

City of Albemarle, North Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2023



ALBEMARLE
NORTH CAROLINA
Water, Air, Land, Opportunity.

**CITY OF ALBEMARLE
NORTH CAROLINA**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2023

FINANCE DEPARTMENT

CITY OF ALBEMARLE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION



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November 10, 2023

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

The Annual Comprehensive Financial Report (ACFR) of the City of Albemarle for the fiscal year ended June 30, 2023 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 Martin Starnes & Associates, CPAs, 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.

Martin Starnes & Associates, CPAs, P.A. have issued an unmodified ("clean") opinion on the City of Albemarle's financial statements for the year ended June 30, 2023. 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 is required to undergo an annual "Single Audit" in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 occupies approximately 17.56 square miles and serves a population of 16,432 according to the 2020 census survey by the United States Census Bureau.

The City of Albemarle is governed by a council-manager 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 function 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 and Greensboro. 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 more than 1,500 people.

Stanly County currently has a 3.2% unemployment rate compared to a statewide rate of 3.6% and a national average of 3.6%. During the past ten years, the unemployment rate for Stanly County has declined from a decade high of 11.5% in April 2020 to a decade low of 2.8% in April 2023. The County unemployment rate average for fiscal year ending June 30, 2023 declined to 3.2%, compared to 3.6% in fiscal year ending June 30, 2022.

The City of Albemarle has continued to experience high growth in the residential sector and sustained existing levels of commercial growth year over year. While exact investment in dollars in FY22-23 is not accessible at the time being, our overall numbers reflect a continued growth. Over 45% of all new housing units constructed since 2000 have been built in the last 4 years.

The city averaged just 15 housing units constructed over a 9 year period from 2010 to 2018. Since 2019 we have averaged 150 units per year. We have added 207 additional units in various stages of construction this year and many more waiting to come on-line. This is within 5% of last year's new construction numbers. Almost all new housing units constructed this year were single family detached homes as well as 16 townhomes. The city approved only 4 major subdivisions between 2000 and 2017. We are now averaging a minimum of 5 a year since then. In FY22-23 we maintained this with an additional 5 new subdivisions approved. Assuming these build-out within the next few years we should see annual housing numbers continue to increase.

Commercial coordination forms, which we use to track non-residential projects through permitting, do not track monetary valuations of improvement. Their numbers are, however, closely tied to the increase and/or decrease in overall investment in the city. These have decreased by around 44% since the previous fiscal year with a total of 81 projects. Overall commercial projects are down from the high of 171 projects annually in 2017, but still are on par with the average over the last 7 years and remain at or higher than pre-recession numbers. This year we saw construction of a new a Dollar General, Dollar Tree, 7 Brew and gas station and a handful of other small buildings, however the bulk of this year's non-residential construction has continued the trend of upfitting older structures, with several existing stores redeveloped and/or re-used. This points to a continued increase in commercial property values and is helping to aid in the rehabilitation and rejuvenation of older commercial areas in the City.

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 \$43,231, the County's was \$56,462, while the state's was \$60,516. The City's population recently increased from 15,903 (2010) to 16,432 according to the 2020 Decennial Census.

Major Initiatives

Fiscal year 2022-2023 included the planning and implementation phases of several initiative as well as the continuation or completion of projects that began during the previous fiscal year.

General Fund

In fiscal year 2022-2023, development of the Albemarle Business Center continued. While a contractor constructs/installs the roadway, and water and sewer infrastructure, the City is coordinating the installation of the electric infrastructure. We previously completed the in-house improvements to the electric system from the west and are proceeding with the construction of the electric system throughout the ABC property. We were also awarded Golden Leaf Foundation funding for the development of a 15-acre site ready location at the Business Center and anticipate soliciting for bid before the close of the budget year. We also continued with the services of Retail Strategies to recruit new retail businesses and retain current ones to prevent leakage to other communities.

While no program was adopted by the governing body, the Finance, Public Works, and Administration Departments placed significant time and efforts into the development of a proposed stormwater utility and program during the most recent fiscal year. We were also successful in receiving grants to study Long Creek throughout the corporate limits. Many other projects were completed, such as the construction of parking lots at both the Residences Apartments and First on Main Apartments.

In the Albemarle Fire Department, we were able to fund the refurbishment of Ladder 11 and improve operational oversight and enhance succession planning with the creation of the Assistant Fire Chief position. The Police Department purchased 9 new patrol vehicles, a new K9, and acquired state of the art body cameras.

The Parks and Recreation Department undertook the resurfacing of the Don Montgomery parking lot, greenway improvements, new park signage, entered into an agreement to bring rental kayaks for public use to City Lake Park, and secured the Uwharrie Wampus Cats in making Don Montgomery Park their home.

The Planning and Development Services Department executed a contract for assistance with long-range comprehensive development analysis and planning. The Department also worked with seven private dilapidated structures as part of the City's minimum code removal process, with many more properties addressed through daily minimum code (those not requiring demolition), nuisance, and zoning enforcement. Fiscal year 22/23 also saw the satisfaction of principal and interest payments for the City Hall renovation and expansion project.

Public Works is conducting its annual street preservation and maintenance program work, with the FY 22/23 project being the most significant street rehabilitation work to date as all funds are designated for milling and resurfacing activities.

Enterprise Funds

In the Electric Fund we continued our pole inspection and replacement program in order to maintain our high level of system reliability. These efforts demonstrate the benefit of our locally owned and operated system when disasters occur, as we see the quick restoration of power (and excellent public communication with the assistance of our PIO). Our continued investment in the

electric system makes this level of reliability and quality service possible, and accomplished with no recent electric rate increases, but in fact declining customer rates.

The Electric Division is also playing a key role in the development of the Albemarle Business Center with the extension of the necessary electric infrastructure to the site. The City remains designated at the RP3 Diamond level from the American Public Power Association. This is the highest-level designation for the national RP3 award. Fiscal year 22/23 also saw the City's transition toward AMI metering (for both electric and water). The acquisition of transformers to keep pace with development has become an unexpected challenge, but a challenge we have managed. As a result, the City participated in a joint transformer purchase by leveraging the collective purchasing power of the ElectriCities membership to ensure we have an adequate number of transformers.

The Water and Sewer operations saw the completion of the Phase 2 inflow and infiltration work and received unanimous NC Local Government Commission approval of the Phase 3 project (formerly phases 3, 4, and 5). We have continued pursuit of the Wastewater Treatment Plant conversion project for operational improvements and cost savings. The City upgraded and improved the NC Highway 73 force main for greater reliability and capacity as well as began the project to upgrade and replace Moss Spring Road water booster pump station. At the Jack F. Neel Water Treatment Plant, we completed an engineering analysis of a potential plant expansion.

In the Solid Waste Disposal Fund, the City completed payments on the Landfill Employee Facility. This facility was constructed without outside lending. Instead, we utilized existing fund balance with a commitment to repay the borrowed amount and replenish the Landfill reserves. This commitment has been honored and completed.

In Public Housing we continue to serve housing needs for all of Stanly County, as the programs operate as a County-wide service. Rehabilitation work was completed on the fire damaged units on Inger Street and the Department successfully passed the REAC inspection. Despite outside activities taking focus away from operations and services, the Department is moving forward with the next Capital Fund Program, which includes the first round of replacement of the original sewer infrastructure at Amhurst Garden. The Section 8 program received recognition within the public housing industry in their efforts to encourage greater landlord participation to improve housing opportunities for Section 8 Voucher holders.

Long-Term Financial Planning

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 42.8 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. The City has a financial advisor that continues to work with 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 & 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.

Self-Insured Health Insurance

With rising healthcare costs, the City believes it can avert huge healthcare increases by insurance companies. The City has been able to build reserves for health insurance and has averted rising health insurance pricing increases over the last few years.

Economic Development

The City continues to see the benefits of our in-house economic development activities. The Albemarle Hotel sat in a deteriorated state for many years and at the time of this writing is in development. The City continues to work with Retail Strategies to prevent retail leakage to other communities; this helps our sales tax revenue continue to rise.

Albemarle Business Center

The City purchased 283 acres of land to be used as an industrial park and corporate center in fiscal year 2017. This land is being developed by the City to be sold to corporations that will construct facilities increasing tax base, creating jobs, and purchasing utilities. At the time of this the construction of the horizontal infrastructure is underway for the Albemarle Corporate Center (ABC) with the project estimated for completion in fiscal year 2024.

Public Works

Pavement Management Plan

In fiscal year 2022, the City conducted an additional analysis to update its pavement maintenance 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 seventh year of its pavement management program and it provides to the City a consistent, cost effective and defensible plan for the preservation of our streets infrastructure.

Public Utilities

Long Creek Wastewater Treatment Plant

The current Waste-Water Treatment plant was designed and built in the early 1970's. Many of the plants components and treatment processes are original to the plant and are reaching the end of their service life or are highly recommended to be improved to be more in keeping with newer environmental regulatory standards or more modernized treatment processes. The plant rehabilitation is to provide a much more efficient process in regards to treatment of waste-water and reduction in energy usage as well as more easily maintainable system for treatment plant staff.

Phase 3 Sanitary Sewer Rehabilitation

As our sanitary sewer mains degrade over time, they allow inflow and infiltration of storm-water into the line to eventually enter the waste-water treatment facility. The storm-water that enters the lines is not intended to undergo the full wastewater treatment process and, at times, causes harm to the natural treatment process due to overflows and low biological matter. The City is continuing to invest in improving our waste-water collection network to reduce inflow and infiltration of storm-water into the network which prevents operational burden on the waste-water treatment facility.

Moss Springs Pump Station

The Moss Springs Pump Station is responsible for pumping treated water to the east side of town. With increased growth and expected future capacity needs on the water distribution system, the City has awarded a formal bid to a contractor to rehabilitate the pump station. The rehabilitation includes replacing pumps with higher capacity and more balanced pumps, electrical upgrades, and improvements to the SCADA monitoring system.

Advanced Metering Infrastructure

Our current metering infrastructure for both water and electric meters is enabled with automated meter reading which prevents meter technicians from having to manually read and key each and every meter. Through substantial rebates offered through our arrangements with North Carolina Municipal Power Agency 1, we are able to fully fund an Advanced Meter Infrastructure (AMI) program. AMI, which are otherwise known as "smart meters" allows the City and its customers insights into daily consumption of energy and water, provide the City the ability to more closely monitor service deficiencies, and offers the ability to implement sophisticated outage management programs. This project involved the replacement of all electric meters and the installation of new water meters.

Jack F. Neel Water Treatment Plant Expansion

Our Jack F. Neel water treatment facility currently provides approximately five million gallons of treated water to Concord-Kannapolis and approximately two-hundred thousand gallons a day to the Highway 52 water treatment facility. Through both formal and informal requests for capacity by multiple external agencies, the City is evaluating the potential to expand the Jack F.

Neel water treatment facility to produce eighteen million gallons per day. LKC Engineering has provided a sealed preliminary engineering report for the City's review and we are actively seeking funding opportunities to support this project.

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 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 City of Albemarle Public Utilities Electric Division was once again awarded the diamond level Reliable Public Power Provider (RP3) award in January 2021. Albemarle is now part of the 254 utilities that are currently recognized by the RP3 program as having demonstrated high proficiency in the four key areas of reliability, safety, workforce development and system improvement. Albemarle Electric Division has had the privilege of being awarded one gold, three platinum and two diamond with diamond being the highest one of all. Every three years, Albemarle goes through a rigorous process for both operational and business excellence.

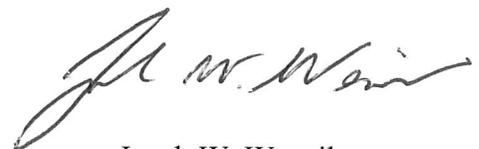
Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albemarle for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the sixth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Respectfully submitted,



Michael J. Ferris
City Manager



Jacob W. Weavil
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Albemarle
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF ALBEMARLE, NORTH CAROLINA

CITY GOVERNING BODY AND OFFICIALS

JUNE 30, 2023

MAYOR

G. R. MICHAEL

CITY COUNCIL

MARTHA SUE HALL - MAYOR PRO-TEM

BENTON DRY

BILL ALDRIDGE

CHRIS WHITLEY

CHRIS BRAMLETT

DEXTER G. TOWNSEND

DAVID HUNT

OTHER OFFICIALS

MICHAEL J. FERRIS

CITY MANAGER

DARREN RHODES

ASSISTANT CITY MANAGER

JACOB WEAVID

FINANCE OFFICER

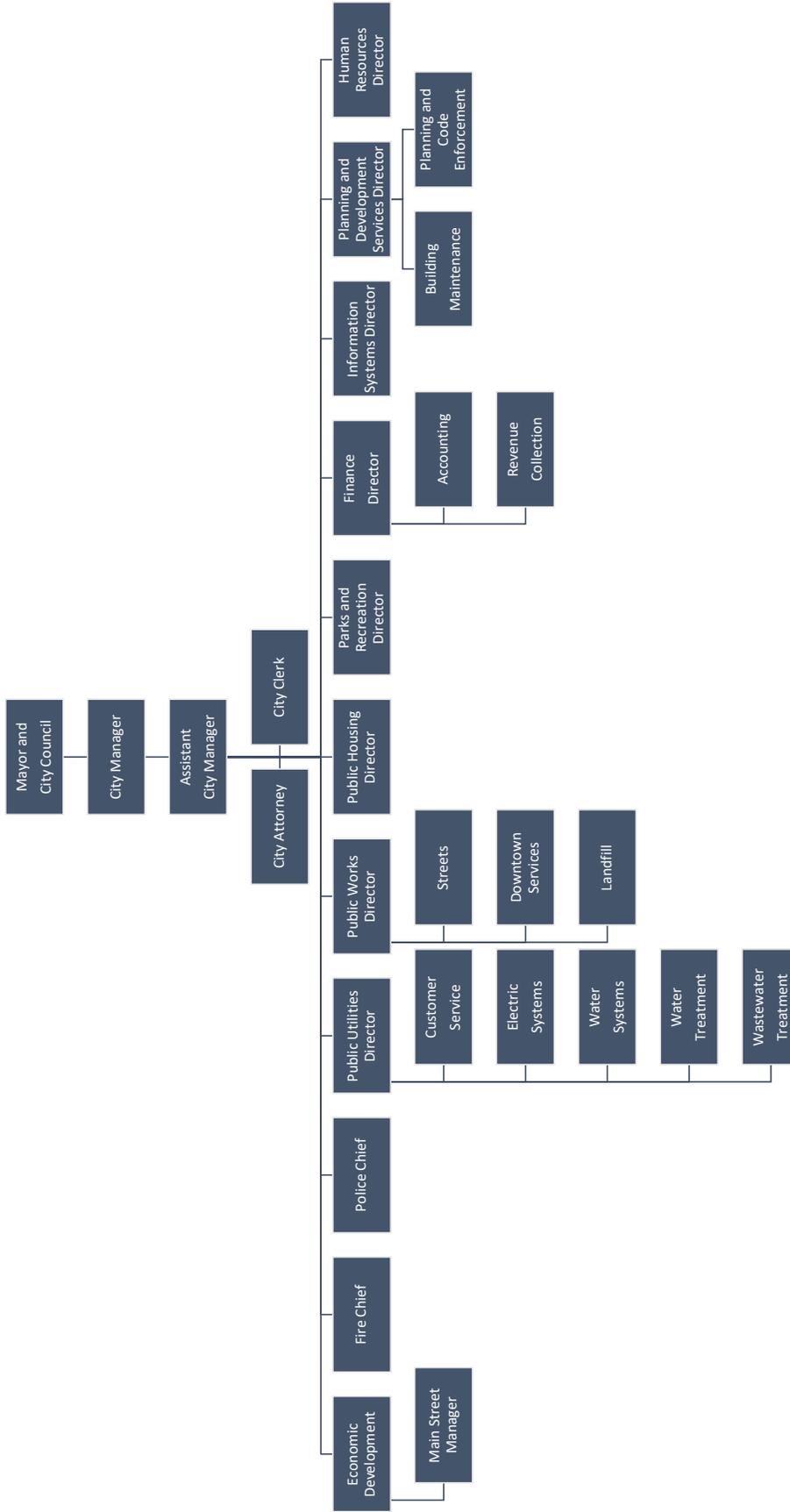
BRITT BURCH

CITY ATTORNEY

CINDY STONE

CITY CLERK

CITY ORGANIZATIONAL CHART





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FINANCIAL SECTION



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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor’s Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Albemarle, North Carolina, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Albemarle ABC Board, which represents 100%, 100%, and 100%, respectively, of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Albemarle ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit Financial Statements section of our report. We are required to be independent of the City of Albemarle, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the City of Albemarle ABC Board were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement

Officers' Special Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the 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 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 financial statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied 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 the other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, Financial Data Schedule, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2023 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the City of Albemarle's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2023

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, 2023. 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

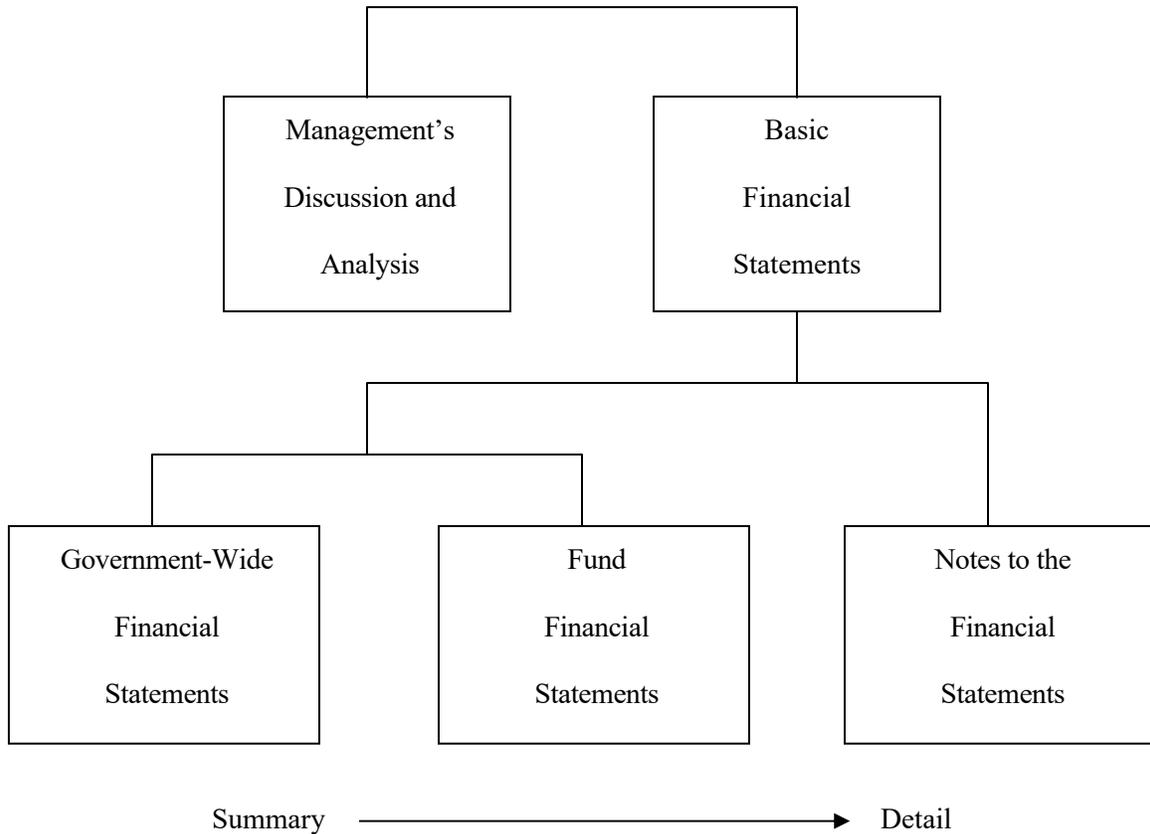
- The assets and deferred outflows of resources of the City of Albemarle exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$100,855,849.
- The government's total net position increased by \$4,119,648. The majority of the growth is attributable to the recognition of \$3,542,828 in operating grants and contributions for salary and benefit reimbursements from the American Rescue Plan Fund (ARPA Fund) at fiscal year end. The reimbursements allowed for the funding of major capital initiatives discussed in more detail below.
- As of the close of the current fiscal year, the City of Albemarle's governmental funds reported combined ending fund balances of \$20,202,209, an increase of \$3,083,678 in comparison with the prior year. The increase in combined fund balance is primarily attributable a growth in revenues over budget estimates and unspent budget appropriations in Public Works and Police in the General Fund (see governmental fund financial statement analysis for more details). The recognition of revenues from the ARPA Fund mentioned above contributed only \$597,394 to the increase in fund balance for projects funded that did not incur capital expenditures. The remaining funds from ARPA were offset by major capital outlays in project funds such as the Albemarle Business Park Fund.
- Approximately 21.5 percent of this total amount, or \$4,348,094, is restricted or non-spendable. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,060,083, or 41.5 percent, of total General Fund expenditures for the fiscal year.
- The City of Albemarle's total debt decreased by \$2,639,947 during the current fiscal year. The reduction of the City's debt is due to a net decrease in existing borrowings over new borrowings.

Overview of the Financial Statements

This discussion and analysis is 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 unit. 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 unit. 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 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 two types of proprietary funds: enterprise and internal service. *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. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City. The City uses an internal service fund to account for one activity – its self-insurance health insurance plan. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

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 36 through 85 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 86 through 95 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

City of Albemarle's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 24,994,391	\$ 22,387,329	\$ 42,549,174	\$ 42,465,062	\$ 67,543,565	\$ 64,852,391
Capital assets	29,857,984	26,207,626	72,007,227	71,864,156	101,865,211	98,071,782
Total assets	<u>54,852,375</u>	<u>48,594,955</u>	<u>114,556,401</u>	<u>114,329,218</u>	<u>169,408,776</u>	<u>162,924,173</u>
Deferred Outflows of Resources						
	<u>6,579,486</u>	<u>5,256,176</u>	<u>3,983,836</u>	<u>3,049,663</u>	<u>10,563,322</u>	<u>8,305,839</u>
Liabilities:						
Long-term liabilities	21,784,619	18,789,199	40,382,893	36,979,321	62,167,512	55,768,520
Other liabilities	5,749,428	5,494,774	7,941,690	7,669,762	13,691,118	13,164,536
Total liabilities	<u>27,534,047</u>	<u>24,283,973</u>	<u>48,324,583</u>	<u>44,649,083</u>	<u>75,858,630</u>	<u>68,933,056</u>
Deferred Inflows of Resources						
	<u>2,186,706</u>	<u>3,351,145</u>	<u>1,070,913</u>	<u>2,209,610</u>	<u>3,257,619</u>	<u>5,560,755</u>
Net Position:						
Net investment in capital assets	24,515,936	20,689,725	48,203,925	46,440,593	72,719,861	67,130,318
Restricted	3,519,287	2,659,971	84,913	22,717	3,604,200	2,682,688
Unrestricted	3,675,885	2,866,317	20,855,903	24,056,878	24,531,788	26,923,195
Total net position	<u>\$ 31,711,108</u>	<u>\$ 26,216,013</u>	<u>\$ 69,144,741</u>	<u>\$ 70,520,188</u>	<u>\$100,855,849</u>	<u>\$ 96,736,201</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 \$100,855,849 as of June 30, 2023. The City's net position increased by \$4,119,648 for the fiscal year ended June 30, 2023. The largest portion of net position (72.1%) reflects the City's net investment in capital assets (e.g., land, buildings, and equipment). 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, \$3,604,200 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$24,531,788 is unrestricted.

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

**City of Albemarle's Changes Net Position
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,179,206	\$ 2,089,635	\$ 47,572,925	\$ 47,617,758	\$ 49,752,131	\$ 49,707,393
Operating grants and contributions	4,686,156	1,080,611	1,742,406	1,761,372	6,428,562	2,841,983
Capital grants and contributions	334,089	228	156,962	1,015,296	491,051	1,015,524
General revenues:						
Property taxes	8,307,753	7,768,822	-	-	8,307,753	7,768,822
Other taxes	8,223,418	7,724,023	228,495	173,116	8,451,913	7,897,139
Interest earned	724,977	(15,204)	821,353	(43,703)	1,546,330	(58,907)
NCMPA rebate	-	-	-	2,350	-	2,350
Miscellaneous	-	-	-	464,547	-	464,547
Total revenues	<u>24,455,599</u>	<u>18,648,115</u>	<u>50,522,141</u>	<u>50,990,736</u>	<u>74,977,740</u>	<u>69,638,851</u>
Expenses:						
General government	3,496,483	2,449,079	-	-	3,496,483	2,449,079
Public safety	10,683,661	9,496,349	-	-	10,683,661	9,496,349
Public works	3,669,740	3,483,079	-	-	3,669,740	3,483,079
Cultural and recreational	2,289,668	2,065,318	-	-	2,289,668	2,065,318
Interest on long-term debt	236,296	222,968	-	-	236,296	222,968
Water and sewer	-	-	13,239,960	11,683,027	13,239,960	11,683,027
Electric	-	-	27,998,233	29,947,512	27,998,233	29,947,512
Landfill	-	-	5,723,160	3,333,178	5,723,160	3,333,178
Public housing	-	-	3,520,891	3,171,370	3,520,891	3,171,370
Total expenses	<u>20,375,848</u>	<u>17,716,793</u>	<u>50,482,244</u>	<u>48,135,087</u>	<u>70,858,092</u>	<u>65,851,880</u>
Change in net position before transfers	4,079,751	931,322	39,897	2,855,649	4,119,648	3,786,971
Transfers in (out)	<u>1,415,344</u>	<u>5,361,682</u>	<u>(1,415,344)</u>	<u>(5,361,682)</u>	<u>-</u>	<u>-</u>
Change in net position	5,495,095	6,293,004	(1,375,447)	(2,506,033)	4,119,648	3,786,971
Net Position:						
Beginning of year - July 1	<u>26,216,013</u>	<u>19,923,009</u>	<u>70,520,188</u>	<u>73,026,221</u>	<u>96,736,201</u>	<u>92,949,230</u>
End of year - June 30	<u>\$ 31,711,108</u>	<u>\$ 26,216,013</u>	<u>\$ 69,144,741</u>	<u>\$ 70,520,188</u>	<u>\$ 100,855,849</u>	<u>\$ 96,736,201</u>

Governmental Activities. Governmental activities increased the City’s net position by \$5,495,095. Key elements of this increase are as follows:

- Reimbursement of salaries and benefits of \$3,542,828 in operating grants and contributions for salary and benefit reimbursements from the American Rescue Plan Act (ARPA). The reimbursed salary and benefits allowed for the fundings of the following Capital Projects:
 - \$1,501,720 to the General Capital Projects Fund for the upgrade of Motorola radios.
 - \$614,145 to the King Alleyway (also known as Courthouse Plaza) capital project to revitalize downtown public spaces. \$52,550 of this amount came from the Electric Fund and was a net zero impact to Business-Type Activities as it was received and transferred in the same fiscal year.
 - \$1,111,481 to the Albemarle Business Park capital project for horizontal infrastructure construction. Like the above, the funds came from the Water and Sewer Fund but were mostly a net zero impact (an additional \$112,144 came from Water and Sewer Fund reserves and will be reimbursed in fiscal year 2024 from the ARPA Fund for salaries and benefits).
 - \$250,000 to the Stormwater Special Revenue fund to conduct and engineering study on stormwater impacts.
 - \$65,482 remaining was transferred to the General Fund and will be held for future project commitments.
- Additional impacts due to increased revenues over budget estimates and unspent budget allocations, discussed in more detail relating to the increase in fund balance to the General Fund.

Business-Type Activities. Business-type activities decreased the City of Albemarle’s net position by \$1,375,447. Key elements of this decrease are as follows:

- An expense of \$2,624,857 to the Landfill Fund for closure post closure case (an increase of nearly \$2,000,000 from fiscal year 2022) due to fiscal year 2023 being the recalculation year for the post closure cost, as required by the State Department of Environmental Quality.
- \$656,225 in depreciation expense to the Public Housing Fund as well as \$171,225 expensed from the restricted reserves from insurance proceeds received in fiscal year 2022. The Insurance proceeds are restricted for Modernization and Development.
- Both decreases in net position and the Landfill Fund and the Public Housing Fund were partially offset by a combined \$1,969,430 gain to net position to the Water and Sewer Fund and the Electric Fund for the following:
 - A rate increase of 7% and higher consumption from wholesale water sales lead to higher revenues in the Water and Sewer Fund than initially projected.
 - Continuing market conditions of scarce supplies and delays in manufacturing for transformers, utility poles, and other materials tied to Electric Fund operations reduced planned operating expenses by approximately \$1,000,000.

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 \$8,060,083, while total fund balance amounted to \$11,753,441. Unassigned General Fund balance represents 41.5 percent of total General Fund expenditures, while total fund balance represents 60.5 percent of that same amount.

The Albemarle Business Park Capital Project Fund is used to account for grant and other funds for construction of a business center. At the end of the current fiscal year, the City of Albemarle's total fund balance in the Albemarle Business Park Capital Project Fund was \$4,036,274, which was a decrease of \$2,011,617 compared to the prior year. The decrease is due to an increase of expenditures from prior year of \$2,254,862 (1.53%).

At June 30, 2023, the governmental funds of City of Albemarle reported a combined fund balance of \$20,202,209, a 18.0 percent increase as compared to the prior year. Included in this change in fund balance is the increase in fund balance in the General Fund in the amount of \$2,486,284.

The underlying reasons for the increase in fund balance of the General Fund relates to the following:

- Increases in revenues over budget estimates by \$1,122,405, such as:
 - \$403,528 in Ad valorem property taxes.
 - \$451,735 in local option sales tax.
 - \$267,142 in investment earnings, primarily due to the U.S. Treasury's initiatives to raise interest rates during the fiscal year. This positively impacted the City's investments with the NC League of Municipality (NCLM) as well as interest earnings on its primary depository account (tied to the Federal Funds rate minus 75 basis points).
- Unspent operating budget allocations to Public Works of \$625,000 planned using current revenues and unspent reserves from prior fiscal years.
 - The contract was executed late in the fiscal year and could not be mobilized prior to fiscal year end, thus the funds were reappropriated by City Council in fiscal year 2024.
- Unspent operating budget allocations to the Police Department of \$467,622, due to personnel vacancies and other various unspent operating budget items.

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:

- For Public Housing Insurance proceeds, to be used for the purposes of modernization and development.
- For transferring funds from the Water and Sewer fund for the Moss Springs Road Pump Station Rehabilitation project.
- To make a clerical correction to the General Fund for previously appropriated funds for the annual Catalyst Grant awards (move from Interfund Transfers function to General Government function), and to appropriate donations received from the Albemarle Downtown Development Corporation and Uwharrie Bank for the Catalyst Grant.
- For an unexpected gas migration delineation engineering study in the Landfill. This was required by the North Carolina Department of Environmental Quality.
- For additional expenditures in Public Housing regarding vacancy turnaround needs.

- To make a clerical correction to the Water and Sewer Fund for previously appropriated funds for the Advanced Metering Infrastructure (AMI) project (move from Water Sewer Systems Division function to Interfund Transfers function).
- To reappropriate grant funds received to the Fire Department for the acquisition of a Swiftwater rescue boat.
- For transferring additional funds from the Landfill fund for the Certified Compactor Rebuild project.
- To appropriate additional funds in the General Fund and the Powell Bill Fund for road resurfacing.
- To appropriate grant funds received to the Parks and Recreation Department by the JCPC grant program to fund afterschool programs.
- To appropriate reserves to fund the Albemarle Business Center Project, the Courthouse Plaza Project, and Public Safety Radios Project. These appropriations were directly tied to American Rescue Plan Act (ARPA) salary reimbursements to the General Fund, Water and Sewer Fund, and Electric Fund.
- To appropriate a General Fund transfer to the Little Long Creek PILOT Study 2 project.
- For the implementation of GASB 96 to appropriate capital assets and subscription debt proceeds per budgetary requirements.
- For the additional of a capital asset and lease debt proceeds for Police body cameras, per GASB 87 budgetary requirements.

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 \$4,535,922; for the Electric Fund \$17,921,897; for the Landfill Fund (\$2,216,034); and for the public housing \$327,484. The total change in net position for each fund was \$498,534, \$1,470,896, (\$2,082,486), and (\$923,097), 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.

