

**CITY OF BELMONT  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**



**CITY OF BELMONT  
NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2023**

**CITY COUNCIL**

**Mayor**

Marc Seelinger

**Commissioners**

Richard Turner

Martha Stowe

Jim Hefferan

Jason Rumfelt

Alex Szucs

**OFFICIALS**

Miles Braswell, City Manager

Jared Pyles, Finance Director



# CITY OF BELMONT, NORTH CAROLINA

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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 Belmont, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Belmont, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Belmont, 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 Belmont ABC Board, which represents 79%, 74%, and 93%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those 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 Belmont 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 of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the City of Belmont 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's ability to continue as a going concern for 12 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 judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment 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 judgment, there are conditions or events, considered in the aggregate, that raise a 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 Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and

Related Ratios, and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and City Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 Belmont'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. 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 to the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of the City of Belmont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the City of Belmont'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 Belmont's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 1, 2023

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## Management's Discussion and Analysis

As management of the City of Belmont, we offer readers of the City of Belmont's Financial Statements this narrative overview and analysis of the financial activities of the City of Belmont 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

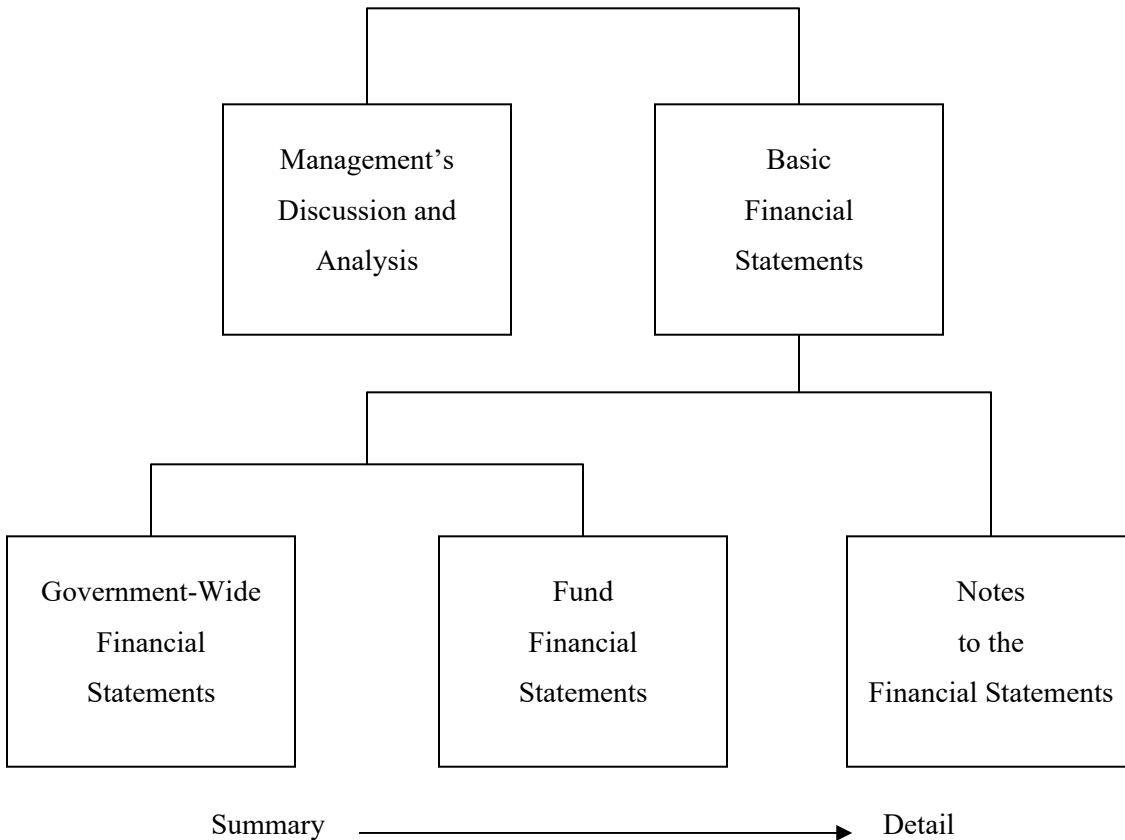
- The assets and deferred outflows of resources of the City of Belmont exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$84,538,740 (net position).
- The government's total net position increased by \$8,523,655 due to an increase in both governmental activities and business-type activities net position.
- As of the close of the current fiscal year, the City of Belmont's governmental funds reported combined ending fund balances of \$19,976,400 with an overall increase of \$7,971,546. Approximately 10.54% of this total amount, or \$2,106,102, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,916,851, or 79.26%, of total General Fund expenditures for the fiscal year.
- The City of Belmont's total long-term debt outstanding increased by \$12,497,280 (138.80%), during the current fiscal year due to issuance of new debt for the City.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Belmont'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 Belmont.

## 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 they have changed. Net position is the difference between the City's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: governmental activities and business-type activities. The governmental activities include most of the City's basic services, such as general government, public safety, transportation, public works, environmental protection, and cultural and recreational. Property taxes and state-collected local taxes finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer offered by the City of Belmont. The final category is the component units, of which the City has three. The City of Belmont Tourism Development Authority is considered a component unit of the City because the City exercises control over the Board by appointing its members and because the Board is required to expend the local occupancy taxes promoting travel and tourism for the City. Downtown Belmont Development Association, a 501(c)(3) corporation, was founded to further advance the economic, aesthetic, and cultural environment of historic Downtown Belmont, North Carolina. Downtown Belmont Development Association is made up of a ten-member Board, all of whom are appointed by the City Council. Although legally separate from the City, the City of Belmont ABC Board is important to the City, because the City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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 Belmont, 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 the City of Belmont 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 governmental 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 Belmont 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds.** The City of Belmont has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Belmont uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements are on pages 26-74 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 Belmont's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 75 of this report.



## Government-Wide Financial Analysis

### City of Belmont's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 26,900,194	\$ 17,202,016	\$ 5,447,252	\$ 5,020,401	\$ 32,347,446	\$ 22,222,417
Noncurrent assets	34,279,916	23,968,257	54,078,243	51,471,252	88,358,159	75,439,509
Total assets	61,180,110	41,170,273	59,525,495	56,491,653	120,705,605	97,661,926
Total deferred outflows	3,855,182	2,615,067	1,506,407	958,664	5,361,589	3,573,731
<b>Liabilities:</b>						
Long-term liabilities	25,253,217	9,500,422	6,993,596	6,157,751	32,246,813	15,658,173
Other liabilities	6,174,317	4,986,338	1,127,410	1,208,130	7,301,727	6,194,468
Total liabilities	31,427,534	14,486,760	8,121,006	7,365,881	39,548,540	21,852,641
Total deferred inflows	1,476,991	2,400,026	502,923	967,905	1,979,914	3,367,931
<b>Net Position:</b>						
Net investment in capital assets	16,973,195	19,589,304	49,883,729	46,846,250	66,856,924	66,435,554
Restricted	2,030,205	5,553,092	72,110	-	2,102,315	5,553,092
Unrestricted	13,127,367	1,756,158	2,452,134	2,270,281	15,579,501	4,026,439
Total net position	\$ 32,130,767	\$ 26,898,554	\$ 52,407,973	\$ 49,116,531	\$ 84,538,740	\$ 76,015,085

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 Belmont exceeded liabilities and deferred inflows by \$84,538,740 as of June 30, 2023. The City's net position increased by \$8,523,655 for the fiscal year ended June 30, 2023. However, the largest portion (79.08%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Belmont uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City of Belmont's net position, \$2,102,315 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,579,501 is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental and business-type net position:

- Continued diligence in property tax collection by maintaining levy collection rates over 99%.
- Growth in the tax base helped strengthen the City's financial position.
- Residential and commercial growth positively impacted water and sewer receipts.

## City of Belmont's Changes in Net Position

Figure 3

	<u>Governmental</u> <u>Activities</u> <u>2023</u>	<u>Business-Type</u> <u>Activities</u> <u>2023</u>	<u>Total</u> <u>2023</u>	<u>Governmental</u> <u>Activities</u> <u>2022</u>	<u>Business-Type</u> <u>Activities</u> <u>2022</u>	<u>Total</u> <u>2022</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,078,220	\$ 9,726,419	\$ 11,804,639	\$ 1,887,024	\$ 9,442,334	\$ 11,329,358
Operating grants and contributions	1,468,163	-	1,468,163	1,141,140	-	1,141,140
Capital grants and contributions	1,718,938	4,322,773	6,041,711	2,149,951	3,620,915	5,770,866
General revenues:						
Property taxes	10,983,995	-	10,983,995	10,627,117	-	10,627,117
Other taxes	6,978,251	-	6,978,251	5,973,420	-	5,973,420
Other	554,612	69,068	623,680	776,988	3,496	780,484
Total revenues	<u>23,782,179</u>	<u>14,118,260</u>	<u>37,900,439</u>	<u>22,555,640</u>	<u>13,066,745</u>	<u>35,622,385</u>
<b>Expenses:</b>						
General government	1,383,988	-	1,383,988	2,431,815	-	2,431,815
Public safety	8,808,390	-	8,808,390	7,450,927	-	7,450,927
Transportation	1,415,341	-	1,415,341	923,878	-	923,878
Environmental protection	1,896,837	-	1,896,837	1,912,878	-	1,912,878
Cultural and recreation	3,910,254	-	3,910,254	2,522,309	-	2,522,309
Economic and physical development	450,717	-	450,717	412,946	-	412,946
Water and sewer	-	11,287,365	11,287,365	-	10,557,139	10,557,139
Interest	223,892	-	223,892	83,258	-	83,258
Total expenses	<u>18,089,419</u>	<u>11,287,365</u>	<u>29,376,784</u>	<u>15,738,011</u>	<u>10,557,139</u>	<u>26,295,150</u>
Transfers	<u>(460,547)</u>	<u>460,547</u>	<u>-</u>	<u>(29,673)</u>	<u>29,673</u>	<u>-</u>
Change in net position	5,232,213	3,291,442	8,523,655	6,787,956	2,539,279	9,327,235
<b>Net Position:</b>						
Beginning of year, as previously stated - July 1	<u>26,898,554</u>	<u>49,116,531</u>	<u>76,015,085</u>	<u>20,110,598</u>	<u>46,577,252</u>	<u>66,687,850</u>
End of year - June 30	<u>\$ 32,130,767</u>	<u>\$ 52,407,973</u>	<u>\$ 84,538,740</u>	<u>\$ 26,898,554</u>	<u>\$ 49,116,531</u>	<u>\$ 76,015,085</u>

**Governmental Activities.** Governmental activities increased the City's net position by \$5,232,213, or 19.45%. Key elements of this increase are as follows:

- Strong collection rates in property tax revenue
- Local option sales tax revenue increased over prior year by approximately 18%

**Business-Type Activities.** Business-type activities increased the City of Belmont's net position by \$3,291,442, or 6.70%. Key elements of this increase are as follows:

- Charges for services increased by 3% or approximately \$284,000.

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

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

**Governmental Funds.** The focus of the City of Belmont'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 Belmont's financing requirements. Specifically, available 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 Belmont. At the end of the current fiscal year, remaining fund balance in the General Fund was \$11,300,856, while total fund balance reached \$17,999,593. The City currently has a remaining fund balance of 56.28% of General Fund expenditures, while total fund balance represents 89.64% of the same amount.

At June 30, 2023, the governmental funds of the City of Belmont reported a combined fund balance of \$19,976,400, with an overall increase of \$7,971,546.

**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.

**Proprietary Funds.** The City of Belmont'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 \$2,452,134. The total changes in net position for the Water and Sewer Fund were \$3,291,442. Other factors concerning the finances of this fund has already been addressed in the discussion of the City of Belmont's business-type activities.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of Belmont's investment in capital assets for its governmental and business-type activities as of June 30, 2023 totals \$88,358,159 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

The major additions included the acquisition of several new leaf collector systems, as well as a new knuckle-boom loader. The increase in business-type activities can be attributed to donated water lines from developers.

Additional information on the City's capital assets can be found beginning on page 43 of this report.

**City of Belmont's Capital Assets  
(Net of Depreciation)**

**Figure 4**

	Governmental			Business-Type		
	Activities	Activities	Total	Activities	Activities	Total
	2023	2023	2023	2022	2022	2022
Land	\$ 3,164,369	\$ 105,563	\$ 3,269,932	\$ 3,164,369	\$ 105,563	\$ 3,269,932
Buildings	4,022,815	10,112,277	14,135,092	4,162,161	10,519,021	14,681,182
Other improvements	4,764,980	715,070	5,480,050	4,948,606	421,464	5,370,070
Machinery and equipment	1,334,117	2,695,298	4,029,415	459,251	3,523,345	3,982,596
Vehicles and motorized equipment	1,408,834	-	1,408,834	1,969,096	-	1,969,096
Right to use lease assets	1,025,455	72,614	1,098,069	20,919	13,293	34,212
Subscription assets	5,482	5,482	10,964	-	-	-
Infrastructure	2,755,356	-	2,755,356	2,919,302	-	2,919,302
Distribution systems	-	39,380,806	39,380,806	-	36,305,005	36,305,005
Other non-depreciable items	5,687	28,911	34,598	5,687	28,911	34,598
Natural gas fill station	-	85,430	85,430	-	98,483	98,483
Construction in progress	15,792,821	876,792	16,669,613	6,318,866	456,167	6,775,033
<b>Total</b>	<b>\$ 34,279,916</b>	<b>\$ 54,078,243</b>	<b>\$ 88,358,159</b>	<b>\$ 23,968,257</b>	<b>\$ 51,471,252</b>	<b>\$ 75,439,509</b>

**Long-Term Debt.** As of June 30, 2023, the City of Belmont had total debt outstanding of \$21,501,235. Of this amount, \$4,194,514 is secured by the assets of the water and sewer system. However, in the event water and sewer revenues are insufficient to repay the debt, the total amount outstanding is backed by the full faith and credit of the City.

**City of Belmont's Outstanding Debt  
Long-Term Obligations**

**Figure 5**

	Governmental			Business-Type		
	Activities	Activities	Total	Activities	Activities	Total
	2023	2023	2023	2022	2022	2022
Lease liabilities issued	\$ 1,033,113	\$ 73,141	\$ 1,106,254	\$ 20,731	\$ 13,094	\$ 33,825
IT Subscription liabilities issued	4,770	4,770	9,540	-	-	-
Notes payable	16,268,838	4,116,603	20,385,441	4,358,222	4,611,908	8,970,130
<b>Total</b>	<b>\$ 17,306,721</b>	<b>\$ 4,194,514</b>	<b>\$ 21,501,235</b>	<b>\$ 4,378,953</b>	<b>\$ 4,625,002</b>	<b>\$ 9,003,955</b>

The City of Belmont's total debt increased by \$12,497,280, or 138.80%, during the past fiscal year. North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Belmont is \$155,641,064.

Additional information regarding the City of Belmont's long-term debt can be found beginning on page 64 of this report.

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

### **Economic Factors**

In the past year, Belmont has continued to experience strong overall economic indicators. Regarding housing, the City staff reviewed 372 new residential permit applications, which is a 4% decrease from the 387 reviewed during the previous year. The total value of these new applications is \$104,841,853. In addition, the staff reviewed new non-residential permit applications with a combined valuation of \$87,360,004. The Belmont city council's goal of diversifying the City's tax base made major gains in FY 2022-2023. Overall, the tax base for Belmont increased to approximately \$3.1 billion.

### **Budget Highlights for the Fiscal Year Ending June 30, 2024**

**Governmental Activities:** Based on the actual results from this fiscal year, moderate growth is again anticipated in some of the major General Fund revenues in the coming fiscal year. Overall, total General Fund revenues are projected to increase by 10% over the adopted FY 2021-2022 budget. A large portion of this increase can be attributed to the second tranche of ARPA funding.

In line with revenues, budgeted expenditures in the General Fund for the coming fiscal year are also projected to increase by 10% from the prior fiscal year. This increase is due to increases in the cost-of-living adjustment in fiscal year 2023, as well as large investments into public safety.

**Business-Type Activities:** Water and sewer rates remained flat for FY 2021-2022. The rates will allow the City to continue implementing the top priorities of the Capital Improvement Program (CIP) for the Water & Sewer Fund. The overall budget for the Water & Sewer Fund will slightly increase by less than 1%. Continued emphasis will be given to moving ahead with the highest priority capital projects from the CIP.

### **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 information found in this report or requests for additional information should be directed to the Director of Finance, City of Belmont, 1401 East Catawba Street, Belmont, North Carolina 28012.

