,034 in the general fund and \$7,935 in the SCIF project fund for architectural services.

City of Archdale, North Carolina
Notes to the Financial Statements (continued)
For the Fiscal Year Ended June 30, 2023

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 \$2,500 to the Council during the fiscal year ended June 30, 2023.

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 \$422,434; water purchases of \$391,961; and lab fees of \$3,710 for the 2023 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 money 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.

REQUIRED SUPPLEMENTARY FINANCIAL DATA



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

Local Governmental Employees' Retirement System

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|--------------|--------------|--------------|--------------|--------------|
| Archdale's proportion of the net pension liability (asset) (%) | 0.05373% | 0.04888% | 0.05277% | 0.05233% | 0.05193% |
| Archdale's proportion of the net pension liability (asset) (\$) | \$ 3,031,139 | \$ 749,622 | \$ 1,885,697 | \$ 1,429,091 | \$ 1,231,957 |
| Archdale's covered payroll | \$ 3,839,012 | \$ 3,382,307 | \$ 3,281,424 | \$ 3,105,538 | \$ 3,012,287 |
| Archdale's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 78.96% | 22.16% | 57.47% | 46.02% | 40.90% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.14% | 95.51% | 88.61% | 90.86% | 91.63% |
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Archdale's proportion of the net pension liability (asset) (%) | 0.05198% | 0.05158% | 0.05414% | 0.05082% | 0.05440% |
| Archdale's proportion of the net pension liability (asset) (\$) | \$ 794,110 | \$ 1,094,700 | \$ 242,977 | \$ (299,709) | \$ 655,729 |
| Archdale's covered payroll | \$ 2,973,091 | \$ 2,804,844 | \$ 2,781,194 | \$ 2,670,224 | \$ 2,792,740 |
| Archdale's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 26.71% | 39.03% | 8.74% | (11.22%) | 23.48% |
| Plan fiduciary net position as a percentage of the total pension liability * | 94.18% | 91.47% | 98.09% | 99.07% | 102.64% |

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

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

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

Local Governmental Employees' Retirement System

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 460,697 | \$ 443,516 | \$ 349,866 | \$ 302,348 | \$ 247,762 |
| Contributions in relation to the contractually required contribution | \$ 460,697 | \$ 443,516 | \$ 349,866 | \$ 302,348 | \$ 247,762 |
| Contribution deficiency (excess) | - | - | - | - | - |
| Archdale's covered payroll | \$ 3,689,558 | \$ 3,839,012 | \$ 3,382,307 | \$ 3,281,424 | \$ 3,105,538 |
| Contributions as a percentage of covered payroll | 12.49% | 11.55% | 10.34% | 9.21% | 7.98% |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Contractually required contribution | \$ 232,694 | \$ 222,466 | \$ 190,590 | \$ 198,590 | \$ 191,449 |
| Contributions in relation to the contractually required contribution | \$ 232,694 | \$ 222,466 | \$ 190,590 | \$ 198,590 | \$ 191,449 |
| Contribution deficiency (excess) | - | - | - | - | - |
| Archdale's covered payroll | \$ 3,012,287 | \$ 2,973,091 | \$ 2,804,844 | \$ 2,781,194 | \$ 2,670,224 |
| Contributions as a percentage of covered payroll | 7.72% | 7.48% | 6.80% | 7.14% | 7.17% |



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

| | 2023 | 2022 | 2021 | 2020 |
|--|-------------------|-------------------|-------------------|-------------------|
| Total pension liability: | | | | |
| Service Cost | \$ 34,353 | \$ 31,676 | \$ 27,758 | \$ 37,928 |
| Interest | 61,389 | 61,275 | 48,053 | 32,441 |
| Difference between expected and actual experience | 94,883 | (18,274) | 75,226 | 128,090 |
| Changes of assumptions and other inputs | - | - | 151,589 | (144,179) |
| Benefit payments | (83,749) | (61,429) | (63,030) | (80,637) |
| Net change in total pension liability | <u>106,876</u> | <u>13,248</u> | <u>239,596</u> | <u>(26,357)</u> |
| Total pension liability - beginning | 1,158,046 | 1,144,798 | 905,202 | 931,559 |
| Total pension liability - ending (a) | 1,264,922 | 1,158,046 | 1,144,798 | 905,202 |
| Contributions - employer | 139,464 | 61,429 | 63,030 | 580,637 |
| Net investment income | (125,424) | 85,791 | 78,979 | 62,410 |
| Benefit payments | (83,749) | (61,429) | (63,030) | (80,637) |
| Administrative expense | - | - | - | - |
| Net change in plan net position | <u>(69,709)</u> | <u>85,791</u> | <u>78,979</u> | <u>562,410</u> |
| Plan fiduciary net position - beginning | 727,180 | 641,389 | 562,410 | - |
| Plan fiduciary net position - ending (b) | <u>657,471</u> | <u>727,180</u> | <u>641,389</u> | <u>562,410</u> |
| Net pension liability - ending (a) - (b) | <u>\$ 607,451</u> | <u>\$ 430,866</u> | <u>\$ 503,409</u> | <u>\$ 342,792</u> |
| Ratio of plan net position to total pension liability | 51.98% | 62.79% | 56.03% | 62.13% |
| Covered payroll | \$ 1,507,985 | \$ 1,316,064 | \$ 1,320,005 | \$ 1,261,294 |
| Net pension liability as a percentage of covered payroll | 40.28% | 32.74% | 38.14% | 27.18% |
| Changes of Assumptions: | | | | |
| Assumed rate of return | 5.50% | 5.50% | 5.50% | 5.50% |
| Assumed inflation rate | 2.50% | 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 Seven 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 | (69,770) | (52,003) | (62,986) |
| Net change in total pension liability | <u>(109,280)</u> | <u>94,389</u> | <u>(15,562)</u> |
| 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 | - | (395) | (197) |
| Net change in plan net position | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - beginning | - | - | - |
| Plan fiduciary net position - ending (b) | <u>-</u> | <u>-</u> | <u>-</u> |
| 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 Five Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|------------------|
| Actuarially determined employer contribution | \$ 97,907 | \$ 80,455 | \$ 149,402 |
| Actual employer contributions | <u>\$ 111,799</u> | <u>\$ 103,304</u> | <u>\$ 61,429</u> |
| Annual contribution deficiency (excess) | \$ (13,892) | \$ (22,849) | \$ 87,973 |
| Covered payroll | \$ 1,422,784 | \$ 1,486,252 | \$ 1,259,415 |
| Actual contributions as a percentage of covered payroll | 7.86% | 6.95% | 4.88% |
| | <u>2020</u> | <u>2019</u> | |
| Actuarially determined employer contribution | \$ 130,687 | \$ 125,903 | |
| Actual employer contributions | <u>\$ 72,633</u> | <u>\$ 575,698</u> | |
| Annual contribution deficiency (excess) | \$ 58,054 | \$ (449,795) | |
| Covered payroll | \$ 1,199,763 | \$ 1,165,121 | |
| Actual contributions as a percentage of covered payroll | 6.05% | 49.41% | |

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 2023:

| | |
|---------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level dollar, closed |
| Amortization period | 10 years as of December 31, 2020 |
| Asset valuation method | Market value |
| Inflation | 2.50% |
| Salary increase | 3.25% - 7.75%, 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 Five Fiscal Years

Investment rate of return, net of investment expense

| | |
|------|---------|
| 2023 | 11.61% |
| 2022 | -14.31% |
| 2021 | 27.45% |
| 2020 | 4.24% |
| 2019 | 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.

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 Six Fiscal Years

| | 2023 | 2022 | 2021 |
|---|-------------------|-------------------|-------------------|
| Service cost | \$ 15,665 | \$ 19,236 | \$ 18,820 |
| Interest on the total pension liability and cash flows | 5,568 | 8,960 | 11,236 |
| Change in benefit terms | - | - | - |
| Difference between expected and actual experience | - | (5,832) | - |
| Changes of assumptions and other inputs | (44,983) | (165,495) | 61,747 |
| Benefit payments and implicit subsidy credit | (3,789) | (5,258) | (9,500) |
| Other | - | - | - |
| Net change in total OPEB liability | (27,539) | (148,389) | 82,303 |
| Total OPEB liability - beginning | 259,684 | 408,073 | 325,770 |
| Total OPEB liability - ending | <u>\$ 232,145</u> | <u>\$ 259,684</u> | <u>\$ 408,073</u> |
| Covered employee payroll | \$ 3,368,217 | \$ 3,368,217 | \$ 3,026,895 |
| Total OPEB liability a percentage of covered employee payroll | 6.89% | 7.71% | 13.48% |
| | 2020 | 2019 | 2018 |
| Service cost | \$ 18,184 | \$ 18,895 | \$ 20,477 |
| Interest on the total pension liability and cash flows | 11,319 | 10,070 | 8,512 |
| Change in benefit terms | - | - | - |
| Difference between expected and actual experience | 5,029 | 44 | - |
| Changes of assumptions and other inputs | 4,300 | (14,006) | (23,340) |
| Benefit payments and implicit subsidy credit | (8,000) | (5,800) | (5,355) |
| Other | - | - | - |
| Net change in total OPEB liability | 30,832 | 9,203 | 294 |
| Total OPEB liability - beginning | 294,938 | 285,735 | 285,441 |
| Total OPEB liability - ending | <u>\$ 325,770</u> | <u>\$ 294,938</u> | <u>\$ 285,735</u> |
| Covered employee payroll | \$ 3,026,895 | \$ 2,790,095 | \$ 2,790,095 |
| Total OPEB liability a percentage of covered employee payroll | 10.76% | 10.57% | 10.24% |

Notes to Schedule:

