

**CITY OF ALBEMARLE, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended June 30, 2017**

**FINANCE DEPARTMENT**



# ALBEMARLE

NORTH CAROLINA

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# **Introductory Section**



# ALBEMARLE

NORTH CAROLINA

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Finance Department

December 6, 2017

Honorable Mayor, Members of the City Council, and Citizens of the City of Albemarle:

The Comprehensive Annual Financial Report (CAFR) of the City of Albemarle for the fiscal year ended June 30, 2017 is hereby submitted. The City is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures. Basic financial statements contained herein have been audited by the independent certified public accounting firm of Potter and Company, P.A. and their unmodified opinion is included in the financial section.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control 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. To the best of our knowledge and belief, the data enclosed is accurate in all material respects and is reported in a manner designed to present fairly the financial position, and where applicable, the cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Potter and Company, P.A., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Albemarle's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Albemarle's MD&A can be found immediately following the independent auditor's report.

The City is required to undergo an annual "Single Audit" in conformity with the provisions of Title 20 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and the North Carolina Single Audit Implementation Act. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and the auditor's reports on the internal control over financial reporting and compliance with applicable laws, regulations, contracts and grant agreements, is included in the compliance section of this report.

***Profile of the Government***

The City of Albemarle, incorporated in 1857, located in the piedmont region of North Carolina, positioned 42 miles east of the metropolitan area of Charlotte and 65 miles southwest of Greensboro,

serves as the County seat of Stanly County. The City of Albemarle is empowered to levy a property tax on real property located within its boundaries. It currently occupies 17.05 square miles and serves a population of 16,121 according to the 2016 estimates issued from the State of North Carolina Office of State Budget and Management.

The City of Albemarle is governed by a mayor-council form of government that consists of a seven member Council and a Mayor. Policy-making and legislative authority are vested in the governing council, four of whom are elected in districts and three are elected at large for four year staggered terms; the Mayor serves at large for a four year term. The Mayor and Council make appointments to various Boards and Commissions that help to guide the development of policy decisions. The Mayor and Council approve and appoint the City Manager who in turn appoints its department heads.

The City of Albemarle provides a full range of services, including police and fire protection; refuse collection; construction and maintenance of streets and other infrastructure; recreational and cultural activities; planning and development services; economic development; and general administration. In addition, the City of Albemarle owns and operates electric, water, wastewater, and landfill utilities. The City also has a Public Housing Department which provides housing and housing assistance programs for low income residents through the Department of Housing and Urban Development.

North Carolina General Statutes require formal budgetary accounting for all funds. The City Council is required to hold public hearings on the proposed budget and to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Albemarle's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. The City Manager is authorized to reallocate departmental appropriations as he considers necessary within the same fund and function; however, transfers between a fund and function need special approval from the governing board. Budgets are legally enacted by adoption by the governing board of an Annual Budget Ordinance which can be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. Budget to actual comparisons are included in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds.

#### ***Local economy***

The City of Albemarle is positioned less than an hour's drive from the major cities of Charlotte, Greensboro, and Pinehurst. Major industries located within the government's boundaries or in close proximity include hospitals, retail stores, financial institutions, insurance companies, and manufacturers of automotive components, sprockets and gears, industrial fabrics, communications, energy, and solar cables. The Stanly County School District and the Carolinas Health Care System Stanly have a significant economic presence, employing in total more than 2,000 people.

Stanly County currently has a 3.9 percent unemployment rate compared to a statewide rate of 4.2 percent and a national average of 4.4 percent. Because of its location in a region with a varied economic base, unemployment had been relatively stable over the last year averaging between 4-5%. During the past ten years, the unemployment rate rose from an initial low of 4.86% (2007) to a decade high of 13.17% (2010); currently, we are back to a pre-recession unemployment rate of 3.9% (2017). Consistent with state and nationwide trends, Stanly County and the City of Albemarle continues to experience decreases in unemployment rates.

Overall new construction and renovation for FY 16-17 was \$10,705,049. Construction of residential developments, stores, medical and institutional, experienced a decrease in FY 16-17 in comparison to

previous year. Over the past five years, the government has experienced variations of economic growth and investment while in a period of post-recession recovery. Since 2012, more than \$55 million in new commercial, institutional, and residential development has been completed or is in various phases of development throughout the downtown and surrounding areas.

Median household incomes within the City of Albemarle are lower than for the state as a whole. According to the United Census Bureau American FactFinder data, the City's median family income was \$32,606, the County's was \$40,910, while the state's was \$46,868. The government's population recently increased from 15,902 (2010) to 16,121 as of July 1, 2016. Since new residential development has taken place within the downtown area we are expecting to see an increase next year.

## **MAJOR INITIATIVES**

Fiscal Year 2016-2017 included the planning and implementation phases of several initiatives as well as the continuation or completion of projects that began during the previous fiscal year.

### *Albemarle Corporate Center*

The City has purchased 283 acres of land to be used as an industrial park and corporate center. This land will be developed by the City and then sold to corporations that will construct facilities increasing tax base, creating jobs, and purchasing utilities.

### *US 52 Water Treatment Facility Rehabilitation*

The US 52 Water Treatment Plant project provides for substantial rehabilitation and improvements to the water treatment systems as well as the building and sub-systems within. The facility was placed into service in 1947 with an addition to the facility being placed into service in 1960. Since that time there had been no substantial modernization or maintenance activities. This project replaces and/or improves many of the treatment and building systems including structural systems that were at their end of life. As a result, exclusive of new regulatory requirements, no significant rehabilitation or maintenance activities are anticipated for the facility after completion of the project for quite some time. The project cost is expected to be approximately \$11.5 million. A North Carolina Department of Environmental Quality State Revolving Fund loan was secured for the project. The project is currently under construction with an estimated completion date of October, 2017. Debt service is expected to begin in mid to late calendar year 2018 and continue to thru calendar year 2038.

### *Pfeiffer University Project*

The City of Albemarle purchased property from Stanly County, demolished a building, and transferred the land to Pfeiffer University for the purpose of Economic Development. Pfeiffer University will bring two graduate health science programs to Albemarle's downtown area and will be investing approximately \$10 million creating at least 17 high paying jobs and bringing an influx of additional population into the downtown. The City also purchased land in the near vicinity to be used for additional parking.

### *Leonard Avenue Sidewalk Project*

This project was for the construction of sidewalks on Leonard Avenue from East Main Street to NC Highway 24/27. The contract was awarded to J.T. Russell and Sons for \$560,363. The work was funded through an NCDOT grant in the amount of \$493,000 and was completed in May 2017.

### *Streetscape Project*

The City received funds from the Department of Commerce for a Streetscape project. Funds were used for asphalt stamping and painting of crosswalks and at the City Center of Main Street and North Second Street. Banners with the City's new branding have been purchased and hung along with flower baskets,

benches, new trash and recycling containers, and music and seating at Courthouse square, all to enhance the downtown area.

#### New Police Headquarters

The City purchased, at a steep discount, a building that once housed Home Savings Bank. An architect has been hired to begin the drawings and plans for renovation to a new Police Headquarters. The police have outgrown their current facility and the City intends to move swiftly to get this project underway.

#### E.E. Waddell Community Center Upgrades

The Albemarle Rotary Club proposed a partnership to the Albemarle City Council in August 2016 to pay half the projected cost of replacing the gym floor at the E.E. Waddell Community Center gymnasium. The total cost to install rubberized flooring is projected to be around \$9 per square foot, or approximately \$66,000, exclusive of asbestos abatement and facility preparation. Windows in the gym have been replaced and rubber flooring will be installed in November 2017. The full project should be completed in fiscal year 2018.

#### New Solid Waste Administration and Employee Building

This project is for the design and construction of a new administration and employee facility. This building will provide office and training space, a kitchen facility, an employee break room area and much needed adequate bath, shower and locker room accommodations for staff. This engineered building will be approximately 5,100 square feet. This is the first major building construction for the Solid Waste Facility since the City began operation of the landfill in 1972. The project has an estimated budget of \$1.6 million. Construction began in the spring of 2017 and should be complete by spring of 2018.

#### Leachate Force Main Project

The leachate force main project is for the design and construction of a leachate pump station and force main from our Sanitary Landfill on Stony Gap Rd to a tie-in point of the City's sanitary sewer system. This new delivery system will replace the pump and haul leachate disposal method with a direct force main connection and rehabilitate the existing pump station with a new, more efficient pump station. The project is expected to cost  $\geq$  \$2.5 million dollars. An application to the North Carolina Department of Environmental Quality Clean Water State Revolving Fund Program was approved and financing is for 20 years at 2.21% interest. Construction began in May 2017 and is expected to be complete by November 2017.

### **Long-term Financial Planning and Major Initiatives**

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 37.2 percent of total general fund revenues. The City continues to be above the 8 percent minimum fund balance recommended for local governments in North Carolina. A financial advisor has been procured to work with the City on structuring debt and plans to update investment and financial policies. The Council recently reviewed the City of Albemarle's long term capital needs and is prioritizing major projects to help prepare for long-term planning for the City's major upcoming projects. The City has renewed and updated policies for cash management and investments.

Staff maintains a five year Capital Improvement Plan for Water, Electric, Wastewater, Solid Waste Landfill, Public Housing, and the General Fund that are all updated annually. This plan serves as the City's planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. Under the guidance of a Capital Projects Policy, this process gives the City of Albemarle the ability to plan for its capital needs and plan to allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational

costs associated with its capital projects and budgets resources accordingly within the annual budget. Within the Capital Improvement Plan 2017-2021, there were \$66,883,414 in capital needs anticipated for various infrastructure and facility improvements.

The City has also completed a new branding strategy and downtown streetscape master plan in FY 2015-16 which will be implemented over the next several years. This plan is expected to have an economic benefit within the City's downtown area that will spawn private investment and create greater tax growth and diversification.

To further address long range planning by the City, the following narratives of upcoming projects are provided below.

## **PARKS AND RECREATION**

### *Chuck Morehead Park Renovations*

Our Parks and Recreation department received a North Carolina Parks and Recreation Trust Fund (PARTF) grant in 2015 for the purpose of numerous updates and renovations at Morehead Park. The first renovation is complete, and consisted of repaving the park's outdoor basketball court and a full rebuild of the existing tennis courts. Still to be done are construction of a dog park, paving of a ¼ mile walking track around the dog park, renovation of the pool filter system, installation of shade structures on the pool deck and construction of a second picnic shelter and outdoor cornhole courts. Total cost of the project is \$260,000, of which 50% is reimbursed through the PARTF program and is anticipated to be completed in 2018.

### *Wiscassett Mills Athletic Complex*

This is a repurpose project of a former industrial site and construction of a multi-field park primarily designed for softball and baseball, but also usable for soccer and lacrosse. Additionally, the park will have a skate park, batting cages, picnic areas, walking/jogging trails, restrooms, and concession areas and will be a major economic driver for the City and surrounding areas. The City purchased the property in 2007 and has committed approximately \$3 million toward the project with a total of \$1 million already in reserves. The remainder will be raised through grants, donations, sponsorships, and naming rights. The demolition of buildings took place in the current year but construction is slated for some time in the future.

### *Greenway Development*

Since the late 1990's, the City has been planning and developing greenways and trails, completing three phases of the Snyder Greenway extending from West Main Street to Mason Street. However, development of the key segment of the trail, an abandoned rail line from downtown to Rock Creek Park, has been stalled by the inaction of Norfolk-Southern Railroad, which owns the corridor. In spring 2016, the Albemarle Greenway Commission (now merged with the Albemarle Parks and Recreation Advisory Board) agreed that the City should begin developing alternative greenway routes, possibly using utility easements and other natural corridors.

## **PUBLIC UTILITIES**

### *Sanitary Sewer Rehabilitation (I&I) Phase II and Long Creek WWTP Electrical Rehabilitation and Screw Pump Replacements*

This project provides for the replacement of approximately 7,000 linear feet of large diameter trunk line in the sanitary sewer collection system, Phase I (of V) of the Long Creek Waste Water Treatment Plant's electrical distribution system rehabilitation, and the replacement of three screw pumps (A1, D1, and C1) at Long Creek. The project cost is currently estimated at approximately \$4.4 million subject to refinement

as the project design matures. The City applied for a loan through the North Carolina Department of Environmental Quality State Revolving Fund loan program and received notification of intent to fund the project at the full \$4.4million, with debt forgiveness of principal in the amount of \$0.5M and the remaining being financed at 0% interest for 20 years. While the project is in the early stages of planning and design, the preliminary project schedule calls for construction to be complete mid-calendar year 2018 with debt service beginning in early calendar year 2019.

## **PUBLIC WORKS**

### *Pavement Management Plan*

Utilizing a pavement consultant with access to analysis software, a pavement management plan was prepared using the data from the pavement condition study and our annual level of funding. In this plan, several new pavement treatment options are included that had never been used before in the City's roadway infrastructure maintenance. The City is in the second year of its pavement management program and it provides to the City a consistent, cost effective and defensible plan for the preservation of our street infrastructure. Plans are to evaluate the effectiveness of our process every five years.

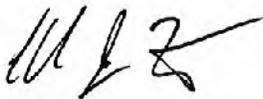
## **RELEVANT FINANCIAL POLICIES**

General governmental funds are presented on a modified accrual basis. Revenues are recorded when measurable and available, and expenditures are recorded when they are incurred. Adjustments are made to governmental funds to convert them to the full accrual basis that is used in presenting the government-wide statements. Enterprise funds, while kept on a budgetary basis, are shown as full accrual. The City's internal controls are designed to provide reasonable assurance regarding the safekeeping of assets against loss and the reliability of financial records.

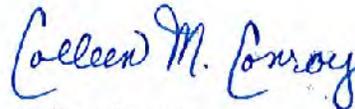
## **AWARDS AND ACKNOWLEDGEMENTS**

The fiscal year ended June 30, 2017 represents the City of Albemarle's first attempt to receive the Certificate of Achievement for Excellence in Financial Reporting (CAFR); in the prior year the City submitted for review only. In order to be awarded a CAFR, the government must publish an easily readable and efficiently organized CAFR to its elected officials and citizens.

Respectfully submitted,



Michael J. Ferris  
City Manager



Colleen Conroy  
Finance Director

**CITY OF ALBEMARLE, NORTH CAROLINA**

**CITY GOVERNING BODY AND OFFICIALS**

**JUNE 30, 2017**

MAYOR

G. R. MICHAEL

CITY COUNCIL

MARTHA SUE HALL - MAYOR PRO-TEM

DR. CHRIS BRAMLETT

BENTON H, DRY, II

CHRIS WHITLEY

BILL ALDRIDGE

DEXTER G. TOWNSEND

MARTHA E. HUGHES

OTHER OFFICIALS

MICHAEL J. FERRIS

CITY MANAGER

CHRISTINA L. ALPHIN

ASSISTANT CITY MANAGER

COLLEEN CONROY

FINANCE OFFICER

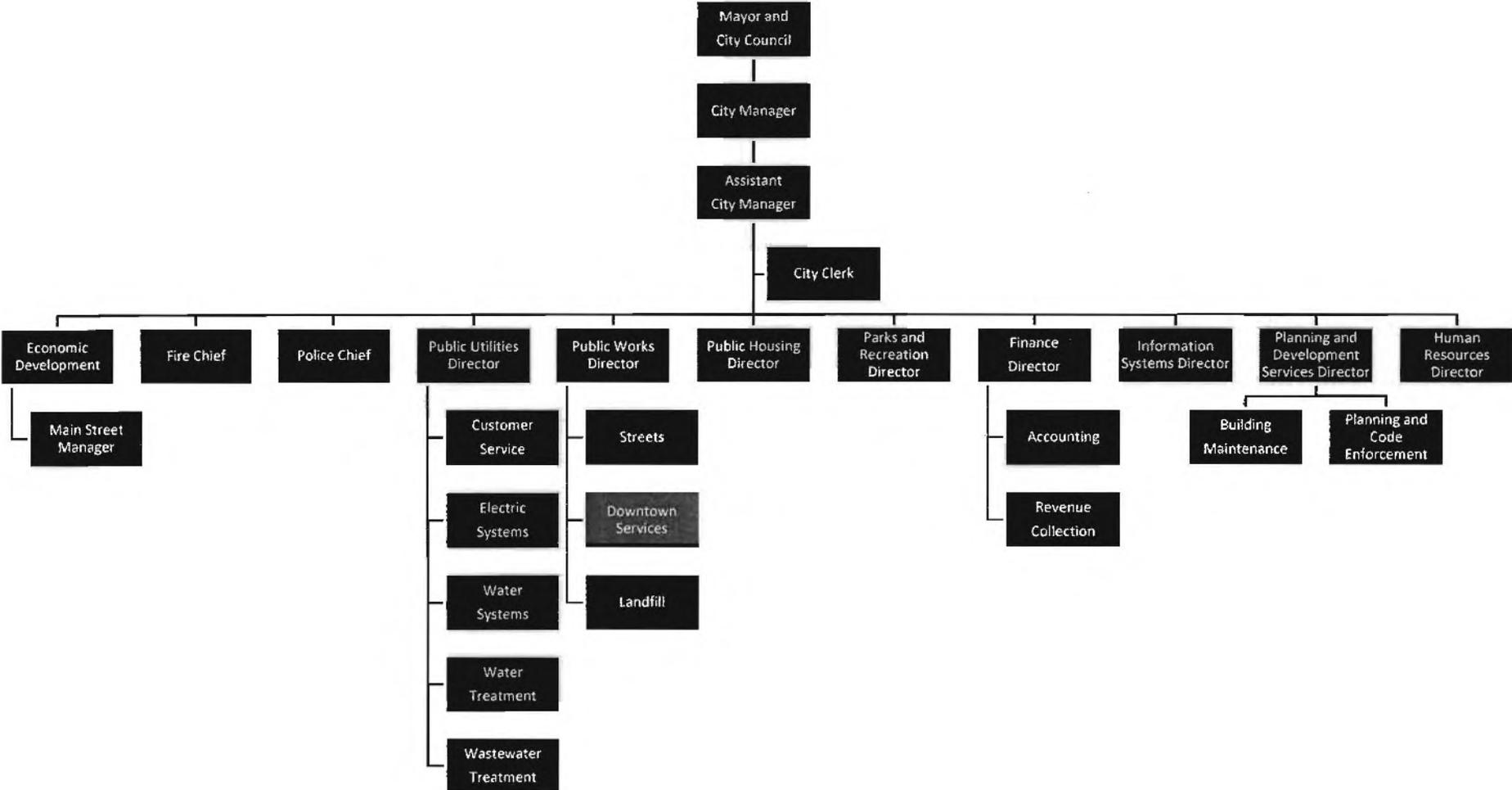
DAVID A. BEAVER

CITY ATTORNEY

PAULETTE BOWERS

CITY CLERK

# CITY ORGANIZATIONAL CHART



# **Financial Section**



# ALBEMARLE

NORTH CAROLINA

*Water. Air. Land. Opportunity.*



**POTTER & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albemarle, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Albemarle's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Albemarle Downtown Development Corporation and the City of Albemarle ABC Board which represent 100 percent of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Albemarle Downtown Development Corporation and the City of Albemarle ABC Board, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Albemarle Downtown Development Corporation and the City of Albemarle ABC Board were not audited in accordance with Government Auditing Standards.

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

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

## **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albemarle, North Carolina as of June 30, 2017, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 16 through 25, the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions, on page 81, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 82 and 83, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 84 and 85, respectively, be presented to supplement the basic financial statements. Such information, although not a required 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albemarle's basic financial statements. The combining and individual fund schedules, budgetary schedules, 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.

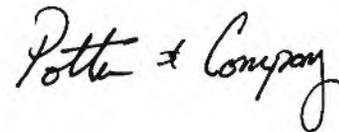
The combining and individual fund schedules, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our

audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund schedules, 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 Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2017 on our consideration of City of Albemarle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Albemarle's internal control over financial reporting and compliance.

Monroe, North Carolina  
December 6, 2017

A handwritten signature in cursive script that reads "Potts & Company".

## Management's Discussion and Analysis

As management of the City of Albemarle, we offer readers of the City of Albemarle's financial statements this narrative overview and analysis of the financial activities of the City of Albemarle for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

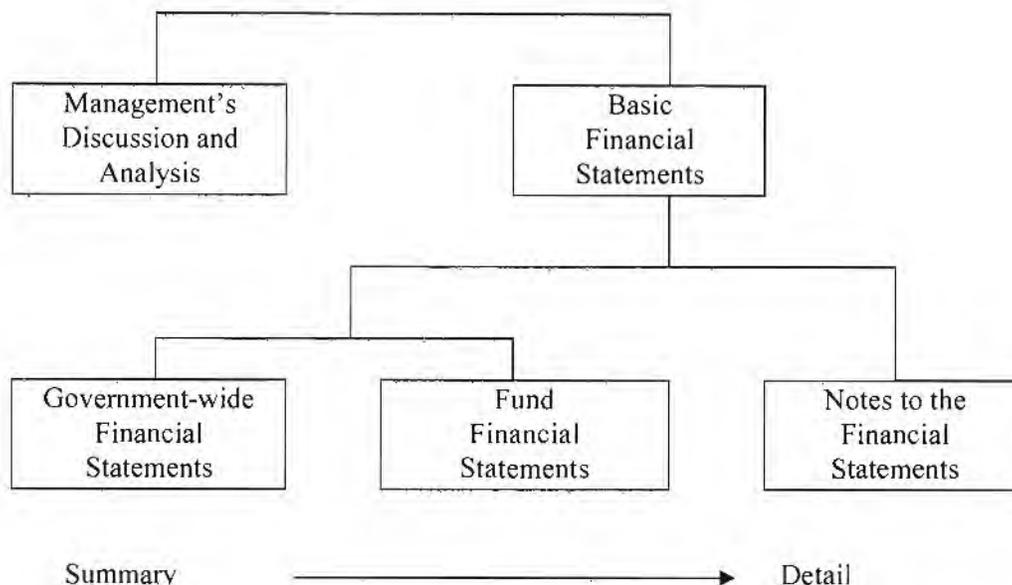
- The assets and deferred outflows of resources of the City of Albemarle exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$70,532,785.
- The government's total net position increased by \$1,767,491, primarily due to increased revenue in the Water/Sewer fund and Landfill fund. Also, the landfill fund had a significant reduction in depreciation expense as the 2007 Phase 2 Cell is now fully depreciated.
- As of the close of the current fiscal year, the City of Albemarle's governmental funds reported combined ending fund balances of \$7,737,249, a decrease of \$1,021,490 in comparison with the prior year. Approximately 33.8 percent of this total amount, or \$2,613,628, is restricted or non-spendable. At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,302,876, or 25.1 percent of total general fund expenditures for the fiscal year.
- The City of Albemarle's total debt increased by \$4,186,417 during the current fiscal year. The key factor of new debt is equipment purchases in public safety, land purchased for future corporate center and renovations to a water treatment plant.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through I) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund 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 General Statutes also can be found in this part of the statements.

### Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services, electric services, landfill services, and public housing offered by the City of Albemarle. The final category is the component units. Although legally separate from the City, the ABC Board is important to the City. The City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City. The Albemarle Downtown Development Corporation (ADDC) is another component unit that is legally separate from the City. The City exercises control over the Board by appointing a majority of its members.

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

**Proprietary Funds** – The City of Albemarle 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 Albemarle uses enterprise funds to account for its water and sewer activity, and for its electric, landfill and public housing operations. 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.

**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 are on pages 41 through 78 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Albemarle’s progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 81 through 85 of this report.

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

**Government-Wide Financial Analysis**

**The City of Albemarle’s Net Position**

**Figure 2**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 9,059,428	\$ 10,209,850	\$ 19,470,836	\$ 18,960,089	\$ 28,530,264	\$ 29,169,939
Capital assets	<u>19,613,443</u>	<u>16,180,348</u>	<u>71,415,782</u>	<u>67,983,674</u>	<u>91,029,225</u>	<u>84,164,022</u>
Total assets	<u>28,672,871</u>	<u>26,390,198</u>	<u>90,886,618</u>	<u>86,943,763</u>	<u>119,559,489</u>	<u>113,333,961</u>
Total deferred outflows of resources	<u>2,257,848</u>	<u>465,172</u>	<u>1,426,115</u>	<u>341,191</u>	<u>3,683,963</u>	<u>806,363</u>
Long-term liabilities	10,850,743	7,222,922	35,658,704	29,540,232	46,509,447	36,763,154
Other liabilities	<u>751,650</u>	<u>850,994</u>	<u>5,234,318</u>	<u>7,267,626</u>	<u>5,985,968</u>	<u>8,118,620</u>
Total liabilities	<u>11,602,093</u>	<u>8,073,916</u>	<u>40,893,022</u>	<u>36,807,858</u>	<u>52,495,415</u>	<u>44,881,774</u>
Total deferred inflows of resources	<u>142,592</u>	<u>93,729</u>	<u>72,960</u>	<u>399,527</u>	<u>215,552</u>	<u>493,256</u>
Net position						
Net investment in capital assets	15,988,670	14,015,366	45,170,225	44,464,743	61,158,895	58,480,109
Restricted	2,567,750	1,985,738	-	-	2,567,750	1,985,738
Unrestricted	<u>629,614</u>	<u>2,686,621</u>	<u>6,176,526</u>	<u>5,612,826</u>	<u>6,806,140</u>	<u>8,299,447</u>
Total net position	<u>\$ 19,186,034</u>	<u>\$ 18,687,725</u>	<u>\$ 51,346,751</u>	<u>\$ 50,077,569</u>	<u>\$ 70,532,785</u>	<u>\$ 68,765,294</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 Albemarle exceeded liabilities and deferred inflows of resources by \$70,532,785 as of June 30, 2017. However, the largest portion (86.7%) reflects the City’s net investment in capital assets (e.g. land, buildings, and equipment). The City’s net position increased by \$1,767,491 for the fiscal year ended June 30, 2017. The City of Albemarle uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Albemarle’s net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Albemarle’s net position, \$2,567,750, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,806,140 is unrestricted.

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

- Increased sales tax revenue of approximately \$130,000 due to economic growth in the City and a new sales tax instituted by the State provided an additional \$154,888 in revenue for the City
- Continued low cost of debt due to the City's good credit
- Continued diligence in collection of property taxes by maintaining a tax collection percentage of 97.3%
- The City continues to upgrade infrastructure at the Water and Wastewater facilities leading to lower maintenance costs
- The City continues to upgrade Electric lines which give greater stability in the system

The following table provides a summary of the City's changes in net position:

### The City of Albemarle's Changes Net Position

Figure 3

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,409,308	\$ 1,416,004	\$ 47,046,670	\$ 46,447,891	\$48,455,978	\$47,863,895
Operating grants and contributions	652,466	676,998	2,072,475	1,895,994	2,724,941	2,572,992
Capital grants and contributions	1,180,418	562,622	385,270	417,681	1,565,688	980,303
General revenues:						
Property taxes	6,075,216	5,989,954	-	-	6,075,216	5,989,954
Other taxes	5,397,619	5,059,777	142,620	-	5,540,239	5,059,777
Interest earned	17,090	7,614	17,254	9,586	34,344	17,200
Other	208,081	168,849	203,203	209,570	411,284	378,419
Total revenues	<u>14,940,198</u>	<u>13,881,818</u>	<u>49,867,492</u>	<u>48,980,722</u>	<u>64,807,690</u>	<u>62,862,540</u>
<b>Expenses:</b>						
General government	2,480,395	1,954,727	-	-	2,480,395	1,954,727
Public safety	7,877,876	7,772,694	-	-	7,877,876	7,772,694
Public works	3,167,899	2,867,886	-	-	3,167,899	2,867,886
Cultural and recreational	1,531,121	1,463,717	-	-	1,531,121	1,463,717
Interest on long-term debt	64,556	93,070	-	-	64,556	93,070
Water and sewer	-	-	9,278,188	8,648,339	9,278,188	8,648,339
Electric	-	-	32,943,240	32,628,604	32,943,240	32,628,604
Landfill	-	-	2,439,400	3,002,061	2,439,400	3,002,061
Public housing	-	-	3,030,163	3,116,509	3,030,163	3,116,509
Total expenses	<u>15,121,847</u>	<u>14,152,094</u>	<u>47,690,991</u>	<u>47,395,513</u>	<u>62,812,838</u>	<u>61,547,607</u>
Increase (decrease) in net position before transfers and special item	(181,649)	(270,276)	2,176,501	1,585,209	1,994,852	1,314,933
Transfers	907,319	1,091,727	(907,319)	(1,091,727)	-	-
Special item – loss on disposal of property	(227,361)	-	-	-	(277,361)	-
Change in net position	498,309	821,451	1,269,182	493,482	1,767,491	1,314,933
Net position, beginning, as restated	<u>18,687,725</u>	<u>17,866,274</u>	<u>50,077,569</u>	<u>49,584,087</u>	<u>68,765,294</u>	<u>67,450,361</u>
Net position, end of year	<u>\$ 19,186,034</u>	<u>\$ 18,687,725</u>	<u>\$ 51,346,751</u>	<u>\$ 50,077,569</u>	<u>\$ 70,532,785</u>	<u>\$ 68,765,294</u>

**Governmental activities:** Governmental activities increased the City's net position by \$498,309. Key elements of this increase are as follows:

- Substantial decrease in inter-fund transfer from electric fund
- Transfer of funds to a project fund for a planned sports complex
- Purchase of a building for future police headquarters

**Business-type activities:** Business-type activities increased the City of Albemarle's net position by \$1,269,182. Key elements of this increase are as follows:

- Substantial decrease in inter-fund transfer from electric fund
- Instituted a savings reserve account in water/sewer & electric funds to save repayments from interfund loans
- Deferment of capital purchases in electric fund

### ***Financial Analysis of the City's Funds***

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

**Governmental Funds:** The focus of the City of Albemarle'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 Albemarle's financing requirements. Specifically, unassigned 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 Albemarle. At the end of the current fiscal year, City of Albemarle's unassigned fund balance in the General Fund was \$4,302,876, while total fund balance amounted to \$7,103,667. Unassigned general fund balance represents 25.1 percent of total General Fund expenditures, while total fund balance represents 41.5 percent of that same amount.