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, 2023, totals \$101,865,211 (net of accumulated depreciation and amortization). 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:

Governmental Activities:

- Addition of new equipment in the amount of \$857,460. Due to supply chain restrictions, a substantial portion of the new equipment was ordered in fiscal year 2022 but not delivered until fiscal year 2023. Items of note include:
 - \$478,475 for 12 new police vehicles to replace an aging fleet.
 - \$175,220 for fire department equipment, including a swift water rescue apparatus and various other vehicles.
 - The remaining \$203,765 was for various other equipment in the police, public works, and parks and recreation departments.
- Addition of \$3,851,439 to CIP for various projects, including:
 - \$3,728,612 to the Albemarle Business Center infrastructure project which is approximately 61% completed as of fiscal year ending 2023.

- \$29,008 for the Albemarle Business Center Site Ready project (a special revenue fund), which kicked off at the end of the fiscal year with the intentions of providing potential businesses interested in investing in Albemarle a site that's been cleared for development.
- The remaining \$93,819 was for various other CIP projects.
- Addition of \$422,202 for the right to use asset (GASB 86) for policy body cameras.
- While less significant, the implementation of GASB 96 added \$113,814 of right to use assets for IT subscriptions.

Business-Type Activities:

- Additions to CIP in the amount of \$582,009 to the Water and Sewer Fund, which includes:
 - \$309,987 to the Sanitary Sewer Rehabilitation Phase 3 project (\$141,450 is for prior fiscal years engineering design work).
 - \$258,950 for early engineering and design work for the Waste Water Comprehensive Rehabilitation project.
 - \$13,072 for the completion of the 2022 Knollwood Circle water line upgrade (\$53,410 in total was transferred to Water and Sewer Lines asset class).
- Additions to CIP in the amount of \$1,944,033 for the Electric meter conversion to advanced metering infrastructure (AMI).
- Additions and transfers from CIP of new equipment in the amount of \$2,107,908 to the Landfill Fund. As noted above, supply chain restrictions created a delay in delivery from fiscal year 2022 equipment ordered. Items of note include:
 - \$1,016,693 of transfers from construction in progress for a certified compactor rebuild and a new dozer.
 - \$897,724 for the acquisition of a new 2023 compactor.
 - The remaining \$193,491 was for various other equipment, such as reconditioning Unit #812's engine to prologue the useful life, a propane generator, etc.
- Transfer of \$610,168 from CIP to building in Public Housing due to the completion of the Burn Unit Restoration project.
- While less significant, the implementation of GASB 95 added the following for right to use assets for IT subscriptions:
 - \$31,750 to the Water and Sewer Fund
 - \$24,033 to the Electric Fund
 - \$4,005 to the Landfill Fund
 - \$4,005 to Public Housing

**City of Albemarle's Capital Assets
Net of Accumulated Depreciation
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 4,518,938	\$ 4,384,333	\$ 1,020,598	\$ 1,020,598	\$ 5,539,536	\$ 5,404,931
Infrastructure	3,454,027	3,683,034	22,402,020	23,415,115	25,856,047	27,098,149
Other improvements	655,148	940,215	499,175	555,927	1,154,323	1,496,142
Buildings	10,155,340	10,843,224	33,974,749	35,769,550	44,130,089	46,612,774
Furniture and fixtures	-	-	31,823	37,126	31,823	37,126
Equipment	3,129,649	2,847,777	7,432,689	6,396,100	10,562,338	9,243,877
Construction in progress	7,360,482	3,509,043	6,584,155	4,669,740	13,944,637	8,178,783
Right to use leased assets	511,057	241,655	21,068	37,472	532,125	279,127
Subscription assets	73,343	-	40,950	-	114,293	-
Total	<u>\$ 29,857,984</u>	<u>\$ 26,449,281</u>	<u>\$ 72,007,227</u>	<u>\$ 71,901,628</u>	<u>\$ 101,865,211</u>	<u>\$ 98,350,909</u>

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, 2023, the City of Albemarle had no outstanding bonded debt.

**City of Albemarle's Outstanding Debt
Figure 5**

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Direct placement and direct borrowing - installment debt	\$ 5,550,358	\$ 6,315,581	\$ 24,090,944	\$ 26,333,625	\$ 29,641,302	\$ 32,649,206
Lease liabilities	508,807	243,975	21,015	37,410	529,822	281,385
Subscription liabilities	75,248	-	44,272	-	119,520	-
Total	<u>\$ 6,134,413</u>	<u>\$ 6,559,556</u>	<u>\$ 24,156,231</u>	<u>\$ 26,371,035</u>	<u>\$ 30,290,644</u>	<u>\$ 32,930,591</u>

City of Albemarle's Outstanding Debt

The City of Albemarle's total debt decreased by \$2,639,947 during the past fiscal year, primarily due to a net decrease in existing borrowings over new borrowings.

Not reported in the figures above is an interfund borrowing that is reported as a liability and a receivable:

- \$1,748,585 owed by the General Fund to the Electric Fund for the Albemarle Business Park project.

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 \$100,374,283.

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.

- Access to qualified labor is one of the key decision drivers for company relocations and expansions. The unemployment rate in June 2023 for Stanly County was 3.2% and is below the State's unemployment rate of 3.6%. Stanly County's workforce is 30,905 and our labor participation rate is 60.82%. Within a 45-minute drivetime from Albemarle, the 5-year population growth equaled 5.2% (2017 to 2022). Local population growth and access to an available and trained workforce enhances our competitive advantage regionally and statewide.
- It is also important to consider the availability of 'products' as a key driver of economic development. In particular, 'shovel ready' land and available industrial buildings. A significant amount of funding was invested in FY2023 to continue the construction of the Albemarle Business Center as part of the City's effort to improve its competitiveness. This 282-acre development project is the continuation of an initiative outlined in the City's Strategic Plan in FY2021. Albemarle's Class A Industrial Park is a vital aspect of the City's economic development plan, positioning Albemarle competitively in the region due to its extensive infrastructure (electricity, water, and wastewater). Installation of the road traversing the property and utility upgrades onsite are anticipated for completion in Q3 of FY2024. As a result of the City's efforts to develop the Albemarle Business Center, business interest in Albemarle has dramatically increased over the last few years.
- In 2023, Albemarle celebrated its 30th year as a member of the North Carolina Main Street Program. The Downtown saw \$6,138,608 in capital investment in FY2023. In total 25 net new jobs were added. Sixteen (16) new businesses were announced, nine (9) closed, and five (5) were expanded.
- The City of Albemarle has continued to experience high growth in the residential sector and sustained existing levels of commercial growth year over year. While exact investment in dollars in FY22-23 is not accessible at the time being, our overall numbers reflect a continued growth. Over 45% of all new housing units constructed since 2000 have been built in the last 4 years.
- The city averaged just 15 housing units constructed over a 9 year period from 2010 to 2018. Since 2019 we have averaged 150 units per year. We have added 207 additional units in various stages of construction this year and many more waiting to come on-line. This is within 5% of last year's new construction numbers. Almost all new housing units constructed this year were single family detached homes as well as 16 townhomes. The city approved only 4 major subdivisions between 2000 and 2017. We are now averaging a minimum of 5 a year since then. In FY22-23 we maintained this with an additional 5 new subdivisions approved. Assuming these build-out within the next few years we should see annual housing numbers continue to increase.
- Commercial coordination forms, which we use to track non-residential projects through permitting, do not track monetary valuations of improvement. Their numbers are, however, closely tied to the increase and/or decrease in overall investment in the city. These have decreased by around 44% since the previous fiscal year with a total of 81 projects. Overall commercial projects are down from the high of 171 projects annually in 2017, but still are on par with the average over the last 7 years and remain at or higher than pre-recession numbers. This year we saw construction of a new Dollar General, Dollar Tree, 7 Brew and gas station and a handful of other small buildings, however the bulk of this year's non-residential construction has continued the trend of upfitting older structures, with several existing stores redeveloped and/or re-used.

This points to a continued increase in commercial property values and is helping to aid in the rehabilitation and rejuvenation of older commercial areas in the City.

- FY 22-23 development was down slightly in residential and significantly in commercials, but remains a strong year overall compared to historical trends in the City.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities: The proposed FY 23/24 Budget utilizes the taxable property value estimate provided by the Stanly County Tax Assessor of \$1,370,000,000. Once again, I am recommending no change in the existing property tax rate of 61-cents per \$100 of assessed value and the budget is constructed around this rate. One-cent on the property tax rate generates approximately \$133,852 at the current collection rate. The proposed General Fund Budget of \$22,267,586 is 11.02% greater than the FY 22/23 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). There is an adjustment in the solid waste collection fee to reflect the contractual increase in the solid waste collection agreement. The budget is constructed with an increase of \$5.00 in the motor vehicle registration fee to support our ever-increasing funding of street maintenance and preservation activities. The budget does not include any increases in planning and zoning fees.

It is always worth noting where the funds we collect go and what property taxes provide taxpayers. Most citizens would be surprised to learn that the operations of the Fire and Police Departments alone account for 46.32% of the General Fund Budget expenditures. The total cost of these two Departments is \$11,954,194, while the proposed property tax rate generates revenues totaling \$8,164,966. The difference is \$3,789,228 and would therefore require a 28.31-cent tax increase in order for property taxes alone to fully fund just these two operations. While the City provides outstanding Police and Fire service and is proud to do so, this example demonstrates the importance of continuing to grow the economy and local tax base.

Initiatives in the General Fund portion of the proposed 23/24 budget allow the City to move forward with our core services and many of the most desired investment opportunity items. The budget makes provisions for the continuation of the services of Retail Strategies and Downtown Strategies for the recruitment and retention of retail businesses to prevent leakage to other communities. The General Fund budget contains a funding increase for street preservation and rehabilitation work. It provides for the acquisition of four Police vehicles, the replacement of mobile data terminals, additional rifles, and funding for the body cameras and the new Headquarters building are supported. The Police budget also includes the acquisition of a second K9 and a new traffic trailer. We will continue Comprehensive Planning and growth management and analysis through the Planning and Development Services Department. In addition to significant capital purchases and improvements in Parks and Recreation, the Department will undertake an update to the Parks and Recreation Master Plan, as our offerings and the demands for recreational services have evolved significantly from the time of the last update. The Fire Department plans for continued facility repair and maintenance along with the overhaul and upgrades to an existing front-line engine and roof replacement at Fire Station 1.

With staff capacity being one of the five Goals of our Strategic Planning, and to support our employees in keeping pace with work demands, new positions are provided in the General Fund (and other funds noted later). The Police Department will be adding a new SRO position in FY 23/24 which will provide a dedicated officer for each elementary school and bring the City to the level of having one City SRO at each of the four Stanly County Public Schools in our corporate limits. The addition will also provide additional capacity outside of school operations. The Public Works Fleet Maintenance Division (a shared expense) budget includes funds for an additional fleet maintenance mechanic. Our Fleet Maintenance operations run efficiently and is a critical internal service impacting all City operations and a need for adding staff support exists. The re-establishment of the Assistant Parks and Recreation Director position has also been funded. The position will aid in the operation and oversight of ever-expanding programs

and services which are not only provided during the traditional workday, but nights and weekends, and at a wide variety of locations. Additionally, in the last few years we have seen significant new offerings through Parks and Recreation or in conjunction with partners. Examples include the addition of the Albemarle Neighborhood Theatre, Food Truck Friday, greater responsibilities in community events and event planning, the Carolina Treetop Challenge, afterschool and tutoring programs, and most recently the partnership with the Uwharrie Wampus Cats. The position will also support the City's stated goal of succession planning. The Fire Department budget supports additional staffing and outfitting should our SAFER Grant application be approved. Finally, a paralegal is budgeted to assist the City Attorney operations by improving efficiency and expediting the service provided to all City operations, public records process, research, contract management, and other activities.

Powell Bill funds are received from the State as a portion of the gas tax and are remitted to municipalities for road maintenance. The amount received is a combination of road mileage and population. The Powell Bill Fund is proposed at \$580,397 which is a 27.43% decrease from the current Fiscal Year Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). The notable difference from the previous year is due to the significant contribution in retained earnings from this fund included in the FY 22/23 budget that is not replicable in FY 23/24. Overall, the Powell Bill Budget does contain a share of the expense for our street preservation and maintenance program. When combined with the General Fund contribution, \$420,000 budgeted toward this endeavor. There has been significant State-level discussion of increasing State support for roads. If we receive funds at a level greater than what is currently known, a budget amendment can be made to appropriate the funds.

Business-Type Activities: The Water and Sewer Fund Budget is proposed at \$15,068,406 and is 11.10% greater than the current Fiscal Year Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). The proposed budget does include a 3% water rate increase and 8% sewer rate increase. The disparate rate adjustments are once again proposed to move toward greater cost of service equity between water and sewer services. The overall need for rate adjustments is based on the significant investment the City continues to make in its system and the rising cost of doing business.

There are many needs and commitments addressed in the proposal. Beyond our typical operational and capital needs, significant issues for the Water and Sewer Fund (as well as the Electric Fund) are growth, the escalating costs of materials, and supply chain challenges. The budget continues a strategy of keeping on-hand supplies and materials necessary to support operations and services without delay. We also continue to fund inflow and infiltration (I&I) activities with the lining of manhole towers and the reconstruction of towers. We will purchase media filter material at the wastewater treatment plant, smoke test equipment to aid with a reduction in I&I, replace meter vaults for employee safety, as well replace vehicles and equipment. All treatment plants continue to see a significant increase in chemical costs, and for the second consecutive year, the corresponding chemical line items have increased significantly. Funding is provided to support Highway Water Treatment Plant 52 Plant security improvements at access points as well as significant rehabilitation of the front tank. The Systems Division will also conduct a needed water line replacement project on First Avenue and a sewer line replacement on Coble Avenue. The Water and Sewer Fund also provides for needed equipment replacement across all operations, with the most notable being the replacement of a boom truck (shared with Electric), right of way mowers, a dump truck, and a new sewer jet truck.

Overall, activities in the Water and Sewer Fund continue to make progress on many infrastructure goals and needs. While these initiatives can be costly, we pursue these for the long-term reliability, quality of product, and efficiency of our system, while maintaining affordable rates. Rates lower than the standard for similar services in our region

The Electric Budget is proposed at \$33,291,235 and represents a 6.58% decrease from the current year Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). The budget does not propose any across the board changes in electric rates. However, the budget does provide

an 11% reduction in the Medium General Service consumption rate for improved market competitiveness. It is important to keep in mind the historical trends with our rate. The average City of Albemarle residential customer has had rates reduced by 15.5% in the last nine fiscal years (since FY 15/16). This is a large savings to our rate payers. Declining rates are certainly not the norm for other utilities or in comparison to the cost of other goods and services in this same time frame. As a City, we are proud of what we have achieved with customer rates while remaining a Public Power Award of Excellence winner and a nationally awarded RP3 Diamond level system.

The Electric Fund Budget allocates funding for the second phase purchase of AMI meters and supporting infrastructure. It also carries forward the purchase of a bucket truck purchase approved in the current fiscal year but where we were not able to secure a build slot. The budget reflects the expenditure of \$1,900,000 for the previously approved transformer purchase as we expect delivery in FY 23/24. We will be adding a lineworker position as the City is providing an instructor to the Stanly Community College Electrical Lineworker Program, and the payment received for this service will fund the new line position. The Electric Fund will also share the cost of an additional Customer Service Representative identified in a recent work study.

The proposal continues with system enhancements along the US Highway 52 South corridor, which is the area of greatest system reliability challenges. We will also fund additional 3- phase reclosers, the acquisition of equipment that is more appropriate than what we currently utilize for working in smaller spaces, such as back yards and other areas off the right of way. We will continue with our recently increased level of funding for the replacement of existing street lighting with LED lights. Supply chain challenges, the rising cost of materials, and growth issues are also considerations in the development of the Electric Fund Budget.

The Solid Waste Disposal Fund is proposed at \$4,243,551 in FY 23/24, representing an increase of 10.77% from the FY 22/23 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). There is no recommended change to the tipping fee for municipal solid waste (MSW) or the construction and demolition (C&D) disposal fee. There is also no proposed change in the \$1.00 per ton fee specifically designated for closure and post closure costs. The budget as proposed carries out obligations without any appropriation of fund balance. The Solid Waste Disposal Budget includes principal and interest payments for the force main sewer leachate line and previous debt obligations for equipment. Funding to study the construction and demolition (C&D) cell at the Landfill is included as there is limited existing approved space and we are investigating the possibility of expanding in place.

The Public Housing Section 8 proposal reflects a total budget of \$1,041,000 which is a 1.12% increase from the FY 22/23 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority), while the Conventional Public Housing Budget is proposed at \$1,585,661 and is a 21% decrease from the FY 22/23 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). Both housing program budgets consist primarily of federal funds and revenues related to tenant/resident rental payments. A majority of capital initiatives do not appear in the annual budget, but are a part of the Capital Fund Program (CFP) Budget. The CFP Budget follows US Housing and Urban Development guidelines and is presented and reviewed with Council as projects and expenditures are prepared. The Department will continue to address resident needs, improve operations, address routine apartment turnaround and maintenance as well as continuing the high level of grounds maintenance and appearance that we have observed recently.

FY 23/24 begins the seventh year of a self-funded health insurance program. The proposal reflects a total budget of \$3,330,152, which is no change from the FY 22/23 Adjusted Budget (adjusted budget includes amendments to reflect the current budget authority). The transition to self-insurance has allowed the City to retain all savings realized from year to year, rather than the achieved savings go to a private provider. One such benefit is the budget does not include any increase in the per person rates for the program, as we establish our own rates and funding levels. We have met our goals for a sufficient reserve in this Fund,

which therefore provides the opportunity to review additional benefits. While not a part of the operating budget proposal, the City is investigating the possibility of creating a health center to further reduce costs and for improved employee health and well-being.

Overall: In all funds the budget provides for compensation adjustments, as there is a need to remain aggressive and competitive to attract and retain employees, a foundational objective of the Strategic Plan and approved Compensation Philosophy. The budget includes an across the board 6% cost of living increase for all employees as one measure toward this effort. We have also begun an annual study of salaries of positions for approximately 1/3 of the workforce and will make market adjustments where necessary. Finally, merit pay has been funded. In total, the budget provides an 8% increase in the funding for compensation to address the various pay needs. The budget also funds the fifth consecutive year of a mandated increase in the City's contribution on behalf of employees to the NC Local Government Retirement System.

The City of Albemarle is the most diverse operation in Stanly County with one of the most complex budgets. This challenge depends on the highly skilled professionals we are fortunate to have in our workforce. The sum of the budget and proposed activities will enable the City to perform its essential mission, keep us financially sound, provide quality services and service delivery, while also supporting our staff and their ability to carry out their responsibilities. Despite challenges and uncertainties, we continue to find ways to fulfill our duties and commitments to our citizens, businesses, and employees. I would like to express my appreciation to the entire City staff for their assistance in the development of a thoughtful and responsible proposal as well as for their efforts throughout the year to ensure we live within our means and budget boundaries. This last year saw additional work for members of the Leadership Team with the incorporation of Strategic Plan activities. The work in this area is a year-round endeavor and adds to the emphasis on supporting staff capacity.

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.

BASIC FINANCIAL STATEMENTS

CITY OF ALBEMARLE, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>City of Albemarle ABC Board</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 20,859,186	\$ 30,512,983	\$ 51,372,169	\$ 882,316
Taxes receivable - net	172,451	-	172,451	-
Accounts receivable - net	284,016	5,365,505	5,649,521	789
Due from other governments	2,552,684	-	2,552,684	-
Internal balances	(2,035,219)	2,035,219	-	-
Inventories	8,290	2,431,534	2,439,824	758,771
Prepaid expenses	28,152	14,639	42,791	12,627
Restricted cash	3,124,831	2,189,294	5,314,125	-
Total current assets	<u>24,994,391</u>	<u>42,549,174</u>	<u>67,543,565</u>	<u>1,654,503</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	11,879,420	7,604,753	19,484,173	222,167
Other capital assets, net of depreciation	17,394,164	64,340,456	81,734,620	639,800
Right to use leased assets, net of amortization	584,400	62,018	646,418	-
Total capital assets	<u>29,857,984</u>	<u>72,007,227</u>	<u>101,865,211</u>	<u>861,967</u>
Total assets	<u>54,852,375</u>	<u>114,556,401</u>	<u>169,408,776</u>	<u>2,516,470</u>
Deferred Outflows of Resources:				
Pension deferrals	4,634,007	2,764,905	7,398,912	137,444
OPEB deferrals	1,945,479	1,218,931	3,164,410	-
Total deferred outflows of resources	<u>6,579,486</u>	<u>3,983,836</u>	<u>10,563,322</u>	<u>137,444</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	2,603,223	4,158,051	6,761,274	335,839
Current portion of long-term liabilities	1,423,182	2,313,429	3,736,611	-
Accrued interest payable	48,293	27,558	75,851	-
Prepaid fees	-	2,787	2,787	-
Advances from grantors	1,674,730	-	1,674,730	-
Liabilities payable from restricted assets:				
Customer deposits	-	1,439,865	1,439,865	-
Total current liabilities	<u>5,749,428</u>	<u>7,941,690</u>	<u>13,691,118</u>	<u>335,839</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Albemarle ABC Board
Long-term liabilities:				
Accrued landfill closure and post-closure costs	-	8,412,371	8,412,371	-
Total OPEB liability	8,069,809	5,370,552	13,440,361	-
Total pension liability - LEOSSA	1,947,029	-	1,947,029	-
Due in more than one year	5,561,184	22,426,904	27,988,088	-
Net pension liability	<u>6,206,597</u>	<u>4,173,066</u>	<u>10,379,663</u>	<u>115,086</u>
Total long-term liabilities	<u>21,784,619</u>	<u>40,382,893</u>	<u>62,167,512</u>	<u>115,086</u>
Total liabilities	<u>27,534,047</u>	<u>48,324,583</u>	<u>75,858,630</u>	<u>450,925</u>
Deferred Inflows of Resources:				
Prepaid taxes	1,561	-	1,561	-
Pension deferrals	560,678	53,111	613,789	47,374
OPEB deferrals	<u>1,624,467</u>	<u>1,017,802</u>	<u>2,642,269</u>	<u>-</u>
Total deferred inflows of resources	<u>2,186,706</u>	<u>1,070,913</u>	<u>3,257,619</u>	<u>47,374</u>
Net Position:				
Net investment in capital assets	24,515,936	48,203,925	72,719,861	861,967
Restricted for:				
Stabilization by state statute	2,714,198	-	2,714,198	-
Streets	657,736	-	657,736	-
General government	-	-	-	200,000
Public safety	143,230	-	143,230	-
Economic development	4,123	-	4,123	-
Housing assistance payments	-	84,913	84,913	-
Working capital	-	-	-	170,663
Unrestricted	<u>3,675,885</u>	<u>20,855,903</u>	<u>24,531,788</u>	<u>922,985</u>
Total net position	<u>\$ 31,711,108</u>	<u>\$ 69,144,741</u>	<u>\$ 100,855,849</u>	<u>\$ 2,155,615</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, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 3,496,483	\$ 19,067	\$ 1,434,187	\$ 334,089
Public safety	10,683,661	83,994	2,464,835	-
Public works	3,669,740	1,832,126	751,380	-
Cultural and recreational	2,289,668	244,019	35,754	-
Interest on long-term debt	236,296	-	-	-
Total governmental activities	<u>20,375,848</u>	<u>2,179,206</u>	<u>4,686,156</u>	<u>334,089</u>
Business-Type Activities:				
Water and sewer	13,239,960	14,134,344	-	17,916
Electric	27,998,233	29,594,219	-	-
Landfill	5,723,160	3,193,190	-	-
Department of Public Housing	3,520,891	651,172	1,742,406	139,046
Total business-type activities	<u>50,482,244</u>	<u>47,572,925</u>	<u>1,742,406</u>	<u>156,962</u>
Total primary government	<u>\$ 70,858,092</u>	<u>\$ 49,752,131</u>	<u>\$ 6,428,562</u>	<u>\$ 491,051</u>
Component Unit:				
City of Albemarle ABC Board	<u>\$ 5,740,191</u>	<u>\$ 5,756,814</u>	<u>\$ -</u>	<u>\$ -</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, 2023

	Net (Expense) Revenue and Changes in Net Position			Component Unit City of Albemarle ABC Board
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (1,709,140)	\$ -	\$ (1,709,140)	
Public safety	(8,134,832)	-	(8,134,832)	
Public works	(1,086,234)	-	(1,086,234)	
Cultural and recreational	(2,009,895)	-	(2,009,895)	
Interest on long-term debt	(236,296)	-	(236,296)	
Total governmental activities	<u>(13,176,397)</u>	<u>-</u>	<u>(13,176,397)</u>	
Business-Type Activities:				
Water and sewer	-	912,300	912,300	
Electric	-	1,595,986	1,595,986	
Landfill	-	(2,529,970)	(2,529,970)	
Department of Public Housing	-	(988,267)	(988,267)	
Total business-type activities	<u>-</u>	<u>(1,009,951)</u>	<u>(1,009,951)</u>	
Total primary government	<u>(13,176,397)</u>	<u>(1,009,951)</u>	<u>(14,186,348)</u>	
Component Unit:				
City of Albemarle ABC Board				<u>\$ 16,623</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes	8,307,753	-	8,307,753	-
Local option sales tax	6,133,476	-	6,133,476	-
Other taxes and licenses	2,089,942	228,495	2,318,437	-
Investment earnings	724,977	821,353	1,546,330	4,689
Total general revenues, excluding transfers	<u>17,256,148</u>	<u>1,049,848</u>	<u>18,305,996</u>	<u>4,689</u>
Transfers	<u>1,415,344</u>	<u>(1,415,344)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>18,671,492</u>	<u>(365,496)</u>	<u>18,305,996</u>	<u>4,689</u>
Change in net position	5,495,095	(1,375,447)	4,119,648	21,312
Net Position:				
Beginning of year, July 1	<u>26,216,013</u>	<u>70,520,188</u>	<u>96,736,201</u>	<u>2,134,303</u>
Net position, end of year	<u>\$ 31,711,108</u>	<u>\$ 69,144,741</u>	<u>\$ 100,855,849</u>	<u>\$ 2,155,615</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Albemarle Business Park Fund	Total Nonmajor Funds	
Assets:				
Cash and cash equivalents	\$ 11,732,997	\$ 4,538,529	\$ 3,639,983	\$ 19,911,509
Receivables, net:				
Taxes receivable - net	172,451	-	-	172,451
Accounts receivable - net	163,208	-	-	163,208
Interest	967	-	-	967
Due from other governments	2,189,587	334,089	29,008	2,552,684
Inventories	8,290	-	-	8,290
Prepays	28,152	-	-	28,152
Restricted cash	697,736	-	2,427,095	3,124,831
Total assets	<u>\$ 14,993,388</u>	<u>\$ 4,872,618</u>	<u>\$ 6,096,086</u>	<u>\$ 25,962,092</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,274,689	\$ 836,344	\$ 48,862	\$ 2,159,895
Due to other funds	95,813	-	-	95,813
Advances from other funds	1,652,772	-	-	1,652,772
Advances from grantors	40,000	-	1,634,730	1,674,730
Total liabilities	<u>3,063,274</u>	<u>836,344</u>	<u>1,683,592</u>	<u>5,583,210</u>
Deferred Inflows of Resources:				
Property taxes receivable	172,451	-	-	172,451
License fees receivable	2,661	-	-	2,661
Prepaid taxes	1,561	-	-	1,561
Total deferred inflows of resources	<u>176,673</u>	<u>-</u>	<u>-</u>	<u>176,673</u>
Fund Balances:				
Non-spendable:				
Inventories	8,290	-	-	8,290
Prepays	28,152	-	-	28,152
Restricted:				
Stabilization by state statute	2,351,101	334,089	29,008	2,714,198
Streets - Powell Bill	657,736	-	-	657,736
Public safety	143,230	-	792,365	935,595
Economic development	4,123	-	-	4,123
Committed:				
General government	-	-	167,133	167,133
Economic development	-	3,702,185	700,805	4,402,990
Public safety	-	-	1,501,161	1,501,161
Parks and recreation	-	-	656,751	656,751
Public works	-	-	594,279	594,279
Assigned:				
Subsequent year's expenditures	370,000	-	-	370,000
Parks and recreation	115,526	-	-	115,526
Streets - health insurance	15,200	-	-	15,200
Unassigned	8,060,083	-	(29,008)	8,031,075
Total fund balances	<u>11,753,441</u>	<u>4,036,274</u>	<u>4,412,494</u>	<u>20,202,209</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,993,388</u>	<u>\$ 4,872,618</u>	<u>\$ 6,096,086</u>	<u>\$ 25,962,092</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balance - governmental funds	\$ 20,202,209
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,273,584
Right to use leased assets and subscription assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	584,400
Deferred outflows of resources related to pensions are not reported in the funds.	4,634,007
Deferred outflows of resources related to OPEB are not reported in the funds.	1,945,479
Other long-term assets (taxes, license receivable) are not available to pay for current period expenditures and, therefore, are deferred in the funds.	175,112
Internal service funds used by management to charge the costs of health insurance claims and premiums to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	624,190
Consolidation adjustment for internal balances between Internal Service Fund and the governmental funds	(286,634)
Long-term liabilities, including accrued interest and lease liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Installment purchases	(5,550,358)
Lease liabilities	(508,807)
Subscription liabilities	(75,248)
Total pension liability (LEOSSA)	(1,947,029)
Total OPEB liability	(8,069,809)
Compensated absences	(849,953)
Net pension liability	(6,206,597)
Accrued interest payable	(48,293)
Deferred inflows of resources related to pensions are not reported in the funds.	(560,678)
Deferred inflows of resources related to OPEB are not reported in the funds.	<u>(1,624,467)</u>
Net position of governmental activities	<u>\$ 31,711,108</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Albemarle Business Park Fund</u>	<u>Total Nonmajor Funds</u>	
Revenues:				
Ad valorem taxes	\$ 8,364,278	\$ -	\$ -	\$ 8,364,278
Other taxes and licenses	430,986	-	-	430,986
Unrestricted intergovernmental	7,792,432	-	-	7,792,432
Restricted intergovernmental	817,427	334,089	3,542,828	4,694,344
Permits and fees	72,006	-	-	72,006
Sales and services	1,991,495	-	-	1,991,495
Investment earnings	327,292	159,280	195,944	682,516
Miscellaneous	190,491	-	197,422	387,913
Total revenues	<u>19,986,407</u>	<u>493,369</u>	<u>3,936,194</u>	<u>24,415,970</u>
Expenditures:				
Current				
General government	2,454,305	-	56,510	2,510,815
Public safety	10,526,348	-	-	10,526,348
Public works	3,266,821	-	-	3,266,821
Cultural and recreation	2,002,999	-	-	2,002,999
Debt service:				
Principal retirement	961,159	-	-	961,159
Interest and other charges	228,189	-	-	228,189
Capital outlay	-	3,728,611	93,710	3,822,321
Total expenditures	<u>19,439,821</u>	<u>3,728,611</u>	<u>150,220</u>	<u>23,318,652</u>
Revenues over (under) expenditures	<u>546,586</u>	<u>(3,235,242)</u>	<u>3,785,974</u>	<u>1,097,318</u>
Other Financing Sources (Uses):				
Lease liabilities issued	422,202	-	-	422,202
Subscription liabilities issued	113,814	-	-	113,814
Transfers from other funds	3,741,997	1,223,625	2,365,865	7,331,487
Transfers to other funds	(2,338,315)	-	(3,542,828)	(5,881,143)
Total other financing sources (uses)	<u>1,939,698</u>	<u>1,223,625</u>	<u>(1,176,963)</u>	<u>1,986,360</u>
Net change in fund balances	2,486,284	(2,011,617)	2,609,011	3,083,678
Fund Balances:				
Beginning of year, July 1	<u>9,267,157</u>	<u>6,047,891</u>	<u>1,803,483</u>	<u>17,118,531</u>
End of year, June 30	<u>\$ 11,753,441</u>	<u>\$ 4,036,274</u>	<u>\$ 4,412,494</u>	<u>\$ 20,202,209</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net changes in fund balances - total governmental funds	\$ 3,083,678
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	4,708,899
Depreciation	(1,557,086)
Right to use leased assets and subscription assets capital outlay expenditures which were capitalized.	536,016
Amortization expense for right of use assets	(193,271)
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	(56,525)
License fees	815
Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.	
Compensated absences	(55,925)
Pension expense (LGERS)	(555,083)
Pension expense (LEOSSA)	(17,574)
OPEB plan expense	(330,122)
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.	
Issuance of long-term debt	(536,016)
Principal payments on long-term debt	961,159
Change in accrued interest payable	(8,107)
Consolidation adjustment for the Internal Service Fund and the governmental funds:	
Net revenue of the Internal Service Fund	(739,202)
Portion of net revenue allocated to business-type activities	339,294
Net book value of property disposed of during the year	<u>(85,855)</u>
Total change in net position of governmental activities	<u>\$ 5,495,095</u>