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

| | Rate |
|------|-------|
| 2023 | 3.69% |
| 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, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---------------------------------|-------------------|-------------------|---|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Taxes | \$ | \$ 3,523,079 | \$ |
| Interest | | 13,318 | |
| Total | <u>3,414,900</u> | <u>3,536,397</u> | <u>121,497</u> |
| Unrestricted intergovernmental: | | | |
| Local option sales taxes | | 4,338,833 | |
| Telecommunications sales tax | | 49,978 | |
| Electric sales tax | | 461,517 | |
| Piped natural gas sales tax | | 40,229 | |
| Video programming sales tax | | 84,373 | |
| Beer and wine tax | | 54,510 | |
| ABC profit distribution | | 39,286 | |
| Total | <u>4,663,500</u> | <u>5,068,726</u> | <u>405,226</u> |
| Restricted intergovernmental: | | | |
| Powell Bill allocation | | 347,973 | |
| Asset Forfeiture Program | | 137,868 | |
| NC Dept. of Commerce grant | | 125,000 | |
| Solid waste disposal tax | | 9,696 | |
| Other | | 407,960 | |
| Total | <u>1,258,800</u> | <u>1,028,497</u> | <u>(230,303)</u> |
| Permits and fees: | | | |
| Zoning permits and fees | | 28,879 | |
| Total | <u>25,500</u> | <u>28,879</u> | <u>3,379</u> |
| Sales and services: | | | |
| Recreation department fees | | 335,015 | |
| Solid waste | | 760,728 | |
| Recycling | | 206,070 | |
| Total | <u>1,215,300</u> | <u>1,301,813</u> | <u>86,513</u> |
| Investment earnings | <u>318,500</u> | <u>502,244</u> | <u>183,744</u> |
| Miscellaneous: | | | |
| Other | | 136,802 | |
| Total | <u>103,030</u> | <u>136,802</u> | <u>33,772</u> |
| Total revenues | <u>10,999,530</u> | <u>11,603,358</u> | <u>603,828</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, 2023**

| | Budget | Actual | Variance Positive (Negative) |
|------------------------------------|-----------|-----------|------------------------------------|
| Expenditures: | | | |
| General government: | | | |
| Governing Body | | | |
| Salaries and employee benefits | | 40,674 | |
| Other operating expenditures | | 9,149 | |
| Total | 52,450 | 49,823 | 2,627 |
| Administration: | | | |
| Salaries and employee benefits | | 271,009 | |
| Other operating expenditures | | 21,880 | |
| Total | 379,920 | 292,889 | 87,031 |
| Information Technology: | | | |
| Salaries and employee benefits | | 241,326 | |
| Software licensing and maintenance | | 96,299 | |
| Other operating expenditures | | 111,337 | |
| Debt service | | 57,990 | |
| Capital outlay | | 347,330 | |
| Total | 911,520 | 854,282 | 57,238 |
| Finance: | | | |
| Salaries and employee benefits | | 289,566 | |
| Contracted services | | 72,255 | |
| Other operating expenditures | | 15,175 | |
| Total | 418,254 | 376,996 | 41,258 |
| Legal: | | | |
| Contracted services | 45,000 | 33,765 | 11,235 |
| Facilities and grounds: | | | |
| Salaries and employee benefits | | 274,796 | |
| Other operating expenditures | | 159,794 | |
| Capital outlay | | 14,000 | |
| Total | 580,615 | 448,590 | 132,025 |
| Planning and zoning: | | | |
| Salaries and employee benefits | | 183,946 | |
| Contracted services | | 87,436 | |
| Other operating expenditures | | 26,905 | |
| Total | 696,809 | 298,287 | 398,522 |
| Public safety: | | | |
| Police: | | | |
| Salaries and employee benefits | | 2,462,725 | |
| Communications and IT | | 150,190 | |
| Insurance | | 125,597 | |
| Other operating expenditures | | 273,478 | |
| Debt service | | 64,098 | |
| Capital outlay | | 884,429 | |
| Total | 4,507,786 | 3,960,517 | 547,269 |
| Fire: | | | |
| Contracted services | 32,945 | 32,945 | - |
| Transportation: | | | |
| Streets: | | | |
| Salaries and employee benefits | | 223,254 | |
| Street Lights | | 128,853 | |
| Other operating expenditures | | 107,530 | |
| Capital outlay | | 15,996 | |
| Total | 530,490 | 475,633 | 54,857 |

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, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|-------------------|----------------------|---|
| Streets-Powell Bill: | | | |
| Street repairs and maintenance | | 357,465 | |
| Other operating expenditures | | 923 | |
| Total | <u>472,000</u> | <u>358,388</u> | <u>113,612</u> |
| Environmental protection: | | | |
| Sanitation: | | | |
| Contracted services | | 998,458 | |
| Other operating expenditures | | 11,729 | |
| Total | <u>1,032,800</u> | <u>1,010,187</u> | <u>22,613</u> |
| Culture and recreation: | | | |
| Parks and recreation: | | | |
| Salaries and employee benefits | | 533,252 | |
| Utilities | | 58,427 | |
| Repairs and maintenance | | 204,577 | |
| Other operating expenditures | | 249,017 | |
| Capital outlay | | 509,014 | |
| Total | <u>4,804,341</u> | <u>1,554,287</u> | <u>3,250,054</u> |
| Senior building: | | | |
| Other operating expenditures | | 12,064 | |
| Total | <u>30,750</u> | <u>12,064</u> | <u>18,686</u> |
| Library: | | | |
| Payment to Randolph County | | 101,757 | |
| Other operating expenditures | | 60,511 | |
| Total | <u>182,708</u> | <u>162,268</u> | <u>20,440</u> |
| Community Promotions: | | | |
| Senior adult meal program | | 24,900 | |
| Economic development | | 185,137 | |
| Contracted services and membership dues | | 18,448 | |
| Other | | 14,000 | |
| Total | <u>719,145</u> | <u>242,485</u> | <u>476,660</u> |
| Contingency | <u>10,000</u> | - | <u>10,000</u> |
| Total expenditures | <u>15,407,533</u> | <u>10,163,406</u> | <u>5,244,127</u> |
| Revenues over (under) expenditures | (4,408,003) | 1,439,952 | 5,847,955 |
| Other financing sources (uses): | | | |
| Transfer from ARPA grant project fund | 3,527,029 | 3,521,858 | (5,171) |
| IT subscription agreements | 347,000 | 363,108 | 16,108 |
| Issuance of debt | 55,656 | 54,765 | (891) |
| Total | <u>3,929,685</u> | <u>3,939,731</u> | <u>10,046</u> |
| Fund balance appropriated | <u>478,318</u> | - | <u>(478,318)</u> |
| Net change in fund balance | \$ <u>-</u> | 5,379,683 | \$ <u>5,379,683</u> |
| Fund balances, beginning | | <u>12,960,865</u> | |
| Fund balances, ending | | <u>\$ 18,340,548</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, 2023

| | Actual | | | Totals to Date | Variance Positive (Negative) |
|--|--------------------------|------------------|--------------------|--------------------|------------------------------------|
| | Project Authorization | Prior Years | Current Year | | |
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| ARPA | \$ 3,669,164 | \$ 213,135 | \$ 3,456,029 | \$ 3,669,164 | \$ - |
| Interest earnings | 71,000 | 3,163 | 62,666 | 65,829 | (5,171) |
| Total revenues | 3,740,164 | 216,298 | 3,518,695 | 3,734,993 | (5,171) |
| Revenues over (under) expenditures | \$ 3,740,164 | \$ 216,298 | 3,518,695 | 3,734,993 | (5,171) |
| Other financing sources (uses): | | | | | |
| Transfer for premium pay | (164,660) | (164,660) | - | (164,660) | - |
| Transfer for general services | (3,504,504) | (48,475) | (3,456,029) | (3,504,504) | - |
| Transfer for interest revenue | (71,000) | - | (65,829) | (65,829) | 5,171 |
| Total | (3,740,164) | (213,135) | (3,521,858) | (3,734,993) | 5,171 |
| Net change in fund balance | \$ - | \$ 3,163 | (3,163) | \$ - | \$ - |
| Fund balances, beginning | | | 3,163 | | |
| Fund balances, ending | | | \$ - | | |

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, 2023

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|--|--------------------------|----------------|------------------|-------------------|------------------------------------|
| | | Prior Years | Current Year | Totals to Date | |
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| SCIF grant-greenway maintenance | \$ 150,000 | \$ - | \$ 150,000 | 150,000 | \$ - |
| SCIF grant-greenway expansion | 300,000 | - | 245,820 | 245,820 | (54,180) |
| SCIF grant-equipment shelter | 200,000 | - | 24,215 | 24,215 | (175,785) |
| Total restricted | | | | | |
| intergovernmental revenue | 650,000 | - | 420,035 | 420,035 | (229,965) |
| Restricted interest earnings | 22,952 | 838 | 20,667 | 21,505 | (1,447) |
| Total revenues | 672,952 | 838 | 440,702 | 441,540 | (231,412) |
| Expenditures: | | | | | |
| Culture and recreation: | | | | | |
| Parks and recreation: | | | | | |
| Contract services | 154,659 | - | 154,659 | 154,659 | - |
| Capital outlay | 310,313 | - | 245,820 | 245,820 | 64,493 |
| Transportation: | | | | | |
| Capital outlay | 207,980 | - | 24,215 | 24,215 | 183,765 |
| Total expenditures | 672,952 | - | 424,694 | 424,694 | 248,258 |
| Revenues over (under) expenditures | \$ - | \$ 838 | 16,008 | \$ 16,846 | \$ 16,846 |
| Fund balances, beginning | | | 838 | | |
| Fund balances, ending | | | <u>\$ 16,846</u> | | |