During the fiscal year ended June 30, 2017, the City entered into an agreement with Pfeiffer University and Stanly County for economic development purposes. The City exchanged property and cash to Stanly County for the Stanly County Museum and adjacent property. There was an impact analysis performed that indicated there would be increased investment in the community if Pfeiffer University located a graduate program with the City and it would also create jobs as well as students moving to the area.

At June 30, 2017, the governmental funds of City of Albemarle reported a combined fund balance of \$7,737,249, an 11.7 percent decrease as compared to the prior year. Included in this change in fund balance is the decrease in fund balance in the General Fund.

**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 amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The following represent items for which budget amendments were made during the year:

- To move \$1,005,000 from committed fund balance to a Capital Project Fund for Parks/Recreation
- To appropriate fund balance for the purchase and transfer of property between the City of Albemarle and Stanly County for economic development purposes regarding Pfeiffer University

- Appropriate funds from Waste Management to Stanly County Schools as they will continue the Clean Communities Campaign begun in previous year as a partnership between the City and AMS
- Prior year encumbrance for police vehicles not received by end of prior fiscal year, appropriate contribution for disc golf course renovation and appropriate funds from prior fiscal year for a building at landfill to a capital project.
- Purchase of property on Pee Dee Avenue
- Appropriate fund balance reserved for drug substance tax for purchase of police vehicles, insurance proceeds for vehicle repair, and sale of surplus property for firearms purchase
- Appropriate fund balance for the purchase of land for a corporate center for economic development
- Appropriate funds received from Department of Commerce for Streetscape project
- Appropriate funds reserved from special events for equipment purchase for Parks/Recreation
- Appropriate fund balance for replacement windows at Parks/Recreation community center gymnasium
- Appropriate funds to purchase a building for renovation to a police headquarters
- Traffic impact analysis
- Police incinerator, electric work at central auditorium
- Demolition of museum for Pfeiffer project

**Proprietary Funds:** The City of Albemarle's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$3,208,128, for the Electric Fund, \$3,789,890; Public Housing \$761,155; and for the Landfill Fund \$(1,582,647). The total change in net position for each fund was \$551,782, \$324,794, \$(134,097), and \$526,703, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Albemarle's business-type activities.

- Appropriate fund balance for Landfill Employee Operations Facility
- Appropriate grant revenue at landfill for equipment purchase
- Prior year encumbrance in water and sewer fund for a vehicle not received in prior fiscal year
- Transfer in water and sewer fund for Headworks Project for items not covered by loan
- Increase Section 8 administrative fees

### **Capital Assets and Debt Administration**

**Capital assets:** The City of Albemarle's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$91,029,225 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of land for Corporate Center
- Purchase of land for parking near new Pfeiffer Building
- Purchase of land & building for Downtown Development/Pfeiffer project
- Completion of sidewalk project on Leonard Avenue
- Purchase of various equipment for public works
- Purchase of 6 police vehicles
- Purchase of land and building for new police headquarters
- Asbestos abatement, new roof, replacement of doors and windows at Fire Station 2
- Purchase of used passenger bus for Parks/Recreation
- Purchase of a ball machine for Parks/Recreation
- Purchase of truck for Parks/Recreation
- Security appliance for all departments through information systems purchase

- Replacement of 3 trucks water and sewer systems division
- Water and sewer mobile sewer jetter, replacement of filter control panel, roof repairs
- Purchase of backhoe for systems division
- Various equipment for electric department
- Electric Fund 4kv to 25kv conversion upgrades
- Landfill major equipment repairs/rebuilt engine
- Landfill vehicle purchases, mower and equipment
- Public Housing HVAC replacements

**City of Albemarle's Capital Assets  
Net of Accumulated Depreciation**

**Figure 4**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,258,937	\$ 2,139,419	\$ 1,047,061	\$ 1,031,182	\$ 5,305,998	\$ 3,170,601
Infrastructure	4,037,499	3,598,495	21,820,398	21,906,714	25,857,897	25,505,209
Other improvements	672,603	701,031	572,551	584,302	1,245,154	1,285,333
Buildings	7,510,335	6,782,185	28,605,378	29,271,687	36,115,713	36,053,872
Furniture and fixtures	49,330	70,530	79,857	111,903	129,187	182,433
Equipment	2,372,075	2,393,246	8,379,775	8,429,015	10,751,850	10,822,261
Construction in progress	712,664	495,442	10,910,762	6,648,871	11,623,426	7,144,313
<b>Total</b>	<b>\$ 19,613,443</b>	<b>\$ 16,180,348</b>	<b>\$ 71,415,782</b>	<b>\$ 67,983,674</b>	<b>\$ 91,029,225</b>	<b>\$ 84,164,022</b>

Additional information on the City's capital assets can be found in note 2.A. of the Basic Financial Statements.

**Long-term Debt:** As of June 30, 2017, the City of Albemarle had no outstanding bonded debt.

**City of Albemarle's Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Installment debt	<u>\$3,624,773</u>	<u>\$2,164,982</u>	<u>\$26,245,557</u>	<u>\$23,518,931</u>	<u>\$29,870,330</u>	<u>\$25,683,913</u>

**City of Albemarle's Outstanding Debt**

The City of Albemarle's total debt increased \$4,186,417 during the past fiscal year, primarily due to plant upgrades for water and sewer, and the purchase of land for a Corporate Center. The City also has inter-fund loans for the addition and renovation to the Public Safety Facility issued by the water/sewer and electric funds amounting to \$310,759, and \$496,178 for renovation of a building for parks and recreation issued by the electric fund.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Albemarle is \$52,348,021.

Additional information regarding the City of Albemarle's long-term debt can be found in note 2.B.

## ***Economic Factors and Next Year's Budgets and Rates***

The following key economic indicators reflect the current and underlying economic conditions surrounding the City of Albemarle.

- The unemployment rate in Stanly County was 3.9 percent which is below the statewide rate of 4.2% and a national average of 4.4% for June 2017.
- The City of Albemarle has had \$10,705,049 issued in Construction permits for the fiscal year ended June 30, 2017 per our City's Economic Development director, representing 124 permits issued.

### **Budget Highlights for the Fiscal Year Ending June 30, 2018**

**Governmental Activities:** The budget allows the City to continue to carry out its obligations in the General fund with no proposed property tax increase as well as no increases in other fees. Overall, the General Fund budget totals \$15,173,530 representing a 6.26% decrease from the 16/17 Fiscal Year Adjusted budget. Major initiatives in the General Fund include first time principal and interest payments for the Albemarle Corporate Center and Police Headquarters. The budget also provides for removal of dilapidated residential structures, continues implementation of the branding and streetscape initiatives, the end of subsidized cost by Electricities and assumption of the full cost for the services of Retail Strategies for the recruitment and retention of retail businesses to prevent leakage to other communities, funding for street maintenance and repair, the acquisition of two police vehicles, structural repairs to the warehouse as well as other repairs, construction of an electronic storage building as we take on the collection of electronics, development tracking software in Planning and the continued bolstering of the City's technology infrastructure (cost shared among all funds). We will also see residential curbside recycling resume as a City service.

The Powell Bill Fund is proposed at \$697,900 which is a 13.3% increase from the prior year due to prior year having debt proceeds for the purchase of equipment. Powell Bill Fund does include a slight increase for street repair and resurfacing totaling just over \$260,000 for this endeavor between General Fund and Powell Bill.

**Business-Type Activities:** The Water and Sewer Fund is proposed at \$10,569,100 which is 4.6% greater than the prior fiscal year adjusted budget. A 4% increase is proposed for both the water and sewer rates to keep pace with new debt coming online, for committed projects, and to maintain the reliability and quality of our system. A customer with a usage of 668 cubic feet per month will see an increase of \$1.61 monthly on a combined water and sewer bill. According to the UNC Environmental Finance Center rate dashboard, we will continue to have rates in the lowest 10 percentile of all state-wide systems as well as in comparison to systems of comparable size. The City has significant additional principal and interest payments coming online in 17/18 with the US Hwy 52 Plant project, and in future years, with the Phase 2 Inflow & Infiltration project, electrical improvements, and screw pump replacements at the Wastewater Treatment Plant. These two projects alone total approximately \$15,000,000 in Water & Sewer debt. The City will continue to fund the existing debt service on the first phase of the sewer rehabilitation initiative to reduce inflow and infiltration, the improvements to the Old Whitney Raw Water pump station, the CKA project, the Headworks Project, and the Highway 52 equalization basin.

Proposed Water Treatment Plant projects are more routine in nature than in previous years. We are budgeting \$552,000 in new principal debt payments in the proposed budget for the first time to begin payments on the US Hwy 52 Rehabilitation project. The City made improvements, repairs and upgrades at the Tuckertown Plant. This has been the largest focus at the Tuckertown Plant since it opened almost 30 years ago. We are now making the major shift in funding within the Water Plants budget from repairs and maintenance at Tuckertown to funding for debt for the rehabilitation project at the US Highway 52 water treatment plant.

Proposed Waste Water Treatment Plant projects include the replacement of aerators, the installation of a teat trace line to prevent pipe freezing and potential damage to lines, and the purchase of a 4 wheel drive truck to access all system locations in all weather events, repaving of the parking lot and construction of a vehicle and equipment building to protect and extend the life of our investments. We also continue with the principal and interest payments for the Headworks and Phase 1 Plant Project totaling \$324,000.

The Water & Sewer Systems Division section of the Budget includes a rate study, design and replacement of the Shankle Street water line, pre-design of water line relocations associated with the NC 24/27 widening project, continuation of our I&I work with sealing and venting of manholes, continuation of the project to move to AMR meters, a 4WD truck, tandem dump truck, heavy duty equipment trailer and a share of the structural repair to be made at the Warehouse. We have also budgeted a 2% loan closing to the State for the Phase 2 I&I project (also including plant upgrades) and continue to budget for principal and interest payments for the CKA project.

The Electric Fund has a proposed budget of \$34,469,835 and represents a 0.27% decrease from the current adjusted budget. For the second consecutive year there is no proposed increase in electric rates. These two consecutive years of holding rates consistent follows a year in which we approved a rate decrease of 1.6%. The recent restructuring of the debt by North Carolina Municipal Power Agency One has provided more stability with wholesale rates. Overall major initiatives include: Replacement of two Meter Technician Vehicles (shared with Water and Sewer), purchase of electric system materials and supplies to address both planned and unforeseen needs, the continued use of contract labor to maintain our system, funding of the pole inspection and replacement program that began in 15/16, mobile meter testing equipment, and the replacement of a bucket truck experiencing maintenance issues.

The Solid Waste Disposal Fund is proposed at \$2,984,850 in fiscal year 17/18, representing a decrease of 38.77% from fiscal year 16/17 adjusted budget. There is no recommended increase in the tipping fees for municipal solid waste (MSW) or construction and demolition (C&D) disposal, remaining at \$40 per ton. The budget also proposes no change in the \$1.00 per ton fee specifically designated to fund closure and post-closure costs. The Solid Waste Disposal Budget includes principal and interest payments for both the Landfill office and employee facility and the force main sewer leachate line. Additionally, the budget plans for the replacement of the lines from the landfill cell to the leachate pond. The leachate currently has to be pumped from the cell to the pond and the budget includes larger capacity lines that will be gravity lines, thereby eliminating the need for pumps and saving on electricity costs and reducing the opportunity for problems. We also continue to budget for closure and post closure costs.

In all funds, the budget does include a 1.5% cost of living adjustment for all employees to be effective in July. Additionally, it provides a 1% increase in July for all current employees in lieu of any merit pay while we evaluate methods for compensation. By providing this increase, we begin to address the issue of the salaries and movement of new hires in comparison to the salaries of existing employees that was discussed at length at a budget work session. The increase provides additional separation in salaries of current employees from those of new hires while evaluating future options.

#### 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 Director of Finance, City of Albemarle, P O Box 190, Albemarle, North Carolina 28002.



# ALBEMARLE

NORTH CAROLINA

*Water. Air. Land. Opportunity.*

# **Basic Financial Statements**



# ALBEMARLE

NORTH CAROLINA

*Water. Air. Land. Opportunity.*

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

*Exhibit A*  
*Page 1 of 2*

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Albemarle Downtown Development Corporation	City of Albemarle ABC Board
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 7,310,118	\$ 9,762,270	\$17,072,388	\$ 164,131	\$ 391,105
Restricted cash	420,392	953,306	1,373,698	-	-
Receivables:					
Taxes receivable - net	519,808	-	519,808	-	-
Accounts receivable - net	143,416	4,768,236	4,911,652	-	-
Due from other governments	1,367,682	393,397	1,761,079	-	-
Internal balances	(806,937)	806,937	-	-	-
Inventories	15,168	2,768,215	2,783,383	-	289,611
Prepaid expenses	31,681	18,475	50,156	-	8,095
Total current assets	<u>9,001,328</u>	<u>19,470,836</u>	<u>28,472,164</u>	<u>164,131</u>	<u>688,811</u>
Noncurrent assets					
Deposits	58,100	-	58,100	-	-
Net pension asset	-	-	-	-	45,933
Total noncurrent assets	<u>58,100</u>	<u>-</u>	<u>58,100</u>	<u>-</u>	<u>45,933</u>
Capital assets					
Land and construction in progress	4,971,601	11,957,823	16,929,424	116,423	261,417
Other capital assets, net of depreciation	14,641,842	59,457,959	74,099,801	492,214	738,220
Total capital assets	<u>19,613,443</u>	<u>71,415,782</u>	<u>91,029,225</u>	<u>608,637</u>	<u>999,637</u>
Total noncurrent assets	<u>19,671,543</u>	<u>71,415,782</u>	<u>91,087,325</u>	<u>608,637</u>	<u>1,045,570</u>
Total assets	<u>28,672,871</u>	<u>90,886,618</u>	<u>119,559,489</u>	<u>772,768</u>	<u>1,734,381</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension deferrals	2,257,848	1,426,115	3,683,963	-	58,482
Total assets and deferred outflows of resources	<u>30,930,719</u>	<u>92,312,733</u>	<u>123,243,452</u>	<u>772,768</u>	<u>1,792,863</u>

*Continued*

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
*June 30, 2017*

*Exhibit A*  
*Page 2 of 2*

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Albemarle Downtown Development Corporation	City of Albemarle ABC Board
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 739,106	\$ 4,194,073	\$ 4,933,179	\$ 460	\$ 137,284
Deposits	-	997,038	997,038	-	-
Current portion of long-term liabilities	880,319	2,369,965	3,250,284	-	-
Accrued interest payable	12,244	43,207	55,451	-	-
Total current liabilities	<u>1,631,669</u>	<u>7,604,283</u>	<u>9,235,952</u>	<u>460</u>	<u>137,284</u>
Long-term liabilities					
Deposits	62,295	-	62,295	-	-
Accrued landfill closure and postclosure costs	-	5,994,289	5,994,289	-	-
Long-term liabilities:					
Due in more than one year	9,908,129	27,294,450	37,202,579	-	91,544
Total long-term liabilities	<u>9,970,424</u>	<u>33,288,739</u>	<u>43,259,163</u>	<u>-</u>	<u>91,544</u>
Total liabilities	<u>11,602,093</u>	<u>40,893,022</u>	<u>52,495,115</u>	<u>460</u>	<u>228,828</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid license fees	971	-	971	-	-
Pension deferrals	141,621	72,960	214,581	-	20,521
Total deferred inflows of resources	<u>142,592</u>	<u>72,960</u>	<u>215,552</u>	<u>-</u>	<u>20,521</u>
<b>Net Position</b>					
Net investment in capital assets	15,988,670	45,170,225	61,158,895	608,637	999,637
Restricted for:					
Stabilization by State Statute	1,549,321	-	1,549,321	-	-
Streets	322,550	-	322,550	-	-
Other functions	695,879	-	695,879	-	90,362
Unrestricted	<u>629,614</u>	<u>6,176,526</u>	<u>6,806,140</u>	<u>163,671</u>	<u>453,515</u>
Total net position	<u>\$ 19,186,034</u>	<u>\$ 51,346,751</u>	<u>\$ 70,532,785</u>	<u>\$ 772,308</u>	<u>\$ 1,543,514</u>

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

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2017

*Exhibit B*

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			Component Units	
					Governmental Activities	Business-type Activities	Total	Albemarle Downtown Development Corporation	City of Albemarle ABC Board
<b>Primary government</b>									
Governmental activities									
General government	\$ 2,480,395	\$ 13,856	\$ 72,135	\$ 176,249	\$ (2,218,155)	\$ -	\$ (2,218,155)	\$ -	\$ -
Public safety	7,877,876	27,287	38,232	728,479	(7,083,878)	-	(7,083,878)	-	-
Public works	3,167,899	1,275,629	542,099	196,663	(1,153,508)	-	(1,153,508)	-	-
Cultural and recreational	1,531,121	92,536	-	79,027	(1,359,558)	-	(1,359,558)	-	-
Interest on long-term debt	64,556	-	-	-	(64,556)	-	(64,556)	-	-
<b>Total governmental activities</b>	<b>15,121,847</b>	<b>1,409,308</b>	<b>652,466</b>	<b>1,180,418</b>	<b>(11,879,655)</b>	<b>-</b>	<b>(11,879,655)</b>	<b>-</b>	<b>-</b>
Business-type activities									
Water and sewer	9,278,188	10,248,254	-	-	-	970,066	970,066	-	-
Electric	32,943,240	33,503,443	-	-	-	560,203	560,203	-	-
Landfill	2,439,400	2,762,869	85,105	-	-	408,574	408,574	-	-
Department of public housing	3,030,163	532,104	1,987,370	385,270	-	(125,419)	(125,419)	-	-
<b>Total business-type activities</b>	<b>47,690,991</b>	<b>47,046,670</b>	<b>2,072,475</b>	<b>385,270</b>	<b>-</b>	<b>1,813,424</b>	<b>1,813,424</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 62,812,838</b>	<b>\$ 48,455,978</b>	<b>\$ 2,724,941</b>	<b>\$ 1,565,688</b>	<b>(11,879,655)</b>	<b>1,813,424</b>	<b>(10,066,231)</b>	<b>-</b>	<b>-</b>
<b>Component units</b>									
Albemarle Downtown Development Corporation	\$ 501,456	\$ 420,171	\$ 47,780	\$ -	-	-	-	(26,126)	-
Albemarle ABC Board	2,831,955	2,877,355	-	-	-	-	-	-	69,406
<b>Total component units</b>	<b>\$ 3,333,411</b>	<b>\$ 3,297,526</b>	<b>\$ 47,780</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,126)</b>	<b>69,406</b>
<b>General revenues</b>									
Taxes									
Property taxes, levied for general purposes					6,075,216	-	6,075,216	-	-
Local option sales tax					3,498,266	-	3,498,266	-	-
Other taxes and licenses					1,899,353	142,620	2,041,973	-	-
Unrestricted investment earnings					17,090	17,254	34,344	7	1,746
Miscellaneous					208,081	203,203	411,284	11,995	-
Transfers					907,319	(907,319)	-	-	-
<b>Total general revenues and transfers excluding special item</b>					<b>12,605,325</b>	<b>(544,242)</b>	<b>12,061,083</b>	<b>12,002</b>	<b>1,746</b>
Special item - loss on disposal of property (see Note 7)					(227,361)	-	(227,361)	-	-
<b>Total general revenues transfers and special item</b>					<b>12,377,964</b>	<b>(544,242)</b>	<b>11,833,722</b>	<b>12,002</b>	<b>1,746</b>
Change in net position					498,309	1,269,182	1,767,491	(14,124)	71,152
Net position, beginning, as restated					18,687,725	50,077,569	68,765,294	786,432	1,472,362
Net position, end of year					<b>\$ 19,186,034</b>	<b>\$ 51,346,751</b>	<b>\$ 70,532,785</b>	<b>\$ 772,308</b>	<b>\$ 1,543,514</b>

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

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017**

*Exhibit C*

	Major Fund	Total	Total
	General	Non-Major	Governmental
		Funds	Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,691,797	\$ 618,322	\$ 7,310,119
Restricted cash	420,392	-	420,392
Receivables, net			
Taxes	519,808	-	519,808
Accounts	143,416	-	143,416
Due from other governments	1,346,834	20,848	1,367,682
Inventories	15,168	-	15,168
Prepays	31,681	-	31,681
Deposits	58,100	-	-
Total assets	<u>\$ 9,227,196</u>	<u>\$ 639,170</u>	<u>\$ 9,808,266</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable and accrued liabilities	\$ 733,518	\$ 5,588	\$ 739,106
Due to other funds	806,937	-	806,937
Deposits	62,295	-	62,295
Total liabilities	<u>1,602,750</u>	<u>5,588</u>	<u>1,608,338</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	519,808	-	519,808
Prepaid license fees	971	-	971
Total deferred inflows of resources	<u>520,779</u>	<u>-</u>	<u>520,779</u>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Inventories	15,168	-	15,168
Prepays	30,710	-	30,710
<b>Restricted</b>			
Stabilization by State Statute	1,549,321	-	1,549,321
Streets - Powell Bill	322,550	-	322,550
Public safety	21,182	-	21,182
Parks and recreation	36,992	633,582	670,574
Economic development	4,123	-	4,123
<b>Committed</b>			
Health insurance	486,965	-	486,965
<b>Assigned</b>			
Subsequent year's expenditures	333,780	-	333,780
Unassigned	4,302,876	-	4,302,876
Total fund balances	<u>7,103,667</u>	<u>633,582</u>	<u>7,737,249</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,227,196</u>	<u>\$ 639,170</u>	<u>\$ 9,866,366</u>

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

Total Fund balance - governmental funds		\$ 7,737,249
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		19,613,443
Deferred outflows of resources related to pensions are not reported in the funds		2,257,847
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		519,808
Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds		
Installment purchases	(3,624,773)	
Net law enforcement officers' separation allowance	(1,917,124)	
Other postemployment benefits	(1,973,062)	
Compensated absences	(697,441)	
Net pension liability	(2,576,048)	
Accrued interest payable	(12,244)	(10,800,692)
Deferred inflows of resources related to pensions are not reported in the funds		(141,621)
Net position of governmental activities		<u>\$ 19,186,034</u>

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

**CITY OF ALBEMARLE, NORTH CAROLINA** *Exhibit D*  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2017*

	Major Fund		Total Non-Major Funds		Total Governmental Funds
	General				
<b>Revenues</b>					
Ad valorem taxes	\$ 6,101,473	\$ -		\$ 6,101,473	
Other taxes and licenses	229,951	-		229,951	
Unrestricted intergovernmental	5,167,668	-		5,167,668	
Restricted intergovernmental	644,012	284,144		928,156	
Permits and fees	40,826	-		40,826	
Sales and services	1,368,482	-		1,368,482	
Investment earnings	17,090	-		17,090	
Miscellaneous	214,689	-		214,689	
	<u>13,784,191</u>	<u>284,144</u>		<u>14,068,335</u>	
<b>Expenditures</b>					
<b>Current</b>					
General government	4,036,398	-		4,036,398	
Public safety	8,236,154	17,235		8,253,389	
Public works	2,875,905	-		2,875,905	
Cultural and recreation	1,398,318	-		1,398,318	
<b>Debt service:</b>					
Principal retirement	505,182	-		505,182	
Interest and other charges	65,439	-		65,439	
Capital outlay	-	827,485		827,485	
	<u>17,117,396</u>	<u>844,720</u>		<u>17,962,116</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(3,333,205)</u>	<u>(560,576)</u>		<u>(3,893,781)</u>	
<b>Other financing sources (uses)</b>					
Transfers from other funds	932,319	1,205,880		2,138,199	
Transfers to other funds	(1,230,880)	-		(1,230,880)	
Installment purchase obligations issued	1,964,972	-		1,964,972	
	<u>1,666,411</u>	<u>1,205,880</u>		<u>2,872,291</u>	
Net change in fund balances	(1,666,794)	645,304		(1,021,490)	
Fund balances - beginning	<u>8,770,461</u>	<u>(11,722)</u>		<u>8,758,739</u>	
Fund balances - end of year	<u>\$ 7,103,667</u>	<u>\$ 633,582</u>		<u>\$ 7,737,249</u>	

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

**CITY OF ALBEMARLE, NORTH CAROLINA** *Exhibit E*  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
*For the Year Ended June 30, 2017*

Amounts reported for governmental activities in the statement of activities are different because:			
Net changes in fund balances - total governmental funds			\$(1,021,490)
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.			
Capital outlay			3,790,228
Depreciation			(1,027,895)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			1,211,117
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities			483,457
Benefit payments and pension administrative costs for LEOSSA are deferred outflows of resources on the Statement of Net Position			77,198
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			
Taxes including interest and penalties			(26,257)
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		38,421	
Pension expense		(829,375)	
Net pension obligation (LEO)		(48,173)	
Other postemployment benefits		<u>(149,657)</u>	(988,784)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
New installment purchase obligations issued		(1,964,972)	
Principal payments on installment purchase obligations		505,182	
Decrease in accrued interest payable		<u>883</u>	(1,458,907)
Net book value of property disposed of during the year			<u>(540,358)</u>
Total changes in net position of governmental activities			<u>\$ 498,309</u>

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

**CITY OF ALBEMARLE, NORTH CAROLINA** *Exhibit F*  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
*For the Year Ended June 30, 2017*

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 6,028,400	\$ 6,028,400	\$ 6,101,473	\$ 73,073
Other taxes and licenses	197,350	197,350	229,951	32,601
Unrestricted intergovernmental	5,208,865	5,208,865	5,167,668	(41,197)
Restricted intergovernmental	641,235	644,999	644,012	(987)
Permits and fees	38,925	38,925	40,826	1,901
Sales and services	1,331,150	1,331,150	1,368,482	37,332
Investment earnings	5,000	5,000	17,090	12,090
Miscellaneous	43,650	162,666	214,689	52,023
<b>Total revenues</b>	<b>13,494,575</b>	<b>13,617,355</b>	<b>13,784,191</b>	<b>166,836</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,178,955	4,248,330	4,036,398	211,932
Public safety	7,931,245	8,448,625	8,236,154	212,471
Public works	2,991,595	2,986,345	2,875,905	110,440
Cultural and recreational	1,354,275	1,442,425	1,398,318	44,107
<b>Debt service</b>				
Principal	527,850	524,250	505,182	19,068
Interest	69,100	69,100	65,439	3,661
<b>Total expenditures</b>	<b>15,053,020</b>	<b>17,719,075</b>	<b>17,117,396</b>	<b>601,679</b>
<b>Revenues over (under) expenditures</b>	<b>(1,558,445)</b>	<b>(4,101,720)</b>	<b>(3,333,205)</b>	<b>768,515</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	1,450,050	1,450,050	932,319	(517,731)
Transfers to other funds	(261,505)	(1,482,690)	(1,230,880)	251,810
Installment purchase obligations issued	154,700	2,029,700	1,964,972	(64,728)
<b>Total other financing sources (uses)</b>	<b>1,343,245</b>	<b>1,997,060</b>	<b>1,666,411</b>	<b>(330,649)</b>
<b>Appropriated fund balance</b>	<b>215,200</b>	<b>2,104,660</b>	<b>-</b>	<b>(2,104,660)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,666,794)</b>	<b>\$ (1,666,794)</b>
<b>Fund balance - beginning</b>			<b>8,770,461</b>	
<b>Fund balance - end of year</b>			<b>\$ 7,103,667</b>	