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

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Ad valorem taxes	\$ 7,960,750	\$ 7,960,750	\$ 8,364,278	\$ 403,528
Other taxes and licenses	360,475	360,475	430,986	70,511
Unrestricted intergovernmental	7,135,700	7,135,700	7,792,432	656,732
Restricted intergovernmental	855,620	894,460	817,427	(77,033)
Permits and fees	63,450	63,450	72,006	8,556
Sales and services	1,824,000	1,824,000	1,991,495	167,495
Investment earnings	60,150	60,150	327,292	267,142
Miscellaneous	99,700	167,697	190,491	22,794
Total revenues	<u>18,359,845</u>	<u>18,466,682</u>	<u>19,986,407</u>	<u>1,519,725</u>
Expenditures:				
Current:				
General government	2,606,210	2,816,180	2,454,305	361,875
Public safety	10,240,756	11,073,128	10,526,348	546,780
Public works	4,183,083	4,604,440	3,266,821	1,337,619
Cultural and recreational	2,077,895	2,155,925	2,002,999	152,926
Debt service:				
Principal	943,313	961,159	961,159	-
Interest	237,918	228,272	228,189	83
Total expenditures	<u>20,289,175</u>	<u>21,839,104</u>	<u>19,439,821</u>	<u>2,399,283</u>
Revenues over (under) expenditures	<u>(1,929,330)</u>	<u>(3,372,422)</u>	<u>546,586</u>	<u>3,919,008</u>
Other Financing Sources (Uses):				
Long-term debt issued	225,000	225,000	-	(225,000)
Lease liabilities issued	-	450,000	422,202	(27,798)
Subscription liabilities issued	-	128,170	113,814	(14,356)
Transfers from other funds	1,394,065	1,394,065	3,741,997	2,347,932
Transfers to other funds	(95,000)	(2,358,315)	(2,338,315)	20,000
Appropriated fund balance	405,265	3,533,502	-	(3,533,502)
Total other financing sources (uses)	<u>1,929,330</u>	<u>3,372,422</u>	<u>1,939,698</u>	<u>(1,432,724)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,486,284</u>	<u>\$ 2,486,284</u>
Fund Balance:				
Beginning of year, July 1			<u>9,267,157</u>	
End of year, June 30			<u>\$ 11,753,441</u>	

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, 2023

	Major Funds					Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 6,970,557	\$ 15,336,192	\$ 7,641,903	\$ 564,331	\$ 30,512,983	\$ 947,677
Accounts receivable - net	1,264,924	3,422,122	468,788	209,671	5,365,505	119,841
Due from other funds	-	95,813	-	-	95,813	-
Inventories	349,991	2,081,543	-	-	2,431,534	-
Prepaid expenses	4,914	5,906	2,321	1,498	14,639	-
Restricted cash and cash equivalents	198,947	1,201,882	352,929	435,536	2,189,294	-
Total current assets	<u>8,789,333</u>	<u>22,143,458</u>	<u>8,465,941</u>	<u>1,211,036</u>	<u>40,609,768</u>	<u>1,067,518</u>
Non-current assets:						
Advances to other funds	-	1,652,772	-	-	1,652,772	-
Capital assets:						
Land, improvements and construction in progress	2,084,807	4,774,660	581,781	163,505	7,604,753	-
Other capital assets, net of depreciation	45,277,656	7,483,403	6,310,646	5,268,751	64,340,456	-
Right to use leased assets, net of amortization	31,412	20,832	4,193	5,581	62,018	-
Total capital assets, net	<u>47,393,875</u>	<u>12,278,895</u>	<u>6,896,620</u>	<u>5,437,837</u>	<u>72,007,227</u>	-
Total non-current assets	<u>47,393,875</u>	<u>13,931,667</u>	<u>6,896,620</u>	<u>5,437,837</u>	<u>73,659,999</u>	-
Total assets	<u>56,183,208</u>	<u>36,075,125</u>	<u>15,362,561</u>	<u>6,648,873</u>	<u>114,269,767</u>	<u>1,067,518</u>
Deferred Outflows of Resources:						
Pension deferrals	1,424,084	787,584	313,316	239,921	2,764,905	-
OPEB deferrals	656,299	328,149	152,208	82,275	1,218,931	-
Total deferred outflows of resources	<u>2,080,383</u>	<u>1,115,733</u>	<u>465,524</u>	<u>322,196</u>	<u>3,983,836</u>	-
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	338,707	2,585,406	1,086,345	147,593	4,158,051	443,328
Prepaid fees	-	-	-	2,787	2,787	-
Compensated absences - current	130,703	152,782	24,888	28,110	336,483	-
Accrued interest payable	22,373	122	5,063	-	27,558	-
Current portion of long-term liabilities	1,676,309	24,350	273,435	2,852	1,976,946	-
Liabilities to be paid from restricted assets:						
Customer deposits	198,947	1,201,882	-	39,036	1,439,865	-
Total current liabilities	<u>2,367,039</u>	<u>3,964,542</u>	<u>1,389,731</u>	<u>220,378</u>	<u>7,941,690</u>	<u>443,328</u>

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, 2023

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
Non-current liabilities:						
Accrued landfill closure and post-closure costs	-	-	8,412,371	-	8,412,371	-
Compensated absences	169,605	26,846	50,620	548	247,619	-
Total OPEB liability	2,746,453	1,547,330	612,415	464,354	5,370,552	-
Non-current portion of long-term debt	20,352,698	9,336	1,814,513	2,738	22,179,285	-
Net pension liability	<u>2,151,140</u>	<u>1,187,065</u>	<u>470,432</u>	<u>364,429</u>	<u>4,173,066</u>	-
Total non-current liabilities	<u>25,419,896</u>	<u>2,770,577</u>	<u>11,360,351</u>	<u>832,069</u>	<u>40,382,893</u>	-
Total liabilities	<u>27,786,935</u>	<u>6,735,119</u>	<u>12,750,082</u>	<u>1,052,447</u>	<u>48,324,583</u>	<u>443,328</u>
Deferred Inflows of Resources:						
Pension deferrals	27,859	14,630	5,343	5,279	53,111	-
OPEB deferrals	<u>548,007</u>	<u>274,003</u>	<u>127,093</u>	<u>68,699</u>	<u>1,017,802</u>	-
Total deferred inflows of resources	<u>575,866</u>	<u>288,633</u>	<u>132,436</u>	<u>73,978</u>	<u>1,070,913</u>	-
Net Position:						
Net investment in capital assets	25,364,868	12,245,209	5,161,601	5,432,247	48,203,925	-
Restricted net position for housing assistance payments	-	-	-	84,913	84,913	-
Unrestricted	<u>4,535,922</u>	<u>17,921,897</u>	<u>(2,216,034)</u>	<u>327,484</u>	<u>20,569,269</u>	<u>624,190</u>
Total net position	<u>\$ 29,900,790</u>	<u>\$ 30,167,106</u>	<u>\$ 2,945,567</u>	<u>\$ 5,844,644</u>	68,858,107	<u>\$ 624,190</u>
Adjustment to reflection the consolidation of internal service fund activities related to enterprise funds					<u>286,634</u>	
Net position of business-type activities					<u>\$ 69,144,741</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, 2023

	Major Funds					Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	
Operating Revenues:						
Charges for sales and services	\$ 13,990,867	\$ 28,433,055	\$ 3,121,839	\$ -	\$ 45,545,761	\$ -
Rental income	-	-	-	620,522	620,522	-
Interfund charges and employee contributions	-	-	-	-	-	3,068,794
Other	143,477	1,132,875	71,171	30,425	1,377,948	52,878
Total operating revenues	<u>14,134,344</u>	<u>29,565,930</u>	<u>3,193,010</u>	<u>650,947</u>	<u>47,544,231</u>	<u>3,121,672</u>
Operating Expenses:						
Administration	1,806,347	2,164,296	-	912,324	4,882,967	221,454
Water treatment plant	3,033,395	-	-	-	3,033,395	-
Sewer treatment plant	2,191,666	-	-	-	2,191,666	-
Systems division	2,644,977	-	-	-	2,644,977	-
Customer service	135,292	164,384	-	-	299,676	-
Electric operations	-	24,777,136	-	-	24,777,136	-
Landfill operations	-	-	2,620,648	-	2,620,648	-
Landfill closure and post-closure care costs	-	-	2,624,857	-	2,624,857	-
Utilities	-	-	-	327,358	327,358	-
Ordinary maintenance and operation	-	-	-	466,839	466,839	-
General expenses	-	-	-	236,842	236,842	-
Housing assistance program	-	-	-	876,742	876,742	-
Non-routine maintenance	-	-	-	8,450	8,450	-
Depreciation and amortization	3,010,761	792,109	401,577	656,225	4,860,672	-
Health benefit claims and premiums	-	-	-	-	-	3,646,881
Total operating expense	<u>12,822,438</u>	<u>27,897,925</u>	<u>5,647,082</u>	<u>3,484,780</u>	<u>49,852,225</u>	<u>3,868,335</u>
Operating income (loss)	<u>1,311,906</u>	<u>1,668,005</u>	<u>(2,454,072)</u>	<u>(2,833,833)</u>	<u>(2,307,994)</u>	<u>(746,663)</u>
Non-Operating Revenues (Expenses):						
Solid waste, scrap tire and white goods disposal tax	-	-	228,495	-	228,495	-
Operating grants	-	-	-	1,742,406	1,742,406	-
Investment earnings	193,213	380,654	218,281	29,205	821,353	42,461
Interest and other charges	(246,857)	(2,252)	(41,470)	(146)	(290,725)	-
Other	-	28,289	180	225	28,694	-
Total non-operating revenues (expenses)	<u>(53,644)</u>	<u>406,691</u>	<u>405,486</u>	<u>1,771,690</u>	<u>2,530,223</u>	<u>42,461</u>
Income (loss) before contributions and transfers	<u>1,258,262</u>	<u>2,074,696</u>	<u>(2,048,586)</u>	<u>(1,062,143)</u>	<u>222,229</u>	<u>(704,202)</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, 2023

	Major Funds				Total	Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing		
Capital Contributions and Transfers:						
Capital contributions	17,916	-	-	139,046	156,962	-
Transfers in	1,111,481	427,550	-	-	1,539,031	-
Transfers out	(1,889,125)	(1,031,350)	(33,900)	-	(2,954,375)	(35,000)
Total contributions and transfers	<u>(759,728)</u>	<u>(603,800)</u>	<u>(33,900)</u>	<u>139,046</u>	<u>(1,258,382)</u>	<u>(35,000)</u>
Change in net position	498,534	1,470,896	(2,082,486)	(923,097)	(1,036,153)	(739,202)
Net Position:						
Beginning of year, July 1	<u>29,402,256</u>	<u>28,696,210</u>	<u>5,028,053</u>	<u>6,767,741</u>	-	<u>1,363,392</u>
End of year, June 30	<u>\$ 29,900,790</u>	<u>\$ 30,167,106</u>	<u>\$ 2,945,567</u>	<u>\$ 5,844,644</u>	-	<u>\$ 624,190</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(339,294)</u>	
Change in net position - business-type activities					<u>\$ (1,375,447)</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, 2023

	Major Funds					Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	
Cash Flows from Operating Activities:						
Cash received from customers	\$ 14,473,797	\$ 29,644,401	\$ 3,246,239	\$ 512,693	\$ 47,877,130	\$ 3,001,831
Cash paid for goods and services	(5,348,918)	(24,269,018)	(1,415,614)	(2,477,045)	(33,510,595)	(3,373,584)
Cash paid to employees for services	(4,207,459)	(2,720,571)	(1,048,323)	(312,964)	(8,289,317)	-
Net cash provided (used) by operating activities	<u>4,917,420</u>	<u>2,654,812</u>	<u>782,302</u>	<u>(2,277,316)</u>	<u>6,077,218</u>	<u>(371,753)</u>
Cash Flows from Non-Capital Financing Activities:						
Operating grants and subsidies	-	-	-	1,672,224	1,672,224	-
(Increase) decrease in advances to other funds / due from other funds	-	136,341	-	-	136,341	-
Increase (decrease) in due from other funds	-	-	-	4,485	4,485	-
Transfers from other funds	1,111,481	427,550	-	-	1,539,031	-
Transfers to other funds	(1,889,125)	(1,031,350)	(33,900)	-	(2,954,375)	(35,000)
Net cash provided (used) by non-capital financing activities	<u>(777,644)</u>	<u>(467,459)</u>	<u>(33,900)</u>	<u>1,676,709</u>	<u>397,706</u>	<u>(35,000)</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition of capital assets	(685,021)	(2,065,723)	(1,194,248)	(200,553)	(4,145,545)	-
Principal paid on bonds and installment purchase agreements	(1,821,452)	(152,903)	(268,326)	-	(2,242,681)	-
Interest paid on long term debt	(249,350)	(2,943)	(41,921)	(146)	(294,360)	-
Lease liability payments made	(9,258)	(4,359)	(1,267)	(1,511)	(16,395)	-
Subscription liability payments made	(8,985)	(7,902)	(1,317)	(1,317)	(19,521)	-
Capital grants	-	-	-	257,542	257,542	-
Net cash provided (used) by capital and related financing activities	<u>(2,774,066)</u>	<u>(2,233,830)</u>	<u>(1,507,079)</u>	<u>54,015</u>	<u>(6,460,960)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Interest earned on investments	<u>193,213</u>	<u>380,654</u>	<u>218,281</u>	<u>29,205</u>	<u>821,353</u>	<u>42,461</u>
Net increase (decrease) in cash and cash equivalents	1,558,923	334,177	(540,396)	(517,387)	835,317	(364,292)
Cash and Cash Equivalents:						
Beginning of year - July 1	<u>5,610,581</u>	<u>16,203,897</u>	<u>8,535,228</u>	<u>1,517,254</u>	<u>31,866,960</u>	<u>1,311,969</u>
End of year - June 30	<u>\$ 7,169,504</u>	<u>\$ 16,538,074</u>	<u>\$ 7,994,832</u>	<u>\$ 999,867</u>	<u>\$ 32,702,277</u>	<u>\$ 947,677</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, 2023

	Major Funds					Internal Service Fund
	Water and Sewer Fund	Electric Fund	Landfill Fund	Department of Public Housing	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 1,311,906	\$ 1,668,005	\$ (2,454,072)	\$ (2,833,833)	\$ (2,307,994)	\$ (746,663)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	3,010,761	792,109	401,577	656,225	4,860,672	-
Other receipts	-	28,289	228,675	225	257,189	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in accounts receivable	325,583	(23,716)	(175,446)	(134,990)	(8,569)	(119,841)
(Increase) decrease in inventory	(15,069)	93,861	-	-	78,792	-
(Increase) decrease in prepaid expenses	22,499	41,380	(1,176)	107	62,810	-
(Increase) decrease in security deposits	-	-	-	-	-	58,100
Increase (decrease) in deferred outflows of resources - pensions	(559,161)	(310,525)	(124,318)	(93,239)	(1,087,243)	-
Increase (decrease) in deferred outflows of resources - OPEB	49,311	63,705	4,670	35,384	153,070	-
Increase (decrease) in accounts payable and accrued liabilities	(90,805)	(219,190)	79,983	(16,260)	(246,272)	436,651
Increase (decrease) in net pension liability	1,577,489	876,044	350,723	263,042	3,067,298	-
Increase (decrease) in deferred inflows of resources - pensions	(826,181)	(458,812)	(183,685)	(137,763)	(1,606,441)	-
Increase (decrease) in deferred inflows of resources - OPEB	265,116	116,902	64,198	21,528	467,744	-
Increase (decrease) in customer deposits	13,870	73,898	-	(1,264)	86,504	-
Increase (decrease) in prepaid fees	-	-	-	(2,225)	(2,225)	-
Increase (decrease) in compensated absences	28,378	19,647	10,338	(3,181)	55,182	-
Increase (decrease) in other post-employment benefits	(196,277)	(106,785)	(44,022)	(31,072)	(378,156)	-
Increase (decrease) in accrued landfill post-closure costs	-	-	2,624,857	-	2,624,857	-
Total adjustments	<u>3,605,514</u>	<u>986,807</u>	<u>3,236,374</u>	<u>556,517</u>	<u>8,385,212</u>	<u>374,910</u>
Net cash provided (used) by operating activities	<u>\$ 4,917,420</u>	<u>\$ 2,654,812</u>	<u>\$ 782,302</u>	<u>\$ (2,277,316)</u>	<u>\$ 6,077,218</u>	<u>\$ (371,753)</u>
Non-Cash Transactions:						
Right to use assets acquired in exchange for subscription liabilities	<u>\$ 31,750</u>	<u>\$ 24,033</u>	<u>\$ 4,005</u>	<u>\$ 4,005</u>	<u>\$ 63,793</u>	<u>\$ -</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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Significant Accounting Policies

The accounting policies of the City of Albemarle, North Carolina, (the “City”) 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 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 unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

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 unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a 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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The City has no fiduciary funds to report. 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 nonmajor 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.

Albemarle Business Park Capital Project Fund. This fund is used to account for grant and other funds for construction of a business center.

The City reports the following nonmajor governmental funds:

Sidewalk Fee in Lieu Program Special Revenue Fund. This fund is used to account for funds for sidewalk improvements.

American Rescue Plan Special Revenue Fund. This fund is used to account for the City's portion of the American Rescue Plan Act (ARPA) funding.

Stormwater Special Revenue Fund – This fund is used to account for funds for a stormwater pilot study.

Business Center Special Revenue Fund – This fund is used to account for funds related to the design and construction of a site ready project.

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.

General Capital Projects Fund. This fund is used to account for funds for various general capital projects for the City.

Parks and Recreation Roosevelt Ingram Park Erosion Control Capital Project Fund. This fund is used to account for funds for erosion control measures at Roosevelt Ingram Park.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Public Works Utility Relocation Sidewalk Project Fund. This fund is used to account for funds relating to construct sidewalks on North Carolina Highway 24/27 East in relation to the widening project.

King Alleyway Renovation Project Fund. This fund is used to account for funds for construction and rehabilitation of King Alleyway.

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 Utility Relocation Capital Project Fund and the Water and Sewer Capital Projects 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. The Electric Utility Relocation Project Fund and the Electric Capital Projects Fund have been consolidated into the Electric Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

Landfill Fund. This fund is used to account for the City's landfill operations. The Landfill Capital Projects Fund has been consolidated into the Landfill Fund for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

Department of Public Housing. This fund is used to account for the City's public housing operations. The Conventional and Section 8 have been consolidated into the Department of Public Housing Fund for reporting purposes. The capital funds have been consolidated into the Conventional for reporting purposes. Budgetary comparisons for these funds have been included in the supplementary information.

The City reports the following fund type:

Internal Service Fund. The Health Insurance Fund is used to account for the accumulation and allocation of costs associated with employee, retiree, and family medical and dental claims. The Health Insurance Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation it is consolidated in the Internal Service Fund.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All funds of the City are accounted for during the year using the modified accrual basis of accounting in accordance with the North Carolina General Statutes. The financial statements are reported at year-end as discussed below.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues 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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 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. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. 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, Sidewalk Fee in Lieu Program Special Revenue Fund, and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds, American Rescue Plan Special Revenue Fund, Stormwater Special Revenue Fund, Business Center Special Revenue Fund, and the enterprise capital project funds. The enterprise capital project funds are consolidated with their respective operating funds for reporting purposes. The City's Health Insurance Fund and Internal Service Fund operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. 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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Deposits and Investments

All deposits of the City 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 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 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] authorizes the City 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 and the ABC Board's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio is a SEC-registered (2a-7) government money mutual market fund and is rated AAAM by S&P and AAmf by Moody's Investor Services. The Government Portfolio is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

In accordance with state law, the City has invested in securities, which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

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 ABC Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 for streets 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. Advances from grantors in the General Fund and the American Rescue Plan Fund are classified as restricted because their use is completely restricted for the purpose for which the grant funding was awarded. Restrictions are also in place for grants in the Department of Public Housing Fund. The unexpended debt proceeds in the General Capital Projects Fund and the Landfill Fund are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued.

Governmental Activities:

General Fund:

Streets	\$	657,736
Advances from grantors		40,000

American Rescue Plan Fund:

Advances from grantors		1,634,730
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General Capital Projects Fund:

Unspent debt proceeds		<u>792,365</u>
Total governmental activities		<u>3,124,831</u>

Business-Type Activities:

Water and Sewer Fund:

Customer deposits		198,947
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Electric Fund:

Customer deposits		1,201,882
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Landfill Fund:

Unspent debt proceeds		352,929
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Department of Public Housing:

Customer deposits		39,036
Grant restrictions		<u>396,500</u>
Total business-type activities		<u>2,189,294</u>

Total restricted cash	\$	<u><u>5,314,125</u></u>
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CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2022. 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.

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.

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. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement Activities the cost of these inventories is expensed as the items are used.

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.

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the City reports a lease (only applies when the City is the lessee) or agreements where the City reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The City has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The City has recorded the right-to-use subscription assets related to subscription-based information technology arrangements (SBITAs) as a result of implementing GASB 96. The right to use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right-to-use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

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 to 30 years
Electric distribuion system	25 years
Water distribuion lines	30 to 50 years
Sewer distribuion lines	30 years
Infrastructure	30 to 50 years
Equipment	5 to 15 years
Vehicles	4 to 6 years

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 years
Equipment	5 to 10 years

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion – pension and OPEB related deferrals. 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 assets that applies to future periods and so will not be recognized as revenue until then. The City has several items that meet this criterion – prepaid taxes, license fees receivable, property taxes receivable, and pension and OPEB related deferrals.

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.

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 earned 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 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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the coronavirus state and local fiscal recovery funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The City was allocated \$5,177,559 of fiscal recovery funds to be paid in two equal installments. The first installment of \$2,588,779 was received in August 2021. The second installment was received in July 2022. City Council elected to take the standard allowance and expend it's ARPA funds for the provision of government services, specifically reimbursements for salaries and benefits. A total of \$3,901,384 is appropriated for reimbursement to the General Fund, \$1,223,625 to the Water and Sewer Fund, and \$52,550 to the Electric Fund. As of fiscal year ending June 30, 2023, \$2,378,797 has been transferred to the General Fund, \$1,111,481 to the Water and Sewer Fund, and \$52,550 to the Electric Fund.

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.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted for Housing Assistance Payments – represents a portion of net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$792,365 as of June 30, 2023.

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 General Government – portion of fund balance budgeted by the Board to be used for certain general government expenditures.

Committed for Economic Development – portion of fund balance budgeted by the Board to be used for economic development expenditures.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Committed for Public Safety – portion of fund balance budgeted by the Board to be used for certain public safety expenditures.

Committed for Parks and Recreation – portion of fund balance budgeted by the Board to be used for certain parks and recreation expenditures.

Committed for Public Works – portion of fund balance budgeted by the Board to be used for certain public works expenditures.

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.

Assigned for Parks and Recreation – portion of fund balance that has been budgeted by the City Manager/Management for certain parks and recreation expenditures.

Assigned for Streets – portion of fund balance that has been budgeted by the City Manager/Management for health insurance purposes in the streets department.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance. Other governmental funds do not report positive unassigned fund balance, although they may report negative unassigned fund balance.

The City 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, and 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.

The City has not officially adopted a formal fund balance policy.

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2. Detail Notes on All Funds

A. Assets

Deposits

All deposits of the City 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 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 and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City 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 ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2023, the City's deposits had a carrying amount of \$39,846,122 and a bank balance of \$39,871,130. Of the bank balance, \$750,000 was covered by federal depository insurance, \$2,003,670 was covered by collateral held under the dedicated method, and \$37,117,460 was covered by collateral held under the pooling method. At June 30, 2023, the City's petty cash fund totaled \$3,310.

At June 30, 2023, the carrying amount of deposits for the ABC Board was \$882,316 and the bank balance was \$1,111,947. Of the bank balance, the portion not covered by federal depository insurance was collateralized under the pooling method.

Investments

At June 30, 2023, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 12,074,625	N/A	AAAm/ AAAmf
U.S. Treasuries	Fair Value - Level 1	4,762,237	1-3 years	AAA
Total		<u>\$ 16,836,862</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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 North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2023.

Receivables - Allowances for Doubtful Accounts

The amounts presented in the balance sheet and the Statement of Net Position for the year ended June 30, 2023, are net of the following allowances for doubtful accounts:

	Governmental Activities	Business-Type Activities
Taxes receivable	\$ 332,191	\$ -
Accounts receivable	-	11,849
Total	<u>\$ 332,191</u>	<u>\$ 11,849</u>

Due from other governments that is owed to the City consists of the following:

	Governmental Activities
Sales and use tax distribution	\$ 1,502,734
Sales tax refund	682,147
Other	367,803
Total	<u>\$ 2,552,684</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets

Primary Government

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

	Beginning Balances	Additions	Deletions	Ending Balances
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 4,604,793	\$ -	\$ (85,855)	\$ 4,518,938
Construction in progress	3,509,043	3,851,439	-	7,360,482
Total non-depreciable capital assets	8,113,836	3,851,439	(85,855)	11,879,420
Depreciable Capital Assets:				
Buildings	17,346,891	-	-	17,346,891
Other improvements	1,420,260	-	-	1,420,260
Infrastructure	7,542,972	-	-	7,542,972
Furniture and fixtures	211,999	-	-	211,999
Equipment	9,511,970	857,460	(20,457)	10,348,973
Total depreciable capital assets	36,034,092	857,460	(20,457)	36,871,095
Right-to-Use Assets:				
Leased buildings	156,422	-	-	156,422
Leased equipment	144,424	422,202	(68,013)	498,613
Leased land	11,920	-	-	11,920
Subscriptions	-	113,814	-	113,814
Total right-to-use assets	312,766	536,016	(68,013)	780,769
Less Accumulated Depreciation:				
Buildings	6,503,667	687,884	-	7,191,551
Other improvements	700,505	64,607	-	765,112
Infrastructure	3,859,938	229,007	-	4,088,945
Furniture and fixtures	211,999	-	-	211,999
Equipment	6,664,193	575,588	(20,457)	7,219,324
Total accumulated depreciation	17,940,302	1,557,086	(20,457)	19,476,931
Less Accumulated Amortization:				
Leased buildings	10,278	10,278	-	20,556
Leased equipment	59,898	141,587	(68,013)	133,472
Leased land	935	935	-	1,870
Subscriptions	-	40,471	-	40,471
Total accumulated amortization	71,111	193,271	(68,013)	196,369
Total depreciable capital assets, net	18,335,445			17,978,564
Governmental activities capital assets, net	\$ 26,449,281			\$ 29,857,984

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 372,402
Public safety	668,628
Public works	383,356
Cultural and recreational	<u>325,971</u>
Total depreciation/amortization expense	<u>\$ 1,750,357</u>

Capital asset activity for business-type activities for the year ended June 30, 2023, was as follows:

	Beginning Balances	Additions	Deletions	Transfers	Ending Balances
Business-Type Activities:					
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 129,349	\$ -	\$ -	\$ -	\$ 129,349
Construction in progress	<u>1,426,859</u>	<u>582,009</u>	<u>-</u>	<u>(53,410)</u>	<u>1,955,458</u>
Total non-depreciable capital assets	<u>1,556,208</u>	<u>582,009</u>	<u>-</u>	<u>(53,410)</u>	<u>2,084,807</u>
Depreciable Capital Assets:					
Buildings	55,480,094	-	-	-	55,480,094
Water and sewer lines	44,470,961	-	-	53,410	44,524,371
Furniture and fixtures	95,991	-	-	-	95,991
Equipment and vehicles	<u>10,691,894</u>	<u>79,824</u>	<u>-</u>	<u>-</u>	<u>10,771,718</u>
Total depreciable capital assets	<u>110,738,940</u>	<u>79,824</u>	<u>-</u>	<u>53,410</u>	<u>110,872,174</u>
Right-to-Use Assets:					
Leased equipment	29,372	-	-	-	29,372
Subscriptions	<u>-</u>	<u>31,750</u>	<u>-</u>	<u>-</u>	<u>31,750</u>
Total right-to-use assets	<u>29,372</u>	<u>31,750</u>	<u>-</u>	<u>-</u>	<u>61,122</u>
Less Accumulated Depreciation:					
Buildings	29,774,117	1,529,388	-	-	31,303,505
Water and sewer lines	26,318,279	846,843	-	-	27,165,122
Furniture and fixtures	95,991	-	-	-	95,991
Equipment and vehicles	<u>6,415,820</u>	<u>614,080</u>	<u>-</u>	<u>-</u>	<u>7,029,900</u>
Total accumulated depreciation	<u>62,604,207</u>	<u>2,990,311</u>	<u>-</u>	<u>-</u>	<u>65,594,518</u>
Less Accumulated Amortization:					
Leased equipment	9,260	9,260	-	-	18,520
Subscriptions	<u>-</u>	<u>11,190</u>	<u>-</u>	<u>-</u>	<u>11,190</u>
Total accumulated amortization	<u>9,260</u>	<u>20,450</u>	<u>-</u>	<u>-</u>	<u>29,710</u>
Total depreciable capital assets, net	<u>48,154,845</u>				<u>45,309,068</u>
Water and Sewer Fund capital assets, net	<u>\$ 49,711,053</u>				<u>\$ 47,393,875</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-Type Activities:					
Electric Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 145,963	\$ -	\$ -	\$ -	\$ 145,963
Construction in progress	2,684,664	1,944,033	-	-	4,628,697
Total non-depreciable capital assets	<u>2,830,627</u>	<u>1,944,033</u>	<u>-</u>	<u>-</u>	<u>4,774,660</u>
Depreciable Capital Assets:					
Buildings	6,957,740	-	-	-	6,957,740
Distribution lines	18,542,509	-	-	-	18,542,509
Furniture and fixtures	191,983	-	-	-	191,983
Equipment and vehicles	3,744,370	121,690	-	-	3,866,060
Total depreciable capital assets	<u>29,436,602</u>	<u>121,690</u>	<u>-</u>	<u>-</u>	<u>29,558,292</u>
Right-to-Use Assets:					
Leased equipment	14,250	-	-	-	14,250
Subscriptions	-	24,033	-	-	24,033
Total right-to-use assets	<u>14,250</u>	<u>24,033</u>	<u>-</u>	<u>-</u>	<u>38,283</u>
Less Accumulated Depreciation:					
Buildings	3,313,634	255,798	-	-	3,569,432
Distribution lines	15,503,064	165,383	-	-	15,668,447
Furniture and fixtures	191,982	-	-	-	191,982
Equipment and vehicles	2,287,195	357,833	-	-	2,645,028
Total accumulated depreciation	<u>21,295,875</u>	<u>779,014</u>	<u>-</u>	<u>-</u>	<u>22,074,889</u>
Less Accumulated Amortization:					
Leased equipment	4,356	4,356	-	-	8,712
Subscriptions	-	8,739	-	-	8,739
Total accumulated amortization	<u>4,356</u>	<u>13,095</u>	<u>-</u>	<u>-</u>	<u>17,451</u>
Total depreciable capital assets, net	<u>8,150,621</u>				<u>7,504,235</u>
Electric Fund capital assets, net	<u>\$ 10,981,248</u>				<u>\$ 12,278,895</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	Beginning Balances	Additions	Deletions	Transfers	Ending Balances
Business-Type Activities:					
Landfill Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 581,781	\$ -	\$ -	\$ -	\$ 581,781
Construction in progress	15,043	1,001,650	-	(1,016,693)	-
Total non-depreciable capital assets	596,824	1,001,650	-	(1,016,693)	581,781
Depreciable Capital Assets:					
Buildings	2,361,547	-	-	-	2,361,547
Landfill cell construction	9,131,547	-	-	-	9,131,547
Furniture and fixtures	53,034	-	-	-	53,034
Equipment and vehicles	4,841,696	1,091,215	-	1,016,693	6,949,604
Total depreciable capital assets	16,387,824	1,091,215	-	1,016,693	18,495,732
Right-to-Use Assets:					
Leased equipment	4,177	-	-	-	4,177
Subscriptions	-	4,005	-	-	4,005
Total right-to-use assets	4,177	4,005	-	-	8,182
Less Accumulated Depreciation:					
Buildings	472,271	58,901	-	-	531,172
Landfill cell construction	6,908,559	54,279	-	-	6,962,838
Furniture and fixtures	15,909	5,303	-	-	21,212
Equipment and vehicles	4,389,493	280,371	-	-	4,669,864
Total accumulated depreciation	11,786,232	398,854	-	-	12,185,086
Less Accumulated Amortization:					
Leased equipment	1,266	1,266	-	-	2,532
Subscriptions	-	1,457	-	-	1,457
Total accumulated amortization	1,266	2,723	-	-	3,989
Total depreciable capital assets, net	4,604,503				6,314,839
Landfill Fund capital assets, net	\$ 5,201,327				\$ 6,896,620

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Beginning Balances	Additions	Deletions	Transfers	Ending Balances
Business-Type Activities:					
Department of Public Housing :					
Non-Depreciable Capital Assets:					
Land	\$ 163,505	\$ -	\$ -	\$ -	\$ 163,505
Construction in progress	<u>543,174</u>	<u>66,994</u>	<u>-</u>	<u>(610,168)</u>	<u>-</u>
Total non-depreciable capital assets	<u>706,679</u>	<u>66,994</u>	<u>-</u>	<u>(610,168)</u>	<u>163,505</u>
Depreciable Capital Assets:					
Buildings	12,784,900	-	-	610,168	13,395,068
Improvements	1,280,619	-	-	-	1,280,619
Furniture and fixtures	32,487	-	-	-	32,487
Equipment	<u>785,562</u>	<u>15,063</u>	<u>-</u>	<u>-</u>	<u>800,625</u>
Total depreciable capital assets	<u>14,883,568</u>	<u>15,063</u>	<u>-</u>	<u>610,168</u>	<u>15,508,799</u>
Right-to-Use Assets:					
Leased equipment	5,921	-	-	-	5,921
Subscriptions	<u>-</u>	<u>4,005</u>	<u>-</u>	<u>-</u>	<u>4,005</u>
Total right-to-use assets	<u>5,921</u>	<u>4,005</u>	<u>-</u>	<u>-</u>	<u>9,926</u>
Less Accumulated Depreciation:					
Buildings	8,254,709	560,882	-	-	8,815,591
Improvements	724,692	56,752	-	-	781,444
Furniture and fixtures	32,487	-	-	-	32,487
Equipment	<u>574,914</u>	<u>35,612</u>	<u>-</u>	<u>-</u>	<u>610,526</u>
Total accumulated depreciation	<u>9,586,802</u>	<u>653,246</u>	<u>-</u>	<u>-</u>	<u>10,240,048</u>
Less Accumulated Amortization:					
Leased equipment	1,366	1,522	-	-	2,888
Subscriptions	<u>-</u>	<u>1,457</u>	<u>-</u>	<u>-</u>	<u>1,457</u>
Total accumulated amortization	<u>1,366</u>	<u>2,979</u>	<u>-</u>	<u>-</u>	<u>4,345</u>
Total depreciable capital assets, net	<u>5,301,321</u>				<u>5,274,332</u>
Department of public housing capital assets, net	<u>\$ 6,008,000</u>				<u>\$ 5,437,837</u>
Total business-type assets	<u>\$ 71,901,628</u>				<u>\$ 72,007,227</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Construction Commitments

The government has active construction projects as of June 30, 2023. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Albemarle Business Center Park	\$ 4,504,063	\$ 1,982,297

Discretely Presented Component Unit

Capital asset activity for the City of Albemarle ABC Board for the ended June 30, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
Non-Depreciable Capital Assets:				
Land	\$ 222,167	\$ -	\$ -	\$ 222,167
Depreciable Capital Assets:				
Buildings	1,080,831	-	-	1,080,831
Equipment	289,595	23,156	(325)	312,426
Total depreciable capital assets	1,370,426	23,156	(325)	1,393,257
Less Accumulated Depreciation:				
Buildings	467,657	31,941	-	499,598
Equipment	233,630	20,554	(325)	253,859
Total accumulated depreciation	701,287	52,495	(325)	753,457
Total ABC depreciable capital assets, net	669,139			639,800
ABC capital assets, net	\$ 891,306			\$ 861,967

Net Investment in Capital Assets

Net investment in capital assets is comprised of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets & right to use assets	\$ 29,857,984	\$ 72,007,227
Less: Long-term debt	(6,134,413)	(24,156,231)
Add: Unexpended debt proceeds	792,365	352,929
Net investment in capital assets	\$ 24,515,936	\$ 48,203,925

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

B. Liabilities

Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 1,538,179	\$ 179,838	\$ 1,718,017
Other governmental	885,206	-	885,206
Total governmental activities	<u>\$ 2,423,385</u>	<u>\$ 179,838</u>	<u>\$ 2,603,223</u>
Business-Type Activities:			
Water and Sewer Fund	\$ 274,106	\$ 64,601	\$ 338,707
Electric Fund	2,541,790	43,616	2,585,406
Landfill Fund	1,070,136	16,209	1,086,345
Department of public housing	<u>137,589</u>	<u>10,004</u>	<u>147,593</u>
Total business-type activities	<u>\$ 4,023,621</u>	<u>\$ 134,430</u>	<u>\$ 4,158,051</u>

Pension Plan and Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The City is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report 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.