City of Archdale, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2023

| | Budget | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|------------------------------------|
| Revenues: | | | |
| Operating revenues: | | | |
| Water charges | | \$ 1,905,281 | |
| Sewer charges | | 2,508,638 | |
| Water and sewer taps | | 6,520 | |
| Other operating revenues | | 154,661 | |
| Total | <u>\$ 4,578,300</u> | <u>4,575,100</u> | <u>\$ (3,200)</u> |
| Nonoperating revenues: | | | |
| Lease revenue | | 59,913 | |
| Interest earnings | | 238,149 | |
| Total | <u>251,800</u> | <u>298,062</u> | <u>46,262</u> |
| Total revenues | <u>4,830,100</u> | <u>4,873,162</u> | <u>43,062</u> |
| Expenditures: | | | |
| Salaries and employee benefits | | 708,439 | |
| Water purchases | | 392,339 | |
| Waste disposal and treatment costs | | 507,259 | |
| Repairs and maintenance | | 207,489 | |
| Operating payments to PTRWA | | 90,214 | |
| Professional services | | 108,735 | |
| Other operating expenditures | | 406,826 | |
| Debt service: | | | |
| Interest and other charges | | 95,943 | |
| Principal retirement | | 695,174 | |
| Capital outlay | | 520,772 | |
| Total expenditures | <u>4,529,388</u> | <u>3,733,190</u> | <u>796,198</u> |
| Revenues over (under) expenditures | <u>300,712</u> | <u>1,139,972</u> | <u>839,260</u> |
| Other financing sources (uses) | | | |
| IT subscription agreements | 88,000 | 111,956 | 23,956 |
| Total other financing sources (uses) | <u>88,000</u> | <u>111,956</u> | <u>23,956</u> |
| Revenues and other sources over expenditures and other uses | 388,712 | 1,251,928 | 863,216 |
| Net position appropriated | <u>(388,712)</u> | | <u>388,712</u> |
| Revenues and other sources over expenditures and other uses | <u>\$ -</u> | <u>\$ 1,251,928</u> | <u>\$ 1,251,928</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, 2023

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

| | | |
|---|----|-------------------------|
| Revenues and other sources over expenditures and other uses | \$ | 1,251,928 |
| Reconciling items: | | |
| Principal retirement | | 695,174 |
| Capital outlay | | 818,690 |
| IT subscription agreements | | (111,956) |
| Decrease in accrued vacation pay | | 1,550 |
| Increase in deferred outflows of resources -pensions | | 93,692 |
| Decrease in deferred outflows of resources - OPEB | | (706) |
| Increase in net pension liability | | (266,664) |
| Increase in deferred inflows of resources - pensions | | 128,419 |
| Increase in deferred inflows of resources - OPEB | | (2,241) |
| Decrease in OPEB liability | | 3,220 |
| Depreciation and amortization | | (1,266,760) |
| Revenues from Capital Reserve Fund | | 7,020 |
| Interest income from Capital Reserve Fund | | 4,068 |
| Interest income from Water and Sewer Capital Fund | | 80,294 |
| Water and Sewer Capital Fund expenses | | (297,918) |
| Total reconciling items | | <u>(114,118)</u> |
| Change in net position | \$ | <u><u>1,137,810</u></u> |

City of Archdale, North Carolina
Water and Sewer Capital Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|---------------|---------------------|---|
| Revenues: | | | |
| Nonoperating revenues: | | | |
| Interest earnings | | \$ 80,294 | |
| Total revenues | \$ 68,600 | 80,294 | \$ 11,694 |
| Expenditures: | | | |
| Capital outlay | 2,030,000 | 297,918 | 1,732,082 |
| Total expenditures | 2,030,000 | 297,918 | 1,732,082 |
| Revenues over (under) expenditures | (1,961,400) | (217,624) | 1,743,776 |
| Net position appropriated | 1,961,400 | - | (1,961,400) |
| Revenues and other sources over expenditures and other uses | <u>\$ -</u> | <u>\$ (217,624)</u> | <u>\$ (217,624)</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, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|------------------|---|
| Revenues: | | | |
| System development fees | | \$ 7,020 | |
| Interest earnings | | <u>4,068</u> | |
| Total revenues | <u>\$ 25,000</u> | <u>11,088</u> | <u>\$ (13,912)</u> |
| Revenues over (under) expenditures | 25,000 | 11,088 | (13,912) |
| 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>\$ 11,088</u> | <u>\$ 11,088</u> |

City of Archdale, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2023

| | Budget | Actual | Variance Positive (Negative) |
|---|------------|------------|------------------------------------|
| Revenues: | | | |
| Operating revenues: | | | |
| Stormwater fees | | \$ 497,851 | |
| Other | | 127 | |
| Total | \$ 496,000 | 497,978 | \$ 1,978 |
| Nonoperating revenues: | | | |
| Interest earnings | | 40,175 | |
| Total | 31,200 | 40,175 | 8,975 |
| Total revenues | 527,200 | 538,153 | 10,953 |
| Expenditures: | | | |
| Salaries and employee benefits | | 223,509 | |
| Contract services | | 60,768 | |
| Other operating expenditures | | 90,225 | |
| Debt service: | | | |
| Interest and other charges | | 87 | |
| Principal retirement | | 6,261 | |
| Capital outlay | | 64,195 | |
| Total expenditures | 527,815 | 445,045 | 82,770 |
| Revenues over (under) expenditures | (615) | 93,108 | 93,723 |
| Other financing sources (uses) | | | |
| IT subscription agreement | 19,000 | 20,365 | 1,365 |
| Total other financing sources (uses) | 19,000 | 20,365 | 1,365 |
| Net position appropriated | 18,385 | - | 18,385 |
| Revenues and other sources over expenditures and other uses | \$ - | \$ 113,473 | \$ 113,473 |

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

| | |
|---|------------|
| Revenues and other sources over expenditures and other uses | \$ 113,473 |
| Reconciling items: | |
| Principal retirement | 6,261 |
| Capital outlay | 64,195 |
| IT subscription agreements | (20,365) |
| Increase in accrued vacation pay | (409) |
| Increase in deferred outflows of resources - pensions | 41,395 |
| Decrease in deferred outflows of resources - OPEB | (308) |
| Increase in net pension liability | (117,818) |
| Increase in deferred inflows of resources - pensions | 56,738 |
| Increase in deferred inflows of resources - OPEB | (990) |
| Decrease in OPEB liability | 1,421 |
| Depreciation and amortization | (95,156) |
| Total reconciling items | (65,036) |
| Change in net position | \$ 48,437 |

City of Archdale, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

| Fiscal Year | Uncollected Balance June 30, 2022 | Additions | Collections And Credits | Uncollected Balance June 30, 2023 |
|---|---|---------------------|----------------------------|---|
| 2022-2023 | \$ - | \$ 3,589,446 | \$ 3,552,755 | \$ 36,691 |
| 2021-2022 | 19,762 | - | 15,058 | 4,704 |
| 2020-2021 | 5,140 | - | 1,825 | 3,315 |
| 2019-2020 | 3,204 | - | 950 | 2,254 |
| 2018-2019 | 2,102 | - | 225 | 1,877 |
| 2017-2018 | 1,429 | - | 64 | 1,365 |
| 2016-2017 | 1,132 | - | 61 | 1,071 |
| 2015-2016 | 711 | - | 55 | 656 |
| 2014-2015 | 379 | - | 1 | 378 |
| 2013-2014 | 2,378 | - | 1 | 2,377 |
| 2012-2013 | 1,805 | - | 1,805 | - |
| | <u>\$ 38,042</u> | <u>\$ 3,589,446</u> | <u>\$ 3,572,800</u> | <u>54,688</u> |
| Less: allowance for uncollectible accounts: | | | | |
| | General Fund | | | <u>10,000</u> |
| | Ad valorem taxes receivable - net | | | <u>\$ 44,688</u> |
| <u>Reconciliation to revenues:</u> | | | | |
| | Ad valorem taxes - General Fund | | | \$ 3,536,397 |
| | Reconciling items: | | | |
| | Interest collected | | | (13,318) |
| | Discounts allowed | | | 44,275 |
| | Taxes written off, releases and refunds | | | 5,446 |
| | Subtotal | | | <u>36,403</u> |
| | Total collections and credits | | | <u>\$ 3,572,800</u> |

City of Archdale, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Year Ended June 30, 2023

| | City - Wide | | Total Levy | | |
|------------------------------------|-----------------------|------|---------------|--|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| | Original levy: | | | | |
| Property taxed at current rate | \$ 1,165,913,226 | 0.31 | \$ 3,614,331 | \$ 3,200,313 | \$ 414,018 |
| Penalties | - | | - | - | - |
| Total | 1,165,913,226 | | 3,614,331 | 3,200,313 | 414,018 |
| Discoveries: | | | | | |
| Current year taxes | 14,277,742 | 0.31 | 44,261 | 44,261 | - |
| Prior year taxes | - | | - | - | - |
| Penalties | - | | - | - | - |
| Abatements | (22,305,161) | 0.31 | (69,146) | (69,146) | - |
| Total property valuation | \$ 1,157,885,807 | | | | |
| Net levy | | | 3,589,446 | 3,175,428 | 414,018 |
| Uncollected taxes at June 30, 2023 | | | (36,691) | (36,691) | - |
| Current year's taxes collected | | | \$ 3,552,755 | \$ 3,138,737 | \$ 414,018 |
| Current levy collection percentage | | | 98.98% | 98.84% | 100.00% |



STATISTICAL SECTION

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



Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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