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

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2017**

**Exhibit G**

	Major Funds				Total
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 3,018,206	\$ 901,139	\$ 4,824,105	\$ 1,018,820	\$ 9,762,270
Accounts receivable - net	1,103,026	3,392,904	268,925	3,381	4,768,236
Due from other governments	393,397	-	-	-	393,397
Due from other funds	103,576	703,361	-	-	806,937
Inventories	381,043	2,387,172	-	-	2,768,215
Prepaid expenses	4,962	11,298	1,006	1,209	18,475
Restricted cash and cash equivalents	115,310	837,996	-	-	953,306
<b>Total current assets</b>	<u>5,119,520</u>	<u>8,233,870</u>	<u>5,094,036</u>	<u>1,023,410</u>	<u>19,470,836</u>
<b>Noncurrent assets</b>					
<b>Capital assets</b>					
Land, improvements and construction in progress	10,165,649	145,963	1,482,706	163,505	11,957,823
Other capital assets, net of depreciation	41,867,317	9,785,149	2,058,171	5,747,322	59,457,959
<b>Total capital assets, net</b>	<u>52,032,966</u>	<u>9,931,112</u>	<u>3,540,877</u>	<u>5,910,827</u>	<u>71,415,782</u>
<b>Total noncurrent assets</b>	<u>52,032,966</u>	<u>9,931,112</u>	<u>3,540,877</u>	<u>5,910,827</u>	<u>71,415,782</u>
<b>Total assets</b>	<u>57,152,486</u>	<u>18,164,982</u>	<u>8,634,913</u>	<u>6,934,237</u>	<u>90,886,618</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension deferrals	671,940	466,355	164,469	123,351	1,426,115
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	802,601	2,904,080	444,964	42,428	4,194,073
Customer deposits	115,310	837,996	-	43,732	997,038
Compensated absences - current	85,958	75,045	22,462	16,037	199,502
Accrued interest payable	38,100	4,866	241	-	43,207
Installment purchase agreements payable - current	1,812,366	147,796	209,002	1,299	2,170,463
<b>Total current liabilities</b>	<u>2,854,335</u>	<u>3,969,783</u>	<u>676,669</u>	<u>103,496</u>	<u>7,604,283</u>
<b>Noncurrent liabilities</b>					
Accrued landfill closure and postclosure costs	-	-	5,994,289	-	5,994,289
Compensated absences	105,060	91,723	27,453	19,602	243,838
Other postemployment benefits	608,051	421,913	148,910	111,682	1,290,556
Installment purchase agreements payable - noncurrent	23,013,851	702,069	358,829	345	24,075,094
Net pension liability	793,876	550,853	194,419	145,814	1,684,962
<b>Total noncurrent liabilities</b>	<u>24,520,838</u>	<u>1,766,558</u>	<u>6,723,900</u>	<u>277,443</u>	<u>33,288,739</u>
<b>Total liabilities</b>	<u>27,375,173</u>	<u>5,736,341</u>	<u>7,400,569</u>	<u>380,939</u>	<u>40,893,022</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension deferrals	34,376	23,859	8,414	6,311	72,960
<b>Total deferred inflows of resources</b>	<u>34,376</u>	<u>23,859</u>	<u>8,414</u>	<u>6,311</u>	<u>72,960</u>
<b>Net position</b>					
Net investment in capital assets	27,206,749	9,081,247	2,973,046	5,909,183	45,170,225
Unrestricted	3,208,128	3,789,890	(1,582,647)	761,155	6,176,526
<b>Total net position</b>	<u>\$ 30,414,877</u>	<u>\$ 12,871,137</u>	<u>\$ 1,390,399</u>	<u>\$ 6,670,338</u>	<u>\$ 51,346,751</u>

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

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2017**

*Exhibit H*

	Major Funds				Total
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	
<b>Operating Revenues</b>					
Charges for sales and services	\$ 10,248,254	\$ 32,427,559	\$ 2,695,407	\$ -	\$ 45,371,220
Rental income	-	-	-	489,538	489,538
Other	-	1,075,884	67,462	42,566	1,185,912
Total operating revenues	<u>10,248,254</u>	<u>33,503,443</u>	<u>2,762,869</u>	<u>532,104</u>	<u>47,046,670</u>
<b>Operating Expenses</b>					
Administration	1,201,717	1,613,707	-	660,866	3,476,290
Water treatment plant	2,195,669	-	-	-	2,195,669
Sewer treatment plant	1,668,779	-	-	-	1,668,779
Systems division	1,652,880	-	-	-	1,652,880
Customer service	-	174,764	-	-	174,764
Electric operations	-	30,514,593	-	-	30,514,593
Landfill operations	-	-	1,560,087	-	1,560,087
Landfill closure and postclosure care costs	-	-	382,230	-	382,230
Utilities	-	-	-	385,733	385,733
Ordinary maintenance and operation	-	-	-	306,142	306,142
General expenses	-	-	-	57,848	57,848
Housing assistance program	-	-	-	1,194,959	1,194,959
Nonroutine maintenance	-	-	-	22,725	22,725
Depreciation	2,141,006	617,635	486,060	401,658	3,646,359
Total operating expense	<u>8,860,051</u>	<u>32,920,699</u>	<u>2,428,377</u>	<u>3,029,931</u>	<u>47,239,058</u>
Operating income	<u>1,388,203</u>	<u>582,744</u>	<u>334,492</u>	<u>(2,497,827)</u>	<u>(192,388)</u>
<b>Nonoperating revenues (expenses)</b>					
Solid waste, scrap tire and white goods disposal tax	-	-	142,620	-	142,620
Operating grants	-	-	85,105	1,987,370	2,072,475
Gain on disposal of assets	6,430	-	27,975	-	34,405
Investment earnings	1,479	5,291	7,997	2,487	17,254
Interest and other charges	(418,137)	(22,541)	(11,023)	(232)	(451,933)
Other	51,586	115,812	-	1,400	168,798
Total nonoperating revenues (expenses)	<u>(358,642)</u>	<u>98,562</u>	<u>252,674</u>	<u>1,991,025</u>	<u>1,983,619</u>
Income (loss) before contributions and transfers	1,029,561	681,306	587,166	(506,802)	1,791,231
Capital contributions	-	-	-	385,270	385,270
Transfers from (to) other funds	<u>(477,779)</u>	<u>(356,512)</u>	<u>(60,463)</u>	<u>(12,565)</u>	<u>(907,319)</u>
Change in net position	551,782	324,794	526,703	(134,097)	1,269,182
Total net position, beginning	<u>29,863,095</u>	<u>12,546,343</u>	<u>863,696</u>	<u>6,804,435</u>	<u>50,077,569</u>
Total net position, ending	<u>\$ 30,414,877</u>	<u>\$ 12,871,137</u>	<u>\$ 1,390,399</u>	<u>\$ 6,670,338</u>	<u>\$ 51,346,751</u>

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

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2017**

*Exhibit I*

	Enterprise Funds				Total
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 10,603,892	\$33,988,157	\$ 2,711,461	\$ 594,423	\$ 47,897,933
Cash paid for goods and services	(3,314,070)	(29,348,568)	(790,071)	(2,103,272)	(35,555,981)
Cash paid to employees for services	(3,447,140)	(2,745,568)	(743,178)	(547,045)	(7,482,931)
Other operating revenues	115,038	187,782	233,393	8,728	544,941
Net cash provided (used) by operating activities	<u>3,957,720</u>	<u>2,081,803</u>	<u>1,411,605</u>	<u>(2,047,166)</u>	<u>5,403,962</u>
<b>Cash flows from noncapital financing activities:</b>					
Operating grants and subsidies	-	-	-	1,987,370	1,987,370
Decreases in due to other funds	49,512	217,989	-	-	267,501
Transfers to other funds	(477,779)	(356,512)	(60,463)	(12,565)	(907,319)
Total cash flows from noncapital financing activities	<u>(428,267)</u>	<u>(138,523)</u>	<u>(60,463)</u>	<u>1,974,805</u>	<u>1,347,552</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(5,648,702)	(857,992)	(371,291)	(416,123)	(7,294,108)
Principal paid on bonds and installment purchase agreements	(1,258,289)	(147,083)	(205,578)	(1,181)	(1,612,131)
Interest paid on bonds and installment purchase agreements	(426,226)	(23,343)	(11,089)	(232)	(460,890)
Proceeds from issuance of long-term debt	5,694,274	-	-	-	5,694,274
Capital grants	-	-	-	385,270	385,270
Proceeds from sale of assets	6,430	-	27,975	-	34,405
Net cash provided (used) by capital and related financing activities	<u>(1,632,513)</u>	<u>(1,028,418)</u>	<u>(559,983)</u>	<u>(32,266)</u>	<u>(3,253,180)</u>
<b>Cash flows from investing activities:</b>					
Interest earned on investments	1,479	5,291	7,997	2,487	17,254
Net increase (decrease) in cash and cash equivalents	1,898,419	920,153	799,156	(102,140)	3,515,588
Cash and cash equivalents at beginning of year	<u>1,235,097</u>	<u>818,982</u>	<u>4,024,949</u>	<u>1,120,960</u>	<u>7,199,988</u>
Cash and cash equivalents at end of year	<u>\$ 3,133,516</u>	<u>\$ 1,739,135</u>	<u>\$ 4,824,105</u>	<u>\$ 1,018,820</u>	<u>\$ 10,715,576</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 1,388,203	\$ 582,744	\$ 334,492	\$ (2,497,827)	\$ (192,388)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation	2,141,006	617,635	486,060	401,658	3,646,359
Other receipts	51,586	115,812	227,725	1,400	396,523
<b>Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:</b>					
(Increase) decrease in accounts receivable	179,996	425,476	(53,213)	62,467	614,726
Increase (decrease) in allowance for doubtful accounts	171,337	-	-	1,110	172,447
(Increase) decrease in inventory	19,694	422,759	-	-	442,453
(Increase) decrease in prepaid expenses	63,452	71,970	9,447	7,328	152,197
(Increase) decrease in deferred outflows - pensions	(504,245)	(342,183)	(128,873)	(109,623)	(1,084,924)
Increase (decrease) in accounts payable and accrued liabilities	(68,616)	(150,143)	2,560	(34,525)	(250,724)
Increase (decrease) in net pension liability	619,149	438,764	154,858	116,144	1,328,915
Increase (decrease) in deferred inflows of resources - pensions	(115,026)	(193,610)	(8,023)	(9,908)	(326,567)
Increase (decrease) in customer deposits	4,305	59,238	(1,975)	(1,258)	60,310
Increase (decrease) in compensated absences	(8,286)	(8,230)	(8,355)	4,865	(20,006)
Increase (decrease) in postemployment benefits payable	15,165	41,571	14,672	11,003	82,411
Increase (decrease) in accrued landfill postclosure costs	-	-	382,230	-	382,230
Total adjustments	<u>2,569,517</u>	<u>1,499,059</u>	<u>1,077,113</u>	<u>450,661</u>	<u>5,596,350</u>
Net cash provided (used) by operating activities	<u>\$ 3,957,720</u>	<u>\$ 2,081,803</u>	<u>\$ 1,411,605</u>	<u>\$ (2,047,166)</u>	<u>\$ 5,403,962</u>
<b>NONCASH TRANSACTIONS:</b>					
Debt issued during the year	\$ 4,338,757	\$ -	\$ -	\$ -	\$ 4,338,757
Change in accounts receivable other governments	<u>1,355,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,355,517</u>
Proceeds from Long Term Debt	<u>\$ 5,694,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,694,274</u>

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

# **Notes to the Financial Statements**



# ALBEMARLE

NORTH CAROLINA  
*Water. Air. Land. Opportunity.*

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Albemarle, North Carolina and its discretely presented component units 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 Albemarle, North Carolina, is a municipal corporation which is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally-separate entities for which the City is financially accountable. The discretely presented component units presented below are reported in separate columns in the City's financial statements in order to emphasize that they are legally separate from the City.

Albemarle Downtown Development Corporation

The Albemarle Downtown Development Corporation (ADDC) is a nonprofit organization dedicated to the revitalization of the downtown area of the City of Albemarle. The majority of the ADDC's board of directors is appointed by the City. The ADDC and its wholly owned subsidiary, Market Station, Inc., have a June 30 year end, and the consolidated financial information is presented as if it were a proprietary fund. Complete financial statements may be obtained from the entity's administrative offices located in City Hall at 144 North Second Street, Albemarle, North Carolina 28001.

City of Albemarle ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the general fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices located at 1930 E. Main Street, Albemarle, North Carolina 28001.

***B. Basis of Presentation***

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds, including the fiduciary fund. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The City reports the following major governmental 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, and state-shared revenues. The primary expenditures are for public safety, public works, cultural and recreation, and general governmental services. The Health Insurance Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

The City reports the following non-major governmental funds:

**North Carolina Department of Transportation Capital Project Fund.** This fund is used to account for grant funds that are restricted for sidewalk construction.

**Parks and Recreation Trust Grant Fund.** This fund is used to account for grant and other funds for the renovation of Morehead Park.

**Governor's Highway Safety Capital Project Fund.** This fund is used to account for grant and other funds for the Governor's Highway Safety Grant Fund expenditures.

**Parks and Recreation Sports Complex Capital Project Fund.** This fund is used to account for contributions and other funds for construction of the Wiscasset Sports Complex.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The City reports the following major enterprise funds:

**Water and Sewer Fund.** This fund is used to account for the City's water and sewer operations. The Water and Sewer Capital Project Fund, Waste Water Treatment Improvements Capital Project Fund, Inflow & Infiltration Sewer Project Fund, Water Treatment Plant Rehabilitation Project Fund, and Curl Tail Waterline Project Fund have been consolidated into the Water and Sewer Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

**Electric Fund.** This fund is used to account for the City's electric operations.

**Municipal Solid Waste Landfill Fund.** This fund is used to account for the City's landfill operations. The Landfill Capital Reserve Fund, the Landfill Capital Project Fund and the Solid Waste Office Building Project Fund have been consolidated into the Landfill Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

**Albemarle Department of Public Housing.** This fund is used to account for the City's public housing operations.

The City reports the following fund type:

**Agency Fund.** Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the City holds on behalf of others. Prior to July 1, 2016 the City maintained the Municipal Service District, which accounted for tax revenues that the City was required to remit to the Albemarle Downtown Development Corporation. This fund was closed during the year ended June 30, 2017.

***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 and 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 ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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 for the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise 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 Albemarle because the tax is levied by Stanly County 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

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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 by 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. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds, and the Enterprise Capital Project Funds. The Landfill Capital Reserve Fund and the Enterprise Capital Project Funds are consolidated with their respective operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the City, the ADDC, and the ABC Board are made in board-designated official depositories and are secured as required by state law [G.S. 159-31]. The City, the ADDC, and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City, the ADDC, and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City, the ADDC, and the ABC Board 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, the ADDC's and the ABC Board's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The ADDC and the ABC Board consider all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

City of Albemarle Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ <u>420,392</u>
Total Governmental Activities	<u>420,392</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	115,310
Electric Fund	
Customer deposits	<u>837,996</u>
Total Business-type Activities	<u>953,306</u>
Total Restricted Cash	\$ <u>1,373,698</u>

3. 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 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the City has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

4. 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.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

5. Inventories and Prepaid Items

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the City's Enterprise Funds consist of materials and supplies held for subsequent use. The inventories of the ABC Board consist of items held for resale. The cost of these inventories is expensed when consumed rather than when purchased.

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for the following types of assets: land, improvements, buildings, infrastructure, substations, lines, plant and distribution systems, equipment and vehicles. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the time 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. General infrastructure capital assets consist of roads, bridges, streets and sidewalks, curbs and gutters, water and sewer system assets and electric system assets. General infrastructure capital assets acquired prior to July 1, 2003, or that received substantial improvements subsequent to July 1, 1980, are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	25 – 30
Electric Distribution System	25
Water Distribution Lines	30 – 50
Sewer Distribution Lines	30
Infrastructure	30 – 50
Equipment	5 – 15
Vehicles	4 – 6

Property and equipment of the ADDC are depreciated over their estimated useful lives on a straight-line basis.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Property and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and Improvements	40
Equipment	5 – 10

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion, pension related deferrals for the 2017 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid license fees, property taxes receivable, and pension related deferrals.

8. 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.

In fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

9. Compensated Absences

The vacation policy of the City provides for the accumulation of up to two hundred (200) hours earned vacation leave with such leave being fully vested when earned. The number of maximum accumulated hours depends on years of service. For the City’s government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Albemarle Downtown Development Corporation has no specific policy regarding accrual of earned vacation leave. The ADDC has no liability for unused vacation leave at June 30, 2017.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The ABC Board vacation policy does not permit carryforward of unused hours to a subsequent calendar year.

The City's and the ABC Board'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 and the ABC Board have no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

*Net Position*

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

*Fund Balances*

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

The governmental fund types classify fund balances as follows:

Non-spendable 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.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, 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 - portion of fund balance that is restricted by State Statute [G.S.159-8(a)].

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

Restricted for Parks and Recreation – portion of fund balance that is restricted by revenue source for certain parks and recreation expenditures.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain public safety expenditures.

Restricted for Economic Development – portion of fund balance that is restricted by revenue source for economic development.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Albemarle’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.

Committed for Health Insurance – portion of fund balance committed by the City Council for employee health insurance.

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

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$1,000.

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

The City of Albemarle has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer 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 Officer has the authority to deviate from this policy if it is in the best interest of the City.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

11. Defined Benefit Pension Plans

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 Albemarle's employer contributions are recognized when due and the City of Albemarle 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.

**NOTE 2 - DETAIL NOTES ON ALL FUNDS**

**A. Assets**

1. Deposits

All deposits of the City, the ADDC and the ABC Board 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, the ADDC's, or the ABC Board's agents in these units' names. 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, the ADDC, and the ABC Board, these deposits are considered to be held by the City's, the ADDC's, and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for noninterest 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, the ADDC, or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City, the ADDC, or the ABC Board under the Pooling Method, the potential exists for under-collateralization, and 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. The ADDC and the ABC Board have no formal policies regarding custodial credit risk for deposits.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

At June 30, 2017, the City's deposits had a carrying amount of \$14,270,961 and a bank balance of \$13,983,621. Of the bank balance, \$1,250,000 was covered by federal depository insurance, \$733,843 was covered by collateral held under the Dedicated Method and \$11,999,778 was covered by collateral held under the pooling method. At June 30, 2017, the City's petty cash fund totaled \$3,348. At June 30, 2017, the carrying amount of the deposits for the ADDC was \$164,131. All deposits of the ADDC were covered by federal depository insurance. At June 30, 2017, the carrying amount of deposits for the ABC Board was \$388,537 and the bank balance was \$455,515. Of the bank balance, the portion not covered by federal depository insurance was collateralized under the pooling method. At June 30, 2017, the ABC Board's petty cash fund totaled \$2,568.

2. Investments

At June 30, 2017, the City's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/17</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Government Portfolio	Amortized Cost	\$ 811,874	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	<u>3,359,903</u>	0.09 years	Unrated
Total		<u>\$ 4,171,777</u>		

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

Level of fair value hierarchy: Level 1: Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits 100% of the City's investment portfolio to maturities of less than 12 months.

*Credit Risk.* The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2017. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2017 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ <u>194,414</u>
Water and Sewer Fund:	
Accounts receivable	\$ <u>171,337</u>

4. Capital Assets

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2017, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,139,419	\$ 2,267,907	\$ 148,389	\$ 4,258,937
Construction in progress	<u>495,442</u>	<u>893,799</u>	<u>676,577</u>	<u>712,664</u>
Total capital assets not being depreciated	<u>2,634,861</u>	<u>3,161,706</u>	<u>824,966</u>	<u>4,971,601</u>
Capital assets being depreciated:				
Buildings	10,937,952	1,505,793	646,032	11,797,713
Other improvements	1,167,471	-	-	1,167,471
Infrastructure	6,246,021	635,706	-	6,881,727
Furniture and fixtures	211,999	-	-	211,999
Equipment	<u>7,062,323</u>	<u>374,717</u>	<u>85,234</u>	<u>7,351,806</u>
Total capital assets being depreciated	<u>25,625,766</u>	<u>2,516,216</u>	<u>731,266</u>	<u>27,410,716</u>
Less accumulated depreciation:				
Buildings	4,155,767	385,677	254,066	4,287,378
Other improvements	466,440	28,428	-	494,868
Infrastructure	2,647,526	196,702	-	2,844,228
Furniture and fixtures	141,469	21,200	-	162,669
Equipment	<u>4,669,077</u>	<u>395,888</u>	<u>85,234</u>	<u>4,979,731</u>
Total accumulated depreciation	<u>12,080,279</u>	<u>1,027,895</u>	<u>339,300</u>	<u>12,768,874</u>
Total capital assets being depreciated – net	<u>13,033,499</u>			<u>14,039,925</u>
Governmental Activities				
Capital assets - net	\$ <u>16,180,348</u>			\$ <u>19,613,443</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2017

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

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

General government	\$	275,403
Public safety		258,571
Public works		289,867
Cultural and recreation		<u>204,054</u>
Total depreciation expense	\$	<u>1,027,895</u>

Capital asset activity for Business-type activities for the year ended June 30, 2017, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-Type Activities</b>				
<b>Water and Sewer Fund</b>				
Capital assets not being depreciated				
Land	\$ 139,933	\$ 15,879	\$ -	\$ 155,812
Construction in progress	<u>5,775,136</u>	<u>4,234,701</u>	<u>-</u>	<u>10,009,837</u>
Total capital assets not being depreciated	<u>5,915,069</u>	<u>4,250,580</u>	<u>-</u>	<u>10,165,649</u>
Capital assets being depreciated				
Buildings	41,431,541	8,190	-	41,439,731
Water and sewer lines	40,071,279	298,607	-	40,369,886
Furniture and fixtures	95,991	-	-	95,991
Equipment and vehicles	<u>8,642,877</u>	<u>536,438</u>	<u>62,632</u>	<u>9,116,685</u>
Total capital assets being depreciated	<u>90,241,688</u>	<u>843,235</u>	<u>62,632</u>	<u>91,022,293</u>
Less accumulated depreciation				
Buildings	22,157,600	882,320	-	23,039,920
Water and sewer lines	21,829,405	700,520	-	22,529,925
Furniture and fixtures	62,394	9,599	-	71,993
Equipment and vehicles	<u>3,027,203</u>	<u>548,567</u>	<u>62,632</u>	<u>3,513,138</u>
Total accumulated depreciation	<u>47,076,602</u>	<u>2,141,006</u>	<u>62,632</u>	<u>49,154,976</u>
Total capital assets being depreciated – net	<u>43,165,086</u>			<u>41,867,317</u>
Water and Sewer Fund				
Capital assets - net	<u>49,080,155</u>			<u>52,032,966</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2017

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities (Continued)				
<b>Electric Fund</b>				
Capital assets not being depreciated				
Land	\$ 145,963	\$ -	\$ -	\$ 145,963
Construction in progress	140,940	374,812	515,752	-
Total capital assets not being depreciated	<u>286,903</u>	<u>374,812</u>	<u>515,752</u>	<u>145,963</u>
Capital assets being depreciated				
Buildings	6,688,367	14,395	-	6,702,762
Distribution lines	18,026,758	515,751	-	18,542,509
Furniture and fixtures	191,983	-	-	191,983
Equipment and vehicles	2,808,303	468,786	-	3,277,089
Total capital assets being depreciated	<u>27,715,411</u>	<u>998,932</u>	<u>-</u>	<u>28,714,343</u>
Less accumulated depreciation				
Buildings	1,820,202	239,675	-	2,059,877
Distribution lines	14,412,360	198,040	-	14,610,400
Furniture and fixtures	124,789	19,198	-	143,987
Equipment and vehicles	1,954,208	160,722	-	2,114,930
Total accumulated depreciation	<u>18,311,559</u>	<u>617,635</u>	<u>-</u>	<u>18,929,194</u>
Total capital assets being depreciated – net	<u>9,403,852</u>			<u>9,785,149</u>
Electric Fund Capital Assets - Net	<u>9,690,755</u>			<u>9,931,112</u>
<b>Landfill Fund</b>				
Capital assets not being depreciated				
Land	581,781	-	-	581,781
Construction in progress	315,723	585,202	-	900,925
Total capital assets not being depreciated	<u>897,504</u>	<u>585,202</u>	<u>-</u>	<u>1,482,706</u>
Capital assets being depreciated				
Buildings	758,732	-	-	758,732
Landfill cell construction	6,814,278	-	-	6,814,278
Equipment and vehicles	4,509,306	150,359	593,790	4,065,875
Total capital assets being depreciated	<u>12,082,316</u>	<u>150,359</u>	<u>593,790</u>	<u>11,638,885</u>
Less accumulated depreciation				
Buildings	205,047	28,681	-	233,728
Landfill cell construction	6,763,836	2,114	-	6,765,950
Equipment and vehicles	2,694,535	480,291	593,790	2,581,036
Total accumulated depreciation	<u>9,663,418</u>	<u>511,086</u>	<u>593,790</u>	<u>9,580,714</u>
Total capital assets being depreciated – net	<u>2,418,898</u>			<u>2,058,171</u>
Landfill Fund Capital Assets - Net	<u>3,316,402</u>			<u>3,540,877</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-Type Activities (Continued)</b>				
<b>Department of Public Housing</b>				
Capital assets not being depreciated				
Land	\$ 163,505	\$ -	\$ -	\$ 163,505
Construction in progress	<u>417,072</u>	<u>373,344</u>	<u>790,416</u>	<u>-</u>
Total capital assets not being depreciated	<u>580,577</u>	<u>373,344</u>	<u>790,416</u>	<u>163,505</u>
Capital assets being depreciated				
Buildings	10,536,094	790,416	-	11,326,510
Improvements	1,068,274	27,460	-	1,095,734
Furniture and fixtures	32,487	-	-	32,487
Equipment	<u>627,105</u>	<u>23,851</u>	<u>14,130</u>	<u>636,826</u>
Total capital assets being depreciated	<u>12,263,960</u>	<u>841,727</u>	<u>14,130</u>	<u>13,091,557</u>
Less accumulated depreciation				
Buildings	5,960,198	328,634	-	6,288,832
Improvements	483,972	39,211	-	523,183
Furniture and fixtures	21,375	3,249	-	24,624
Equipment	<u>482,630</u>	<u>39,096</u>	<u>14,130</u>	<u>507,596</u>
Total accumulated depreciation	<u>6,948,175</u>	<u>410,190</u>	<u>14,130</u>	<u>7,344,235</u>
Total capital assets being depreciated – net	<u>5,315,785</u>			<u>5,747,322</u>
Department of Public Housing Capital Assets - Net	<u>5,896,362</u>			<u>5,910,827</u>
Business-Type Activities Capital Assets, Net	<u>\$ 67,983,674</u>			<u>\$ 71,415,782</u>

The government has active construction projects as of June 30, 2017. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-To- Date</u>	<u>Remaining Commitment</u>
Morehead Park Renovation	\$ 194,717	\$ 76,203
Hwy 52 Water Treatment Plant Upgrades	9,976,837	1,071,823
Concord/Kannapolis/Albemarle Waterline	6,737,681	6,000
Headworks (WWTP2)	3,106,834	557,561
Leachate Force Main	500,798	1,984,652
Landfill Office	<u>341,659</u>	<u>1,323,341</u>
	<u>\$ 20,858,526</u>	<u>\$ 5,019,580</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

**Discretely Presented Component Units**

Capital asset activity for discretely presented component units for the year ended June 30, 2017, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>ADDC Board</b>				
Capital assets not being depreciated				
Land	\$ 116,423	\$ -	\$ -	\$ 116,423
Capital assets being depreciated				
Buildings	915,274	-	-	915,274
Equipment	3,997	-	-	3,997
Total capital assets being depreciated	<u>919,271</u>	<u>-</u>	<u>-</u>	<u>919,271</u>
Less accumulated depreciation	<u>399,309</u>	<u>27,748</u>	<u>-</u>	<u>427,057</u>
Total capital assets being depreciated – net	<u>519,962</u>			<u>492,214</u>
ADDC Board Capital Assets - Net	<u>\$ 636,385</u>			<u>\$ 608,637</u>
<b>ABC Board</b>				
Capital assets not being depreciated				
Land	\$ 261,417	\$ -	\$ -	\$ 261,417
Capital assets being depreciated				
Buildings	1,035,540	-	-	1,035,540
Equipment	196,324	17,463	7,447	206,340
Total capital assets being depreciated	<u>1,231,864</u>	<u>17,463</u>	<u>7,447</u>	<u>1,241,880</u>
Less accumulated depreciation				
Buildings	296,465	26,637	-	323,102
Equipment	184,148	3,857	7,447	180,558
Total accumulated depreciation	<u>480,613</u>	<u>30,494</u>	<u>7,447</u>	<u>503,660</u>
Total capital assets being depreciated – net	<u>751,251</u>			<u>738,220</u>
ABC Board Capital Assets - Net	<u>\$ 1,012,668</u>			<u>\$ 999,637</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

***B. Liabilities***

1. Payables

Payables at the government-wide level at June 30, 2017, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities			
General	\$ 458,582	\$ 274,936	\$ 733,518
Other governmental	5,588	-	5,588
Total Governmental Activities	<u>\$ 464,170</u>	<u>\$ 274,936</u>	<u>\$ 739,106</u>
Business-Type Activities			
Water and sewer fund	\$ 701,372	\$ 101,229	\$ 802,601
Electric fund	2,822,961	81,119	2,904,080
Landfill fund	423,234	21,730	444,964
Department of public housing	22,171	20,257	42,428
Total Business-Type Activities	<u>\$ 3,969,738</u>	<u>\$ 224,335</u>	<u>\$ 4,194,073</u>

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

*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 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's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.25% for general employees and firefighters, 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 Albemarle were \$871,049 for the year ended June 30, 2017.