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

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, was 13.10% of compensation for law enforcement officers and 12.10% 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 \$1,931,388 for the year ended June 30, 2023.

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

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

At June 30, 2023, the City reported a liability of \$10,379,663 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023, the City’s proportion was 0.18399% (measured as of June 30, 2022), which was an increase of 0.00433% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the City recognized pension expense of \$2,860,085. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 447,250	\$ 43,850
Changes of assumptions	1,035,658	-
Net difference between projected and actual earnings on pension plan investments	3,430,587	-
Changes in proportion and differences between City contributions and proportionate share of contributions	30,682	88,894
City contributions subsequent to the measurement date	<u>1,931,388</u>	<u>-</u>
Total	<u>\$ 6,875,565</u>	<u>\$ 132,744</u>

\$1,931,388 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ 1,461,223
2025	1,319,408
2026	396,406
2027	1,634,396
2028	-
Thereafter	-
Total	<u>\$ 4,811,433</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The plan actuary currently uses mortality tables that vary by age, gender, employee group (i.e., general and 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. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

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

Future and ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income returns projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis.

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	<u>6.0%</u>	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 18,733,956	\$ 10,379,663	\$ 3,495,241

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the state of North Carolina.

Law Enforcement Officers Special Separation Allowance

Plan Description. The City of Albemarle, North Carolina 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, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	13
Active members	<u>45</u>
Total	<u><u>58</u></u>

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 meet the criteria, which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2021, valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

Mortality Assumptions: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Death Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

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 \$211,366 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, 2023, the City reported a total pension liability of \$1,947,029. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$223,602.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 174,423	\$ 179,818
Changes of assumptions and other inputs	247,167	301,227
City benefit payments and administrative expenses subsequent to the measurement date	101,757	-
Total	\$ 523,347	\$ 481,045

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The City paid \$101,757 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2024	\$ 62,551
2025	54,274
2026	(39,132)
2027	(98,566)
2028	(38,582)
Thereafter	-
Total	<u>\$ (59,455)</u>

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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	<u>\$ 2,097,291</u>	<u>\$ 1,947,029</u>	<u>\$ 1,810,854</u>

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

	2023
Beginning balance	\$ 2,549,189
Service cost	100,454
Interest on the total pension liability	54,979
Differences between expected and actual experience in the measurement of the total pension liability	(220,136)
Changes of assumptions or other inputs	(326,091)
Benefit payments	<u>(211,366)</u>
Ending balance of the total pension liability	<u>\$ 1,947,029</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent at December 31, 2021 (measurement date) to 4.31 percent at December 31, 2022 (measurement date).

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.

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 2,860,085	\$ 223,602	\$ 3,083,687
Pension liability	10,379,663	1,947,029	12,326,692
Proportionate share of the net pension liability	0.18399%	n/a	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 447,250	\$ 174,423	\$ 621,673
Changes of assumptions	1,035,658	247,167	1,282,825
Net difference between projected and actual earnings on plan investments	3,430,587	-	3,430,587
Changes in proportion and differences between contributions and proportionate share of contributions	30,682	-	30,682
City contributions (LGERS) and benefit payments and administrative costs (LEOSSA) paid subsequent to the measurement date	1,931,388	101,757	2,033,145
Total	<u>\$ 6,875,565</u>	<u>\$ 523,347</u>	<u>\$ 7,398,912</u>

Deferred of Inflows of Resources:

Differences between expected and actual experience	\$ 43,850	\$ 179,818	\$ 223,668
Changes of assumptions	-	301,227	301,227
Changes in proportion and differences between contributions and proportionate share of contributions	88,894	-	88,894
Total	<u>\$ 132,744</u>	<u>\$ 481,045</u>	<u>\$ 613,789</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, law enforcement officers may make voluntary contributions to the plan. The City made contributions of \$109,071 for the reporting year. No amounts were forfeited.

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.

Other Post-Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. As of July 1, 1984, this plan provides post-employment healthcare benefits to retirees of the City who retire before the age of 65, 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

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

of purchasing dependent coverage at the City’s group rates. Retirees who qualify for coverage receive the same benefits as active employees. City employees who retire before the age of 65 under the provisions set forth under the North Carolina Local Government Employees’ Retirement System with five years of service with the City, may continue coverage in the City’s group health plan until they reach age 65. Retired elected officials may be eligible for retiree coverage after completion of twenty (20) years of continuous service to the City. Premiums must be paid in full by the retiree. 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.

The City will pay the following percentages cost of post-retirement healthcare benefits:

Years of Service With the City at Retirement	City Contribution
25 or more	100%
20 - 24	75%
15 - 19	50%
10 - 14	25%
5 - 9	0%

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	52
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	270
Total	322

Total OPEB Liability

The City’s total OPEB liability of \$13,440,361 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation:	
General employees	3.25 to 8.41 percent
Firefighters	3.25 to 8.15 percent
Law enforcement officers	3.25 to 7.90 percent
Municipal Bond Index Rate:	
Prior measurement date	2.16 percent
Measurement date	3.54 percent
Healthcare cost trend rates:	
Pre-Medicare medical and prescription drug	7.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2031

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 14,388,551</u>
Changes for the year:	
Service cost	659,429
Interest on the pension liability	316,924
Differences between expected and actual experience	747,954
Changes of assumptions or other inputs	(1,917,328)
Benefit payments	<u>(755,169)</u>
Net changes	<u>(948,190)</u>
Balance at June 30, 2023	<u><u>\$ 13,440,361</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.54%.

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021, valuation were based on a review of recent plan experience done concurrently with the June 30, 2021, valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent), or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	<u>\$ 14,798,396</u>	<u>\$ 13,440,361</u>	<u>\$ 12,234,339</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower, or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 11,908,762</u>	<u>\$ 13,440,361</u>	<u>\$ 15,258,484</u>

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$953,836. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,126,663	\$ 759,362
Changes of assumptions and other inputs	1,666,379	1,882,907
City benefit payments and administrative expenses subsequent to the measurement date	<u>371,368</u>	<u>-</u>
Total	<u>\$ 3,164,410</u>	<u>\$ 2,642,269</u>

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

\$371,368 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2024	\$ (32,205)
2025	19,494
2026	47,264
2027	156,122
2028	103,706
Thereafter	<u>(143,608)</u>
Total	<u>\$ 150,773</u>

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.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions to pension plan in current fiscal year:		
LGERS	\$ 1,931,388	\$ -
LEOSSA	101,757	-
Benefit payments/administration costs paid subsequent to the measurement date (OPEB):		
OPEB	371,368	-
Differences between expected and actual experience:		
LGERS	447,250	43,850
LEOSSA	174,423	179,818
OPEB	1,126,663	759,362
Changes in assumptions:		
LGERS	1,035,658	-
LEOSSA	247,167	301,227
OPEB	1,666,379	1,882,907
Net difference between projected and actual earnings on plan investments:		
LGERS	3,430,587	-
Changes in proportion and differences between employer contributions and proportionate share:		
LGERS	30,682	88,894
Prepaid taxes	-	1,561
Taxes receivable (General Fund)	-	172,451
License fees receivable (General Fund)	-	2,661
Total	<u>\$ 10,563,322</u>	<u>\$ 3,432,731</u>

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 \$5 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.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Effective July 1, 2017, the City established an internal service fund to account for its self-insured plan to provide health benefits. In this self-insured plan, claims are administered and paid directly from the plan by Medcost Benefit Services LLC. 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 \$3,577,815 and a contract period maximum of \$1,000,000. Claim reserves are established at the end of the Plan year based on the City’s and third-party administrator’s analysis of claims submission, processing and payment.

Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	2023	2022
Unpaid claims, beginning	\$ 6,677	\$ 170,371
Incurred claims and premiums	3,646,881	2,978,088
Claims and premiums paid	(3,210,230)	(3,141,782)
Balance, end of year	\$ 443,328	\$ 6,677

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

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 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, Deputy Finance Officer, and Tax Collector are each individually bonded for \$150,000, \$50,000, and \$100,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000. Effective with the bond renewal on July 1, 2023, the City increased the bonding for the Finance Officer to \$1,000,000 in order to comply with S.L. 2022-53, Section 9(a).

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Long-Term Obligations

Leases

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On July 1, 2021, the City entered into a 182-month lease as lessee for the use of 219 E. North Street. An initial lease liability was recorded in the amount of \$156,422. As of June 30, 2023, the value of the lease liability is \$138,435. The City is required to make monthly fixed payments of \$1,000. The lease has an interest rate of 2.1291%. The value of the right to use asset as of June 30, 2023 is \$156,422 with accumulated amortization of \$20,555. The City has 1 extension option(s), each for 120-months.

On July 1, 2021, the City entered into a 45-month lease as lessee for the use of Pitney Bowes - City Hall Mailroom. An initial lease liability was recorded in the amount of \$14,584. As of June 30, 2023, the value of the lease liability is \$6,860. The City is required to make quarterly fixed payments of \$990. The lease has an interest rate of 1.0112%. The value of the right-to-use asset as of June 30, 2023 is \$14,584 with accumulated amortization of \$7,687.

On July 1, 2021, the City entered into a 37-month lease as lessee for the use of Sharp Printers. An initial lease liability was recorded in the amount of \$112,345. As of June 30, 2023, the value of the lease liability is \$39,779. The City is required to make monthly fixed payments of \$3,075. The lease has an interest rate of 0.8453%. The value of the right-to-use asset as of June 30, 2023 is \$112,345 with accumulated amortization of \$72,873.

On September 29, 2021, the City entered into a 60-month lease as lessee for the use of Pitney Bowes - Public Housing. An initial lease liability was recorded in the amount of \$3,202. As of June 30, 2023, the value of the lease liability is \$1,939. The City is required to make quarterly fixed payments of \$165. The lease has an interest rate of 1.2720%. The value of the right-to-use asset as of June 30, 2023 is \$3,202 with accumulated amortization of \$1,124.

On July 1, 2021, the City entered into a 153-month lease as lessee for the use of EH Kings Heirs, LLC - Parcel Land 1 & 2. An initial lease liability was recorded in the amount of \$11,920. As of June 30, 2023, the value of the lease liability is \$10,225. The City is required to make monthly fixed payments of \$88. The lease has an interest rate of 1.9663%. The value of the right-to-use asset as of June 30, 2023 is \$11,920 with accumulated amortization of \$1,870.

On July 1, 2022, the City entered into a 60-month lease as lessee for the use of Axon. An initial lease liability was recorded in the amount of \$422,202. As of June 30, 2023, the value of the lease liability is \$332,584. The City is required to make annual fixed payments of \$89,619. The lease has an interest rate of 3.0680%. The value of the right-to-use asset as of June 30, 2023 is \$422,202 with accumulated amortization of \$84,441.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 114,127	\$ 13,396	\$ 16,543	\$ 130
2025	94,927	10,611	3,817	25
2026	94,799	7,876	655	5
2027	97,611	5,065	-	-
2028	10,887	2,169	-	-
2029-2033	58,022	7,258	-	-
2034-2038	38,434	1,357	-	-
Total	<u>\$ 508,807</u>	<u>\$ 47,732</u>	<u>\$ 21,015</u>	<u>\$ 160</u>

Subscriptions

For the year ended June 30, 2023, the City implemented the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

Subscriptions in affect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the Subscription after July 1, 2022.

On July 1, 2022, the City entered into a 36-month subscription for the use of Granicus. An initial subscription liability was recorded in the amount of \$51,130. As of June 30, 2023, the value of the subscription liability is \$34,438. The City is required to make annual fixed payments of \$16,692. The subscription has an interest rate of 2.8487%. The value of the right-to-use asset as of June 30, 2023 is \$51,130 with accumulated amortization of \$17,044.

On July 1, 2022, the City entered into a 36-month subscription for the use of Office 365 Backup. An initial subscription liability was recorded in the amount of \$15,405. As of June 30, 2023, the value of the subscription liability is \$10,125. The City is required to make annual fixed payments of \$5,280. The subscription has an interest rate of 2.8487%. The value of the right-to-use asset as of June 30, 2023 is \$15,405 with accumulated amortization of \$5,135.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On July 1, 2022, the City entered into a 36-month subscription for the use of DebtBook. An initial subscription liability was recorded in the amount of \$19,537. As of June 30, 2023, the value of the subscription liability is \$15,537. The City is required to make annual fixed payments of \$4,000. The subscription has an interest rate of 2.8487%. The value of the right-to-use asset as of June 30, 2023 is \$19,537 with accumulated amortization of \$6,512.

On July 1, 2022, the City entered into a 24-month subscription for the use of GIS WebTech LLC. An initial subscription liability was recorded in the amount of \$11,426. As of June 30, 2023, the value of the subscription liability is \$5,650. The City is required to make annual fixed payments of \$5,800. The subscription has an interest rate of 2.6543%. The value of the right-to-use asset as of June 30, 2023 is \$11,426 with accumulated amortization of \$5,492.

On July 1, 2022, the City entered into a 33-month subscription for the use of NEOGOV. An initial subscription liability was recorded in the amount of \$80,109. As of June 30, 2023, the value of the subscription liability is \$53,770. The City is required to make annual fixed payments of \$28,039. The subscription has an interest rate of 2.8487%. The value of the right to use asset as of June 30, 2023 is \$80,109 with accumulated amortization of \$29,131. The City has 1 extension option, each for 12-months. The City had a termination period of 1 month as of the subscription commencement. The Vendor had a termination period of 1-month as of the subscription commencement.

The future minimum subscription obligations and the net present value of the minimum subscription payments as of June 30, 2023, were as follows:

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>					
	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>			
2024	\$	38,888	\$	2,133	\$	20,864	\$	1,261
2025		<u>36,360</u>		<u>1,035</u>		<u>23,408</u>		<u>667</u>
Total	\$	<u>75,248</u>	\$	<u>3,168</u>	\$	<u>44,272</u>	\$	<u>1,928</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Installment Purchases

	Serviced by	
	Governmental Activities	Business-Type Activities
Installment financing contract with a bank for the new police headquarters facility; payable in quarterly installments of \$53,000 through July 2039, plus interest at 3.55%, secured by building.	\$ 3,452,000	\$ -
Installment financing contract with a bank for land; payable in quarterly installments of \$31,780 through April 2032, plus interest at 3.73% secured by Deed of Trust on land.	1,144,060	-
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%.	-	1,439,699
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.	-	3,280,000
2014 Clean Water Revolving Loan through N.C. Department of Environment and Natural Resources the Water/Sewer Inflows & Infiltration System; payable in annual installments of \$169,430, plus semi-annual interest payments at 2.0%, secured by equipment.	-	2,033,161
2015 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Waste Water Treatment Headworks Project, payable in twenty annual installment of \$158,282 beginning November 2016 through May 2036, plus semi-annual interest payments at 2%.	-	1,938,476
Installment financing contract with bank for purchase of public works equipment; payable in monthly installments of \$7,871 through February 2025, including interest of 2.19%, secured by equipment.	154,445	-
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.	-	8,413,831

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Serviced by</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2017 Sewer Revolving Loan from the Water Pollution Control Revolving Fund (WPCRF) for the Leachate Upgrade Landfill Project, payable in twenty annual installments ranging from \$23,997 to \$121,722 beginning May 2019 through May 2038, plus semi-annual interest payments at 1.84%.	-	1,337,713
2020 Clean Water Revolving Loan through N.C. Department of Environment and Natural Resources for the Sanitary Sewer Rehabilitation Phase 2 & WWTP Rehabilitation project; payable in annual installments of \$289,689 beginning May 2021. The loan is non-interest bearing.	-	4,832,401
Installment financing contract with bank for purchase of various vehicles and equipment; payable in monthly installments of \$403,491 through June 2027, including interest of 1.75%, secured by equipment.	799,853	745,898
Installment financing contract for purchase of vehicles; payable in monthly installments \$2,198 through May 2024, including interest of 1.507%, secured by vehicles.	-	23,999
Installment financing contract for purchase of vehicles; payable in monthly installments \$1,451 through January 2026, including interest of 1.041%, secured by vehicles.	-	45,766
Total installment purchases	<u>\$ 5,550,358</u>	<u>\$ 24,090,944</u>

The City's outstanding note from direct placements related to governmental activities of \$3,452,000 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) the entire amount of the principal component and unpaid interest is declared immediately due and payable; B) exercise all remedies available at law or in equity under the Deed of Trust, including foreclosure and sale of the mortgaged property and apply the proceeds of any such sale or other disposition after deducting all costs and expenses including court costs and other disposition costs toward the principal and accrued interest of the balance of the installment purchase; C) proceed by appropriate court action to enforce the City's performance of applicable covenants.

The City's outstanding note from direct placements related to governmental activities of \$1,144,060 is secured by a deed of trust for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) the entire amount of the principal component and unpaid interest is declared immediately due and payable; B) exercise all remedies available at law or in equity under the Deed of Trust, including foreclosure and sale of the mortgaged property and apply the proceeds of any such sale or other disposition after deducting all costs and expenses including court costs and other disposition costs toward the principal and accrued interest of the balance of the installment purchase.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City's outstanding note from direct borrowings related to business-type activities of \$1,439,699 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct placements related to business-type activities of \$3,280,000 is secured by a UCC security agreement for the real estate. The loan agreement denotes certain events of default and upon the occurrence: A) the entire amount of the principal component and unpaid interest is declared immediately due and payable; B) proceed by appropriate court action to enforce the City's performance of applicable covenants; C) all remedies granted under the UCC and may proceed to execute upon the security property.

The City's outstanding note from direct borrowings related to business-type activities of \$2,033,161 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct borrowings related to business-type activities of \$1,938,476 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct placements related to governmental activities of \$154,445 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would: A) declare the entire amount of the principal component and unpaid interest immediately due and payable; B) proceed by appropriate court action to enforce the City's performance of applicable covenants; C) exercise all the right and remedies at law or in equity; D) terminate the contract and give notice to the City to surrender possession of the equipment.

The City's outstanding note from direct borrowings related to business-type activities of \$8,413,831 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct borrowings related to business-type activities of \$1,337,713 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City's outstanding note from direct borrowings related to business-type activities of \$4,832,401 contain a provision that in an event of default, may require the unit to prepay the note in full or may result in the state withholding any other monies due to the unit of local government. Notes are secured and payable solely from system revenues or other available funds, and not secured by a pledge of full faith and credit.

The City's outstanding note from direct placements related to governmental activities of \$1,545,751 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default the bank would repossess the equipment.

The City's outstanding note from direct placements related to governmental activities of \$23,999 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default Enterprise would repossess the equipment.

The City's outstanding note from direct placements related to governmental activities of \$45,766 is secured by a security interest in the equipment. The loan agreement denotes certain events of default and upon the occurrence of any event of default Enterprise would repossess the equipment.

Installment Purchases

Annual debt service payments of the direct borrowing and direct placement installment purchase contracts as of June 30, 2023, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 629,900	\$ 177,026	\$ 1,939,539	\$ 263,082
2025	602,774	159,259	1,918,896	236,848
2026	540,788	142,956	1,916,500	210,745
2027	544,317	127,158	1,908,230	184,713
2028	339,196	111,300	1,716,875	158,668
2029-2033	1,568,384	374,267	8,584,377	452,902
2034-2038	1,060,000	145,816	5,538,010	53,391
2039-2040	264,999	7,056	568,517	-
Total	<u>\$ 5,550,358</u>	<u>\$ 1,244,838</u>	<u>\$ 24,090,944</u>	<u>\$ 1,560,349</u>

At June 30, 2023, the City had a legal debt margin of \$100,374,283.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct placements and borrowings -					
installment purchases	\$ 6,315,581	\$ -	\$ (765,223)	\$ 5,550,358	\$ 629,900
Lease liabilities	243,975	422,202	(157,370)	508,807	114,127
Subscription liabilities	-	113,814	(38,566)	75,248	38,888
Compensated absences	794,028	630,744	(574,819)	849,953	640,267
Total pension liability - LEO	2,549,189	-	(602,160)	1,947,029	-
Net pension liability - LGERS	1,649,491	4,557,106	-	6,206,597	-
Total OPEB liability	<u>8,639,843</u>	<u>-</u>	<u>(570,034)</u>	<u>8,069,809</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 20,192,107</u>	<u>\$ 5,723,866</u>	<u>\$ (2,708,172)</u>	<u>\$ 23,207,801</u>	<u>\$ 1,423,182</u>
Business-Type Activities:					
Water and Sewer Fund:					
Direct placement -					
installment purchases	\$ 23,816,785	\$ -	\$ (1,821,452)	\$ 21,995,333	\$ 1,656,708
Lease liabilities	20,167	-	(9,258)	10,909	9,339
Subscription liabilities	-	31,750	(8,985)	22,765	10,262
Compensated absences	271,930	174,948	(146,570)	300,308	130,703
Net pension liability - LGERS	573,651	1,577,489	-	2,151,140	-
Total OPEB liability	<u>2,942,730</u>	<u>-</u>	<u>(196,277)</u>	<u>2,746,453</u>	<u>-</u>
Total Water and Sewer Fund	<u>27,625,263</u>	<u>1,784,187</u>	<u>(2,182,542)</u>	<u>27,226,908</u>	<u>1,807,012</u>
Business-Type Activities:					
Electric Fund:					
Direct placement -					
installment purchases	164,903	-	(152,903)	12,000	12,000
Lease liabilities	9,914	-	(4,359)	5,555	4,398
Subscription liabilities	-	24,033	(7,902)	16,131	7,952
Compensated absences	159,981	175,483	(155,836)	179,628	152,782
Net pension liability - LGERS	311,021	876,044	-	1,187,065	-
Total OPEB liability	<u>1,654,115</u>	<u>-</u>	<u>(106,785)</u>	<u>1,547,330</u>	<u>-</u>
Total Electric Fund	<u>2,299,934</u>	<u>1,075,560</u>	<u>(427,785)</u>	<u>2,947,709</u>	<u>177,132</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Landfill Fund:					
Direct placements and borrowings -					
installment purchases	2,351,937	-	(268,326)	2,083,611	270,831
Lease liabilities	2,916	-	(1,267)	1,649	1,279
Subscription liabilities	-	4,005	(1,317)	2,688	1,325
Compensated absences	65,170	38,291	(27,953)	75,508	24,888
Accrued landfill closure and					
post-closure costs	5,787,514	2,624,857	-	8,412,371	-
Net pension liability - LGERS	119,709	350,723	-	470,432	-
Total OPEB liability	<u>656,437</u>	<u>-</u>	<u>(44,022)</u>	<u>612,415</u>	<u>-</u>
Total Landfill Fund	<u>8,983,683</u>	<u>3,017,876</u>	<u>(342,885)</u>	<u>11,658,674</u>	<u>298,323</u>
Business-Type Activities:					
Public Housing Fund:					
Lease liabilities	4,413	-	(1,511)	2,902	1,527
Subscription liabilities	-	4,005	(1,317)	2,688	1,325
Compensated absences	31,839	21,484	(24,665)	28,658	28,110
Net pension liability - LGERS	101,387	263,042	-	364,429	-
Total OPEB liability	<u>495,426</u>	<u>-</u>	<u>(31,072)</u>	<u>464,354</u>	<u>-</u>
Total Public Housing Fund	<u>633,065</u>	<u>288,531</u>	<u>(58,565)</u>	<u>863,031</u>	<u>30,962</u>
Total Business-Type Activities:					
Direct placements and borrowings -					
installment purchases	\$ 26,333,625	\$ -	\$ (2,242,681)	\$ 24,090,944	\$ 1,939,539
Lease liabilities	37,410	-	(16,395)	21,015	16,543
Subscription liabilities	-	63,793	(19,521)	44,272	20,864
Compensated absences	528,920	410,206	(355,024)	584,102	336,483
Accrued landfill closure and					
post-closure costs	5,787,514	2,624,857	-	8,412,371	-
Net pension liability - LGERS	1,105,768	3,067,298	-	4,173,066	-
Total OPEB liability	<u>5,748,708</u>	<u>-</u>	<u>(378,156)</u>	<u>5,370,552</u>	<u>-</u>
Total business-type activity					
long-term liabilities	<u>\$ 39,541,945</u>	<u>\$ 6,166,154</u>	<u>\$ (3,011,777)</u>	<u>\$ 42,696,322</u>	<u>\$ 2,313,429</u>

Compensated absences, net pension obligations, and other post-employment benefits for governmental activities have typically been liquidated in the General Fund.

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Interfund Balances and Activity

The composition of interfund balances as of June 30, 2023, is as follows:

Receivable Fund	Payable Fund	Amount
Electric Fund (1)	General Fund	\$ 1,748,585
General Fund (2)	Water and Sewer Fund	144,177
General Fund (2)	Electric Fund	82,837
General Fund (2)	Landfill Fund	29,237
General Fund (2)	Public Housing Fund	30,383
Total		\$ 2,035,219

- 1) *Interfund loan* - On September 7, 2021, the General Fund borrowed a total of \$1,916,258 from the Electric Funds for the Albemarle Business Center Project. The terms of the arrangement require the General Fund to repay the Electric Funds over a term of 20 years with an interest rate of 1.5%. At June 30, 2023, the current portion is \$95,813.
- 2) Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Transfers to/from other funds for the year ended June 30, 2023, consist of the following:

Purpose	Amount
From the Water and Sewer Fund to the General Fund for payment in lieu of taxes	\$ 315,500
From the Water and Sewer Fund to the Electric Capital Projects Fund for capital outlay activities	350,000
From the Water and Sewer Fund to the Albemarle Business Park Project Fund for capital outlay activities	1,223,625
From the Water and Sewer Fund to the Water and Sewer Capital Projects Fund for capital outlay activities	462,000
From the Electric Fund to the General Fund for payment in lieu of taxes	978,800
From the Electric Fund to the King Alleyway Renovation Project Fund for capital outlay activities	52,550
From the Electric Fund to the Electric Capital Projects Fund for capital outlay activities	2,250,000
From the Landfill Fund to the General Fund for payment in lieu of taxes	33,900
From the Landfill Fund to the Landfill Capital Projects Fund for capital outlay activities	140,000
From the the Health Insurance Internal to the General Fund for annual fire physicals	35,000
	\$ 5,841,375

CITY OF ALBEMARLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Purpose</u>	<u>Amount</u>
From the General Fund to the King Alleyway Renovation Project Fund for capital outlay activities	\$ 561,595
From the General Fund to the Electric Fund for street lights	25,000
From the General Fund to the General Capital Projects Fund for capital outlay activities	1,501,720
From the General Fund to the Stormwater Little Long Creek Watershed Study 2 Fund for capital outlay activities	250,000
From the American Rescue Plan Fund to the General Fund for grant expenditures	2,378,797
From the American Rescue Plan Fund to the Electric Fund for grant expenditures	52,550
From the American Rescue Plan Fund to the Water and Sewer Fund for grant expenditures	1,111,481
	<u>\$ 5,881,143</u>

Transfers from the General Fund 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.

3. Jointly Governed Organizations

North Carolina Municipal Power Agency Number 1

The City, in conjunction with 18 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 19 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, 2023, were \$20,152,879. These expenses are reflected in the Electric Fund's operations. Complete financial statements for the Power Agency can be obtained from the Agency's administrative offices at P.O. Box 29513, Raleigh, North Carolina 27626-0513.

Centralina Council of Governments

The City, in conjunction with nine counties and 64 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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 monies.

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.

5. Closure and Post-Closure Care Costs – City of Albemarle Landfill Facility

The City operates two landfills that are referred to as the "MSW Landfill" and the "C&D 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 \$8,412,371 reported as landfill closure and post-closure care liability at June 30, 2023, represents a cumulative amount reported to date, based on the use of 67.4% and 41.0% of the total estimated capacity of the MSW landfill and the C&D landfill, respectively. At June 30, 2023, there was an increase in the liability amounting to \$2,624,857. The City will recognize the remaining estimated cost of closure and post-closure care of \$5.9 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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.

