COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2018

Prepared and Issued by:
City of Statesville Finance Department

Ralph S. Staley
Finance Director

CITY OF STATESVILLE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018
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November 30, 2018

The Honorable Mayor and Members of City Council
City of Statesville, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Statesville for the fiscal year ended June 30, 2018. The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted governmental auditing standards by a firm of licensed certified public accountants. We believe the data is presented in a manner designed to set forth fairly the financial position and results of operations for the City of Statesville for fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City of Statesville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Statesville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Statesville's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Statesville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Statesville's financial statements have been audited by Martin Starnes & Associates, CPAs, P.A. of Hickory, North Carolina, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Statesville for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Statesville's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management is required by GAAP to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Statesville's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Statesville, North Carolina is located in the central portion of Iredell County in the Midwestern part of the State approximately 45 miles north of Charlotte and approximately 40 miles west of Winston-Salem. The City of Statesville is Iredell County's second largest city and is the county seat.

The City of Statesville has a unique and interesting history in its more than 225 years of existence. On December 19, 1789, the North Carolina General Assembly created the Town of Statesville, primarily because of its central location in Iredell County and in western North Carolina. The City of Statesville was formally incorporated on January 9, 1847 as the area began to grow in number and prosperity. The City of Statesville is empowered to levy a property tax on both real and personal properties located within its municipal boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council. The City of Statesville currently has a land area of 24.5 square miles and a population of 25,714.

The City of Statesville has operated under the Council/Manager form of government since 1949. The Mayor and eight council members are elected on a non-partisan basis with six council members elected from wards and two elected at-large. All nine elected officials serve four-year staggered terms. Policy-making and legislative authority are vested in the City Council. Other major duties of the City Council include adopting an annual budget, establishing the annual property tax rate, enacting local ordinances and appointing the City Manager and members of various boards and commissions. In addition, the City Council has the authority to call for bond referenda and enter into contracts.

The City Manager serves at the pleasure of the City Council and is responsible for daily municipal operations, including preparation of the annual budget and appointment of employees. The City Manager supervises and coordinates the activities of the city's departments, attends City Council meetings, and makes recommendations on appropriate matters of business. The City Manager is responsible for implementing the policies of the City Council, advises the City Council on the financial condition of the city, and represents the city in business with other parties.

The City of Statesville provides a wide range of services, including police and fire protection; construction and maintenance of streets and sidewalks and other infrastructure; recreational activities and cultural events; sanitation collection; planning and community development; and general administration. In addition, the City owns and operates an airport, electric and water and sewer utilities, and a Civic Center. This report includes all of the City's financial activities in providing these services.

As required by GAAP, the City's financial statements present all of the financial activities of the primary government (City of Statesville) and its two component units, legally separate entities for which the City is financially accountable. The City Council appoints members of the Alcoholic Beverage Control Board and the Statesville Convention and Visitors Bureau. However, the City does not participate in the managerial control of operations of either organization. These organizations are included as discretely presented component units in the financial statements.

The annual budget serves as the foundation for the City of Statesville's financial planning and control. As required by North Carolina General Statutes, the departments of the City are required to submit requests for appropriations to the City Manager no later than April 30 each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager presents a proposed budget to the City Council for review no later than June 1. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than July 1. The appropriated budget is prepared by fund and department. Budgets are legally enacted by adoption of the governing board of an annual budget ordinance or a project ordinance.

The annual budget ordinance and project ordinances may be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. The City Manager is authorized to reallocate departmental appropriations as he deems necessary, and he may transfer appropriations between departments of the same fund with an official report to the governing board on such transfers. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. A project ordinance is used to establish a budget for a project that extends over more than one fiscal year. Project length budget-to-actual comparisons for each governmental fund, for which a project length budget has been adopted, is also included in this report.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Outstanding encumbrances are not broken out separately on the face of the balance sheet but are included within the calculation of "Stabilization by State Statute" reported in the fund balance section of the Governmental Funds Balance Sheet (Exhibit 3) and will be carried forward with their budget appropriations to the subsequent year.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Statesville operates.

Local Economy

Statesville is home to a wide range of businesses from high-tech manufacturing to distribution and service industries, and was well-positioned to benefit from the economic recovery and return to a stable economic base. At June 30, 2018, the unemployment rate in Iredell County reduced to 3.9%; a 0.3% decrease from the prior year.

The City's economy also benefits from its exceptional transportation access with Interstates 77 and 40 connecting within its boundaries. Statesville's close proximity to Charlotte and Greensboro and their international Airports attracts progressive businesses to the area's many industrial sites. Rail lines and Statesville's own growing regional Airport provide additional transportation options.

A variety of industrial and business parks and sites throughout the City provide focus points for economic development. The City has an effective economic development policy for recruitment of business and industry to Statesville and partners with the Statesville Regional Development Corporation to assist companies investigating new operations or expansions in the area.

The City wants to see Statesville develop and grow by continuing to visualize, prioritize, and execute overall improvement plans. In November 2017, the City established the Statesville Municipal Services Center capital project and the Shelton Avenue Multi-Use Path capital project. The Statesville Municipal Services Center capital project will be for the public safety unit to provide housing for Fire Station 1 and the Police Patrol Division. The Shelton Avenue Multi-Use Path capital project is in development to provide an alternative method of transportation and to expand recreational opportunities. Additionally, the renovation of the Vance Hotel and parking deck is underway for future rental space and downtown parking availability.

In 2018, an existing grant was awarded additional funds for the Airport from $8,000,000 to $9,850,000. This grant is being used to construct a new southeast parallel taxiway. The City leaders believe these Airport improvements will continue to create economic development opportunities for the City and Iredell County. The City continues to develop its General Aviation Airport in response to increased air traffic and in preparation to attract larger aircraft to the Airport.

Additionally, the City's Water and Sewer Fund projects continue to amplify the City's stance of preparing for growth. The North Carolina Department of Transportation asked the City to provide sewer service to the I-77 Rest Area and allowed the City to oversize the lines for future development. This capital project is providing an expansion of the City's sewer system of over seven miles to the north of the City along I-77.

Long-term Financial Planning

The City follows the statutory provisions of the Local Government Budget and Fiscal Control Act in developing its annual budget. The City maintains an unassigned fund balance in the General Fund above the minimum level required by the North Carolina Local Government Commission of eight (8) percent; historically the City's unassigned fund balance in the General Fund is well above the average of cities in the same population group and above the statewide average for all municipalities. This level of fund balance aids in maintaining adequate cash flows, generates interest income, provides for the use of a pay-as-you-go capital policy, eliminates the need for short-term borrowing, and maintains investment grade bond ratings.

The City maintains a capital reserve fund to accumulate resources for major capital outlays. The City's capital improvement program (CIP) is a six-year plan for capital equipment and improvements. Each year, the City Council adopts a CIP to identify and prioritize the capital needs of the City during the upcoming fiscal year, plus five (5) planning years. The City avoids borrowing for capital outlays by maintaining a pay-as-you-go policy and multi-year planning enables the City to use the pay-as-you-go approach in providing for capital outlay needs in most cases.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Statesville, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the twenty-eighth consecutive year that the City of Statesville has received this prestigious award.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The City of Statesville also received GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning July 1, 2017. This was the seventeenth consecutive year that the City of Statesville has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the assistance and dedication of the entire staff of the Finance Department. We also appreciate the cooperation and assistance of other City departments. We would also like to express our appreciation to the Mayor and City Council for their continued support and leadership in conducting the financial activities of the City in a responsible manner.

Respectfully submitted,

Ron Smith
City Manager

Ralph S. Staley
Finance Director

LIST OF PRINCIPAL OFFICIALS

Elected Officials – City Council

Mayor ..... Constantine H. Kutteh

Mayor Pro Tem/Council Member ..... Steve Johnson

Council Member – At Large ..... William P. Morgan

Council Member – Ward 1 ..... Roy C. West, Jr.