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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net position: | | | | | |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 12,998,897 | \$ 13,245,910 | \$ 13,990,727 | \$ 14,217,643 | \$ 15,359,566 |
| Restricted | 1,636,558 | 2,043,813 | 2,070,789 | 1,831,751 | 1,909,466 |
| Unrestricted | <u>6,112,656</u> | <u>6,526,605</u> | <u>7,271,322</u> | <u>7,534,635</u> | <u>7,565,571</u> |
| Total governmental activities net position | <u>\$ 20,748,111</u> | <u>\$ 21,816,328</u> | <u>\$ 23,332,838</u> | <u>\$ 23,584,029</u> | <u>\$ 24,834,603</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | \$ 18,304,551 | \$ 18,183,447 | \$ 19,355,666 | \$ 19,882,981 | \$ 19,855,768 |
| Restricted | - | - | - | - | - |
| Unrestricted | <u>5,489,605</u> | <u>6,231,492</u> | <u>6,345,377</u> | <u>6,667,220</u> | <u>7,658,090</u> |
| Total business-type activities net position | <u>\$ 23,794,156</u> | <u>\$ 24,414,939</u> | <u>\$ 25,701,043</u> | <u>\$ 26,550,201</u> | <u>\$ 27,513,858</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$ 31,303,448 | \$ 31,429,357 | \$ 33,346,393 | \$ 34,100,624 | \$ 35,215,334 |
| Restricted | 1,636,558 | 2,043,813 | 2,070,789 | 1,831,751 | 1,909,466 |
| Unrestricted | <u>11,602,261</u> | <u>12,758,097</u> | <u>13,616,699</u> | <u>14,201,855</u> | <u>15,223,661</u> |
| Total primary government net position | <u>\$ 44,542,267</u> | <u>\$ 46,231,267</u> | <u>\$ 49,033,881</u> | <u>\$ 50,134,230</u> | <u>\$ 52,348,461</u> |
| <hr/> | | | | | |
| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| Net position: | | | | | |
| Governmental activities: | | | | | |
| Net investment in capital assets | \$ 17,209,967 | \$ 17,579,389 | \$ 18,255,346 | \$ 18,391,402 | \$ 19,051,808 |
| Restricted | 2,496,877 | 2,273,808 | 2,370,602 | 2,524,178 | 2,790,486 |
| Unrestricted | <u>6,497,381</u> | <u>7,229,447</u> | <u>7,726,045</u> | <u>8,949,487</u> | <u>13,914,146</u> |
| Total governmental activities net position | <u>\$ 26,204,225</u> | <u>\$ 27,082,644</u> | <u>\$ 28,351,993</u> | <u>\$ 29,865,067</u> | <u>\$ 35,756,440</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | \$ 19,994,349 | \$ 21,086,589 | \$ 21,095,109 | \$ 20,761,897 | \$ 20,851,980 |
| Restricted | 19,074 | 64,565 | 88,952 | 112,564 | 123,652 |
| Unrestricted | <u>8,342,330</u> | <u>8,048,355</u> | <u>8,561,539</u> | <u>9,739,481</u> | <u>10,824,557</u> |
| Total business-type activities net position | <u>\$ 28,355,753</u> | <u>\$ 29,199,509</u> | <u>\$ 29,745,600</u> | <u>\$ 30,613,942</u> | <u>\$ 31,800,189</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$ 37,204,316 | \$ 38,665,978 | \$ 39,350,455 | \$ 39,153,299 | \$ 39,903,788 |
| Restricted | 2,515,951 | 2,338,373 | 2,459,554 | 2,636,742 | 2,914,138 |
| Unrestricted | <u>14,839,711</u> | <u>15,277,802</u> | <u>16,287,584</u> | <u>18,688,968</u> | <u>24,738,703</u> |
| Total primary government net position | <u>\$ 54,559,978</u> | <u>\$ 56,282,153</u> | <u>\$ 58,097,593</u> | <u>\$ 60,479,009</u> | <u>\$ 67,556,629</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>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|----------------------|---------------------|---------------------|----------------------|----------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 1,241,317 | \$ 1,235,682 | \$ 1,289,975 | \$ 1,359,290 | \$ 1,531,883 |
| Public safety | 2,625,653 | 2,374,771 | 2,496,393 | 2,516,738 | 2,592,063 |
| Transportation | 884,759 | 736,193 | 773,384 | 845,365 | 823,364 |
| Cultural and recreation | 906,558 | 782,917 | 984,361 | 996,670 | 1,042,565 |
| Environmental protection | 748,514 | 768,301 | 764,780 | 770,273 | 798,534 |
| Community Promotions | 61,088 | 299,845 | 63,788 | 65,635 | 99,308 |
| Interest on Long-Term Debt | 70,457 | 63,813 | 45,123 | 42,180 | 39,361 |
| Total Governmental Activities Expenses | <u>6,538,346</u> | <u>6,261,522</u> | <u>6,417,804</u> | <u>6,596,151</u> | <u>6,927,078</u> |
| Business-Type Activities: | | | | | |
| Water and Sewer | 3,119,008 | 3,087,889 | 3,194,077 | 3,121,220 | 3,079,877 |
| Stormwater | 580,529 | 523,989 | 380,706 | 362,618 | 358,689 |
| | <u>3,699,537</u> | <u>3,611,878</u> | <u>3,574,783</u> | <u>3,483,838</u> | <u>3,438,566</u> |
| Total primary government expenses | <u>\$ 10,237,883</u> | <u>\$ 9,873,400</u> | <u>\$ 9,992,587</u> | <u>\$ 10,079,989</u> | <u>\$ 10,365,644</u> |
| Program revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ - | \$ - | \$ - | \$ 18,085 | \$ 19,567 |
| Cultural and recreation | 160,977 | 152,241 | 170,949 | 167,635 | 173,128 |
| Environmental protection | 737,537 | 798,306 | 800,439 | 811,143 | 827,247 |
| Operating grants and contributions: | | | | | |
| General government | 25,511 | 8,000 | 11,010 | - | 2,780 |
| Public safety | 34,302 | 270,425 | 36,969 | 26,684 | 30,711 |
| Transportation | 329,160 | 336,331 | 309,426 | 339,195 | 338,121 |
| Cultural and recreation | 7,340 | 27,250 | 61,200 | 25,000 | 130,000 |
| Environmental protection | 7,086 | 7,580 | 487 | 15,940 | 8,042 |
| Community promotions | - | 231,847 | 7,682 | - | - |
| Capital grants and contributions: | | | | | |
| General government | - | - | - | - | 17,882 |
| Transportation | - | - | 713,350 | - | - |
| Cultural and recreation | - | - | 18,450 | - | 179,600 |
| Total governmental activities program revenues | <u>1,301,913</u> | <u>1,831,980</u> | <u>2,129,962</u> | <u>1,403,682</u> | <u>1,727,078</u> |
| Business-type activities: | | | | | |
| Water and sewer: | | | | | |
| Charges for services | 3,594,871 | 3,610,777 | 3,583,762 | 3,703,570 | 3,823,802 |
| Operating grants and contributions | 30,380 | 26,363 | 25,743 | 26,376 | 27,167 |
| Capital grants and contributions | - | - | 745,885 | 87,928 | - |
| Stormwater: | | | | | |
| Charges for services | 470,461 | 479,039 | 485,013 | 491,207 | 493,498 |
| Operating grants and contributions | 273,517 | 168,003 | - | - | - |
| Total business-type activities program revenues | <u>4,369,229</u> | <u>4,284,182</u> | <u>4,840,403</u> | <u>4,309,081</u> | <u>4,344,467</u> |
| Total primary government program revenues | <u>\$ 5,671,142</u> | <u>\$ 6,116,162</u> | <u>\$ 6,970,365</u> | <u>\$ 5,712,763</u> | <u>\$ 6,071,545</u> |

(continued)

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

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 1,628,795 | \$ 2,064,020 | \$ 1,997,765 | \$ 2,109,177 | \$ 2,236,836 |
| Public safety | 2,654,576 | 2,816,346 | 2,859,397 | 3,134,455 | 3,507,895 |
| Transportation | 897,076 | 828,688 | 824,078 | 917,099 | 941,089 |
| Cultural and recreation | 1,089,605 | 1,119,161 | 1,197,902 | 1,327,615 | 1,751,505 |
| Environmental protection | 826,516 | 889,737 | 949,781 | 969,167 | 1,010,187 |
| Community Promotions | 96,424 | 123,687 | 257,286 | 181,022 | 242,485 |
| Interest on Long-Term Debt | 24,642 | - | - | - | 4,098 |
| Total Governmental Activities Expenses | <u>7,217,634</u> | <u>7,841,639</u> | <u>8,086,209</u> | <u>8,638,535</u> | <u>9,694,095</u> |
| Business-Type Activities: | | | | | |
| Water and Sewer | 3,371,663 | 3,556,714 | 3,834,113 | 3,879,828 | 3,826,734 |
| Stormwater | 372,105 | 494,206 | 512,722 | 483,658 | 489,716 |
| | <u>3,743,768</u> | <u>4,050,920</u> | <u>4,346,835</u> | <u>4,363,486</u> | <u>4,316,450</u> |
| Total primary government expenses | <u>\$ 10,961,402</u> | <u>\$ 11,892,559</u> | <u>\$ 12,433,044</u> | <u>\$ 13,002,021</u> | <u>\$ 14,010,545</u> |
| Program revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 24,796 | \$ 17,500 | \$ 16,225 | \$ 28,803 | \$ 33,379 |
| Cultural and recreation | 213,189 | 185,544 | 184,773 | 248,693 | 335,074 |
| Environmental protection | 830,262 | 836,600 | 896,931 | 936,940 | 966,799 |
| Operating grants and contributions: | | | | | |
| General government | 3,738 | 29,594 | 16,041 | 37,336 | 46,120 |
| Public safety | 123,345 | 68,878 | 254,672 | 65,717 | 175,463 |
| Transportation | 338,485 | 331,161 | 304,613 | 350,546 | 376,058 |
| Cultural and recreation | 39,400 | 42,001 | 37,231 | 26,678 | 177,514 |
| Environmental protection | 8,994 | 9,208 | 17,518 | 12,815 | 13,947 |
| Community promotions | - | 46,107 | 128,165 | 91,075 | 125,000 |
| Capital grants and contributions: | | | | | |
| General government | 904 | 10,370 | - | - | - |
| Public safety | - | - | - | - | 300,000 |
| Transportation | - | 19,000 | - | 258 | 24,215 |
| Cultural and recreation | 136,292 | 27,148 | 74,672 | 216,247 | 320,820 |
| Total governmental activities program revenues | <u>1,719,405</u> | <u>1,623,111</u> | <u>1,930,841</u> | <u>2,015,108</u> | <u>2,894,389</u> |
| Business-type activities: | | | | | |
| Water and sewer: | | | | | |
| Charges for services | 3,967,487 | 4,157,853 | 4,295,429 | 4,658,876 | 4,635,013 |
| Operating grants and contributions | - | 3,899 | - | - | - |
| Capital grants and contributions | 19,074 | 119,742 | 40,741 | 23,450 | 7,020 |
| Stormwater: | | | | | |
| Charges for services | 494,660 | 494,094 | 495,077 | 496,211 | 497,978 |
| Operating grants and contributions | - | - | - | - | - |
| Total business-type activities program revenues | <u>4,481,221</u> | <u>4,775,588</u> | <u>4,831,247</u> | <u>5,178,537</u> | <u>5,140,011</u> |
| Total primary government program revenues | <u>\$ 6,200,626</u> | <u>\$ 6,398,699</u> | <u>\$ 6,762,088</u> | <u>\$ 7,193,645</u> | <u>\$ 8,034,400</u> |