*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.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

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

At June 30, 2017, the City reported a liability of \$4,261,010 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the City's proportion was 0.20077%, which was an increase of 0.00170% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$1,134,392. At June 30, 2017, 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	\$ 80,057	\$ 149,311
Changes in assumptions	291,841	-
Net difference between projected and actual earnings on pension plan investments	2,355,805	-
Changes in proportion and differences between City contributions and proportionate share of contributions	8,013	35,211
City contributions subsequent to the measurement date	871,049	-
Total	<u>\$ 3,606,765</u>	<u>\$ 184,522</u>

\$871,049 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	384,642
2019		384,926
2020		1,108,685
2021		672,941
2022		-
Total	\$	<u>2,551,194</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and 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. All mortality rates are projected from RP-2014 Total Data Set Mortality Tables using generational improvement with Scale MP-2015.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City’s proportionate share of the net pension liability (asset)	\$ 10,113,369	\$ 4,261,010	\$ (627,312)

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

**b. Law Enforcement Officers Special Separation Allowance**

*(1) Plan Description*

The City of Albemarle, NC 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 Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate financial report.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	12
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>50</u>
Total	<u>62</u>

*(2) Summary of Significant Accounting Policies*

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

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

*(3) Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. All mortality rates are projected from RP-2014 Total Data Set Mortality Tables using generational improvement with Scale MP-2015.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

*(4) 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. There were no contributions made by employees. The City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$145,787 as benefits came due for the reporting period.

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

At June 30, 2017, the City reported a total pension liability of \$1,917,124. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$123,478.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	30,059
City benefit payments and plan administrative expense made subsequent to the measurement date	<u>77,198</u>	<u>-</u>
Total	<u>\$ 77,198</u>	<u>\$ 30,059</u>

\$77,198 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2018	\$ (7,040)
2019	(7,040)
2020	(7,040)
2021	(7,040)
2022	(1,899)
Thereafter	-

\$77,198 paid as benefits came due subsequent to the measurement date is reported as deferred outflows of resources.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

*Sensitivity of the City's total pension liability to changes in the discount rate.* The following presents the City's total pension liability calculated using the discount rate of 3.86 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 2,048,854	\$ 1,917,124	\$ 1,795,860

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

	2017
Beginning balance	\$ 1,969,751
Service cost	62,541
Interest on the total pension liability	67,718
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(37,099)
Benefit payments	(145,787)
Other changes	-
Ending balance of the total pension liability	\$ <u>1,917,124</u>

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

*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. Also, law enforcement officers may make voluntary contributions to the plan. The City made contributions of \$110,229 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for City Employees (non-law enforcement employees)

*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 all active full-time employees of the City that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding policy:* The City does not make contributions for non-law enforcement employees. The City’s employees may make voluntary contributions to the plan. Contribution requirements are established and may be amended by the City Council.

e. 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). As of July 1, 1984 this plan provides postemployment healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees’ Retirement System (System) and have at least five years of creditable service with the City. The City has elected to partially pay the future overall cost of coverage for employees’ benefits through private insurers and employees have the option of purchasing dependent coverage at the City’s group rates. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	38	12
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	238	36
Total	<u>276</u>	<u>48</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

*Funding Policy.* Under a City resolution that can be amended by City Council, the City pays a percentage of retiree insurance premiums based on years of creditable service beginning at ten years of creditable service with 100% of premiums paid for retirees with twenty-five years of creditable service. The City’s members pay the actual cost per month for dependent coverage. The City has chosen to fund the healthcare benefits on a pay as you go basis.

The current annual required contribution (ARC) rate is 6.41% of annual covered payroll. For the current year, the City contributed \$386,076 or 3.0% of annual covered payroll. The City obtains healthcare coverage through private insurers. The City’s obligation to contribute to HCB Plan is established and may be amended by the City Council.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The City’s annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 767,511
Interest on net OPEB obligation	121,262
Adjustment to annual required contribution	<u>(115,843)</u>
Annual OPEB cost (expense)	772,930
Contributions made	<u>540,862</u>
Increase (decrease) in net OPEB obligation	232,068
Net OPEB obligation, beginning of year	<u>3,031,550</u>
Net OPEB obligation, end of year	<u>\$ 3,263,618</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 737,950	66.80%	\$ 2,806,275
2016	702,692	67.90%	3,031,550
2017	772,930	70.00%	3,263,618

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$9,096,374. The covered payroll (annual payroll of active employees covered by the plan) was \$11,390,571, and the ratio of the UAAL to the covered payroll was 79.9 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

f. Other Employment Benefits

The City has also 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 month's 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.

3. Deferred Outflows and Inflows of Resources

The City had deferred outflows of resources comprised of the following:

Contributions to pension plan in current fiscal year	\$	871,049
Benefit payments made and administrative expenses for LEOSSA		77,198
Differences between expected and actual experience		80,057
Changes of assumptions		291,841
Net difference between projected and actual		2,355,805
Changes in proportion and differences between employer contributions and proportionate share of contributions		8,013
Total	\$	<u>3,683,963</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid licenses (General fund)	\$ 971	\$ 971
Taxes receivable, less penalties (General fund)	-	519,808
Changes in assumptions	30,059	-
Differences between expected and actual experience	149,311	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,211	-
Total	<u>\$ 215,552</u>	<u>520,779</u>

4. 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 participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, and excess loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

The City provides health and dental benefits through commercial insurers. Effective July 1, 2017, the City established a self-insured plan to provide health and dental benefits. In this self-insured plan, claims are administered and paid directly from the plan by Blue Cross and Blue Shield. Specific stop loss is set at \$135,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a maximum aggregate attachment point of \$2,514,101 and a contract period maximum of \$1,000,000.

The City carries commercial coverage for all other risks of loss. 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 fiscal years.

The ADDC 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 ADDC has insurance coverage for property, general liability, workers' compensation, and employee health coverage.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

The ABC Board 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 ABC Board has insurance coverage for property, general liability, workers' compensation, employee health coverage and liquor legal liability coverage. 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 fiscal years. In accordance with G.S. 18B-700(i), each Board member is bonded in the amount of \$50,000, secured by a corporate surety.

The City does not carry flood insurance as none of their buildings are located in flood prone areas.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$150,000 and \$100,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

**5. Claims, Judgments and Contingent Liabilities**

At June 30, 2017, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

**6. Long-Term Obligations**

**a. Installment Purchases**

	Serviced by	
	Governmental Activities	Business-Type Activities
Installment financing contract with a bank for fire trucks and related equipment; payable in twenty eight quarterly installments of \$31,908, including interest at 1.89%, secured by trucks and equipment.	\$ 188,321	\$ -
Installment financing contract with a bank for the expansion of the New City Hall Building; payable in sixty quarterly installments of \$87,500 through April 2023, plus interest at 2.37%, secured by land and building.	840,000	1,260,000
Lease-purchase agreement with Motorola Solutions, Inc.; payable in four annual installments of \$80,831, including interest at 2.91%, secured by equipment.	155,060	-
Note payable to a bank for fire department radios; payable in fifteen quarterly installments of \$13,507 through April 2020, including interest at 1.579%, secured by equipment.	157,946	-
Installment financing contract with a bank for the land; payable in quarterly installments of \$31,780 through April 2032, plus interest at 3.73%, secured by Deed of Trust on land.	1,875,000	-

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

	Serviced by	
	Governmental Activities	Business-Type Activities
Note payable to a bank for transportation equipment; payable in monthly installments of \$7,585 through February 2021, including interest at 1.584%, secured by equipment.	\$ 324,153	\$ -
2010 Clean Water State Revolving Loan through the N.C. Department of Environment and Natural Resources; payable in annual installments of \$143,969 through May 2023, plus semi-annual interest payments at 2.22%.	-	2,303,518
Installment financing contract with a bank for the Highway 52 EQ Basin; payable in forty quarterly installments of \$35,003, plus interest at 1.97%, secured by land and building.	-	804,942
Lease-purchase agreement with a finance company for information systems equipment; payable in quarterly installments of \$7,064, including interest imputed at 9.71%, secured by equipment.	11,509	21,375
Installment financing contract with a bank for the CKA Water Line Extension Project; payable in quarterly installments of \$80,000 through September 2033, plus interest at 3.59%, secured by land and building.	-	5,200,000
Installment financing contract with a bank for the Rehabilitation of Old Whitney Raw Water Pump Station; payable in quarterly installments of \$43,054 through September 2020, plus interest at 1.63%, secured by equipment.	-	559,696
2014 Clean Water Revolving Loan through N.C. Department of Environment and Natural Resources the Water/Sewer Inflow & Infiltration System; payable in annual installments of \$169,430, plus semi-annual interest payments at 2.0%, secured by equipment.	-	3,049,741
Installment financing contract with a bank for the purchase of equipment; payable in monthly installments of \$4,584 through July 2018, including interest at 1.616%, secured by equipment.	-	59,029
Installment financing contract with a bank for the purchase of equipment; payable in monthly installments of \$6,779 through March 2019, including interest at 1.55%, secured by equipment.	-	140,334
Installment financing contract with a bank for the purchase of equipment; payable in monthly installments of \$13,354 including interest at 1.579%, secured by equipment.	-	507,158
2015 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Waste Water Treatment Headworks Project, payable in twenty annual installments of \$158,282 beginning November 2016 through May 2036, plus semi-annual interest payments at 2%.	-	2,823,988

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

	Serviced by	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Note payable to a bank for computer equipment; payable in monthly installments of \$2,556 through November 2019, including interest of 1.45%, unsecured.	72,784	-
2015 Water Revolving Loan from the Drinking Water State Revolving Fund (SRF) for the US Highway 52 Water Treatment Plant Rehabilitation, payable in twenty annual installments of \$552,240 beginning May 2018. The loan is non-interest bearing and is in the draw down period at June 30, 2017.	-	9,515,776
Total Installment Purchases	<u>\$ 3,624,773</u>	<u>\$ 26,245,557</u>

**b. Installment Purchases**

Annual debt service payments of the installment purchase contracts as of June 30, 2017, are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 613,780	\$ 90,720	\$ 2,170,463	\$ 416,200
2019	582,375	87,535	2,091,547	378,793
2020	422,646	74,194	2,024,380	344,001
2021	327,402	64,187	1,776,945	310,832
2022	267,120	55,770	1,693,936	281,576
2023-2027	775,600	182,843	7,034,486	1,034,205
2028-2032	635,850	62,230	6,719,612	498,958
2033-2036	-	-	2,734,188	65,774
Totals	<u>\$ 3,624,773</u>	<u>\$ 617,479</u>	<u>\$ 26,245,557</u>	<u>\$ 3,330,339</u>

At June 30, 2017 the City had a legal debt margin of \$52,348,021.

**c. Changes in Long-Term Liabilities**

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2017:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Installment purchases	\$ 2,164,982	\$ 1,964,972	\$ 505,181	\$ 3,624,773	\$ 613,780
Compensated absences	735,862	253,343	291,764	697,441	266,539
Net pension obligation (LEO)	1,969,751	-	52,627	1,917,124	-
Net pension liability (LGERS)	537,367	2,038,681	-	2,576,048	-
Other postemployment benefits	1,823,405	149,657	-	1,973,062	-
Governmental Activity Long-Term Liabilities	<u>\$ 7,231,367</u>	<u>\$ 4,406,653</u>	<u>\$ 849,572</u>	<u>\$ 10,788,448</u>	<u>\$ 880,319</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
Business-Type Activities:					
<b>Water and Sewer Fund</b>					
Installment purchases	\$ 21,745,749	\$ 4,338,757	\$ 1,258,289	\$ 24,826,217	\$ 1,812,366
Compensated absences	199,305	77,750	86,037	191,018	85,958
Net pension liability (LGERS)	174,727	619,149	-	793,876	-
Other postemployment benefits	592,886	15,165	-	608,051	-
Total Water and Sewer Fund	<u>22,712,667</u>	<u>5,050,821</u>	<u>1,344,326</u>	<u>26,419,162</u>	<u>1,898,324</u>
Business-Type Activities:					
<b>Electric Fund</b>					
Installment purchases	996,948	-	147,083	849,865	147,796
Compensated absences	174,998	67,314	75,544	166,768	75,045
Net pension liability (LGERS)	112,089	438,764	-	550,853	-
Other postemployment benefits	380,342	41,571	-	421,913	-
Total Electric Fund	<u>1,664,377</u>	<u>547,649</u>	<u>222,627</u>	<u>1,989,399</u>	<u>222,841</u>
Business-Type Activities:					
<b>Landfill Fund</b>					
Installment purchases	773,409	-	205,578	567,831	209,002
Compensated absences	58,270	16,799	25,154	49,915	22,462
Net pension liability (LGERS)	39,561	154,858	-	194,419	-
Other postemployment benefits	134,238	14,672	-	148,910	-
Total Landfill Fund	<u>1,005,478</u>	<u>186,329</u>	<u>230,732</u>	<u>961,075</u>	<u>231,464</u>
Business-Type Activities:					
<b>Public Housing Fund</b>					
Installment purchases	2,825	-	1,181	1,644	1,299
Compensated absences	30,774	18,150	13,285	35,639	16,037
Net pension liability (LGERS)	29,670	116,144	-	145,814	-
Other postemployment benefits	100,679	11,003	-	111,682	-
Total Public Housing Fund	<u>163,948</u>	<u>145,297</u>	<u>14,466</u>	<u>294,779</u>	<u>17,336</u>
Total Business Activity					
Long-Term Liabilities	<u>\$ 25,546,470</u>	<u>\$ 5,930,096</u>	<u>\$ 1,812,151</u>	<u>\$ 29,662,415</u>	<u>\$ 2,369,965</u>

Compensated absences, net pension obligations and other postemployment benefits for governmental activities have typically been liquidated in the general fund.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued**

**C. Interfund Balances and Activity**

1. Balances due/to from other funds at June 30, 2017, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer Fund	General Fund	\$ 103,576
Electric Fund	General Fund	703,361

Interfund loan – On March 1, 2004, the General Fund borrowed a total of \$1,935,000 from the Electric and Water and Sewer Funds to fund construction of a public safety facility. The terms of the arrangement require the General Fund to repay the Electric and Water and Sewer Funds over 15 years with an interest of 3.0%.

Interfund loan – On December 30, 2012, the General Fund borrowed a total of \$911,300 from the Electric and Water and Sewer Funds to fund construction of a parks and recreation facility. The terms of the arrangement require the General Fund to repay the Electric and Water and Sewer Funds over 10 years with an interest rate of 2%.

2. Transfers to/from other funds at June 30, 2017, consist of the following:

From the Water and Sewer Fund to the General Fund for payment in lieu of taxes	\$ 272,550
From the Water and Sewer Fund to the General Fund for economic development	36,534
From the Water and Sewer Fund to the General Fund for health insurance reserve	168,695
From the Electric Fund to the General Fund for payment in lieu of taxes	247,500
From the Electric Fund to the General Fund for economic development	51,147
From the Electric Fund to the General Fund for health insurance reserve	82,865
From the Landfill Fund to the General Fund for payment in lieu of taxes	26,300
From the Landfill Fund to the General Fund for economic development	14,613
From the Landfill Fund to the General Fund for health insurance reserve	19,550
From the Public Housing Fund to the General Fund for payment in lieu of taxes	12,565
	<u>\$ 932,319</u>
From the General Fund to the Parks and Recreation Trust Grant Fund to supplement other funding sources	\$ 130,478
From the General Fund to the Governor’s Highway Safety Grant Fund to supplement other funding sources	4,723
From the General Fund to the NCDOT Leonard Avenue Project Fund to supplement other funding sources	65,679
From the General Fund to the Parks and Recreation Sports Complex Fund to transfer contributions restricted for Sports Complex	1,005,000
From the General Fund to the Electric Fund for street lights	25,000
	<u>\$ 1,230,880</u>

Transfers from the are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided for matching funds for various grant programs.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 3 - JOINTLY GOVERNED ORGANIZATIONS**

North Carolina Municipal Power Agency Number 1

The City, in conjunction with twenty other local governments, is a member of the North Carolina City Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The twenty-one members who receive power from the Agency have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2017 were \$27,108,012.

Centralina Council of Governments

The City, in conjunction with nine counties and sixty-four other municipalities, participates in the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$3,830 to the Council during the year ended June 30, 2017.

**NOTE 4 - 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 monies 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.

Claims, Judgements and Contingent Liabilities

The City is a party to various lawsuits and legal actions. In the opinion of management and the City's attorney, the ultimate outcome of these legal matters is not expected to have a material impact on the City's financial position.

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended June 30, 2017*

**NOTE 5 - CLOSURE AND POSTCLOSURE CARE COSTS – CITY OF ALBEMARLE LANDFILL FACILITY**

The City operates two landfills which are referred to as the “old landfill” and the “new landfill.” State and federal laws and regulations require the City to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although certain closure and post-closure care costs will be paid only near or after the date each landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,994,289 reported as landfill closure and post-closure care liability at June 30, 2017 represents a cumulative amount reported to date, based on the use of 60% of the total estimated capacity of each landfill. The City will recognize the remaining estimated closure and postclosure care of \$4.0 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The following is an analysis of landfill closure and post-closure liability at June 30, 2017:

Old Landfill	\$	2,677,529
New Landfill		<u>3,316,760</u>
	\$	<u>5,994,289</u>

The City has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements.

**NOTE 6 - FUND BALANCE**

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

Total fund balance, General Fund	\$	<u>7,103,667</u>
Less:		
Inventories		15,168
Prepays		30,710
Stabilization by State Statute		1,549,321
Appropriated fund balance in 2018 budget		333,780
Health Insurance		486,965
Streets – Powell Bill		322,550
Parks and Recreation		36,992
Public Safety		21,182
Economic Development		4,123
Remaining Fund Balance	\$	<u>4,302,876</u>

**CITY OF ALBEMARLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**NOTE 7 - SPECIAL ITEM**

During the fiscal year ended June 30, 2017, the City entered into an agreement with Pfeiffer University and Stanly County in which the City gave property and cash to Stanly County and the City received property which it subsequently donated to Pfeiffer University to provide space in the downtown area for a graduate program. The net book value of assets donated to Pfeiffer University was \$227,361. This item is reflected in the government-wide statements as a special item because it is unusual in nature but under the control of management.

**NOTE 8 - CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 73; *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$1,437,209.

**NOTE 9 - SUBSEQUENT EVENTS**

In August 2017, the City entered into a financing agreement with the North Carolina Department of Environmental Quality related to funding from Capitalization Grants for Clean Water State Revolving funds for the Leachate Upgrade at the landfill facility in the amount of \$2,435,450. The loan bears interest at 1.84% and will be repaid in twenty annual installments.

In August 2017, the City entered into an engineering services agreement for technical and administrative services for Phase II of the Sanitary Sewer Rehabilitation Project and Phase I of the Electrical System Rehabilitation Project at the Long Creek wastewater treatment facility in the amount of \$603,000.

Management has evaluated subsequent events through December 6, 2017, the date the financial statements were available to be issued.

# Required Supplemental Financial Data

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This section contains additional information required by generally accepted accounting principles.

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- Schedule of Funding Progress for the Other Postemployment Benefits and Schedule of Employer Contributions
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance



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**CITY OF ALBEMARLE, NORTH CAROLINA  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION**

*Exhibit J*

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of % of Covered Payroll ((b - a)/c)
12/31/2009	\$ -	\$ 8,983,695	\$ 8,983,695	0%	\$ 11,186,584	80.3%
12/31/2010	-	8,395,508	8,395,508	0%	10,854,228	77.3%
12/31/2011	-	7,895,663	7,895,663	0%	10,607,572	74.4%
12/31/2012	-	8,540,573	8,540,573	0%	10,507,091	81.3%
12/31/2013	-	8,714,541	8,714,541	0%	10,826,345	80.5%
12/31/2014	-	8,254,239	8,254,239	0%	10,855,191	76.0%
12/31/2015	-	9,096,374	9,096,374	0%	11,390,571	79.9%

**Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2015	\$ 733,371	47.90%
2016	697,676	48.90%
2017	767,511	50.30%

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
*Last Four Fiscal Years\**

*Exhibit K*

**Local Government Employees' Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Albemarle's proportion of the net pension liability (asset) %	0.20077%	0.19907%	0.20039%	0.19690%
Albemarle's proportion of net pension liability (asset) \$	\$ 4,261,010	\$ 893,414	\$ (1,181,792)	\$ 2,373,401
Albemarle's covered-employee payroll	\$11,796,289	\$ 11,148,197	\$ 10,816,329	\$ 10,757,264
Albemarle's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	36.12%	8.01%	(10.93%)	22.06%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

This schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**SCHEDULE OF CONTRIBUTIONS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
*Last Four Fiscal Years*

*Exhibit L*

**Local Government Employees' Retirement System**

	2017	2016	2015	2014
Contractually required contribution	\$ 871,049	\$ 806,049	\$ 795,267	\$ 769,059
Contributions in relation to the contractually required contribution	871,049	806,049	795,267	769,059
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Albemarle's covered-employee payroll	\$ 11,827,787	\$ 11,796,289	\$ 11,148,197	\$ 10,816,329
Contributions as a percentage of covered-employee payroll	7.36%	6.83%	7.13%	7.11%

This schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.

**CITY OF ALBEMARLE, NORTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**

*Exhibit M*

*Law Enforcement Officers' Special Separation Allowance*

	2017
Beginning Balance	\$ 1,969,751
Service Cost	62,541
Interest on the total pension liability	67,718
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(37,099)
Benefit payments	(145,787)
Other changes	-
Ending balance of the total pension liability	\$ 1,917,124

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

This schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**

*Exhibit N*

*Law Enforcement Officers' Special Separation Allowance*

	<u>2017</u>
Total pension liability	\$ 1,917,124
Covered payroll	2,298,076
Total pension liability as a percentage of covered payroll	83.42%

Notes to the schedules:

The City of Albemarle has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.



# ALBEMARLE

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# **Combining and Individual Fund Financial Statements**



# ALBEMARLE

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## **Major Governmental Funds**

*General Fund* – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.



# ALBEMARLE

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**CITY OF ALBEMARLE, NORTH CAROLINA**  
**GENERAL FUND**

*Schedule 1*  
*Page 1 of 5*

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2017**

	2017		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
<b>Ad valorem taxes</b>			
Current year	\$ 5,817,000	\$ 5,908,362	\$ 91,362
Prior years	160,800	140,001	(20,799)
Penalties and interest	50,600	53,110	2,510
Total	<u>6,028,400</u>	<u>6,101,473</u>	<u>73,073</u>
<b>Other taxes and licenses</b>			
Gross receipts tax on short-term rental property	21,000	25,767	4,767
Local occupancy tax	125,000	135,886	10,886
Privilege license fee	1,350	1,823	473
Motor vehicle fees	50,000	66,475	16,475
Total	<u>197,350</u>	<u>229,951</u>	<u>32,601</u>
<b>Unrestricted intergovernmental revenues</b>			
Local option sales tax	3,477,765	3,498,266	20,501
Utility franchise tax	1,154,800	1,065,105	(89,695)
Telecommunications tax	141,000	136,776	(4,224)
Cable TV franchise	125,000	117,579	(7,421)
Piped natural gas sales tax	37,800	36,618	(1,182)
Beer and wine tax	72,500	72,324	(176)
ABC profit distribution	200,000	241,000	41,000
Total	<u>5,208,865</u>	<u>5,167,668</u>	<u>(41,197)</u>
<b>Restricted intergovernmental revenue</b>			
ABC - law enforcement	10,000	13,999	3,999
Powell Bill allocation	523,800	516,830	(6,970)
Street sweeper contract	8,500	8,486	(14)
Federal grants	4,000	2,138	(1,862)
State grants	6,000	7,067	1,067
Drug tax distribution	3,764	6,574	2,810
Right of way mowing	16,800	16,783	(17)
Schools	72,135	72,135	-
Total	<u>644,999</u>	<u>644,012</u>	<u>(987)</u>

*Continued*

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

For the Year Ended June 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Revenues (continued)			
Permits and fees			
Fire Department fees	\$ 30,425	\$ 26,970	\$ (3,455)
Inspection and rezoning fees	8,500	7,795	(705)
Nuisance abatements	-	621	621
Miscellaneous permits/fees	-	5,440	5,440
Total	<u>38,925</u>	<u>40,826</u>	<u>1,901</u>
Sales and service			
Court costs and fees	450	317	(133)
Refuse collection fees	1,241,200	1,275,629	34,429
Cultural and recreational fees	89,500	92,536	3,036
Total	<u>1,331,150</u>	<u>1,368,482</u>	<u>37,332</u>
Investment earnings	<u>5,000</u>	<u>17,090</u>	<u>12,090</u>
Miscellaneous			
Miscellaneous	109,300	139,156	29,856
Sale of surplus property	12,300	15,709	3,409
Sale of fixed assets	6,500	3,848	(2,652)
Rental revenue	26,200	32,989	6,789
Contributions	2,250	9,338	7,088
Insurance reimbursement	6,116	13,649	7,533
Total	<u>162,666</u>	<u>214,689</u>	<u>52,023</u>
Total revenues	<u>13,617,355</u>	<u>13,784,191</u>	<u>166,836</u>
Expenditures			
General government			
Administration			
Salaries and employee benefits	144,850	144,450	400
Other operating expenditures	584,675	513,714	70,961
Capital outlay	1,966,650	1,952,361	14,289
Total	<u>2,696,175</u>	<u>2,610,525</u>	<u>85,650</u>
Information systems			
Salaries and employees benefits	104,500	77,749	26,751
Other operating expenditures	161,055	165,702	(4,647)
Capital outlay	19,200	3,088	16,112
Total	<u>284,755</u>	<u>246,539</u>	<u>38,216</u>

Continued

**CITY OF ALBEMARLE, NORTH CAROLINA  
GENERAL FUND**

*Schedule 1  
Page 3 of 5*

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (Continued)			
General government (continued)			
Economic Development			
Salaries and employees benefits	\$ 90,410	\$ 93,084	\$ (2,674)
Other operating expenditures	84,500	74,483	10,017
Total	174,910	167,567	7,343
Human resources			
Salaries and employee benefits	76,590	73,577	3,013
Other operating expenditures	24,550	15,065	9,485
Total	101,140	88,642	12,498
Finance			
Salaries and employee benefits	132,575	120,680	11,895
Other operating expenditures	203,775	187,610	16,165
Total	336,350	308,290	28,060
Community Development			
Salaries and employee benefits	360,300	344,842	15,458
Other operating expenditures	200,050	187,492	12,558
Total	560,350	532,334	28,016
Downtown Development			
Salaries and employee benefits	75,926	70,827	5,099
Other operating expenditures	18,724	11,674	7,050
Total	94,650	82,501	12,149
Total general government	4,248,330	4,036,398	211,932
Public Safety			
Police			
Salaries and employee benefits	3,748,100	3,658,071	90,029
School resource officers	141,720	137,199	4,521
Other operating expenditures	545,608	531,410	14,198
Capital outlay	748,497	738,244	10,253
Total	5,183,925	5,064,924	119,001
Fire department			
Salaries and employee benefits	2,774,050	2,737,935	36,115
Other operating expenditures	443,650	386,809	56,841
Capital outlay	47,000	46,486	514
Total	3,264,700	3,171,230	93,470
Total public safety	8,448,625	8,236,154	212,471

*Continued*

**CITY OF ALBEMARLE, NORTH CAROLINA  
GENERAL FUND**

*Schedule 1  
Page 4 of 5*

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (Continued)			
Public works			
Administration			
Salaries and employees benefits	\$ 168,400	\$ 133,436	\$ 34,964
Solid waste disposal fee	347,000	322,577	24,423
Downtown services	112,925	108,594	4,331
Other operating expenditures	34,400	40,993	(6,593)
Total	<u>662,725</u>	<u>605,600</u>	<u>57,125</u>
Streets and Highways			
Salaries and employee benefits	758,150	744,292	13,858
Other operating expenditures	380,345	350,752	29,593
Capital outlay	55,000	70,326	(15,326)
Total	<u>1,193,495</u>	<u>1,165,370</u>	<u>28,125</u>
Shop and Warehouse			
Salaries and employee benefits	116,925	100,988	15,937
Other operating expenditures	59,000	48,646	10,354
Capital outlay	-	18,349	(18,349)
Total	<u>175,925</u>	<u>167,983</u>	<u>7,942</u>
Solid Waste Division			
Solid waste	943,200	927,182	16,018
Bad debt expense	11,000	9,770	1,230
Total	<u>954,200</u>	<u>936,952</u>	<u>17,248</u>
Total public works	<u>2,986,345</u>	<u>2,875,905</u>	<u>110,440</u>
Cultural and recreation			
Parks and recreation			
Salaries and employee benefits	918,200	892,290	25,910
Other operating expenditures	373,925	372,139	1,786
Capital outlay	150,300	133,889	16,411
Total cultural and recreation	<u>1,442,425</u>	<u>1,398,318</u>	<u>44,107</u>
Debt service			
Principal retirement	524,250	505,182	19,068
Interest and fees	69,100	65,439	3,661
Total debt service	<u>593,350</u>	<u>570,621</u>	<u>22,729</u>
Total expenditures	<u>17,719,075</u>	<u>17,117,396</u>	<u>601,679</u>
Revenues over (under) expenditures	<u>(4,101,720)</u>	<u>(3,333,205)</u>	<u>768,515</u>

*Continued*

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

For the Year Ended June 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Other financing sources (uses)			
Operating transfers (to) from other funds			
Water and sewer fund	\$ 316,850	\$ 309,084	\$ (7,766)
Electric fund	1,077,000	298,647	(778,353)
Landfill fund	44,000	40,913	(3,087)
Public housing fund	12,200	12,565	365
Electric fund	(25,000)	(25,000)	-
Health insurance reserve fund	(241,185)	(215,855)	25,330
NCDOT Leonard Avenue Project	(81,005)	(65,679)	15,326
Governor's Highway Safety Grant	-	(4,723)	(4,723)
Parks and recreation grant fund	(1,135,500)	(1,135,478)	22
Installment purchase obligations issued	2,029,700	1,964,972	(64,728)
 Total other financing sources (uses)	 1,997,060	 1,179,446	 (817,614)
 Revenues over (under) expenditures and other financing sources (uses)	 (2,104,660)	 (2,153,759)	 (49,099)
 Fund balance appropriated	 2,104,660	 -	 (2,104,660)
 Net change in fund balance	 \$ -	 (2,153,759)	 \$ (2,153,759)
 Fund balance - beginning		 8,770,461	
 Fund balance - ending		 \$ 6,616,702	

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**HEALTH INSURANCE RESERVE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2017**

*Schedule 2*

	Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ -	\$ -
Expenditures			
Current:			
General government:			
Health insurance	539,945	-	539,945
Revenues over (under) expenditures	(539,945)	-	539,945
Other financing (uses) sources			
Transfers from other funds			
General fund	268,835	215,855	(52,980)
Water and sewer fund	168,695	168,695	-
Electric fund	82,865	82,865	-
Landfill fund	19,550	19,550	-
	539,945	486,965	(52,980)
Revenues and other sources over (under) expenditures and other uses	\$ -	486,965	\$ 486,965
Fund balance - beginning		-	
Fund balance - ending		\$ 486,965	

# Non-Major Governmental Funds

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## Capital Project Funds

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*NCDOT Leonard Avenue Project Fund* – This fund is used to account for grant monies restricted for street and related expenditures.