Council Member – Ward 2 ..... C.O. Johnson

Council Member – Ward 3 ..... Doris Allison

Council Member – Ward 4 ..... Michael Johnson

Council Member – Ward 5 ..... John Staford

Council Member – Ward 6 ..... G. Keith Williams

City Appointed Officials

City Manager ..... Ron Smith

Assistant City Manager ..... R. Lynn Smyth

City Attorney ..... Leah Gaines Messick

City Clerk ..... Brenda J. Fugett

Electric Utility Director ..... John M. Maclaga

Finance Director ..... Ralph S. Staley

IT Director ..... Nikki L. Gregory

Fire Chief ..... Spencer E. Lee

Recreation and Parks Director ..... Richard E. Griggs

Planning Director ..... David H. Currier

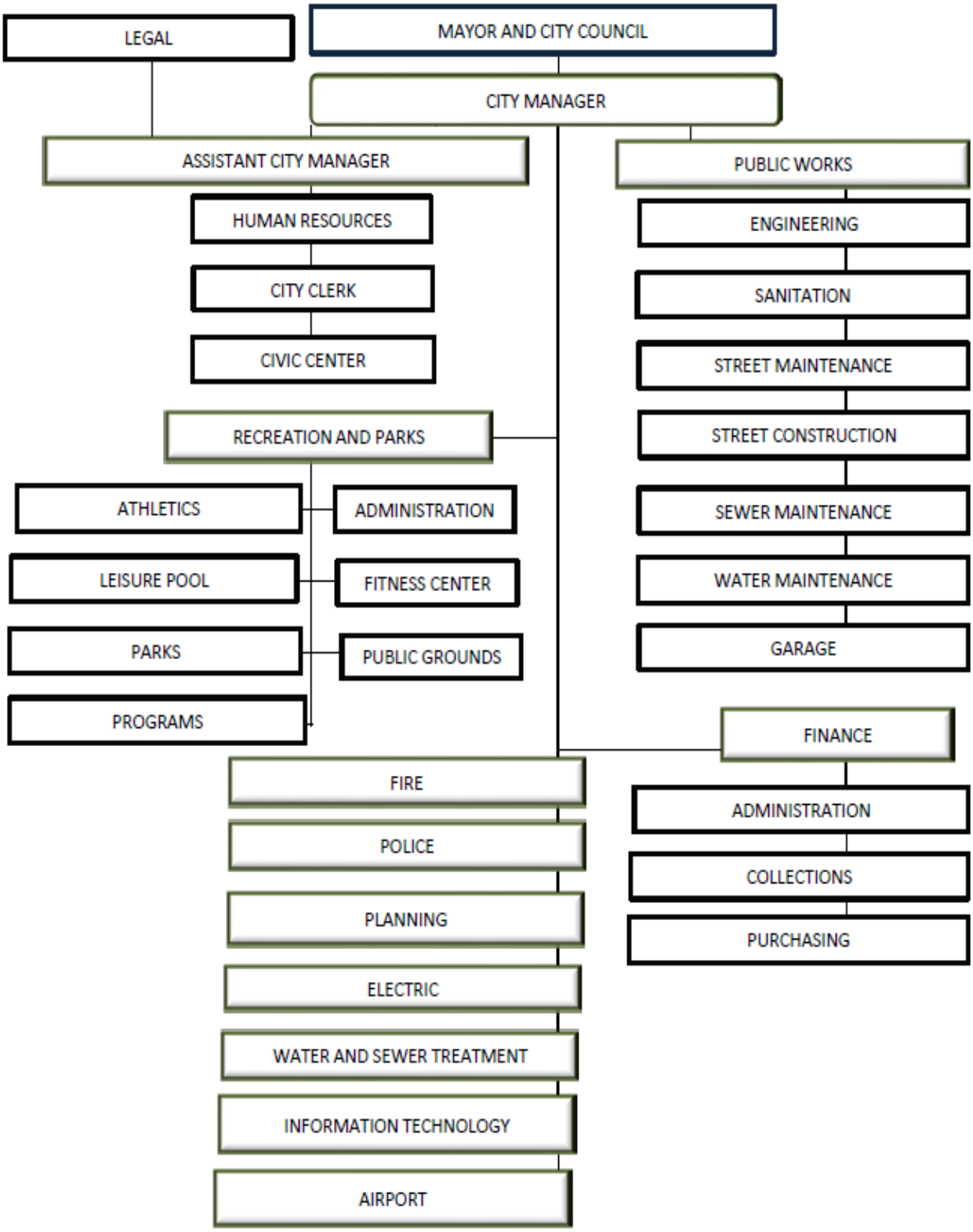
Airport Director ..... John M. Ferguson

Police Chief ..... Joseph J. Barone III

Public Works Director ..... Aaron Scott Harrell

Interim Water Resources Director ..... Andy Smith

City of Statesville, North Carolina
Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Statesville

North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Statesville
Statesville, North Carolina

Report On the Financial Statements

We have audited 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 Statesville, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Statesville ABC Board, which represents 94.77 percent, 89.32 percent, and 96.64 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by another auditor, whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included for the City of Statesville ABC Board, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. The financial statements of the Statesville Convention & Visitors Bureau and the City of Statesville ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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PO Box 5729 ♦ Statesville, NC 28687 ♦ 1710 Wilkesboro Hwy ♦ Statesville, NC 28625 ♦ 704-872-8923 ♦ Fax 704-872-4982
800-948-0585 ♦ www.martinstarnes.com

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Statesville, North Carolina, as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, for fiscal year ending June 30, 2018 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information, 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 auditor 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 assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Statesville's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, other schedules, statistical tables, 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, Costs Principles,* and *Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

In our opinion, based on our audit, the procedures performed as described above, and the 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.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the City of Statesville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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'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 Statesville's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 30, 2018

As management of the City of Statesville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Statesville for the fiscal year ended June 30, 2018. 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 Statesville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $211,875,922 (*net position*).

- The City's total net position increased by $5,563,326, this was due to the operating results of the City's governmental activities deficit of $1,860,467 that is the result of accruing certain financial transactions that are not found in the modified statements such depreciation and accrued fringe benefits. Business-type activities increasing by $7,423,793 more than offsetting the governmental activities deficit of $1,860,467.

- As of the close of the current fiscal year, the City of Statesville's governmental funds reported combined ending fund balances of $29,330,523, a decrease of $2,654,677 from the prior year. The operating deficit is primarily the result of providing an additional $1,521,000 transfer to the Risk Management Fund for unanticipated medical and workers compensation claims and the purchase of two fire trucks at a cost of $1,230,834. Approximately 44.97% of this total amount or $13,190,759 is available for spending at the City Council's discretion.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $13,190,759 or 41.86% of total General Fund expenditures and transfers out.

- The City of Statesville's total debt decreased by $3,842,874 during the current fiscal year. The decrease is the result of the City's payment of its annual debt service with no new debt being added. The entire Water and Sewer Fund's debt is with the State Revolving Fund.

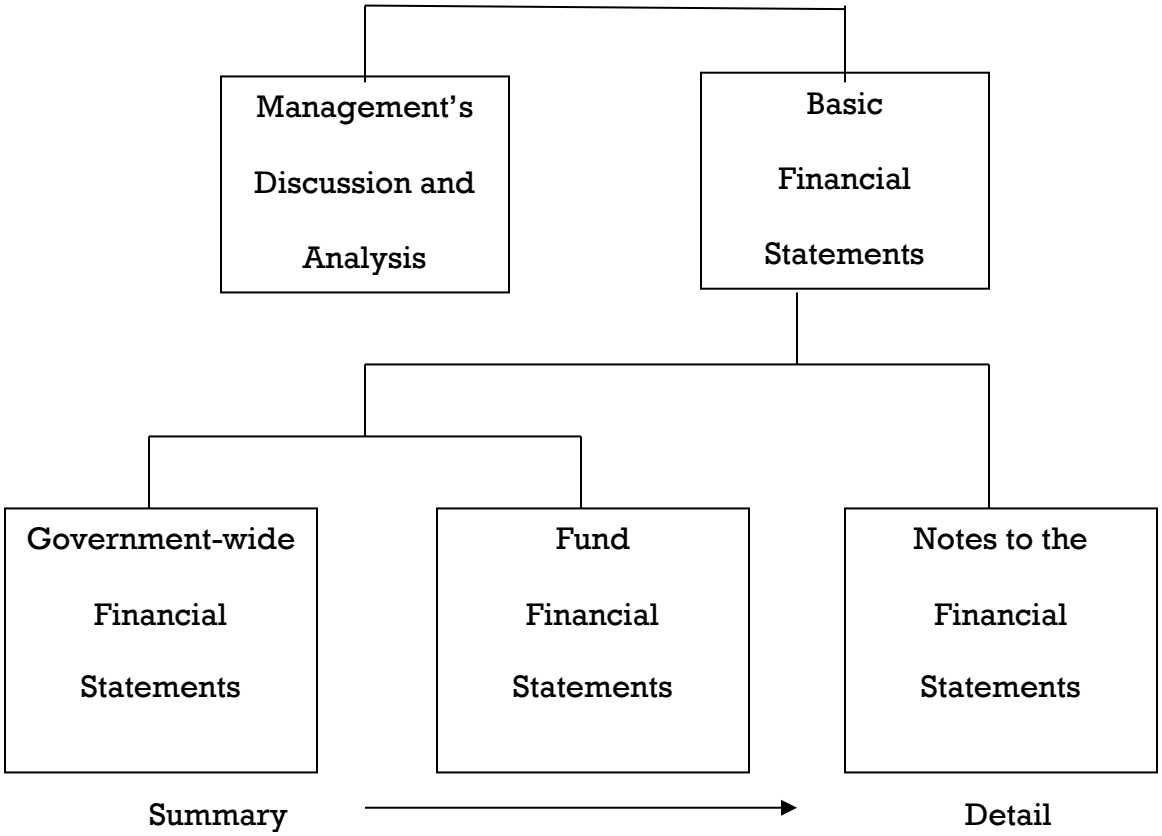
- The City of Statesville has no outstanding bonded debt and therefore has no current bond rating. The most recent rating was an A1 bond rating from Moody's Investor Service and an AA bond rating from Standard & Poor's rating service.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Statesville'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 Statesville.

Required Components of Annual Financial Reports

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) 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 the financial statements 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 deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, recreation and parks, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer and electric services offered by the City of Statesville. The final category is the component units. Although legally separate from the City, the ABC Board and the Statesville Convention and Visitors Bureau are component units of the City. The ABC Board and the Convention and Visitors Bureau are important to the City because the City exercises control over both boards by appointing their members.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Statesville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All funds of the City of Statesville 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 a detailed short-term view that helps the reader 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 Statesville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund

Demonstrates how well the City complied with the budget ordinance and whether 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. 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 Statesville has two different kinds of proprietary funds. *Business-type Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses business-type funds to account for its airport operations, electric services, water and sewer services, and its civic center operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Statesville. The City uses one internal service fund to account for three activities - employee health insurance, worker's compensation, and property and casualty liability insurance costs. Because the associated costs are predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. City of Statesville has one fiduciary fund, a Donation Fund to account for City's customers who wish to donate funds to help those who are need of utility payment support. More information about these funds can be obtained in the notes of the financial statements.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and are located after Exhibit 10 in the basic financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Statesville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information is located after the notes to the financial statements.