(continued)

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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| Total net (expense) revenue by program: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ (1,215,806) | \$ (1,227,682) | \$ (923,161) | \$ (1,341,205) | \$ (1,491,654) |
| Public safety | (2,591,351) | (2,104,346) | (764,293) | (2,490,054) | (2,561,352) |
| Transportation | (555,599) | (399,862) | (56,106) | (506,170) | (485,243) |
| Cultural and recreation | (738,241) | (603,426) | (34,113) | (804,035) | (559,837) |
| Environmental protection | (3,891) | 37,585 | (6,380,835) | 56,810 | 36,755 |
| Community promotions | (61,088) | (67,998) | 713,350 | (65,635) | (99,308) |
| Interest on Long-Term Debt | (70,457) | (63,813) | (3,194,077) | (42,180) | (39,361) |
| Total Governmental activities | <u>\$ (5,236,433)</u> | <u>\$ (4,429,542)</u> | <u>\$ (10,639,235)</u> | <u>\$ (5,192,469)</u> | <u>\$ (5,200,000)</u> |
| Business-type activities: | | | | | |
| Water and sewer | 506,243 | 549,251 | 485,013 | 696,654 | 771,092 |
| Stormwater | 163,449 | 123,053 | (9,992,587) | 128,589 | 134,809 |
| Total Business-type activities | <u>\$ 669,692</u> | <u>\$ 672,304</u> | <u>\$ (9,507,574)</u> | <u>\$ 825,243</u> | <u>\$ 905,901</u> |
| Total net program (expense) revenue | <u>\$ (4,566,741)</u> | <u>\$ (3,757,238)</u> | <u>\$ (20,146,809)</u> | <u>\$ (4,367,226)</u> | <u>\$ (4,294,099)</u> |
| General revenues and transfers | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | \$ 2,833,307 | \$ 2,686,039 | \$ 2,708,328 | \$ 2,746,614 | \$ 2,843,427 |
| Other taxes | 1,926,888 | 241,978 | 1,269 | 1,962 | 1,770 |
| Grants and contributions not restricted to specific programs | 644,384 | 2,866,578 | 3,015,823 | 3,324,876 | 3,454,666 |
| Investment earnings, unrestricted | 23,086 | 28,944 | 33,256 | 55,155 | 130,712 |
| Miscellaneous | 285,060 | 60,260 | 45,676 | 85,565 | 58,164 |
| Transfers | - | - | - | - | - |
| Total governmental activities general revenues and transfers | <u>5,712,725</u> | <u>5,883,799</u> | <u>5,804,352</u> | <u>6,214,172</u> | <u>6,488,739</u> |
| Business-type activities: | | | | | |
| Water and sewer: | | | | | |
| Investment earnings, unrestricted | 22,775 | 26,719 | 20,484 | 23,915 | 52,293 |
| Miscellaneous | - | - | - | - | - |
| Transfers | - | - | - | - | - |
| Stormwater: | | | | | |
| Transfers | - | - | - | - | - |
| Total business-type activities general revenues and transfers | <u>22,775</u> | <u>26,719</u> | <u>20,484</u> | <u>23,915</u> | <u>52,293</u> |
| Total primary government | <u>\$ 5,735,500</u> | <u>\$ 5,910,518</u> | <u>\$ 5,824,836</u> | <u>\$ 6,238,087</u> | <u>\$ 6,541,032</u> |
| Change in Net Position | | | | | |
| Governmental activities | 476,292 | 1,454,257 | (4,834,883) | 1,021,703 | 1,288,739 |
| Business-type activities | 692,467 | 699,023 | (9,487,090) | 849,158 | 958,194 |
| Total Change in Net Position | <u>\$ 1,168,759</u> | <u>\$ 2,153,280</u> | <u>\$ (14,321,973)</u> | <u>\$ 1,870,861</u> | <u>\$ 2,246,933</u> |

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

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total net (expense) revenue by program: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ (1,599,357) | \$ (2,006,556) | \$ (1,965,499) | \$ (2,043,038) | \$ (2,157,337) |
| Public safety | (2,531,231) | (2,747,468) | (2,604,725) | (3,068,738) | (3,032,432) |
| Transportation | (558,591) | (478,527) | (519,465) | (566,295) | (540,816) |
| Cultural and recreation | (700,724) | (864,468) | (901,226) | (835,997) | (918,097) |
| Environmental protection | 12,740 | (43,929) | (35,332) | (19,412) | (29,441) |
| Community promotions | (96,424) | (77,580) | (129,121) | (89,947) | (117,485) |
| Interest on Long-Term Debt | (24,642) | - | - | - | (4,098) |
| Total Governmental activities | <u>\$ (5,498,229)</u> | <u>\$ (6,218,528)</u> | <u>\$ (6,155,368)</u> | <u>\$ (6,623,427)</u> | <u>\$ (6,799,706)</u> |
| Business-type activities: | | | | | |
| Water and sewer | 614,898 | 724,780 | 502,057 | 802,498 | 815,299 |
| Stormwater | 122,555 | (112) | (17,645) | 12,553 | 8,262 |
| Total Business-type activities | <u>\$ 737,453</u> | <u>\$ 724,668</u> | <u>\$ 484,412</u> | <u>\$ 815,051</u> | <u>\$ 823,561</u> |
| Total net program (expense) revenue | <u>\$ (4,760,776)</u> | <u>\$ (5,493,860)</u> | <u>\$ (5,670,956)</u> | <u>\$ (5,808,376)</u> | <u>\$ (5,976,145)</u> |
| General revenues and transfers | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | \$ 2,900,887 | \$ 3,079,009 | \$ 3,133,079 | \$ 3,370,920 | \$ 3,554,061 |
| Other taxes | - | - | - | - | - |
| Grants and contributions not restricted to specific programs | 3,618,849 | 3,737,166 | 4,203,643 | 4,763,585 | 8,524,755 |
| Investment earnings, unrestricted | 210,225 | 141,838 | 5,079 | 19,782 | 562,541 |
| Miscellaneous | 137,890 | 138,934 | 82,916 | 13,967 | 49,722 |
| Transfers | - | - | - | (31,753) | - |
| Total governmental activities general revenues and transfers | <u>6,867,851</u> | <u>7,096,947</u> | <u>7,424,717</u> | <u>8,136,501</u> | <u>12,691,079</u> |
| Business-type activities: | | | | | |
| Water and sewer: | | | | | |
| Investment earnings, unrestricted | 104,442 | 119,088 | 28,260 | 21,538 | 362,686 |
| Miscellaneous | - | - | 33,419 | - | - |
| Transfers | - | - | - | 25,674 | - |
| Stormwater: | | | | | |
| Transfers | - | - | - | 6,079 | - |
| Total business-type activities general revenues and transfers | <u>104,442</u> | <u>119,088</u> | <u>61,679</u> | <u>53,291</u> | <u>362,686</u> |
| Total primary government | <u>\$ 6,972,293</u> | <u>\$ 7,216,035</u> | <u>\$ 7,486,396</u> | <u>\$ 8,189,792</u> | <u>\$ 13,053,765</u> |
| Change in Net Position | | | | | |
| Governmental activities | 1,369,622 | 878,419 | 1,269,349 | 1,513,074 | 5,891,373 |
| Business-type activities | 841,895 | 843,756 | 546,091 | 868,342 | 1,186,247 |
| Total Change in Net Position | <u>\$ 2,211,517</u> | <u>\$ 1,722,175</u> | <u>\$ 1,815,440</u> | <u>\$ 2,381,416</u> | <u>\$ 7,077,620</u> |

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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|
| Fund Balance | | | | | |
| General Fund | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | \$ 5,589 | \$ 5,501 | \$ 1,431 | \$ 23,941 | \$ 136,118 |
| Restricted: | | | | | |
| Stabilization by State Statute | 856,550 | 996,555 | 1,138,833 | 1,043,101 | 1,119,896 |
| Streets - Powell Bill | 646,500 | 719,991 | 727,345 | 661,346 | 691,017 |
| Public Safety | 133,508 | 327,267 | 203,615 | 127,304 | 98,552 |
| Assigned: | | | | | |
| Economic Development | 356,036 | 375,191 | 441,691 | 511,191 | 577,134 |
| Capital | - | 894,695 | 1,614,896 | 3,014,232 | 3,027,481 |
| Subsequent Year's Expenditure | 7,363 | - | - | - | - |
| Unassigned | 6,123,899 | 5,925,258 | 5,858,299 | 5,537,795 | 5,429,516 |
| Total general fund | <u>\$ 8,129,445</u> | <u>\$ 9,244,458</u> | <u>\$ 9,986,110</u> | <u>\$ 10,918,910</u> | <u>\$ 11,079,714</u> |
| All other governmental funds | | | | | |
| Restricted: | | | | | |
| Stabilization by State Statute | \$ - | \$ - | \$ - | \$ - | \$ - |
| Assigned: | | | | | |
| Grant Project Fund | - | - | - | - | 47,134 |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 47,134</u> |