CITY OF ALBEMARLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

6. Fund Balance

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

Total fund balance - General Fund	\$ 11,753,441
Less:	
Inventories	8,290
Prepays	28,152
Stabilization by state statute	2,351,101
Appropriated fund balance in 2024 budget	370,000
Streets - Powell Bill	657,736
Public safety	143,230
Economic development	4,123
Remaining fund balance	<u>\$ 8,190,809</u>

7. Related Organizations

The City of Albemarle ABC Board is a component unit of the City of Albemarle and therefore, are related parties. For the year ended June 30, 2023, the City received \$545,000 for profit distributions and \$27,519 for law enforcement distributions.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employee's Retirement System
- Schedule Contributions for Local Governmental Employee's 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-Employee Payroll for Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios for Other Post-Employment Benefits

CITY OF ALBEMARLE, NORTH CAROLINA

**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS ***

	Local Governmental Employees' Retirement System				
	2023	2022	2021	2020	2019
Albemarle's proportion of the net pension liability (asset) %	0.18399%	0.17966%	0.17831%	0.19082%	0.19327%
Albemarle's proportion of net pension liability (asset) \$	\$ 10,379,663	\$ 2,755,259	\$ 6,371,776	\$ 5,211,145	\$ 4,585,025
Albemarle's covered payroll	\$ 13,673,908	\$ 12,591,618	\$ 12,196,568	\$ 11,978,543	\$ 11,921,550
Albemarle's proportionate share of of net pension liability (asset) as a percentage of it covered payroll	75.91%	21.88%	52.24%	43.50%	38.46%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

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

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

CITY OF ALBEMARLE, NORTH CAROLINA

PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS *

	Local Governmental Employees' Retirement System				
	2018	2017	2016	2015	2014
Albemarle's proportion of the net pension liability (asset) %	0.19816%	0.20077%	0.19907%	0.20039%	0.19690%
Albemarle's proportion of net pension liability (asset) \$	\$ 3,027,336	\$ 4,261,010	\$ 893,414	\$ (1,181,792)	\$ 2,373,401
Albemarle's covered payroll	\$ 11,827,787	\$ 11,796,289	\$ 11,148,197	\$ 10,816,329	\$ 10,757,264
Albemarle's proportionate share of of net pension liability (asset) as a percentage of it covered payroll	25.60%	36.12%	8.01%	-10.93%	22.06%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

	<u>Local Governmental Employees' Retirement System</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,931,388	\$ 1,565,448	\$ 1,292,080	\$ 1,105,497	\$ 947,528
Contributions in relation to the contractually required contribution	<u>1,931,388</u>	<u>1,565,448</u>	<u>1,292,080</u>	<u>1,105,497</u>	<u>947,528</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Albemarle's covered payroll	\$ 15,753,110	\$ 13,673,908	\$ 12,591,618	\$ 12,196,568	\$ 11,978,543
Contributions as a percentage of covered payroll	12.26%	11.45%	10.26%	9.06%	7.91%

CITY OF ALBEMARLE, NORTH CAROLINA

SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

<u>Local Governmental Employees' Retirement System</u>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 911,189	\$ 871,049	\$ 806,049	\$ 795,267	\$ 769,059
Contributions in relation to the contractually required contribution	<u>911,189</u>	<u>871,049</u>	<u>806,049</u>	<u>795,267</u>	<u>769,059</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Albemarle's covered payroll	\$ 11,921,550	\$ 11,827,787	\$ 11,796,289	\$ 11,148,197	\$ 10,816,329
Contributions as a percentage of covered payroll	7.64%	7.36%	6.83%	7.13%	7.11%

CITY OF ALBEMARLE, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAST SEVEN FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance			
	2023	2022	2021	2020
Beginning balance	\$ 2,549,189	\$ 2,435,829	\$ 1,850,876	\$ 1,857,649
Service cost	100,454	99,221	65,972	61,070
Interest on the total pension liability	54,979	45,096	57,366	64,439
Differences between expected and actual experience in the measurement of the total pension liability	(220,136)	226,379	86,542	(3,071)
Changes of assumptions or other inputs	(326,091)	(58,886)	557,434	45,468
Benefit payments	(211,366)	(198,450)	(182,361)	(174,679)
Ending balance of the total pension liability	<u>\$ 1,947,029</u>	<u>\$ 2,549,189</u>	<u>\$ 2,435,829</u>	<u>\$ 1,850,876</u>

Notes to the Schedules:

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

Note: 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
LAST SEVEN FISCAL YEARS

	<u>Law Enforcement Officers' Special Separation Allowance</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,851,868	\$ 1,917,124	\$ 1,969,751
Service cost	69,904	55,801	62,541
Interest on the total pension liability	56,164	71,066	67,718
Differences between expected and actual experience in the measurement of the total pension liability	87,926	(130,471)	-
Changes of assumptions or other inputs	(59,134)	90,442	(37,099)
Benefit payments	(149,079)	(152,094)	(145,787)
Ending balance of the total pension liability	<u>\$ 1,857,649</u>	<u>\$ 1,851,868</u>	<u>\$ 1,917,124</u>

CITY OF ALBEMARLE, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAST SEVEN FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance			
	2023	2022	2021	2020
Total pension liability	\$ 1,947,029	\$ 2,549,189	\$ 2,435,829	\$ 1,850,876
Covered-employee payroll	2,376,147	2,118,821	2,224,903	2,221,131
Total pension liability as a percentage of covered-employee payroll	81.94%	120.31%	109.48%	83.33%

Notes to the Schedules:

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

Note: 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-EMPLOYEE PAYROLL
LAST SEVEN FISCAL YEARS

	<u>Law Enforcement Officers' Special Separation Allowance</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,857,649	\$ 1,851,868	\$ 1,917,124
Covered-employee payroll	2,358,121	2,200,701	2,298,076
Total pension liability as a percentage of covered-employee payroll	78.78%	84.15%	83.42%

CITY OF ALBEMARLE, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

Healthcare Benefits Plan			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 659,429	\$ 589,704	\$ 433,708
Interest	316,924	282,473	383,697
Differences between expected and actual experience	747,954	456,061	(21,952)
Changes of assumptions	(1,917,328)	1,060,978	1,368,756
Benefit payments	<u>(755,169)</u>	<u>(382,979)</u>	<u>(616,574)</u>
Net change in OPEB liability	(948,190)	2,006,237	1,547,635
Total OPEB liability - beginning	<u>14,388,551</u>	<u>12,382,314</u>	<u>10,834,679</u>
Total OPEB liability - ending	<u>\$ 13,440,361</u>	<u>\$ 14,388,551</u>	<u>\$ 12,382,314</u>
Covered-employee payroll	\$ 12,882,644	\$ 12,882,644	\$ 10,971,306
Total OPEB liability as a percentage of covered-employee payroll	104.33%	111.69%	112.86%

Notes to Schedules:

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

<u>Fiscal Year</u>	<u>Rate</u>
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

The amounts presented for each fiscal year were determined as of the prior fiscal year ended 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

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

Healthcare Benefits Plan			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost			
Interest	\$ 533,178	\$ 551,538	\$ 596,719
Differences between expected and actual experience	-	-	-
Changes of assumptions	(1,618,306)	501,668	(20,701)
Benefit payments	214,710	(378,011)	(640,656)
Net change in OPEB liability	<u>(867,360)</u>	<u>(1,101,284)</u>	<u>(545,476)</u>
Total OPEB liability - beginning	(1,283,105)	(13,642)	(245,711)
Total OPEB liability - ending	<u>12,117,784</u>	<u>12,131,426</u>	<u>12,377,137</u>
	<u>\$ 10,834,679</u>	<u>\$ 12,117,784</u>	<u>\$ 12,131,426</u>
Covered-employee payroll			
	\$ 10,971,306	\$ 11,144,863	\$ 11,144,863
Total OPEB liability as a percentage of covered-employee payroll	98.75%	108.73%	108.85%



ALBEMARLE
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MAJOR GOVERNMENTAL FUNDS

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

Albemarle Business Park Capital Project Fund – This fund is used to account for grant and other funds for construction of a business center.



ALBEMARLE
NORTH CAROLINA
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CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 7,770,050	\$ 7,975,808	\$ 205,758
Prior years	136,550	311,583	175,033
Penalties and interest	54,150	76,887	22,737
Total	<u>7,960,750</u>	<u>8,364,278</u>	<u>403,528</u>
Other Taxes and Licenses:			
Gross receipts tax on short-term rental property	30,000	46,620	16,620
Local occupancy tax	181,125	235,741	54,616
Privilege license fee	-	15	15
Motor vehicle fees	149,350	148,610	(740)
Total	<u>360,475</u>	<u>430,986</u>	<u>70,511</u>
Unrestricted Intergovernmental Revenues:			
Local option sales tax	5,446,000	5,897,735	451,735
Utility franchise tax	1,108,000	1,146,662	38,662
Telecommunications tax	74,700	69,600	(5,100)
Cable TV franchise	95,800	92,035	(3,765)
Piped natural gas sales tax	46,200	62,052	15,852
Beer and wine tax	65,000	74,348	9,348
ABC profit distribution	300,000	450,000	150,000
Total	<u>7,135,700</u>	<u>7,792,432</u>	<u>656,732</u>
Restricted Intergovernmental Revenues:			
ABC - law enforcement	18,000	20,689	2,689
Powell Bill allocation	560,000	560,984	984
Street sweeper contract	4,000	-	(4,000)
Federal grants	8,550	19,043	10,493
State grants	133,640	30,546	(103,094)
Drug tax distribution	-	15,913	15,913
Right-of-way mowing	22,000	21,982	(18)
Schools	148,270	148,270	-
Total	<u>894,460</u>	<u>817,427</u>	<u>(77,033)</u>
Permits and Fees:			
Fire department fees	28,450	31,033	2,583
Inspection and rezoning fees	33,000	40,703	7,703
Nuisance abatements	-	(500)	(500)
Miscellaneous permits/fees	2,000	770	(1,230)
Total	<u>63,450</u>	<u>72,006</u>	<u>8,556</u>

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Sales and Service:			
Court costs and fees	-	15	15
Refuse collection fees	1,703,000	1,789,172	86,172
Cultural and recreational fees	<u>121,000</u>	<u>202,308</u>	<u>81,308</u>
Total	<u>1,824,000</u>	<u>1,991,495</u>	<u>167,495</u>
Investment Earnings			
	<u>60,150</u>	<u>327,292</u>	<u>267,142</u>
Miscellaneous:			
Miscellaneous	1,800	18,466	16,666
Rental revenue	90,800	50,326	(40,474)
Contributions	75,097	75,601	504
Insurance reimbursement	-	<u>46,098</u>	<u>46,098</u>
Total	<u>167,697</u>	<u>190,491</u>	<u>22,794</u>
Total revenues	<u>18,466,682</u>	<u>19,986,407</u>	<u>1,519,725</u>
Expenditures:			
General Government:			
Administration			
Salaries and employee benefits		164,237	
Other operating expenditures		<u>283,572</u>	
Total	<u>529,898</u>	<u>447,809</u>	<u>82,089</u>
Information Systems:			
Salaries and employees benefits		408,516	
Other operating expenditures		804,767	
Capital outlay		66,535	
Reimbursement - proprietary funds		<u>(851,883)</u>	
Total	<u>515,135</u>	<u>427,935</u>	<u>87,200</u>
Economic Development:			
Salaries and employees benefits		28,380	
Other operating expenditures		63,248	
Capital outlay		11,426	
Reimbursement - proprietary funds		<u>(64,670)</u>	
Total	<u>90,526</u>	<u>38,384</u>	<u>52,142</u>
Human Resources:			
Salaries and employee benefits		100,446	
Other operating expenditures		43,311	
Capital outlay		<u>28,038</u>	
Total	<u>177,726</u>	<u>171,795</u>	<u>5,931</u>

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Finance:			
Salaries and employee benefits		184,258	
Other operating expenditures		253,371	
Capital outlay		7,815	
Total	<u>464,303</u>	<u>445,444</u>	<u>18,859</u>
Community Development:			
Salaries and employee benefits		517,699	
Other operating expenditures		196,919	
Total	<u>801,640</u>	<u>714,618</u>	<u>87,022</u>
Downtown Development:			
Salaries and employee benefits		100,940	
Other operating expenditures		9,349	
Total	<u>130,277</u>	<u>110,289</u>	<u>19,988</u>
Public Information:			
Salaries and employee benefits		81,374	
Other operating expenditures		19,892	
Reimbursement - proprietary funds		(59,835)	
Total	<u>41,879</u>	<u>41,431</u>	<u>448</u>
Legal:			
Salaries and employee benefits		129,089	
Other operating expenditures		8,781	
Reimbursement - proprietary funds		(81,270)	
Total	<u>64,796</u>	<u>56,600</u>	<u>8,196</u>
Total general government	<u>2,816,180</u>	<u>2,454,305</u>	<u>361,875</u>
Public Safety:			
Police:			
Salaries and employee benefits		4,214,965	
School resource officers		252,188	
Other operating expenditures		685,062	
Capital outlay		914,677	
Total	<u>6,534,514</u>	<u>6,066,892</u>	<u>467,622</u>
Fire Department:			
Salaries and employee benefits		3,652,259	
Other operating expenditures		631,977	
Capital outlay		175,220	
Total	<u>4,538,614</u>	<u>4,459,456</u>	<u>79,158</u>

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Total public safety	11,073,128	10,526,348	546,780
Public Works:			
Administration:			
Salaries and employees benefits		165,565	
Solid waste disposal fee		242,559	
Downtown services		227,090	
Other operating expenditures		51,417	
Capital outlay		37,687	
Total	<u>834,470</u>	<u>724,318</u>	<u>110,152</u>
Streets and Highways:			
Salaries and employee benefits		829,682	
Other operating expenditures		290,788	
Capital outlay		51,358	
Total	<u>2,242,512</u>	<u>1,171,828</u>	<u>1,070,684</u>
Shop and Warehouse:			
Salaries and employee benefits		452,062	
Other operating expenditures		140,782	
Reimbursement - proprietary funds		(438,665)	
Total	<u>172,458</u>	<u>154,179</u>	<u>18,279</u>
Solid Waste Division:			
Solid waste		1,208,018	
Bad debt expense		8,478	
Total	<u>1,355,000</u>	<u>1,216,496</u>	<u>138,504</u>
Total public works	<u>4,604,440</u>	<u>3,266,821</u>	<u>1,337,619</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		1,266,173	
Other operating expenditures		604,083	
Capital outlay		129,839	
Total	<u>2,115,725</u>	<u>2,000,095</u>	<u>115,630</u>
Auditorium:			
Other operating expenditures		2,904	
Total	<u>40,200</u>	<u>2,904</u>	<u>37,296</u>
Total cultural and recreation	<u>2,155,925</u>	<u>2,002,999</u>	<u>152,926</u>

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Debt Service:			
Principal retirement		961,159	
Interest and fees		228,189	
Total debt service	<u>1,189,431</u>	<u>1,189,348</u>	<u>83</u>
Total expenditures	<u>21,839,104</u>	<u>19,439,821</u>	<u>2,399,283</u>
Revenues over (under) expenditures	<u>(3,372,422)</u>	<u>546,586</u>	<u>3,919,008</u>
Other Financing Sources (Uses):			
Long term debt issued	225,000	-	(225,000)
Lease liabilities issued	450,000	422,202	(27,798)
Subscription liabilities issued	128,170	113,814	(14,356)
Operating transfers (to) from other funds:			
From Water and Sewer Fund	315,500	315,500	-
From Landfill Fund	33,900	33,900	-
From Public Housing Fund	18,815	-	(18,815)
From Electric Fund	978,800	978,800	-
From American Rescue Plan Act Fund	12,050	2,378,797	2,366,747
From Health Insurance Internal Service Fund	35,000	35,000	-
To Electric Fund	(25,000)	(25,000)	-
To General Capital Projects Fund	(1,521,720)	(1,501,720)	20,000
To King Alleyway Renovation Project Fund	(561,595)	(561,595)	-
To Stormwater Little Long Creek Watershed Study 2 Fund	(250,000)	(250,000)	-
Appropriated fund balance	<u>3,533,502</u>	<u>-</u>	<u>(3,533,502)</u>
Total other financing sources (uses)	<u>3,372,422</u>	<u>1,939,698</u>	<u>(1,432,724)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,486,284</u>	<u>\$ 2,486,284</u>
Fund Balance:			
Beginning of year, July 1		<u>9,267,157</u>	
End of year, June 30		<u>\$ 11,753,441</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

ALBEMARLE BUSINESS PARK - MAJOR
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted intergovernmental revenues:					
Rural center grant	\$ 750,000	\$ -	\$ 334,089	\$ 334,089	\$ (415,911)
Investment earnings	-	13,781	159,280	173,061	173,061
Total revenues	<u>750,000</u>	<u>13,781</u>	<u>493,369</u>	<u>507,150</u>	<u>(242,850)</u>
Expenditures:					
Construction, engineering, and related costs					
Other improvements	9,846,241	2,304,490	3,728,611	6,033,101	3,813,140
Contingency	465,984	-	-	-	465,984
Total expenditures	<u>10,312,225</u>	<u>2,304,490</u>	<u>3,728,611</u>	<u>6,033,101</u>	<u>4,279,124</u>
Revenues over (under) expenditures	<u>(9,562,225)</u>	<u>(2,290,709)</u>	<u>(3,235,242)</u>	<u>(5,525,951)</u>	<u>4,036,274</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	4,144,313	4,144,313	-	4,144,313	-
From Water and Sewer Fund	3,058,873	1,835,248	1,223,625	3,058,873	-
From Electric Fund	2,359,039	2,359,039	-	2,359,039	-
Total other financing sources	<u>9,562,225</u>	<u>8,338,600</u>	<u>1,223,625</u>	<u>9,562,225</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,047,891</u>	<u>(2,011,617)</u>	<u>\$ 4,036,274</u>	<u>\$ 4,036,274</u>
Fund Balance:					
Beginning of year, July 1			<u>6,047,891</u>		
End of year, June 30			<u>\$ 4,036,274</u>		

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Sidewalk Fee in Lieu Program Fund – This fund is used to account for funds for sidewalk improvements.

American Rescue Plan Fund – This fund is used to account for the City’s portion of the American Rescue Plan Act (ARPA) funding.

Stormwater Special Revenue Fund – This fund is used to account for funds for a stormwater pilot study.

Business Center Special Revenue Fund – This fund is used to account for funds related to the design and construction of a site ready project.

Capital Project Funds

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

General Capital Projects Fund – This fund is used to account for funds for various general capital projects for the City.

Parks and Recreation Roosevelt Ingram Park Erosion Control Fund – This fund is used to account for funds to be used for erosion control measures at Roosevelt Ingram Park.

Public Works Utility Relocation Sidewalk Project Fund – This fund is used to account for funds relating to construct sidewalks on NC Highway 24/27 East in relation to the widening project.

King Alleyway Renovation Project – This fund is used to account for funds for construction and rehabilitation of King Alleyway.

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds				Capital Project Funds		
	Sidewalk Fee in Lieu Program	American Rescue Plan Fund	Stormwater Special Revenue Fund	Business Center Special Revenue Fund	Total Special Revenue Funds	Parks And Recreation Sports Complex Project	General Capital Projects Fund
Assets:							
Current assets:							
Cash and investments	\$ 381,397	\$ 167,133	\$ 213,230	\$ -	\$ 761,760	\$ 603,163	\$ 1,520,553
Due from other governments	-	-	-	29,008	29,008	-	-
Restricted cash	-	1,634,730	-	-	1,634,730	-	792,365
Total assets	\$ 381,397	\$ 1,801,863	\$ 213,230	\$ 29,008	\$ 2,425,498	\$ 603,163	\$ 2,312,918
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 19,740	\$ 29,008	\$ 48,748	\$ -	\$ -
Advances from grantors	-	1,634,730	-	-	1,634,730	-	-
Total liabilities	-	1,634,730	19,740	29,008	1,683,478	-	-
Fund Balances:							
Restricted:							
Stabilization by state statute	-	-	-	29,008	29,008	-	-
Public safety	-	-	-	-	-	-	792,365
Committed:							
General government	-	167,133	-	-	167,133	-	-
Economic development	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	1,501,161
Parks and recreation	-	-	-	-	-	603,163	-
Public works	381,397	-	193,490	-	574,887	-	19,392
Unassigned	-	-	-	(29,008)	(29,008)	-	-
Total fund balances	381,397	167,133	193,490	-	742,020	603,163	2,312,918
Total liabilities and fund balances	\$ 381,397	\$ 1,801,863	\$ 213,230	\$ 29,008	\$ 2,425,498	\$ 603,163	\$ 2,312,918

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Capital Project Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Parks And Recreation Roosevelt Ingram Park Erosion Control</u>	<u>Public Works Utility Relocation Sidewalk Project</u>	<u>King Alleyway Renovation Project</u>	<u>Total Capital Project Funds</u>	
Assets:					
Current assets:					
Cash and investments	\$ 53,702	\$ -	\$ 700,805	\$ 2,878,223	\$ 3,639,983
Due from other governments	-	-	-	-	29,008
Restricted cash	-	-	-	792,365	2,427,095
	<u>53,702</u>	<u>-</u>	<u>700,805</u>	<u>3,670,588</u>	<u>6,096,086</u>
Total assets	<u>\$ 53,702</u>	<u>\$ -</u>	<u>\$ 700,805</u>	<u>\$ 3,670,588</u>	<u>\$ 6,096,086</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 114	\$ -	\$ -	\$ 114	\$ 48,862
Advances from grantors	-	-	-	-	1,634,730
Total liabilities	<u>114</u>	<u>-</u>	<u>-</u>	<u>114</u>	<u>1,683,592</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	-	-	-	-	29,008
Public safety	-	-	-	792,365	792,365
Committed:					
General government	-	-	-	-	167,133
Economic development	-	-	700,805	700,805	700,805
Public safety	-	-	-	1,501,161	1,501,161
Parks and recreation	53,588	-	-	656,751	656,751
Public works	-	-	-	19,392	594,279
Unassigned	-	-	-	-	(29,008)
Total fund balances	<u>53,588</u>	<u>-</u>	<u>700,805</u>	<u>3,670,474</u>	<u>4,412,494</u>
Total liabilities and fund balances	<u>\$ 53,702</u>	<u>\$ -</u>	<u>\$ 700,805</u>	<u>\$ 3,670,588</u>	<u>\$ 6,096,086</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				Capital Projects Funds		
	Sidewalk Fee in Lieu Program	American Rescue Plan Fund	Stormwater Special Revenue Fund	Business Center Special Revenue Fund	Total Special Revenue Funds	Parks And Recreation Sports Complex Project	General Capital Projects Fund
Revenues:							
Restricted intergovernmental	\$ -	\$ 3,542,828	\$ -	\$ -	\$ 3,542,828	\$ -	\$ -
Investment earnings	8,424	164,480	-	-	172,904	13,318	5,125
Miscellaneous revenues	168,414	-	-	29,008	197,422	-	-
Total revenues	<u>176,838</u>	<u>3,707,308</u>	<u>-</u>	<u>29,008</u>	<u>3,913,154</u>	<u>13,318</u>	<u>5,125</u>
Expenditures:							
General government	-	-	56,510	-	56,510	-	-
Capital outlay	-	-	-	29,008	29,008	-	55,149
Total expenditures	<u>-</u>	<u>-</u>	<u>56,510</u>	<u>29,008</u>	<u>85,518</u>	<u>-</u>	<u>55,149</u>
Revenues over (under) expenditures	<u>176,838</u>	<u>3,707,308</u>	<u>(56,510)</u>	<u>-</u>	<u>3,827,636</u>	<u>13,318</u>	<u>(50,024)</u>
Other Financing Sources (Uses):							
Transfers from (to) other funds:							
From General Fund	-	-	250,000	-	250,000	-	1,501,720
From Electric Fund	-	-	-	-	-	-	-
To General Fund	-	(2,378,797)	-	-	(2,378,797)	-	-
To Water and Sewer Fund	-	(1,111,481)	-	-	(1,111,481)	-	-
To Electric Fund	-	(52,550)	-	-	(52,550)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(3,542,828)</u>	<u>250,000</u>	<u>-</u>	<u>(3,292,828)</u>	<u>-</u>	<u>1,501,720</u>
Net change in fund balances	176,838	164,480	193,490	-	534,808	13,318	1,451,696
Fund Balance:							
Fund balance, beginning of year	<u>204,559</u>	<u>2,653</u>	<u>-</u>	<u>-</u>	<u>207,212</u>	<u>589,845</u>	<u>861,222</u>
Fund balance, end of year	<u>\$ 381,397</u>	<u>\$ 167,133</u>	<u>\$ 193,490</u>	<u>\$ -</u>	<u>\$ 742,020</u>	<u>\$ 603,163</u>	<u>\$ 2,312,918</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Capital Projects Funds</u>				
	<u>Parks And Recreation Roosevelt Ingram Park Erosion Control</u>	<u>Public Works Utility Relocation Sidewalk Project</u>	<u>King Alleyway Renovation Project</u>	<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 3,542,828
Investment earnings	1,667	-	2,930	23,040	195,944
Miscellaneous revenues	-	-	-	-	197,422
Total revenues	<u>1,667</u>	<u>-</u>	<u>2,930</u>	<u>23,040</u>	<u>3,936,194</u>
Expenditures:					
General government	-	-	-	-	56,510
Capital outlay	994	-	8,559	64,702	93,710
Total expenditures	<u>994</u>	<u>-</u>	<u>8,559</u>	<u>64,702</u>	<u>150,220</u>
Revenues over (under) expenditures	<u>673</u>	<u>-</u>	<u>(5,629)</u>	<u>(41,662)</u>	<u>3,785,974</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From General Fund	-	-	561,595	2,063,315	2,313,315
From Electric Fund	-	-	52,550	52,550	52,550
To General Fund	-	-	-	-	(2,378,797)
To Water and Sewer Fund	-	-	-	-	(1,111,481)
To Electric Fund	-	-	-	-	(52,550)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>614,145</u>	<u>2,115,865</u>	<u>(1,176,963)</u>
Net change in fund balances	673	-	608,516	2,074,203	2,609,011
Fund Balance:					
Fund balance, beginning of year	<u>52,915</u>	<u>-</u>	<u>92,289</u>	<u>1,596,271</u>	<u>1,803,483</u>
Fund balance, end of year	<u>\$ 53,588</u>	<u>\$ -</u>	<u>\$ 700,805</u>	<u>\$ 3,670,474</u>	<u>\$ 4,412,494</u>

CITY OF ALBEMARLE, NORTH CAROLINA

SIDEWALK FEE IN LIEU PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Pedestrian improvement fees	\$ -	\$ 168,414	\$ 168,414
Investment earnings	-	8,424	8,424
Total revenues	<u>-</u>	<u>176,838</u>	<u>176,838</u>
Net change in fund balance	<u>\$ -</u>	<u>176,838</u>	<u>\$ 176,838</u>
Fund Balance:			
Beginning of year, July 1		<u>204,559</u>	
End of year, June 30		<u>\$ 381,397</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

AMERICAN RESCUE PLAN FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental	\$ 5,177,559	\$ -	\$ 3,542,828	\$ 3,542,828	\$ (1,634,731)
Investment earnings	-	2,653	164,480	167,133	167,133
Total revenues	<u>5,177,559</u>	<u>2,653</u>	<u>3,707,308</u>	<u>3,709,961</u>	<u>(1,467,598)</u>
Revenues over (under) expenditures	<u>5,177,559</u>	<u>2,653</u>	<u>3,707,308</u>	<u>3,709,961</u>	<u>(1,467,598)</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To General Fund	(4,013,528)	-	(2,378,797)	(2,378,797)	1,634,731
To Water and Sewer Fund	(1,111,481)	-	(1,111,481)	(1,111,481)	-
To Electric Fund	(52,550)	-	(52,550)	(52,550)	-
Total other financing sources (uses)	<u>(5,177,559)</u>	<u>-</u>	<u>(3,542,828)</u>	<u>(3,542,828)</u>	<u>1,634,731</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,653</u>	164,480	<u>\$ 167,133</u>	<u>\$ 167,133</u>
Fund Balance:					
Beginning of year, July 1			<u>2,653</u>		
End of year, June 30			<u>\$ 167,133</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

STORMWATER SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Private Grants	\$ 250,000	\$ -	\$ -	\$ -	\$ (250,000)
Expenditures:					
Little Long Creek PILOT Study 2					
Engineering and consulting services	500,000	-	56,510	56,510	443,490
Revenues over (under) expenditures	(250,000)	-	(56,510)	(56,510)	193,490
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	250,000	-	250,000	250,000	-
Net change in fund balance	\$ -	\$ -	193,490	\$ 193,490	\$ 193,490
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 193,490</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

BUSINESS CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project</u> <u>Authorization</u>	<u>Actual</u>		<u>Total</u> <u>To Date</u>	<u>Variance</u> <u>Over/Under</u>
		<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>		
Revenues:					
Private grants	\$ 763,100	\$ -	\$ 29,008	\$ 29,008	\$ (734,092)
Expenditures:					
Engineering and construction	763,100	-	29,008	29,008	734,092
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

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, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Contributions	\$ 4,600,000	\$ -	\$ -	\$ -	\$ (4,600,000)
Investment earnings	<u>-</u>	<u>15,204</u>	<u>13,318</u>	<u>28,522</u>	<u>28,522</u>
Total revenues	<u>4,600,000</u>	<u>15,204</u>	<u>13,318</u>	<u>28,522</u>	<u>(4,571,478)</u>
Expenditures:					
Construction	<u>7,000,000</u>	<u>430,359</u>	<u>-</u>	<u>430,359</u>	<u>6,569,641</u>
Revenues over (under) expenditures	(2,400,000)	(415,155)	13,318	(401,837)	1,998,163
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	<u>2,400,000</u>	<u>1,005,000</u>	<u>-</u>	<u>1,005,000</u>	<u>(1,395,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 589,845</u>	13,318	<u>\$ 603,163</u>	<u>\$ 603,163</u>
Fund Balance:					
Beginning of year, July 1			<u>589,845</u>		
End of year, June 30			<u>\$ 603,163</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment earnings	\$ -	\$ 90	\$ 5,125	\$ 5,215	\$ 5,215
Expenditures:					
Storm Water Master Plan Project					
Professional services	619,576	558,444	41,811	600,255	19,321
Front-Line Fire Engine Project					
Capital outlay and other fees	813,163	13,163	13,338	26,501	786,662
New Motorola Radios Project					
Capital outlay	<u>1,501,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,501,720</u>
Total expenditures	<u>2,934,459</u>	<u>571,607</u>	<u>55,149</u>	<u>626,756</u>	<u>2,307,703</u>
Revenues over (under) expenditures	<u>(2,934,459)</u>	<u>(571,517)</u>	<u>(50,024)</u>	<u>(621,541)</u>	<u>2,312,918</u>
Other Financing Sources (Uses):					
Storm Water Master Plan Project					
Transfers from (to) other funds:					
From General Fund	619,576	619,576	-	619,576	-
Front-Line Fire Engine Project					
Long-term debt issued	813,163	813,163	-	813,163	-
New Motorola Radios Project					
Transfers from (to) other funds:					
From General Fund	<u>1,501,720</u>	<u>-</u>	<u>1,501,720</u>	<u>1,501,720</u>	<u>-</u>
Total other financing sources	<u>2,934,459</u>	<u>1,432,739</u>	<u>1,501,720</u>	<u>2,934,459</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 861,222</u>	1,451,696	<u>\$ 2,312,918</u>	<u>\$ 2,312,918</u>
Fund Balance:					
Beginning of year, July 1			<u>861,222</u>		
End of year, June 30			<u>\$ 2,312,918</u>		

CITY OF ALBEMARLE, NORTH CAROLINA

PARKS AND RECREATION - ROOSEVELT INGRAM PARK - EROSION CONTROL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Over/Under</u>
		<u>Years</u>	<u>Year</u>	<u>To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 1,426	\$ 1,667	\$ 3,093	\$ 3,093
Expenditures:					
Engineering	23,600	14,675	-	14,675	8,925
Environmental remediation	56,400	13,836	994	14,830	41,570
Total expenditures	80,000	28,511	994	29,505	50,495
Revenues over (under) expenditures	(80,000)	(27,085)	673	(26,412)	53,588
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	80,000	80,000	-	80,000	-
Net change in fund balance	\$ -	\$ 52,915	673	\$ 53,588	\$ 53,588
Fund Balance:					
Beginning of year, July 1			52,915		
End of year, June 30			\$ 53,588		

CITY OF ALBEMARLE, NORTH CAROLINA

PUBLIC WORKS - UTILITY RELOCATION SIDEWALK PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Expenditures:					
Sidewalks	\$ 92,363	\$ 46,182	\$ -	\$ 46,182	\$ 46,181
Revenues over (under) expenditures	(92,363)	(46,182)	-	(46,182)	46,181
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	92,363	46,182	-	46,182	(46,181)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ -		

CITY OF ALBEMARLE, NORTH CAROLINA

KING ALLEYWAY RENOVATION PROJECT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual		Total To Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Private grants	\$ 5,000	\$ -	\$ -	\$ -	\$ (5,000)
Investment earnings	-	98	2,930	3,028	3,028
Total revenues	<u>5,000</u>	<u>98</u>	<u>2,930</u>	<u>3,028</u>	<u>(1,972)</u>
Expenditures:					
Construction materials	942,595	-	-	-	942,595
Landscaping and professional services	41,490	4,710	-	4,710	36,780
Engineering, poles and other materials	80,510	98,549	8,559	107,108	(26,598)
Total expenditures	<u>1,064,595</u>	<u>103,259</u>	<u>8,559</u>	<u>111,818</u>	<u>952,777</u>
Revenues over (under) expenditures	<u>(1,059,595)</u>	<u>(103,161)</u>	<u>(5,629)</u>	<u>(108,790)</u>	<u>950,805</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
From General Fund	909,595	98,000	561,595	659,595	(250,000)
From Electric Fund	150,000	97,450	52,550	150,000	-
Total other financing sources	<u>1,059,595</u>	<u>195,450</u>	<u>614,145</u>	<u>809,595</u>	<u>(250,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 92,289</u>	608,516	<u>\$ 700,805</u>	<u>\$ 700,805</u>
Fund Balance:					
Beginning of year, July 1			<u>92,289</u>		
End of year, June 30			<u>\$ 700,805</u>		

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations what 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.