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CITY OF BELMONT, NORTH CAROLINA

STATEMENT OF NET POSITON  
JUNE 30, 2023

	Primary Government			Component Units		
	Governmental	Business-Type	Total	Belmont	Downtown	City of Belmont
	Activities	Activities		Tourism	Belmont	ABC Board
				Development	Development	
				Authority	Association	
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 20,529,581	\$ 2,354,359	\$ 22,883,940	\$ 358,719	\$ 52,616	\$ 846,775
Taxes receivables, net	71,883	-	71,883	-	-	-
Accounts receivable, net	254,401	1,322,996	1,577,397	876	-	-
Due from other governments	1,554,401	497,379	2,051,780	-	-	-
Due from primary government	-	-	-	46,360	-	-
Internal balances	(661,199)	661,199	-	-	-	-
Prepaid items	33,546	-	33,546	-	2,140	44,085
Security deposit	-	-	-	-	28,812	8,824
Inventories	42,351	267,251	309,602	-	-	526,233
Total current assets	<u>21,824,964</u>	<u>5,103,184</u>	<u>26,928,148</u>	<u>405,955</u>	<u>83,568</u>	<u>1,425,917</u>
Restricted assets:						
Cash and cash equivalents	<u>5,075,230</u>	<u>344,068</u>	<u>5,419,298</u>	-	-	-
Capital assets:						
Non-depreciable	18,962,877	1,011,266	19,974,143	-	-	-
Depreciable, net of accumulated depreciation and amortization	<u>15,317,039</u>	<u>53,066,977</u>	<u>68,384,016</u>	-	-	<u>434,098</u>
Total capital assets	<u>34,279,916</u>	<u>54,078,243</u>	<u>88,358,159</u>	-	-	<u>434,098</u>
Total non-current assets	<u>34,279,916</u>	<u>54,078,243</u>	<u>88,358,159</u>	-	-	<u>434,098</u>
Total assets	<u>61,180,110</u>	<u>59,525,495</u>	<u>120,705,605</u>	<u>405,955</u>	<u>83,568</u>	<u>1,860,015</u>
<b>Deferred Outflows of Resources:</b>						
OPEB deferrals	354,186	144,668	498,854	-	-	-
Pension deferrals	<u>3,500,996</u>	<u>1,361,739</u>	<u>4,862,735</u>	-	-	-
Total deferred outflows of resources	<u>3,855,182</u>	<u>1,506,407</u>	<u>5,361,589</u>	-	-	-
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities	1,819,606	838,367	2,657,973	10,767	2,913	338,250
Payable from restricted assets:						
Customer deposits	-	271,958	271,958	-	-	-
Performance bond deposits	898,080	-	898,080	-	-	-
Accrued interest	126,958	17,085	144,043	-	-	-
Due to component unit	46,360	-	46,360	-	-	-
Advance from grantors	3,283,313	-	3,283,313	-	-	-
Long-term liabilities, due within one year	<u>1,868,863</u>	<u>459,271</u>	<u>2,328,134</u>	-	-	<u>109,267</u>
Total current liabilities	<u>8,043,180</u>	<u>1,586,681</u>	<u>9,629,861</u>	<u>10,767</u>	<u>2,913</u>	<u>447,517</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BELMONT, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2023

	Primary Government			Component Units		
	Governmental	Business-Type	Total	Belmont	Downtown	City of Belmont
	Activities	Activities		Tourism	Belmont	ABC Board
				Development	Development	
				Authority	Association	
Long-term liabilities:						
Net pension liability - LGERS	5,036,408	2,057,124	7,093,532	-	-	-
Total pension liability - LEOSSA	972,333	-	972,333	-	-	-
Total OPEB liability	1,395,540	570,009	1,965,549	-	-	-
Long-term liabilities, due in more than one year	15,980,073	3,907,192	19,887,265	-	-	166,301
Total long-term liabilities	23,384,354	6,534,325	29,918,679	-	-	166,301
Total liabilities	31,427,534	8,121,006	39,548,540	10,767	2,913	613,818
<b>Deferred Inflows of Resources:</b>						
OPEB deferrals	1,201,740	490,852	1,692,592	-	-	-
Pension deferrals	275,251	12,071	287,322	-	-	-
Total deferred inflows of resources	1,476,991	502,923	1,979,914	-	-	-
<b>Net Position:</b>						
Net investment in capital assets	16,973,195	49,883,729	66,856,924	-	-	434,098
Restricted for:						
Stabilization by state statute	1,136,368	-	1,136,368	-	-	-
Debt service - USDA	91,776	72,110	163,886	-	-	-
Capital asset replacement reserve - USDA	5,000	-	5,000	-	-	-
Streets	797,061	-	797,061	-	-	-
Restricted for working capital	-	-	-	-	-	164,424
Tourism	-	-	-	395,188	-	-
Unrestricted	13,127,367	2,452,134	15,579,501	-	80,655	647,675
Total net position	\$ 32,130,767	\$ 52,407,973	\$ 84,538,740	\$ 395,188	\$ 80,655	\$ 1,246,197

The accompanying notes are an integral part of the financial statements.



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CITY OF BELMONT, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Function/Programs:</b>				
<b>Governmental Activities:</b>				
General government	\$ 1,383,988	\$ 1,012,022	\$ 933,253	\$ 1,718,938
Public safety	8,808,390	58,531	90,844	-
Transportation	1,415,341	-	444,066	-
Environmental protection	1,896,837	832,775	-	-
Cultural and recreational	3,910,254	174,892	-	-
Economic and physical development	450,717	-	-	-
Interest on long-term debt	223,892	-	-	-
Total governmental activities	<u>18,089,419</u>	<u>2,078,220</u>	<u>1,468,163</u>	<u>1,718,938</u>
<b>Business-Type Activities:</b>				
Water and sewer	<u>11,287,365</u>	<u>9,726,419</u>	<u>-</u>	<u>4,322,773</u>
Total primary government	<u>\$ 29,376,784</u>	<u>\$ 11,804,639</u>	<u>\$ 1,468,163</u>	<u>\$ 6,041,711</u>
<b>Component Units:</b>				
Belmont Tourism Development Authority	\$ 104,481	\$ -	\$ -	\$ -
Downtown Belmont Development Association	165,918	-	196,676	-
City of Belmont ABC Board	<u>5,322,400</u>	<u>5,585,243</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 5,592,799</u>	<u>\$ 5,585,243</u>	<u>\$ 196,676</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BELMONT, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	Net Revenue (Expense) and Changes in Net Position			Component Units		
	Governmental Activities	Business-Type Activities	Total	Belmont Tourism Development Authority	Downtown Belmont Development Association	City of Belmont ABC Board
<b>Function/Programs:</b>						
<b>Governmental Activities:</b>						
General government	\$ 2,280,225	\$ -	\$ 2,280,225			
Public safety	(8,659,015)	-	(8,659,015)			
Transportation	(971,275)	-	(971,275)			
Environmental protection	(1,064,062)	-	(1,064,062)			
Cultural and recreational	(3,735,362)	-	(3,735,362)			
Economic and physical development	(450,717)	-	(450,717)			
Interest on long-term debt	(223,892)	-	(223,892)			
Total governmental activities	<u>(12,824,098)</u>	<u>-</u>	<u>(12,824,098)</u>			
<b>Business-Type Activities:</b>						
Water and sewer	-	2,761,827	2,761,827			
Total primary government	<u>(12,824,098)</u>	<u>2,761,827</u>	<u>(10,062,271)</u>			
<b>Component Units:</b>						
Belmont Tourism Development Authority			\$ (104,481)	\$ -	\$ -	
Downtown Belmont Development Association			-	30,758	-	
City of Belmont ABC Board			-	-	-	262,843
Total component units			<u>(104,481)</u>	<u>30,758</u>	<u>-</u>	<u>262,843</u>
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes	10,983,995	-	10,983,995	-	-	-
Other taxes	6,978,251	-	6,978,251	242,748	-	-
Unrestricted investment earnings	410,120	69,068	479,188	-	-	1,907
Miscellaneous	144,492	-	144,492	-	-	-
Total general revenues	<u>18,516,858</u>	<u>69,068</u>	<u>18,585,926</u>	<u>242,748</u>	<u>-</u>	<u>1,907</u>
Transfers	(460,547)	460,547	-	-	-	-
Change in net position	5,232,213	3,291,442	8,523,655	138,267	30,758	264,750
<b>Net Position:</b>						
Beginning of year - July 1	<u>26,898,554</u>	<u>49,116,531</u>	<u>76,015,085</u>	<u>256,921</u>	<u>49,897</u>	<u>981,447</u>
End of year - June 30	<u>\$ 32,130,767</u>	<u>\$ 52,407,973</u>	<u>\$ 84,538,740</u>	<u>\$ 395,188</u>	<u>\$ 80,655</u>	<u>\$ 1,246,197</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BELMONT, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

	<b>Major Funds</b>				<b>Total</b>
	<b>General Fund</b>	<b>American Recovery Plan Act Special Revenue Fund</b>	<b>Recreation Center Capital Project Fund</b>	<b>Nonmajor Governmental Funds</b>	
<b>Assets:</b>					
Cash and cash equivalents	\$ 18,082,281	\$ 68,199	\$ 322,613	\$ 2,056,488	\$ 20,529,581
Taxes receivable, net	71,883	-	-	-	71,883
Accounts receivable, net	124,591	-	-	129,810	254,401
Due from other funds	132,118	-	-	-	132,118
Due from other governments	1,043,526	-	500,000	10,875	1,554,401
Prepaid items	33,546	-	-	-	33,546
Inventory	29,866	-	-	12,485	42,351
Cash, restricted	2,791,917	2,283,313	-	-	5,075,230
<b>Total assets</b>	<b>\$ 22,309,728</b>	<b>\$ 2,351,512</b>	<b>\$ 822,613</b>	<b>\$ 2,209,658</b>	<b>\$ 27,693,511</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,457,871	\$ -	\$ 351,947	\$ 9,788	\$ 1,819,606
Liabilities payable from restricted assets:					
Performance bond deposits	898,080	-	-	-	898,080
Advance from grantors	1,000,000	2,283,313	-	-	3,283,313
Due to component unit	46,360	-	-	-	46,360
Advance from other funds	661,199	-	-	-	661,199
Due to other funds	-	-	-	132,118	132,118
<b>Total liabilities</b>	<b>4,063,510</b>	<b>2,283,313</b>	<b>351,947</b>	<b>141,906</b>	<b>6,840,676</b>
<b>Deferred Inflows of Resources:</b>					
Property taxes receivable	71,883	-	-	-	71,883
Unavailable revenue	92,513	-	500,000	-	592,513
Solid waste receivable	82,229	-	-	-	82,229
Stormwater receivable	-	-	-	129,810	129,810
<b>Total deferred inflows of resources</b>	<b>246,625</b>	<b>-</b>	<b>500,000</b>	<b>129,810</b>	<b>876,435</b>
<b>Fund Balances:</b>					
<b>Non-spendable:</b>					
Prepaid items	33,546	-	-	-	33,546
Inventories	29,866	-	-	12,485	42,351
<b>Restricted:</b>					
Stabilization by state statute	1,125,493	-	-	10,875	1,136,368
Debt service - USDA	91,776	-	-	-	91,776
Capital asset replacement reserve - USDA	5,000	-	-	-	5,000
Streets	797,061	-	-	-	797,061
Committed	-	68,199	-	472,090	540,289
Assigned	-	-	-	1,575,510	1,575,510
Unassigned	15,916,851	-	(29,334)	(133,018)	15,754,499
<b>Total fund balances</b>	<b>17,999,593</b>	<b>68,199</b>	<b>(29,334)</b>	<b>1,937,942</b>	<b>19,976,400</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 22,309,728</b>	<b>\$ 2,351,512</b>	<b>\$ 822,613</b>	<b>\$ 2,209,658</b>	<b>\$ 27,693,511</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF BELMONT, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023**

<b>Reconciliation of the Balance Sheet to the Statement of Net Position:</b>	<u><b>Total</b></u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Ending fund balance - governmental funds	\$ 19,976,400
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,279,916
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	876,435
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(126,958)
Compensated absences	(542,215)
Net pension liability - LGERS	(5,036,408)
Total pension liability - LEOSSA	(972,333)
Total OPEB liability	(1,395,540)
Deferred outflows of resources related to OPEB	354,186
Deferred outflows of resources related to pensions	3,500,996
Deferred inflows of resources related to OPEB	(1,201,740)
Deferred inflows of resources related to pensions	(275,251)
Note payable	(16,268,838)
Subscription liabilities	(4,770)
Lease liabilities	<u>(1,033,113)</u>
Net position of governmental activities (Exhibit A)	<u><u>\$ 32,130,767</u></u>

*The accompanying notes are an integral part of the financial statements.*

## CITY OF BELMONT, NORTH CAROLINA

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

	Major Funds				Total
	General Fund	American Recovery Plan Act Special Revenue Fund	Recreation Center Capital Project Fund	Nonmajor Governmental Funds	
<b>Revenues:</b>					
Ad valorem taxes	\$ 10,988,677	\$ -	\$ -	\$ -	\$ 10,988,677
Other taxes and licenses	483,808	-	-	-	483,808
Unrestricted intergovernmental	6,365,648	-	-	-	6,365,648
Restricted intergovernmental	1,468,163	1,218,938	-	-	2,687,101
Permits and fees	298,830	-	-	-	298,830
Sales and services	977,115	-	-	832,775	1,809,890
Investment earnings	315,289	65,418	-	29,413	410,120
Miscellaneous revenues	144,492	-	-	-	144,492
Total revenues	<u>21,042,022</u>	<u>1,284,356</u>	<u>-</u>	<u>862,188</u>	<u>23,188,566</u>
<b>Expenditures:</b>					
Current:					
General government	2,336,814	-	-	-	2,336,814
Public safety	7,989,266	-	-	-	7,989,266
Transportation	2,027,992	-	-	-	2,027,992
Environmental protection	1,122,561	-	-	646,285	1,768,846
Cultural and recreational	1,123,609	-	7,908,495	(1,830)	9,030,274
Economic and physical development	450,717	-	-	-	450,717
Debt service:					
Principal	949,354	-	-	-	949,354
Interest and other charges	138,432	-	-	-	138,432
Capital outlay	3,941,900	-	-	-	3,941,900
Total expenditures	<u>20,080,645</u>	<u>-</u>	<u>7,908,495</u>	<u>644,455</u>	<u>28,633,595</u>
Revenues over (under) expenditures	<u>961,377</u>	<u>1,284,356</u>	<u>(7,908,495)</u>	<u>217,733</u>	<u>(5,445,029)</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	2,138,648	-	11,700,000	38,474	13,877,122
Transfers to other funds	(6,775)	(1,218,938)	-	-	(1,225,713)
Transfers from other funds	590,076	-	-	175,090	765,166
Total other financing sources (uses)	<u>2,721,949</u>	<u>(1,218,938)</u>	<u>11,700,000</u>	<u>213,564</u>	<u>13,416,575</u>
Net change in fund balances	3,683,326	65,418	3,791,505	431,297	7,971,546
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>14,316,267</u>	<u>2,781</u>	<u>(3,820,839)</u>	<u>1,506,645</u>	<u>12,004,854</u>
End of year - June 30	<u>\$ 17,999,593</u>	<u>\$ 68,199</u>	<u>\$ (29,334)</u>	<u>\$ 1,937,942</u>	<u>\$ 19,976,400</u>

The accompanying notes are an integral part of the financial statements.

## CITY OF BELMONT, 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 (Exhibit D)	\$ 7,971,546
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	12,133,660
In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(30,500)
Depreciation/amortization expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,791,501)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	624,113
The issuance of long-term debt provides current financial resources to governmental funds. This transaction does not have any effect on net position.	(13,877,122)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	949,354
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued interest payable	(85,460)
Compensated absences	(23,506)
OPEB plan expense	45,634
Pension expense - LGERS	(599,028)
Pension expense - LEOSSA	<u>(84,977)</u>
Total changes in net position of governmental activities (Exhibit B)	<u>\$ 5,232,213</u>

*The accompanying notes are an integral part of the financial statements.*

## CITY OF BELMONT, NORTH CAROLINA

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
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</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 10,034,606	\$ 10,034,606	\$ 10,988,677	\$ 954,071
Other taxes and licenses	406,000	406,000	483,808	77,808
Unrestricted intergovernmental	5,487,000	5,487,000	6,365,648	878,648
Restricted intergovernmental	1,357,500	1,357,500	1,468,163	110,663
Permits and fees	115,000	115,000	298,830	183,830
Sales and services	796,750	796,750	977,115	180,365
Investment earnings	30,000	30,000	315,289	285,289
Miscellaneous	237,125	237,125	144,492	(92,633)
Total revenues	<u>18,463,981</u>	<u>18,463,981</u>	<u>21,042,022</u>	<u>2,578,041</u>
<b>Expenditures:</b>				
Current:				
General government	1,926,999	2,273,243	2,336,814	(63,571)
Environmental protection	1,201,204	1,208,432	1,122,561	85,871
Public safety	7,152,963	7,935,063	7,989,266	(54,203)
Transportation	2,205,714	2,205,714	2,027,992	177,722
Cultural and recreation	1,105,399	1,135,892	1,123,609	12,283
Economic and physical development	435,000	469,407	450,717	18,690
Debt service:				
Principal	1,705,879	970,698	949,354	21,344
Interest and other charges	603,723	138,432	138,432	-
Capital outlay	2,127,100	2,127,100	3,941,900	(1,814,800)
Total expenditures	<u>18,463,981</u>	<u>18,463,981</u>	<u>20,080,645</u>	<u>(1,616,664)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>961,377</u>	<u>961,377</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	-	2,138,648	2,138,648
Transfers to other funds	-	-	(6,775)	(6,775)
Transfers from other funds	-	-	590,076	590,076
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,721,949</u>	<u>2,721,949</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,683,326</u>	<u>\$ 3,683,326</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>14,316,267</u>	
End of year - June 30			<u>\$ 17,999,593</u>	

The accompanying notes are an integral part of the financial statements.