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Fund Balance | | | | | |
| General Fund | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | \$ 15,824 | \$ 11,162 | \$ 11,584 | \$ 40,720 | \$ 15,237 |
| Restricted: | | | | | |
| Stabilization by State Statute | 1,695,177 | 1,367,630 | 1,585,605 | 1,735,395 | 1,855,946 |
| Streets | 626,977 | 655,803 | 620,497 | 599,986 | 617,656 |
| Public Safety | 174,723 | 213,185 | 170,907 | 187,959 | 300,038 |
| Assigned: | | | | | |
| Economic Development | 606,621 | 626,621 | 651,621 | 676,621 | 670,484 |
| Capital | 2,819,198 | 1,934,500 | 2,500,000 | 2,000,000 | 5,669,164 |
| Subsequent Year's Expenditure | 119,469 | 1,514,072 | 877,199 | 3,342,430 | 3,357,820 |
| Unassigned | 3,984,040 | 4,539,905 | 5,354,722 | 4,377,754 | 5,854,203 |
| Total general fund | <u>\$ 10,042,029</u> | <u>\$ 10,862,878</u> | <u>\$ 11,772,135</u> | <u>\$ 12,960,865</u> | <u>\$ 18,340,548</u> |
| All other governmental funds | | | | | |
| Restricted: | | | | | |
| Stabilization by State Statute | \$ - | \$ 37,190 | \$ - | \$ - | \$ - |
| Grant Project Funds | - | - | - | 838 | 16,846 |
| Assigned: | | | | | |
| Grant Project Funds | 116,310 | 79,171 | - | 3,163 | - |
| Total all other governmental funds | <u>\$ 116,310</u> | <u>\$ 116,361</u> | <u>\$ -</u> | <u>\$ 4,001</u> | <u>\$ 16,846</u> |

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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-------------------|---------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | |
| Ad Valorem Taxes | \$ 2,848,905 | \$ 2,694,321 | \$ 2,712,076 | \$ 2,749,483 | \$ 2,845,328 |
| Other Taxes and Licenses | - | 241,978 | 1,269 | 1,962 | 1,770 |
| Unrestricted Intergovernmental | 2,571,272 | 2,866,578 | 3,015,823 | 3,324,876 | 3,454,666 |
| Restricted Intergovernmental | 402,617 | 865,677 | 428,387 | 382,222 | 672,182 |
| Licenses and Permits | 232,618 | 9,290 | 12,440 | 18,085 | 18,015 |
| Sales and Services | 898,514 | 950,547 | 971,388 | 978,778 | 996,528 |
| Investment Earnings | 14,287 | 29,095 | 39,547 | 66,809 | 131,603 |
| Miscellaneous | 285,060 | 50,569 | 34,580 | 92,086 | 61,927 |
| Total Revenues | <u>7,253,273</u> | <u>7,708,055</u> | <u>7,215,510</u> | <u>7,614,301</u> | <u>8,182,019</u> |
| Expenditures | | | | | |
| General Government | 1,145,411 | 1,118,207 | 1,169,373 | 1,194,693 | 1,370,344 |
| Public Safety | 2,424,384 | 2,263,218 | 2,371,661 | 2,277,393 | 2,352,153 |
| Public Works | 793,030 | 695,746 | 728,270 | 788,192 | 762,947 |
| Sanitation | 748,514 | 768,301 | 764,780 | 770,273 | 798,534 |
| Cultural and Recreation | 712,622 | 618,871 | 800,747 | 789,375 | 836,989 |
| Community Promotions | 61,088 | 299,845 | 63,788 | 65,635 | 99,308 |
| Capital Outlay | 469,816 | 116,711 | 459,717 | 660,467 | 1,634,372 |
| Debt Service: | | | | | |
| Principal | 231,263 | 678,350 | 105,263 | 105,263 | 105,263 |
| Interest | 70,457 | 63,813 | 45,123 | 42,180 | 39,361 |
| Total Expenditures | <u>6,656,585</u> | <u>6,623,062</u> | <u>6,508,722</u> | <u>6,693,471</u> | <u>7,999,271</u> |
| Excess of Revenues Over (Under) Expenditures | 596,688 | 1,084,993 | 706,788 | 920,830 | 182,748 |
| 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 | 25,190 |
| Restricted Donation & Fee In-lieu | - | - | 20,450 | - | - |
| Total Change in Fund Balance | <u>\$ 766,942</u> | <u>\$ 1,115,013</u> | <u>\$ 741,652</u> | <u>\$ 932,800</u> | <u>\$ 207,938</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 4.88% | 11.41% | 2.49% | 2.44% | 2.27% |

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---|---------------------|-------------------|-------------------|---------------------|---------------------|
| Revenues | | | | | |
| Ad Valorem Taxes | \$ 2,893,656 | \$ 3,072,068 | \$ 3,142,560 | \$ 3,370,105 | \$ 3,536,397 |
| Unrestricted Intergovernmental | 3,618,849 | 3,737,166 | 4,203,643 | 4,550,450 | 5,068,726 |
| Restricted Intergovernmental | 618,234 | 521,640 | 808,382 | 761,639 | 4,904,561 |
| Licenses and Permits | 12,825 | 17,500 | 16,225 | 28,803 | 28,879 |
| Sales and Services | 1,043,577 | 1,022,144 | 1,081,704 | 1,185,633 | 1,301,813 |
| Investment Earnings | 224,986 | 168,182 | 5,547 | 21,546 | 585,577 |
| Miscellaneous | 161,871 | 102,374 | 42,744 | 72,511 | 136,802 |
| Total Revenues | <u>8,573,998</u> | <u>8,641,074</u> | <u>9,300,805</u> | <u>9,990,687</u> | <u>15,562,755</u> |
| Expenditures | | | | | |
| General Government | 1,445,494 | 1,792,197 | 1,754,696 | 1,968,296 | 1,935,312 |
| Public Safety | 2,939,951 | 2,511,133 | 2,595,278 | 3,056,356 | 3,044,935 |
| Public Works | 834,060 | 699,709 | 701,967 | 822,783 | 818,025 |
| Sanitation | 826,516 | 889,737 | 949,781 | 969,167 | 1,010,187 |
| Cultural and Recreation | 823,275 | 847,594 | 900,775 | 1,028,825 | 1,374,264 |
| Community Promotions: | 96,424 | 123,687 | 257,286 | 181,022 | 242,485 |
| Capital Outlay | 1,144,104 | 1,014,113 | 1,412,360 | 781,706 | 2,040,804 |
| Debt Service: | | | | | |
| Principal | 1,412,281 | - | - | 10,488 | 117,990 |
| Interest | 24,642 | - | - | - | 4,098 |
| Total Expenditures | <u>9,546,747</u> | <u>7,878,170</u> | <u>8,572,143</u> | <u>8,818,643</u> | <u>10,588,100</u> |
| Excess of Revenues Over (Under) Expenditures | (972,749) | 762,904 | 728,662 | 1,172,044 | 4,974,655 |
| Other Financing Sources (Uses), Net | | | | | |
| Operating Transfers | - | - | - | (31,753) | - |
| IT Subscription Agreements | - | - | - | - | 417,873 |
| Sale of Capital Assets | 4,240 | 57,996 | 64,234 | 52,440 | - |
| Restricted Donation & Fee In-lieu | - | - | - | - | - |
| Total Change in Fund Balance | <u>\$ (968,509)</u> | <u>\$ 820,900</u> | <u>\$ 792,896</u> | <u>\$ 1,192,731</u> | <u>\$ 5,392,528</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 17.10% | 0.00% | 0.00% | 0.13% | 1.43% |

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 |
|--------------------------|---------------------|------------------|------------------------------------|--------------------------|---------------------------------|--------------|
| 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 |
| 2023 | 3,536,397 | 4,338,833 | 636,097 | 54,510 | 9,696 | 8,575,533 |
| Change from 2014 to 2023 | 24.13% | 125.17% | 7.29% | 7.45% | 36.83% | 58.03% |

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 | | | |
| 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 | 861,646,652 | 210,739,803 | 25,626,442 | 1,014,560,690 | 1,098,012,897 | 92.40% | 0.29 |
| 2020 | 843,832,920 | 886,962,429 | 206,088,536 | 26,073,372 | 1,075,994,828 | 1,119,124,337 | 96.15% | 0.29 |
| 2021 | 853,173,869 | 938,779,036 | 214,313,409 | 26,589,963 | 1,094,077,241 | 1,179,682,408 | 92.74% | 0.29 |
| 2022 | 863,480,026 | 990,630,027 | 217,715,084 | 19,701,342 | 1,100,896,452 | 1,228,046,453 | 89.65% | 0.31 |
| 2023 | 887,768,385 | 1,148,242,988 | 247,534,779 | 22,582,642 | 1,157,885,806 | 1,418,360,409 | 81.64% | 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, 2023. Next scheduled revaluation is in 2027.