*NCDOT US Hwy 52 Project Fund* – This fund is used to account for grant monies restricted for street and related expenditures.

*Parks and Recreation Trust Grant Fund* – This fund is used to account for grant monies restricted for Morehead Park renovation.

*Governor's Highway Safety Grant Fund* – This fund is used to account for grant and other monies for the Governor's Highway Safety Grant Fund.

*Parks and Recreation Sports Complex* – This fund is used to account for contributions restricted for construction of a sports complex and related expenditures.



# ALBEMARLE

NORTH CAROLINA

*Water. Air. Land. Opportunity.*

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
*June 30, 2017*

Schedule 3

	Capital Project Funds					Total Capital Project Funds
	NCDOT Leonard Avenue Project	NCDOT US Hwy 52 Project	Parks And Recreation Trust Grant Fund	Governor's Highway Safety Grant Fund	Parks And Recreation Sports Complex Project	
<b>ASSETS</b>						
Current Assets						
Cash and investments	\$ -	\$ -	\$ 37,745	\$ -	\$ 580,577	\$ 618,322
Due from other governments	-	-	20,848	-	-	20,848
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 58,593</b>	<b>\$ -</b>	<b>\$ 580,577</b>	<b>\$ 639,170</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 5,588	\$ 5,588
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,588</b>	<b>5,588</b>
Fund balances						
Restricted						
Cultural and recreational	-	-	58,593	-	574,989	633,582
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>58,593</b>	<b>-</b>	<b>574,989</b>	<b>633,582</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 58,593</b>	<b>\$ -</b>	<b>\$ 580,577</b>	<b>\$ 639,170</b>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2017**

Schedule 4

	Capital Project Funds					Total Capital Project Funds
	NCDOT Leonard Avenue Project	NCDOT US Hwy 52 Project	Parks And Recreation Trust Grant Fund	Governor's Highway Safety Grant Fund	Parks And Recreation Sports Complex Fund	
Revenues						
Restricted intergovernmental	\$ 196,663	\$ -	\$ 79,027	\$ 8,454	\$ -	\$ 284,144
Total revenues	<u>196,663</u>	<u>-</u>	<u>79,027</u>	<u>8,454</u>	<u>-</u>	<u>284,144</u>
Expenditures						
Public safety	-	-	-	17,235	-	17,235
Capital outlay	270,467	-	127,007	-	430,011	827,485
Total expenditures	<u>270,467</u>	<u>-</u>	<u>127,007</u>	<u>17,235</u>	<u>430,011</u>	<u>844,720</u>
Revenues over (under) expenditures	<u>(73,804)</u>	<u>-</u>	<u>(47,980)</u>	<u>(8,781)</u>	<u>(430,011)</u>	<u>(560,576)</u>
Other financing sources (uses)						
Transfers from (to) other funds						
General Fund	65,804	(125)	130,478	4,723	1,005,000	1,205,880
Total other financing sources (uses)	<u>65,804</u>	<u>(125)</u>	<u>130,478</u>	<u>4,723</u>	<u>1,005,000</u>	<u>1,205,880</u>
Net change in fund balances	(8,000)	(125)	82,498	(4,058)	574,989	645,304
Fund balance - beginning	8,000	125	(23,905)	4,058	-	(11,722)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,593</u>	<u>\$ -</u>	<u>\$ 574,989</u>	<u>\$ 633,582</u>

## NCDOT LEONARD AVENUE PROJECT

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

## BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2017

	Project Authorization	Actual		Total To Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues					
Restricted intergovernmental revenues					
NCDOT Grant	\$ 493,000	\$ 296,337	\$ 196,663	\$ 493,000	\$ -
Total revenues	493,000	296,337	196,663	493,000	-
Expenditures					
Legal	5,000	21,866	-	21,866	(16,866)
Engineering	42,250	39,002	-	39,002	3,248
Right of way acquisition	5,000	13,984	-	13,984	(8,984)
Construction in Progress	493,000	289,895	270,467	560,362	(67,362)
Contingency	24,650	490	-	490	24,160
Total expenditures	569,900	365,237	270,467	635,704	(65,804)
Revenues over (under) expenditures	(76,900)	(68,900)	(73,804)	(142,704)	(65,804)
Other financing sources					
Transfers from other funds					
General Fund	76,900	76,900	65,804	142,704	65,804
Total other financing sources	76,900	76,900	65,804	142,704	65,804
Net change in fund balance	\$ -	\$ 8,000	(8,000)	\$ -	\$ -
Fund balance - beginning			8,000		
Fund balance - ending			\$ -		

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**NCDOT US HWY 52 PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

Schedule 6

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
NCDOT Grant	\$ 230,000	\$ 230,000	\$ -	\$ 230,000	\$ -
<b>Total revenues</b>	<u>230,000</u>	<u>230,000</u>	<u>-</u>	<u>230,000</u>	<u>-</u>
<b>Expenditures</b>					
Legal	5,000	17,074	-	17,074	(12,074)
Engineering	33,350	30,390	-	30,390	2,960
Right of way acquisition	20,000	14,639	-	14,639	5,361
Construction in progress	230,000	303,997	-	303,997	(73,997)
Contingency	11,500	-	-	-	11,500
<b>Total expenditures</b>	<u>299,850</u>	<u>366,100</u>	<u>-</u>	<u>366,100</u>	<u>(66,250)</u>
<b>Revenues (under) expenditures</b>	<u>(69,850)</u>	<u>(136,100)</u>	<u>-</u>	<u>(136,100)</u>	<u>66,250</u>
<b>Other financing sources</b>					
Transfer from (to) General Fund	69,850	136,225	(125)	136,100	(66,250)
<b>Total other financing sources</b>	<u>69,850</u>	<u>136,225</u>	<u>(125)</u>	<u>136,100</u>	<u>(66,250)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 125</u>	<u>(125)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance - beginning</b>			<u>125</u>		
<b>Fund balance - ending</b>			<u>\$ -</u>		

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**PARKS AND RECREATION TRUST GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
*From Inception and for the Year Ended June 30, 2017*

Schedule 7

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	Variance Positive (Negative)
Revenues					
Restricted intergovernmental revenues					
Private grant	\$ 130,492	\$ 33,855	\$ 79,027	\$ 112,882	\$ (17,610)
Expenditures					
Salary and benefits	7,536	-	-	-	7,536
Legal	2,000	-	-	-	2,000
Engineering	10,000	-	-	-	10,000
Equipment	80,000	-	11,982	11,982	68,018
Equipment rent	2,400	-	-	-	2,400
Construction	156,500	67,710	115,025	182,735	(26,235)
Contingency	12,484	-	-	-	12,484
 Total expenditures	 <u>270,920</u>	 <u>67,710</u>	 <u>127,007</u>	 <u>194,717</u>	 <u>76,203</u>
 Revenues over (under) expenditures	 <u>(140,428)</u>	 <u>(33,855)</u>	 <u>(47,980)</u>	 <u>(81,835)</u>	 <u>58,593</u>
Other financing sources					
Transfers from other funds					
From General Fund	140,428	9,950	130,478	140,428	-
Total other financing sources	<u>140,428</u>	<u>9,950</u>	<u>130,478</u>	<u>140,428</u>	-
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ (23,905)</u>	 82,498	 <u>\$ 58,593</u>	 <u>\$ 58,593</u>
 Fund balance - beginning			 <u>(23,905)</u>		
 Fund balance - ending			 <u>\$ 58,593</u>		

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**GOVERNOR'S HIGHWAY SAFETY GRANT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

Schedule 8

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Police grant	\$ 167,393	\$ 142,365	\$ 8,454	\$ 150,819	\$ (16,574)
Total revenues	<u>167,393</u>	<u>142,365</u>	<u>8,454</u>	<u>150,819</u>	<u>(16,574)</u>
Expenditures					
Salaries & benefits	163,146	140,934	17,026	157,960	5,186
Other operating expenses	37,105	19,648	209	19,857	17,248
Capital outlay	<u>35,000</u>	<u>34,203</u>	<u>-</u>	<u>34,203</u>	<u>797</u>
Total expenditures	<u>235,251</u>	<u>194,785</u>	<u>17,235</u>	<u>212,020</u>	<u>23,231</u>
Revenues (under) expenditures	<u>(67,858)</u>	<u>(52,420)</u>	<u>(8,781)</u>	<u>(61,201)</u>	<u>(6,657)</u>
Other financing sources					
Transfer from the General Fund	16,282	18,828	(4,061)	14,767	(1,515)
Transfer from the General Fund	17,664	17,736	3	17,739	75
Transfer from the General Fund	<u>33,912</u>	<u>19,914</u>	<u>8,781</u>	<u>28,695</u>	<u>(5,217)</u>
Total other financing sources	<u>67,858</u>	<u>56,478</u>	<u>4,723</u>	<u>61,201</u>	<u>(6,657)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,058</u>	<u>(4,058)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - beginning			<u>4,058</u>		
Fund balance - ending			<u>\$ -</u>		

*CITY OF ALBEMARLE, NORTH CAROLINA* *Schedule 9*  
**PARKS AND RECREATION SPORTS COMPLEX PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
*From Inception and for the Year Ended June 30, 2017*

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues					
Contributions	\$ 4,600,000	\$ -	\$ -	\$ -	\$(4,600,000)
Expenditures					
Construction	7,000,000	-	430,011	430,011	6,569,989
Total expenditures	7,000,000	-	430,011	430,011	6,569,989
Revenues over (under) expenditures	(2,400,000)	-	(430,011)	(430,011)	1,969,989
Other financing sources					
Transfers from other funds					
From General Fund	2,400,000	-	1,005,000	1,005,000	(1,395,000)
Total other financing sources	2,400,000	-	1,005,000	1,005,000	(1,395,000)
Net change in fund balance	\$ -	\$ -	574,989	\$ 574,989	\$ 574,989
Fund balance - beginning			-		
Fund balance - ending			\$ 574,989		



# ALBEMARLE

NORTH CAROLINA

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# Enterprise Funds

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Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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***Water and Sewer Fund*** – This fund is used to account for the City’s water and sewer operations.

***Electric Fund*** – This fund is used to account for the City’s electric operations.

***Municipal Solid Waste Landfill Fund*** – This fund is used to account for the City’s landfill operations.

***Albemarle Department of Public Housing*** – This fund is used to account for the City’s public housing operations.



**ALBEMARLE**

NORTH CAROLINA

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**CITY OF ALBEMARLE, NORTH CAROLINA**  
**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**For the Year Ended June 30, 2017**

*Schedule 10*  
*Page 1 of 3*

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Operating revenues			
Water sales:			
Residential	\$ 1,457,300	\$ 1,457,360	\$ 60
Commercial and industrial	4,951,650	5,166,678	215,028
Municipal usage	<u>57,200</u>	<u>84,062</u>	<u>26,862</u>
Total	<u>6,466,150</u>	<u>6,708,100</u>	<u>241,950</u>
Sewer charges:			
Residential	1,226,950	1,241,855	14,905
Commercial and industrial	2,045,300	2,038,597	(6,703)
Municipal usage	<u>72,800</u>	<u>82,975</u>	<u>10,175</u>
Total	<u>3,345,050</u>	<u>3,363,427</u>	<u>18,377</u>
Water and sewer taps	<u>10,000</u>	<u>23,899</u>	<u>13,899</u>
Other operating revenues	<u>165,200</u>	<u>152,828</u>	<u>(12,372)</u>
Total operating revenues	<u>9,986,400</u>	<u>10,248,254</u>	<u>261,854</u>
Nonoperating revenues			
Investment earnings	800	1,059	259
Sale of assets	1,300	6,430	5,130
Other	<u>61,700</u>	<u>51,586</u>	<u>(10,114)</u>
Total nonoperating revenues	<u>63,800</u>	<u>59,075</u>	<u>(4,725)</u>
Total revenues	<u>10,050,200</u>	<u>10,307,329</u>	<u>257,129</u>
Expenditures			
Water and Sewer Administration			
Salaries and employees benefits	693,340	630,497	62,843
Professional services	91,925	41,717	50,208
Postage	48,000	41,698	6,302
Repairs	11,000	6,147	4,853
Supplies	12,550	14,016	(1,466)
Other operating expenditures	315,790	448,197	(132,407)
Utilities	<u>34,450</u>	<u>22,981</u>	<u>11,469</u>
Total	<u>1,207,055</u>	<u>1,205,253</u>	<u>1,802</u>

*Continued*

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**For the Year Ended June 30, 2017**

*Schedule 10*  
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	Budget	Actual	Variance Positive (Negative)
Expenditures (continued)			
Water Treatment Plant			
Salaries and employees benefits	\$ 983,435	\$ 900,989	\$ 82,446
Supplies	88,500	80,454	8,046
Repairs	260,500	245,881	14,619
Contracted services	219,000	180,764	38,236
Utilities	415,500	419,544	(4,044)
Other operating expenditures	496,000	373,837	122,163
Total	2,462,935	2,201,469	261,466
Sewer Treatment Plant			
Salaries and employees benefits	847,910	792,343	55,567
Supplies	35,100	22,600	12,500
Repairs	61,000	50,939	10,061
Contracted services	302,400	276,062	26,338
Utilities	457,250	403,284	53,966
Other operating expenditures	148,570	119,516	29,054
Total	1,852,230	1,664,744	187,486
System Division			
Salaries and employee benefits	1,159,585	1,129,573	30,012
Supplies	289,500	290,293	(793)
Repairs	84,450	77,697	6,753
Contracted services	80,230	60,391	19,839
Utilities	15,000	16,239	(1,239)
Other operating expenditures	117,370	66,632	50,738
Total	1,746,135	1,640,825	105,310
Debt Service			
Principal retirement	1,257,240	1,258,289	(1,049)
Interest and fees	549,810	426,226	123,584
Total	1,807,050	1,684,515	122,535
Capital Outlay			
Utility administration	14,700	1,764	12,936
Water treatment plant	175,000	157,797	17,203
Sewer treatment plant	68,100	64,088	4,012
Systems division	309,200	399,897	(90,697)
Total	567,000	623,546	(56,546)
Total expenditures	9,642,405	9,020,352	622,053

*Continued*

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**For the Year Ended June 30, 2017**

Schedule 10  
Page 3 of 3

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	\$ 407,795	\$ 1,286,977	\$ 879,182
Other financing sources (uses)			
Transfers (to) from other funds			
General fund	(268,800)	(309,084)	(40,284)
Health insurance reserve fund	(168,695)	(168,695)	-
Curl Tail Creek waterline project fund	-	61,871	61,871
Inflow & infiltration sewer project fund	(45,000)	99,795	144,795
Total other financing sources (uses)	(482,495)	(316,113)	166,382
Revenues and other financing sources (uses) over (under) expenditures	(74,700)	970,864	1,045,564
Fund balance appropriated	74,700	-	(74,700)
	\$ -	\$ 970,864	\$ 970,864
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Net change in fund balance		\$ 970,864	
Principal retirement		1,258,289	
Capital outlay		623,546	
Depreciation		(2,141,006)	
Increase in deferred outflows of resources - pensions		504,245	
Increase in net pension liability		(619,149)	
Decrease in deferred inflows of resources - pensions		115,026	
Decrease in installment purchase interest accrued		8,089	
Decrease in accrued compensated absences		8,287	
Increase in other postemployment benefits		(15,164)	
Interest income from Capital Project Funds		421	
Transfer from Inflow & Infiltration Sewer Project Fund		(99,795)	
Transfer from Curl Tail Creek Waterline Project Fund		(61,871)	
Total reconciling items		(419,082)	
Change in net position		\$ 551,782	

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**WATER & SEWER CAPITAL (CKA) PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

Schedule 11

	Project Authorization	Actual		Total to Date	Variance Positive Negative
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ 1,384	\$ -	\$ 1,384	\$ 1,384
<b>Total revenues</b>	<b>-</b>	<b>1,384</b>	<b>-</b>	<b>1,384</b>	<b>1,384</b>
<b>Expenditures</b>					
Administration	188,585	224,768	6,553	231,321	(42,736)
Legal	11,000	7,962	-	7,962	3,038
Engineering	412,600	298,165	28,224	326,389	86,211
Land	20,000	19,784	-	19,784	216
Data processing equipment	96,200	103,946	-	103,946	(7,746)
Advertising	-	33	-	33	(33)
Contingency	266,725	8,758	-	8,758	257,967
Construction in process	5,814,600	5,882,249	157,239	6,039,488	(224,888)
<b>Total expenditures</b>	<b>6,809,710</b>	<b>6,545,665</b>	<b>192,016</b>	<b>6,737,681</b>	<b>72,029</b>
<b>Revenues (under) expenditures</b>	<b>(6,809,710)</b>	<b>(6,544,281)</b>	<b>(192,016)</b>	<b>(6,736,297)</b>	<b>73,413</b>
<b>Other financing sources (uses)</b>					
Transfers from other funds					
Water and sewer fund	409,710	409,710	-	409,710	-
Installment purchase obligations issued	6,400,000	6,400,000	-	6,400,000	-
<b>Total other financing sources (uses)</b>	<b>6,809,710</b>	<b>6,809,710</b>	<b>-</b>	<b>6,809,710</b>	<b>-</b>
<b>Revenues and other sources (uses)</b> <b>over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 265,429</b>	<b>\$ (192,016)</b>	<b>\$ 73,413</b>	<b>\$ 73,413</b>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**WASTE WATER TREATMENT IMPROVEMENTS CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

Schedule 12

	Project Authorization	Actual		Total to Date	Variance Positive Negative
		Prior Years	Current Year		
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures					
Legal	50,000	3,654	-	3,654	46,346
Engineering	203,895	212,973	-	212,973	(9,078)
Administration	220,300	186,238	43,553	229,791	(9,491)
Demolition	180,000	-	-	-	180,000
Building	2,775,000	2,660,417	-	2,660,417	114,583
Contingency	295,500	-	-	-	295,500
Total expenditures	3,724,695	3,063,282	43,553	3,106,835	617,860
Revenues (under) expenditures	(3,724,695)	(3,063,282)	(43,553)	(3,106,835)	617,860
Other financing sources (uses)					
Transfers from other funds					
Water and sewer fund	60,300	62,019	-	62,019	1,719
Installment purchase obligations issued	3,664,395	2,936,093	46,178	2,982,271	(682,124)
Total other financing sources (uses)	3,724,695	2,998,112	46,178	3,044,290	(680,405)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ (65,170)	\$ 2,625	\$ (62,545)	\$ (62,545)

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**INFLOW & INFILTRATION SEWER PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

Schedule 13

	Project Authorizator	Actual		Total to Date	Variance Positive Negative
		Prior Years	Current Year		
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures					
Legal	30,000	1,739	-	1,739	28,261
Engineering	359,000	229,000	-	229,000	130,000
Administration	97,000	70,505	-	70,505	26,495
Other professional services	212,000	213,429	-	213,429	(1,429)
Construction	3,270,000	2,906,773	-	2,906,773	363,227
Contingency	227,000	-	-	-	227,000
Total expenditures	4,195,000	3,421,446	-	3,421,446	773,554
Revenues (under) expenditures	(4,195,000)	(3,421,446)	-	(3,421,446)	773,554
Other financing sources (uses)					
Transfers (to) from other funds					
Water and sewer fund	-	132,640	(99,795)	32,845	32,845
Installment purchase obligations issued	4,195,000	3,388,601	-	3,388,601	(806,399)
Total other financing sources (uses)	4,195,000	3,521,241	(99,795)	3,421,446	(773,554)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 99,795	\$ (99,795)	\$ -	\$ -

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**WATER TREATMENT PLANT REHABILITATION PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

*Schedule 14*

	Project Authorization	Actual		Total to Date	Variance
		Prior Years	Current Year		Positive Negative
<b>Revenues</b>					
Investment earnings	\$ -	\$ 1,066	\$ 421	\$ 1,487	\$ 1,487
<b>Total revenues</b>	<b>-</b>	<b>1,066</b>	<b>421</b>	<b>1,487</b>	<b>1,487</b>
<b>Expenditures</b>					
Legal	10,000	376	-	376	9,624
Engineering	433,500	475,600	-	475,600	(42,100)
Other professional services	370,000	89,375	159,013	248,388	121,612
Administration	235,895	220,895	36,650	257,545	(21,650)
Construction	9,148,265	4,950,683	4,037,245	8,987,928	160,337
Contingency	851,000	5,207	1,793	7,000	844,000
<b>Total expenditures</b>	<b>11,048,660</b>	<b>5,742,136</b>	<b>4,234,701</b>	<b>9,976,837</b>	<b>1,071,823</b>
<b>Revenues (under) expenditures</b>	<b>(11,048,660)</b>	<b>(5,741,070)</b>	<b>(4,234,280)</b>	<b>(9,975,350)</b>	<b>1,073,310</b>
<b>Other financing sources (uses)</b>					
Transfers (to) from other funds					
Old Whitney capital project	-	(120,468)	-	(120,468)	(120,468)
Water and sewer fund	-	(67,000)	-	(67,000)	(67,000)
52 EQ project	3,898	-	-	-	(3,898)
Installment purchase obligations issued	11,044,762	5,867,852	4,292,579	10,160,431	(884,331)
<b>Total other financing sources (uses)</b>	<b>11,048,660</b>	<b>5,680,384</b>	<b>4,292,579</b>	<b>9,972,963</b>	<b>(1,075,697)</b>
<b>Revenues and other sources (uses)</b> <b>over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (60,686)</b>	<b>\$ 58,299</b>	<b>\$ (2,387)</b>	<b>\$ (2,387)</b>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**CURL TAIL CREEK WATERLINE PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
*From Inception and for the Year Ended June 30, 2017*

*Schedule 15*

	Project Authorization	Actual		Total to Date	Variance Positive Negative
		Prior Years	Current Year		
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures					
Legal	2,500	-	-	-	2,500
Engineering	34,650	35,453	-	35,453	(803)
Administration	3,285	-	-	-	3,285
Land acquisition	15,000	-	-	-	15,000
Building	243,150	206,261	-	206,261	36,889
Contingency	5,000	-	-	-	5,000
Total expenditures	303,585	241,714	-	241,714	61,871
Revenues (under) expenditures	(303,585)	(241,714)	-	(241,714)	61,871
Other financing sources (uses)					
Transfers from other funds					
Water and sewer fund	303,585	303,585	(61,871)	241,714	(61,871)
Total other financing sources (uses)	303,585	303,585	(61,871)	241,714	(61,871)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 61,871	\$ (61,871)	\$ -	\$ -

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**For the Year Ended June 30, 2017**

*Schedule 16*  
*Page 1 of 2*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues			
Residential sales	\$ 16,603,400	\$ 15,677,807	\$ (925,593)
Commercial and industrial sales	15,470,925	15,747,092	276,167
Sales to City Departments	1,141,200	1,002,660	(138,540)
Total charges for services	<u>33,215,525</u>	<u>32,427,559</u>	<u>(787,966)</u>
Other operating revenues	<u>1,031,400</u>	<u>1,075,884</u>	<u>44,484</u>
Total operating revenues	<u>34,246,925</u>	<u>33,503,443</u>	<u>(743,482)</u>
Nonoperating revenues			
Interest earned on investments	1,500	5,291	3,791
Miscellaneous nonoperating income	26,570	115,812	89,242
Sale of assets	6,000	-	(6,000)
Total nonoperating revenues	<u>34,070</u>	<u>121,103</u>	<u>87,033</u>
Total revenues	<u>34,280,995</u>	<u>33,624,546</u>	<u>(656,449)</u>
Expenditures			
Administrative and Finance			
Salaries and employees benefits	1,192,090	1,135,275	56,815
Other operating expenditures	543,265	496,896	46,369
Total	<u>1,735,355</u>	<u>1,632,171</u>	<u>103,184</u>
Customer Service			
Salaries and employees benefits	179,215	170,505	8,710
Other operating expenditures	12,540	8,904	3,636
Total	<u>191,755</u>	<u>179,409</u>	<u>12,346</u>
Electric Operations			
Salaries and employees benefits	1,508,970	1,443,726	65,244
Electric power purchases	26,570,000	27,108,012	(538,012)
Other operating expenditures	2,414,830	2,003,433	411,397
Total	<u>30,493,800</u>	<u>30,555,171</u>	<u>(61,371)</u>
Debt Service			
Principal retirement	147,100	147,083	17
Interest and other charges	23,400	23,343	57
Total debt service	<u>170,500</u>	<u>170,426</u>	<u>74</u>

*Continued*

*CITY OF ALBEMARLE, NORTH CAROLINA*  
*ELECTRIC FUND*  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
*For the Year Ended June 30, 2017*