**CITY OF BELMONT, NORTH CAROLINA**

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

	<u><b>Water and Sewer Fund</b></u>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 2,354,359
Accounts receivable (net)	1,322,996
Due from other governments	497,379
Advance to other funds	161,229
Inventories	267,251
Total current assets	<u>4,603,214</u>
Restricted assets:	
Cash and cash equivalents	<u>344,068</u>
Non-current assets:	
Non-current advance to other funds	<u>499,970</u>
Capital assets:	
Non-depreciable	1,011,266
Depreciable, net of accumulated depreciation	<u>53,066,977</u>
Total capital assets	<u>54,078,243</u>
Total non-current assets	<u>54,578,213</u>
Total assets	<u>59,525,495</u>
<b>Deferred Outflows of Resources:</b>	
OPEB deferrals	144,668
Pension deferrals	<u>1,361,739</u>
Total deferred outflows of resources	<u>1,506,407</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable and accrued liabilities	838,367
Accrued interest	17,085
Current portion of compensated absences	68,780
Current portion of long-term debt	390,491
Payable from restricted assets:	
Customer deposits	<u>271,958</u>
Total current liabilities	<u>1,586,681</u>

*The accompanying notes are an integral part of the financial statements.*

CITY OF BELMONT, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2023

	<u>Water and Sewer Fund</u>
Non-current liabilities:	
Net pension liability	2,057,124
Compensated absences	103,169
Total OPEB liability	570,009
Non-current portion of long-term debt	<u>3,804,023</u>
Total non-current liabilities	<u>6,534,325</u>
Total liabilities	<u>8,121,006</u>
<b>Deferred Inflows of Resources:</b>	
OPEB deferrals	490,852
Pension deferrals	<u>12,071</u>
Total deferred inflows of resources	<u>502,923</u>
<b>Net Position:</b>	
Net investment in capital assets	49,883,729
Debt service - USDA	72,110
Unrestricted	<u>2,452,134</u>
Total net position	<u>\$ 52,407,973</u>

*The accompanying notes are an integral part of the financial statements.*

## CITY OF BELMONT, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Water and Sewer Fund</u>
<b>Operating Revenues:</b>	
Charges for services	\$ 7,419,308
Other operating revenues	<u>2,307,111</u>
Total operating revenues	<u>9,726,419</u>
<b>Operating Expenses:</b>	
Water administration and distribution	4,415,362
Water treatment plant	1,899,042
Waste collection and treatment	2,076,727
Depreciation and amortization	<u>2,808,551</u>
Total operating expenses	<u>11,199,682</u>
Operating income (loss)	<u>(1,473,263)</u>
<b>Non-Operating Revenues (Expenses):</b>	
Investment earnings	69,068
NCDEQ grant revenues	97,250
Interest and other charges	<u>(87,683)</u>
Total non-operating revenues (expenses)	<u>78,635</u>
Income before transfers	(1,394,628)
Transfer from other funds	<u>460,547</u>
Income (loss) before capital contributions	(934,081)
<b>Capital Contributions:</b>	
Contributed capital - donated water lines	<u>4,225,523</u>
Change in net position	3,291,442
<b>Net Position:</b>	
Beginning of year - July 1	<u>49,116,531</u>
End of year - June 30	<u>\$ 52,407,973</u>

*The accompanying notes are an integral part of the financial statements.*

## CITY OF BELMONT, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	<b>Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 9,454,556
Cash paid for goods and services	(4,168,161)
Cash paid to or on behalf of employees for services	(4,107,643)
Customer deposits, net	21,556
Net cash provided (used) by operating activities	<u>1,200,308</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Payments to/from other funds	161,229
Transfers to/from other funds	460,547
Net cash provided (used) in non-capital and related financing activities	<u>621,776</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Grant proceeds	97,250
Acquisition and construction of capital assets	(1,190,019)
Proceeds from long-term debt	87,870
Principal paid on long-term debt	(518,358)
Interest paid on long-term debt	(91,322)
Net cash provided (used) in capital and related financing activities	<u>(1,614,579)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest on investments	69,068
Net increase (decrease) in cash and cash equivalents	276,573
<b>Cash and Cash Equivalents:</b>	
Beginning of year - July 1	<u>2,421,854</u>
End of year - June 30	<u>\$ 2,698,427</u>
<b>Reconciliation of Operating Income (Loss) Net Cash Provided (Used) by Operating Activities :</b>	
Operating income (loss)	<u>\$ (1,473,263)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	2,808,551
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(271,863)
Increase (decrease) in deferred inflows of resources for pensions	(727,642)
Increase (decrease) in net pension liability	1,543,091
Increase (decrease) in total OPEB liability	(304,334)
(Increase) decrease deferred outflows of resources for pensions	(570,776)
Increase (decrease) in deferred inflows of resources for OPEB	262,660
(Increase) decrease deferred outflows of resources for OPEB	23,033
(Increase) decrease in inventories	(39,644)
Increase (decrease) in accounts payable and accrued liabilities	(98,637)
Increase (decrease) in compensated absences payable	27,576
Increase (decrease) in customer deposits	21,556
Total adjustments	<u>2,673,571</u>
Net cash provided (used) by operating activities	<u>\$ 1,200,308</u>
<b>Non-Cash Transactions:</b>	
Capital contributions	<u>\$ 4,225,523</u>

The accompanying notes are an integral part of the financial statements.

# CITY OF BELMONT, 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 Belmont (the “City”) conform to accounting principles generally accepted in the United States of America 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 five-member Council.

##### **Belmont Tourism Development Authority**

The Tourism Development Authority (the “TDA”) was established to promote travel, tourism, and conventions in the City, and to sponsor tourist-related events and activities in the City of Belmont, North Carolina under Session Law 2005-220. The six members of this Board are appointed by the City Council. At least two-thirds of the proceeds derived from the occupancy tax, levied and collected by the City, remitted to the Tourism Development Authority, must be used to promote tourism in the City of Belmont, with the remainder used for tourism-related expenditures. The Belmont Tourism Development Authority, which has a June 30 year-end, is presented as if it were a governmental fund type. The budget and actual schedule of the Tourism Development is also presented after the Enterprise Fund supplementary information. The City is financially accountable for the Belmont Tourism Development Authority, which is reported as a discrete component unit separate from the financial information of the primary government. The Authority did not issue separate financial statements.

##### **Downtown Belmont Development Association, Inc.**

The Downtown Belmont Development Association, Inc. (DBDA) is a non-profit 501(c)(3) corporation that was founded to further advance the economic, aesthetic, and cultural environment of historic Downtown Belmont, North Carolina. The DBDA lessens the burden of the City as it relates to eliminating the physical and economic deterioration of the City’s traditional downtown area, thereby promoting the City’s historic preservation, contributing to the betterment of the community. The DBDA is made up of a ten-member Board, all of whom are appointed by the City Council. The City Council can remove any member of the entity with or without cause. The DBDA is reported as a discrete component unit separate from the financial information of the primary government. The DBDA does not issue separate financial statements.

##### **City of Belmont 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 at the City of Belmont ABC Board, 6425-L Wilkinson Boulevard, Belmont, North Carolina 28012.

# CITY OF BELMONT, NORTH CAROLINA

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

### B. Basis of Presentation

*Government-Wide Financial Statements.* The Statement of Net Position and the Statement of Activities display information about the City 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. 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 and are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

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 clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among the program revenues are reported instead as general revenues.

*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 and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state-shared revenues, and various other taxes and licenses. The primary expenditures are for public safety, transportation, environmental protection, culture and recreation, economic and physical development, and general government services.

**American Recovery Plan Act Special Revenue Fund.** This fund accounts for the federal America Recovery Plan Act grant funds that are restricted for use for a particular purpose and is used to track activities of that grant.

# CITY OF BELMONT, NORTH CAROLINA

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

**Recreation Center Capital Project Fund.** This fund is used to account for the design and construction of the Belmont Recreation and Community Center.

The City reports the following nonmajor governmental funds:

**Capital Reserve Fund.** The Capital Project Capital Reserve Fund is established to be used for future General Fund capital project expenditures.

**Stormwater Fund.** The Stormwater Special Revenue Fund is established to account for the stormwater fees and program expenditures.

**Skate Park Capital Project Fund.** The project was established to account for the design and construction of the Skateboard Park.

**Abbey Creek Park Capital Project Fund.** The project was established to account for the design and construction of the Abbey Creek Greenway.

**Belmont Rail Trail Project Fund.** The project was established for design and engineering of a 1.5-mile-long greenway running from Glenway Street in downtown Belmont north to Woodlawn Avenue. The project will be located along the Belmont Spur of the NCDOT Rail corridor.

The City reports the following major Enterprise Fund:

**Water and Sewer Fund.** The Water and Sewer Fund is used to account for the City's water and sewer operations. The water and sewer capital reserve fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the water and sewer capital reserve fund has been included in the supplemental information.

### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

*Government-Wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and 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, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized as revenues in the fiscal year for which the taxes are levied. Revenue from grant entitlements and donations are 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 from 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.

# CITY OF BELMONT, NORTH CAROLINA

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the 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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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.

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 because the tax is levied by Gaston 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 are both restricted and unrestricted net positions 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. Interest on investments is recorded as earned since



# CITY OF BELMONT, NORTH CAROLINA

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

it is both measurable and available. Expenditures are recognized in the accounting period in which a fund liability is incurred, if measurable, except for interest on general long-term debt and non-current portion of accrued vacation payable which is recognized when due. Inventory decreases, capital expenditures, and payments of principal on long-term debt are considered to be expenditures.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### **D. Budgetary Data**

As required by the North Carolina Budget and Fiscal Control Act, the City Council adopts an annual budget ordinance for all governmental and proprietary fund types except funds authorized by project ordinance. All annual appropriations lapse at the fiscal year-end. All budget ordinances are prepared on the modified accrual basis of accounting as required by the Act. During the year ended June 30, 2023, several amendments to the original budget were necessary.

Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

#### **Deposits and Investments**

All deposits of the City, ABC Board, the TDA and the DBDA are made in Board-designated official depositories and are secured as required by state law [G.S. 159-31]. The City, ABC Board, the TDA and the DBDA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City, ABC Board, the TDA and the DBDA 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, ABC Board, the TDA and the DBDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the state of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The City's investments are reported at fair value. The NCCMT Government Portfolio, an SEC-registered (2a-7) government money market mutual fund, 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.

# CITY OF BELMONT, NORTH CAROLINA

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

### Cash and Cash Equivalents

The City pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered to be cash and cash equivalents. All cash and investments for the ABC Board, TDA and DBDA are considered cash and cash equivalents.

### Restricted Assets

#### Governmental Activities:

General Fund:

Restricted for streets - Powell Bill	\$ 797,061
USDA loan reserve requirement	91,776
USDA capital asset replacement reserve	5,000
Advance from grantors	1,000,000
Performance bond deposits	<u>898,080</u>
Total General Fund	<u>2,791,917</u>

American Recovery Plan Act

Special Revenue Fund -

Advance from grantors	<u>2,283,313</u>
Total governmental activities	<u>\$ 5,075,230</u>

#### Business-Type Activities:

Water and Sewer Fund:

Customer deposits	\$ 271,958
USDA loan reserve requirement	<u>72,110</u>
Total business-type activities	<u>\$ 344,068</u>

Powell Bill funds are classified as restricted assets because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Performance bond deposits held by the City are restricted until such time the performance of the contract has been satisfied. Reserved for USDA Rural Development is restricted because it can only be expended for debt service expenditures related to the public works building loan. Advance from grantors are classified as restricted cash because they must be expended in accordance with the purpose for which the funds were issued.

### 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 1<sup>st</sup>, the beginning of the fiscal year. These taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2022.

# CITY OF BELMONT, NORTH CAROLINA

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

### **Allowance 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.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. Prepaid items for the City's governmental funds are treated using the consumption method.

### **Inventory**

Inventories are valued at cost (first-in, first-out), which approximates market. The inventories of the City's General Fund and Enterprise Fund consist of supplies and materials held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

### **Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. General infrastructure assets, which were acquired after July 1, 2003, include roads, bridges, sidewalks, traffic signals, etc. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

Capital assets are depreciated using the straight-line method. Interest expense is capitalized on construction in progress to the extent that it exceeds income.

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 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 at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, 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.

# CITY OF BELMONT, NORTH CAROLINA

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

The right to use IT subscription assets are initially measured as an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets are amortized on a straight-line basis over the subscription term.

The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	10-25
Vehicles	3-5
Furniture and equipment	5-15
Computer equipment	3
Infrastructure and distribution systems	25-40

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Assets</u>	<u>Years</u>
Leasehold improvements	7-15
Store equipment	5-7
Office furniture and equipment	5-7
Signage	5
Software	5

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City currently has two items matching these criteria – pension deferrals and OPEB deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to future period and so will not be recognized as revenues until then. The City has several items that meet these criteria – property taxes receivable, solid waste and stormwater receivables, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), pension deferrals, and OPEB deferrals.

# CITY OF BELMONT, NORTH CAROLINA

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

### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Compensated Absences**

The vacation policy of the City provides for the accumulation of up to 30 days of earned vacation leave to full-time employees based upon the number of years of service, with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and salary related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of 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 City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **Reimbursements for Pandemic-Related Expenditures**

In Fiscal Year 2021, the American Rescue Plan Act (ARPA) established the coronavirus state and local fiscal recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City of Belmont was awarded \$4,002,202 of fiscal recovery funds to be paid in two equal installments. The first installment was received in August 2021. The second installment was received in August 2022. City staff and the City Council elected to use \$499,951 for playground equipment and the purchase of land for a substation in fiscal year 2022. The \$499,951 used in fiscal year 2022 was transferred to the General Fund and the Water and Sewer Fund from the American Recovery Plan Act Special Revenue Fund in the amount of \$440,278 and \$29,673, respectively. In fiscal year 2023, the City used \$1,218,938 in ARPA funds for Stowe Park bathroom renovations, stormwater drainage and culvert improvements to protect the City's infrastructure, and

# CITY OF BELMONT, NORTH CAROLINA

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

employee bonuses. In fiscal year 2024, the City plans to obligate any remaining ARPA funds using revenue replacement.

### **Net Position/Fund Balances**

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, laws, regulations of other governments, or imposed by law through state statute.

### **Fund Balances**

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

The governmental fund types classify fund balance 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.

*Prepaid Items* – portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, which are not spendable resources.

### **Restricted Fund Balance**

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

*Restricted for Stabilization by State Statute* – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by state statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which

**CITY OF BELMONT, NORTH CAROLINA**

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

a restriction is “imposed by law through constitutional provisions or enabling legislation”. RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

*Restricted for Debt Service* – portion of fund balance that is restricted for future debt service payments.

*Restricted for Capital Asset Replacement Reserve* – portion of fund balance that is restricted for capital asset replacement costs as required by the grantor.

<u>Purpose</u>	<u>General Fund</u>	<u>Aggregate Nonmajors</u>	<u>Total</u>
Stabilization by state statute	\$ 1,125,493	\$ 10,875	\$ 1,136,368
Streets	797,061	-	797,061
Capital asset replacement reserve - USDA	5,000	-	5,000
Debt service - USDA	91,776	-	91,776
Total restricted fund balance	<u>\$ 2,019,330</u>	<u>\$ 10,875</u>	<u>\$ 2,030,205</u>

**Committed Fund Balance**

*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 Belmont's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires action by the governing body. 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 Cultural and Recreational* – portion of fund balance that has been budgeted by the Board for use in investment in capital project related activities.

*Committed for General Government* – portion of fund balance that has been budgeted by the Board for the purpose of the grant.

	<u>American Recovery Plan Act Special Revenue Fund</u>	<u>Aggregate Nonmajors</u>	<u>Total</u>
Cultural and recreational	\$ -	\$ 95,279	\$ 95,279
General government	68,199	376,811	445,010
Total committed fund balance	<u>\$ 68,199</u>	<u>\$ 472,090</u>	<u>\$ 540,289</u>

# CITY OF BELMONT, NORTH CAROLINA

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

### Assigned Fund Balance

*Assigned Fund Balance* – portion of fund balance that the City of Belmont intends to use for specific purposes. City Council has the responsibility for assigning fund balance by majority vote.

*Assigned for Stormwater Fund* – portion of fund balance that has been budgeted by the Board for use in the Stormwater Fund.

Stormwater Fund	\$ <u>1,575,510</u>
-----------------	---------------------

### Unassigned Fund Balance

*Unassigned Fund Balance* – portion of fund balance that has not been restricted, committed, or assigned to specific purposes of other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The City of Belmont 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, following 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 of Belmont has adopted a formal fund balance policy for the available fund balance at the close of each fiscal year should be no less than 25% of the City's total annual operating budget, with a target policy equal to 30%. The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 17,999,593
<b>Less:</b>	
Inventories	29,866
Prepaid items	33,546
Restricted for stabilization by state statute	1,125,493
Restricted for streets	797,061
Restricted for USDA	96,776
Working capital/fund balance policy	<u>4,615,995</u>
Remaining fund balance	<u>\$ 11,300,856</u>



# CITY OF BELMONT, NORTH CAROLINA

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

### **Defined Benefit Cost Sharing Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, the 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 Belmont's employer contributions are recognized when due and the City of Belmont 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.

### **Interfund Transactions**

Interfund services provided are accounted for as revenues or expenses in the government-wide financial statements, since they would be treated as such if they involved organizations external to the City. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

### **F. Management 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF BELMONT, NORTH CAROLINA**

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

**2. Stewardship, Compliance, and Accountability**

**Significant Violations of Finance-Related Legal and Contractual Provisions**

**A. Excess of Expenditures over Appropriations**

Per G.S. 159-8 requires all funds be appropriated before incurring the obligation of funds and that amounts be pre-audited prior to disbursements being made. For the fiscal year ended June 30, 2023, the expenditures exceeded authorized appropriations by the governing board for the following departments and funds:

<u>Fund</u>	<u>Amount</u>
<b>General Fund:</b>	
Administration and finance	\$ (90,960)
Fire	(69,100)
Main street program	(3,086)
Capital outlay	(1,814,800)
Transfer to other funds	(6,775)
Total General Fund:	<u>\$ (1,984,721)</u>
<b>Water and Sewer Fund:</b>	
Water administration and distribution	<u>\$ (363,274)</u>

Please refer to finding 2023-003 for further information.

**B. Non-Compliance with North Carolina General Statutes**

N.C. General Statute 159-33 requires the City to submit a semi-annual Cash and Investment Report (LGC-203) to the Local Government Commission by January 25<sup>th</sup> and July 25<sup>th</sup> of each year. The City experienced turnover in key financial personnel, thus resulting in delays in required reporting. Per N.C. General Statute 116B-53(c), subpart 12, property is presumed abandoned if it is unclaimed by the apparent owner after one year of the property becoming distributable. Per N.C. General Statute 116B-60, a holder of property presumed abandoned shall make a report to the Treasurer concerning the property. The City did not properly follow the required escheat process for fiscal year 2023. Please refer to findings 2023-004 and 2023-005, respectively, for further information.

# CITY OF BELMONT, NORTH CAROLINA

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

### C. Deficit Fund Balance of Individual Funds

At year end, the City reported deficit fund balance in the following funds:

<u>Fund</u>	<u>Amount</u>
Major Recreation Center Capital Project Fund	\$ (29,334)
<b>Nonmajor Governmental Funds:</b>	
Abbey Creek Park Capital Project Fund	(133,018)
Total Governmental Activities:	<u>\$ (162,352)</u>

The Major Recreation Center Capital Project Fund will be funded through long-term debt proceeds and a PARTF Grant, of which the City expects to receive in fiscal year 2024. The Abbey Creek Capital Project Fund will be funded through long-term debt proceeds once the loan has closed.

### 3. Detail Notes On All Funds

#### A. Assets

##### Deposits

All deposits of the City, ABC Board, and the TDA 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, ABC's Board's, or TDA's agents in these unit's 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, ABC Board, and the TDA, these deposits are considered to be held by the City's, ABC Board's, and the TDA'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, ABC Board, the TDA or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, 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 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 \$15,996,763 and a bank balance of \$16,396,368. Of the bank balance, \$459,951 was covered by federal depository

**CITY OF BELMONT, NORTH CAROLINA**

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

insurance, and \$15,936,417 was covered by collateral held under the Pooling Method. At June 30, 2023, the City's petty cash totaled \$900.

The City of Belmont Tourism Development Authority's deposits had a carrying amount of \$358,719 and a bank balance of \$358,719. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$108,719 was covered by collateral held under the Pooling Method.

The DBDA's deposits had a carrying amount of \$52,616 and a bank balance of \$39,123. All of the bank balances for the DBDA were covered by federal depository insurance.