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 |
| 2014 | 104.50% | 99.60% |
| 2015 | 98.00% | 97.65% |
| 2016 | 95.81% | 95.67% |
| 2017 | 96.47% | 97.77% |
| 2018 | 92.57% | 99.75% |
| 2019 | 90.17% | 94.74% |
| 2020 | 95.26% | 91.41% |
| 2021 | 91.28% | 80.07% |
| 2022 | 87.32% | 82.44% |
| 2023 | 76.64% | 98.51% |

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 |
| 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 |
| 2023 | 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, 2023 and 2014

| <u>Taxpayer</u> | <u>Type of Enterprise</u> | <u>Fiscal Year 2023</u> | |
|-----------------------------|-------------------------------------|---------------------------|--|
| | | <u>Assessed Valuation</u> | <u>Percent of Total Assessed Valuation</u> |
| Sealy Inc. | Mattress Manufacturer | \$ 22,975,911 | 1.98% |
| Heniff Transportation | Bulk Carrier | 22,381,682 | 1.93% |
| Hafele America Co | Architectural Hardware Manufacturer | 20,571,137 | 1.78% |
| J L Darr & Son | Real Estate Developer/Contractor | 20,164,911 | 1.74% |
| Thomas Built Buses | Bus Manufacturer | 15,271,048 | 1.32% |
| Duke Energy Carolinas LLC | Utility | 9,175,829 | 0.79% |
| PC NC Brookwood LLC | Property Management/Rental | 8,102,660 | 0.70% |
| Daly GC INC | Hotel Developer/Management | 8,042,017 | 0.69% |
| United Furniture Industries | Furniture Manufacturer | 6,964,402 | 0.60% |
| PST Properties | Property Management/Rental | 6,308,200 | 0.54% |
| Total | | <u>\$ 139,957,797</u> | 12.09% |

| <u>Taxpayer</u> | <u>Type of Enterprise</u> | <u>Fiscal Year 2014</u> | |
|--------------------------------|-------------------------------------|---------------------------|--|
| | | <u>Assessed Valuation</u> | <u>Percent of Total Assessed Valuation</u> |
| Sealy Inc. | Mattress Manufacturer | \$ 34,993,777 | 3.59% |
| J L Darr & Son | Real Estate Developer/Contractor | 16,149,545 | 1.66% |
| Thomas Built Buses | Bus Manufacturer | 11,612,178 | 1.19% |
| Hafele America Co | Architectural Hardware Manufacturer | 11,407,884 | 1.17% |
| BMA Brookwood Apartments LLC | Property Management/Rental | 8,413,890 | 0.86% |
| Walker, Billy R | Real Estate Developer/Contractor | 8,067,070 | 0.83% |
| Daly GC, Inc. | Hotel Developer/Management | 7,803,808 | 0.80% |
| North State Telephone | Communications | 7,609,196 | 0.78% |
| Alexandra Holdings, Inc. | Real Estate Developer/Management | 6,168,990 | 0.63% |
| United Furniture Industries NC | Furniture Manufacturer | 4,338,693 | 0.45% |
| Total | | <u>\$ 116,565,031</u> | 11.96% |

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 | | | | |
| 2014 | \$ 2,827,226 | \$ 2,802,234 | 99.12% | \$ 22,615 | \$ 2,824,849 | 99.91% | \$ 2,377 |
| 2015 | \$ 2,714,299 | \$ 2,703,831 | 99.61% | \$ 10,090 | \$ 2,713,921 | 99.99% | \$ 378 |
| 2016 | \$ 2,751,528 | \$ 2,743,898 | 99.72% | \$ 6,974 | \$ 2,750,872 | 99.97% | \$ 656 |
| 2017 | \$ 2,793,767 | \$ 2,785,319 | 99.70% | \$ 7,377 | \$ 2,792,696 | 99.96% | \$ 1,071 |
| 2018 | \$ 2,878,704 | \$ 2,869,950 | 99.70% | \$ 7,389 | \$ 2,877,339 | 99.94% | \$ 1,365 |
| 2019 | \$ 2,942,226 | \$ 2,924,573 | 99.40% | \$ 15,776 | \$ 2,940,349 | 99.91% | \$ 1,877 |
| 2020 | \$ 3,120,385 | \$ 3,101,190 | 99.38% | \$ 16,941 | \$ 3,118,131 | 99.80% | \$ 2,254 |
| 2021 | \$ 3,172,824 | \$ 3,154,434 | 99.42% | \$ 15,075 | \$ 3,169,509 | 99.42% | \$ 3,315 |
| 2022 | \$ 3,412,779 | \$ 3,393,017 | 99.42% | \$ 15,058 | \$ 3,408,075 | 99.86% | \$ 4,704 |
| 2023 | \$ 3,589,446 | \$ 3,552,755 | 98.98% | N/A | \$ 3,552,755 | 98.98% | \$ 36,691 |

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, 99.45% 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 | Direct Debt | Legal Debt Margin | Ratio of Outstanding Debt to Debt Limit |
|--------------------|---------------------------|-------------------------|--------------------|--------------------------|--|
| 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% |
| 2023 | 1,157,885,806 | 92,630,864 | 341,835 | 92,289,029 | 0.369% |

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 consists of interlocal agreements totaling \$3,977,949 and IT subscription liabilities of \$94,841.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Direct and Overlapping Governmental Activities Debt
 June 30, 2023

| <u>Jurisdiction</u> | <u>Outstanding Debt</u> | <u>Percentage Applicable to Archdale</u> | <u>Amount Applicable to Archdale</u> |
|-----------------------------------|-------------------------|--|--------------------------------------|
| Randolph County | | | |
| Installment financing debt | \$ 150,601,035 | | |
| Total direct debt | <u>150,601,035</u> | 8.67% | \$ 13,059,837 |
| Guilford County | | | |
| General obligation bonds-utility | - | | |
| General obligation bonds-other | 586,255,000 | | |
| Unamortized bond premium | 61,539,457 | | |
| Limited obligation bonds | 16,845,000 | | |
| Installment financing debt | 6,142,024 | | |
| Total direct debt | <u>670,781,481</u> | 0.07% | <u>457,350</u> |
| Subtotal, overlapping debt | | | 13,517,187 |
| City of Archdale | | | |
| Direct debt | | | <u>341,835</u> |
| Total direct and overlapping debt | | | <u>\$ 13,859,022</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 |
|-------------|-------------------------|-----------------------------|--------------------------------------|-----------------------------|-------------------------------|--|-----------------------------------|
| | Direct Debt | Outstanding Debt per Capita | Agreements and Installment Financing | Outstanding Debt per Capita | | | |
| 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 | 0.85% | 443 |
| 2022 | 41,952 | 3 | 4,641,904 | 386 | 4,683,856 | 0.48% | 389 |
| 2023 | 341,835 | 29 | 3,977,949 | 332 | 4,319,784 | 0.69% | 360 |

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 2022 and 2023 were calculated using personal income amounts for 2021, 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) |
|--------------------|--------------------------------|---|---|------------------------------|------------------------------|--|
| 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 | 778,848 | 40,400,066 | 51,872 | 5.6% | 4,359 |
| 2022 | 12,027 | (5) | (5) | (5) | 4.5% | 4,303 |
| 2023 | 11,985 | (5) | (5) | (5) | 4.1% | (5) |

- Source:
- (1) Office of State Budget and Management for the State of North Carolina July 1, 2022 estimate is 11,985.
 - (1) Office of State Budget and Management for the State of North Carolina April 1, 2020 Census Count was 11,907.
 - (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 July 2023 preliminary unemployment rate, not seasonally adjusted, is 4.1%
 - (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, 2023 and 2014

| Fiscal Year 2023 | | | |
|---|-------------------------------------|----------------------------|---|
| Employer | Type of Enterprise | Number of Employees | Percentage of Randolph County Total Employment |
| Thomas Built Buses | Bus Manufacturer | 1,700 * | 2.691% |
| Sealy, Inc. | Mattress Manufacturer | 380 | 0.601% |
| Ace/Avant Concrete Construction Co., Inc. | Concrete Construction | 375 | 0.594% |
| Hafele America Company | Architectural Hardware Manufacturer | 261 | 0.413% |
| Hubbell Industrial Controls, Inc | Industrial Controls Equipment | 181 | 0.287% |
| Dar/Ran Furniture Industries, Inc. | Furniture Manufacturer | 162 | 0.256% |
| Stickley Fine Upholstery | Furniture Manufacturer | 160 | 0.253% |
| Future Foam, Inc | Foam Fabricatons | 150 | 0.237% |
| Hendrix Batting Company, Inc | Cotton batting | 140 | 0.222% |
| Randolph County School System | Public School System | 130 ** | 0.206% |

| Fiscal Year 2014 | | | |
|---|-------------------------------------|----------------------------|---|
| Employer | Type of Enterprise | Number of Employees | Percentage of Randolph County Total Employment |
| Thomas Built Buses | Bus Manufacturer | 940 * | 1.409% |
| United Furniture of NC, LLC | Furniture Manufacturer | 500 * | 0.750% |
| Sealy, Inc. | Mattress Manufacturer | 320 | 0.480% |
| Ace/Avant Concrete Construction Co., Inc. | Concrete Construction | 260 | 0.390% |
| Hafele America Company | Architectural Hardware Manufacturer | 200 | 0.300% |
| Dar/Ran Furniture Industries, Inc. | Furniture Manufacturer | 160 | 0.240% |
| Hendrix Batting Company, Inc. | Cotton Batting Manufacturer | 160 | 0.240% |
| Stickley Fine Upholstery | Furniture Manufacturer | 158 | 0.237% |
| Hubbell/Industrial Controls, Inc. | Commercial Equipment | 150 | 0.225% |
| OFS Brands / Carolina | Furniture Manufacturer | 108 | 0.162% |

Information for 2023 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. was partially located in Trinity.
** Information for 3 elementary schools located within Archdale city limits. 2023 RCS employee numbers include full-time employees only.

RCEDC reports the approximate number of employees in Archdale's industrial base is 4,495.