*Schedule 16*  
*Page 2 of 2*

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued)			
Capital Outlay			
Administrative and finance	\$ 29,000	\$ 17,548	\$ 11,452
Electric operations	<u>740,900</u>	<u>840,444</u>	<u>(99,544)</u>
Total	<u>769,900</u>	<u>857,992</u>	<u>(88,092)</u>
Total expenditures	<u>33,361,310</u>	<u>33,395,169</u>	<u>(33,859)</u>
Revenues over (under) expenditures	<u>919,685</u>	<u>229,377</u>	<u>(690,308)</u>
Other financing sources (uses)			
Transfer from (to) funds			
General fund	(861,820)	(298,647)	563,173
General fund	25,000	25,000	-
Health insurance reserve fund	<u>(82,865)</u>	<u>(82,865)</u>	<u>-</u>
Total other financing sources (uses)	<u>(919,685)</u>	<u>(356,512)</u>	<u>563,173</u>
Revenues and other sources over (under) expenditures, other (uses) and appropriated fund balances	<u>\$ -</u>	<u>\$ (127,135)</u>	<u>\$ (127,135)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Net change in fund balance		<u>\$ (127,135)</u>	
Principal retirement		147,083	
Capital outlay		857,992	
Depreciation		(617,635)	
Increase in deferred outflows of resources - pensions		342,183	
Increase in net pension liability		(438,764)	
Decrease in deferred inflows of resources - pensions		193,610	
Decrease in installment purchase interest accrued		801	
Decrease in accrued compensated absences		8,230	
Increase in postemployment benefits		<u>(41,571)</u>	
Total reconciling items		<u>451,929</u>	
Change in net position		<u>\$ 324,794</u>	

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**MUNICIPAL SOLID WASTE LANDFILL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**For the Year Ended June 30, 2017**

Schedule 17  
Page 1 of 2

	Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues			
Disposal fees	\$ 2,315,000	\$ 2,572,198	\$ 257,198
Solid waste fees	113,000	123,038	10,038
Sales of mulch and scrap	1,000	171	(829)
Total charges for services	2,429,000	2,695,407	266,407
Other operating revenues	57,000	67,462	10,462
Total operating revenues	2,486,000	2,762,869	276,869
Nonoperating revenues			
Solid waste, scrap tire and white goods disposal tax	126,000	142,620	16,620
Interest earned on investments	2,000	6,762	4,762
Grant revenue	51,000	85,105	34,105
Sales of assets	-	27,975	27,975
Total nonoperating revenues	179,000	262,462	83,462
Total revenues	2,665,000	3,025,331	360,331
Expenditures			
Landfill Operations			
Salaries and employees benefits	846,850	744,747	102,103
Other operating expenditures	972,850	791,066	181,784
Total	1,819,700	1,535,813	283,887
Debt Service			
Principal on capital leases	205,500	205,578	(78)
Interest and fees	6,500	11,089	(4,589)
Total	212,000	216,667	(4,667)
Capital Outlay	994,750	125,333	869,417
Total expenditures	3,026,450	1,877,813	1,148,637
Revenues over (under) expenditures	(361,450)	1,147,518	1,508,968

*Continued*

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**MUNICIPAL SOLID WASTE LANDFILL FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**For the Year Ended June 30, 2017**

Schedule 17  
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Other financing (uses) sources			
Transfers from (to) other funds			
Landfill solid waste office building project fund	\$ (1,665,000)	\$ (1,665,000)	\$ -
Landfill capital reserve fund	(150,000)	(150,000)	-
General fund	(44,000)	(40,913)	3,087
Health insurance reserve fund	(19,550)	(19,550)	-
Proceeds from issuance of long term debt	850,000	-	(850,000)
Total other financing (uses)	(1,028,550)	(1,875,463)	(846,913)
Revenues and other sources over (under) expenditures, other (uses)	(1,390,000)	(727,945)	662,055
Appropriated fund balance	1,390,000	-	(1,390,000)
Revenues and other sources over (under) expenditures, other (uses) and appropriated fund balances	\$ -	\$ (727,945)	\$ 2,052,055
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Net change in fund balance		\$ (727,945)	
Principal retirement		205,578	
Capital outlay		125,333	
Depreciation		(486,060)	
Increase in deferred outflows of resources - pensions		128,873	
Increase in net pension liability		(154,858)	
Decrease in deferred inflows of resources - pensions		8,023	
Decrease in installment purchase interest accrued		66	
Decrease in accrued compensated absences		8,360	
Increase in postemployment benefits		(14,672)	
Adjustment to accrued landfill closure and post closure costs		(382,230)	
Interest income from Capital Project Funds		1,235	
Transfer to solid waste operations facility project fund		1,665,000	
Transfer to landfill capital reserve fund		150,000	
Total reconciling items		1,254,648	
Change in net position		\$ 526,703	

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**LANDFILL CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

*Schedule 18*

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive Negative</u>
Revenues					
Investment earnings	\$ 100,000	\$ 812	\$ 1,235	\$ 2,047	\$ (97,953)
Other financing sources (uses)					
Transfers from other funds					
Landfill Operating Fund	3,900,000	448,700	150,000	598,700	(3,301,300)
Transfers to other funds					
Landfill Operating Fund	<u>(4,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
Total other financing (uses)	<u>(100,000)</u>	<u>448,700</u>	<u>150,000</u>	<u>598,700</u>	<u>698,700</u>
Revenues and other sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 449,512</u>	<u>\$ 151,235</u>	<u>\$ 600,747</u>	<u>\$ 600,747</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**LANDFILL CAPITAL PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

*Schedule 19*

	Project Authorization	Actual		Total to Date	Variance Positive Negative
		Prior Years	Current Year		
<b>Revenues</b>					
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Engineering	75,000	256,240	76,603	332,843	(257,843)
Legal	56,000	-	10,387	10,387	45,613
Other services	199,000	1,016	52,293	53,309	145,691
Construction	1,959,500	-	104,259	104,259	1,855,241
Contingency	195,950	-	-	-	195,950
<b>Total expenditures</b>	<u>2,485,450</u>	<u>257,256</u>	<u>243,542</u>	<u>500,798</u>	<u>1,984,652</u>
<b>Revenues (under) expenditures</b>	<u>(2,485,450)</u>	<u>(257,256)</u>	<u>(243,542)</u>	<u>(500,798)</u>	<u>1,984,652</u>
<b>Other financing sources (uses)</b>					
Proceeds from debt	2,435,450	-	-	-	(2,435,450)
Transfer from landfill	50,000	49,000	-	49,000	(1,000)
<b>Total other financing (uses)</b>	<u>2,485,450</u>	<u>49,000</u>	<u>-</u>	<u>49,000</u>	<u>(2,436,450)</u>
<b>Revenues and other sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (208,256)</u>	<u>\$ (243,542)</u>	<u>\$ (451,798)</u>	<u>\$ (451,798)</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**SOLID WASTE OPERATIONS FACILITY PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Year Ended June 30, 2017**

Schedule 20

	Project Authorization	Actual			Variance Positive Negative
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
<b>Expenditures</b>					
Engineering	255,000	-	136,509	136,509	118,491
Office furniture and equipment	100,000	-	-	-	100,000
Data processing and equipment	50,145	-	-	-	50,145
Building structure improvements	30,000	-	-	-	30,000
Distribution lines	10,000	-	-	-	10,000
Construction	1,139,855	-	205,150	205,150	934,705
Contingency	80,000	-	-	-	80,000
Total expenditures	1,665,000	-	341,659	341,659	1,323,341
Revenues (under) expenditures	(1,665,000)	-	(341,659)	(341,659)	1,323,341
<b>Other financing sources (uses)</b>					
Transfers from other funds					
Landfill fund	1,665,000	-	1,665,000	1,665,000	-
Total other financing (uses)	1,665,000	-	1,665,000	1,665,000	-
Revenues and other sources (uses) over (under) expenditures	\$ -	\$ -	\$ 1,323,341	\$ 1,323,341	\$ 1,323,341

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**DEPARTMENT OF PUBLIC HOUSING**  
*June 30, 2017*

*Schedule 21*

	Department of Public Housing			Totals
	Conventional	Section 8	Capital Fund	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 967,519	\$ 51,301	\$ -	\$ 1,018,820
Accounts receivable - net	1,647	1,734	-	3,381
Prepaid expenses	1,088	121	-	1,209
Total current assets	<u>970,254</u>	<u>53,156</u>	<u>-</u>	<u>1,023,410</u>
<b>Noncurrent Assets</b>				
<b>Capital Assets</b>				
Land and nondepreciable assets	163,505	-	-	163,505
Other capital assets, net of depreciation	5,680,299	67,023	-	5,747,322
Total noncurrent assets	<u>5,843,804</u>	<u>67,023</u>	<u>-</u>	<u>5,910,827</u>
Total Assets	<u>6,814,058</u>	<u>120,179</u>	<u>-</u>	<u>6,934,237</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	123,351	-	-	123,351
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	38,291	4,137	-	42,428
Deposits	43,732	-	-	43,732
Compensated absences - current	12,800	3,237	-	16,037
Installment purchase agreements payable - current	1,299	-	-	1,299
Total current liabilities	<u>96,122</u>	<u>7,374</u>	<u>-</u>	<u>103,496</u>
<b>Noncurrent Liabilities</b>				
Compensated absences - noncurrent	15,645	3,957	-	19,602
Other post employment benefits	86,864	24,818	-	111,682
Installment purchase agreements payable - noncurrent	345	-	-	345
Net pension liability	145,814	-	-	145,814
Total noncurrent liabilities	<u>248,668</u>	<u>28,775</u>	<u>-</u>	<u>277,443</u>
Total liabilities	<u>344,790</u>	<u>36,149</u>	<u>-</u>	<u>380,939</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	6,311	-	-	6,311
Total deferred inflows of resources	<u>6,311</u>	<u>-</u>	<u>-</u>	<u>6,311</u>
<b>Net Position</b>				
Net investment in capital assets	5,842,160	67,023	-	5,909,183
Unrestricted	744,148	17,007	-	761,155
Total net position	<u>\$ 6,586,308</u>	<u>\$ 84,030</u>	<u>\$ -</u>	<u>\$ 6,670,338</u>

*CITY OF ALBEMARLE, NORTH CAROLINA* *Schedule 22*  
**COMBINING SCHEDULE OF REVENUES AND EXPENSES, AND CHANGES IN NET POSITION**  
**DEPARTMENT OF PUBLIC HOUSING**  
*For the Year Ended June 30, 2017*

	Department of Public Housing			
	<u>Conventional</u>	<u>Section 8</u>	<u>Capital Fund</u>	<u>Totals</u>
Operating Revenues				
Rental income	\$ 489,538	\$ -	\$ -	\$ 489,538
Public Housing Revenues	42,566	-	-	42,566
Total operating revenues	<u>532,104</u>	<u>-</u>	<u>-</u>	<u>532,104</u>
Operating expenses				
Administrative	506,772	142,167	11,927	660,866
Utilities	385,733	-	-	385,733
Ordinary maintenance and operation	306,142	-	-	306,142
General expenses	57,848	-	-	57,848
Housing assistance program	-	1,194,959	-	1,194,959
Nonroutine maintenance	22,725	-	-	22,725
Depreciation	397,454	4,204	-	401,658
Total operating expenses	<u>1,676,674</u>	<u>1,341,330</u>	<u>11,927</u>	<u>3,029,931</u>
Operating (loss)	<u>(1,144,570)</u>	<u>(1,341,330)</u>	<u>(11,927)</u>	<u>(2,497,827)</u>
Nonoperating revenues (expenses)				
Operating subsidies	642,284	1,345,086	-	1,987,370
Investment earnings	2,486	1	-	2,487
Interest and other charges	(232)	-	-	(232)
Other nonoperating revenue	1,400	-	-	1,400
Total nonoperating revenues	<u>645,938</u>	<u>1,345,087</u>	<u>-</u>	<u>1,991,025</u>
Net income (loss) before contributions and transfers	<u>(498,632)</u>	<u>3,757</u>	<u>(11,927)</u>	<u>(506,802)</u>
Capital contributions	-	-	385,270	385,270
Transfers (to) from other funds	360,778	-	(373,343)	(12,565)
	<u>360,778</u>	<u>-</u>	<u>11,927</u>	<u>372,705</u>
Change in net position	<u>(137,854)</u>	<u>3,757</u>	<u>-</u>	<u>(134,097)</u>
Net position, July 1	<u>6,724,162</u>	<u>80,273</u>	<u>-</u>	<u>6,804,435</u>
Net position, June 30	<u>\$ 6,586,308</u>	<u>\$ 84,030</u>	<u>\$ -</u>	<u>\$ 6,670,338</u>

*CITY OF ALBEMARLE, NORTH CAROLINA*  
*SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)*  
*DEPARTMENT OF PUBLIC HOUSING - CONVENTIONAL*  
*For the Year Ended June 30, 2017*

*Schedule 23*

	Conventional		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Rental income	\$ 504,000	\$ 489,538	\$ (14,462)
Other operating revenues	51,400	42,566	(8,834)
Total operating revenues	555,400	532,104	(23,296)
Nonoperating revenues			
Operating subsidies	660,000	642,284	(17,716)
Interest income	4,000	2,486	(1,514)
Contributions	-	700	700
Sale of assets	-	700	700
Total nonoperating revenues	664,000	646,170	(17,830)
Total revenues	1,219,400	1,178,274	(41,126)
Operating expenditures			
Administrative	589,570	498,426	91,144
Utilities	384,000	385,733	(1,733)
Ordinary maintenance and operation	296,411	306,142	(9,731)
General expenses	61,000	57,848	3,152
Nonroutine maintenance	50,185	22,725	27,460
Total operating expenditures	1,381,166	1,270,874	110,292
Nonoperating expenditures			
Lease payments	1,200	1,181	19
Interest and other charges	300	232	68
Capital outlay	18,109	42,780	(24,671)
Total nonoperating expenditures	19,609	44,193	(24,584)
Total expenditures	1,400,775	1,315,067	85,708
Revenues over (under) expenditures	(181,375)	(136,793)	44,582
Other financing sources (uses)			
Transfer to health insurance reserve fund	(21,105)	-	21,105
Transfer to general fund	(12,200)	(12,565)	(365)
Total other financing sources (uses)	(33,305)	(12,565)	20,740
Revenues and other financing sources over (under) expenditures and other financing uses	(214,680)	(149,358)	65,322
Appropriated fund balance	214,680	-	(214,680)
Excess of revenues and appropriated fund balance (under) expenditures - modified accrual	\$ -	(149,358)	\$ (149,358)
Reconciliation to the accrual basis:			
Depreciation		(397,454)	
Capital outlay		42,780	
Lease principal payments		1,181	
Increase in deferred outflows of resources - pensions		109,623	
Increase in net pension liability		(116,144)	
Decrease in deferred inflows of resources - pensions		9,908	
Increase in other postemployment benefits		(8,558)	
Increase in accrued compensated absences		(3,175)	
Transfer from capital fund		373,343	
Change in net position		\$ (137,854)	

*CITY OF ALBEMARLE, NORTH CAROLINA* *Schedule 24*  
**SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)**  
**DEPARTMENT OF PUBLIC HOUSING - SECTION 8**  
*For the Year Ended June 30, 2017*

	Section 8		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Operating subsidies	\$ 1,270,875	\$ 1,345,086	\$ 74,211
Total operating revenues	1,270,875	1,345,086	74,211
Nonoperating revenues			
Interest income	250	1	(249)
Total revenues	<u>1,271,125</u>	<u>1,345,087</u>	<u>73,962</u>
Operating expenditures			
Administrative	193,990	138,031	55,959
Housing assistance program	<u>1,148,125</u>	<u>1,194,959</u>	<u>(46,834)</u>
Total operating expenditures	<u>1,342,115</u>	<u>1,332,990</u>	<u>9,125</u>
Revenues over (under) expenditures	(70,990)	12,097	64,837
Other financing (uses) sources			
Transfers from (to) other funds			
Transfer to health insurance reserve fund	<u>(16,675)</u>	<u>-</u>	<u>16,675</u>
Excess (deficiency) of revenues under expenditures - modified accrual	(87,665)	12,097	81,512
Appropriated fund balance	<u>87,665</u>	<u>-</u>	<u>(87,665)</u>
Excess of revenues and appropriated fund balance (under) expenditures - modified accrual	<u>\$ -</u>	12,097	<u>\$ (6,153)</u>
Reconciliation to the accrual basis:			
Depreciation		(4,204)	
Increase in accrued compensated absences		(1,691)	
Increase in other postemployment benefits		<u>(2,445)</u>	
Change in net position		<u>\$ 3,757</u>	

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**DEPARTMENT OF PUBLIC HOUSING - CAPITAL FUNDS**  
**For the Year Ended June 30, 2017**

*Schedule 25*

	Capital Funds				
	Project Budget	Prior Years	Actual	Total To Date	Variance Favorable (Unfavorable)
Operating					
HUD Capital Grants	\$ 879,441	\$ 287,842	\$ 385,270	\$ 673,112	\$ 206,329
Expenditures					
Administrative	18,132	12,542	11,927	24,469	(6,337)
Capital outlay	861,309	275,300	373,343	648,643	212,666
Total	879,441	287,842	385,270	673,112	206,329
Revenues under expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Capital expenditures capitalized			373,343		
Change in net position			\$ 373,343		

# Agency Fund

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Agency Funds are used to account for assets held by the City as an agent for individual and/or other governments.

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*Municipal Service District Fund* – This fund accounts for taxes assessed from taxpayers in a special area for downtown development for that area.



# ALBEMARLE

NORTH CAROLINA

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**CITY OF ALBEMARLE, NORTH CAROLINA**  
**AGENCY FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**MUNICIPAL SERVICE DISTRICT FUND**  
*June 30, 2017*

*Schedule 26*

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and cash equivalents	\$ 584	\$ -	\$ 584	\$ -
	<u>\$ 584</u>	<u>\$ -</u>	<u>\$ 584</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to agencies	\$ 584	\$ -	\$ 584	\$ -
	<u>\$ 584</u>	<u>\$ -</u>	<u>\$ 584</u>	<u>\$ -</u>



# ALBEMARLE

NORTH CAROLINA

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## Other Schedules

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This section includes additional information on property taxes.

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- *Schedule of Ad Valorem Taxes Receivable*
- *Analysis of Current Tax Levy*
- *Supplemental Financial Data Schedule – Public Housing Programs*



# ALBEMARLE

NORTH CAROLINA

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**CITY OF ALBEMARLE, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2017**

Schedule 27

<u>Fiscal Year</u>	Uncollected Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Collections and Credits</u>	Uncollected Balance <u>June 30, 2017</u>
2016-2017	\$ -	\$ 6,063,603	\$ 5,900,041	\$ 163,562
2015-2016	166,529	3,936	74,079	96,386
2014-2015	98,448	4,812	31,581	71,679
2013-2014	89,568	-	13,376	76,192
2012-2013	67,739	-	8,069	59,670
2011-2012	55,071	-	7,803	47,268
2010-2011	48,907	-	6,437	42,470
2009-2010	102,848	-	2,956	99,892
2008-2009	30,890	-	3,287	27,603
2007-2008	26,055	-	1,795	24,260
2006-2007	24,407	-	24,407	-
	<u>\$ 710,462</u>	<u>\$ 6,072,351</u>	<u>\$ 6,073,831</u>	708,982
Less: Allowance for uncollectible accounts Ad valorem taxes receivable				<u>(194,414)</u>
Ad valorem taxes receivable - net				514,568
Municipal service district taxes receivable - net				<u>5,240</u>
Total taxes receivable - net				<u>\$ 519,808</u>
Reconciliation with revenues				
Ad valorem taxes collected - General Fund				\$ 6,101,473
Municipal service district collections				(47,190)
Discounts allowed				37,639
Releases and adjustments				12,876
Taxes written off				21,920
Interest collected				<u>(52,887)</u>
Total collections and credits				<u>\$ 6,073,831</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**CITY-WIDE LEVY**  
**For the Year Ended June 30, 2017**

*Schedule 28*

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 1,026,668,367	0.59	\$ 6,057,343	\$ 5,370,448	\$ 686,895
Discoveries:					
Current and prior years	11,956,949	0.59	70,546	70,546	-
Abatements	<u>(10,895,932)</u>	0.59	<u>(64,286)</u>	<u>(64,286)</u>	<u>-</u>
Total valuation	<u>\$ 1,027,729,384</u>				
Net levy			6,063,603	5,376,708	686,895
Uncollected taxes at June 30, 2017			<u>(163,562)</u>	<u>(158,830)</u>	<u>(4,732)</u>
Current year's taxes collected			<u>\$ 5,900,041</u>	<u>\$ 5,217,878</u>	<u>\$ 682,163</u>
Current levy collection percentage			<u>97.30%</u>	<u>97.05%</u>	<u>99.31%</u>

Total levy includes only those taxes levied on a unit-wide basis and, therefore, does not include the Municipal Service District.

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**PUBLIC HOUSING PROGRAMS**  
**For the Year Ended June 30, 2017**

Schedule 29  
Page 1 of 3

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872
Assets:				
Current Assets:				
Cash:				
111	Cash - unrestricted	\$ 899,770	\$ 34,626	\$ -
113	Cash - other restricted	21,105	16,675	-
114	Cash - tenant security deposits	46,644	-	-
100	<b>Total cash</b>	<u>967,519</u>	<u>51,301</u>	<u>-</u>
Accounts and notes receivable:				
125	Accounts receivable - miscellaneous	-	1,734	-
126	Accounts receivable - tenants - dwelling units	4,605	-	-
126.1	Allowance for doubtful accounts - dwelling units	(2,958)	-	-
120	<b>Total receivables</b>	<u>1,647</u>	<u>1,734</u>	<u>-</u>
142	Prepaid expenses and other assets	1,088	121	-
150	<b>Total current assets</b>	<u>970,254</u>	<u>53,156</u>	<u>-</u>
Noncurrent Assets:				
161	Land	163,505	-	-
162	Buildings	11,247,265	79,245	-
163	Furniture, equipment, machinery - dwellings	291,113	-	-
164	Furniture, equipment, machinery - administration	330,659	47,541	-
165	Leasehold improvements	1,095,734	-	-
166	Accumulated depreciation	(7,284,472)	(59,763)	-
180	<b>Total noncurrent assets</b>	<u>5,843,804</u>	<u>67,023</u>	<u>-</u>
190	<b>Total Assets</b>	<u>6,814,058</u>	<u>120,179</u>	<u>-</u>
200	Deferred outflows of resources	123,351	-	-
290	<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 6,937,409</u>	<u>\$ 120,179</u>	<u>\$ -</u>
Liabilities and Equity:				
Liabilities:				
Current Liabilities:				
312	Accounts payable (less than or equal to 90 days)	\$ 7,028	\$ 599	\$ -
321	Accrued wage/payroll taxes payable	16,719	3,538	-
322	Accrued compensated absences	12,800	3,237	-
333	Accounts payable - other government	12,565	-	-
341	Tenant security deposits	43,732	-	-
342	Unearned revenue	1,979	-	-
343	Current portion of long-term debt - capital projects/mortgage revenue	1,299	-	-
310	<b>Total current liabilities</b>	<u>96,122</u>	<u>7,374</u>	<u>-</u>
Noncurrent Liabilities:				
351	Long-term debt, net of current - capital projects/mortgage revenue	345	-	-
354	Accrued compensated absences - noncurrent	15,645	3,957	-
357	Accrued pension and OPEB liabilities	232,678	24,818	-
350	<b>Total noncurrent liabilities</b>	<u>248,668</u>	<u>28,775</u>	<u>-</u>
300	<b>Total Liabilities</b>	<u>344,790</u>	<u>36,149</u>	<u>-</u>
400	Deferred inflows of resources	6,311	-	-
Equity:				
Contributed Capital:				
508.4	Net investment in capital assets	5,842,160	67,023	-
511.4	Restricted net position	-	20,572	-
512.4	Unrestricted net position	744,148	(3,565)	-
513	<b>Total equity</b>	<u>6,586,308</u>	<u>84,030</u>	<u>-</u>
600	<b>Total liabilities, deferred inflows of resources and equity</b>	<u>\$ 6,937,409</u>	<u>\$ 120,179</u>	<u>\$ -</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**PUBLIC HOUSING PROGRAMS**  
For the Year Ended June 30, 2017

Schedule 29  
Page 2 of 3

Line Item	Account Description	Low Rent Public Housing 14,850	Housing Choice Vouchers 14,871	Public Housing Capital Fund 14,872
<b>Revenues:</b>				
70300	Net tenant rental revenue	\$ 489,538	\$ -	\$ -
70400	Tenant revenue - other	42,566	-	-
70600	HUD PHA operating grants	642,284	1,345,086	-
70610	Capital grants	-	-	385,270
71100	Investment income - unrestricted	2,486	-	-
71500	Other income	700	-	-
71600	Gain or loss on sale of capital assets	700	-	-
70000	<b>Total revenues</b>	<u>1,178,274</u>	<u>1,345,086</u>	<u>385,270</u>
<b>Expenses:</b>				
<b>Administrative:</b>				
91100	Administrative salaries	283,647	91,272	-
91200	Auditing fees	4,832	1,208	-
91500	Employee benefit contributions	150,577	31,183	-
91600	Office expenses	30,319	9,711	11,927
91800	Travel	1,194	1,983	-
91900	Other	27,155	-	-
91000	<b>Total operating - administrative</b>	<u>497,724</u>	<u>135,357</u>	<u>11,927</u>
93100	Water	52,237	-	-
93200	Electricity	271,494	-	-
93800	Other utility expense	62,002	-	-
93000	<b>Total utilities</b>	<u>385,733</u>	<u>-</u>	<u>-</u>
94100	Ordinary maintenance and operations - labor	129,424	-	-
94200	Ordinary maintenance and operations - materials and other	44,194	608	-
94300	Ordinary maintenance and operations - contract costs	132,524	-	-
94500	Ordinary maintenance and operations - employee benefit contributions	-	-	-
94000	<b>Total maintenance</b>	<u>306,142</u>	<u>608</u>	<u>-</u>
96110	Property insurance	57,848	2,805	-
96100	<b>Total insurance premiums</b>	<u>57,848</u>	<u>2,805</u>	<u>-</u>
96200	Other general expenses	-	1,825	-
96210	Compensated absences	2,682	1,571	-
96300	Payments in lieu of taxes	12,565	-	-
96400	Bad debt - tenant rents	6,365	-	-
96000	<b>Total other general expenses</b>	<u>21,612</u>	<u>3,396</u>	<u>-</u>
96720	Interest on notes payable	233	-	-
96700	<b>Total interest expense and amortization cost</b>	<u>233</u>	<u>-</u>	<u>-</u>
96900	<b>Total operating expenses</b>	<u>1,269,292</u>	<u>142,166</u>	<u>11,927</u>
97000	<b>Excess of operating revenues over expenditures</b>	<u>(91,018)</u>	<u>1,202,920</u>	<u>373,343</u>
97100	Extraordinary maintenance	22,725	-	-
97300	Housing assistance payments	-	1,194,959	-
97400	Depreciation expense	397,454	4,204	-
90000	<b>Total expenses</b>	<u>1,689,471</u>	<u>1,341,329</u>	<u>11,927</u>
10010	Operating transfer in	373,343	-	-
10020	Operating transfer out	-	-	(373,343)
10030	Operating transfers from/to primary government	-	-	-
10000	<b>Excess of revenue over expenses</b>	<u>(137,854)</u>	<u>3,757</u>	<u>-</u>
11030	Beginning equity	6,724,162	80,273	-
	<b>Ending equity</b>	<u>\$ 6,586,308</u>	<u>\$ 84,030</u>	<u>\$ -</u>

*CITY OF ALBEMARLE, NORTH CAROLINA  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
 PUBLIC HOUSING PROGRAMS  
 For the Year Ended June 30, 2017*

*Schedule 29  
 Page 3 of 3*

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872
<i>Memo information:</i>				
11170	Administrative fee equity	\$ -	\$ 63,458	\$ -
11180	Housing assistance payments equity	-	20,572	-
11190	Unit months available	2,388	3,996	-
11210	Number of unit months leased	2,316	2,821	-
11640	Furniture & equipment - administrative purchases	15,319	-	-
11650	Infrastructure purchases	27,460	-	-
		373,343	-	-



# ALBEMARLE

NORTH CAROLINA

*Water. Air. Land. Opportunity.*

# Statistical Section

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This part of the City of Albemarle'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.

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***Financial Trends*** – These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

***Revenue Capacity*** – These tables contain information to help the reader assess the factors affecting the City's ability to generate its electric revenues and property taxes.

***Debt Capacity*** – These tables 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 tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

***Operating Information*** – These tables contain information about the City's operations and resources to help the reader understand how the City's financial information 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 reports for the relevant year.