The City of Belmont ABC's Board's deposits had a carrying amount of \$843,905 and a bank balance of \$802,991. Of the bank balance, \$802,991 was covered by federal depository insurance. At June 30, 2023, the ABC Board's petty cash totaled \$2,870.

**Investments**

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

<b>Investments by Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/2023</b>	<b>Maturity</b>	<b>Rating</b>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ <u>12,305,575</u>	N/A	AAAm/AAA-mf

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 valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk:* The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk:* The City has no policy regarding credit risk. The City's investment in the NC Capital Management Trust Government Portfolio carried a rating of AAAm by Standard and Poor's and AAA-mf Moody's Investors Service as of June 30, 2023.

**CITY OF BELMONT, NORTH CAROLINA**

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

**Receivables**

Receivables at Exhibit A at June 30, 2023 were as follows:

<u>Funds</u>	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 124,591	\$ 119,064	\$ 1,043,526	\$ 1,287,181
Other governmental	<u>148,598</u>	<u>-</u>	<u>510,875</u>	<u>659,473</u>
Total receivables	273,189	119,064	1,554,401	1,946,654
Allowance for doubtful accounts	<u>(18,788)</u>	<u>(47,181)</u>	<u>-</u>	<u>(65,969)</u>
Total governmental activities	<u>\$ 254,401</u>	<u>\$ 71,883</u>	<u>\$ 1,554,401</u>	<u>\$ 1,880,685</u>
<b>Business-Type Activities:</b>				
Water and sewer	\$ 1,693,282	\$ -	\$ 497,379	\$ 2,190,661
Allowance for doubtful accounts	<u>(370,286)</u>	<u>-</u>	<u>-</u>	<u>(370,286)</u>
Total business-type activities	<u>\$ 1,322,996</u>	<u>\$ -</u>	<u>\$ 497,379</u>	<u>\$ 1,820,375</u>

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

	<u>Governmental Activities</u>
Local option sales tax	\$ 826,917
Sales tax	3,167
NCDMV	108,714
PARTF grant	500,000
ABC profit distribution	53,064
Department of Justice	16,179
Occupancy tax revenue	<u>46,360</u>
Total	<u>\$ 1,554,401</u>
	<u>Business-Type Activities</u>
Sales tax	\$ 478,729
NCDEQ grant	<u>18,650</u>
Total	<u>\$ 497,379</u>

# CITY OF BELMONT, NORTH CAROLINA

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

### Capital Assets

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

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable/Amortizable</b>				
<b>Capital Assets:</b>				
Land	\$ 3,164,369	\$ -	\$ -	\$ 3,164,369
Other	5,687	-	-	5,687
Construction in progress	6,318,866	9,485,723	11,768	15,792,821
Total non-depreciable/amortizable capital assets	9,488,922	9,485,723	11,768	18,962,877
<b>Depreciable/Amortizable</b>				
<b>Capital Assets:</b>				
Buildings	6,465,221	15,019	-	6,480,240
Other improvements	7,634,580	331,554	-	7,966,134
Equipment	4,945,993	1,111,723	35,679	6,022,037
Infrastructure	3,911,606	-	-	3,911,606
Vehicles and motorized equipment	5,937,612	37,295	121,296	5,853,611
Right-to-use lease assets	58,637	1,143,326	54,888	1,147,075
IT Subscription assets	-	9,020	-	9,020
Total depreciable/amortizable capital assets	28,953,649	2,647,937	211,863	31,389,723
<b>Less Accumulated</b>				
<b>Depreciation/Amortization</b>				
Buildings	2,303,060	154,365	-	2,457,425
Other improvements	2,685,974	515,180	-	3,201,154
Equipment	4,486,742	236,857	35,679	4,687,920
Infrastructure	992,304	163,946	-	1,156,250
Vehicles and motorized equipment	3,968,516	578,825	102,564	4,444,777
Right-to-use lease assets	37,718	138,790	54,888	121,620
IT Subscription assets	-	3,538	-	3,538
Total accumulated depreciation/amortization	14,474,314	1,791,501	193,131	16,072,684
Total depreciable/amortizable capital assets, net	14,479,335			15,317,039
Governmental activities capital assets, net	\$ 23,968,257			\$ 34,279,916

**CITY OF BELMONT, NORTH CAROLINA**

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

Depreciation/amortization was charged to functions/programs of the City as follows:

General government	\$	210,921
Public safety		658,325
Transportation		84,524
Cultural and recreational		398,612
Stormwater		<u>439,119</u>
Total	\$	<u><u>1,791,501</u></u>

# CITY OF BELMONT, NORTH CAROLINA

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

The following is a summary of changes in the business-type capital assets for the year ended June 30, 2023.

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2023</u>
<b>Business-Type Activities:</b>					
<b>Non-Depreciable/Amortizable</b>					
<b>Capital Assets:</b>					
Land	\$ 105,563	\$ -	\$ -	\$ -	\$ 105,563
Right-of-ways	28,911	-	-	-	28,911
Construction in progress	456,167	588,315	-	167,690	876,792
Total non-depreciable/amortizable capital assets	<u>590,641</u>	<u>588,315</u>	<u>-</u>	<u>167,690</u>	<u>1,011,266</u>
<b>Depreciable/Amortizable</b>					
<b>Capital Assets:</b>					
Buildings	19,311,872	-	-	-	19,311,872
Improvements other than buildings	697,562	343,390	-	-	1,040,952
Distribution systems	50,789,386	4,225,523	-	167,690	55,182,599
Machinery and equipment	15,032,327	169,444	-	-	15,201,771
Natural gas fill station	258,342	-	-	-	258,342
Right to use lease assets	35,757	79,850	32,008	-	83,599
IT Subscription assets	-	9,020	-	-	9,020
Total depreciable/amortizable capital assets	<u>86,125,246</u>	<u>4,827,227</u>	<u>32,008</u>	<u>167,690</u>	<u>91,088,155</u>
<b>Less Accumulated</b>					
<b>Depreciation/Amortization</b>					
Buildings	8,792,851	406,744	-	-	9,199,595
Improvements other than buildings	276,098	49,784	-	-	325,882
Distribution systems	14,484,381	1,317,412	-	-	15,801,793
Machinery and equipment	11,508,982	997,491	-	-	12,506,473
Natural gas fill station	159,859	13,053	-	-	172,912
Right to use lease assets	22,464	20,529	32,008	-	10,985
IT Subscription assets	-	3,538	-	-	3,538
Total accumulated depreciation/amortization	<u>35,244,635</u>	<u>2,808,551</u>	<u>32,008</u>	<u>-</u>	<u>38,021,178</u>
Total depreciable/amortizable capital assets, net	<u>50,880,611</u>				<u>53,066,977</u>
Business-type activities capital assets, net	<u>\$ 51,471,252</u>				<u>\$ 54,078,243</u>



# CITY OF BELMONT, NORTH CAROLINA

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

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2023 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net of depreciation/amortization	\$ 34,279,916	\$ 54,078,243
Long-term debt	(17,306,721)	(4,194,514)
Net investment in capital assets	\$ 16,973,195	\$ 49,883,729

### Component Unit

Capital assets of the ABC Board as of June 30, 2023 were as follows:

	<b>July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2023</b>
<b>Depreciable/Amortizable</b>				
<b>Capital Assets:</b>				
Leasehold improvements	\$ 257,823	\$ -	\$ -	\$ 257,823
Store equipment	115,697	12,592	-	128,289
Office furniture and equipment	14,734	-	-	14,734
Signage	9,122	-	-	9,122
Software	278,292	-	-	278,292
Total depreciable/amortizable capital assets	675,668	12,592	-	688,260
<b>Less Accumulated</b>				
<b>Depreciation/Amortization</b>				
Leasehold improvements	119,940	26,275	-	146,215
Store equipment	66,115	17,515	-	83,630
Office furniture and equipment	8,852	2,246	-	11,098
Signage	8,331	791	-	9,122
Software	3,755	342	-	4,097
Total accumulated depreciation/amortization	206,993	47,169	-	254,162
Total depreciable/amortizable capital assets, net	\$ 468,675			\$ 434,098

**CITY OF BELMONT, NORTH CAROLINA**

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

**B. Liabilities**

**Accounts Payable and Accrued Items**

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

	<u>Vendors</u>	<u>Due to Component Unit</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 1,079,570	\$ 46,360	\$ 1,403,339	\$ 2,529,269
Other governmental	<u>2,274</u>	<u>-</u>	<u>359,461</u>	<u>361,735</u>
Total	<u>\$ 1,081,844</u>	<u>\$ 46,360</u>	<u>\$ 1,762,800</u>	<u>\$ 2,891,004</u>
<b>Business-Type Activities:</b>				
Water and sewer	<u>\$ 593,426</u>	<u>\$ -</u>	<u>\$ 262,026</u>	<u>\$ 855,452</u>

**Construction Commitments**

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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Recreation Center	\$ 13,229,334	\$ 2,571
Rail Trail project	<u>110,830</u>	<u>42,170</u>
Total	<u>\$ 13,340,164</u>	<u>\$ 44,741</u>

**Pension Plan Obligations**

**Local Governmental Employees’ Retirement System**

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

# CITY OF BELMONT, NORTH CAROLINA

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

members. The LGERS is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to 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, 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 were \$1,221,903 for the year ended June 30, 2023.

# CITY OF BELMONT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS 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 \$7,093,532 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measured as of June 30, 2022), the City’s proportion was 0.12574%, which was an increase of 0.01016% from its proportion measured as of June 30, 2022 (measured as of June 30, 2021). For the year ended June 30, 2023, the City recognized pension expense of \$2,065,600. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 305,654	\$ 29,968
Changes of assumptions	707,775	-
Net difference between projected and actual earnings on pension plan investments	2,344,486	-
Changes in proportion and differences between City contributions and proportionate share of contributions	115,830	11,659
City contributions subsequent to the measurement date	1,221,903	-
Total	\$ 4,695,648	\$ 41,627

# CITY OF BELMONT, NORTH CAROLINA

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

\$1,221,903 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 inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2024	\$ 1,098,122
2025	923,062
2026	293,977
2027	1,116,957
2028	-
Thereafter	-
Total	<u>\$ 3,432,118</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 increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

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

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

# CITY OF BELMONT, NORTH CAROLINA

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

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

**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.

**CITY OF BELMONT, NORTH CAROLINA**

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

*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:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
City's proportionate share of the net pension liability (asset)	<u>\$ 12,802,911</u>	<u>\$ 7,093,532</u>	<u>\$ 2,388,671</u>

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

**Law Enforcement Officers’ Special Separation Allowance**

**Plan Description.** The City of Belmont 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. A separate report was not issued for the plan.

All full-time law enforcement officers of the City are covered by the Separation Allowance.

At June 30, 2023, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>38</u>
Total	<u><u>41</u></u>

# CITY OF BELMONT, NORTH CAROLINA

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

### Summary of Significant Accounting Policies

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

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

### Actuarial Assumptions

The entry age normal actuarial cost method was used in the June 30, 2022 valuation. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 7.75 percent
Discount rate	4.05 percent

Pursuant to GASB 73, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Fidelity GO AA Bond Index is often cited as an appropriate benchmark. The 20-year bond rate from that index was 4.05% on December 31, 2022.

The actuarial assumptions used in the June 30, 2022 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.

**Deaths after Retirement (Healthy):** Pub-2010 Safety Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

**Deaths before Retirement:** Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

**Deaths after Retirement (Disabled):** Pub-2010 General Disabled Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set back 3 years.



**CITY OF BELMONT, NORTH CAROLINA**

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

**Contributions.** The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments 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. Administrative costs of the Separation Allowance are financed through investment earnings. The City paid \$32,616 as benefits came due for the reporting period.

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

At June 30, 2023, the City reported a total pension liability of \$972,333. The total pension liability was measured as of December 31, 2022 based on a June 30, 2022 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$114,107.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,261	\$ 55,966
Changes of assumptions	91,755	189,729
City benefit payments made subsequent to the measurement date	<u>12,071</u>	<u>-</u>
Total	<u>\$ 167,087</u>	<u>\$ 245,695</u>

\$12,071 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and 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:

<u>Year Ending June 30</u>	<u>Amount</u>
2024	\$ 26,952
2025	8,306
2026	(42,487)
2027	(52,109)
2028	(31,341)
Thereafter	<u>-</u>
Total	<u>\$ (90,679)</u>

**CITY OF BELMONT, NORTH CAROLINA**

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

*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 4.05 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 (3.05 percent) or 1-percentage-point higher (5.05 percent) than the current rate:

	<b>1% Decrease (3.05%)</b>	<b>Discount Rate (4.05%)</b>	<b>1% Increase (5.05%)</b>
Total pension liability	\$ 1,080,657	\$ 972,333	\$ 875,415

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

	<b>2023</b>
Beginning balance	\$ 1,203,631
Service cost	69,379
Interest on the total pension liability	24,425
Differences between expected and actual experience in the measurement of the total pension liability	(65,673)
Changes of assumptions or other inputs	(226,813)
Benefit payments	(32,616)
Ending balance of the total pension liability	\$ 972,333

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.06% at December 31, 2021 to 4.05% at December 31, 2022.

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.

**CITY OF BELMONT, NORTH CAROLINA**

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

**Total Expense, 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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 2,065,600	\$ 114,107	\$ 2,179,707
Pension liability	7,093,532	972,333	8,065,865
Proportionate share of the net pension liability	0.12574%	n/a	-

**Deferred of Outflows of Resources:**

Differences between expected and actual experience	\$ 305,654	\$ 63,261	\$ 368,915
Changes of assumptions	707,775	91,755	799,530
Net difference between projected and actual earnings on plan investments	2,344,486	-	2,344,486
Changes in proportion and differences between contributions and proportionate share of contributions	115,830	-	115,830
Benefit payments and administrative costs paid subsequent to the measurement date	<u>1,221,903</u>	<u>12,071</u>	<u>1,233,974</u>
	<u>\$ 4,695,648</u>	<u>\$ 167,087</u>	<u>\$ 4,862,735</u>

**Deferred of Inflows of Resources:**

Differences between expected and actual experience	\$ 29,968	\$ 55,966	\$ 85,934
Changes of assumptions	-	189,729	189,729
Changes in proportion and differences between contributions and proportionate share of contributions	<u>11,659</u>	<u>-</u>	<u>11,659</u>
	<u>\$ 41,627</u>	<u>\$ 245,695</u>	<u>\$ 287,322</u>

**Supplemental Retirement Income Plan for Law Enforcement Officers**

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

# CITY OF BELMONT, NORTH CAROLINA

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5.0% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan.

The City made contributions of \$137,956 for the reporting year. No amounts were forfeited.

### **Other Post-Employment Benefits - Healthcare Benefits**

**Plan Description.** In addition to providing pension benefits, the City administers a single-employer defined benefit Healthcare Benefits Plan. Under the terms of a City resolution, the City allows employees hired on or before December 1, 2014 who retire from the City of Belmont with 25 or more years of service under the North Carolina Local Governmental Employees' Retirement System and 10 or more years of service with the City are eligible for health insurance until they reach age 65. Such insurance is provided until the retiree becomes eligible for Medicare. Healthcare and prescription drug coverage are provided under the City's insured group healthcare plan. The City will pay the full cost of the health insurance premium under the retiree becomes eligible for Medicare. Life insurance, dental, and vision coverage are available at the retiree's expense until retiree is eligible for Medicare. Retirees may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the retiree becoming eligible for Medicare (attaining age 65), or upon the retirees' death, whichever comes first. The City Council may amend the benefit provision. A separate report was not issued for the Plan.

No assets are accumulated in a trust that meets the criteria in paragraph 14 of GASB Statement 75.

Membership of the plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	5
Active plan members	<u>42</u>
Total	<u><u>47</u></u>

### **Total OPEB Liability**

The City's total OPEB liability of \$1,965,549 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

**CITY OF BELMONT, 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, 2022 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
Wage inflation	3.25 percent
Salary increases, including wage inflation:	
General employees	3.30 to 8.30 percent
Firefighters	3.30 to 8.00 percent
Law enforcement officers	3.30 to 7.80 percent
Municipal Bond Index Rate:	
Prior measurement date	2.16 percent
Measurement date	3.69 percent
Healthcare cost trend rates:	
pre-medicare, medical and prescription drug	2.50 percent for 2023 decreasing to an ultimate rate of 4.50 percent $\geq$ 2030

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2022</b>	<u>\$ 3,014,975</u>
Changes for the year:	
Service cost	134,385
Interest	64,580
Differences between expect and actual experience	(716,855)
Changes in assumptions or other inputs	(495,555)
Benefit payments	<u>(35,981)</u>
Net changes	<u>(1,049,426)</u>
<b>Balance at June 30, 2023</b>	<u><u>\$ 1,965,549</u></u>

**Demographic Assumptions – General Employees:**

**Deaths before Retirement:** Pub-2010 General Employees Male and Female Mortality tables projected generationally with MP-2019.

# CITY OF BELMONT, NORTH CAROLINA

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

**Death after Retirement (Healthy):** Pub-2010 General Retirees Mortality table projected generationally with MP-2019. The male rates are set forward 2 years and adjusted with the following factors: 80 and younger, 96.0%; age 81, 96.8%; age 82, 97.6%; age 83, 98.4%; age 84, 99.2%; age 85 and older, 100.0%. The female rates are adjusted with the following factors: 91 and younger, 100.0%; age 92, 102.5%; age 93, 105.0%; age 94, 107.5%; age 95 and older, 110.0%.

**Deaths after Retirement (Disabled):** Pub-2010 General Disabled Retirees Mortality table projected generationally with MP-2019. The male rates are set forward 3 years, and the female rates are set back 1 year.

### **Demographic Assumptions – Firefighters and Rescue Squad Workers:**

**Deaths before Retirement:** Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

**Death after Retirement (Healthy):** Pub-2010 Safety Retirees Mortality table projected generationally with MP-2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

**Deaths after Retirement (Disabled):** Pub-2010 Safety Disabled Retirees Mortality table projected generationally with MP-2019. The male and female rates are set back 3 years.

### **Demographic Assumptions – Law Enforcement Officers:**

**Deaths before Retirement:** Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

**Death after Retirement (Healthy):** Pub-2010 Safety Retirees Mortality table projected generationally with MP-2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

**Deaths after Retirement (Disabled):** Pub-2010 Safety Disabled Retirees Mortality table projected generationally with MP-2019. The male and female rates are set back 3 years.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by the LGERS Board.