City of Statesville's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 34,327,884	$ 35,168,856	$ 53,343,805	$ 51,230,262	$ 87,671,689	$ 86,399,118
Capital assets	45,485,178	46,076,432	127,130,213	123,520,421	172,615,391	169,596,853
Total assets	79,813,062	81,245,288	180,474,018	174,750,683	260,287,080	255,995,971
Deferred outflow of resources	3,107,225	3,938,600	873,680	1,216,420	3,980,905	5,155,020
Long-term liabilities outstandi	8,841,011	10,614,127	26,937,368	29,608,082	35,778,379	40,222,209
Other liabilities	6,277,251	4,688,699	9,962,206	9,266,701	16,239,457	13,955,400
Total liabilities	15,118,262	15,302,826	36,899,574	38,874,783	52,017,836	54,177,609
Deferred inflows of resources	294,201	244,151	80,026	63,188	374,227	307,339
Net position:						
Net invested in capital assets, net of related debt	42,995,778	42,692,332	99,648,841	93,846,256	142,644,619	136,538,588
Restricted	6,994,417	6,877,891	-	-	6,994,417	6,877,891
Unrestricted	17,517,629	20,066,688	44,719,257	43,182,876	62,236,886	63,249,564
Total net position	$ 67,507,824	$ 69,636,911	$ 144,368,098	$ 137,029,132	$ 211,875,922	$ 206,666,043

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 Statesville exceeded liabilities and deferred inflows by $211,875,922 as of June 30, 2018. The City's net position increased by $5,563,326 for the fiscal year ended June 30, 2018. However, the largest portion of net position (67.45%) 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 and restricted assets. The City of Statesville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Statesville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Statesville's net position $6,994,417 (3.30%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $62,236,886 (29.37%) is unrestricted.

Aspects of the City's financial operations that influenced the total unrestricted net position:

- Governmental Activities expenses exceeded revenues by $1,860,467. This was primarily driven by increases in General Government and Public Safety outpacing increases in ad valorem tax and sales tax revenues.
- Business-type Activities revenues exceeded expenses by $7,423,793. This was substantially created by charges for services and capital grants and contributions having solid increases while expenditures were somewhat flat.

City of Statesville Changes in Net Position
Figure 3

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 3,444,386	$ 3,329,720	$ 61,046,891	$ 60,273,892	$ 64,491,277	$ 63,603,612
Operating grants and contributions	285,478	358,886	211,467	-	496,945	358,886
Capital grants and contributions	851,559	838,388	5,018,622	2,158,958	5,870,181	2,997,346
General revenues:					-	-
Property taxes	13,924,416	13,843,920	-	-	13,924,416	13,843,920
Other taxes and state shared	9,793,381	9,206,615	-	-	9,793,381	9,206,615
Investment earnings, unrestricted	197,604	209,821	378,045	290,896	575,649	500,717
Miscellaneous	128,193	38,351	-	-	128,193	38,351
Total revenues	28,625,017	27,822,701	66,655,025	62,723,746	95,280,042	90,549,447
Expenses:						
General government	4,852,052	3,882,072	-	-	4,852,052	3,882,072
Public safety	14,896,715	13,338,272	-	-	14,896,715	13,338,272
Transportation	4,174,148	3,337,451	-	-	4,174,148	3,337,451
Economic development	768,400	427,733	-	-	768,400	427,733
Environmental protection	2,080,218	1,951,510	-	-	2,080,218	1,951,510
Cultural and recreation	3,871,242	3,871,413	-	-	3,871,242	3,871,413
Interest on long-term debt	110,981	145,274			110,981	145,274
Airport	-	-	1,476,536	1,931,556	1,476,536	1,931,556
Electric	-	-	44,792,998	44,955,862	44,792,998	44,955,862
Water and Sewer	-	-	11,696,188	11,108,611	11,696,188	11,108,611
Civic Center	-	-	997,238	970,233	997,238	970,233
Total expenses	30,753,756	26,953,725	58,962,960	58,966,262	89,716,716	85,919,987
Increase (decrease) in net position before transfers and special items	(2,128,739)	868,976	7,692,065	3,757,484	5,563,326	4,626,460
Transfers in (out)	268,272	(222,438)	(268,272)	222,438	-	-
Increase (decrease) in net position	(1,860,467)	646,538	7,423,793	3,979,922	5,563,326	4,626,460
Net position, beginning, previously reported	69,636,911	71,436,405	137,029,132	133,049,210	206,666,043	204,485,615
Restatement	(268,620)	(2,446,032)	(84,827)	-	(353,447)	(2,446,032)
Net beginning balance with restatement	69,368,291	68,990,373	136,944,305	133,049,210	206,312,596	202,039,583
Net position, end of year	$ 67,507,824	$ 69,636,911	$ 144,368,098	$ 137,029,132	$ 211,875,922	$ 206,666,043

Governmental Activities - The Governmental Activities total net position decreased by $1,860,467.

- General government and public safety expenditures increased $969,980 and $1,558,443, respectively. The expenditure increase is a result of actuary expenses, depreciation expenses greater than capital acquisitions and increases in compensated absences.
- Sales tax increased $381,274 or 5.81% from the prior year because of continued economic recovery.
- Unrestricted intergovernmental increased by $586,766 or 6.37%.
- Property tax, the City's main source of revenue, increase was $80,496 or .58%.

Business-Type Activities - Business-type activities increased the City of Statesville's net position by $7,423,793. Key elements of this increase are as follows:

- Business-type activities from charges for services increased $772,999 or 1.28%. Net position increased mainly because of capital grants and contributions of $5,018,622 an increase of $2,859,664 from the previous fiscal year.
- Business-type operating expenses decreased by $3,302. This decrease was across almost all activities.
- In addition to the above the Airport, Electric and Water and Sewer net position increased as a result of capital acquisitions that were greater than depreciation expense. Airport capital acquisition exceed depreciation expense by $2,211,163 (grants provided funding for most of the Airport's capital acquisitions). Electric capital acquisitions exceed depreciation expense by $1,073,376. Water and Sewer capital acquisition exceeded depreciation expense by $272,616.

Financial Analysis of the City's Funds

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

Governmental Funds - The focus of the City of Statesville'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's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

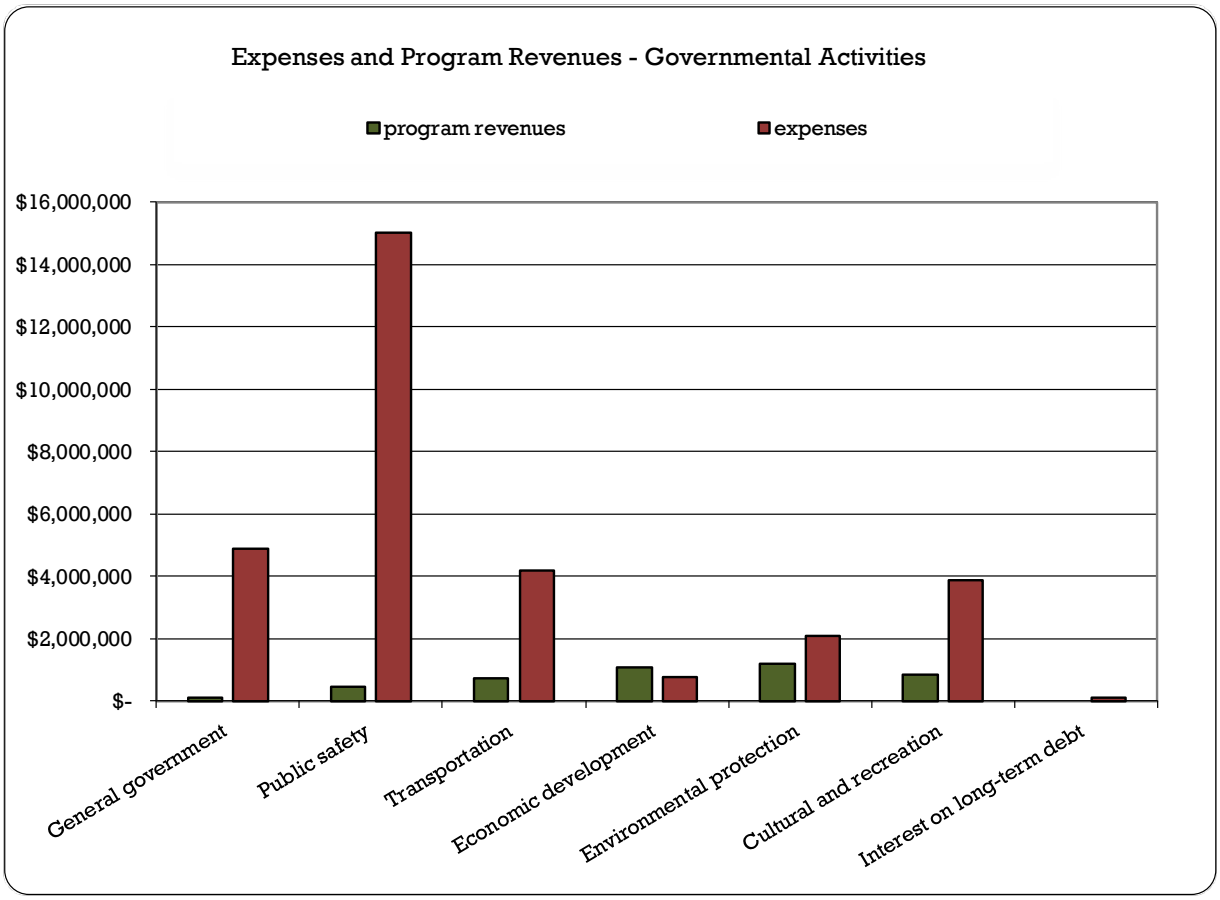
The General Fund is the chief operating fund of the City of Statesville. At the end of the current fiscal year, unassigned fund balance of the General Fund was $13,190,759 while total fund balance was $22,729,977; a decrease of $2,562,099 from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41.86% of total General Fund expenditures and transfers out, while total fund balance represents 80.26% of that same amount.