# ALBEMARLE

NORTH CAROLINA

*Water. Air. Land. Opportunity.*

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

*Table 1*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net Investment in capital assets	\$ 9,074,098	\$ 15,783,772	\$ 14,165,960	\$ 14,370,860	\$ 13,262,477	\$ 14,403,544	\$ 14,179,497	\$ 14,001,213	\$ 14,015,366	\$ 15,988,670
Restricted	-	-	-	2,309,949	1,819,613	940,571	1,841,563	1,577,201	1,985,738	2,567,750
Unrestricted	8,712,207	5,531,334	2,861,528	962,655	2,914,029	3,332,448	2,901,486	3,474,113	4,123,830	629,614
Total Governmental activities net position	<u>\$ 17,786,305</u>	<u>\$ 21,315,106</u>	<u>\$ 17,027,488</u>	<u>\$ 17,643,464</u>	<u>\$ 17,996,119</u>	<u>\$ 18,676,563</u>	<u>\$ 18,922,546</u>	<u>\$ 19,052,527</u>	<u>\$ 20,124,934</u>	<u>\$ 19,186,034</u>
Business-type activities										
Net Investment in capital assets	\$ 33,353,696	\$ 33,533,372	\$ 41,490,312	\$ 42,084,089	\$ 42,415,279	\$ 42,948,565	\$ 39,408,597	\$ 42,422,961	\$ 44,464,743	\$ 45,170,225
Unrestricted	10,578,193	11,689,569	11,127,818	11,446,404	10,271,410	7,642,383	9,759,581	4,785,416	5,612,826	6,176,526
Total business-type activities net position	<u>\$ 43,931,889</u>	<u>\$ 45,222,941</u>	<u>\$ 52,618,130</u>	<u>\$ 53,530,493</u>	<u>\$ 52,686,689</u>	<u>\$ 50,590,948</u>	<u>\$ 49,168,178</u>	<u>\$ 47,208,377</u>	<u>\$ 50,077,569</u>	<u>\$ 51,346,751</u>
Primary government										
Net Investment in capital assets	\$ 42,427,794	\$ 49,317,144	\$ 55,656,272	\$ 56,454,949	\$ 55,677,756	\$ 57,352,109	\$ 53,588,094	\$ 56,424,174	\$ 58,480,109	\$ 61,158,895
Restricted	-	-	-	2,309,949	1,819,613	940,571	1,841,563	1,577,201	1,985,738	2,567,750
Unrestricted	19,290,400	17,220,903	13,989,346	12,409,059	13,185,439	10,974,831	12,661,067	8,259,529	9,736,656	6,806,140
Total primary government net position	<u>\$ 61,718,194</u>	<u>\$ 66,538,047</u>	<u>\$ 69,645,618</u>	<u>\$ 71,173,957</u>	<u>\$ 70,682,808</u>	<u>\$ 69,267,511</u>	<u>\$ 68,090,724</u>	<u>\$ 66,260,904</u>	<u>\$ 70,202,503</u>	<u>\$ 70,532,785</u>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

*Table 2*  
*Page 1 of 2*

Expenses	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
General government	\$ 1,814,901	\$ 1,940,740	\$ 1,632,156	\$ 1,690,535	\$ 1,809,417	\$ 1,788,218	\$ 1,856,381	\$ 1,591,598	\$ 1,954,727	\$ 2,480,395
Public safety	6,239,976	6,458,307	6,470,518	6,469,334	6,403,391	6,675,379	7,033,184	7,150,819	7,772,694	7,877,876
Public Works	2,431,293	2,499,538	2,215,974	2,277,094	2,061,552	2,183,786	2,032,970	2,036,115	2,867,886	3,167,899
Environmental protection	1,066,440	1,134,866	1,072,326	1,136,579	1,176,673	934,069	930,426	940,066	-	-
Economic and physical development	85,597	162,642	35,426	97,547	2,740	2,229	112,038	68,283	-	-
Culture and recreation	1,243,666	1,354,434	1,147,193	1,213,362	1,258,938	1,272,719	1,302,081	1,410,222	1,463,717	1,531,121
Interest on long-term debt	78,106	125,608	130,530	113,574	102,899	103,205	104,234	86,493	93,070	64,556
<b>Total governmental activities expenses</b>	<b>12,959,979</b>	<b>13,676,135</b>	<b>12,704,123</b>	<b>12,998,025</b>	<b>12,815,610</b>	<b>12,959,605</b>	<b>13,371,314</b>	<b>13,283,596</b>	<b>14,152,094</b>	<b>15,121,847</b>
<b>Business-type activities:</b>										
Water and sewer	6,041,888	6,680,182	7,482,155	6,373,060	6,626,752	7,003,619	7,158,112	7,426,506	8,648,339	9,278,188
Electric	26,756,129	27,013,965	27,983,274	29,827,906	30,947,485	32,496,423	34,128,798	34,617,760	32,628,604	32,943,240
Landfill	5,361,119	1,721,219	2,248,007	2,053,366	2,043,328	2,988,247	3,300,050	3,069,545	3,002,061	2,439,400
Department of public housing	2,474,874	2,598,603	2,873,375	2,916,958	2,930,052	3,029,943	3,041,526	2,982,647	3,116,509	3,030,163
<b>Total business-type activities</b>	<b>40,634,010</b>	<b>38,013,969</b>	<b>40,586,811</b>	<b>41,171,290</b>	<b>42,547,617</b>	<b>45,518,232</b>	<b>47,628,486</b>	<b>48,096,458</b>	<b>47,395,513</b>	<b>47,690,991</b>
<b>Total primary governmental expenses</b>	<b>\$ 53,593,989</b>	<b>\$ 51,690,104</b>	<b>\$ 53,290,934</b>	<b>\$ 54,169,315</b>	<b>\$ 55,363,227</b>	<b>\$ 58,477,837</b>	<b>\$ 60,999,800</b>	<b>\$ 61,380,054</b>	<b>\$ 61,547,607</b>	<b>\$ 62,812,838</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 19,022	\$ 18,230	\$ 15,268	\$ 21,915	\$ 13,842	\$ 25,079	\$ 19,197	\$ 20,973	\$ 14,268	\$ 13,856
Public safety	11,928	14,747	24,804	25,508	29,006	26,358	24,169	28,754	33,698	27,287
Public works	573,392	736,569	726,791	1,026,813	1,099,162	1,078,301	1,076,096	1,087,367	1,267,508	1,275,629
Culture and recreation	140,751	112,269	91,066	79,761	84,151	117,498	113,766	111,001	100,530	92,536
Operating grants and contributions	37,337	29,068	29,631	31,795	28,966	26,561	49,700	66,402	676,998	652,466
Capital grants and contributions	1,041,948	1,275,564	1,561,706	1,208,590	719,906	925,668	985,715	949,567	562,622	1,180,418
<b>Total governmental activities program revenues</b>	<b>1,824,378</b>	<b>2,186,447</b>	<b>2,449,266</b>	<b>2,394,382</b>	<b>1,975,033</b>	<b>2,199,465</b>	<b>2,268,643</b>	<b>2,264,064</b>	<b>2,655,624</b>	<b>3,242,192</b>
<b>Business-type activities:</b>										
Charges for services:										
Water and sewer	6,281,224	5,672,541	6,240,988	6,429,806	6,649,077	6,824,060	7,421,015	7,698,198	9,448,941	10,248,254
Electric	27,101,308	26,877,090	28,394,156	30,307,901	29,995,450	32,366,262	34,615,161	34,904,849	33,553,769	33,503,443
Landfill	1,917,820	2,073,596	2,455,316	2,104,072	2,292,726	2,366,306	2,628,348	2,462,101	2,874,421	2,762,869
Department of public housing	414,734	416,027	428,928	429,637	408,352	464,436	450,847	525,186	570,760	532,104
Operating grants and contributions	1,989,979	1,987,259	1,980,201	2,212,993	2,131,220	2,014,307	2,070,074	1,931,665	1,895,994	2,072,475
Capital grants and contributions	516,652	142,033	1,184,645	564,644	124,802	396,040	192,779	236,464	417,681	385,270
<b>Total business-type activities program revenues</b>	<b>38,221,717</b>	<b>37,168,546</b>	<b>40,684,234</b>	<b>42,049,053</b>	<b>41,601,627</b>	<b>44,431,411</b>	<b>47,378,224</b>	<b>47,758,463</b>	<b>48,761,566</b>	<b>49,504,415</b>
<b>Total primary governmental program revenues</b>	<b>\$ 40,046,095</b>	<b>\$ 39,354,993</b>	<b>\$ 43,133,500</b>	<b>\$ 44,443,435</b>	<b>\$ 43,576,660</b>	<b>\$ 46,630,876</b>	<b>\$ 49,646,867</b>	<b>\$ 50,022,527</b>	<b>\$ 51,417,190</b>	<b>\$ 52,746,607</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (11,135,601)	\$ (11,489,688)	\$ (10,254,857)	\$ (10,603,643)	\$ (10,840,577)	\$ (10,760,140)	\$ (11,102,671)	\$ (11,019,532)	\$ (11,496,470)	\$ (11,879,655)
Business-type activities	(2,412,293)	(845,423)	97,423	877,763	(945,990)	(1,086,821)	(250,262)	(337,995)	1,366,053	1,813,424
<b>Total primary governmental net expense</b>	<b>\$ (13,547,894)</b>	<b>\$ (12,335,111)</b>	<b>\$ (10,157,434)</b>	<b>\$ (9,725,880)</b>	<b>\$ (11,786,567)</b>	<b>\$ (11,846,961)</b>	<b>\$ (11,352,933)</b>	<b>\$ (11,357,527)</b>	<b>\$ (10,130,417)</b>	<b>\$ (10,066,231)</b>

*Continued*

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

Table 2  
Page 2 of 2

**General Revenues and Other Changes in Net Position**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
Taxes										
Ad valorem taxes	\$ 5,440,858	\$ 5,726,659	\$ 5,661,574	\$ 5,642,857	\$ 5,540,371	\$ 5,660,953	\$ 5,794,633	\$ 5,942,627	\$ 5,938,844	\$ 6,075,216
Other taxes	4,284,785	4,072,514	3,919,861	4,018,883	4,254,430	4,386,653	4,285,480	4,776,561	5,110,887	5,397,619
Unrestricted grants and contributions										
Unrestricted interest earned on investments	310,247	164,553	55,594	33,304	18,135	10,038	2,528	2,185	7,614	17,090
Miscellaneous	152,472	438,513	100,908	202,507	190,296	215,981	134,347	72,132	168,849	208,081
Transfers in (out)	2,320,000	1,466,250	(3,770,698)	1,322,068	1,190,000	1,166,959	1,373,818	1,240,000	1,091,727	907,319
Special item	-	-	-	-	-	-	-	-	-	(227,361)
<b>Total governmental activities</b>	<u>\$ 12,508,362</u>	<u>\$ 11,868,489</u>	<u>\$ 5,967,239</u>	<u>\$ 11,219,619</u>	<u>\$ 11,193,232</u>	<u>\$ 11,440,584</u>	<u>\$ 11,590,806</u>	<u>\$ 12,033,505</u>	<u>\$ 12,317,921</u>	<u>\$ 12,377,964</u>
<b>Business-type activities:</b>										
Ad valorem taxes	-	-	-	-	-	-	-	-	-	142,620
Unrestricted interest earned on investments	372,950	211,198	96,253	49,211	25,971	18,091	79,476	57,763	9,586	17,254
Miscellaneous	928,761	1,976,584	3,430,815	1,214,005	1,226,215	1,065,333	121,834	280,781	209,570	203,203
Transfers in (out)	2,320,000	(1,466,250)	3,770,698	(1,322,068)	(1,190,000)	(1,166,959)	(1,373,818)	(1,240,000)	(1,091,727)	(907,319)
<b>Total business-type activities</b>	<u>\$ 3,621,711</u>	<u>\$ 721,532</u>	<u>\$ 7,297,766</u>	<u>\$ (58,852)</u>	<u>\$ 62,186</u>	<u>\$ (83,535)</u>	<u>\$ (1,172,508)</u>	<u>\$ (901,456)</u>	<u>\$ (872,571)</u>	<u>\$ (544,242)</u>
<b>Total primary government</b>	<u>\$ 16,130,073</u>	<u>\$ 12,590,021</u>	<u>\$ 13,265,005</u>	<u>\$ 11,160,767</u>	<u>\$ 11,255,418</u>	<u>\$ 11,357,049</u>	<u>\$ 10,418,298</u>	<u>\$ 11,132,049</u>	<u>\$ 11,445,350</u>	<u>\$ 11,833,722</u>
<b>Change in net position</b>										
Governmental activities	\$ 1,372,761	\$ 378,801	\$ (4,287,618)	\$ 615,976	\$ 352,655	\$ 680,444	\$ 488,135	\$ 1,013,973	\$ 821,451	\$ 498,309
Business-type activities	1,209,418	(123,891)	7,395,189	818,911	(883,804)	(1,170,356)	(1,422,770)	(1,239,451)	493,482	1,269,182
<b>Total primary government</b>	<u>\$ 2,582,179</u>	<u>\$ 254,910</u>	<u>\$ 3,107,571</u>	<u>\$ 1,434,887</u>	<u>\$ (531,149)</u>	<u>\$ (489,912)</u>	<u>\$ (934,635)</u>	<u>\$ (225,478)</u>	<u>\$ 1,314,933</u>	<u>\$ 1,767,491</u>

*CITY OF ALBEMARLE, NORTH CAROLINA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)*

*Table 3*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ 140,402	\$ 157,363	\$ 62,744	\$ 139,287	\$ 24,313	\$ 17,834	\$ 35,781	\$ 78,870	\$ 234,821	\$ 45,878
Restricted	1,665,890	1,679,878	2,246,402	2,279,619	1,796,687	940,571	1,841,563	2,628,727	1,985,738	1,934,168
Committed	-	-	-	10,280	-	-	6,861	-	1,164,823	486,965
Assigned	631,950	821,350	130,101	100,000	266,700	266,700	133,000	37,300	-	333,780
Unassigned	5,440,650	2,732,440	1,423,670	2,007,429	4,061,559	4,460,770	4,538,502	5,095,966	5,385,079	4,302,876
<b>Total General Fund</b>	<b>\$ 7,878,892</b>	<b>\$ 5,391,031</b>	<b>\$ 3,862,917</b>	<b>\$ 4,536,615</b>	<b>\$ 6,149,259</b>	<b>\$ 5,685,875</b>	<b>\$ 6,555,707</b>	<b>\$ 7,840,863</b>	<b>\$ 8,770,461</b>	<b>\$ 7,103,667</b>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(2,086)	(141,893)	(303,603)	-	-	-	-	-	-	-
Capital projects funds	1,390,706	966,686	(18,090)	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	76,390	149,192	454,351	-	-	-	-	24,185	-	633,582
Committed	-	-	-	20,050	22,926	194,773	67,490	-	(11,722)	-
Assigned	-	-	-	-	-	-	22,401	-	-	-
Unassigned	-	-	-	65,601	90,432	108,875	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 1,465,010</b>	<b>\$ 973,985</b>	<b>\$ 132,658</b>	<b>\$ 85,651</b>	<b>\$ 113,358</b>	<b>\$ 303,648</b>	<b>\$ 89,891</b>	<b>\$ 24,185</b>	<b>\$ (11,722)</b>	<b>\$ 633,582</b>

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

*Table 4*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Ad valorem taxes	\$ 5,569,443	\$ 5,615,374	\$ 5,554,762	\$ 5,550,706	\$ 5,512,617	\$ 5,638,150	\$ 5,844,284	\$ 5,990,284	\$ 5,984,454	\$ 6,101,473
Other taxes and licenses	296,233	263,131	273,170	256,490	422,060	420,930	289,743	298,590	204,587	229,951
Unrestricted intergovernmental	3,990,216	3,810,196	3,647,851	3,766,109	3,832,745	3,965,723	3,995,737	4,477,971	4,906,300	5,167,668
Restricted intergovernmental	1,079,285	1,304,632	1,591,337	1,240,385	748,872	952,229	1,035,415	1,016,828	1,237,190	928,156
Permits and fees	29,780	29,788	37,951	45,433	41,873	50,106	43,145	49,277	47,539	40,826
Sales and services	715,313	852,027	819,978	1,108,564	1,184,288	1,197,130	1,190,083	1,221,657	1,368,465	1,368,482
Investment earnings	310,247	164,553	55,594	33,304	18,135	10,038	6,851	2,185	7,614	17,090
Miscellaneous	152,472	438,513	100,908	202,507	190,296	215,981	130,024	112,210	221,472	214,689
<b>Total revenues</b>	<b>12,142,989</b>	<b>12,478,214</b>	<b>12,081,551</b>	<b>12,203,498</b>	<b>11,950,886</b>	<b>12,450,287</b>	<b>12,535,282</b>	<b>13,169,002</b>	<b>13,977,621</b>	<b>14,068,335</b>
<b>Expenditures</b>										
General government	2,378,078	1,788,696	1,601,348	1,442,843	1,490,441	1,445,778	1,599,637	1,489,113	1,996,872	4,036,398
Public safety	6,254,676	6,281,783	6,423,349	6,105,572	6,208,346	7,252,114	7,018,252	7,077,655	7,355,402	8,253,389
Public Works	2,531,072	2,510,158	2,125,370	2,001,471	1,829,798	1,939,171	1,905,120	1,857,988	3,076,021	2,875,905
Environmental protection	1,055,649	1,107,614	1,110,076	1,136,579	1,157,169	918,277	930,426	940,066	-	-
Economic and physical development	74,806	163,223	35,426	97,547	2,640	2,229	112,038	68,283	-	-
Culture and recreation	1,248,648	1,271,011	1,064,349	1,060,152	1,226,130	1,122,948	1,192,452	1,253,103	1,267,422	1,398,318
Capital Outlay	1,326,521	6,670,850	3,694,381	506,879	41,547	760,359	161,486	126,623	672,424	827,485
Debt service										
Principal	366,635	346,304	417,180	434,258	344,665	346,844	318,728	290,318	366,507	505,182
Interest and other charges	78,106	125,608	130,530	113,574	102,899	102,620	104,234	86,493	79,943	65,439
<b>Total expenditures</b>	<b>15,314,191</b>	<b>20,265,247</b>	<b>16,602,009</b>	<b>12,898,875</b>	<b>12,403,635</b>	<b>13,890,340</b>	<b>13,342,373</b>	<b>13,189,642</b>	<b>14,814,591</b>	<b>17,962,116</b>
Excess of revenues over (under) expenditures	(3,171,202)	(7,787,033)	(4,520,458)	(695,377)	(452,749)	(1,440,053)	(807,091)	(20,640)	(836,970)	(3,893,781)
<b>Other financing sources (uses)</b>										
Transfers from other funds	4,152,040	1,715,851	3,502,979	1,445,641	1,236,638	2,191,452	1,398,818	1,551,230	1,218,985	2,138,199
Transfers to other funds	(1,832,040)	(249,601)	(1,432,979)	(123,573)	(46,638)	(1,024,493)	(25,000)	(311,230)	(127,258)	(1,230,880)
Proceeds from debt	2,907,170	191,897	81,017	-	903,100	-	331,590	-	638,934	1,964,972
Sales of capital assets	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,227,170</b>	<b>1,658,147</b>	<b>2,151,017</b>	<b>1,322,068</b>	<b>2,093,100</b>	<b>1,166,959</b>	<b>1,705,408</b>	<b>1,240,000</b>	<b>1,730,661</b>	<b>2,872,291</b>
<b>Net change in fund balances</b>	<b>\$ 2,055,968</b>	<b>\$ (6,128,886)</b>	<b>\$ (2,369,441)</b>	<b>\$ 626,691</b>	<b>\$ 1,640,351</b>	<b>\$ (273,094)</b>	<b>\$ 898,317</b>	<b>\$ 1,219,360</b>	<b>\$ 893,691</b>	<b>\$ (1,021,490)</b>
Debt services as a percentage of noncapital expenditures	3.2%	3.5%	4.2%	4.4%	3.6%	3.4%	3.2%	2.9%	3.2%	3.3%

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

*Table 5*

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Motor Vehicle Fee</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Occupancy Tax</b>	<b>Vehicle Lease Tax</b>	<b>Privilege License Tax</b>	<b>Beer &amp; Wine Tax</b>	<b>Drug Tax</b>	<b>Total</b>
2008	\$ 5,569,443	\$ -	\$ 2,835,553	\$ 1,063,747	\$ 120,034	\$ 19,792	\$ 156,407	\$ 89,875	\$ 16,138	\$ 9,870,989
2009	5,615,374	-	2,647,997	1,090,080	94,150	16,659	152,322	71,972	7,385	9,695,939
2010	5,554,762	-	2,528,528	1,096,075	84,534	17,078	171,558	23,101	7,691	9,483,327
2011	5,550,706	-	2,573,515	1,120,439	102,221	18,113	136,156	72,008	8,581	9,581,739
2012	5,512,617	-	2,642,711	1,120,988	97,767	18,426	305,867	69,046	8,361	9,775,783
2013	5,638,150	-	2,740,964	1,160,030	111,000	18,683	291,247	64,729	5,594	10,030,397
2014	5,844,284	-	2,738,632	1,187,689	108,677	20,911	160,155	69,416	5,970	10,135,734
2015	5,990,284	-	3,026,163	1,375,956	124,223	20,117	154,250	75,852	10,087	10,776,932
2016	5,779,023	51,110	3,213,145	1,385,955	131,250	20,983	765	70,199	14,766	10,667,196
2017	5,947,003	66,475	3,498,266	1,356,078	135,886	25,381	793	72,324	6,574	11,108,780

**CITY OF ALBEMARLE, NORTH CAROLINA  
NUMBER OF ELECTRIC CUSTOMERS BY TYPE  
LAST TEN FISCAL YEARS**

*Table 6*

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Security Light</b>	<b>Total</b>
2008	9,837	2,167	14	2,826	14,844
2009	9,795	2,155	19	2,833	14,802
2010	9,827	2,168	15	2,882	14,892
2011	9,880	2,197	16	2,882	14,975
2012	9,805	2,202	15	2,891	14,913
2013	9,806	2,212	15	2,872	14,905
2014	9,762	2,208	15	2,873	14,858
2015	9,781	2,197	13	2,838	14,829
2016	9,845	2,108	13	2,847	14,813
2017	9,922	2,232	15	2,902	15,071

Source: City of Albemarle Finance and Utilities Department

**CITY OF ALBEMARLE, NORTH CAROLINA  
ELECTRIC RATES  
LAST TEN FISCAL YEARS**

*Table 7*

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Residential Customers</b>											
<i>Residential Service-RS</i>											
Basic Facilities Charge	10.500000	10.610000	10.760000	11.140000	11.610000	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000
First 500 kWh used	0.088800	0.089690	0.090940	0.094120	0.098070	0.101990	0.106690	0.112190	0.114990	0.113150	0.113150
All over 500 kWh used	0.094690	0.095640	0.096970	0.100360	0.104580	0.108760	0.113460	0.118960	0.121930	0.119980	0.119980
<i>Residential All Electric Service-RE</i>											
Basic Facilities Charge	10.500000	10.610000	10.760000	11.140000	11.610000	12.070000	12.070000	12.070000	12.370000	12.170000	12.170000
First 500 kWh used	0.088800	0.089690	0.090940	0.094120	0.098070	0.101990	0.106390	0.111590	0.114380	0.112550	0.112550
All over 500 kWh used	0.086990	0.087860	0.089090	0.092210	0.096080	0.099920	0.104320	0.109520	0.112260	0.110460	0.110460
<b>Commercial Customers</b>											
<i>Small General Service-SGS</i>											
Basic Facilities Charge	14.450000	14.590000	14.790000	15.310000	15.950000	16.590000	16.590000	16.590000	17.000000	16.730000	16.730000
Demand Charge							7781.000000	750.000000			
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
All over 30kW of Billing Demand	4.260000	4.300000	4.360000	4.510000	4.700000	4.890000	4.890000	4.890000	5.010000	4.930000	4.930000
Energy Charge											
First 3,000 kWh used	0.123710	0.124950	0.126690	0.131120	0.136630	0.142100	0.147600	0.154200	0.158060	0.155530	0.155530
Next 9,000 kWh used	0.064100	0.064740	0.065650	0.067950	0.070800	0.073630	0.079130	0.085730	0.087870	0.086460	0.086460
All over 12,000 kWh used	0.058740	0.059330	0.060160	0.062270	0.064890	0.067490	0.072990	0.079590	0.081580	0.080270	0.080270
Minimum Monthly Bill Amount	30.620000	30.930000	31.360000	32.460000	33.820000	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000
<i>Medium General Service-LGS</i>											
Basic Facilities Charge	14.450000	14.590000	14.790000	15.310000	15.950000	16.590000	16.590000	16.590000	17.000000	16.730000	16.730000
Demand Charge											
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
All over 30kW of Billing Demand	4.860000	4.910000	4.980000	5.150000	5.370000	5.580000	5.580000	5.580000	5.720000	5.630000	5.630000
Energy Charge											
First 3,000 kWh used	0.119920	0.121120	0.122820	0.127120	0.132460	0.137760	0.141760	0.146460	0.150120	0.147720	0.147720
Next 9,000 kWh used	0.073040	0.073770	0.074800	0.077420	0.080670	0.083900	0.087900	0.092600	0.094920	0.093400	0.093400
All over 12,000 kWh used	0.064100	0.064740	0.065650	0.067950	0.070800	0.073630	0.077630	0.082330	0.084390	0.083040	0.083040
Minimum Monthly Bill Amount	30.620000	30.930000	31.360000	32.460000	33.820000	35.170000	35.170000	36.750000	37.670000	37.070000	37.070000
<i>Large General Service-LGS</i>											
Basic Facilities Charge	22.330000	22.550000	22.870000	23.670000	24.660000	25.650000	25.650000	25.650000	26.290000	25.870000	25.870000
Demand Charge											
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
All over 30kW of Billing Demand	5.040000	5.090000	5.160000	5.340000	5.560000	5.780000	5.780000	5.780000	5.920000	5.830000	5.830000
Energy Charge											
First 25,000 kWh used	0.071830	0.072550	0.073570	0.076140	0.079340	0.082510	0.085910	0.089910	0.092160	0.090690	0.090690
Next 50,000 kWh used	0.068080	0.068760	0.069720	0.072160	0.075190	0.078200	0.081600	0.085600	0.087740	0.086340	0.086340
Next 75,000 kWh used	0.059290	0.059880	0.060720	0.062850	0.065490	0.068110	0.071510	0.075510	0.077400	0.076160	0.076160
All over 150,000 kWh used	0.054140	0.054680	0.055450	0.057390	0.059800	0.062190	0.065590	0.069590	0.071330	0.070190	0.070190
Minimum Monthly Bill Amount	51.030000	51.540000	52.260000	54.090000	56.360000	58.610000	58.610000	61.250000	62.780000	61.780000	61.780000

Source: City of Albemarle Finance and Utilities Department

**CITY OF ALBEMARLE, NORTH CAROLINA  
TEN LARGEST ELECTRIC CUSTOMERS  
CURRENT YEAR AND NINE YEARS AGO**

*Table 8*

<u>Customer</u>	<u>2008</u>			<u>2017</u>		
	<u>Electric Revenue</u>	<u>Rank</u>	<u>Percentage of Total Electric Revenue</u>	<u>Electric Revenue</u>	<u>Rank</u>	<u>Percentage of Total Electric Revenue</u>
IAC Albemarle LLC	\$ 1,205,676	1	4.43%	\$ 1,467,195	1	4.39%
Stanly Regional Medical Center	689,999	2	2.54%	885,407	2	2.65%
Preformed Line Products	577,499	3	2.12%	776,196	3	2.32%
City of Albemarle Public Utilities	245,193	9	0.90%	534,315	4	1.60%
Carolinas Healthcare System	-	-	0.00%	422,906	5	1.26%
Wal-Mart	365,638	5	1.34%	386,509	6	1.16%
Albemarle Correctional Institution	274,199	7	1.01%	376,041	7	1.12%
Food Lion	208,885	10	0.77%	283,897	8	0.85%
City of Albemarle Public Housing	271,976	8	1.00%	271,494	9	0.81%
Lowe's	283,645	6	1.04%	263,233	10	0.79%
Contech US LLC	462,041	4	1.70%	-	-	0.00%
Totals	<u>\$ 4,584,751</u>		<u>16.85%</u>	<u>\$ 5,667,193</u>		<u>16.95%</u>

Source: City of Albemarle Finance and Utilities Department

**CITY OF ALBEMARLE, NORTH CAROLINA  
NUMBER OF WATER CUSTOMERS BY TYPE  
LAST TEN FISCAL YEARS**

*Table 9*

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Wholesale</b>	<b>Total</b>
2008	-	-	-	-	-
2009	6,225	1,045	15	-	7,285
2010	6,167	1,050	17	-	7,234
2011	6,119	1,049	16	-	7,184
2012	6,112	1,050	19	-	7,181
2013	6,219	1,049	15	-	7,283
2014	6,224	1,037	15	-	7,276
2015	6,233	1,050	16	-	7,299
2016	6,249	1,057	14	1	7,321
2017	6,294	1,045	17	1	7,357