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.

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
Water. Air. Land. Opportunity.

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water sales:			
Residential	\$ 2,033,000	\$ 1,942,866	\$ (90,134)
Commercial and industrial	7,049,708	8,111,489	1,061,781
Municipal usage	<u>85,600</u>	<u>116,065</u>	<u>30,465</u>
Total	<u>9,168,308</u>	<u>10,170,420</u>	<u>1,002,112</u>
Sewer Charges:			
Residential	1,665,040	1,754,583	89,543
Commercial and industrial	646,440	551,958	(94,482)
Municipal usage	<u>1,284,000</u>	<u>1,311,733</u>	<u>27,733</u>
Total	<u>3,595,480</u>	<u>3,618,274</u>	<u>22,794</u>
Water and sewer taps	<u>65,000</u>	<u>202,173</u>	<u>137,173</u>
Other operating revenues	<u>149,640</u>	<u>143,477</u>	<u>(6,163)</u>
Total operating revenues	<u>12,978,428</u>	<u>14,134,344</u>	<u>1,155,916</u>
Non-operating revenues:			
Investment earnings	11,000	193,213	182,213
Sale of assets	6,000	-	(6,000)
Other	<u>46,985</u>	<u>-</u>	<u>(46,985)</u>
Total non-operating revenues	<u>63,985</u>	<u>193,213</u>	<u>129,228</u>
Total revenues	<u>13,042,413</u>	<u>14,327,557</u>	<u>1,285,144</u>
Expenditures:			
Water and Sewer Administration:			
Salaries and employees benefits		781,172	
Professional services		79,474	
Postage		8,695	
Repairs		2,116	
Supplies		1,677	
Other operating expenditures		900,297	
Utilities		<u>20,385</u>	
Total	<u>2,119,176</u>	<u>1,793,816</u>	<u>325,360</u>
Water and Sewer Customer Service:			
Salaries and employees benefits		135,268	
Other operating expenditures		24	
Total	<u>137,590</u>	<u>135,292</u>	<u>2,298</u>

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Water Treatment Plant:			
Salaries and employees benefits		1,042,303	
Supplies		943,159	
Repairs		48,679	
Contracted services		257,697	
Utilities		565,457	
Other operating expenditures		82,016	
Total	<u>2,944,510</u>	<u>2,939,311</u>	<u>5,199</u>
Sewer Treatment Plant:			
Salaries and employees benefits		1,122,386	
Supplies		117,862	
Repairs		36,259	
Contracted services		107,919	
Utilities		772,052	
Other operating expenditures		70,023	
Total	<u>2,300,887</u>	<u>2,226,501</u>	<u>74,386</u>
System Division:			
Salaries and employee benefits		1,465,005	
Supplies		296,570	
Repairs		90,854	
Contracted services		426,203	
Utilities		799	
Other operating expenditures		255,170	
Total	<u>2,610,375</u>	<u>2,534,601</u>	<u>75,774</u>
Debt Service:			
Principal retirement		1,839,695	
Interest and fees		249,350	
Total	<u>2,103,125</u>	<u>2,089,045</u>	<u>14,080</u>
Capital Outlay:			
Utility administration		31,750	
Sewer treatment plant		33,420	
Systems division		59,476	
Total	<u>237,760</u>	<u>124,646</u>	<u>113,114</u>
Total expenditures	<u>12,453,423</u>	<u>11,843,212</u>	<u>610,211</u>
Revenues over (under) expenditures	<u>588,990</u>	<u>2,484,345</u>	<u>1,895,355</u>

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Subscription liabilities issued	35,760	31,750	(4,010)
Transfers (to) from other funds:			
To General Fund	(315,500)	(315,500)	-
To General Capital Projects Fund	(17,500)	-	17,500
To Albemarle Business Park	(1,223,625)	(1,223,625)	-
To Water and Sewer Capital Projects Fund	(462,000)	(462,000)	-
To Electric Capital Projects Fund	(350,000)	(350,000)	-
From American Rescue Plan Act Fund	9,250	1,111,481	1,102,231
Appropriated fund balance	<u>1,734,625</u>	<u>-</u>	<u>(1,734,625)</u>
Total other financing sources (uses)	<u>(588,990)</u>	<u>(1,207,894)</u>	<u>(618,904)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,276,451</u>	<u>\$ 1,276,451</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 1,276,451</u>	
Principal retirement		1,839,695	
Capital outlay		266,096	
Subscription liabilities issued		(31,750)	
Depreciation and amortization		(3,010,761)	
Change in inventory		15,069	
Change in accrued interest payable		2,493	
Change in deferred outflows of resources - pensions		559,161	
Change in net pension liability		(1,577,489)	
Change in deferred inflows of resources - pensions		826,181	
Change in deferred outflows of resources - OPEB		(49,311)	
Change in other post-employment benefits		196,277	
Change in deferred inflows of resources - OPEB		(265,116)	
Change in accrued compensated absences		(28,378)	
Transfer to Water and Sewer Capital Projects Fund		462,000	
Capital contributions, revenues from Utility Relocation project		<u>17,916</u>	
Total reconciling items		<u>(777,917)</u>	
Change in net position		<u>\$ 498,534</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

WATER AND SEWER UTILITY RELOCATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Actual</u>				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental revenues					
NCDOT grant	\$ 208,175	\$ 206,467	\$ 17,916	\$ 224,383	\$ 16,208
Expenditures:					
Engineering	277,570	264,705	-	264,705	12,865
Construction	1,303,005	868,666	-	868,666	434,339
Total expenditures	1,580,575	1,133,371	-	1,133,371	447,204
Revenues (under) expenditures	(1,372,400)	(926,904)	17,916	(908,988)	463,412
Other Financing Sources (Uses):					
Transfers from other funds:					
Water and Sewer Fund	1,372,400	868,666	-	868,666	(503,734)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (58,238)	\$ 17,916	\$ (40,322)	\$ (40,322)

CITY OF ALBEMARLE, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Expenditures:					
Sanitary Sewer Rehabilitation Phase 3					
Construction, engineering, and professional services	\$ 6,356,640	\$ 253,150	\$ 168,537	\$ 421,687	\$ 5,934,953
Waste Water Comprehensive Rehabilitation					
Engineering	997,000	-	258,950	258,950	738,050
Moss Springs Pump Station Rehabilitation					
Construction	462,000	-	-	-	462,000
Total expenditures	<u>7,815,640</u>	<u>253,150</u>	<u>427,487</u>	<u>680,637</u>	<u>7,135,003</u>
Revenues (under) expenditures	<u>(7,815,640)</u>	<u>(253,150)</u>	<u>(427,487)</u>	<u>(680,637)</u>	<u>7,135,003</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
From Water and Sewer Fund	586,640	124,640	462,000	586,640	-
Installment purchase obligations issued	<u>7,229,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,229,000)</u>
Total other financing sources (uses)	<u>7,815,640</u>	<u>124,640</u>	<u>462,000</u>	<u>586,640</u>	<u>(7,229,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (128,510)</u>	<u>\$ 34,513</u>	<u>\$ (93,997)</u>	<u>\$ (93,997)</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Residential sales	\$ 15,052,954	\$ 13,828,973	\$ (1,223,981)
Commercial and industrial sales	13,744,498	13,256,896	(487,602)
Sales to city departments	<u>1,340,000</u>	<u>1,347,186</u>	<u>7,186</u>
Total revenues	30,137,452	28,433,055	(1,704,397)
Other operating revenues	<u>1,105,400</u>	<u>1,132,875</u>	<u>27,475</u>
Total operating revenues	<u>31,242,852</u>	<u>29,565,930</u>	<u>(1,676,922)</u>
Non-Operating Revenues:			
Interest earned on investments	45,000	374,308	329,308
Miscellaneous non-operating income	33,516	28,289	(5,227)
Sale of assets	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Total non-operating revenues	<u>93,516</u>	<u>402,597</u>	<u>309,081</u>
Total revenues	<u>31,336,368</u>	<u>29,968,527</u>	<u>(1,367,841)</u>
Expenditures:			
Administrative and Finance:			
Salaries and employees benefits		899,676	
Other operating expenditures		<u>1,211,233</u>	
Total	<u>2,570,864</u>	<u>2,110,909</u>	<u>459,955</u>
Customer Service:			
Salaries and employees benefits		134,060	
Other operating expenditures		<u>10,306</u>	
Total	<u>147,729</u>	<u>144,366</u>	<u>3,363</u>
Electric Operations:			
Salaries and employees benefits		1,887,011	
Electric power purchases		20,152,879	
Other operating expenditures		<u>2,516,615</u>	
Total	<u>28,753,575</u>	<u>24,556,505</u>	<u>4,197,070</u>
Debt Service:			
Principal retirement		165,164	
Interest and other charges		<u>2,943</u>	
Total debt service	<u>168,541</u>	<u>168,107</u>	<u>434</u>
Capital Outlay:			
Administrative and finance		24,033	
Electric operations		<u>121,690</u>	
Total	<u>776,070</u>	<u>145,723</u>	<u>630,347</u>
Total expenditures	<u>32,416,779</u>	<u>27,125,610</u>	<u>5,291,169</u>

CITY OF ALBEMARLE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(1,080,411)	2,842,917	3,923,328
Other Financing Sources (Uses):			
Subscription liabilities issued	27,070	24,033	(3,037)
Transfer from (to) funds:			
To the General Fund	(996,300)	(978,800)	17,500
To King Alleyway Renovation Project Fund	(52,550)	(52,550)	-
To Electric Capital Projects Fund	(2,250,000)	(2,250,000)	-
From the General Fund	120,841	25,000	(95,841)
From the American Rescue Plan Fund	52,550	52,550	-
Appropriated fund balance	4,178,800	-	(4,178,800)
Total other financing sources (uses)	<u>1,080,411</u>	<u>(3,179,767)</u>	<u>(4,260,178)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (336,850)</u>	<u>\$ (336,850)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ (336,850)</u>	
Principal retirement		165,164	
Capital outlay		145,723	
Subscription liabilities issued		(24,033)	
Depreciation and amortization		(792,109)	
Change in inventory		(93,860)	
Change in accrued interest payable		691	
Change in deferred outflows of resources - pensions		310,525	
Change in net pension liability		(876,044)	
Change in deferred inflows of resources - pensions		458,812	
Change in deferred outflows of resources - OPEB		(63,705)	
Change in other post-employment benefits		106,785	
Change in deferred inflows of resources - OPEB		(116,902)	
Change in accrued compensated absences		(19,647)	
Interest income from capital projects funds		6,346	
Transfers from the Water and Sewer Fund		350,000	
Transfers to Electric Capital Projects Fund		<u>2,250,000</u>	
Total reconciling items		<u>1,807,746</u>	
Change in net position		<u>\$ 1,470,896</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

ELECTRIC UTILITY RELOCATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

		<u>Actual</u>			
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>	<u>Variance</u> <u>Over/Under</u>
Revenues:					
Restricted intergovernmental revenues:					
NCDOT Transportation Improvement program	\$ 4,867,668	\$ 2,829,823	\$ -	\$ 2,829,823	\$ (2,037,845)
Investment earnings	-	364	6,346	6,710	6,710
Total revenues	<u>4,867,668</u>	<u>2,830,187</u>	<u>6,346</u>	<u>2,836,533</u>	<u>(2,031,135)</u>
Expenditures:					
Engineering	75,000	141,977	-	141,977	(66,977)
Other professional services	230,000	1,011	-	1,011	228,989
Distribution lines	501,895	297,554	-	297,554	204,341
Contract services	4,060,773	2,189,789	-	2,189,789	1,870,984
Total expenditures	<u>4,867,668</u>	<u>2,630,331</u>	<u>-</u>	<u>2,630,331</u>	<u>2,237,337</u>
Revenues (under) expenditures	<u>\$ -</u>	<u>\$ 199,856</u>	<u>\$ 6,346</u>	<u>\$ 206,202</u>	<u>\$ 206,202</u>

CITY OF ALBEMARLE, NORTH CAROLINA

ELECTRIC CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Expenditures:					
Public Utility AMI Meter Upgrade					
Construction and acquisition	\$ 2,600,000	\$ -	\$ 1,944,033	\$ 1,944,033	\$ 655,967
Revenues (under) expenditures	<u>(2,600,000)</u>	<u>-</u>	<u>(1,944,033)</u>	<u>(1,944,033)</u>	<u>655,967</u>
Other Financing Sources (Uses):					
Transfer from Electric Fund	2,250,000	-	2,250,000	2,250,000	-
Transfer from Water and Sewer Fund	350,000	-	350,000	350,000	-
Total other financing (uses)	<u>2,600,000</u>	<u>-</u>	<u>2,600,000</u>	<u>2,600,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,967</u>	<u>\$ 655,967</u>	<u>\$ 655,967</u>

CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Disposal fees	\$ 3,322,351	\$ 2,979,199	\$ (343,152)
Solid waste fees	150,000	140,880	(9,120)
Sales of mulch and scrap	500	1,760	1,260
Total charges for services	<u>3,472,851</u>	<u>3,121,839</u>	<u>(351,012)</u>
Other operating revenues	<u>75,000</u>	<u>71,171</u>	<u>(3,829)</u>
Total operating revenues	<u>3,547,851</u>	<u>3,193,010</u>	<u>(354,841)</u>
Non-Operating Revenues:			
Solid waste, scrap tire, and white goods disposal tax	136,000	228,495	92,495
Interest earned on investments	6,000	215,871	209,871
Miscellaneous non-operating income	-	180	180
Total non-operating revenues	<u>142,000</u>	<u>444,546</u>	<u>302,546</u>
Total revenues	<u>3,689,851</u>	<u>3,637,556</u>	<u>(52,295)</u>
Expenditures:			
Landfill Operations:			
Salaries and employees benefits		1,126,227	
Other operating expenditures		1,416,517	
Total	<u>2,956,556</u>	<u>2,542,744</u>	<u>413,812</u>
Debt service:			
Principal retirement		270,910	
Interest and fees		41,921	
Total	<u>565,725</u>	<u>312,831</u>	<u>252,894</u>
Capital outlay	<u>185,467</u>	<u>181,561</u>	<u>3,906</u>
Total expenditures	<u>3,707,748</u>	<u>3,037,136</u>	<u>670,612</u>
Revenues over (under) expenditures	<u>(17,897)</u>	<u>600,420</u>	<u>618,317</u>

CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Subscription liabilities issued	4,520	4,005	(515)
Transfers from (to) other funds:			
To Landfill Capital Projects Fund	(160,000)	(140,000)	20,000
To General Fund	(33,900)	(33,900)	-
To Landfill closure/post-closure	(75,000)	-	75,000
From General Fund	1,850	-	(1,850)
Appropriated fund balance	<u>280,427</u>	<u>-</u>	<u>(280,427)</u>
Total other financing (uses)	<u>17,897</u>	<u>(169,895)</u>	<u>(187,792)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 430,525</u>	<u>\$ 430,525</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 430,525</u>	
Principal retirement		270,910	
Capital outlay		181,561	
Subscription liabilities issued		(4,005)	
Depreciation and amortization		(401,577)	
Change in accrued interest payable		451	
Change in deferred outflows of resources - pensions		124,318	
Change in net pension liability		(350,723)	
Change in deferred inflows of resources - pensions		183,685	
Change in deferred outflows of resources - OPEB		(4,670)	
Change in other post-employment benefits		44,022	
Change in deferred inflows of resources - OPEB		(64,198)	
Change in accrued compensated absences		(10,338)	
Adjustment to accrued landfill closure and post-closure costs		(2,624,857)	
Interest income from capital project funds		2,410	
Transfer to Landfill Capital Projects Fund		<u>140,000</u>	
Total reconciling items		<u>(2,513,011)</u>	
Change in net position		<u>\$ (2,082,486)</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

LANDFILL CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Interest earnings	\$ -	\$ 22	\$ 2,410	\$ 2,432	\$ 2,432
Expenditures:					
Landfill Certified Compactor Rebulid					
Capital outlay and loan fees	495,641	5,541	458,085	463,626	32,015
Landfill Dozer					
Capital outlay and loan fees	569,402	9,502	559,500	569,002	400
Landfill Compactor					
Capital outlay	914,000	-	897,724	897,724	16,276
Total expenditures	<u>1,979,043</u>	<u>15,043</u>	<u>1,915,309</u>	<u>1,930,352</u>	<u>48,691</u>
Revenues (under) expenditures	<u>(1,979,043)</u>	<u>(15,021)</u>	<u>(1,912,899)</u>	<u>(1,927,920)</u>	<u>51,123</u>
Other Financing Sources (Uses):					
Long-term debt issued	1,839,043	925,043	-	925,043	(914,000)
Transfer from Landfill Fund	<u>140,000</u>	<u>-</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Total other financing (uses)	<u>1,979,043</u>	<u>925,043</u>	<u>140,000</u>	<u>1,065,043</u>	<u>(914,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 910,022</u>	<u>\$ (1,772,899)</u>	<u>\$ (862,877)</u>	<u>\$ (862,877)</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION
DEPARTMENT OF PUBLIC HOUSING
JUNE 30, 2023

	<u>Department of Public Housing</u>		<u>Total</u>
	<u>Conventional</u>	<u>Section 8</u>	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 564,331	\$ -	\$ 564,331
Accounts receivable - net	209,671	-	209,671
Prepaid expenses	1,198	300	1,498
Restricted cash and cash equivalents	332,357	103,179	435,536
Total current assets	<u>1,107,557</u>	<u>103,479</u>	<u>1,211,036</u>
Capital assets:			
Land and construction in progress	163,505	-	163,505
Other capital assets, net of depreciation	5,216,860	51,891	5,268,751
Right to use leased assets, net of amortization	5,166	415	5,581
Total capital assets	<u>5,385,531</u>	<u>52,306</u>	<u>5,437,837</u>
Total assets	<u>6,493,088</u>	<u>155,785</u>	<u>6,648,873</u>
Deferred Outflows of Resources:			
Pension deferrals	203,222	36,699	239,921
OPEB deferrals	70,250	12,025	82,275
Total deferred outflows of resources	<u>273,472</u>	<u>48,724</u>	<u>322,196</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	127,360	20,233	147,593
Prepaid fees	2,787	-	2,787
Liabilities to be paid from restricted assets:			
Customer deposits	39,036	-	39,036
Compensated absences - current	24,413	3,697	28,110
Current portion of long-term debt	2,724	128	2,852
Total current liabilities	<u>196,320</u>	<u>24,058</u>	<u>220,378</u>
Non-current liabilities:			
Compensated absences - non-current	476	72	548
Non-current portion of long-term debt	2,478	260	2,738
Total OPEB liability	360,329	104,025	464,354
Net pension liability	305,147	59,282	364,429
Total non-current liabilities	<u>668,430</u>	<u>163,639</u>	<u>832,069</u>
Total liabilities	<u>864,750</u>	<u>187,697</u>	<u>1,052,447</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION
DEPARTMENT OF PUBLIC HOUSING
JUNE 30, 2023

	<u>Department of Public Housing</u>		<u>Total</u>
	<u>Conventional</u>	<u>Section 8</u>	
Deferred Inflows of Resources:			
Pension deferrals	3,968	1,311	5,279
OPEB deferrals	58,658	10,041	68,699
Total deferred inflows of recourses	<u>62,626</u>	<u>11,352</u>	<u>73,978</u>
Net Position:			
Net investment in capital assets	5,380,329	52,178	5,432,507
Restricted net position for housing assistance payments	-	84,913	84,913
Unrestricted	<u>458,855</u>	<u>(131,631)</u>	<u>327,224</u>
Total net position	<u>\$ 5,839,184</u>	<u>\$ 5,460</u>	<u>\$ 5,844,644</u>

CITY OF ALBEMARLE, NORTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DEPARTMENT OF PUBLIC HOUSING
FOR THE YEAR ENDED JUNE 30, 2023

	Department of Public Housing		Total
	Conventional	Section 8	
Operating Revenues:			
Rental income	\$ 620,522	\$ -	\$ 620,522
Public housing revenues	30,425	-	30,425
Total operating revenues	<u>650,947</u>	<u>-</u>	<u>650,947</u>
Operating Expenses:			
Administrative	785,005	127,319	912,324
Utilities	327,358	-	327,358
Ordinary maintenance and operation	466,839	-	466,839
General expenses	236,842	-	236,842
Housing assistance program	-	876,742	876,742
Non-routine maintenance	8,450	-	8,450
Depreciation and amortization	653,937	2,288	656,225
Total operating expenses	<u>2,478,431</u>	<u>1,006,349</u>	<u>3,484,780</u>
Operating (loss)	<u>(1,827,484)</u>	<u>(1,006,349)</u>	<u>(2,833,833)</u>
Non-Operating Revenues (Expenses):			
Operating subsidies	749,487	992,919	1,742,406
Investment earnings	23,388	5,817	29,205
Interest and other charges	(140)	(6)	(146)
Other non-operating revenue	225	-	225
Total non-operating revenues	<u>772,960</u>	<u>998,730</u>	<u>1,771,690</u>
Income (loss) before capital contributions	(1,054,524)	(7,619)	(1,062,143)
Capital Contributions:			
Capital contributions	<u>139,046</u>	<u>-</u>	<u>139,046</u>
Change in net position	(915,478)	(7,619)	(923,097)
Net Position:			
Beginning of year, July 1	<u>6,754,662</u>	<u>13,079</u>	<u>6,767,741</u>
End of year, June 30	<u>\$ 5,839,184</u>	<u>\$ 5,460</u>	<u>\$ 5,844,644</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, 2023

	Conventional		
	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Rental income	\$ 575,000	\$ 620,522	\$ 45,522
Other operating revenues	39,000	30,425	(8,575)
Total operating revenues	<u>614,000</u>	<u>650,947</u>	<u>36,947</u>
Non-operating revenues:			
Operating subsidies	650,000	749,487	99,487
Interest income	2,500	23,388	20,888
Miscellaneous	-	225	225
Total non-operating revenues	<u>652,500</u>	<u>773,100</u>	<u>120,600</u>
Total revenues	<u>1,266,500</u>	<u>1,424,047</u>	<u>157,547</u>
Expenditures:			
Operating expenditures:			
Administrative	-	663,434	-
Utilities	-	327,358	-
Ordinary maintenance and operation	-	466,839	-
General expenses	-	236,842	-
Non-routine maintenance	-	8,450	-
Total operating expenditures	<u>1,966,352</u>	<u>1,702,923</u>	<u>263,429</u>
Non-operating expenditures:			
Principal retirements	-	2,702	-
Interest and other charges	-	121	-
Capital outlay	-	19,068	-
Total non-operating expenditures	<u>21,891</u>	<u>21,891</u>	<u>-</u>
Total expenditures	<u>1,988,243</u>	<u>1,724,814</u>	<u>263,429</u>
Revenues over (under) expenditures	<u>(721,743)</u>	<u>(300,767)</u>	<u>420,976</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, 2023

	Conventional		
	Budget	Actual	Variance Over/Under
Other Financing Sources (Uses):			
Subscription liabilities issued	-	4,005	4,005
Transfers from (to) other funds:			
Transfer to General Fund	(18,815)	-	18,815
From General Fund	1,850	-	(1,850)
Appropriated fund balance	738,708	-	(738,708)
Total other financing sources (uses)	<u>721,743</u>	<u>4,005</u>	<u>(717,738)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (296,762)</u>	<u>\$ (296,762)</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ (296,762)</u>	
Depreciation and amortization		(653,937)	
Capital outlay		19,068	
Subscription liabilities issued		(4,005)	
Payment of debt principal		2,702	
Change in accrued interest payable		(19)	
Change in deferred outflows of resources - pensions		72,429	
Change in net pension liability		(204,334)	
Change in deferred inflows of resources - pensions		107,016	
Change in deferred outflows of resources - OPEB		(21,149)	
Change in other post-employment benefits		24,524	
Change in deferred inflows of resources - OPEB		(22,015)	
Change in accrued compensated absences		(3,681)	
Capital items not charged to capital outlay		(74,361)	
Capital contributions, revenues from Department of Public Housing - Capital Fund		<u>139,046</u>	
Change in net position		<u>\$ (915,478)</u>	

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 DEPARTMENT OF PUBLIC HOUSING - CAPITAL FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Capital Funds</u>				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Revenues:					
HUD capital grants	\$ 1,848,608	\$ 1,023,189	\$ 139,046	\$ 1,162,235	\$ (686,373)
Expenditures:					
Administrative	54,100	81,891	74,361	156,252	(102,152)
Capital outlay	1,794,508	938,642	66,994	1,005,636	788,872
Total expenditures	1,848,608	1,020,533	141,355	1,161,888	686,720
Revenues under expenditures	\$ -	\$ 2,656	\$ (2,309)	\$ 347	\$ 347

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 DEPARTMENT OF PUBLIC HOUSING - SECTION 8
 FOR THE YEAR ENDED JUNE 30, 2023**

	Section 8		
	Budget	Actual	Variance Over/Under
Revenues:			
Non-Operating Revenues:			
Operating subsidies	\$ 1,029,000	\$ 992,919	\$ (36,081)
Interest income	500	5,817	5,317
Total non-operating revenues	<u>1,029,500</u>	<u>998,736</u>	<u>(30,764)</u>
Expenditures:			
Operating expenditures:			
Administrative	129,168	119,830	9,338
Housing assistance program	900,200	876,742	23,458
Total operating expenditures	<u>1,029,368</u>	<u>996,572</u>	<u>32,796</u>
Non-operating expenditures:			
Principal retirements	126	126	-
Interest and other charges	6	6	-
Total non-operating expenditures	<u>132</u>	<u>132</u>	<u>-</u>
Total expenditures	<u>1,029,500</u>	<u>996,704</u>	<u>32,796</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 2,032</u>	<u>\$ 2,032</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 2,032</u>	
Payment of debt principal		126	
Change in deferred outflows of resources - pensions		20,810	
Change in net pension liability		(58,708)	
Change in deferred inflows of resources - pensions		30,747	
Change in deferred outflows of resources - OPEB		(14,235)	
Change in other post-employment benefits		6,548	
Change in deferred inflows of resources - OPEB		487	
Change in accrued compensated absences		<u>6,862</u>	
Change in net position		<u>\$ (7,619)</u>	



ALBEMARLE
NORTH CAROLINA
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INTERNAL SERVICE FUND

The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Health Insurance Fund – This fund accounts for amounts from individual departments and employees to pay for health insurance claims and premiums.



ALBEMARLE
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CITY OF ALBEMARLE, NORTH CAROLINA

HEALTH INSURANCE INTERNAL SERVICE FUND
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Interfund charges	\$ 2,975,580	\$ 2,713,589	\$ (261,991)
Employee contributions	319,572	355,205	35,633
Other operating revenues	-	52,878	52,878
Total operating revenues	<u>3,295,152</u>	<u>3,121,672</u>	<u>(173,480)</u>
Non-operating revenues:			
Interest earned on investments	-	42,461	42,461
Total revenues	<u>3,295,152</u>	<u>3,164,133</u>	<u>(131,019)</u>
Expenditures:			
Operating expenditures:			
Health benefit claims and premiums	3,111,252	3,210,230	(98,978)
Other operating expenditures	183,900	221,454	(37,554)
Total expenditures	<u>3,295,152</u>	<u>3,431,684</u>	<u>(136,532)</u>
Revenues over (under) expenditures	-	(267,551)	(267,551)
Other Financing Sources (Uses):			
Transfers (to) from other funds:			
To General Fund	(35,000)	(35,000)	-
Appropriated fund balance	35,000	-	(35,000)
Total other financing sources (uses)	<u>-</u>	<u>(35,000)</u>	<u>(35,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(302,551)</u>	<u>\$ (302,551)</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Reconciling items:			
Increase in health benefit claims payable		<u>(436,651)</u>	
Change in net position		<u>\$ (739,202)</u>	



ALBEMARLE
NORTH CAROLINA
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OTHER SCHEDULES

This section includes additional information on property taxes and public housing programs.