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|-------------|
| Public Safety: | | | | | |
| Calls for Service | 12,473 | 13,340 | 12,633 | 13,426 | 12,855 |
| Traffic Accidents | 281 | 497 | 531 | 521 | 522 |
| Vice/Narcotic Calls | 76 | 72 | 71 | 164 | 208 |
| Animal Control Calls | 561 | 720 | 617 | 553 | 562 |
| Planning & Zoning: | | | | | |
| Zoning Permits Issued | 92 | 101 | 110 | 78 | 113 |
| Complaints Investigated | 144 | 109 | 149 | 186 | 128 |
| Zoning Cases Prepared | 7 | 11 | 15 | 28 | 11 |
| Public Works: | | | | | |
| Leaf & Limb Pick-Up | Yes | Yes | Yes | Yes | Yes |
| Culture and Recreation: | | | | | |
| Summer Camp Participants | 96 | 80 | 95 | 155 | 111 |
| Youth Athletic Program Participants | 777 | 795 | 768 | 754 | 789 |
| Adult Athletic Program Participants | | 145 | 140 | 185 | 262 |
| After School Program Participants | 34 | 38 | 52 | 64 | 53 |
| Senior Adult Participants | 60 | 102 | 100 | 308 | 327 |
| Utility System: | | | | | |
| Number of Water Accounts Billed - June | 4,767 | 4,800 | 4,856 | 4,889 | 4,937 |
| Gallons of Water Billed | 250,304,784 | 255,853,844 | 245,930,570 | 246,531,294 | 246,538,860 |
| Sewer Treatment Gallons | 405,278,915 | 347,241,401 | 402,390,122 | 357,753,810 | 333,062,023 |

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------------|-------------|-------------|-------------|-------------|
| Public Safety: | | | | | |
| Calls for Service | 12,570 | 12,922 | 11,673 | 14,509 | 12,425 |
| Traffic Accidents | 523 | 449 | 495 | 459 | 534 |
| Vice/Narcotic Calls | 158 | 135 | 130 | 145 | 109 |
| Animal Control Calls | 720 | 557 | 521 | 565 | 609 |
| Planning & Zoning: | | | | | |
| Zoning Permits Issued | 78 | 145 | 118 | 115 | 66 |
| Complaints Investigated | 257 | 248 | 246 | 245 | 202 |
| Zoning Cases Prepared | 12 | 19 | 16 | 16 | 24 |
| Public Works: | | | | | |
| Leaf & Limb Pick-Up | Yes | Yes | Yes | Yes | Yes |
| Culture and Recreation: | | | | | |
| Summer Camp Participants | 119 | 75 | 74 | 99 | 110 |
| Youth Athletic Program Participants | 770 | 600 | 535 | 855 | 1,313 |
| Adult Athletic Program Participants | 260 | 250 | 221 | 265 | 220 |
| After School Program Participants | 66 | 71 | 58 | 56 | 63 |
| Senior Adult Participants | 373 | 231 | 50 | 250 | 250 |
| Utility System: | | | | | |
| Number of Water Accounts Billed - June | 4,956 | 4,836 | 4,915 | 4,931 | 4,950 |
| Gallons of Water Billed | 258,433,555 | 251,438,139 | 251,532,674 | 255,272,130 | 252,719,956 |
| Sewer Treatment Gallons | 457,548,961 | 396,259,174 | 410,242,792 | 347,975,686 | 364,976,096 |

Sources: City Departments.

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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 11 | 15 | 15.5 | 17 | 17 |
| Public Safety: | | | | | |
| Sworn Officers | 25 | 25 | 25 | 25 | 25 |
| Civilian | 6 | 6 | 6 | 6 | 6 |
| Public Works | 5 | 5 | 3.5 | 4.5 | 4.5 |
| Cultural & Recreation | 8 | 6 | 6 | 6 | 6 |
| General Fund | 55 | 57 | 56 | 58.5 | 58.5 |
| Enterprise Fund | 10 | 10 | 11 | 10.5 | 10.5 |
| City Total | <u>65</u> | <u>67</u> | <u>67</u> | <u>69</u> | <u>69</u> |

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| General Government | 17 | 17 | 17 | 17 | 18 |
| Public Safety: | | | | | |
| Sworn Officers | 25 | 25 | 26 | 30 | 30 |
| Civilian | 6 | 6 | 6 | 6 | 6 |
| Public Works | 4.5 | 3 | 4 | 3 | 3 |
| Cultural & Recreation | 6 | 6 | 6 | 6 | 6 |
| General Fund | 58.5 | 57 | 59 | 62 | 63 |
| Enterprise Fund | 10.5 | 12 | 12 | 13 | 13 |
| City Total | <u>69</u> | <u>69</u> | <u>71</u> | <u>75</u> | <u>76</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>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Municipal Facilities: | 8 | 8 | 8 | 8 | 9 |
| Public Safety: | | | | | |
| Police Vehicles | 28 | 27 | 31 | 32 | 30 |
| Public Works: | | | | | |
| Streets (Miles-Paved) | 48.86 | 50.98 | 51.82 | 53.37 | 53.37 |
| Streets (Miles-Unpaved) | 2.24 | 1.24 | 1.24 | 1.24 | 1.32 |
| Sidewalks (Linear Feet) | 38,579 | 38,579 | 39,369 | 43,466 | 43,510 |
| 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 | 17,156 | 17,448 | 17,448 |
| Utility System: | | | | | |
| Pump Stations | 9 | 9 | 10 | 10 | 10 |

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Municipal Facilities: | 9 | 9 | 9 | 10 | 10 |
| Public Safety: | | | | | |
| Police Vehicles | 30 | 30 | 35 | 37 | 43 |
| Public Works: | | | | | |
| Streets (Miles-Paved) | 53.37 | 53.37 | 53.37 | 50.69 | 50.69 |
| Streets (Miles-Unpaved) | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 |
| Sidewalks (Linear Feet) | 43,510 | 44,334 | 44,334 | 44,334 | 44,334 |
| Culture and Recreation: | | | | | |
| Park Acreage (1) | 101.4 | 106.3 | 106.3 | 112.7 | 114.3 |
| Tennis Courts | 4 | 4 | 4 | 4 | 4 |
| Ball Fields | 6 | 6 | 3 | 5 | 5 |
| Playgrounds | 3 | 2 | 2 | 2 | 2 |
| Sand Volleyball Courts | 2 | 2 | 2 | 2 | 2 |
| Outdoor Basketball Courts | - | 1 | 1 | 1 | 1 |
| Picnic Shelters | 5 | 5 | 6 | 6 | 6 |
| Greenways (Linear Feet) | 17,448 | 17,448 | 17,448 | 17,448 | 19,765 |
| 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, 2023, 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 October 31, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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
October 31, 2023

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major Federal Program and 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 Federal Program

Opinion on Each Major Federal 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 federal programs for the year ended June 30, 2023. The City of Archdale's major federal 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal 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*); 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 basis for our opinion on compliance for each major federal 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 the City of Archdale's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance 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 judgement made by a reasonable user of the report on compliance about the City of Archdale's compliance with the requirements of each major federal 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 noncompliance, 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the 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
October 31, 2023



MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major State Program and 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, 2023. 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, 2023.

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
October 31, 2023



CITY OF ARCHDALE, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. Summary of Auditor's Results

Financial Statements

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

Federal Awards

| | |
|---|---------------|
| Internal control over major federal programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(s) identified? | None reported |
| Type of auditor's report issued on compliance for major federal programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? | No |
| Identification of major federal programs: | |

Federal Program

| | |
|---|-----------------------------------|
| Coronavirus State and Local Fiscal Recovery Funds | <u>AL Number</u> 21.027 |
| Dollar threshold used to distinguish between Type A and Type B programs | <u>\$750,000</u> |
| Auditee qualified as low-risk auditee? | No |

CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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

State Construction and Infrastructure Fund (SCIF) Grant

Auditee qualified as low-risk auditee? Yes

CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

CITY OF ARCHDALE, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Finding: 2022-001

Status: Corrected

CITY OF ARCHDALE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

| Grantor/Pass-Through Grantor/Program Title | Federal AL Number | State Pass-Through Grantor's Number | Federal Expenditures (Direct and Passed Through) | State Expenditures (Direct and Passed Through) | Pass-Through to Subrecipients |
|--|-------------------|-------------------------------------|--|--|-------------------------------|
| Federal Grants: | | | | | |
| <u>U.S. Department of Treasury</u> | | | | | |
| Coronavirus State & Local Fiscal Recovery Funds | 21.027 | | \$ 3,456,029 | \$ - | \$ - |
| <u>U.S. Department of Justice</u> | | | | | |
| Equitable Sharing Program | 16.922 | | <u>27,249</u> | <u>-</u> | <u>-</u> |
| Total assistance - federal programs | | | <u>3,483,278</u> | <u>-</u> | <u>-</u> |
| State Grants: | | | | | |
| <u>N.C. Department of Commerce</u> | | | | | |
| N.C. Rural Infrastructure Authority | | | | | |
| Rural Economic Development Grant | | | - | 125,000 | - |
| <u>N.C. Department of Transportation</u> | | | | | |
| Powell Bill | | | - | 358,388 | - |
| <u>N.C. Office of State Budget and Management</u> | | | | | |
| State Construction and Infrastructure Fund (SCIF) Grant - Public Works Shelter | | 10031 | | 24,215 | - |
| State Construction and Infrastructure Fund (SCIF) Grant - Greenway Expansion | | 10032 | | 245,820 | - |
| State Construction and Infrastructure Fund (SCIF) Grant - Greenway Maintenance | | 10033 | | <u>150,000</u> | <u>-</u> |
| Total State Construction and Infrastructure Fund (SCIF) Grant | | | | <u>420,035</u> | <u>-</u> |
| Special Appropriations - IT | | 10034 | | 300,000 | - |
| Total assistance | | | <u>\$ 3,483,278</u> | <u>\$ 1,203,423</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, 2023. 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.