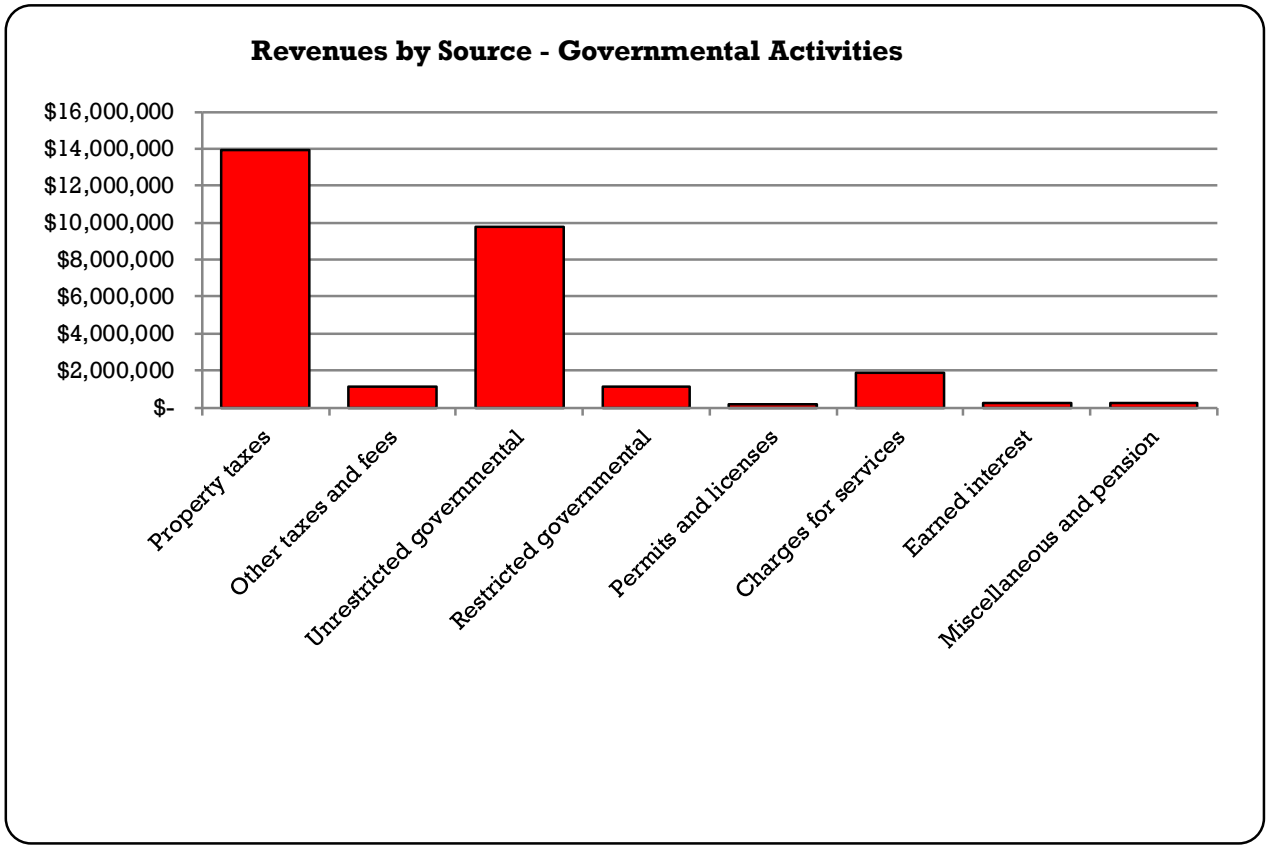
At June 30, 2018, the governmental funds of the City of Statesville reported a combined fund balance of $29,330,523; this is an 8.30% decrease from last year.

- General Fund expenditures exceeded revenues by $2,562,099; below the $7,130,105 in fund balance appropriated.
- An additional $1,521,000 transfer to the Risk Management Fund for unanticipated claims.
- The net change in fund balances of other governmental funds decreased by $92,578.

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. Significant highlights of the General Fund as presented on a modified accrual basis are:

- Ad valorem tax revenues of $14,051,731 exceeded budget estimates by $92,069 or .66%.
- Sales tax (an unrestricted intergovernmental revenue) of $6,945,610 exceeded budget estimates by $145,610 or 2.10%.
- Other unrestricted intergovernmental revenues of $2,798,882 exceeded budget estimates by $250,882 or 8.96%.
- Investment earnings exceeded budget estimates by $39,455 or 21.39%.
- Expenditures were $4,316,043 lower than budget appropriations due primarily to incomplete capital improvement projects at year-end and lapsed salaries.





Proprietary Funds - The City of Statesville's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. At the end of the fiscal year the unrestricted net position for the Airport Fund is $883,780; Electric Fund is $26,315,673; the Water and Sewer Fund is $17,653,141; and Civic Center is $1,235,887. For the year the net position of the Airport Fund increased by $1,986,874; the Electric Fund increased by $4,203,964; the Water and Sewer Fund increased by $1,575,395; and the Civic Center decreased by $25,628.

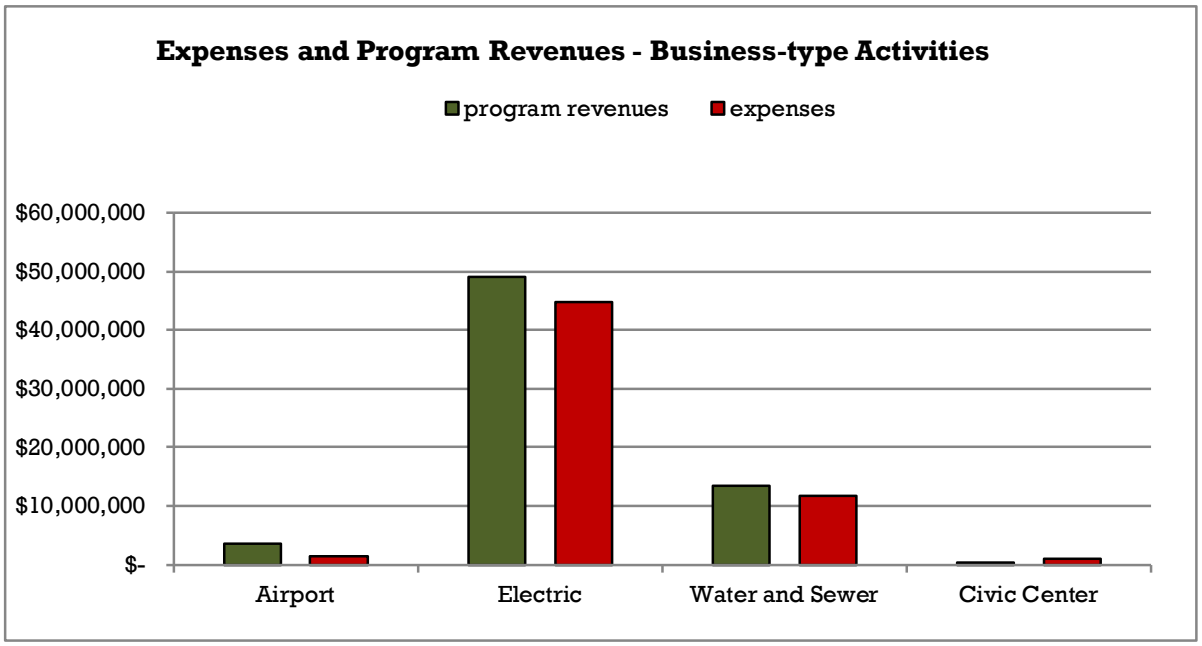
Capital Asset and Debt Administration

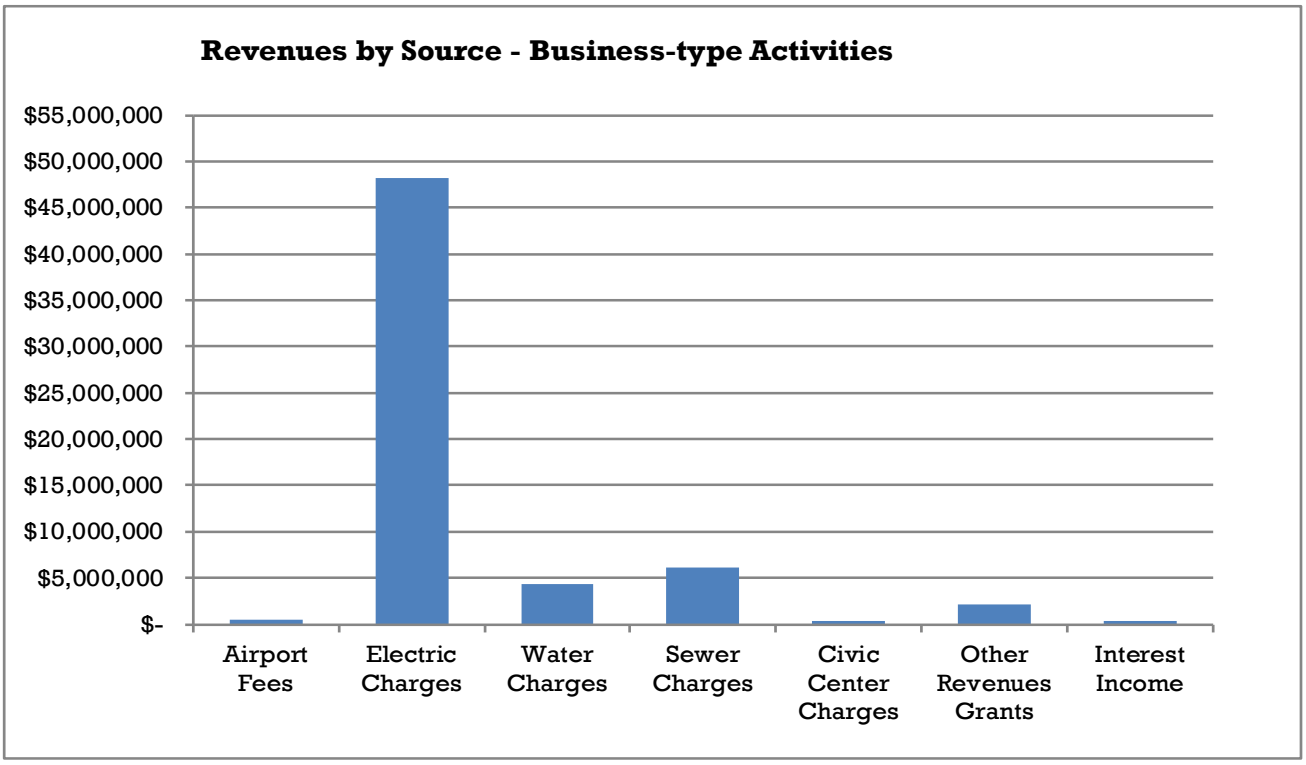
Capital Assets - The City of Statesville's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals $172,615,391 (net of accumulated depreciation). These assets include buildings, utility systems infrastructure, land, roads, machinery and equipment, park facilities, and vehicles.