**CITY OF BELMONT, NORTH CAROLINA**

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2022 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 (2.69 percent) or 1-percentage-point higher (4.69 percent) than the current discount rate:

	<u>1%</u> <u>Decrease</u> <u>(2.69%)</u>	<u>Discount</u> <u>Rate</u> <u>(3.69%)</u>	<u>1%</u> <u>Increase</u> <u>(4.69%)</u>
Total OPEB liability	<u>\$ 2,178,711</u>	<u>\$ 1,965,549</u>	<u>\$ 1,775,344</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:

	<u>1%</u> <u>Decrease</u>	<u>Current</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	<u>\$ 1,740,628</u>	<u>\$ 1,965,549</u>	<u>\$ 2,229,033</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 income of \$12,598. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 3,150	\$ 1,187,265
Changes of assumptions	460,100	505,327
Benefit payments and administrative costs made subsequent to the measurement date	<u>35,604</u>	<u>-</u>
Total	<u>\$ 498,854</u>	<u>\$ 1,692,592</u>

# CITY OF BELMONT, NORTH CAROLINA

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

\$35,604 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 inflows or outflows of resources related to pensions will be recognized in OPEB expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2024	\$ (215,063)
2025	(215,063)
2026	(215,063)
2027	(199,159)
2028	(180,648)
Thereafter	<u>(204,346)</u>
Total	<u>\$ (1,229,342)</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 months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. 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 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. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City considers these contributions to be immaterial.



# CITY OF BELMONT, NORTH CAROLINA

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

### Deferred Outflows/Inflows of Resources

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

Source	Amount
Differences between expected and actual experience - OPEB	\$ 3,150
Differences between expected and actual experience - (LGERS & LEOSSA)	368,915
Changes of assumptions (LGERS & LEOSSA)	799,530
Changes of assumptions - OPEB	460,100
Changes in proportion and differences between City contributions and proportionate share of contributions (LGERS & LEOSSA)	115,830
Net difference between projected and actual earnings on pension plan investments (LGERS & LEOSSA)	2,344,486
Benefit payments paid subsequent to the measurement date (LEOSSA & LGERS)	1,233,974
Benefit payments and administrative costs made subsequent to the measurement date (OPEB)	<u>35,604</u>
Total deferred outflows	<u>\$ 5,361,589</u>

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

Source	Amount
Differences between expected and actual experience - OPEB	\$ 1,187,265
Differences between expected and actual experience (LEOSSA & LGERS)	85,934
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)	11,659
Changes of assumptions (OPEB)	505,327
Changes of assumptions (LEOSSA)	189,729
Taxes receivable, net	71,883
Stormwater receivables	129,810
Unavailable revenue	592,513
Solid waste receivable	<u>82,229</u>
Total deferred inflows	<u>\$ 2,856,349</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 two 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 \$3 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are re-insured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$500,000 up to statutory limits for

# CITY OF BELMONT, NORTH CAROLINA

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

workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the re-insurance limit based upon a percentage of the total insurance values.

The City carries employee health insurance through Blue Cross Blue Shield with unlimited lifetime maximum coverage.

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

The City carries flood insurance through the IRFFNC insurance pool administered by the North Carolina League of Municipalities. This coverage provides flood insurance for properties located in flood zones B, C, and X up to \$5,000,000, with a \$50,000 deductible. There is no flood coverage for properties in any other flood zone through IRFFNC.

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 is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000 for employee dishonesty and forgery or alteration and \$5,000 for theft of money and securities. 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 the S.L. 2022-53 Section 9(a).

Belmont Tourism Development Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions. In accordance with G.S. 159-29, the TDA employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond shared with the City. The Director of Finance for the TDA is bonded for \$50,000, separately from the City's bond. The remaining employees that have access to funds are bonded under the City's blanket bond. All bonded amounts are set by the Council. Effective with the bond renewal on July 1, 2023 the City increased the bonding for the Finance Officer to \$24,252 in order to comply with the S.L. 2022-53 Section 9(a).

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 commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability.

In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate surety.

There have been no significant reductions in insurance coverage in the current year.

# CITY OF BELMONT, NORTH CAROLINA

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

### Claims and Judgments

The City periodically is subject to claims and lawsuits that arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits, if any, will not have a material adverse effect on the financial position of the City.

### 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 55-month lease as lessee for the use of Postage Meter – 1401 East Catawba St. An initial lease liability was recorded in the amount of \$7,497. As of June 30, 2023, the value of the lease liability is \$4,273. The City is required to make monthly fixed payments of \$140. The lease has an interest rate of 1.1770%. The value of the right to use asset as of June 30, 2023 is \$7,497 with an accumulated amortization of \$3,248.

On November 2, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ford Interceptor. An initial lease liability was recorded in the amount of \$49,197. As of June 30, 2023, the value of the lease liability is \$43,072. The City is required to make monthly fixed payments of \$853. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$49,197 with an accumulated amortization of \$6,429.

On June 15, 2023, the City entered into a 60-month lease as lessee for the use of Toshiba Copiers - Recreation. An initial lease liability was recorded in the amount of \$174,368. As of June 30, 2023, the value of the lease liability is \$174,368. The City is required to make monthly fixed payments of \$3,123. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$174,368 with an accumulated amortization of \$1,550.

On December 5, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ford Bronco Sport. An initial lease liability was recorded in the amount of \$28,442. As of June 30, 2023, the value of the lease liability is \$25,386. The City is required to make monthly fixed payments of \$494. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$28,442 with an accumulated amortization of \$3,208.

On March 15, 2023, the City entered into a 60-month lease as lessee for the use of Enterprise – 2023 Chevrolet Silverado 1500. An initial lease liability was recorded in the amount of \$54,889. As of June 30, 2023, the value of the lease liability is \$51,836. The City is required to make monthly fixed payments of \$958. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$54,889 with an accumulated amortization of \$3,204.

## CITY OF BELMONT, NORTH CAROLINA

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

On November 7, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ram 1500 Classic. An initial lease liability was recorded in the amount of \$37,193. As of June 30, 2023, the value of the lease liability is \$32,453. The City is required to make monthly fixed payments of \$655. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$37,193 with an accumulated amortization of \$4,835.

On November 11, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ram 2500. An initial lease liability was recorded in the amount of \$79,762. As of June 30, 2023, the value of the lease liability is \$70,159. The City is required to make monthly fixed payments of \$1,390. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$79,762 with an accumulated amortization of \$10,080.

On June 15, 2023, the City entered into a 60-month lease as lessee for the use of Enterprise – 2023 Chevrolet Colorado. An initial lease liability was recorded in the amount of \$38,474. As of June 30, 2023, the value of the lease liability is \$38,474. The City is required to make monthly fixed payments of \$672. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$38,474 with an accumulated amortization of \$339.

On September 7, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ford Explorer. An initial lease liability was recorded in the amount of \$59,057. As of June 30, 2023, the value of the lease liability is \$49,973. The City is required to make monthly fixed payments of \$1,027. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$59,057 with an accumulated amortization of \$9,519.

On November 2, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ford Interceptor. An initial lease liability was recorded in the amount of \$49,197. As of June 30, 2023, the value of the lease liability is \$43,072. The City is required to make monthly fixed payments of \$853. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$49,197 with an accumulated amortization of \$6,429.

On November 2, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ford Interceptor. An initial lease liability was recorded in the amount of \$49,197. As of June 30, 2023, the value of the lease liability is \$43,072. The City is required to make monthly fixed payments of \$853. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$49,197 with an accumulated amortization of \$6,429.

On November 2, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ford Interceptor. An initial lease liability was recorded in the amount of \$49,197. As of June 30, 2023, the value of the lease liability is \$43,072. The City is required to make monthly fixed payments of \$853. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$49,197 with an accumulated amortization of \$6,429.

On August 10, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Nissan Murano. An initial lease liability was recorded in the amount of \$43,344. As of June 30, 2023, the value of the lease liability is \$36,069. The City is required to make monthly fixed payments of \$755. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$43,344 with an accumulated amortization of \$7,641.

## CITY OF BELMONT, NORTH CAROLINA

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

On August 10, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Nissan Altima. An initial lease liability was recorded in the amount of \$33,184. As of June 30, 2023, the value of the lease liability is \$27,593. The City is required to make monthly fixed payments of \$578. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$33,184 with an accumulated amortization of \$5,850.

On November 7, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ram 1500 Classic. An initial lease liability was recorded in the amount of \$37,193. As of June 30, 2023, the value of the lease liability is \$32,453. The City is required to make monthly fixed payments of \$655. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$37,193 with an accumulated amortization of \$4,835.

On November 7, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ram 1500 Classic. An initial lease liability was recorded in the amount of \$37,193. As of June 30, 2023, the value of the lease liability is \$32,453. The City is required to make monthly fixed payments of \$655. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$37,193 with an accumulated amortization of \$4,835.

On July 29, 2022, the City entered into a 60-month lease as lessee for the use of Enterprise – 2022 Ram 5500. An initial lease liability was recorded in the amount of \$111,317. As of June 30, 2023, the value of the lease liability is \$91,667. The City is required to make monthly fixed payments of \$1,958. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$111,317 with an accumulated amortization of \$20,509.

On February 28, 2023, the City entered into a 60-month lease as lessee for the use of Enterprise – 2023 Ford Interceptor. An initial lease liability was recorded in the amount of \$44,639. As of June 30, 2023, the value of the lease liability is \$41,786. The City is required to make monthly fixed payments of \$786. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$44,639 with an accumulated amortization of \$2,999.

On December 20, 2022, the City entered into a 60-month lease as lessee for the use of Toshiba Copiers. An initial lease liability was recorded in the amount of \$157,986. As of June 30, 2023, the value of the lease liability is \$142,782. The City is required to make monthly fixed payments of \$2,829. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$157,986 with an accumulated amortization of \$16,764.

On January 16, 2023, the City entered into a 60-month lease as lessee for the use of Enterprise – 2023 Ford Ranger. An initial lease liability was recorded in the amount of \$39,405. As of June 30, 2023, the value of the lease liability is \$35,989. The City is required to make monthly fixed payments of \$688. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$39,405 with an accumulated amortization of \$3,582.

On February 9, 2023, the City entered into a 60-month lease as lessee for the use of Enterprise – 2023 Ford Interceptor. An initial lease liability was recorded in the amount of \$49,942. As of June 30, 2023, the value of the lease liability is \$46,252. The City is required to make monthly fixed payments of \$870. The lease has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$49,942 with an accumulated amortization of \$3,890.

**CITY OF BELMONT, 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 payments as of June 30, 2023 were as follows:

<b>Year Ending</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 221,629	\$ 20,597	\$ 16,442	\$ 1,422
2025	226,376	15,527	16,798	1,066
2026	231,033	10,519	16,811	703
2027	235,655	5,408	16,684	339
2028	118,420	943	6,406	33
Total	<u>\$ 1,033,113</u>	<u>\$ 52,994</u>	<u>\$ 73,141</u>	<u>\$ 3,563</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.

On September 30, 2022, the City entered into a 24-month subscription for the use of DebtBook. An initial subscription liability was recorded in the amount of \$16,040. As of June 30, 2023, the value of the subscription liability is \$9,540. The City is required to make annual fixed payments of \$6,500. The subscription has an interest rate of 2.1940%. The value of the right to use asset as of June 30, 2023 is \$18,040 with an accumulated amortization of \$7,076.

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

<b>Year Ending</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	<u>\$ 4,770</u>	<u>\$ 105</u>	<u>\$ 4,770</u>	<u>\$ 105</u>

# CITY OF BELMONT, NORTH CAROLINA

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

### Notes Payable

#### Serviced by General Fund:

An agreement was executed on August 7, 2005 to lease a building and requires a one-time payment of \$131,089 by July 15, 2008 and 16 annual payments of \$56,085 through July 15, 2024 after that. Title passes to the City at the end of the lease term.	\$ 94,557
2012 Note payable to bank for the Brook Street Soccer Park Capital Project, to be repaid in 24 semi-annual installments of \$53,125 through March 4, 2025; including interest at 2.36%	212,500
2015 Note payable to bank for the Riverfront Park, to be repaid in 30 semi-annual installments of \$50,000 through September 2, 2030; including interest at 2.89%	750,000
2019 Note payable to bank for police radios, to be repaid in 10 semi-annual installments of \$16,942 through August 28, 2023; including interest at 3.156%	16,677
2020 Note payable to bank for police vehicles, fire truck and equipment to be repaid in 10 semi-annual installments of \$82,218 through July 30, 2024; including interest at	241,331
2021 Note payables to USDA for construction of the new public works facility, to be repaid in 40 annual installments of \$109,906 and \$53,980 through March 2061; including interest at 2.125%	2,375,832
2022 Note payables to bank for SCBA air packs, to be repaid in 10 semi-annual installments of \$28,843 through 2026; including interest	268,442
2022 Note payables to bank for Knuckle Boom Loader and Leaf Collection Systems, to be repaid in 10 semi-annual installments of \$78,276 through 2026; including interest	609,499
2021 Note payables to bank for construction of the new Recreation Center, to be repaid in 15 annual installments of \$780,000 through June 2038; including interest at	<u>11,700,000</u>
Total	<u><u>\$ 16,268,838</u></u>

The City has outstanding notes from direct placements related to governmental activities totaling \$94,557, which are secured by the mortgaged property.

The City has outstanding notes from direct placements related to governmental activities totaling \$212,500 which are secured by the mortgaged property. The City's outstanding notes from direct placements related to governmental activities of \$212,500 contain provisions that an event of default would result in (1) declare the unpaid principal components of the installment payments immediately due and payable; (2) proceed by appropriate court action to enforce the City's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) pay over any balance remaining in the project fund; (4) avail itself of all available remedies under the financing agreement, including execution and foreclosure of the mortgaged property, and recovery of attorneys' fees and other expenses.

## CITY OF BELMONT, NORTH CAROLINA

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

The City has outstanding notes from direct placements related to governmental activities totaling \$750,000, which are secured by the mortgaged property. The City's outstanding notes from direct placements related to governmental activities of \$750,000 contain provisions that an event of default would result in (1) declare the unpaid principal components of the installment payments immediately due and payable; (2) proceed by appropriate court action to enforce the City's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) pay over any balance remaining in the project fund; (4) avail itself of all available remedies under the financing agreement, including execution and foreclosure of the mortgaged property and recovery of attorneys' fees and other expenses.

The City has outstanding notes from direct placements related to governmental activities totaling \$16,677, which are secured by equipment. The City's outstanding notes from direct placements related to governmental activities of \$16,677 contain provisions that an event of default would result in (1) declare the unpaid principal components of the installment payments and other amounts immediately due payable and such amounts will bear interest at the rate of 12% per annum or the minimum rate permitted by applicable law, whichever is less; (2) accelerate the principal component of all outstanding installment payments; (3) enter the premises where the property is located and retake possession of the property or require the City to promptly return any or all of the property; (4) instruct the escrow agent to release all proceeds and any earnings to the seller, such sums to be credited to the payment obligations of the City.

The City has outstanding notes from direct placements related to governmental activities totaling \$241,331, which are secured by police vehicles, a fire truck, and equipment. The City's outstanding notes from direct placements related to governmental activities of \$241,331 contain provisions that an event of default would result in (1) declare the unpaid principal components of the installment payments and other amounts immediately due payable and such amounts will bear interest at the rate of 12% per annum or the minimum rate permitted by applicable law, whichever is less; (2) accelerate the principal component of all outstanding installment payments; (3) enter the premises where the property is located and retake possession of the property or require the City to promptly return any or all of the property; (4) instruct the escrow agent to release all proceeds and any earnings to the seller, such sums to be credited to the payment obligations of the City.

The City has outstanding notes from direct placements related to governmental activities totaling \$2,375,832, which are secured by real property financed with loan funds in compliance with G.S. 160A-20. The City's outstanding notes from direct placements related to governmental activities of \$2,375,832 contain provisions that an event of default would result in (1) declare the unpaid balance on the note and any indebtedness secured hereby immediately due and payable; (2) enter upon the premises and take possession of, repair, improve, use, and operate the collateral or make equipment unusable, for the purpose of protecting or preserving the collateral of this lien, or preparing or processing the collateral for sale, and (3) exercise any sale of other rights accorded by law.



## **CITY OF BELMONT, NORTH CAROLINA**

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

The City has outstanding notes from direct placements related to governmental activities totaling \$268,442, which are secured by real property financed with loan funds in compliance with G.S. 160A-20. The City's outstanding notes from direct placements related to governmental activities of \$268,442 contain provisions that an event of default would result in (1) declare the unpaid balance on the note and any indebtedness secured hereby immediately due and payable; (2) enter upon the premises and take possession of, repair, improve, use, and operate the collateral or make equipment unusable, for the purpose of protecting or preserving the collateral of this lien, or preparing or processing the collateral for sale, and (3) exercise any sale of other rights accorded by law.

The City has outstanding notes from direct placements related to governmental activities totaling \$609,499, which are secured by real property financed with loan funds in compliance with G.S. 160A-20. The City's outstanding notes from direct placements related to governmental activities of \$609,499 contain provisions that an event of default would result in (1) declare the unpaid balance on the note and any indebtedness secured hereby immediately due and payable; (2) enter upon the premises and take possession of, repair, improve, use, and operate the collateral or make equipment unusable, for the purpose of protecting or preserving the collateral of this lien, or preparing or processing the collateral for sale, and (3) exercise any sale of other rights accorded by law.

The City has outstanding notes from direct placements related to governmental activities totaling \$11,700,000, which are secured by real property financed with loan funds in compliance with G.S. 160A-20. The City's outstanding notes from direct placements related to governmental activities of \$11,700,000 contain provisions that an event of default would result in (1) declare the entire principal amount of the installment payments and all accrued interest and other charges immediately due and payable without notice or demand to the City; (2) proceed by appropriate court action to enforce performance by the City of the applicable covenants of this contract or to recover for the breach thereof; (3) exercise all the rights and remedies of a secured party or creditor under the Deed of Trust, Uniform Commercial Code of the state of North Carolina and the general laws of the state of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder and under the Deed of Trust, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the mortgaged property and sell, lease, sublease or make other disposition of the same in commercially reasonable manner for the account of the City, and apply the proceeds of any such sales, lease, sublease, or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under this contract and, thereafter, shall pay any remaining proceeds to the City; (4) take possession of any proceeds of the mortgaged property, including net proceeds; (5) pursue any other remedy available at law or equity to the bank.