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, 2023

Fiscal Year	Uncollected Balance July 1, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 8,236,545	\$ 8,096,309	\$ 140,236
2021-2022	151,049	-	76,748	74,301
2020-2021	84,711	-	30,683	54,028
2019-2020	58,682	-	17,920	40,762
2018-2019	71,295	-	11,885	59,410
2017-2018	35,600	-	9,193	26,407
2016-2017	46,038	-	7,776	38,262
2015-2016	25,557	-	6,060	19,497
2014-2015	23,473	-	5,824	17,649
2013-2014	38,972	-	7,036	31,936
2012-2013	24,966	-	24,966	-
Total	<u>\$ 560,343</u>	<u>\$ 8,236,545</u>	<u>\$ 8,294,400</u>	502,488
Less: allowance for uncollectible accounts				
Ad valorem taxes receivable				<u>(332,191)</u>
Ad valorem taxes receivable - net				170,297
Municipal service district taxes receivable - net				<u>2,154</u>
Total taxes receivable - net				<u>\$ 172,451</u>
Reconciliation with Revenues:				
Ad valorem taxes collected - General Fund				\$ 8,364,278
Municipal service district collections				(71,081)
Discounts allowed				45,705
Releases and adjustments				12,130
Taxes written off				19,540
Late listing penalties				(762)
Interest collected				<u>(75,410)</u>
Total collections and credits				<u>\$ 8,294,400</u>

CITY OF ALBEMARLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 1,351,703,211	\$ 0.61	\$ 8,245,390	\$ 7,160,202	\$ 1,085,188
Discoveries:					
Current and prior years	7,761,621	0.61	47,346	47,346	-
Abatements	<u>(9,211,679)</u>	0.61	<u>(56,191)</u>	<u>(45,670)</u>	<u>(10,521)</u>
Total valuation	<u>\$ 1,350,253,153</u>				
Net Levy			8,236,545	7,161,878	1,074,667
Uncollected taxes at June 30, 2023			<u>(140,236)</u>	<u>(140,236)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 8,096,309</u>	<u>\$ 7,021,642</u>	<u>\$ 1,074,667</u>
Current Levy Collection Percentage			<u>98.30%</u>	<u>98.04%</u>	<u>100.00%</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, 2023

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	HCV CARES Act 14.HCC	Public Housing Capital Fund 14.872
Assets:					
Current Assets:					
Cash:					
111	Cash - unrestricted	\$ 563,984	\$ -	\$ -	\$ 347
112	Cash - restricted - modernization and development	293,321	-	-	-
113	Cash - other restricted	-	84,913	-	-
114	Cash - tenant security deposits	39,036	-	-	-
115	Cash - restricted for payment of current liabilities	-	-	18,266	-
100	Total cash	<u>896,341</u>	<u>84,913</u>	<u>18,266</u>	<u>347</u>
Accounts and notes receivable:					
122	Accounts receivable - HUD other projects	-	-	-	72,830
126	Accounts receivable - tenants - dwelling units	148,690	-	-	-
126.1	Allowance for doubtful accounts - dwelling units	(11,849)	-	-	-
120	Total receivables	<u>136,841</u>	<u>-</u>	<u>-</u>	<u>72,830</u>
142	Prepaid expenses and other assets	<u>1,198</u>	<u>300</u>	<u>-</u>	<u>-</u>
150	Total current assets	<u>1,034,380</u>	<u>85,213</u>	<u>18,266</u>	<u>73,177</u>
Non-current assets:					
161	Land	163,505	-	-	-
162	Buildings	13,315,824	79,244	-	-
163	Furniture, equipment, machinery - dwellings	306,174	-	-	-
164	Furniture, equipment, machinery - administration	500,957	25,981	-	-
165	Leasehold improvements	1,280,619	-	-	-
166	Accumulated depreciation	(10,186,714)	(53,334)	-	-
174	Other assets	<u>5,166</u>	<u>415</u>	<u>-</u>	<u>-</u>
180	Total non-current assets	<u>5,385,531</u>	<u>52,306</u>	<u>-</u>	<u>-</u>
190	Total assets	<u>6,419,911</u>	<u>137,519</u>	<u>18,266</u>	<u>73,177</u>
200	Deferred Outflows of Resources	<u>273,472</u>	<u>48,724</u>	<u>-</u>	<u>-</u>
290	Total assets and deferred outflows of resources	<u>\$ 6,693,383</u>	<u>\$ 186,243</u>	<u>\$ 18,266</u>	<u>\$ 73,177</u>
Liabilities and Equity:					
Liabilities:					
Current Liabilities:					
312	Accounts payable (less than or equal to 90 days)	\$ 45,412	\$ 1,081	\$ -	\$ 72,830
321	Accrued wage/payroll taxes payable	9,118	886	-	-
322	Accrued compensated absences	24,413	3,697	-	-
331	Accounts payable - HUD PHA program	-	-	18,266	-
341	Tenant security deposits	39,036	-	-	-
342	Unearned revenue	2,787	-	-	-
343	Current portion of long-term debt - capital projects/mortgage revenue	<u>2,724</u>	<u>128</u>	<u>-</u>	<u>-</u>
310	Total current liabilities	<u>123,490</u>	<u>5,792</u>	<u>18,266</u>	<u>72,830</u>

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2023

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	HCV CARES Act 14.HCC	Public Housing Capital Fund 14.872
	Non-current liabilities:				
354	Accrued compensated absences - non-current	476	72	-	-
357	Accrued pension and OPEB liabilities	665,476	163,307	-	-
351	Long-term debt, net of current-capital projects/ mortgage revenue bonds	2,478	260	-	-
350	Total non-current liabilities	668,430	163,639	-	-
300	Total liabilities	791,920	169,431	18,266	72,830
400	Deferred Inflows of Resources	62,626	11,352	-	-
	Equity:				
	Contributed capital:				
508.4	Net investment in capital assets	5,382,807	52,178	-	-
511.4	Restricted net position	-	84,913	-	-
512.4	Unrestricted net position	456,030	(131,631)	-	347
513	Total equity	5,838,837	5,460	-	347
600	Total liabilities, deferred inflows of resources and equity	\$ 6,693,383	\$ 186,243	\$ 18,266	\$ 73,177
	Revenues:				
70300	Net tenant rental revenue	\$ 620,522	\$ -	\$ -	\$ -
70400	Tenant revenue - other	30,425	-	-	-
70600	HUD PHA operating grants	749,487	992,919	-	-
70610	Capital grants	-	-	-	139,046
71100	Investment income - unrestricted	23,388	5,817	-	-
71500	Other income	225	-	-	-
70000	Total revenues	1,424,047	998,736	-	139,046
	Expenses:				
	Administrative:				
91100	Administrative salaries	299,678	67,985	-	-
91200	Auditing fees	8,735	2,184	-	-
91500	Employee benefit contributions	195,055	40,850	-	-
91600	Office expenses	16,741	6,455	-	-
91800	Travel	12,028	1,488	-	-
91900	Other	167,224	2,158	-	74,361
91000	Total operating - administrative	699,461	121,120	-	74,361
93100	Water	74,255	-	-	-
93200	Electricity	207,129	-	-	-
93600	Sewer	45,974	-	-	-
93000	Total utilities	327,358	-	-	-
94100	Ordinary maintenance and operations - labor	130,818	5,164	-	-
94200	Ordinary maintenance and operations - materials and other	89,157	-	-	-
94300	Ordinary maintenance and operations - contract costs	246,864	-	-	-
94000	Total maintenance	466,839	5,164	-	-

CITY OF ALBEMARLE, NORTH CAROLINA

SUPPLEMENTAL FINANCIAL DATA SCHEDULE
PUBLIC HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2023

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	HCV CARES Act 14.HCC	Public Housing Capital Fund 14.872
96110	Property insurance	65,616	535	-	-
96200	Other general expenses	-	500	-	-
96400	Bad debt - tenant rents	11,183	-	-	-
96000	Total other general expenses	11,183	500	-	-
96720	Interest on notes payable	140	6	-	-
96900	Total operating expenses	1,570,597	127,325	-	74,361
97000	Excess of operating revenues over expenditures	(146,550)	871,411	-	64,685
97100	Extraordinary maintenance	8,450	-	-	-
97200	Casualty losses - non-capitalized	171,226	-	-	-
97300	Housing assistance payments	-	876,742	-	-
97400	Depreciation expense	653,937	2,288	-	-
90000	Total expenses	2,404,210	1,006,355	-	74,361
10000	Excess of revenue over expenses	(980,163)	(7,619)	-	64,685
11030	Beginning equity	6,752,006	13,079	-	2,656
11040	Prior period adjustments, equity transfers and corrections	66,994	-	-	(66,994)
	Ending equity	\$ 5,838,837	\$ 5,460	\$ -	\$ 347
	Memo information:				
11170	Administrative fee equity	\$ -	\$ 12,628	\$ -	\$ -
11180	Housing assistance payments equity	-	(8,785)	-	-
11190	Unit months available	2,352	3,996	-	-
11210	Number of unit months leased	1,956	2,063	-	-
11620	Building purchase	-	-	-	66,994
11640	Furniture & equipment - administrative purchases	15,063	-	-	-



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

STATISTICAL SECTION

This part of the City of Albemarle's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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

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

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

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These schedules 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 annual comprehensive financial reports for the relevant year.



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

Table 1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net Investment in capital assets	\$ 14,179,497	\$ 14,001,213	\$ 14,015,366	\$ 15,988,670	\$ 16,249,532	\$ 17,339,345	\$ 17,195,672	\$ 18,922,602	\$ 20,689,725	\$ 24,515,936
Restricted	1,841,563	1,577,201	1,985,738	2,901,081	2,490,055	3,252,404	4,210,437	2,477,871	2,659,971	3,519,287
Unrestricted	2,901,486	3,474,113	4,123,830	629,614	(4,398,116)	(3,956,202)	(3,930,946)	(1,477,464)	2,866,317	3,675,885
Total governmental activities net position	\$ 18,922,546	\$ 19,052,527	\$ 20,124,934	\$ 19,519,365	\$ 14,341,471	\$ 16,635,547	\$ 17,475,163	\$ 19,923,009	\$ 26,216,013	\$ 31,711,108
Business-type activities										
Net Investment in capital assets	\$ 39,408,597	\$ 42,422,961	\$ 44,464,743	\$ 45,170,225	\$ 44,690,542	\$ 46,944,504	\$ 47,190,373	\$ 46,804,613	\$ 46,440,593	\$ 48,203,925
Restricted	-	-	-	-	-	-	-	63,964	22,717	84,913
Unrestricted	9,759,581	4,785,416	5,612,826	6,176,526	7,717,984	9,372,711	17,141,018	26,157,644	24,056,878	20,855,903
Total business-type activities net position	\$ 49,168,178	\$ 47,208,377	\$ 50,077,569	\$ 51,346,751	\$ 52,408,526	\$ 56,317,215	\$ 64,331,391	\$ 73,026,221	\$ 70,520,188	\$ 69,144,741
Primary government										
Net Investment in capital assets	\$ 53,588,094	\$ 56,424,174	\$ 58,480,109	\$ 61,158,895	\$ 60,940,074	\$ 64,283,849	\$ 64,386,045	\$ 65,727,215	\$ 67,130,318	\$ 72,719,861
Restricted	1,841,563	1,577,201	1,985,738	2,901,081	2,490,055	3,252,404	4,210,437	2,541,835	2,682,688	3,604,200
Unrestricted	12,661,067	8,259,529	9,736,656	6,806,140	3,319,868	5,416,509	13,210,072	24,680,180	26,923,195	24,531,788
Total primary government net position	\$ 68,090,724	\$ 66,260,904	\$ 70,202,503	\$ 70,866,116	\$ 66,749,997	\$ 72,952,762	\$ 81,806,554	\$ 92,949,230	\$ 96,736,201	\$ 100,855,849

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 1,856,381	\$ 1,591,598	\$ 1,954,727	\$ 2,480,395	\$ 1,807,621	\$ 2,017,511	\$ 2,198,065	\$ 2,380,927	\$ 2,449,079	\$ 3,496,483
Public safety	7,033,184	7,150,819	7,772,694	7,877,876	7,740,486	8,021,031	8,278,010	8,892,702	9,496,349	10,683,661
Public works	2,032,970	2,036,115	2,867,886	3,167,899	3,362,049	3,370,980	3,512,821	3,702,465	3,483,079	3,669,740
Environmental protection	930,426	940,066	-	-	-	-	-	-	-	-
Economic and physical development	112,038	68,283	-	-	-	-	-	-	-	-
Culture and recreation	1,302,081	1,410,222	1,463,717	1,531,121	1,575,332	1,674,492	1,727,843	2,005,322	2,065,318	2,289,668
Interest on long-term debt	104,234	86,493	93,070	64,556	103,013	113,325	228,266	218,097	222,968	236,296
Total governmental activities expenses	13,371,314	13,283,596	14,152,094	15,121,847	14,588,501	15,197,339	15,943,005	17,199,513	17,716,793	20,375,848
Business-type activities:										
Water and sewer	7,158,112	7,426,506	8,648,339	9,278,188	9,748,310	9,779,782	10,430,343	11,245,258	11,683,027	13,239,960
Electric	34,128,798	34,617,760	32,628,604	32,943,240	31,976,701	30,402,233	29,139,058	29,245,973	29,947,512	27,998,233
Landfill	3,300,050	3,069,545	3,002,061	2,439,400	2,394,236	2,649,616	2,710,198	3,030,606	3,333,178	5,723,160
Department of public housing	3,041,526	2,982,647	3,116,509	3,030,163	3,345,221	3,283,349	3,308,139	2,913,537	3,171,370	3,520,891
Total business-type activities	47,628,486	48,096,458	47,395,513	47,690,991	47,464,468	46,114,980	45,587,738	46,435,374	48,135,087	50,482,244
Total primary governmental expenses	\$ 60,999,800	\$ 61,380,054	\$ 61,547,607	\$ 62,812,838	\$ 62,052,969	\$ 61,312,319	\$ 61,532,743	\$ 63,634,887	\$ 65,851,880	\$ 70,858,092
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 19,197	\$ 20,973	\$ 14,268	\$ 13,856	\$ 27,704	\$ 29,154	\$ 26,842	\$ 34,049	\$ 58,755	\$ 19,067
Public safety	24,169	28,754	33,698	27,287	28,853	78,641	59,939	52,395	82,700	83,994
Public works	1,076,096	1,087,367	1,267,508	1,275,629	1,441,848	1,471,735	1,618,373	1,680,135	1,733,950	1,832,126
Culture and recreation	113,766	111,001	100,530	92,536	115,401	121,015	98,094	151,040	214,230	244,019
Operating grants and contributions	49,700	66,402	676,998	652,466	713,243	1,243,810	949,797	1,687,527	1,080,611	4,686,156
Capital grants and contributions	983,715	949,567	562,622	1,180,418	23,941	15,968	-	558,426	228	334,089
Total governmental activities program revenues	\$ 2,268,643	\$ 2,264,064	\$ 2,653,624	\$ 3,242,192	\$ 2,350,990	\$ 2,960,323	\$ 2,753,045	\$ 4,163,572	\$ 3,170,474	\$ 7,199,451
Business-type activities:										
Charges for services:										
Water and sewer	7,421,015	7,698,198	9,448,941	10,248,254	10,778,526	10,195,261	10,853,331	11,841,865	12,831,674	14,134,344
Electric	34,615,161	34,904,849	33,553,769	33,503,443	34,105,982	32,561,229	30,952,909	30,802,011	30,779,633	29,594,219
Landfill	2,628,348	2,462,101	2,874,421	2,762,869	2,897,365	2,891,829	3,160,357	3,311,887	3,317,300	3,193,190
Department of public housing	450,847	525,186	570,760	532,104	531,934	618,281	591,006	642,311	689,151	651,172
Operating grants and contributions	2,070,074	1,931,665	1,895,994	2,072,475	2,215,583	2,383,012	2,257,673	2,311,502	1,761,372	1,742,406
Capital grants and contributions	192,779	236,464	417,681	385,270	206,329	2,458,033	1,341,887	1,057,016	1,015,296	156,962
Total business-type activities program revenues	47,378,224	47,758,463	48,761,566	49,504,415	50,735,719	51,107,645	49,157,163	49,966,592	50,394,426	49,472,293
Total primary governmental program revenues	\$ 49,646,867	\$ 50,022,527	\$ 51,417,190	\$ 52,746,607	\$ 53,086,709	\$ 54,067,968	\$ 51,910,208	\$ 54,130,164	\$ 53,564,900	\$ 56,671,744
Net (expense)/revenue	\$ (11,102,671)	\$ (11,019,532)	\$ (11,496,470)	\$ (11,879,655)	\$ (12,237,511)	\$ (12,237,016)	\$ (13,191,960)	\$ (13,035,941)	\$ (14,546,319)	\$ (13,176,397)
Governmental activities	(250,262)	(337,995)	1,366,053	1,813,424	3,271,251	4,992,665	3,569,425	3,531,218	2,259,339	(1,009,951)
Business-type activities	\$ 110,646,667	\$ 111,357,527	\$ 110,130,417	\$ 110,066,231	\$ 8,966,260	\$ 7,244,351	\$ 9,622,535	\$ 9,504,723	\$ 12,286,980	\$ 14,186,348
Total primary governmental net expense										

Continued

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

Table 2
Page 2 of 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in net position										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 5,794,633	\$ 5,942,627	\$ 5,938,844	\$ 6,075,216	\$ 6,218,480	\$ 6,873,954	\$ 6,896,760	\$ 7,110,853	\$ 7,768,822	\$ 8,307,753
Other taxes	4,283,480	4,776,561	5,110,887	5,397,619	5,678,176	5,945,536	6,080,187	6,846,413	7,724,023	8,223,418
Unrestricted interest earned on investments	2,528	2,185	7,614	17,090	46,992	209,123	197,169	(11,517)	(15,204)	724,977
Miscellaneous	134,347	72,132	168,849	208,081	166,303	-	-	-	-	-
Transfers in (out)	1,373,818	1,240,000	1,091,727	907,319	793,152	1,502,479	857,460	1,538,038	5,361,682	1,415,344
Special item	-	-	-	(227,361)	-	-	-	-	-	-
Total governmental activities	\$ 11,590,806	\$ 12,033,505	\$ 12,317,921	\$ 12,377,964	\$ 12,903,103	\$ 14,531,092	\$ 14,031,576	\$ 15,483,787	\$ 20,839,323	\$ 18,671,492
Business-type activities:										
Other taxes	-	-	-	142,620	169,766	149,002	120,604	208,511	173,116	228,495
Unrestricted interest earned on investments	79,476	57,763	9,586	17,254	69,370	269,501	230,984	45,744	(43,703)	821,553
Miscellaneous	121,834	280,781	209,570	203,203	130,662	-	4,950,623	6,447,395	2,350	-
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(1,373,818)	(1,240,000)	(1,091,727)	(907,319)	(793,152)	(1,502,479)	(857,460)	(1,538,038)	(5,361,682)	(1,415,344)
Total business-type activities	\$ (1,172,508)	\$ (901,456)	\$ (872,571)	\$ (544,242)	\$ (423,354)	\$ (1,083,976)	\$ 4,444,751	\$ 5,163,612	\$ (5,229,919)	\$ (365,496)
Total primary government	\$ 10,418,298	\$ 11,132,049	\$ 11,445,350	\$ 11,833,722	\$ 12,479,749	\$ 13,447,116	\$ 18,476,327	\$ 20,647,399	\$ 15,609,404	\$ 18,305,996
Change in net position										
Governmental activities	\$ 488,135	\$ 1,013,973	\$ 821,451	\$ 498,309	\$ 665,592	\$ 2,294,076	\$ 839,616	\$ 2,447,846	\$ 6,293,004	\$ 5,495,095
Business-type activities	(1,422,770)	(1,239,451)	493,482	1,269,182	2,847,897	3,908,689	8,014,176	8,694,830	(2,970,580)	(1,375,447)
Total primary government	\$ (934,635)	\$ (225,478)	\$ 1,314,933	\$ 1,767,491	\$ 3,513,489	\$ 6,202,765	\$ 8,853,792	\$ 11,142,676	\$ 3,322,424	\$ 4,119,648

Table 3

CITY OF ALBEMARLE, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 35,781	\$ 78,870	\$ 234,821	\$ 45,878	\$ 85,500	\$ 82,451	\$ 30,928	\$ 86,392	\$ 71,021	\$ 36,442
Restricted	1,841,563	2,628,727	1,985,738	1,876,068	1,913,597	1,988,109	2,612,957	2,477,871	2,659,971	3,156,190
Committed	6,861	-	1,164,823	486,965	-	-	-	-	-	-
Assigned	133,000	37,300	-	333,780	250,000	427,737	643,832	338,305	300,726	500,726
Unassigned	4,538,502	5,095,966	5,385,079	4,360,976	4,323,699	4,760,370	5,324,773	7,569,126	6,235,439	8,060,083
Total General Fund	\$ 6,555,707	\$ 7,840,863	\$ 8,770,461	\$ 7,103,667	\$ 6,572,796	\$ 7,258,667	\$ 8,612,490	\$ 10,471,694	\$ 9,267,157	\$ 11,753,441
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	24,185	-	-	576,458	1,264,295	1,597,480	-	800,000	1,155,462
Committed	67,490	-	(11,722)	633,582	-	-	-	1,325,800	7,051,374	7,322,314
Assigned	22,401	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(29,008)
Total all other governmental funds	\$ 89,891	\$ 24,185	\$ (11,722)	\$ 633,582	\$ 576,458	\$ 1,264,295	\$ 1,597,480	\$ 1,325,800	\$ 7,851,374	\$ 8,448,768

Table 4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Ad valorem taxes	\$ 5,844,284	\$ 5,990,284	\$ 5,984,454	\$ 6,101,473	\$ 6,260,114	\$ 6,904,421	\$ 6,944,587	\$ 7,222,497	\$ 7,828,083	\$ 8,364,278
Other taxes and licenses	289,743	298,590	204,587	229,951	242,641	258,542	227,958	292,228	304,087	430,986
Unrestricted intergovernmental	3,995,737	4,477,971	4,906,300	5,167,668	5,435,535	5,686,994	5,852,229	6,554,185	7,419,936	7,792,432
Restricted intergovernmental	1,035,415	1,016,828	1,237,190	928,156	717,804	762,944	905,435	1,505,998	953,254	4,694,344
Permits and fees	43,145	49,277	47,539	40,826	56,409	53,489	59,018	50,042	61,051	72,006
Sales and services	1,190,083	1,221,657	1,368,465	1,368,482	1,557,397	1,551,257	1,666,111	1,764,463	1,885,449	1,991,495
Investment earnings	6,851	2,185	7,614	17,090	46,992	187,703	187,999	(12,068)	(27,156)	682,516
Miscellaneous	130,024	112,210	221,472	214,689	203,884	620,760	200,010	581,013	269,920	387,913
Total revenues	12,535,282	13,169,002	13,977,621	14,068,335	14,520,776	16,026,110	16,043,347	17,958,358	18,694,624	24,415,970
Expenditures										
General government	1,599,637	1,489,113	1,996,872	4,036,398	1,692,325	1,654,740	1,744,483	1,955,278	2,045,923	2,510,815
Public safety	7,018,252	7,077,655	7,355,402	8,253,389	7,982,448	7,672,526	7,639,503	8,464,296	9,211,218	10,526,348
Public works	1,905,120	1,857,988	3,076,021	2,875,905	3,168,184	3,044,477	3,047,002	3,375,590	3,238,608	3,266,821
Environmental protection	930,426	940,066	-	-	-	-	-	-	-	-
Economic and physical development	112,038	68,283	-	-	-	-	-	-	-	-
Culture and recreation	1,192,452	1,253,103	1,267,422	1,398,318	1,683,416	1,425,700	1,418,176	2,013,950	2,217,297	2,002,999
Capital outlay	161,486	126,623	672,424	827,485	167,791	1,922,561	5,160,439	1,158,185	2,446,107	3,822,321
Debt service										
Principal retirement	318,728	290,318	366,507	505,182	613,758	611,197	531,041	719,454	701,333	961,159
Interest and other charges	104,234	86,493	79,943	65,439	107,036	104,638	199,040	222,119	224,894	228,189
Total expenditures	13,342,373	13,189,642	14,814,591	17,962,116	15,414,958	16,435,839	19,739,684	17,908,872	20,085,380	23,318,652
Excess of revenues over (under) expenditures	(807,091)	(20,640)	(836,970)	(3,893,781)	(894,182)	(409,729)	(3,696,337)	49,486	(1,390,756)	1,097,318
Other financing sources (uses)										
Transfers from other funds	1,398,818	1,551,230	1,218,985	2,138,199	923,152	2,833,824	1,097,031	2,398,606	9,327,787	7,331,487
Transfers to other funds	(25,000)	(311,230)	(127,258)	(1,230,880)	(616,965)	(1,331,345)	(239,571)	(860,568)	(3,915,682)	(5,881,143)
Proceeds from debt	331,590	-	638,934	1,964,972	-	266,958	4,539,885	-	991,957	-
Lease liabilities issued	-	-	-	-	-	-	-	-	-	422,202
Subscription liabilities issued	-	-	-	-	-	-	-	-	-	113,814
Sales of capital assets	-	-	-	-	-	-	-	-	312,766	-
Total other financing sources (uses)	1,705,408	1,240,000	1,730,661	2,872,291	306,187	1,769,437	5,397,345	1,538,038	6,716,828	1,986,360
Net change in fund balances	\$ 898,317	\$ 1,219,360	\$ 893,691	\$ (1,021,490)	\$ (587,995)	\$ 1,359,708	\$ 1,701,008	\$ 1,587,524	\$ 5,326,072	\$ 3,083,678
Debt services as a percentage of noncapital expenditures	3.2%	2.9%	3.2%	3.3%	4.7%	4.9%	5.0%	5.6%	5.3%	6.1%

Table 5

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

Fiscal Year	Property Tax	Motor Vehicle Fee	Sales Tax	Franchise Tax	Occupancy Tax	Vehicle Lease Tax	Privilege License Tax	Beer & Wine Tax	Drug Tax	Total
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	11,108,779
2018	6,085,109	66,145	3,706,789	1,356,314	148,354	24,063	1,055	69,824	31,878	11,489,531
2019	6,724,573	67,140	3,921,882	1,365,508	157,362	34,040	-	69,604	20,344	12,360,453
2020	6,816,579	67,725	4,105,580	1,334,844	131,242	28,041	950	69,419	29,714	12,584,094
2021	7,068,672	128,375	4,757,248	1,324,110	132,376	31,012	465	67,827	15,761	13,525,846
2022	7,828,083	140,795	5,478,620	1,320,705	136,281	26,981	30	65,235	17,185	15,013,914
2023	8,364,278	148,610	5,897,735	1,370,349	235,741	46,620	15	74,348	15,913	16,153,609

Table 6

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

Fiscal Year	Residential	Commercial	Industrial	Security Light	Total
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
2018	9,889	2,229	13	2,870	15,001
2019	9,929	2,221	13	2,900	15,063
2020	10,075	2,237	13	2,943	15,268
2021	10,277	2,249	12	3,001	15,539
2022	10,400	2,269	12	3,067	15,748
2023	10,642	2,297	12	3,082	16,033

Source: City of Albemarle Finance and Utilities Department

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

Table 7

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential Customers										
<i>Residential Service-RS</i>										
Basic Facilities Charge	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000	12.170000	13.000000	15.000000	15.000000
First 500 kWh used	0.112190	0.114990	0.113150	0.113150	0.108620	0.108620	0.108620	N/A	N/A	N/A
All over 500 kWh used	0.118960	0.121930	0.119980	0.119980	0.115180	0.115180	0.115180	0.105290	0.096500	0.096500
<i>Residential All Electric Service-RE</i>										
Basic Facilities Charge	12.070000	12.370000	12.170000	12.170000	12.170000	12.170000	12.170000	0.000000	0.000000	0.000000
First 500 kWh used	0.111590	0.114380	0.112550	0.112550	0.108050	0.108050	0.108050	0.000000	0.000000	0.000000
All over 500 kWh used	0.109520	0.112260	0.110460	0.110460	0.106040	0.106040	0.106040	0.000000	0.000000	0.000000
Commercial Customers										
<i>Small General Service-SGS</i>										
Basic Facilities Charge	750.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Demand Charge	16.590000	17.000000	16.730000	16.730000	16.730000	16.730000	16.730000	19.500000	25.000000	25.000000
First 30kW of Billing Demand										
All over 30kW of Billing Demand										
Energy Charge	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
First 3,000 kWh used	0.154200	0.158060	0.155530	0.155530	0.149310	0.149310	0.149310	0.145180	0.143730	0.143730
Next 9,000 kWh used	0.085730	0.087870	0.086460	0.086460	0.083000	0.083000	0.083000	0.082500	0.081680	0.081680
All over 12,000 kWh used	0.079590	0.081580	0.080270	0.080270	0.077060	0.077060	0.077060	0.077500	0.076730	0.076730
Minimum Monthly Bill Amount	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000	37.070000	0.000000	0.000000	0.000000
<i>Medium General Service-MGS</i>										
Basic Facilities Charge	16.590000	17.000000	16.730000	16.730000	16.730000	16.730000	16.730000	30.000000	50.000000	25.000000
Demand Charge										
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	7.000000	7.000000	0.000000
All over 30kW of Billing Demand	5.580000	5.720000	5.630000	5.630000	5.630000	5.630000	5.630000	7.000000	7.000000	6.250000
Energy Charge										
First 3,000 kWh used	0.146460	0.150120	0.147720	0.147720	0.141810	0.141810	0.141810	0.078970	0.078180	0.074270
Next 9,000 kWh used	0.092600	0.094920	0.093400	0.093400	0.089660	0.089660	0.089660	0.078970	0.078180	0.074270
All over 12,000 kWh used	0.082330	0.084390	0.083040	0.083040	0.079720	0.079720	0.079720	0.078970	0.078180	0.074270
Minimum Monthly Bill Amount	36.750000	37.670000	37.070000	37.070000	37.070000	37.070000	37.020000	0.000000	N/A	N/A
<i>Large General Service-LGS</i>										
Basic Facilities Charge	25.650000	26.290000	25.870000	25.870000	25.870000	25.870000	25.870000	100.000000	200.000000	200.000000
Demand Charge										
First 30kW of Billing Demand	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	7.500000	7.500000	7.500000
All over 30kW of Billing Demand	5.780000	5.920000	5.830000	5.830000	5.830000	5.830000	5.830000	7.500000	7.500000	7.500000
Energy Charge										
First 10,000 kWh used (*)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.076890	0.076120	0.076120
Over 10,000 kWh used (*)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.060000	0.059400	0.059400
First 25,000 kWh used	0.089910	0.092160	0.090690	0.090690	0.087060	0.087060	0.087060	N/A	N/A	N/A
Next 50,000 kWh used	0.085600	0.087740	0.086340	0.086340	0.082890	0.082890	0.082890	N/A	N/A	N/A
Next 75,000 kWh used	0.075510	0.077400	0.076160	0.076160	0.073110	0.073110	0.073110	N/A	N/A	N/A
All over 150,000 kWh used	0.069590	0.071330	0.070190	0.070190	0.067380	0.067380	0.067380	N/A	N/A	N/A
Minimum Monthly Bill Amount	61.250000	62.780000	61.780000	61.780000	61.780000	61.780000	61.780000	N/A	N/A	N/A

(*) Rate Structure Changed

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>	2014			2023		
	Electric Revenue	Rank	Percentage of	Electric Revenue	Rank	Percentage of
			Total Operating Revenue			Total Operating Revenue
Albemarle-Public Utilities	\$ 516,478	4	1.48%	\$ 919,816	1	2.89%
Preformed Line Products	743,911	3	2.14%	675,870	2	2.12%
Stanly Regional Medical Center	884,648	2	2.54%	586,298	3	1.84%
IAC Albemarle LLC	1,625,674	1	4.67%	557,667	4	1.75%
Enforge	307,916	7	0.88%	415,962	5	1.31%
Carolinas Healthcare			0.00%	288,803	6	0.91%
Wal-mart	394,801	5	1.13%	270,960	7	0.85%
Albemarle Correction Facility	347,151	6	1.00%	240,924	8	0.76%
NC Air National Guard	273,188	8	0.78%	233,627	9	0.73%
Food Lion LLC			0.00%	232,841	10	0.73%
Lowes	270,848	10	0.78%			
Public Housing Dept	270,307		0.78%		-	0.00%
Totals	\$ 5,634,922		16.19%	\$ 4,422,768		13.89%

Source: City of Albemarle Finance and Utilities Department

Table 9

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

Fiscal Year	Residential	Commercial	Industrial	Wholesale	Total
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
2018	6,251	1,045	14	1	7,311
2019	6,296	1,037	15	1	7,349
2020	6,354	1,023	15	1	7,393
2021	6,344	1,111	15	-	7,470
2022	6,555	1,005	14	1	7,575
2023	6,788	1,034	14	-	7,836

Source: City of Albemarle Finance and Utilities Departments

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

Table 10

	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Water-Inside Corporate Limits											
0 - 300 cubic feet (minimum charge)	9.96	10.76	11.19	11.64	12.11	12.11	12.11	12.91	13.68	15.23	15.70
301 - 30,000 cubic feet (charge per 100 cubic feet)	2.18	2.35	2.44	2.54	2.64	2.64	2.64	2.81	2.98	3.32	3.42
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	1.88	2.03	2.11	2.19	2.28	2.28	2.28	2.43	2.58	2.87	2.96
Over 275,000 cubic feet (charge per 100 cubic feet)	1.37	1.48	1.54	1.60	1.65	1.65	1.65	1.77	1.88	2.10	2.16
Water-Outside Corporate Limits											
0 - 300 cubic feet (minimum charge)	19.92	21.51	22.37	23.26	24.19	24.19	24.19	25.79	27.34	30.42	31.36
301 - 30,000 cubic feet (charge per 100 cubic feet)	4.36	4.71	4.90	5.10	5.31	5.31	5.31	5.65	5.99	6.67	6.88
30,001 - 575,000 cubic feet (charge per 100 cubic feet)	3.76	4.06	4.22	4.39	4.57	4.57	4.57	4.87	5.16	5.75	5.93
Over 275,000 cubic feet (charge per 100 cubic feet)	1.37	1.48	1.54	1.60	1.65	1.65	1.65	1.77	1.88	4.19	4.32

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>	2014			2023		
	<u>Water Revenue</u>	<u>Percentage of Total Operating Revenue</u>		<u>Water Revenue</u>	<u>Percentage of Total Operating Revenue</u>	
		<u>Rank</u>	<u>Revenue</u>		<u>Rank</u>	<u>Revenue</u>
City of Concord		0.00%		\$ 4,642,225	1	45.92%
Stanly County Utilities	\$ 886,701	21.71%	1	1,840,119	2	18.20%
Pfeiffer	397,046	9.72%	3	566,887	3	5.61%
Beverly Knitts/Creative Dye		0.00%		115,584	4	1.14%
Public Housing Dept	33,823	0.83%	6	74,255	5	0.73%
Stanly Regional Medical	53,411	1.31%	5	59,469	6	0.59%
Gentry Mills	115,884	2.84%	4	56,154	7	0.56%
IAC Albemarle	871,641	21.34%	2	50,253	8	0.50%
City of Albemarle- Parks & Rec	10,821	0.26%	10	43,503	9	0.43%
Bethany Woods	25,151	0.62%	7	26,707	10	0.26%
American Fiber & Finisher	13,749	0.34%	8			0.00%
Stanly Manor	13,045	0.32%	9			0.00%
		0.00%				0.00%
Totals	\$ 2,421,272	59.28%		\$ 7,475,156		73.95%