City of Statesville's Capital Assets
(Net of depreciation)
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 11,331,022	$ 11,225,522	$ 15,887,501	$ 14,767,019	$ 27,218,523	$ 25,992,541
Fresco	-	-	335,825	335,825	335,825	335,825
Buildings and other improvements	29,345,252	31,826,982	17,963,014	18,248,734	47,308,266	50,075,716
Utility plant in service	-	-	87,619,374	79,516,997	87,619,374	79,516,997
Vehicles	4,363,061	3,000,313	3,862,919	3,509,811	8,225,980	6,510,124
Construction in progress	445,843	23,615	1,461,580	7,142,035	1,907,423	7,165,650
Total	$ 45,485,178	$ 46,076,432	$ 127,130,213	$ 123,520,421	$ 172,615,391	$ 169,596,853

Figure 4 is net of accumulated depreciation. Additional information on the City's capital assets can be found in the financial notes on pages 47-50.





Long-Term Debt - As of June 30, 2018, the City of Statesville had no general obligation bonded debt outstanding. The City's debt represents notes payable totaling $29,970,772, compensated absences for $3,177,615 and actuary estimates for public employees pensions (LGERS), other benefits (mainly medical) and law enforcement separation supplemental retirement (LEO). Actuary estimates are subject to change whereas the notes payable and compensated absences are known City obligations.

City of Statesville's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes payable	$ 2,489,400	$ 3,384,100	$27,481,372	$29,674,165	$29,970,772	$33,058,265
Compensated absences	2,484,555	2,093,169	693,060	608,097	3,177,615	2,701,266
OPEB other benefit related debt	1,653,666	1,668,970	522,211	527,043	2,175,877	2,196,013
LEGERS Pension related debt	3,211,599	4,399,854	1,113,538	1,488,777	4,325,137	5,888,631
LEO pension related debt	2,281,664	1,929,764	-	-	2,281,664	1,929,764
	$12,120,884	$13,475,857	$29,810,181	$32,298,082	$41,931,065	$45,773,939

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Statesville as of June 30, 2018 is $240,421,551. As stated earlier, the City of Statesville does not have any outstanding bonded debt being supported by property taxes.

Additional information regarding the City of Statesville's long-term debt can be found in the financial notes on pages 51-72.

Economic Factors and Next Year's Budget and Rates

- Revenue estimates contained in the City of Statesville's 2018-2019 operating and capital budget were developed on a conservative basis.
- The City's assessed valuation for property taxes in the 2018-2019 budget increased 2.13% or $63.4 million from the prior year due primarily to an increase in business personal property values and motor vehicles.
- The City's tax levy is estimated to increase by $2,218,826 from the prior year based on a collection rate of 98.45% and a tax rate of $0.4811 per $100 valuation, an increase from the prior tax rate of $0.4600 per $100 valuation.
- Water rates were increased by 3.0% and sewer rate were increased 3.5% effective July 1, 2018 to provide for operations, capital and debt service obligations in the coming years due to major expansion projects at the City's sewer plants. The City's 10 year financial analysis of the Water and Sewer Fund, completed in fiscal year 2018 forecasts annual rate increases of approximately 3% in water and 3.5% in sewer.
- The City's medical and worker's compensation programs are increasing from 13% to 15% per year. The City has provided funds for a risk manager position to manage the risks and insurance policies that may mitigate the raising costs.

Request for Information - This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Office of Finance Director, City of Statesville, P.O. Box 1111, Statesville, NC 28687-1111.

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BASIC FINANCIAL STATEMENTS

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Exhibit 1

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Convention & Visitors Bureau	Alcoholic Control Board
ASSETS					
Current assets:					
Cash and cash equivalents	$ 29,074,553	$ 43,078,940	$ 72,153,493	$ 162,060	$ 913,091
Tax receivables, net	276,178	-	276,178	-	-
Receivables, net	150,177	7,659,677	7,809,854	-	-
Internal balances	1,369,224	(1,369,224)	-	-	-
Interest receivable	160,982	141,535	302,517	-	-
Due from other governments	3,008,715	924,296	3,933,011	-	-
Due from other component units	186,045	-	186,045	-	-
Inventories	50,771	1,809,347	1,860,118	-	663,229
Prepaid items	-	-	-	558	-
Restricted cash and cash equivalents	51,239	1,099,234	1,150,473	-	-
Total current assets	34,327,884	53,343,805	87,671,689	162,618	1,576,320
Non-current assets:					
Capital assets:					
Land and other nondepreciable assets	11,776,865	17,684,906	29,461,771	-	235,050
Depreciable assets, net	33,708,313	109,445,307	143,153,620	-	1,133,855
Total capital assets	45,485,178	127,130,213	172,615,391	-	1,368,905
Total assets	79,813,062	180,474,018	260,287,080	162,618	2,945,225
DEFERRED OUTFLOWS OF RESOURCES					
Contributions to pension plan	1,117,860	329,913	1,447,773	-	-
Pension deferral	1,791,809	481,382	2,273,191	-	37,314
OPEB deferral	197,556	62,385	259,941	-	-
Total deferred outflows of resources	3,107,225	873,680	3,980,905	-	37,314
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	2,936,820	5,447,609	8,384,429	1,475	490,798
Accrued Interest payable	9,319	86,268	95,587	-	
Due to primary government	-	-	-	-	186,045
Due to other governments	-	367,638	367,638	-	204,799
Prepaid fees	-	88,644	88,644	-	
Liabilities pyable from resticted assets - deposits	51,239	1,099,234	1,150,473	-	
Current portion of long-term liabilities	3,279,873	2,827,967	6,107,840	286	42,333
Total current liabilities	6,277,251	9,917,360	16,194,611	1,761	923,975
Net pension liability - LGERS	3,211,599	1,113,538	4,325,137	-	53,625
Total LEO pension liability	2,281,664	-	2,281,664	-	-
Total OPEB liability	1,653,666	522,211	2,175,877	-	-
Due in more than a year	1,694,082	25,346,465	27,040,547	856	666,445
Total long-term liabilities	8,841,011	26,982,214	35,823,225	856	720,070
Total liabilities:	15,118,262	36,899,574	52,017,836	2,617	1,644,045
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	5,754	-	5,754	-	-
Pension deferrals	157,027	38,525	195,552	-	-
OPEB deferrals	131,420	41,501	172,921	-	-
Total deferred inflows of resources	294,201	80,026	374,227	-	-
NET POSITION					
Net investment in capital assets	42,995,778	99,648,841	142,644,619	-	707,996
Restricted for:					-
Stabilization by state statue	5,700,026	-	5,700,026	-	-
Public safety	130,789	-	130,789	-	-
Economic development	1,163,602	-	1,163,602	-	-
Minimum working capital	-	-	-	-	185,247
Unrestricted	17,517,629	44,719,257	62,236,886	160,001	445,251
Total net position	$ 67,507,824	$ 144,368,098	$ 211,875,922	$ 160,001	$ 1,338,494

The accompanying notes are an integral part of this statement

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 4,852,052	$ 59,766	$ 48,370	$ -
Public safety	14,896,715	233,553	220,025	-
Transportation	4,174,148	1,440	-	746,059
Economic and physical development	768,400	1,089,283	-	-
Environmental protection	2,080,218	1,323,456	17,083	-
Cultural and recreation	3,871,242	736,888	-	105,500
Debt service:				
Interest on long-term debt	110,981	-	-	-
Total governmental activities	30,753,756	3,444,386	285,478	851,559
Business-Type Activities:				
Airport	1,476,536	651,771	-	2,836,801
Electric	44,792,998	48,739,947	211,467	-
Water and sewer	11,696,188	11,358,956	-	2,159,822
Civic Center	997,238	318,216	-	-
Total business-type activities	58,962,960	61,068,890	211,467	4,996,623
Total primary government	$ 89,716,716	$ 64,513,276	$ 496,945	$ 5,848,182
Component Units Activities:				
Convention & Visitors Bureau	$ 248,707	$ 1,425	$ 214,286	$ -
Alcoholic Beverage Control Board	6,243,610	6,244,431	-	-
Total component units	$ 6,492,317	$ 6,245,856	$ 214,286	$ -