# CITY OF BELMONT, NORTH CAROLINA

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

### Serviced by Water and Sewer Fund:

Notes payable at June 30, 2023 used to finance the construction of facilities utilized in the operations of the water and sewer system and to finance the purchase of a water treatment plant are comprised of the following:

### Serviced by Water and Sewer Fund:

2012 Note payable to NCDENR for construction of West Outfall project, to be repaid in 20 annual installments of \$45,096 through May 1, 2032; plus interest at 2.22%	\$ 402,852
2014 Note payables to NCDENR for the meter replacement project, to be repaid in 20 annual installments of \$24,980 through May 1, 2034; interest-free	274,743
2017 Note payable to bank for the Clean Water State Revolving loan project, to be repaid in 20 semiannual installments of \$67,099 through March 4, 2025; including interest at 2.21%	872,283
2017 Note payable to bank for the AMI project, to be repaid in 20 semiannual installments of \$100,000 through June 30, 2027; including interest at 1.93%	700,000
2021 Note payables to USDA for construction of the new public works facility, to be repaid in 40 annual installments of \$109,906 and \$53,980 through March 2061; including interest at 2.125%	<u>1,866,725</u>
Total	<u>\$ 4,116,603</u>

The City's outstanding notes from direct borrowing related to business-type activities of \$402,852 contain provisions that an event of default would result in immediate prepayment of loan in whole and any further commitment of funds may be withdrawn.

The City's outstanding notes from direct borrowing related to business-type activities of \$274,743 contain provisions that an event of default would result in immediate prepayment of loan in whole and any further commitment of funds may be withdrawn.

The City's outstanding notes from direct borrowing related to business-type activities of \$872,283 contain provisions that an event of default would result in the prepayment of the note in whole and any further commitment of funds may be withdrawn.

The City has outstanding notes from direct placements related to business-type activities totaling \$700,000, which are secured by the equipment. The City's outstanding notes from direct placements related to business-type activities of \$700,000 contain provisions that an event of default would result in (1) declare the unpaid principal components of the installment payments immediately due and payable; (2) proceed by appropriate court action to enforce the City's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) pay over any balance remaining in the Project Fund to be applied against

## CITY OF BELMONT, NORTH CAROLINA

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

outstanding payments; (4) avail itself of all available remedies under the financing agreement, including sale of the equipment, and recovery of attorneys' fees and other expenses.

The City has outstanding notes from direct placements related to business-type activities totaling \$1,866,725, which are secured by real property financed with loan funds in compliance with G.S. 160A-20. The City's outstanding notes from direct placements related to business-type activities of \$1,866,725 contain provisions that an event of default would result in (1) declare the unpaid balance on the note and any indebtedness secured hereby immediately due and payable; (2) enter upon the premises and take possession of, repair, improve, use, and operate the collateral or make equipment unusable, for the purpose of protecting or preserving the collateral of this lien, or preparing or processing the collateral for sale, and (3) exercise any sale of other rights accorded by law.

The following tables summarize the annual requirements to amortize notes payable to maturity:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,425,578	\$ 487,701	\$ 369,279	\$ 80,434
2025	1,335,313	456,971	369,968	73,408
2026	1,102,214	419,392	370,672	66,367
2027	1,105,344	379,730	271,391	59,312
2028	951,495	347,976	172,125	55,136
2029-2033	4,527,764	1,291,226	827,437	226,460
2034-2038	4,165,821	590,860	435,132	160,587
2039-2043	295,290	163,590	232,014	128,535
2044-2048	328,027	130,854	257,735	102,814
2049-2053	364,393	94,488	286,309	74,240
2054-2058	404,790	54,090	318,050	42,500
2059-2061	262,809	11,220	206,491	8,816
Total	<u>\$ 16,268,838</u>	<u>\$ 4,428,098</u>	<u>\$ 4,116,603</u>	<u>\$ 1,078,609</u>

At June 30, 2023, the City of Belmont had a legal debt margin of \$155,641,064.

**CITY OF BELMONT, NORTH CAROLINA**

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

**Changes in Long-Term Liabilities:**

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Current Maturities</u>
<b>Governmental Activities:</b>					
Notes from direct placements	\$ 4,358,222	\$ 12,725,776	\$ 815,160	\$ 16,268,838	\$ 1,425,578
Lease liabilities issued	20,731	1,143,326	130,944	1,033,113	221,629
IT Subscription liabilities issued	-	8,020	3,250	4,770	4,770
Total pension liability (LEOSSA)	1,203,631	-	231,298	972,333	-
Net pension liability (LGERS)	1,258,497	3,777,911	-	5,036,408	-
Total OPEB liability	2,140,632	-	745,092	1,395,540	-
Compensated absences	518,709	439,736	416,230	542,215	216,886
Governmental activities long-term liabilities	<u>9,500,422</u>	<u>18,094,769</u>	<u>2,341,974</u>	<u>25,253,217</u>	<u>1,868,863</u>
<b>Business-Type Activities:</b>					
Notes from direct borrowings and direct placements	4,611,908	-	495,305	4,116,603	369,279
Lease liabilities issued	13,094	79,850	19,803	73,141	16,442
IT Subscription liabilities issued	-	8,020	3,250	4,770	4,770
Net pension liability (LGERS)	514,033	1,543,091	-	2,057,124	-
Total OPEB liability	874,343	-	304,334	570,009	-
Compensated absences	144,373	139,385	111,809	171,949	68,780
Business-type activities long-term liabilities	<u>6,157,751</u>	<u>1,770,346</u>	<u>934,501</u>	<u>6,993,596</u>	<u>459,271</u>
Total	<u>\$ 15,658,173</u>	<u>\$ 19,865,115</u>	<u>\$ 3,276,475</u>	<u>\$ 32,246,813</u>	<u>\$ 2,328,134</u>

Compensated absences, pension liabilities, and OPEB liabilities for governmental activities have typically been liquidated in the General Fund.

**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.

**CITY OF BELMONT, NORTH CAROLINA**

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

**5. Interfund Activity**

**Due To/From Other Funds**

Balances due to/from other funds at June 30, 2023 consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>
Water and Sewer Fund	General Fund	\$ 661,199
Abbey Creek Park Capital Project Fund	General Fund	132,118
Total		<u>\$ 793,317</u>

Interfund loan – on June 30, 2022, the General Fund borrowed from the Water and Sewer Fund to fund a paving project. The terms of the arrangement require the General Fund to repay the Water and Sewer Fund annual payments of \$169,453 over five years with an interest rate of 1%. At June 30, 2023, outstanding balance was \$661,199.

The transfers to/from other funds during the year ended June 30, 2023 were for the purpose of funding capital projects and consist of the following:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Skate Park Capital Project Fund	To close project	\$ 6,775
American Recovery Plan Act Special Revenue Fund	Stormwater Fund	For capital related expenses	168,315
American Recovery Plan Act Special Revenue Fund	General Fund	For capital related expenses	590,076
American Recovery Plan Act Special Revenue Fund	Water and Sewer Fund	For capital related expenses	<u>460,547</u>
Total			<u>\$ 1,225,713</u>

**6. Related Party Transactions**

During the year ended June 30, 2023, the City remitted \$258,816, which is the collection fee of gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp or similar place within the City.

During the year ended June 30, 2023, the City received \$193,003 from the ABC Board, \$152,914 was for profit distributions while \$16,704 was for law enforcement for public safety and \$23,385 was for alcohol education. At June 30, 2023, the ABC Board had \$53,064 in profit distributions still owed to the City.

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**CITY OF BELMONT, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST SEVEN FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,203,631	\$ 1,142,774	\$ 866,491
Service cost	69,379	66,587	52,192
Interest on the total pension liability	24,425	23,846	27,570
Differences between expected and actual experience in the measurement of the total pension liability	(65,673)	(3,284)	51,634
Changes of assumptions or other inputs	(226,813)	6,324	186,469
Benefit payments	<u>(32,616)</u>	<u>(32,616)</u>	<u>(41,582)</u>
Ending balance of the total pension liability	<u>\$ 972,333</u>	<u>\$ 1,203,631</u>	<u>\$ 1,142,774</u>

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

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



## CITY OF BELMONT, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST SEVEN FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 733,997	\$ 588,626	\$ 714,819	\$ 712,996
Service cost	48,722	47,253	34,339	37,788
Interest on the total pension liability	25,861	17,857	26,707	24,681
Differences between expected and actual experience in the measurement of the total pension liability	75,832	157,030	(177,108)	-
Changes of assumptions or other inputs	29,135	(29,713)	35,716	(17,341)
Benefit payments	(47,056)	(47,056)	(45,847)	(43,305)
Ending balance of the total pension liability	<u>\$ 866,491</u>	<u>\$ 733,997</u>	<u>\$ 588,626</u>	<u>\$ 714,819</u>

**CITY OF BELMONT, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY AS A  
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST SEVEN FISCAL YEARS**

**Law Enforcement Officers' Special Separation Allowance**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 972,333	\$ 1,203,631	\$ 1,142,774
Covered-employee payroll	2,282,935	1,771,097	1,771,097
Total pension liability as a percentage of covered-employee payroll	42.59%	67.96%	64.52%

**Notes to the Schedules:**

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

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

**CITY OF BELMONT, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY AS A  
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST SEVEN FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 866,491	\$ 733,997	\$ 588,626	\$ 714,819
Covered-employee payroll	1,869,473	1,649,950	1,543,775	1,484,384
Total pension liability as a percentage of covered-employee payroll	46.35%	44.49%	38.13%	48.16%

CITY OF BELMONT, NORTH CAROLINA

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

<b>Other Post-Employment Benefits</b>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 134,385	\$ 128,897	\$ 209,911
Interest	64,580	62,506	102,740
Changes of benefit terms	-	-	(624,860)
Differences between expected and actual experience	(716,855)	(10,484)	(357,283)
Changes of assumptions or other inputs	(495,555)	15,137	596,552
Benefit payments	<u>(35,981)</u>	<u>(29,283)</u>	<u>(28,565)</u>
Net change in total OPEB liability	(1,049,426)	166,773	(101,505)
Total OPEB liability - beginning	<u>3,014,975</u>	<u>2,848,202</u>	<u>2,949,707</u>
Total OPEB liability - ending	<u>\$ 1,965,549</u>	<u>\$ 3,014,975</u>	<u>\$ 2,848,202</u>
Covered-employee payroll	\$ 2,616,547	\$ 3,266,591	\$ 3,266,591
Total OPEB liability as a percentage of covered-employee payroll	75.12%	92.30%	87.19%

**Notes to the Required 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>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.69%

Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2027.

CITY OF BELMONT, NORTH CAROLINA

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

<b>Other Post-Employment Benefits</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 195,954	\$ 184,638	\$ 200,505
Interest	98,424	105,867	87,672
Changes of benefit terms	-	-	-
Differences between expected and actual experience	5,111	(693,954)	377
Changes of assumptions or other inputs	133,302	(15,248)	(199,413)
Benefit payments	<u>(26,268)</u>	<u>(23,612)</u>	<u>(32,420)</u>
Net change in total OPEB liability	406,523	(442,309)	56,721
Total OPEB liability - beginning	<u>2,543,184</u>	<u>2,985,493</u>	<u>2,928,772</u>
Total OPEB liability - ending	<u>\$ 2,949,707</u>	<u>\$ 2,543,184</u>	<u>\$ 2,985,493</u>
Covered-employee payroll	\$ 5,636,067	\$ 5,636,067	\$ 4,525,106
Total OPEB liability as a percentage of covered-employee payroll	52.34%	45.12%	65.98%

**CITY OF BELMONT, NORTH CAROLINA**

**CITY OF BELMONT'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS\***

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Belmont's proportion of the net pension liability (asset) (%)	0.12574%	0.11558%	0.11447%	0.10563%	0.10273%
Belmont's proportion of the net pension liability (asset) (\$)	\$ 7,093,532	\$ 1,772,530	\$ 4,090,501	\$ 2,884,673	\$ 2,437,107
Belmont's covered payroll	\$ 8,617,878	\$ 7,881,270	\$ 7,283,575	\$ 6,557,305	\$ 5,983,685
Belmont's proportionate share of the net pension liability (asset) as a percentage (asset) as a percentage of its covered payroll	82.31%	22.49%	56.16%	43.99%	40.73%
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 ending June 30.

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

**CITY OF BELMONT, NORTH CAROLINA**

**CITY OF BELMONT'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS\***

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Belmont's proportion of the net pension liability (asset) (%)	0.09572%	0.08532%	0.09595%	0.09515%	0.09800%
Belmont's proportion of the net pension liability (asset) (\$)	\$ 1,462,336	\$ 1,810,776	\$ 430,618	\$ (561,144)	\$ 1,181,276
Belmont's covered payroll	\$ 5,568,457	\$ 4,870,706	\$ 4,917,601	\$ 4,867,058	\$ 4,608,158
Belmont's proportionate share of the net pension liability (asset) as a percentage (asset) as a percentage of its covered payroll	26.26%	37.18%	8.76%	( 11.53%)	25.63%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

**CITY OF BELMONT, NORTH CAROLINA**

**CITY OF BELMONT'S 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	\$ 1,221,903	\$ 994,939	\$ 815,083	\$ 666,338	\$ 521,593
Contributions in relation to the contractually required contribution	<u>1,221,903</u>	<u>994,939</u>	<u>815,083</u>	<u>666,338</u>	<u>521,593</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Belmont's covered payroll	\$ 9,881,941	\$ 8,617,878	\$ 7,881,270	\$ 7,283,575	\$ 6,557,305
Contributions as a percentage of covered payroll	12.37%	11.55%	10.34%	9.15%	7.95%



**CITY OF BELMONT, NORTH CAROLINA**

**CITY OF BELMONT'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

<b>Local Governmental Employees' Retirement System</b>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 460,668	\$ 415,241	\$ 330,554	\$ 479,664	\$ 346,813
Contributions in relation to the contractually required contribution	<u>460,668</u>	<u>415,241</u>	<u>330,554</u>	<u>479,664</u>	<u>346,813</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Belmont's covered payroll	\$ 5,983,685	\$ 5,568,457	\$ 4,870,706	\$ 4,917,601	\$ 4,867,058
Contributions as a percentage of covered payroll	7.70%	7.46%	6.79%	9.75%	7.13%

CITY OF BELMONT, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Current year	\$ 9,255,606	\$ 9,958,029	\$ 702,423	\$ 9,639,468
Prior years	770,000	1,018,713	248,713	987,385
Penalties and interest	9,000	11,935	2,935	8,421
Total ad valorem taxes	<u>10,034,606</u>	<u>10,988,677</u>	<u>954,071</u>	<u>10,635,274</u>
<b>Other Taxes and Licenses:</b>				
Lease vehicle tax	41,000	43,460	2,460	39,297
Occupancy tax	205,000	255,473	50,473	242,520
Vehicle license tax	160,000	184,875	24,875	175,185
Total other taxes and licenses	<u>406,000</u>	<u>483,808</u>	<u>77,808</u>	<u>457,002</u>
<b>Unrestricted Intergovernmental:</b>				
Local option sales tax	4,379,000	5,026,210	647,210	4,475,287
Utility franchise tax	936,000	1,065,003	129,003	986,852
Solid waste disposal tax	7,000	12,251	5,251	10,972
ABC profit distributions	115,000	190,152	75,152	-
Beer and wine tax	50,000	72,032	22,032	59,738
Total unrestricted intergovernmental	<u>5,487,000</u>	<u>6,365,648</u>	<u>878,648</u>	<u>5,532,849</u>
<b>Restricted Intergovernmental Revenues:</b>				
Powell Bill allocation	350,000	444,066	94,066	426,387
Wellness funds	2,500	-	(2,500)	2,500
Unauthorized substance tax	5,000	90,844	85,844	139,922
State grants	-	127,150	127,150	382,199
American rescue plan act grant	1,000,000	-	(1,000,000)	-
Other grants	-	806,103	806,103	190,132
Total restricted intergovernmental revenues	<u>1,357,500</u>	<u>1,468,163</u>	<u>110,663</u>	<u>1,141,140</u>
<b>Permits and Fees:</b>				
Zoning permits	<u>115,000</u>	<u>298,830</u>	<u>183,830</u>	<u>162,774</u>

CITY OF BELMONT, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
<b>Sales and Services:</b>				
Recreation department fees	125,000	174,892	49,892	167,971
Cemetery interment fees	1,000	40	(960)	90
Technology fees	9,000	17,703	8,703	12,789
Engineering review fees	20,000	15,106	(4,894)	55,636
Solid waste fees	641,000	710,843	69,843	693,809
Sale of surplus property	-	58,531	58,531	8,000
Alarm registration fee	750	-	(750)	-
Total sales and services	796,750	977,115	180,365	938,295
<b>Investment Earnings</b>	30,000	315,289	285,289	14,247
<b>Other General Revenues:</b>				
Miscellaneous	185,125	135,750	(49,375)	553,344
Payments in lieu of tax	-	-	-	61,309
SRO contribution	52,000	260	(51,740)	129,600
Special police funds	-	8,482	8,482	4,219
Total other general revenues	237,125	144,492	(92,633)	748,472
Total revenues	18,463,981	21,042,022	2,578,041	19,630,053
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Mayor and Council:</b>				
Operating expenditures	117,181	92,821	24,360	94,288
<b>Administration and Finance:</b>				
Salaries and benefits	571,499	546,010	25,489	499,255
Operating expenditures	663,476	779,925	(116,449)	784,892
Total	1,234,975	1,325,935	(90,960)	1,284,147
<b>City Attorney:</b>				
Operating expenditures	129,505	129,504	1	102,009
<b>Planning and Zoning:</b>				
Salaries and benefits	621,988	566,931	55,057	518,319
Operating expenditures	169,594	221,623	(52,029)	316,580
Total	791,582	788,554	3,028	834,899
Total general government	2,273,243	2,336,814	(63,571)	2,315,343