Source: City of Albemarle Finance and Utilities Department

Table 12

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

Taxpayer	2014			2023		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
		\$			\$	
Wal-mart	12,156,129	2	1.17%	14,174,020	1	1.05%
Olive Place Plaza LLC			0.00%	13,747,069	2	1.02%
Piedmont Natural Gas Co Inc			0.00%	13,218,435	3	0.98%
Duke Energy			0.00%	10,792,880	4	0.80%
Preformed Line Products	7,178,304	7	0.69%	9,604,614	5	0.71%
Centre Point Investors LLC			0.00%	9,235,262	6	0.68%
Preformed Line Products Company	10,113,847	3	0.97%	8,994,292	7	0.67%
Auria Albemarle LLC			0.00%	8,264,027	8	0.61%
Savera Investments LLP			0.00%	8,119,589	9	0.60%
Lowes Home Center Inc	8,517,442	6	0.82%	7,915,180	10	0.59%
Stanly Memorial Hospital	13,847,444	1	1.33%		-	0.00%
IAC Group Inc	8,948,968	4	0.86%		-	0.00%
Kirkpatrick James R Family Trust	8,605,607	5	0.83%		-	0.00%
South Central Oil	6,917,234	8	0.67%		-	0.00%
Fabric DE GP	6,227,772	9	0.60%		-	0.00%
Bank of Stanly	5,107,006	10	0.49%		-	0.00%
Totals	\$ 87,619,753		8.44%	\$ 104,065,368		7.71%

Source: Stanly County Tax Assessor

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
County Direct Rate										
Stanly (General)	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6100	0.6100
Total direct rate	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6100	0.6100
City/Town Overlapping Rates										
City of Albemarle	0.5600	0.5900	0.5900	0.5900	0.5900	0.5900	0.6400	0.6400	0.6100	0.6100
Municipal Service	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Maximum Combined										
**County Tax Rate	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6700	0.6100	0.6100
*** City Tax Rate	0.6600	0.6900	0.6900	0.6900	0.6900	0.6900	0.7400	0.7400	0.7100	0.7100

Source: Stanly County Tax Assessor

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

Fiscal Year	Real Property			Personal Property			Less:	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**	Tax Exempt Real Property*					
2014	\$ 553,546,936	\$ 285,534,365	\$ 89,015,459	\$ 77,526,869	\$ -	\$ 16,502,325	\$ 989,121,304	0.5900	\$ 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%	
2018	578,212,849	271,175,987	119,170,000	77,226,803	17,254,198	14,282,719	1,048,757,118	0.5900	1,048,757,118	100%	
2019	589,269,935	269,222,368	124,655,781	83,840,298	18,152,916	14,027,235	1,071,114,063	0.6400	1,071,114,063	100%	
2020	588,505,539	268,762,914	132,029,355	91,746,667	18,003,742	14,278,532	1,084,769,685	0.6400	1,084,769,685	100%	
2021	605,394,141	272,553,639	134,844,916	104,040,629	19,020,766	14,549,537	1,121,304,554	0.6400	1,121,304,554	100%	
2022	713,809,693	304,114,583	152,056,048	100,861,820	20,741,503	16,716,870	1,274,866,777	0.6100	1,274,866,777	100%	
2023	747,875,698	312,318,539	163,884,747	112,986,653	30,200,735	17,013,219	1,350,253,153	0.6100	1,350,253,153	100%	

Source: Stanly County Tax Assessor

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

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
2014	\$ 5,816,176	\$ 5,574,468	95.84%	\$ 209,772		\$ 5,784,240	99.45%
2015	5,953,379	5,768,421	96.89%	167,309		5,935,730	99.70%
2016	5,953,469	5,786,940	97.20%	147,032		5,933,972	99.67%
2017	6,063,603	5,900,042	97.30%	125,299		6,025,341	99.37%
2018	6,187,982	6,036,267	97.55%	125,309		6,161,576	99.57%
2019	6,855,130	6,675,975	97.39%	119,745		6,795,720	99.13%
2020	6,942,526	6,768,312	97.49%	133,457		6,901,769	99.41%
2021	7,176,349	7,018,040	97.79%	104,276		7,122,316	99.25%
2022	7,776,688	7,625,639	98.06%	76,748		7,702,387	99.04%
2023	8,236,545	8,096,309	98.30%	-		8,096,309	98.30%

Table 16

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Installment Debt	Lease Liability	Subscription Liability	Installment Debt	Lease Liability	Subscription Liability	Total				
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		
2018	3,011,015	-	-	27,906,687	-	-	30,917,702	5.32%	1,919		
2019	2,666,775	-	-	25,858,294	-	-	28,525,069	4.66%	1,771		
2020	6,675,620	-	-	28,921,695	-	-	35,597,315	10.03%	2,191		
2021	5,956,166	-	-	27,329,810	-	-	33,285,976	8.40%	2,026		
2022	6,315,581	243,975	-	26,333,625	37,410	-	32,930,591	7.96%	1,980		
2023	5,550,358	508,807	75,248	24,090,944	21,015	44,272	30,290,644	7.26%	1,807		

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 83,046,263	\$ 80,632,773	\$ 80,617,657	\$ 82,218,351	\$ 83,900,569	\$ 85,689,125	\$ 86,781,575	\$ 89,704,364	\$ 101,989,342	\$ 108,020,252
Total net debt applicable to limit	12,673,210	17,849,511	25,683,913	29,870,330	30,917,419	28,525,070	35,597,315	33,285,976	8,832,421	7,645,969
Legal debt margin	\$ 70,373,053	\$ 62,783,262	\$ 54,933,744	\$ 52,348,021	\$ 52,983,150	\$ 57,164,055	\$ 51,184,260	\$ 56,418,388	\$ 93,156,921	\$ 100,374,283
Total net debt applicable to the limit as a percentage of debt limit	15.26%	22.14%	31.86%	36.33%	36.85%	33.29%	41.02%	37.11%	8.66%	7.08%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 1,350,253,153
Debt limit - 8% of assessed value	\$ 108,020,252
Debt applicable to limit:	
General obligation bonds	-
Installment purchases	29,641,302
Less: Water and Sewer Fund installment purchases	(21,995,333)
Total amount of debt applicable to debt limit	7,645,969
Legal debt margin	\$ 100,374,283

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

Table 18

Fiscal Year	Population (1)	Personal Income	Per Capita			Unemployment Rate (4)**
			Personal Income (2)*	School Enrollment (3)**	Unemployment Rate (4)**	
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%	
2018	16,109	580,890,540	36,060	8,291	3.7%	
2019	16,106	611,850,834	37,989	8,289	4.2%	
2020	16,246	355,023,838	21,853	8,270	6.1%	
2021	16,432	396,175,520	24,110	8,352	4.5%	
2022	16,628	413,754,524	24,883	8,315	3.6%	
2023	16,766	417,188,378	24,883	8,315	3.2%	

*County-Level data through 2019, City level data 2020 and beyond

** County-Level data, no city data available

Sources:

- (1) United States Census Bureau
- (2) Until 2020, N.C. Employment Security Commission Workforce In-Depth. 2020 and beyond US Census Bureau
- (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

Employer	2014			2023		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Stanly County Schools	500-999	1	2.71% - 4.88%	1000+	1	4.88%
Atrium Health	500-999	2	2.71% - 4.88%	500-999	2	2.71% - 4.88%
Wal-mart	500-999	3	2.71% - 4.88%	500-999	4	2.71% - 4.88%
County of Stanly	500-999	4	2.71% - 4.88%	500-999	3	2.71% - 4.88%
Fiberon	250-499	5	1.35% - 2.70%			
Food Lion	250-499	6	1.35% - 2.70%			
Clayton Mobile Homes	250-499	7	1.35% - 2.70%			
Michelin North America	250-499	8	1.35% - 2.70%	250-499	5	1.35% - 2.70%
Stanly Community College	250-499	9	1.35% - 2.70%	250-499	6	1.35% - 2.70%
City of Albemarle	250-499	10	1.35% - 2.70%			
IAC Albemarle				250-499	7	1.35% - 2.70%
Monarch				250-499	8	1.35% - 2.70%
Employment Control Inc				250-499	9	1.35% - 2.70%
Nc Dept of Public Safety				250-499	10	1.35% - 2.70%
Total	-		0.00%	-		0.00%

Source: Stanly County Economic Development Office

Note: (1) County-level data

Note: (2) County reported Range of Employees this year

CITY OF ALBEMARLE, NORTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS *Table 20*

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Administration	3	3	3	3	2	3	4	4	4	5
Economic Development	1	1	1	1	1	1	1	1	1	1
Downtown Development	-	-	1	2	1	1	1	1	1	1
Human Resources	3	3	3	3	3	3	3	3	3	4
Finance	9	10	10	9	7	9	9	9	9	10
Information Systems	3	4	3	3	4	3	4	4	4	5
Planning Development Services	5	6	6	6	6	6	6	9	8	8
Engineering	1	1	1	1	1	-	-	-	-	-
Public safety										
Police	56	54	55	64	52	48	49	65	47	47
School Resource	2	2	2	2	2	2	3	3	3	4
Fire	41	42	43	43	39	40	38	43	41	40
Fire Marshal	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	2	3	2	2	2	2	3	3	3	3
Central Warehouse	2	2	2	2	2	2	2	2	2	2
Central Garage	4	4	4	2	4	4	4	4	5	4
Streets and Highways	12	11	14	17	10	10	13	13	13	13
Downtown Services	2	2	2	1	2	2	2	2	3	3
Landfill	14	12	13	12	10	11	13	13	13	13
Public Housing	10	10	9	9	9	9	9	9	7	7
Recreation	6	6	6	6	6	7	7	7	8	8
Parks	9	10	9	9	9	7	7	8	7	7
Water and Sewer										
Water Treatment	19	20	18	16	15	18	17	18	17	18
Sewer Treatment	16	16	16	17	15	16	17	16	15	14
Water/Sewer Lines	19	19	20	20	20	19	19	20	20	19
Electric										
Administration	10	10	10	10	10	9	9	9	8	8
Operations	21	21	21	21	19	19	19	20	21	20
Customer Service	3	3	3	3	3	3	3	4	4	5
Total	274	276	277	284	255	255	263	291	268	270

Source: City of Albemarle Finance, Payroll

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Arrests	1,623	1,450	1,550	1,732	2,453	1,925	1,881	1,693	1,406	1,298
Traffic Violations	4,990	4,364	4,890	4,161	3,309	2,856	3,442	2,579	2,532	1,589
Parking Violations	41	66	86	63	10	8	134	-	-	2
Sworn Officers	49	48	49	49	49	48	49	38	37	40
Fire										
Total Responses	2,347	2,307	2,470	2,507	2,621	3,181	3,152	2,777	3,049	3,346
Working Fires	27	28	25	25	24	54	77	98	133	121
EMS Response	1,762	1,669	1,917	1,923	1,974	2,335	2,376	1,985	2,177	2,461
Mutual Aid Given	36	34	29	35	34	43	41	42	39	42
Mutual Aid Received	100	79	56	47	50	82	85	57	65	61
Property Loss (dollars)	\$ 384,240	\$ 1,056,100	\$ 378,119	\$ 600,150	\$ 556,209	\$ 992,275	\$ 955,050	\$ 537,942	\$ 2,403,146	\$ 869,913
Inspections Performed	640	677	1,279	446	581	1,129	1,219	1,132	963	906
Streets										
Street Resurfacing (miles)	2.20	0.28	0.00	-	-	5.18	5.21	3.79	-	-
Sidewalk Installation/Repair*			\$	270,467	-	\$	66,492	\$	16,058	\$
13,784										
Environmental Protection										
Number of Households Served	6,368	6,399	6,389	6,238	6,328	6,328	6,238	6,238	6,238	6,238
Solid Waste Collected (tons/year)	6,361	6,434	6,930	6,152	5,913	6,202	6,182	6,315	6,532	6,271
Leaves Collected (tons/year)	2,730	2,470	2,170	1,860	2,024	1,394	1,343	2,269	1,174	1,463
Electric										
Number of metered accounts	11,865	11,867	11,889	12,113	13,516	13,609	13,778	12,413	12,535	13,077
Average daily consumption	72	79	76	74	72	69	62	72	74	59
Water										
Number of metered water accounts	7,228	7,285	7,291	7,337	7,962	8,010	8,061	7,470	7,591	7,881
Average daily water treatment* (gallons per million)	2.23	2.23	3.10	4.07	4.16	4.31	4.50	4.64	5.51	6
Wastewater										
Number of sewer accounts	6,646	6,696	6,705	6,712	7,271	7,317	7,371	6,916	7,061	4,914
Average daily sewage collected* (gallons per million)			5.87	5.34	4.88	6.86	5.45	5.67	4.31	4
Average daily sewage treatment* (gallons per million)			6	5.34	4.88	6.86	5.45	5.67	4.31	4
Parks and Recreation										
Number of Youth Programs	61	54	67	49	101	65	30	70	183	183
Number of Adult Programs	25	17	20	50	34	49	25	19	138	138
Number of Senior Programs	7	7	9	15	38	36	10	10	38	38
Number of Facility Rentals	326	336	343	342	305	281	100	434	634	689
Planning and Community Development										
Building Permits (estimated structure cost)**	\$ 2,999,612	\$ 18,148,532	\$ 26,550,096	\$ 6,714,448	\$ 5,300,644	\$ 13,742,635	\$ 31,879,764	\$ 41,391,587	0**	0**
Sign Permits	31	64	49	36	41	49	60	53	0**	0**

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Landfill (tons)	42,832	43,360	53,040	41,891	50,670	40,804	42,517	43,733	54,007	51,096
Solid Waste	4,637	5,096	4,333	19,600	11,378	11,838	5,243	8,409	17,984	19,114
C&D*					1,028	33	40	5	382	237
Recyclables										
Metal	114	90	119	194	193	26	24	29	282	91
Paper	28	45	54	19	5	38	33	38	1	-
Electronics*			26	37	20	23	18	14	14	12
Plastics*			66	0	22	29	22	24	22	-
Yard Waste*			3,838	3,720	7,473	626	286	1,759	3,746	3,352

Sources: City departments

*Accurate information not available for prior years.

**Information not available due to system Error. Will rebuild for subsequent years

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	3	3	3	3	3	3	3
Patrol units	28	28	28	28	28	28	28	33	38	42
Unmarked units	11	11	11	12	12	14	14	15	16	15
K-9 Units	2	2	2	2	2	1	3	1	0	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	6	5	5	5	5	5	5	5	5	5
Public Works										
Miles of Streets	121	121	121	121	121	121	121	121	121	121
Electric										
Miles of Distribution Lines	325	325	325	400	345	345	143	143	148	350
Number of delivery points (substations)	2	3	3	3	3	3	3	3	3	3
Street Lights	2863	2840	2847	2894	2899	2901	2283	3001	3021	2,159
Traffic Signals	121	124	124	125	120	120	122	126	126	126
Water Treatment										
Plants	2	2	2	2	2	2	2	2	2	2
Miles of Distribution Lines	180	190	190	190	190	190	190	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
Wastewater Treatment										
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
Parks and Recreation										
Acreage	297	297	297	297	274	274	274	274	274	274
Playgrounds	6	6	6	6	5	5	5	5	5	5
Parks	6	6	6	6	5	5	5	5	5	5
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Basketball Courts	3	3	3	3	2	3	3	3	3	3
Baseball Fields	4	4	4	3	4	4	4	4	4	4
Soccer Fields	5	5	5	5	5	5	5	5	5	5
Community Centers	2	2	2	2	1	2	2	2	2	2
Tennis Courts	9	9	9	9	9	9	9	9	6	6
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Greenway (miles)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1
Walking Trails	3	3	3	3	3	4	4	15	15	15
Lakes	1	1	1	1	1	1	1	1	1	1

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Landfill**										
Land and Improvements					\$ 981,498	\$ 959,595	\$ 942,630	\$ 920,375	\$ 898,120	\$ 875,865
Buildings	\$ 116,942	\$ 116,942	\$ 116,942	\$ 341,659	\$ 96,607	\$ 1,548,168	\$ 1,648,626	\$ 1,609,897	\$ 1,572,938	\$ 1,536,293
Equipment	\$ 842,556	\$ 2,009,456	\$ 2,009,456	\$ 11,020	\$ 1,097,802	\$ 1,046,357	\$ 890,335	\$ 566,691	\$ 347,303	\$ 2,200,585
Vehicles	\$ 156,968	\$ 156,968	\$ 156,968	\$ 94,212	\$ 130,944	\$ 99,144	\$ 97,930	\$ 67,918	\$ 104,901	\$ 79,156
Infrastructure	\$ 969,014	\$ 968,014	\$ 968,014	\$ 243,542	\$ 46,214	\$ 2,076,341	\$ 1,970,265	\$ 2,277,267	\$ 2,222,987	\$ 2,168,618
Public Housing										
Units	199	199	199	199	199	199	199	199	199	199

Sources: City departments

*Data unavailable for blank fiscal years

**Assets reported net of depreciation



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

COMPLIANCE SECTION



ALBEMARLE
NORTH CAROLINA
Water. Air. Land. Opportunity.

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 10, 2023. Our report includes a reference to other auditors who audited the financial statements of the City of Albemarle ABC Board, as described in our report on the City of Albemarle's financial statements. The financial statements of the City of Albemarle ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the City of Albemarle ABC Board.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City of Albemarle's Responses to Finding

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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2023

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Albemarle, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Albemarle's major federal programs for the year ended June 30, 2023. The City of Albemarle's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Qualified Opinion on the Public Housing Operating Fund

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion section of our report, the City of Albemarle complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Public Housing Operating Fund for the year ended June 30, 2023.

Unmodified Opinion on the Other 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 its other major federal program identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

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

Matters Giving Rise to Qualified Opinion on the Public Housing Operating Fund

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, the City of Albemarle did not comply with requirements regarding AL# 14.850 Public Housing Operating Fund as described in Finding 2023-004 for Activities Allowed or Unallowed and Allowable Cost/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the City of Albemarle to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, and the terms and conditions of its federal awards applicable to the City of Albemarle's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the City of Albemarle's response to the non-compliance finding identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City of Albemarle's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a 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 non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-002, 2023-003 and 2023-004 to be material weaknesses.

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

Government Auditing Standards, require the auditor to perform limited procedures on the City of Albemarle's responses to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City of Albemarle's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2023

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

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

Report on Compliance for the Major State Program

Qualified Opinion

We have audited the City of Albemarle, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on the City of Albemarle's major state program for the year ended June 30, 2023. The City of Albemarle's major state program is identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Qualified Opinion on the Powell Bill Program

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion section of our report, the City of Albemarle complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Powell Bill Program for the year ended June 30, 2023.

Basis for Qualified Opinion

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

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

Matters Giving Rise to Qualified Opinion on the Powell Bill Program

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, the City of Albemarle did not comply with requirements regarding Powell Bill as described in finding number 2023-005 for Activities Allowed or Unallowed and Allowable Cost/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the City of Albemarle to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Government Auditing Standards require the auditor to perform limited procedures on the City of Albemarle's response to the non-compliance finding identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City of Albemarle's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-005 to be a material weakness.

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

Government Auditing Standards require the auditor to perform limited procedures on the City of Albemarle's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City of Albemarle's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2023



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CITY OF ALBEMARLE, NORTH CAROLINA

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

1. Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes
- Significant deficiency identified? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? Yes
- Significant deficiency identified? None reported

Type of auditor’s report issued on compliance for major federal programs Unmodified for all federal programs except for Public Housing Operating Fund, which is qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Public Housing Operating Fund	14.850
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

CITY OF ALBEMARLE, NORTH CAROLINA

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

1. Summary of Auditor’s Results (continued):

State Awards

Internal control over major state programs:

- Material weakness identified? Yes
- Significant deficiency identified? None reported

Type of auditor’s report issued on compliance for major state programs Qualified

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

Identification of major state programs:

Program Name
Powell Bill

Auditee qualified as a State low-risk auditee? No

CITY OF ALBEMARLE, NORTH CAROLINA

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

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

Finding 2023-001

Material Weakness

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes having a disaster recovery plan to ensure the continuity and recovery of critical business functions in case of a disaster.

Condition: Due to a network event, the disaster recovery plan was not sufficient to recover documents on a timely manner. As a result, the bank reconciliations were not recovered until after a few months. This caused the bank statements to not be reconciled until the workbooks were recovered. Since then, the City has been reconciling cash on a monthly basis.

Prior to the network event, the payroll time sheets were kept in an electronic timekeeping system. The City was unable to recover the payroll time sheets up to the date of the network event. The payroll timesheets are now kept manually and will be migrating to a new timekeeping system in the next fiscal year.

Effect: Lack of timely bank reconciliations greatly increases the risk of an error or irregularities going undetected and can result in improper financial reporting. Lack of the documentation of approved payroll time sheets can result in noncompliance of grant awards if payroll is charged to the program.

Cause: Lack of a proper data disaster recovery plan.

Recommendation: Management should strengthen controls over the financial record maintenance and the disaster recovery plan.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. Please refer to the Corrective Action Plan section of this report.

CITY OF ALBEMARLE, NORTH CAROLINA

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

3. Findings and Questioned Costs Related to the Audit of Federal Awards

Finding: 2023-002

U.S. Department of Housing & Urban Development

Program Name: Public Housing Operating Fund

AL Number: 14.850

Material Weakness, Procurement and Suspension and Debarment

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that procurement policies are implemented and functioning as intended. Management must monitor activities under federal awards to assure compliance with federal requirements.

Condition: The City implemented procurement policies that conforms with applicable federal and state laws. However, the City's internal controls over micro-purchases were not functioning as intended.

Context: During our testing, we examined 9 purchases and determined that 7 purchases in the micro-purchases threshold did not follow the City's policy. Expenditures were pre-audited prior to payment; however purchase orders were not completed as required by the City's policy.

Effect: Purchases may be made without the proper procurement approvals.

Cause: Due to the turnover in the housing department, there were instances where a proper purchase order was not created for approval.

Identification of a Repeat Finding: This is a modified, repeat finding from the immediate previous audit, 2022-003.

Questioned Cost: None. This finding represents an internal control issue; therefore, questioned costs are not applicable.

Recommendation: The City should have a system in place to ensure that the procurement policies are implemented and functioning as intended.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. Please refer to the Corrective Action Plan section of this report.

CITY OF ALBEMARLE, NORTH CAROLINA

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

3. Findings and Questioned Costs Related to the Audit of Federal Awards (continued)

Finding: 2023-003

U.S. Department of Housing & Urban Development

Program Name: Public Housing Operating Fund

AL Number: 14.850

Non-Material Non-Compliance

Material Weakness, Eligibility

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that applicants have all required documentation in their file. In accordance with 24 CFR Part 5 Subpart F, the City must maintain documentation to support tenant eligibility.

Condition: The Public Housing Department did not follow procedures to ensure the proper eligibility determination were made and documented.

Context: Of the 185 applicants during the current year valued at \$749,487, we examined 37 (valued at \$133,566) and determined that 1 (1% valued at \$3,610) applicant was not supported with case documentation to confirm eligibility.

We also determined that two applicants (6% valued at \$7,220) had inconsistent documentation supporting eligibility determination in the case file. Upon further review, these two applicants were deemed eligible.

Effect: Participants could receive benefits for which they are not eligible.

Cause: Weakness in implementation of controls over eligibility procedures. Due to the turnover in the housing department, the City failed to obtain or retain the completed eligibility documentation.

Identification of a Repeat Finding: This is a modified, repeat finding from the immediate previous audit, 2022-004.

Questioned Cost: In accordance with 2 CFR 200, auditors are required to report known questioned costs when likely questioned costs are greater than \$25,000. Even though the sample results only identified \$3,610 in questioned costs, if tests were extended to the entire population, questioned costs could exceed \$25,000.

Recommendation: Management should adhere to the program's policy and maintain proper eligibility documentation in the applicant's file.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. Please refer to the Corrective Action Plan section of this report.

CITY OF ALBEMARLE, NORTH CAROLINA

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

3. Findings and Questioned Costs Related to the Audit of Federal Awards (continued)

Finding: 2023-004

U.S. Department of Housing & Urban Development

Program Name: Public Housing Operating Fund

AL Number: 14.850

Material Non-Compliance

Material Weakness, Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that activities allowed and allowable cost policies are implemented and functioning as intended. Management must monitor activities under federal awards to assure compliance with federal requirements.

Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of payroll costs to ensure the accuracy of the payroll costs charged is within program requirements. In accordance with 24 CFR section 990, verification of accuracy of information used in determining payroll costs to be charged to the program should be maintained.

Condition: Due to a network event, the disaster recovery plan was not sufficient to recover documents on a timely manner. As a result, the approved payroll time sheets were not recovered.

Context: Of the 1,540 expenditures during the current year valued at \$749,487, we examined 40 (valued at \$134,796) and determined that 7 (18% valued at \$13,369) expenditures did not have proper documentation to support accuracy of payroll costs.

Effect: Salaries allocated to the program did not have approved time sheets to verify the accuracy of the hours charged.

Cause: Due to the network event, the timesheets were not recovered.

Questioned Cost: In accordance with 2 CFR 200, auditors are required to report known questioned costs when likely questioned costs are greater than \$25,000. Even though the sample results only identified \$13,369 in known questioned costs, if tests were extended to the entire population, questioned costs could exceed \$25,000.

Recommendation: Management should strengthen internal control procedures over activities allowed and allowable costs and strengthen the disaster recovery plan.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. Please refer to the Corrective Action Plan section of this report.

CITY OF ALBEMARLE, NORTH CAROLINA

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

4. Findings and Questioned Costs Related to the Audit of State Awards

Finding: 2023-005

N.C. Department of Transportation

Program Name: Powell Bill

Material Non-Compliance

Material Weakness, Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Criteria: Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of payroll costs to ensure the accuracy of the payroll costs charged is within program requirements. In accordance with G.S. 136-41, verification of accuracy of information used in determining payroll costs to be charged to the program should be maintained.

Condition: Due to a network event, the disaster recovery plan was not sufficient to recover documents in a timely manner. As a result, the approved payroll time sheets were not recovered.

Context: Of the 519 expenditures during the current year valued at \$339,433, we examined 40 (valued at \$40,903) and determined that 16 (40% valued at \$10,260) expenditures did not have proper documentation to support accuracy of payroll costs.

Effect: Salaries allocated to the program did not have approved time sheets to verify the accuracy of the hours charged.

Cause: Due to the network event, the timesheets were not recovered.

Questioned Cost: The sample results only identified \$10,260 in known questioned costs, if tests were extended to the entire population, questioned costs could exceed \$25,000.

Recommendation: Management should strengthen internal control procedures over activities allowed and allowable costs and strengthen the disaster recovery plan.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. Please refer to the Corrective Action Plan section of this report.

CITY OF ALBEMARLE, NORTH CAROLINA

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

Finding: 2022-001
Status: Corrected.

Finding: 2022-002
Status: Corrected.

Finding: 2022-003
Status: Modified and repeated as Finding 2023-002.

Finding: 2022-004
Status: Modified and repeated as Finding 2023-003.



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CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

Finding: 2023-001

Name of Contact Person: Jacob Weavil, Finance Director

Corrective Action/Management's Response: The City's Finance Department monitors bank accounts each morning by downloading the previous day's transaction listing. It is reviewed by multiple members of staff who are assigned the responsibility of reconciling activity that corresponds to their role, such as payroll, accounts payable, and collections. Any unusual or unexpected transactions that are noted are immediately reported to the Finance Director and Assistant Finance Director.

The Finance Director and Assistant Finance Director reconciles bank statements monthly using various electronic workbooks. However, due to the network event these items were unrecoverable and had to be rebuilt along with every other major workbook used in daily operations. Moving forward, the City has moved to cloud-based the storage service of Microsoft Office 365. This provides another layer of backup support for internal files should an event like this happen again. Additionally, Finance staff are maintaining printed physical copies of each month's bank reconciliation and supporting information as a measure of last resort in the event electronic copies are unavailable.

Regarding payroll records, the City is converting to Tyler Time and Attendance which will be a cloud hosted time keeping software. This will provide the same additional layer of backup support as the cloud-based storage for internal files. All payrolls starting from the first pay period after the network event are being track with physical timecards submitted by Departments on a bi-weekly basis.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-002

Name of Contact Person: Michael Ferris, City Manager

Corrective Action/Management's Response: The City recognizes the importance of following policy. The Finance Department provides guidance and training on procedures to follow the purchasing policy and gives routine feedback on even minor infractions to continually look for areas of improvement. If training and guidance do not resolve issues in a timely manner repeated violations are reported to City Administration for personnel action to be taken, up to and including termination.

Moving forward, the Finance Department will maintain a list of employees in every department who are authorized to conduct business on behalf of the City. Only individuals who have gone

through training of City policy and have shown sufficient knowledge of the policy and procedures will be eligible to be on the list, must go through annual recertification training to remain eligible.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-003

Name of Contact Person: Michael Ferris, City Manager

Corrective Action/Management's Response: The City has filled the vacant Director position in Public Housing with a temporary consultant who specializes in Housing and Urban Development (HUD) programs. This individual is assisting with training Housing staff and reviewing current internal controls to make improvements to operations.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-004

Name of Contact Person: Jacob Weavil, Finance Director

Corrective Action/Management's Response: Regarding payroll records, the City is converting to Tyler Time and Attendance which will be a cloud hosted time keeping software. This will provide the same additional layer of backup support as the cloud-based storage for internal files. All payrolls starting from the first pay period after the network event are being track with physical timecards submitted by Departments on a bi-weekly basis.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-005

Name of Contact Person: Jacob Weavil, Finance Director

Corrective Action/Management's Response: Regarding payroll records, the City is converting to Tyler Time and Attendance which will be a cloud hosted time keeping software. This will provide the same additional layer of backup support as the cloud-based storage for internal files. All payrolls starting from the first pay period after the network event are being track with physical timecards submitted by Departments on a bi-weekly basis.

Proposed Completion Date: Immediately and ongoing.

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-Through Grantor's Number</u>	<u>Federal (Direct & Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-Through to Subrecipients</u>
FEDERAL AWARDS:					
<u>U.S. Department of Housing & Urban Development</u>					
Direct Grant:					
Low Income Housing:					
Public Housing Operating Fund	14.850		\$ 749,487	\$ -	\$ -
Total Low Income Housing			<u>749,487</u>	<u>-</u>	<u>-</u>
Housing Voucher Cluster:					
Section 8 Housing Choice Vouchers	14.871		996,704	-	-
Total Housing Voucher Cluster			<u>996,704</u>	<u>-</u>	<u>-</u>
Public Housing Capital Fund:					
Public Housing Capital Fund - NC19PO75501-20	14.872		2,300	-	-
Public Housing Capital Fund - NC19PO75501-21	14.872		64,245	-	-
Public Housing Capital Fund - NC19PO75501-22	14.872		74,810	-	-
Total Public Housing Capital Fund			<u>141,355</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Housing & Urban Development			<u>1,887,546</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Environmental Protection Agency</u>					
Pass through N.C. Department of Environmental Quality					
Clean Water State Revolving Fund (CWSRF) Cluster:					
Clean Water State Revolving Fund (Sanitary Sewer Rehabilitation, Phase 3)	66.458	CS370522-07	155,750	-	-
Clean Water State Revolving Fund (Long Creek WTPP Treatment Process Rehab)	66.458	CS370522-08	258,950	-	-
Total Clean Water State Revolving Fund (CWSRF) Cluster			<u>414,700</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Environmental Protection Agency			<u>414,700</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Treasury</u>					
Direct Grant:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0004	3,542,828	-	-
Total U.S. Department of Treasury			<u>3,542,828</u>	<u>-</u>	<u>-</u>
Total federal awards			<u>5,845,074</u>	<u>-</u>	<u>-</u>
STATE AWARDS:					
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4 32570	-	339,433	-
Total N.C. Department of Transportation			<u>-</u>	<u>339,433</u>	<u>-</u>
<u>N.C. Department of Commerce</u>					
Industrial Development Fund Utility Account		U508	-	334,089	-
Total N.C. Department of Commerce			<u>-</u>	<u>334,089</u>	<u>-</u>
<u>N.C. Department of Public Safety</u>					
Juvenile Crime Prevention Program		35415	-	28,350	-
Total N.C. Department of Public Safety			<u>-</u>	<u>28,350</u>	<u>-</u>
Total state awards			<u>-</u>	<u>701,872</u>	<u>-</u>
Total federal and state awards			<u>\$ 5,845,074</u>	<u>\$ 701,872</u>	<u>\$ -</u>

CITY OF ALBEMARLE, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the City of Albemarle under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Albemarle, 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 the 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 outstanding at June 30, 2023, 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. No drawdowns have been made at June 30, 2023, for the Clean Water State Revolving Fund. The balance of loans outstanding at June 30, 2023, consist of:

<u>Program Name</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Clean Water State Revolving Fund (Sanitary Sewer Rehabilitation, Phase 3)	66.458	CS370522-07	\$ -
Clean Water State Revolving Fund (Long Creek WTP Treatment Process Rehab)	66.458	CS370522-08	\$ -