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Convention & Visitors Bureau	Alcoholic Beverage Control Board
Functions/Programs					
Primary Government:					
Governmental Activities:					
General government	$ (4,743,916)	$ -	$ (4,743,916)	$ -	$ -
Public safety	(14,443,137)	-	(14,443,137)	-	-
Transportation	(3,426,649)	-	(3,426,649)	-	-
Economic and physical development	320,883	-	320,883	-	-
Environmental protection	(739,679)	-	(739,679)	-	-
Cultural and recreation	(3,028,854)	-	(3,028,854)	-	-
Debt service:					
Interest on long-term debt	(110,981)	-	(110,981)	-	-
Total governmental activities	(26,172,333)	-	(26,172,333)	-	-
Business-Type Activities:					
Airport		2,012,036	2,012,036	-	-
Electric	-	4,158,416	4,158,416	-	-
Water and sewer	-	1,822,590	1,822,590	-	-
Civic Center	-	(679,022)	(679,022)	-	-
Total business-type activities	-	7,314,020	7,314,020	-	-
Total primary government	-	7,314,020	(18,858,313)	-	-
Component Units Activities:					
Convention & Visitors Bureau	-	-	-	(32,996)	-
Alcoholic Beverage Control Board	-	-	-	-	821
Total component units	-	-	-	(32,996)	821
General Revenues:					
Ad valorem taxes	13,924,416	-	13,924,416	-	-
Other taxes	48,949	-	48,949	-	-
State share franchise, telecommunication video & liquor taxes	9,744,432	-	9,744,432	-	-
Interest earned on investments	197,604	378,045	575,649	1,230	3,970
Miscellaneous revenue	128,193	-	128,193	-	501
Total general revenues not including transfers	24,043,594	378,045	24,421,639	1,230	4,471
Total transfers in (out)	268,272	(268,272)	-	-	-
Change in net position	(1,860,467)	7,423,793	5,563,326	(31,766)	5,292
Net position, beginning, previously reporte	69,636,911	137,029,132	206,666,043	191,767	1,333,202
Restatement	(268,620)	(84,827)	(353,447)	-	-
Net position, beginning as restated	69,368,291	136,944,305	206,312,596	-	1,333,202
Net position, end of year	$ 67,507,824	$ 144,368,098	$ 211,875,922	$ 160,001	$ 1,338,494

CITY OF STATESVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 20,824,545	$ 6,592,146	$ 27,416,691
Ad valorem taxes receivable, net	276,178	-	276,178
Accounts receivable, net	140,179	-	140,179
Interest receivable	67,489	20,624	88,113
Due from other governments	2,994,997	8,883	3,003,880
Due from other component units	186,045	-	186,045
Inventories	50,771	-	50,771
Restricted cash and cash equivalents	51,239	-	51,239
Total Assets	$ 24,591,443	$ 6,621,653	31,213,096
LIABILITIES			
Accounts payable and accrued liabilities	1,448,956	21,107	1,470,063
Liabilities payable from restricted assets - deposits	51,239	-	51,239
Total Liabilities	1,500,195	21,107	1,521,302
Deferred Inflows of Resources			
Property taxes	276,178	-	276,178
Prepaid taxes	5,754	-	5,754
Other receivables	79,339	-	79,339
Total deferred inflows of resources	361,271	-	361,271
FUND BALANCES			
Non Spendable			
Inventory	50,771	-	50,771
Restricted			
Stabilization by state statue	5,670,519	29,507	5,700,026
Public safety	-	130,789	130,789
Economic development	-	1,163,602	1,163,602
Committed			
Separation Allowance-law enforcement	170,944	-	170,944
Capital outlay	-	5,276,648	5,276,648
Assigned			
Subsequent year's appropriations	3,646,984	-	3,646,984
Unassigned	13,190,759	-	13,190,759
Total Fund Balances	22,729,977	6,600,546	29,330,523
Total Liabilities, deferred inflows of revenues and fund balances	$ 24,591,443	$ 6,621,653	

CITY OF STATESVILLE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF NET POSITION TO
GOVERNMENTAL BALANCE SHEET
June 30, 2018

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

Total fund balance continued from Exhibit 3		29,330,523
Capital assets used in governmental activities are not financing resources and are not reported in the funds.		
Land and other nondepreciable assets	11,776,865	
Depreciable assets, net	33,708,313	45,485,178
The focus of governmental funds is on short-term financing; long-term assets are deferred in the funds.		
Interest payable	(9,319)	
Accrued property taxes	67,552	
Federal tax subsidy for debt	4,834	
Deferred outflows contributions to local government pension plan	1,117,860	
Deferred outflows pension-local government and LEO pension plan	1,791,809	
Deferred outflows OPEB	197,556	3,170,292
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in the governmental activities in the statement of net position.		1,575,645
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Deferred property taxes	276,178	
Other deferred revenues	79,339	
Deferred inflow related to pensions	(157,027)	
Deferred inflow related to OPEB	(131,420)	67,070
Long term liabilities used governmental activities are uses and therefor are not reported in the funds.		
Current portion of compensated absences	(2,385,173)	
Current portion notes payable	(894,700)	
Long-term portion of compensated absences	(99,382)	
Total OPEB liability	(1,653,666)	
Long-term notes payable	(1,594,700)	
Net pension liability-LGERS	(3,211,599)	
Total pension liability-LEOSA	(2,281,664)	(12,120,884)
Net position of governmental activities (Exhibit 1)		$ 67,507,824

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	$ 14,051,731	$ -	$ 14,051,731
Other taxes and licenses	48,949	1,089,283	1,138,232
Unrestricted intergovernmental	9,744,432	-	9,744,432
Restricted intergovernmental	1,031,537	111,740	1,143,277
Permits and fees	147,752	-	147,752
Sales and services	2,054,945	973	2,055,918
Investment earnings	197,604	46,313	243,917
Miscellaneous	234,502	37,243	271,745
Total revenues	27,511,452	1,285,552	28,797,004
EXPENDITURES			
Current:			
General government	4,430,652	-	4,430,652
Public safety	13,111,159	139,633	13,250,792
Transportation	1,750,239	-	1,750,239
Economic and physical development	430,765	341,634	772,399
Environmental protection	1,846,455	-	1,846,455
Cultural and recreation	3,350,140	-	3,350,140
Capital outlay	3,195,312	114,134	3,309,446
Debt service:			
Principal	894,700	-	894,700
Interest and fiscal costs	115,130	-	115,130
Total expenditures	29,124,552	595,401	29,719,953
Revenues (under) expenditures	(1,613,100)	690,151	(922,949)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	1,440,089	868,088	2,308,177
Transfers to other funds	(2,389,088)	(1,650,817)	(4,039,905)
Total other financing sources and (uses)	(948,999)	(782,729)	(1,731,728)
Net change in fund balances	(2,562,099)	(92,578)	(2,654,677)
Fund balances at beginning of year	25,292,076	6,693,124	31,985,200
Fund balances at end of year	$ 22,729,977	$ 6,600,546	$ 29,330,523

CITY OF STATESVILLE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Fund Balances to the Statement of Activities:		
Total net change in fund balances-governmental funds (continued)		(2,654,677)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful levies and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciated in the current period.		
Capital outlay	3,309,448	
Depreciation expense	(3,900,702)	(591,254)
Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in funds.		
Change in deferred revenue for tax revenues	(127,315)	
Change in other receivables	150,627	
Federal interest subsidy	(809)	
Change in net pension liability-LGERS pension plan	(16,546)	
Change in total pension liability-LEO pension plan	(148,864)	(142,907)
The issuance of long-term provides current financing resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financing resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal redemption	894,700	
Decreases in accrued interest payable	4,148	898,848
Some expenses reported in the statement of activities do not require the use of current financing resources and , therefore, are note reported as expenditures in governmental funds.		
Compensated absences	(391,386)	
Other postemployment benefits	21,082	(370,304)
Net income of internal service funds determined to be governmental-type.		999,827
Changes in net position of governmental activities		$ (1,860,467)

Exhibit 5

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
Ad valorem taxes	$ 13,959,662	$ 13,959,662	$ 14,051,731	$ 92,069
Other taxes and licenses	45,000	45,000	48,949	3,949
Unrestricted intergovernmental	9,348,000	9,348,000	9,744,432	396,432
Restricted intergovernmental	980,809	1,167,355	1,031,537	(135,818)
Permits and fees	153,600	153,600	147,752	(5,848)
Sales and services	2,196,641	2,231,122	2,054,945	(176,177)
Investment earnings	200,000	200,000	197,604	(2,396)
Miscellaneous	50,598	156,098	234,502	78,404
Total revenues	26,934,310	27,260,837	27,511,452	250,615
EXPENDITURES				
Current:				
General government	4,870,606	6,207,663	4,767,736	1,439,927
Public safety	14,604,291	15,657,597	14,664,099	993,498
Transportation	2,562,240	3,443,982	2,510,215	933,767
Economic and physical development	727,000	727,000	430,765	296,235
Environmental protection	2,146,585	2,382,025	2,170,297	211,728
Cultural and recreation	3,886,298	3,994,292	3,571,610	422,682
Debt service:				
Principal	894,701	894,701	894,700	1
Interest and fiscal costs	115,130	115,130	115,130	-
Contingency	150,000	18,205	-	18,205
Total expenditures	29,956,851	33,440,595	29,124,552	4,316,043
Revenues over (under) expenditures	(3,022,541)	(6,179,758)	(1,613,100)	4,566,658
OTHER FINANCING SOURCES (USES)				
Transfer - in	1,438,741	1,438,741	1,440,089	1,348
Transfer - (out)	-	(2,389,088)	(2,389,088)	-
Fund balance appropriated	1,583,800	7,130,105	-	(7,130,105)
Total other financing sources and (uses)	3,022,541	6,179,758	(948,999)	(7,128,757)
Net change in fund balances	$ -	$ -	(2,562,099)	$ (2,562,099)
Fund balances at beginning of year			25,292,076	
Fund balances at end of year			$ 22,729,977	