CITY OF BELMONT, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
<b>Public Safety:</b>				
<b>Police:</b>				
Salaries and benefits	4,454,935	4,444,804	10,131	3,947,372
Operating expenditures	822,624	817,858	4,766	697,079
Total	5,277,559	5,262,662	14,897	4,644,451
<b>Fire:</b>				
Salaries and benefits	2,322,149	2,303,856	18,293	1,867,837
Operating expenditures	335,355	422,748	(87,393)	277,578
Total	2,657,504	2,726,604	(69,100)	2,145,415
Total public safety	7,935,063	7,989,266	(54,203)	6,789,866
<b>Transportation:</b>				
<b>Streets:</b>				
Salaries and benefits	1,035,650	974,694	60,956	887,168
Operating expenditures	1,170,064	1,053,298	116,766	953,070
Total transportation	2,205,714	2,027,992	177,722	1,840,238
<b>Environmental Protection:</b>				
<b>Sanitation:</b>				
Operating expenditures	1,208,432	1,122,561	85,871	1,100,458
<b>Cultural and Recreational:</b>				
<b>Parks and Recreation:</b>				
Salaries and benefits	435,270	422,521	12,749	371,913
Operating expenditures	257,592	254,972	2,620	243,284
Total parks and recreation	692,862	677,493	15,369	615,197
<b>Main Street Program:</b>				
Salaries and benefits	271,683	271,043	640	255,033
Operating expenditures	171,347	175,073	(3,726)	119,050
Total main street program	443,030	446,116	(3,086)	374,083
Total cultural and recreational	1,135,892	1,123,609	12,283	989,280
<b>Economic and Physical Development:</b>				
Tourism development	239,407	239,406	1	242,520
Economic development	230,000	211,311	18,689	170,426
Total economic and physical development	469,407	450,717	18,690	412,946

CITY OF BELMONT, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
<b>Capital Outlay:</b>				
Capital purchases	2,127,100	3,941,900	(1,814,800)	1,639,739
<b>Debt Service:</b>				
Principal retirement	970,698	949,354	21,344	917,014
Interest and fees	138,432	138,432	-	84,240
Total debt service	1,109,130	1,087,786	21,344	1,001,254
Total expenditures	18,463,981	20,080,645	(1,616,664)	16,089,124
Revenues over (under) expenditures	-	961,377	961,377	3,540,929
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds:				
Transfer to Skate Park	-	(6,775)	(6,775)	(50,054)
Transfers from other funds:				
American Recovery Plan Act				
Special Revenue Fund	-	590,076	590,076	470,278
Long-term debt issued	-	2,138,648	2,138,648	-
Total other financing sources (uses)	-	2,721,949	2,721,949	420,224
Net change in fund balance	\$ -	3,683,326	\$ 3,683,326	3,961,153
<b>Fund Balance:</b>				
Beginning of year - July 1		14,316,267		10,355,114
End of year - June 30		\$ 17,999,593		\$ 14,316,267

## CITY OF BELMONT, NORTH CAROLINA

AMERICAN RECOVERY PLAN ACT SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR END 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>	
<b>Revenues:</b>					
Grant revenue	\$ 2,001,101	\$ 499,951	\$ 1,218,938	\$ 1,718,889	\$ (282,212)
Investment Earnings	-	2,781	65,418	68,199	68,199
Total revenues	<u>2,001,101</u>	<u>502,732</u>	<u>1,284,356</u>	<u>1,787,088</u>	<u>(214,013)</u>
<b>Expenditures:</b>					
Grant projects	<u>282,212</u>	-	-	-	<u>282,212</u>
Revenues over (under) expenditures	<u>1,718,889</u>	<u>502,732</u>	<u>1,284,356</u>	<u>1,787,088</u>	<u>68,199</u>
<b>Other Financing Sources (Uses):</b>					
Transfer to General Fund	(1,060,354)	(470,278)	(590,076)	(1,060,354)	-
Transfer to Stormwater	(168,315)	-	(168,315)	(168,315)	-
Transfer to Water and Sewer Fund	<u>(490,220)</u>	<u>(29,673)</u>	<u>(460,547)</u>	<u>(490,220)</u>	-
Total other financing sources (uses)	<u>(1,718,889)</u>	<u>(499,951)</u>	<u>(1,218,938)</u>	<u>(1,718,889)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,781</u>	65,418	<u>\$ 68,199</u>	<u>\$ 68,199</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>2,781</u>		
End of year, June 30			<u>\$ 68,199</u>		

## CITY OF BELMONT, NORTH CAROLINA

RECREATION CENTER CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR END JUNE 30, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Grant revenue	\$ 2,000,000	\$ 1,500,000	\$ -	\$ 1,500,000	\$ (500,000)
<b>Expenditures:</b>					
Professional services	410,930	233,173	129,444	362,617	48,313
Design construction and administration	13,231,905	5,087,666	7,779,051	12,866,717	365,188
Total expenditures	13,642,835	5,320,839	7,908,495	13,229,334	413,501
Revenues over (under) expenditures	(11,642,835)	(3,820,839)	(7,908,495)	(11,729,334)	(86,499)
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	11,642,835	-	11,700,000	11,700,000	57,165
Net change in fund balance	\$ -	\$ (3,820,839)	3,791,505	\$ (29,334)	\$ (29,334)
<b>Fund Balance:</b>					
Beginning of year, July 1			(3,820,839)		
End of year, June 30			\$ (29,334)		

## CITY OF BELMONT, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023

	Special	Capital Project Funds				Total
	Revenue Fund	Skate Park Capital Project Fund	Abbey Creek Park Capital Project Fund	Rail Trail Project Fund	Capital Reserve Fund	
	Stormwater Fund					
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,584,398	\$ -	\$ -	\$ 95,279	\$ 376,811	\$ 2,056,488
Accounts receivable, net	129,810	-	-	-	-	129,810
Due from other governments	10,875	-	-	-	-	10,875
Inventories	12,485	-	-	-	-	12,485
Total assets	<u>\$ 1,737,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,279</u>	<u>\$ 376,811</u>	<u>\$ 2,209,658</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 8,888	\$ -	\$ 900	\$ -	\$ -	\$ 9,788
Due to other funds	-	-	132,118	-	-	132,118
Total liabilities	<u>8,888</u>	<u>-</u>	<u>133,018</u>	<u>-</u>	<u>-</u>	<u>141,906</u>
<b>Deferred Inflows of Resources</b>	<u>129,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,810</u>
<b>Fund Balances:</b>						
Non-spendable:						
Inventory	12,485	-	-	-	-	12,485
Restricted:						
Stabilization by state statute	10,875	-	-	-	-	10,875
Committed for capital projects	-	-	-	95,279	376,811	472,090
Assigned	1,575,510	-	-	-	-	1,575,510
Unassigned	-	-	(133,018)	-	-	(133,018)
Total fund balances	<u>1,598,870</u>	<u>-</u>	<u>(133,018)</u>	<u>95,279</u>	<u>376,811</u>	<u>1,937,942</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,737,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,279</u>	<u>\$ 376,811</u>	<u>\$ 2,209,658</u>



## CITY OF BELMONT, NORTH CAROLINA

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

	Special	Capital Project Funds				Total
	Revenue Fund	Skate Park	Abbey Creek	Belmont Rail	Capital	
	Stormwater	Capital	Capital	Trail Capital	Reserve	
	Fund	Project Fund	Project Fund	Project Fund	Fund	
<b>Revenues:</b>						
Sales and services	\$ 832,775	\$ -	\$ -	\$ -	\$ -	\$ 832,775
Investment earnings	13	-	-	-	29,400	29,413
Total revenues	<u>832,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,400</u>	<u>862,188</u>
<b>Expenditures:</b>						
General government						
Cultural and recreational	-	-	9,938	(11,768)	-	(1,830)
Environmental protection	646,285	-	-	-	-	646,285
Total expenditures	<u>646,285</u>	<u>-</u>	<u>9,938</u>	<u>(11,768)</u>	<u>-</u>	<u>644,455</u>
Revenues over (under) expenditures	<u>186,503</u>	<u>-</u>	<u>(9,938)</u>	<u>11,768</u>	<u>29,400</u>	<u>217,733</u>
<b>Other Financing Sources (Uses):</b>						
Long-term debt issued	38,474	-	-	-	-	38,474
Transfer from General Fund	-	6,775	-	-	-	6,775
Transfers from America Recovery Plan Act						
Special Revenue Fund	<u>168,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,315</u>
Total other financing sources (uses)	<u>206,789</u>	<u>6,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,564</u>
Net change in fund balances	393,292	6,775	(9,938)	11,768	29,400	431,297
<b>Fund Balances:</b>						
Beginning of year - July 1	<u>1,205,578</u>	<u>(6,775)</u>	<u>(123,080)</u>	<u>83,511</u>	<u>347,411</u>	<u>1,506,645</u>
End of year - June 30	<u>\$ 1,598,870</u>	<u>\$ -</u>	<u>\$ (133,018)</u>	<u>\$ 95,279</u>	<u>\$ 376,811</u>	<u>\$ 1,937,942</u>

## CITY OF BELMONT, NORTH CAROLINA

**STORMWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Charges for services	\$ 770,200	\$ 832,775	\$ 62,575	\$ 785,955
Interest earned	-	13	13	1
Total revenues	<u>770,200</u>	<u>832,788</u>	<u>62,588</u>	<u>785,956</u>
<b>Expenditures:</b>				
Environmental protection:				
Salaries	202,275	126,165	76,110	116,977
Employee benefits	64,559	45,613	18,946	43,004
Professional services	79,050	79,328	(278)	71,526
Telephone	1,000	1,842	(842)	1,833
Travel and training	1,200	1,977	(777)	889
Gas and lubricants	7,900	10,113	(2,213)	15,595
Office supplies	1,500	1,389	111	688
Supplies	27,271	12,251	15,020	31,481
Utilities	3,250	2,304	946	1,657
Subscriptions and dues	3,000	3,875	(875)	2,500
Capital outlay	518,169	361,428	156,741	49,160
Debt service:				
Principal	6,510	-	6,510	71,997
Interest and fees	-	-	-	1,536
Total expenditures	<u>915,684</u>	<u>646,285</u>	<u>269,399</u>	<u>408,843</u>
Revenues over (under) expenditures	<u>(145,484)</u>	<u>186,503</u>	<u>331,987</u>	<u>377,113</u>
<b>Other Financing Sources (Uses):</b>				
Lease liabilities issued	-	38,474	38,474	-
Transfers from America Recovery Plan Act				
Special Revenue Fund	<u>145,484</u>	<u>168,315</u>	<u>22,831</u>	<u>-</u>
Total other financing sources (uses)	<u>145,484</u>	<u>206,789</u>	<u>61,305</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>393,292</u>	<u>\$ 393,292</u>	<u>377,113</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,205,578</u>		<u>828,465</u>
End of year - June 30		<u>\$ 1,598,870</u>		<u>\$ 1,205,578</u>

## CITY OF BELMONT, NORTH CAROLINA

SKATE PARK CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR END 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>	
<b>Revenues:</b>					
Grant revenue	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
<b>Expenditures:</b>					
Design construction and administration	415,000	406,829	-	406,829	8,171
Revenues over (under) expenditures	(265,000)	(256,829)	-	(256,829)	8,171
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	65,000	50,054	6,775	56,829	(8,171)
Transfer from Capital Reserve Fund	200,000	200,000	-	200,000	-
Total other financing sources (uses)	265,000	250,054	6,775	256,829	(8,171)
Net change in fund balance	\$ -	\$ (6,775)	6,775	\$ -	\$ -
<b>Fund Balance:</b>					
Beginning of year, July 1			(6,775)		
End of year, June 30			\$ -		

## CITY OF BELMONT, NORTH CAROLINA

ABBEY CREEK PARK CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR END 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>		
<b>Revenues:</b>					
Grant revenue	\$ 505,000	\$ -	\$ -	\$ -	\$ (505,000)
Contributions	-	10,000	-	10,000	10,000
Total revenues	<u>505,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>(495,000)</u>
<b>Expenditures:</b>					
Design and engineering	370,175	67,010	6,938	73,948	296,227
Right of way administration	200,000	-	3,000	3,000	197,000
Public art	60,000	-	-	-	60,000
Construction and administration	1,461,860	66,070	-	66,070	1,395,790
Contingency	<u>73,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,281</u>
Total expenditures	<u>2,165,316</u>	<u>133,080</u>	<u>9,938</u>	<u>143,018</u>	<u>2,022,298</u>
Revenues over (under) expenditures	(1,660,316)	(123,080)	(9,938)	(133,018)	1,527,298
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	<u>1,660,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,660,316)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (123,080)</u>	<u>(9,938)</u>	<u>\$ (133,018)</u>	<u>\$ (133,018)</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>(123,080)</u>		
End of year, June 30			<u>\$ (133,018)</u>		

## CITY OF BELMONT, NORTH CAROLINA

**BELMONT RAIL TRAIL CAPITAL PROJECT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR END 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>		
<b>Revenues:</b>					
Contributions	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ 25,000
<b>Expenditures:</b>					
Design	153,000	122,598	(11,768)	110,830	42,170
Revenues over (under) expenditures	(153,000)	(97,598)	11,768	(85,830)	67,170
<b>Other Financing Sources (Uses):</b>					
Transfer from Capital Reserve Fund	153,000	181,109	-	181,109	28,109
Net change in fund balance	<u>\$ -</u>	<u>\$ 83,511</u>	11,768	<u>\$ 95,279</u>	<u>\$ 95,279</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>83,511</u>		
End of year, June 30			<u>\$ 95,279</u>		

## CITY OF BELMONT, NORTH CAROLINA

## CAPITAL RESERVE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2023

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest earned on investments	\$ 2,000	\$ 29,400	\$ 27,400	\$ 1,487
<b>Other Financing Sources (Uses):</b>				
Transfer to General Fund	(2,000)	-	2,000	(200,000)
Transfer to Rocky Branch Park	-	-	-	(131,882)
Total other financing sources (uses)	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>	<u>(331,882)</u>
Net change in fund balance	\$ <u>-</u>	29,400	\$ <u>29,400</u>	(330,395)
<b>Fund Balance:</b>				
Beginning of year, July 1		<u>347,411</u>		<u>677,806</u>
End of year - June 30		\$ <u>376,811</u>		\$ <u>347,411</u>

CITY OF BELMONT, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Variance Over/Under	2022
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating Revenues:</b>				
Water sales	\$ 3,915,000	\$ 3,711,879	\$ (203,121)	\$ 3,658,594
Sewer charges	3,500,000	3,707,429	207,429	3,575,367
Water and sewer taps	5,000	-	(5,000)	-
Reconnections	100,000	133,300	33,300	176,980
Service connection fees	16,000	8,357	(7,643)	16,728
Penalties	100,000	139,685	39,685	133,660
Pretreatment fees	13,500	14,050	550	15,775
Impact fees	-	407,125	407,125	588,487
Inspection fees	250,000	188,250	(61,750)	107,260
System development fees	33,500	1,162,497	1,128,997	847,961
Maintenance fees	282,000	238,492	(43,508)	291,988
Miscellaneous revenues	33,265	15,355	(17,910)	29,534
Total operating revenues	<u>8,248,265</u>	<u>9,726,419</u>	<u>1,478,154</u>	<u>9,442,334</u>
<b>Non-Operating Revenues:</b>				
Interest income	1,500	6,298	4,798	320
NCDEQ grant revenues	300,000	97,250	(202,750)	-
Total non-operating revenues	<u>301,500</u>	<u>103,548</u>	<u>(197,952)</u>	<u>320</u>
Total revenues	<u>8,549,765</u>	<u>9,829,967</u>	<u>1,280,202</u>	<u>9,442,654</u>
<b>Expenditures:</b>				
<b>Water and Sewer Administration and Distribution:</b>				
Salaries and benefits	2,171,676	2,130,619	41,057	1,995,492
Operating expenditures	1,541,011	1,945,342	(404,331)	1,960,547
Total water administration and distribution	<u>3,712,687</u>	<u>4,075,961</u>	<u>(363,274)</u>	<u>3,956,039</u>
<b>Water Treatment Plant:</b>				
Salaries and benefits	1,121,757	1,170,457	(48,700)	966,411
Operating expenditures	782,785	733,535	49,250	505,059
Total water treatment plant	<u>1,904,542</u>	<u>1,903,992</u>	<u>550</u>	<u>1,471,470</u>
<b>Waste Collection and Treatment:</b>				
Salaries and benefits	1,026,875	1,060,175	(33,300)	973,107
Operating expenditures	1,098,598	1,021,002	77,596	916,524
Total waste collection and treatment	<u>2,125,473</u>	<u>2,081,177</u>	<u>44,296</u>	<u>1,889,631</u>
<b>Debt Service:</b>				
Interest and fees	96,142	91,322	4,820	94,793
Principal retirement	576,402	518,358	58,044	512,889
Total debt service	<u>672,544</u>	<u>609,680</u>	<u>62,864</u>	<u>607,682</u>

CITY OF BELMONT, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2023  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		2022	
	Budget	Actual	Variance Over/Under	Actual
<b>Capital Outlay</b>	<u>1,363,136</u>	<u>1,306,056</u>	<u>57,080</u>	<u>1,637,556</u>
Total capital outlay	<u>1,363,136</u>	<u>1,306,056</u>	<u>57,080</u>	<u>1,637,556</u>
Total expenditures	<u>9,778,382</u>	<u>9,976,866</u>	<u>(198,484)</u>	<u>9,562,378</u>
Revenues over (under) expenditures	<u>(1,228,617)</u>	<u>(146,899)</u>	<u>1,081,718</u>	<u>(119,724)</u>
<b>Other Financing Sources (Uses):</b>				
Lease liabilities issued	-	79,850	79,850	-
Subscription liabilities issued	-	8,020	8,020	-
Transfer from General Fund	228,617	-	(228,617)	-
Transfer from Special Revenue Fund	<u>1,000,000</u>	<u>460,547</u>	<u>(539,453)</u>	<u>29,673</u>
Total other financing sources (uses)	<u>1,228,617</u>	<u>548,417</u>	<u>(680,200)</u>	<u>29,673</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 401,518</u>	<u>\$ 401,518</u>	<u>\$ (90,051)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 401,518</u>		<u>\$ (90,051)</u>
Reconciling items:				
Payment of debt principal		518,358		512,889
Amount included in capital outlay not capitalized		(116,037)		(275,675)
Capital outlay		1,306,056		1,637,556
Lease capital outlay		-		35,757
Change in accrued vacation pay		(27,576)		4,178
Change in OPEB liability		304,334		(48,364)
Capital contributions - donated water lines		4,225,523		3,620,915
Capital Reserve Fund - interest		62,770		3,176
Interest expense accrual		3,639		21,171
Depreciation and amortization		(2,808,551)		(2,940,421)
Change in deferred outflows of resources - pensions		570,776		121,605
Change in net pension liability		(1,543,091)		672,212
Change in deferred inflows of resources - pensions		727,642		(738,257)
Change in deferred outflows of resources - OPEB		(23,033)		(22,008)
Change in deferred inflows of resources - OPEB		(262,660)		37,734
Subscription liabilities issued		(8,020)		-
Lease liabilities issued		(79,850)		(35,757)
Change in inventory		<u>39,644</u>		<u>22,619</u>
Total reconciling items		<u>2,889,924</u>		<u>2,629,330</u>
Change in net position (Exhibit H)		<u>\$ 3,291,442</u>		<u>\$ 2,539,279</u>