Source: City of Albemarle Finance and Utilities Departments

Note: Accurate information unavailable for 2008

*CITY OF ALBEMARLE, NORTH CAROLINA  
WATER RATES  
LAST TEN FISCAL YEARS*

*Table 10*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Water-Inside Corporate Limits</b>										
0 - 300 cubic feet (minimum charge)	9.49	9.49	9.49	9.49	9.49	9.96	9.96	10.76	11.19	11.64
301 - 30,000 cubic feet (charge per 100 cubic feet)	1.66	1.74	1.80	1.88	1.98	2.08	2.18	2.35	2.44	2.54
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	1.42	1.49	1.54	1.61	1.70	1.79	1.88	2.03	2.11	2.19
Over 275,000 cubic feet (charge per 100 cubic feet)	1.04	1.09	1.13	1.18	1.24	1.30	1.37	1.48	1.54	1.60
<b>Water-Outside Corporate Limits</b>										
0 - 300 cubic feet (minimum charge)	18.97	18.97	18.97	18.97	18.97	19.92	19.92	21.51	22.37	23.26
301 - 30,000 cubic feet (charge per 100 cubic feet)	3.32	3.48	3.60	3.76	3.97	4.16	4.36	4.71	4.90	5.10
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	2.84	2.98	3.08	3.22	3.40	3.58	3.76	4.06	4.22	4.39
Over 275,000 cubic feet (charge per 100 cubic feet)	1.04	1.09	1.13	1.18	1.24	1.30	1.37	1.48	1.54	1.60

Source: City of Albemarle Finance and Utilities Departments

**CITY OF ALBEMARLE, NORTH CAROLINA  
TEN LARGEST WATER CUSTOMERS  
CURRENT YEAR AND NINE YEARS AGO**

*Table 11*

<u>Customer</u>	<u>2008</u>			<u>2017</u>		
	<u>Water</u>	<u>Percentage of</u>		<u>Water</u>	<u>Percentage of</u>	
	<u>Revenue</u>	<u>Rank</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Rank</u>	<u>Revenue</u>
City of Concord	\$ -		0.00%	\$ 1,666,042	1	25.03%
Stanly County Utilities	574,928	2	15.56%	1,201,728	2	18.05%
IAC Group North America Inc	892,431	1	24.16%	1,020,073	3	15.32%
Pfeiffer North Stanly Water	287,685	3	7.79%	455,810	4	6.85%
Gentry Mills	99,259	4	2.69%	119,760	5	1.80%
City of Albemarle Public Housing	26,373	7	0.71%	52,237	6	0.78%
Stanly Regional Medical Center	39,671	6	1.07%	49,592	7	0.74%
City of Albemarle Parks and Recreation	15,426	10	0.42%	28,815	8	0.43%
Bethany Woods Nursing & Rehab	19,397	8	0.53%	25,265	9	0.38%
The Chimneys LLC	17,083	9	0.46%	14,780	10	0.22%
Amreican Fiber & Finishing	39,751	5	1.08%	-		0.00%
<b>Totals</b>	<u>\$2,012,004</u>		<u>54.47%</u>	<u>\$4,634,102</u>		<u>69.60%</u>

Source: City of Albemarle Finance and Utilities Department

**CITY OF ALBEMARLE, NORTH CAROLINA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Table 12

<u><b>Taxpayer</b></u>	<u><b>2008</b></u>			<u><b>2017</b></u>		
	<u><b>Taxable Assessed</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Taxable Assessed Value</b></u>	<u><b>Taxable Assessed</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Taxable Assessed Value</b></u>
	<u><b>Value</b></u>		<u><b>Value</b></u>	<u><b>Value</b></u>		<u><b>Value</b></u>
Preformed Line Company	\$15,299,823	1	1.54%	\$17,138,385	1	1.68%
APCO 10 LLC (Olive Place)	-		-	12,770,729	2	1.25%
Wal-Mart Real Estate	11,974,017	3	1.20%	12,301,123	3	1.21%
Centre Point Investors LLC	-		-	8,885,054	4	0.87%
Lowe's Home Center Inc	7,953,465	7	0.80%	7,448,723	5	0.73%
South Central Oil Co (Eastgate Shopping Center)	6,871,485	8	0.69%	7,019,503	6	0.69%
Fabric DE GP (IAC Real Estate)	6,592,567	9	0.66%	5,994,854	7	0.59%
Uwharrie Bank	-		-	5,654,324	8	0.55%
Piedmont Natural Gas Co Inc	-		-	5,424,212	9	0.53%
IAC Group North America Inc (Personal Property)	9,777,451	5	0.98%	4,332,853	10	0.42%
Stanly Memorial Hospital	14,077,261	2	1.41%	-		-
Contech (Metal Forge)	11,023,271	4	1.11%	-		-
Kirkpatrick Family Trust (now Olive Place)	8,380,301	6	0.84%	-		-
Concord Telephone Company	6,268,881	10	0.63%	-		-
<b>Totals</b>	<u><u>\$98,218,522</u></u>		<u><u>9.86%</u></u>	<u><u>\$86,969,760</u></u>		<u><u>8.52%</u></u>

Source: Stanly County Tax Assessor

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

*Table 13*

	<b>Fiscal Year</b>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>County Direct Rate</b>										
Stanly (General)	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
Total direct rate	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
<b>City/Town Overlapping Rates</b>										
City of Albemarle	0.5600	0.5600	0.5600	0.5600	0.5600	0.5600	0.5900	0.5900	0.5900	0.5900
Municipal Service	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
<b>Maximum Combined</b>										
**County Tax Rate	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700
*** City Tax Rate	0.6600	0.6600	0.6600	0.6600	0.6600	0.6600	0.6900	0.6900	0.6900	0.6900

Source: Stanly County Tax Assessor

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

*Table 14*

Fiscal Year	Real Property		Personal Property			Less: Tax Exempt Real Property*	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property*	Commercial Property*	Motor Vehicles*	Personal Property	Other**					
2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 993,651,251	0.5600	\$ 993,651,251	100%
2009	-	-	-	-	-	-	1,018,265,713	0.5600	1,018,265,713	100%
2010	540,542,381	309,994,495	89,456,794	90,299,272	-	16,577,325	1,013,715,617	0.5600	1,013,715,617	100%
2011	541,181,156	314,218,232	80,809,949	93,971,927	-	16,910,994	1,013,270,270	0.5600	1,013,270,270	100%
2012	546,922,373	314,965,149	83,134,423	77,275,196	-	17,401,566	1,004,895,575	0.5600	1,004,895,575	100%
2013	563,034,982	304,089,747	88,209,427	77,494,466	-	17,204,970	1,015,623,652	0.5600	1,015,623,652	100%
2014	553,546,936	285,534,365	89,015,459	77,526,869	-	16,502,325	989,121,304	0.5600	989,121,304	100%
2015	555,008,384	285,396,402	103,640,920	75,281,357	-	14,501,469	1,004,825,594	0.5900	1,004,825,594	100%
2016	555,945,405	285,920,372	106,402,162	68,924,746	-	14,566,034	1,002,626,651	0.5900	1,002,626,651	100%
2017	558,081,353	277,701,056	111,556,932	70,066,364	16,514,787	14,402,562	1,019,517,930	0.5900	1,019,517,930	100%

\*Detail not available prior to 2010.

\*\*Detail not available prior to 2017.

Source: Stanly County Tax Assessor  
City of Albemarle Yearly Audit

**CITY OF ALBEMARLE, NORTH CAROLINA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

*Table 15*

<b>Fiscal Year Ended June 30</b>	<b>Total Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2008	\$ 5,567,376	\$ 5,371,399	96.48%	\$ 171,716	\$ 5,543,115	99.56%
2009	5,705,458	5,463,711	95.76%	214,144	5,677,855	99.52%
2010	5,675,031	5,386,288	94.91%	188,851	5,575,139	98.24%
2011	5,708,742	5,383,660	94.31%	282,612	5,666,272	99.26%
2012	5,695,866	5,390,888	94.65%	257,710	5,648,598	99.17%
2013	5,814,698	5,437,536	93.51%	317,492	5,755,028	98.97%
2014	5,816,176	5,574,468	95.84%	165,545	5,740,013	98.69%
2015	5,953,379	5,768,421	96.89%	113,279	5,881,700	98.80%
2016	5,953,469	5,786,940	97.20%	70,142	5,857,082	98.38%
2017	6,063,603	5,900,042	97.30%	-	5,900,042	97.30%

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

*Table 16*

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>Installment Purchases</u>		<u>Installment Purchases</u>				
2008	\$ 2,938,960		\$ 5,013,588		\$ 7,952,548	1.62%	\$ 496
2009	2,728,841		4,438,675		7,167,516	1.43%	456
2010	2,391,336		3,946,458		6,337,794	1.22%	410
2011	1,947,281		3,582,513		5,529,794	0.97%	348
2012	2,505,717		3,583,647		6,089,364	1.11%	383
2013	2,170,012		5,701,210		7,871,222	1.45%	495
2014	2,182,874		12,380,336		14,563,210	2.60%	914
2015	1,892,556		17,636,955		19,529,511	3.39%	1,222
2016	2,164,978		19,353,778		21,518,756	3.63%	1,347
2017	3,624,773		26,245,557		29,870,330	5.01%	1,853

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

*Table 17*

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 79,492,100	\$ 81,461,257	\$ 81,038,914	\$ 81,439,457	\$ 81,338,629	\$ 82,978,357	\$ 83,046,263	\$ 80,632,773	\$ 80,617,657	\$ 82,218,351
Total net debt applicable to limit	<u>4,855,048</u>	<u>4,227,516</u>	<u>3,607,794</u>	<u>1,467,281</u>	<u>3,779,364</u>	<u>5,771,222</u>	<u>12,673,210</u>	<u>17,849,511</u>	<u>25,683,913</u>	<u>29,870,330</u>
Legal debt margin	<u>\$ 74,637,052</u>	<u>\$ 77,233,741</u>	<u>\$ 77,431,120</u>	<u>\$ 79,972,176</u>	<u>\$ 77,559,265</u>	<u>\$ 77,207,135</u>	<u>\$ 70,373,053</u>	<u>\$ 62,783,262</u>	<u>\$ 54,933,744</u>	<u>\$ 52,348,021</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>6.11%</u>	<u>5.19%</u>	<u>4.45%</u>	<u>1.80%</u>	<u>4.65%</u>	<u>6.96%</u>	<u>15.26%</u>	<u>22.14%</u>	<u>31.86%</u>	<u>36.33%</u>

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed value	<u>\$ 1,027,729,384</u>
Debt limit - 8% of assessed value	\$ 82,218,351
Debt applicable to limit:	
General obligation bonds	-
Installment purchases	<u>29,870,330</u>
Total amount of debt applicable to debt limit	<u>29,870,330</u>
Legal debt margin	<u>\$ 52,348,021</u>

**CITY OF ALBEMARLE, NORTH CAROLINA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

*Table 18*

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (2)*</b>	<b>School Enrollment (3)*</b>	<b>Unemployment Rate (4)</b>
2008	16,026	\$ 489,738,534	\$ 30,559	9,662	6.0%
2009	15,728	500,921,072	31,849	9,524	12.0%
2010	15,449	521,249,260	33,740	9,336	13.0%
2011	15,903	570,154,356	35,852	9,205	12.3%
2012	15,919	550,208,397	34,563	9,070	10.3%
2013	15,913	543,842,688	34,176	8,953	8.7%
2014	15,937	561,014,274	35,202	8,763	6.2%
2015	15,976	576,925,312	36,112	8,666	5.7%
2016	15,979	592,101,845	37,055	8,670	4.8%
2017	16,121	595,799,918	36,958	8,582	3.8%

\*County-Level data. Data not available at City level.

Sources:

- (1) N.C. State Demographer's Office
- (2) N.C. Employment Security Commission Workforce In-Depth
- (3) Division of School Business Services School Allotments Sections
- (4) N.C. Department of Commerce D4 Local Area Unemployment Statistics

**CITY OF ALBEMARLE, NORTH CAROLINA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

*Table 19*

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Stanly County Board of Education	1,350	1	4.74%	-		-
Carolinas Healthcare Stanly	688	2	2.41%	-		-
Stanly County	584	3	2.05%	-		-
Fiberon LLC	500	4	1.75%	-		-
Michelin Aircraft Tire Co. LLC	430	5	1.51%	-		-
International Automotive Components	370	6	1.30%	-		-
City of Albemarle	312	7	1.09%	-		-
Bethany Woods Nursing and Rehabilitation	220	8	0.77%	-		-
CMH Manufacturing Inc.	200	9	0.70%	-		-
Preformed Line Products Co.	160	10	0.56%	-		-
Total	<u>4,814</u>		<u>16.88%</u>	<u>-</u>		<u>-</u>

Source: Economic Development Partnership of NC  
 NC Dept of Commerce Micropolitan Statistics (total employed)  
 Note: Will become a 10 year spread.  
 Note: (1) County-level data

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

*Table 20*

<b>Function</b>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government										
Administration		3	3	3	4	4	3	3	3	3
Economic Development		0	0	0	0	0	1	1	1	1
Downtown Development		0	0	0	0	0	0	0	1	2
Human Resources		3	3	3	3	3	3	3	3	3
Finance		8	10	10	9	9	9	10	10	9
Information Systems		3	3	3	3	3	3	4	3	3
Planning Development Services		5	5	5	5	5	5	6	6	6
Engineering		2	2	1	1	1	1	1	1	1
Public safety										
Police		52	51	49	52	55	56	54	55	64
School Resource		3	3	3	1	2	2	2	2	2
Fire		37	40	39	39	42	41	42	43	43
Fire Marshal		1	1	1	1	1	1	1	1	1
Public Works										
Administration		4	3	3	3	2	2	3	2	2
Central Warehouse		5	5	3	3	2	2	2	2	2
Central Garage		4	4	4	4	3	4	4	4	2
Streets and Highways		19	17	16	15	15	12	11	14	17
Downtown Services		2	2	2	1	1	2	2	2	1
Landfill		12	15	14	14	14	14	12	13	12
Public Housing		9	10	10	9	10	10	10	9	9
Recreation		32	27	29	38	37	36	36	34	33
Parks		12	9	9	9	7	9	10	9	9
Water and Sewer										
Water Treatment		16	17	20	21	20	19	20	18	16
Sewer Treatment		15	16	15	15	16	16	16	16	17
Water/Sewer Lines		23	22	20	20	19	19	19	20	20
Electric										
Administration		10	10	10	11	9	10	10	10	10
Operations		21	21	20	21	21	21	21	21	21
Customer Service		3	3	3	3	3	3	3	3	3
<b>Total</b>		<u>304</u>	<u>302</u>	<u>295</u>	<u>305</u>	<u>304</u>	<u>304</u>	<u>306</u>	<u>305</u>	<u>311</u>

Note: Will become a ten-year schedule.

Source: City of Albemarle Finance, Payroll

**CITY OF ALBEMARLE, NORTH CAROLINA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

*Table 21*

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Arrests	1,949	1,752	1,996	1,670	1,910	1,857	1,623	1,450	1,550	1,732
Traffic Violations	3,033	3,299	4,020	4,342	3,127	3,895	4,990	4,364	4,890	4,161
Parking Violations	223	693	460	407	231	140	41	66	86	63
Sworn Officers	48	48	48	48	48	49	49	48	49	49
<b>Fire</b>										
Total Responses	2,160	2,064	2,091	2,275	2,387	2,209	2,347	2,307	2,470	2,507
Working Fires	26	19	26	30	24	29	27	28	25	25
EMS Response	1,595	1,547	1,506	1,676	1,818	1,606	1,762	1,669	1,917	1,923
Mutual Aid Given	31	31	31	36	40	27	36	34	29	35
Mutual Aid Received	44	30	39	77	51	57	100	79	56	47
Property Loss (dollars)	\$780,907	\$481,467	\$542,120	\$825,736	\$205,191	\$ 277,500	\$ 384,240	\$ 1,056,100	\$ 378,119	\$ 600,150
Inspections Performed	1,112	1,039	1,070	1,202	941	785	640	677	1,279	446
<b>Streets</b>										
Street Resurfacing (miles)	3.43	6.09	1.40	0.63	1.66	1.74	2.20	0.28	-	-
Sidewalk Installation/Repair**										\$270,467.11
<b>Environmental Protection</b>										
Number of Households Served	6,476	6,255	6,225	6,217	6,395	6,383	6,368	6,399	6,389	6,238
Solid Waste Collected (tons/year)	6,476	6,615	6,684	6,676	6,347	6,318	6,361	6,434	6,930	6,152
Leaves Collected (tons/year)*					3,275	3,155	2,730	2,470	2,170	1,860
<b>Electric</b>										
Number of metered accounts	11,891	11,913	11,978	11,974	11,905	11,901	11,865	11,867	11,889	12,113
Average daily consumption	80	73	79	65	74	64	72	79	76	74
<b>Water</b>										
Number of metered water accounts	7,210	7,242	7,291	7,262	7,272	7,302	7,228	7,285	7,291	7,337
Average daily water treatment	705	562	674	652	661	582	637	744	716	441
<b>Wastewater</b>										
Number of sewer accounts	6,603	6,606	6,670	6,639	6,667	6,701	6,646	6,696	6,705	6,712
Average daily sewage collected	514	408	589	477	497	489	463	489	475	528
Average daily sewage treatment	514	408	589	477	497	489	463	489	475	528
<b>Parks and Recreation</b>										
Number of Youth Programs	55	55	58	50	58	70	61	54	67	49
Number of Adult Programs	26	27	18	14	16	19	25	17	20	50
Number of Senior Programs	8	5	5	6	9	6	7	7	9	15
Number of Facility Rentals			324	304	290	250	326	336	343	342
<b>Planning and Community Development</b>										
Building Permits (estimated structure cost)*						\$6,314,900	\$2,999,612	\$18,148,532	\$26,550,096	\$ 6,714,448
Sign Permits*				1	3	21	31	64	49	36
<b>Landfill (tons)</b>										
Solid Waste	45,564	46,047	52,339	40,980	38,384	39,593	42,832	43,360	53,040	41,891
C&D*	22,397	16,363	12,308	3,135	-	13,396	4,637	5,096	4,333	19,600
<b>Recyclables</b>										
Metal*				105	145	103	114	90	119	194
Paper*				27	45	32	28	45	54	19
Electronics*									26	37.46
Plastics*									66	0.32
Yard Waste*									3,838	3,720

Sources: City departments

\*Accurate information not available for prior years.

\*\*Increase for fiscal year.

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Table 22

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	3	3
Patrol units	27	26	27	27	27	28	28	28	28	28
Unmarked units	10	10	10	11	11	11	11	11	11	12
K-9 Units	1	1	1	1	1	1	2	2	2	2
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	5	5	5	5	6	6	6	5	5	5
<b>Public Works</b>										
Miles of Streets	120.07	120.64	120.64	120.94	121	121.14	121.14	121.19	121.20	121.20
<b>Electric</b>										
Miles of Distribution Lines	315	315	315	320	320	320	325	325	325	400
Number of delivery points (substations)	2	2	2	2	2	2	2	3	3	3
Street Lights	2816	2835	2878	2882	2879	2881	2863	2840	2847	2894
Traffic Signals	108	111	118	119	121	121	121	124	124	125
<b>Water Treatment</b>										
Plants	2	2	2	2	2	2	2	2	2	2
Miles of Distribution Lines	180	180	180	180	180	180	180	190	190	190
Fire Hydrants	900	900	900	900	900	900	900	900	900	900
Storage Capacity	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
<b>Wastewater Treatment</b>										
Plants	1	1	1	1	1	1	1	1	1	1
Miles of Collection Lines	190	190	190	190	190	190	190	190	190	190
<b>Parks and Recreation</b>										
Acreage	292	292	295	295	297	297	297	297	297	297
Playgrounds	6	6.0	6	6	6	6	6	6	6	6
Parks	6	6.0	6	6	6	6	6	6	6	6
Gymnasiums	1	1.0	1	1	1	1	1	1	1	1
Basketball Courts	3	3.0	3	3	3	3	3	3	3	3
Baseball Fields	4	4	4	4	4	4	4	4	4	3
Soccer Fields	5	5	5	5	5	5	5	5	5	5
Community Centers	1	1	1	1	1	2	2	2	2	2
Tennis Courts	9	9	9	9	9	9	9	9	9	9
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Greenway (miles)	0.5	0.5	0.5	1	1	1.25	1.25	1.25	1.25	1.25
Walking Trails	3	3	3	3	3	3	3	3	3	3
Lakes	1	1	1	1	1	1	1	1	1	1
<b>Landfill**</b>										
Land and Improvements				\$ 159,691	\$ 690,822	\$ 1,100,048		\$ 1,047,204	\$ 1,047,204	\$ -
Buildings				\$ 144,056	\$ 137,278	\$ 137,278		\$ 116,942	\$ 116,942	\$ 341,659
Equipment				\$ 817,396	\$ 788,483	\$ 851,701		\$ 842,556	\$ 2,009,456	\$ 11,020
Vehicles				\$ 229,524	\$ 166,330	\$ 166,330		\$ 156,968	\$ 156,968	\$ 94,212
Infrastructure				\$ 61,011	\$ 3,600,840	\$ 3,724,732		\$ 969,014	\$ 968,014	\$ 243,542
<b>Public Housing</b>										
Units	199	199	199	199	199	199	199	199	199	199

Sources: City departments

\*Data unavailable for blank fiscal years

\*\*Increase for fiscal year.



# ALBEMARLE

NORTH CAROLINA

*Water. Air. Land. Opportunity.*

# **Compliance Section**



# ALBEMARLE

NORTH CAROLINA

*Water. Air. Land. Opportunity.*



**POTTER & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albemarle, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises the City of Albemarle's basic financial statements, and have issued our report thereon dated December 6, 2017. Our report includes a reference to other auditors who have audited the financial statements of the Albemarle Downtown Development Corporation and the City of Albemarle ABC Board, as described in our report on the City of Albemarle, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Albemarle Downtown Development Corporation and the City of Albemarle ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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

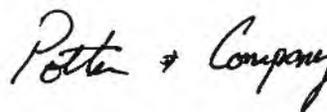
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Albemarle's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 6, 2017  
Monroe, North Carolina





**POTTER & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT  
IMPLEMENTATION ACT**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Albemarle, North Carolina's, compliance with the types of compliance requirements described 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 Albemarle's major federal programs for the year ended June 30, 2017. The City of Albemarle's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Albemarle's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Albemarle's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the City of Albemarle 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 federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

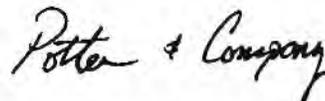
Management of the City of Albemarle is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Albemarle's internal control over compliance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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 a 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

December 6, 2017  
Monroe, North Carolina





**POTTER & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM  
GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major State Program**

We have audited the City of Albemarle, North Carolina, compliance with the types of compliance requirements described in 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 Albemarle's major state programs for the year ended June 30, 2017. The City of Albemarle's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditors' Responsibility**

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

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

### **Opinion on Each Major State Program**

In our opinion, the City of Albemarle 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, 2017.

### **Report on Internal Control Over Compliance**

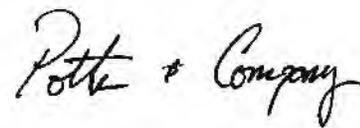
Management of the City of Albemarle is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Albemarle's internal control over compliance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

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

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

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

December 6, 2017  
Monroe, North Carolina





*CITY OF ALBEMARLE, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
For the Fiscal Year Ended June 30, 2017*

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**Section I. Summary of Auditors' Results - Continued**

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Any audit findings disclosed that are required  
to be reported in accordance with the State  
Single Audit Implementation Act

\_\_\_\_\_ yes        X   no

Identification of major State programs:

Program Name  
Powell Bill

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**Section II - Financial Statement Findings**

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None reported.

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**Section III - Federal Award Findings and Questioned Costs**

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None reported.

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**Section IV - State Award Findings and Questioned Costs**

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None reported.

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**Section V -- Corrective Action Plan**

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N/A

*CITY OF ALBEMARLE, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2017*

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**Section VI – Summary Schedule of Prior Year Findings**

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**Finding 2016-1**

Status: The finding was corrected as follows:

- (i) The City Transferred the Grant match early in the fiscal year
- (ii) The City requested drawdown of spent funds in a timely manner
- (iii) City management emphasized to appropriate personnel the importance of encumbering expenditures and communicating with the Finance department on grant expenditures.

**Finding 2016-2**

Status: Duties are being separated as much as possible; the accounts payable clerk no longer set up vendors and signature file is kept in the vault. Cash disbursements cannot be made until batches are reviewed and posted by either the Finance Director or Assistant Finance Director. A copy of each cash disbursements journal is sent to Assistant City Manager, Finance Director and Assistant Finance Director upon completion. Vendor information is entered into the system by the Purchasing Coordinator and reviewed and approved by the Assistant Finance Director.

**Finding 2016-3**

Status: Corrected. A new cash management and investment policy was written and collection clerks have read and signed that they understand procedures which include locking unattended drawers and computer terminals.

**Finding 2016-4**

Status: Corrected. Revenue/Collections Supervisor pulls the data from the Harris North Star System meeting the City's criteria for write-offs. She then presents them to the Assistant Finance Director for review; after his approval, she writes them off. Similarly, utility adjustments are reviewed by the Assistant Public Utilities Director before the Customer Accounts Supervisor can make the adjustment.

**Finding 2016-5**

Status: Corrected. Finance Director (or designee) is picked up by an Albemarle Police Officer and makes rounds to Public Housing and Parks and Recreation Department before going to the bank. This ensures that money is safely transmitted.

**Finding 2016-6**

Status: Corrected. If a Department Manager misses the date for electronic review, they approve and initial the hard copy that is sent to Accounts Payable for processing payment for the Purchasing Card.

**CITY OF ALBEMARLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Direct &amp; - Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>FEDERAL AWARDS</b>					
<u>U.S. Department of Housing &amp; Urban Development</u>					
<u>Direct Grant:</u>					
Low Income Housing:					
Public and Indian Housing Operating Subsidies Section 8:					
Housing Choice Vouchers	14.850		\$ 624,284	\$ -	\$ -
Public Housing Capital Fund:					
NC19PO75501-14	14.871		1,337,126	-	-
NC19PO75501-15	14.872		9,599	-	-
NC19PO75501-16	14.872		272,923	-	-
	14.872		102,748	-	-
<u>U.S. Department of Transportation - Federal Highway Administration</u>					
Pass through NC Department of Transportation					
Transportation Enhancement (STP-EB) - Leonard Ave. Sidewalk	20.205		127,127	31,782	111,558
Governor's Highway Safety Program (2016)	20.600	PT-16-06-22	8,454	-	8,781
<u>U.S. Environmental Protection Agency</u>					
Pass through NC Department of Environmental Quality					
Capitalization Grants for Clean Water State Revolving Funds (Leachate Upgrade)	66.458	ESRF-T-16-0415	194,834	48,708	-
Capitalization Grants for Clean Water State Revolving Funds (Headworks)	66.458	ESRF-T-13-0345	33,466	8,367	1,719
Capitalization Grants for Drinking Water State Revolving Funds (52 Rehab)	66.468	H-LRX-F-15-1868	3,387,761	846,940	-
<u>U.S. Department of Justice</u>					
Pass through NC Department of Justice					
Bullet Proof Vest Grant	16.607		8,977	-	-
<b>Total assistance federal programs</b>			<u>6,107,299</u>	<u>935,797</u>	<u>122,058</u>
<b>STATE AWARDS</b>					
<u>N.C. Department of Natural and Cultural Resources</u>					
Parks and Recreation Trust Fund (Morehead Park Renovations)		789	-	79,027	47,980
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4 32570	-	561,134	-
<b>Total assistance state programs</b>			<u>-</u>	<u>640,161</u>	<u>47,980</u>
<b>Total assistance</b>			<u>\$ 6,107,299</u>	<u>\$ 1,575,958</u>	<u>\$ 170,038</u>

**Note to the Schedule of Expenditures of Federal and State Financial Awards:**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Albemarle under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. 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, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Albemarle.

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

**Note 3: Loans Outstanding**

The City of Albemarle had the following loan balances at June 30, 2017 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2017 consist of:

<u>Program Name</u>	<u>CFDA Number</u>	<u>State / Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Capitalization Grants for Drinking Water State Revolving Funds (52 Rehab)		H-LRX-F-15-1868	\$ 9,515,775
Capitalization Grants for Clean Water State Revolving Funds (Leachate Upgrade)		ESRF-T-16-0415	-
Capitalization Grants for Clean Water State Revolving Funds (Headworks)		ESRF-T-13-0345	2,823,988