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Exhibit 6

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Enterprise Funds					
	Major			Non-major	Total	Governmental
	Airport Fund	Electric Fund	Water and Sewer Fund	Civic Center Fund	Enterprise Funds	Activities-Internal Service
Current assets:						
Cash and cash equivalents	$ 834,568	$ 23,109,523	$ 17,688,650	$ 1,446,199	$ 43,078,940	$ 1,657,862
Accounts receivable, net - billed	78,983	3,639,929	853,347	-	4,572,259	9,998
Accounts receivable, net-unbilled	-	2,564,833	522,585	-	3,087,418	-
Due from other governments	909,920	-	14,376	-	924,296	-
Interest receivable	2,652	77,460	56,782	4,641	141,535	5,318
Restricted cash, deposits	-	1,099,234	-	-	1,099,234	-
Inventories	-	1,652,247	157,100	-	1,809,347	-
Total current assets	1,826,123	32,143,226	19,292,840	1,450,840	54,713,029	1,673,178
Capital assets:						
Capital assets:						
Land and non-depreciable	12,055,345	18,100	1,511,212	2,638,669	16,223,326	-
Capital assets, net of depreciation	15,596,889	23,529,757	67,939,134	2,379,527	109,445,307	-
Construction work in progress	1,459,480	-	-	2,100	1,461,580	-
Total capital assets, net	29,111,714	23,547,857	69,450,346	5,020,296	127,130,213	-
Total assets	30,937,837	55,691,083	88,743,186	6,471,136	181,843,242	1,673,178
Deferred Outflows:						
Contribution to pension plan	5,173	126,569	172,690	25,481	329,913	-
Pension deferrals	517	173,065	278,603	29,197	481,382	-
OPEB deferral	2,599	20,795	33,792	5,199	62,385	-
Total deferred outflows of resources	8,289	320,429	485,085	59,877	873,680	-
Accounts payable and accrued liabilities	894,383	4,163,883	364,531	24,812	5,447,609	1,466,757
Interest payable	-	-	86,268	-	86,268	-
Due to other governments	-	-	367,638	-	367,638	-
Payable from restricted assets:						
Customer deposits	-	1,099,234	-	-	1,099,234	-
Prepaid fees	-	-	-	88,644	88,644	-
Current portion of long-term debt	10,008	333,525	2,446,407	38,027	2,827,967	-
Total current liabilities	904,391	5,596,642	3,264,844	151,483	9,917,360	1,466,757
Net pension liability	22,005	338,059	681,388	72,086	1,113,538	-
Total OPEB liability	21,759	174,070	282,864	43,518	522,211	
Due in more than one year	417	13,897	25,330,567	1,584	25,346,465	-
Total long-term liabilities	44,181	526,026	26,294,819	117,188	26,982,214	-
Total liabilities	948,572	6,122,668	29,559,663	268,671	36,899,574	1,466,757
Deferred Inflows:						
OPEB deferrals	1,730	13,834	22,479	3,458	41,501	-
Pension deferral	330	11,480	24,014	2,701	38,525	-
Total deferred inflows of resources	2,060	25,314	46,493	6,159	80,026	-
Net investment in capital assets	29,111,714	23,547,857	41,968,974	5,020,296	99,648,841	-
Unrestricted	883,780	26,315,673	17,653,141	1,235,887	46,088,481	206,421
Total net position	$ 29,995,494	$ 49,863,530	$ 59,622,115	$ 6,256,183	145,737,322	$ 206,421
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,369,224)	
Net position of business-type activities					$ 144,368,098	

Exhibit 7

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds					Governmental Activities- Internal Service
	Major			Other	Total	
	Airport Fund	Electric Fund	Water and Sewer Fund	Civic Center Fund	Enterprise Funds	
OPERATING REVENUES						
Charges for sales and services	$ 549,817	$ 47,405,798	$ 10,499,739	$ 318,216	$ 58,773,570	$ 5,549,139
Other operating revenues	-	1,211,571	859,217	-	2,070,788	-
Total operating revenues	549,817	48,617,369	11,358,956	318,216	60,844,358	5,549,139
OPERATING EXPENSES						
Airport operations	481,020	-	-	-	481,020	-
Electrical operations		4,701,525	-	-	4,701,525	-
Electrical power purchases		38,642,520	-	-	38,642,520	-
Water and sewer operations		-	7,447,245	-	7,447,245	-
Civic Center operations		-	-	840,681	840,681	-
Health expenses and insurance claims		-	-	-	-	6,869,189
Depreciation	982,315	1,343,349	3,517,989	130,156	5,973,809	-
Total operating expenses	1,463,335	44,687,394	10,965,234	970,837	58,086,800	6,869,189
Operating income (loss)	(913,518)	3,929,975	393,722	(652,621)	2,757,558	(1,320,050)
NONOPERATING REVENUES (EXPENSES)						
Interest income	7,537	205,079	152,076	13,353	378,045	3,066
Interest expense	-	-	(559,347)	-	(559,347)	-
Non-operating revenues	101,954	122,577	-	-	224,531	
Capital Contributions	2,836,801	211,467	2,159,822	-	5,208,090	-
Total nonoperating revenues (expense)	2,946,292	539,123	1,752,551	13,353	5,251,319	3,066
Income (loss) before transfers	2,032,774	4,469,098	2,146,273	(639,268)	8,008,877	(1,316,984)
TRANSFERS IN (OUT)						
Transfers - in	-	-	-	671,871	671,871	2,000,000
Transfers - (out)	(45,900)	(265,134)	(570,878)	(58,231)	(940,143)	-
Total transfers	(45,900)	(265,134)	(570,878)	613,640	(268,272)	2,000,000
Change in net position (loss)	1,986,874	4,203,964	1,575,395	(25,628)	7,740,605	683,016
Net position, beginning of year (deficit)	28,012,154	45,687,842	58,092,668	6,288,880	138,081,544	(476,595)
Restatement	(3,534)	(28,276)	(45,948)	(7,069)	(84,827)	-
Net position, end of year	$ 29,995,494	$ 49,863,530	$ 59,622,115	$ 6,256,183	$ 145,737,322	$ 206,421

Change of net position shown above	$ 7,740,605
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	(316,812)
Change in net position - business-type activities	$ 7,423,793

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds					
		Major		Other	Total	Internal
	Airport Fund	Electric Fund	Water and Sewer Fund	Civic Center Fund	Enterprise Funds	Service Funds
Cash flows from operating activities:						
Cash received from customers	$ 527,817	$ 48,617,370	$ 13,537,636	$ 337,241	$ 63,020,064	$ 5,623,818
Cash paid for goods and services	(668,078)	(41,370,235)	(4,233,353)	(343,362)	(46,615,028)	(6,226,038)
Cash paid to employees for services	(184,039)	(2,140,029)	(3,363,065)	(501,247)	(6,188,380)	-
Customer deposits received	-	3,538,096	-	-	3,538,096	-
Customer deposits returned	-	(3,439,872)	-	-	(3,439,872)	-
Net cash provided (used) by operating activities	(324,300)	5,205,330	5,941,218	(507,368)	10,314,880	(602,220)
Cash flows from noncapital financing activities:						
Transfers from other funds	-	-	-	671,871	671,871	2,000,000
Transfers to other funds	(45,900)	(265,134)	(570,878)	(58,231)	(940,143)	-
Net cash provided (used) by noncapital Financing activities	(45,900)	(265,134)	(570,878)	613,640	(268,272)	2,000,000
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(3,304,478)	(2,416,724)	(3,790,606)	(71,794)	(9,583,602)	-
Principal paid on long-term debt	-	-	(2,207,475)	-	(2,207,475)	-
Interest paid on long-term debt	-	-	(559,347)	-	(559,347)	-
Long-term debt proceeds	-	-	14,682	-	14,682	-
Insurance proceeds and non-operating	101,955	334,044	-	-	435,999	-
Capital contributions	2,858,800	-	2,159,822	-	5,018,622	-
Net cash used by capital and related financing activities	(343,723)	(2,082,680)	(4,382,924)	(71,794)	(6,881,121)	-
Cash flows from investing activities:	7,537	205,079	152,076	13,354	378,046	3,065
Net increase (decrease) in cash and cash equivalents	(706,386)	3,062,595	1,139,492	47,832	3,543,533	1,400,845
Cash and cash equivalents, July 1	1,540,954	21,146,162	16,549,158	1,398,367	40,634,641	257,017
Cash and cash equivalents, June 30	$ 834,568	$ 24,208,757	$ 17,688,650	$ 1,446,199	$ 44,178,174	$ 1,657,862

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds					
		Major		Other	Total	Internal
	Airport Fund	Electric Fund	Water and Sewer Fund	Civic Center Fund	Enterprise Funds	Service Funds
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	$ (913,518)	$ 3,929,975	$ 393,722	$ (652,621)	$ 2,757,558	$ (1,320,050)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	982,315	1,343,349	3,517,989	130,156	5,973,809	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(42,514)	79,460	(25,430)	(2,533)	8,983	(4,916)
Decrease (increase) in inventory	-	(68,475)	(34,622)	-	(103,097)	-
Decrease (increase) in prepaids	-	-	-	9,963	9,963	-
Increase (decrease) in accounts payable	736,010	129,778	(126,428)	(4,415)	734,945	440,847
(Increase) decrease from/to other governments	(826,506)	(73,249)	2,176,851	(54)	1,277,042	-
(Decrease) in customer deposits	-	98,174	-	-	98,174	-
Change of Prepaids	(250,000)	-	-	-	(250,000)	-
Increase in deferred outflows of resources - pensions	(16,880)	(135,042)	253,857	(33,761)	68,174	-
Increase in net pension liability	(15,635)	(125,080)	(203,254)	31,270	(312,699)	-
(Decrease) in deferred inflows of resources - pensions	(1,028)	(8,221)	12,109	(2,055)	805	-
Increase in wages payable	3,147	(132,448)	(34,471)	(818)	(164,590)	-
(Decrease) in deferred inflows of resources - OPEB	1,730	13,834	22,479	3,458	41,501	-
Increase in Total OPEB liability	21,178	174,070	22,208	19,241	236,697	-
Increase in OPEB deferred outflow	(2,599)	(20,795)	(33,792)	(5,199)	(62,385)	
Increase in IBNR - health	-	-	-	-	-	257,023
Increase in IBNR - worker's compensation	-	-	-	-	-	24,876
Total adjustments	589,218	1,275,355	5,547,496	145,253	7,557,322	717,830
Net cash provided (used) by operating activities	$ (324,300)	$ 5,205,330	$ 5,941,218	$ (507,368)	$ 10,314,880	$ (602,220)

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2018

	Statesville Connects Fund
ASSETS	
Cash and cash equivalents	$ 619
Donation receivable	163
Total assets	$ 782
LIABILITIES	
Accounts payable	$ -
Total liabilities	-
NET POSITION	
Reserved for utility donations	$ 782

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2018

	Statesville Connects Fund
Additions	
Utility Donations	$ 3,185
Investment income	7
Total additions	3,192
Deductions	
Customer Assistance	3,657
Total Deductions	3,657
OTHER FINANCING SOURCES:	
Change in net position	(465)
Net position, beginning of year	1,247
Net position, end of year	$ 782

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Statesville and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Statesville is a municipal corporation that is governed by an elected mayor and an eight-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable. The discretely presented component units described below are reported in separate columns in the City's financial statements in order to emphasize that they are legally separate from the City. The discretely presented component units have a June 30 year end.