## CITY OF BELMONT, NORTH CAROLINA

WATER AND SEWER CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2023  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest earned on investments	\$ 2,000	\$ 62,770	\$ 60,770	\$ 3,176
<b>Other Financing Sources (Uses):</b>				
Transfer to Water and Sewer Fund	(2,000)	-	2,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 62,770</u>	<u>\$ 62,770</u>	<u>\$ 3,176</u>

## CITY OF BELMONT, NORTH CAROLINA

## BELMONT TOURISM DEVELOPMENT AUTHORITY

## COMPONENT UNIT

## BALANCE SHEET

JUNE 30, 2023

**Assets:**

Cash and cash equivalents	\$ 358,719
Accounts receivable, net	<u>47,236</u>
Total assets	<u>\$ 405,955</u>

**Liabilities and Fund Balances:****Liabilities:**

Accounts payable and accrued liabilities

**Fund Balance:**

Restricted for tourism

	<u>\$ 10,767</u>
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Total liabilities and fund balance

	<u>395,188</u>
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	<u>\$ 405,955</u>
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## CITY OF BELMONT, NORTH CAROLINA

## BELMONT TOURISM DEVELOPMENT AUTHORITY

## COMPONENT UNIT

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

## FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2023

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Occupancy tax	\$ 205,000	\$ 258,816	\$ 53,816	\$ 242,520
<b>Expenditures:</b>				
Economic and physical development:				
Tourism program	205,000	104,481	100,519	70,280
Net change in fund balance	\$ -	154,335	\$ 154,335	172,240
<b>Fund Balance:</b>				
Beginning of year - July 1		240,853		68,613
End of year - June 30		\$ 395,188		\$ 240,853

## CITY OF BELMONT, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2023

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 10,891,640	\$ 10,851,579	\$ 40,061
2021-2022	45,141	-	27,686	17,455
2020-2021	19,941	-	7,385	12,556
2019-2020	10,880	-	1,513	9,367
2018-2019	7,767	-	740	7,027
2017-2018	7,444	-	444	7,000
2016-2017	6,746	-	383	6,363
2015-2016	6,180	-	364	5,816
2014-2015	8,668	-	332	8,336
2013-2014	5,378	-	295	5,083
2012-2013	4,791	-	4,791	-
Total	<u>\$ 122,936</u>	<u>\$ 10,891,640</u>	<u>\$ 10,895,512</u>	119,064
Less allowance for uncollectible ad valorem taxes receivable				<u>(47,181)</u>
Ad valorem taxes receivable, net				<u>\$ 71,883</u>
<b>Reconciliation with Revenues:</b>				
Taxes, ad valorem - General Fund (Exhibit D)				\$ 10,988,677
Less penalties and interest collected				(11,935)
Taxes written off and refunded				4,791
Miscellaneous				<u>(86,021)</u>
Total collections and credits				<u>\$ 10,895,512</u>

## CITY OF BELMONT, NORTH CAROLINA

ANALYSIS OF CURRENT TAX 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
<b>Original Levy:</b>					
Total property taxed at current year's rate	\$ 2,202,275,758	\$ 0.495	\$ 10,901,265	\$ 9,725,585	\$ 1,175,680
<b>Discoveries - Current Year Taxes</b>	1,270,505	0.495	6,289	6,289	-
<b>Abatements</b>	(3,214,949)	0.495	(15,914)	(15,914)	-
Total property valuation	<u>\$ 2,200,331,314</u>				
<b>Net Levy</b>			10,891,640	9,715,960	1,175,680
Uncollected taxes at June 30, 2023			40,061	40,061	-
<b>Current Year's Taxes Collected</b>			<u>\$ 10,851,579</u>	<u>\$ 9,675,899</u>	<u>\$ 1,175,680</u>
<b>Current Levy Collection Percentage</b>			<u>99.63%</u>	<u>99.59%</u>	<u>100.00%</u>

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# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

### **Independent Auditor’s Report**

To the Honorable Mayor and  
Members of the City Council  
City of Belmont, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Belmont, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Belmont’s basic financial statements, and have issued our report thereon dated December 1, 2023. Our report includes a reference to other auditors who audited the financial statements of the City of Belmont ABC Board, as described in our report on the City of Belmont’s financial statements. The financial statements of the City of Belmont 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 Belmont ABC Board.

### **Report on Internal Control over Financial Reporting**

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-001, 2023-002, 2023-003, and 2023-004 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-005 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Belmont'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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2023-003, 2023-004, and 2023-005.

### **City of Belmont's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 1, 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 Belmont, North Carolina

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

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

We have audited the City of Belmont, 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 Belmont's major federal programs for the year ended June 30, 2023. The City of Belmont's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Belmont complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Belmont and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Belmont's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions or contracts or grant agreements applicable to the City of Belmont'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 Belmont's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Belmont's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material 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 Belmont'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 Belmont'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 Belmont'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 Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-006. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the non-compliance finding identified in our audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City's response was not subjected to the other auditing procedure 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*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 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 deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2023-006 to be a significant deficiency.

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 Belmont's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City of Belmont's response was not subjected to the other 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  
December 1, 2023

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# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

## **Report on Compliance for Each 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 Belmont, North Carolina

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

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

We have audited the City of Belmont, 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 Belmont's major state programs for the year ended June 30, 2023. The City of Belmont's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Belmont complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of State Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for State 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 Belmont and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Belmont's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Belmont'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 Belmont'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 Belmont'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 Belmont'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 Belmont'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 Belmont's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P. A.  
Hickory, North Carolina  
December 1, 2023

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# CITY OF BELMONT, 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 with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes

Non-compliance material to financial statements noted? Yes

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Community Facilities Loans and Grants Cluster	10.766
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 BELMONT, 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(es) identified? No
- Significant deficiency(ies) identified? No

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

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

Identification of major state programs:

**Program Name**

Parks and Recreation Trust Fund

Auditee qualified as State low-risk auditee? No

# CITY OF BELMONT, 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

#### Material Weakness

##### **Finding 2023-001**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the City's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments. Subsidiary ledgers and cash reconciliations were not prepared and balanced to the general ledger in a timely manner during the year. Internal controls over subsidiary ledgers and cash reconciliations are critical.

**Effect:** Errors could occur in financial reporting. Financial reports used for budget monitoring throughout the year may not properly reflect account balances.

**Cause:** There are limited City resources as it relates to the preparation of all necessary year-end adjustments for financial reporting purposes. The general ledger was not reconciled to subsidiary ledgers on a regular basis, and year-end journal entries were not booked.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2022-001.

**Recommendation:** Management should examine the adjustments required as a result of our audit and assess the cost versus benefit of improving the internal control system to prevent the adjustments in the future, given the City's available resources. Management should acknowledge inherent limitations in the internal control system caused by limited resources and modify their oversight function accordingly. Management should put procedures in place to reconcile all subsidiary ledgers and bank accounts to the general ledger on a monthly basis.

**Name of Contact Person:** Jared Pyles, Finance Director

**Views of Responsible Officials and Corrective Action Plan:** Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

# CITY OF BELMONT, 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 (continued)

#### Material Weakness

##### **Finding 2023-002**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** Controls over financial reporting have been designed but not properly implemented and monitored. Limits should be placed upon personnel who have access to the general ledger. Journal entries were not approved on a timely basis throughout the fiscal year. Additionally, we noted one occurrence of an employee being overpaid by 15 hours.

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

**Cause:** The City's Finance Department does not have adequate safeguards in place to monitor internal controls over financial reporting.

**Identification of a Repeat Finding:** This is a modified, repeat finding from the immediate previous audit, 2022-002.

**Recommendation:** Management should strengthen internal controls over journal entries and payroll processing.

**Contact Person:** Jared Pyles, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The City agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

# CITY OF BELMONT, 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 (continued)

#### Material Weakness

#### Non-Compliance

#### **Finding 2023-003**

**Criteria:** Per G.S. 159-8, all money received and expended by a local government should be included in the budget ordinance. The statutes require that funds be appropriated before incurring the obligation of funds and that amounts be pre-audited prior to disbursements being made.

**Condition:** During the fiscal year ended June 30, 2023, there were violations of the G.S. 159-8 by the City with regard to expenditures exceeding appropriations in the General Fund and Water and Sewer Fund and, therefore, a failure in the pre-audit requirement.

**Effect:** The City was in violation of North Carolina State Statutes.

**Cause:** Lack of budget monitoring by management. The City expended more than what had been appropriated because budget amendments were not made for those items.

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

**Recommendation:** Management and the Board should ensure that amounts are pre-audited prior to disbursement of funds and budgets are approved as required by statutes.

**Name of Contact Person:** Jared Pyles, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The City agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

## CITY OF BELMONT, 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 (continued)

##### Material Weakness

##### Non-Compliance

##### **Finding 2023-004**

**Criteria:** N.C. General Statute 159-33 requires all units of local governments in North Carolina to submit a semi-annual Cash and Investment Report (LGC-203) to the Local Government Commission by January 25th and July 25th of each year.

**Condition:** The LGC-203 for the City and the TDA were filed after the required due date.

**Effect:** The City and TDA were in violation of North Carolina State Statutes.

**Cause:** The City experienced turnover in key financial personnel, thus resulting in delays in required reporting.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2022-005.

**Recommendation:** Implement more stringent controls to prevent LGC-203 from being reported after required due date.

**Name of Contact Person:** Jared Pyles, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The City agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

## CITY OF BELMONT, 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 (continued)

##### Significant Deficiency

##### Non-Compliance

##### **Finding 2023-005**

**Criteria:** Per N.C. General Statute 116B-53(c), subpart 12, property is presumed abandoned if it is unclaimed by the apparent owner after one year of the property becoming distributable. Per N.C. General Statute 116B-60, a holder of property presumed abandoned shall make a report to the Treasurer concerning the property.

**Condition:** In the current year, there was a violation of the N.C. General Statute with regards to the escheating process for property held more than a year.

**Effect:** The City was in violation of North Carolina State Statutes.

**Cause:** Lack of internal controls over escheating process for unclaimed property.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2022-006.

**Recommendation:** Management should put a process in place to perform the escheat process in accordance with state law.

**Name of Contact Person:** Jared Pyles, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The City agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

# CITY OF BELMONT, NORTH CAROLINA

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

### 3. Federal Award Findings and Questioned Costs

#### **Significant Deficiency, Nonmaterial Non-Compliance Reporting**

U.S. Department of Treasury

Program name: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

AL Number: 21.027

#### **Finding 2023-006**

**Criteria:** In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that federal funds expended are properly reported to grantor. According to Part 2: Reporting Requirements of the U.S. Department of Treasury Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds, expenditures that are charged to the program should be adequately reported.

**Condition:** Incurred expenditures were incorrectly reported at total budgeted costs for the program, instead of actual expenditures incurred for reporting period.

**Effect:** Expenditures incurred were reported at total budgeted project cost, therefore reported expenditures were more than what was incurred by the City during reporting period.

**Cause:** An error was made and the City reported budgeted costs for project. City internal control procedures did not catch the reporting error.

**Questioned Cost:** The City reported more expenditures than were incurred. The reporting will be updated with the next report on or before the due date. This finding represents an internal control issue; therefore, questioned costs are not applicable.

**Recommendation:** The City's reporting should be reviewed and approved by management prior to submission to ensure accuracy of information.

**Name of Contact Person:** Jared Pyles, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The City agrees with this finding and will adhere to the Corrective Action Plan in this audit report.



**CITY OF BELMONT, NORTH CAROLINA**

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

**4. State Award Findings and Questioned Costs**

None reported.

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**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2023**

**Material Weakness**

**Finding 2023-001:**

**Name of Contact Person:** Jared Pyles, Finance Director

**Corrective Action:** Management is aware that year-end audit adjustments are typically required. The City will continue to enhance the capabilities of its staff by ensuring additional training and educational opportunities are made available and attended to allow staff, while still limited in number, to assume additional responsibilities for financial reporting.

**Proposed Completion Date:** Immediately.

**Material Weakness**

**Finding 2023-002:**

**Name of Contact Person:** Jared Pyles, Finance Director

**Corrective Action:** The Finance Department has designed and implemented new controls over journal entries. The City's Accountant and/or Deputy Finance Director prepare journal entries, which are subsequently reviewed by the Finance Director or Deputy Finance Director, contingent upon who prepared the entry. Each journal entry requires a cover sheet to be completed and signed off on for both the preparer and reviewer. These controls were in place during Fiscal Year 2023; however, the review process was not timely due to the City completing and finalizing prior year audits. The City experienced turnover in its Human Resources Department, which resulted in an error in the setup of a new part-time employee's profile in the Interim Human Resource Director's first week. The employee's hourly rate was mistakenly keyed in an area that rolls time into the pay grid. Finance and Human Resources quickly identified and addressed this issue, although it was not realized until after payroll had been processed. The City is currently in the process of transitioning to a new payroll software provider, which will allow for additional controls over payroll to prevent these types of errors from happening in the future, as well as comprehensive training for Finance and Human Resources staff.

**Proposed Completion Date:** Immediately



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**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2023**

**Material Weakness**

**Non-Compliance**

**Finding 2023-003:**

**Name of Contact Person:** Jared Pyles, Finance Director

**Corrective Action:** The City is aware of G.S. 159-8. The Finance Director will ensure amounts are pre-audited prior to disbursement of funds and that appropriate budget amendments and/or budget transfers are prepared and posted to avoid expenditures exceeding appropriations. The City also plans to meet with Department Heads quarterly to identify and correct budget issues throughout the fiscal year.

**Proposed Completion Date:** Immediately.

**Material Weakness**

**Non-Compliance**

**Finding 2023-004:**

**Name of Contact Person:** Jared Pyles, Finance Director

**Corrective Action:** The City mistakenly reported the TDA Cash with the City's Cash on the semi-annual Cash and Investment Reports (LGC-203). The City since submitted amended reports for each the City and TDA to correct this issue. Cross-training and implementation of a Finance Duty Calendar in the Finance Department will prevent the LGC-203 from being reported after the required due date in the future.

**Proposed Completion Date:** Immediately.

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2023**

**Significant Deficiency**

**Non-Compliance**

**Finding 2023-005:**

**Name of Contact Person:** Jared Pyles, Finance Director

**Corrective Action:** The City is aware of G.S. 116B-53(c), subpart 12. The Finance Department has implemented a control to review unclaimed property/outstanding checks semi-annually to ensure property presumed abandoned is reported to the Treasurer timely. The City is also in the process of being accepted into the VDA program.

**Proposed Completion Date:** Immediately.

**Significant Deficiency**

**Finding 2023-006:**

**Name of Contact Person:** Jared Pyles, Finance Director

**Corrective Action:** The City mistakenly reported budgeted costs rather than cumulative costs as part of the compliance reporting for ARPA Funds. The City will correct on its next reporting and will include an additional layer of review to prevent future reporting errors.

**Proposed Completion Date:** Immediately.

**CITY OF BELMONT, NORTH CAROLINA**

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

- Finding:** 2022-001  
**Status:** Repeated as Finding 2023-001.
- Finding:** 2022-002  
**Status:** Modified and repeated as Finding 2023-002.
- Finding:** 2022-003  
**Status:** Corrected.
- Finding:** 2022-004  
**Status:** Modified and repeated as Finding 2023-003.
- Finding:** 2022-005  
**Status:** Repeated as Finding 2023-004.
- Finding:** 2022-006  
**Status:** Repeated as Finding 2023-005.
- Finding:** 2022-007  
**Status:** Corrected.

CITY OF BELMONT, NORTH CAROLINA

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

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipients
<b>Federal Assistance</b>					
<b>U.S. Department of Agriculture</b>					
Passed through N. C. Department of Agriculture and Forestry Services Urban and Community Forestry Program	10.675	23-03	\$ 5,592	\$ -	\$ -
Rural Housing Service					
Community Facilities Loans and Grants Cluster:					
Direct Program:					
Community Facilities Loans and Grants	10.766		4,242,557	-	-
Total Community Facilities Loans and Grants Cluster			4,242,557	-	-
Total U.S. Department of Agriculture			4,248,149	-	-
<b>U.S. Department of Justice</b>					
Passed-through the N.C. Department of Public Safety:					
Edward Byrne Memorial Justice Assistant Grant Program	16.738	15PBJA-21-GG-00278-JAGX	831	-	-
Edward Byrne Memorial Justice Assistant Grant Program	16.738	15PBJA-22-GG-00633-JAGX	23,652	-	-
Total U.S. Department of Justice			24,483	-	-
<b>U.S. Department of Treasury</b>					
Direct Program:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2021-0032-01	1,218,938	-	-
Total U.S. Department of Treasury			1,218,938	-	-
<b>U.S. Department of Transportation</b>					
Passed-through the NC Department of Transportation					
Highway Safety Cluster					
State and Community Highway Safety	20.600	22022.2.9/2023.2.8	41,834	-	-
Total Highway Safety Cluster			41,834	-	-
Total U.S. Department of Transportation			41,834	-	-
Total Federal Assistance			5,533,404	-	-
<b>State Assistance</b>					
<b>N.C. Department of Transportation</b>					
Powell Bill		DOT-4	-	176,189	-
<b>N.C. Department of Commerce</b>					
Rural Economic Development Division					
Techworks of Gaston County Grant		2022-065-1257-1913	-	127,150	-
<b>N.C. Department of Environmental Quality</b>					
Asset Inventory & Assessment Grant (AIA) - Drinking Water		AIA-D-0264	-	22,000	-
<b>N.C. Department of Environmental Quality</b>					
Asset Inventory & Assessment Grant (AIA) - Wastewater		AIA-W-0251	-	75,250	-
<b>North Carolina Division of Parks and Recreation</b>					
Parks and Recreation Trust Fund		2022-958	-	500,000	-
Total State Assistance			-	900,589	-
Total Federal and State Awards			\$ 5,533,404	\$ 900,589	\$ -

**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 Belmont 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 Belmont, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Belmont.

**Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. City of Belmont 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 Belmont 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 the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2023 consists of:

Program Title	AL Number	Pass-Through Grantor's Number	Amount Outstanding
Community Facilities Loans and Grant:	10.766	N/A	\$ 4,242,557

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