Discretely presented component units

City of Statesville Alcoholic Beverage Control Board
The City of Statesville Alcoholic Beverage Control Board (the "ABC Board") operates within the City's geographical boundaries, exists for the benefit of its residents, and is governed by a City-appointed governing board. The City does not approve the Board's budget and does not select its management. The City does not finance any of the Board's deficits, but is entitled to receive 40% of net income after deductions for required law enforcement, education, and proper working capital, plus liquor-by-the-drink net income. The Board is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the Board may be obtained from the entity's administrative offices at the City of Statesville Alcoholic Beverage Control Board, P.O. Box 902, 311 South Center Street, Statesville, NC 28677.

Statesville Convention and Visitors Bureau
The Statesville Convention and Visitors Bureau (the "CVB") was chartered as the Statesville Tourism Development Authority by S.L. 1988-112/House Bill 1568 of the 1998 session laws of the North Carolina General Assembly, effective August 20, 1998. During the year ended June 30, 2003, the Board, by resolution and change of by-laws, changed the name of the organization to Statesville Convention and Visitors Bureau. The purpose of the Bureau is to promote travel and tourism in the City of Statesville. The Statesville City Council appoints the Bureau's nine-member board and designates its chair. The budget of the Bureau is approved by the board of the Bureau and the Statesville City Council concurs with the budget. The Bureau is presented as if it were a governmental fund. Complete financial statements for the Bureau may be obtained from the entity's administrative offices at the Statesville Convention and Visitors Bureau, 118 West Broad Street, Statesville, NC 28677.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of activities presents a comparison between direct expenses and program revenues for the different

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

B. **Basis of Presentation** *(cont'd)*

business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

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

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 and federal grants, and various other taxes and licenses. The primary expenditures are for public safety, streets, sanitation, recreation and parks, and general government.

Propriety funds' operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings. The City reports the following major enterprise funds:

Airport Fund – The Airport Fund is used to account for the City's airport operations. For additional information, see financial note regarding change in accounting principles.

Electric Fund – The Electric Fund is used to account for the City's electric operations.

Water and Sewer Fund – The Water and Sewer Fund is used to account for the City's water and sewer operations.

Additionally, the City reports the following non-major funds:

Non-major Special Revenue and Capital Project Funds – Non-major funds account for revenues, activities and capital projects for specific purposes. The City currently maintains eleven non-major funds. They are General Equipment Capital Reserve Fund, Occupancy Tax Fund, Home Program Fund, Drug Enforcement Fund, Domestic Violence Grant Fund, Economic Development Fund, Streetscape Capital Fund, Transportation Grant-TAP, Brookdale NC-21 Connector, Shelton Avenue Multi-Use Path, and Municipal Service Center.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

B. Basis of Presentation *(cont'd)*

Non-major Enterprise Fund – The Civic Center Fund is a nonmajor enterprise fund for civic center activities such as weddings, musical events, meetings, and other special events.

The City reports the following fund types:

Internal Service Funds – Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one internal service fund, the Risk Management Fund, that accounts for the City's self-insured health plan that manages health claims and wellness program, self-insured worker's compensation that manages worker's compensation claims, and property and casualty liability insurance. The property and casualty liability insurance pays all losses above the deductible for general coverage, auto liability, police liability, public official's liability, municipal equipment and boiler and machinery. Each department or division contributes a defined share of premiums based upon respective exposures. Other revenue sources include collection of subrogated claims and interest earned. Insurance premiums, claims and costs are paid from the Fund.

Fiduciary Funds – The City administers a Utility Donation Fund (Statesville Connects) that provides financial assistance to qualified City utility customers.

C. Measurement Focus and Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fud financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds and of the City's internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the system development fees that are reserved in the Water and Sewer Capital Fund for future expansion. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

C. Measurement Focus and Basis of Accounting *(cont'd)*

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. 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 beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered shared revenue for the City of Statesville because the tax is levied by Iredell County and then remitted to and distributed by the State. 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. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have satisfied. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, Occupancy Tax Fund, and Enterprise Funds. All annual appropriations lapse at fiscal yearend. Project ordinances are adopted for all other Special Revenue Funds, the Capital Projects Funds and the Enterprise Capital Projects Funds. The City's Health Insurance Fund and Property and Casualty Liability Insurance Fund, internal service funds, operates under a financial plan that was adopted by the City Council at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for multi-year funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

D. **Budgetary Data** *(cont'd)*

Expenditures may not legally exceed budgeted appropriations. However, in the related ordinance, the City Council authorizes the City Manager to approve transfers between departments of the same fund with an official written notification to the City Council. Department directors may request unlimited transfers of appropriations within their department with the concurrence of the City Manager and without governing board notification. Any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budgets were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

As required by state law, the City maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year end are completed. Encumbrances outstanding at year end do not constitute expenditures or liabilities. At June 30, 2018, the General Fund, excluding project funds, had outstanding encumbrances of $2,361,148. The enterprise funds outstanding encumbrances of $1,859,405 and project funds had $9,735,902 in outstanding encumbrances. These encumbrances outstanding are not reported in the fund balance section of the Balance Sheet – Governmental Funds. Encumbrances are re-appropriated in the subsequent fiscal year since appropriations lapse at year end.

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

Deposits and Investments

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

State law G.S. §159-30(c) authorizes the City, the ABC Board, and the CVB 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 banker's acceptances and the North Carolina Capital Management Trust (NCCMT).

The City's, the ABC Board's, and the CVB's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The City's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Governmental Portfolio, a SEC-registered (2a-7) governmental money market fund, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (*cont'd)*

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

Cash and Cash Equivalents
The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents. All CVB funds are considered to be cash and cash equivalents.

Restricted assets
Restricted assets are those funds that are held as deposits for future action of a third party. Currently the City presents as restricted assets the utility deposits of $1,099,234 held by the Electric Fund and Planning Department deposits of $51,239 held by the General Fund.

Ad Valorem Taxes Receivable
In accordance with State Law G.S. §105-347 and G.S. §159-13(a), the City levies and creates a lien for ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. These taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. The taxes levied are based on the assessed values as of January 1, 2017.

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.

Inventory and Prepaid Items
The inventories of the City are valued at cost, which approximates market, using the average cost method. The inventories of the City's General Fund consist of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the City's Enterprise Funds consist of material and supplies held for subsequent use. The cost is expensed with consumed rather than when purchased.

The inventories of the ABC Board consist of supplies held for resale. The cost of these inventories is recorded as an expense as the inventories are consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods, are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. As of June 30, 2018, the Statesville Convention and Visitor Bureau prepaid was $400 for rent and a surety bond for $158.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity *(cont'd)*

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are as follows: buildings, improvements, substations, lines, and other plant and distribution systems, $25,000; infrastructure, $100,000; furniture, equipment and vehicles, $5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and sidewalk sub-network assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Statesville Convention and Visitors Bureau had no capital assets at June 30, 2018. Capital assets are depreciated using the straight-line method over the following estimated useful lives for City assets:

Asset Class	Estimated Useful Lives
Buildings	40 years
Infrastructure	50 years
Vehicles	6-10 years
Substations and distribution system	20-40 years
Other improvements	25 years

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

Asset Class	Estimated Useful Lives
Land improvements	15 years
Buildings	30 years
Furniture & equipment	5-7 years

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 position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has three items, deferral related to pension, OPEB deferrals and contribution to the pension plan in the current year that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, OPEB deferrals and pension deferrals.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity *(cont'd)*

Long-Term Obligations
In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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 policies of the City, the ABC Board, and the CVB provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds and the ABC Board and CVB, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The City provides its employees with compensated time at 1.5 times their regular rate in lieu of overtime pay up to 240 hours. After the 240 hours have been reached, the employees are paid overtime at 1.5 times their regular rate. Police and Fire earn holiday pay for those hours worked on official holidays.

The City's, the ABC Board's, and CVB's sick leave policies provide for an unlimited amount of earned sick leave. Sick leave for the City vests after 20 years of service and an expense and a liability are recorded. Sick leave does not vest for the ABC Board or CVB. The ABC Board and CVB have no obligation for accumulated sick leave until it is actually taken; thus, no accrual for sick leave has been made.

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

Fund Balances
In accordance with GASB 54, the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity *(cont'd)*

Net position/Fund Balances *(cont'd)*

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 prepaid items for the next year's expenditures.

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

Restricted for Stabilization by State statute - Portion of fund balance that is restricted by State Statute G.S. §159-8(a).

Restricted for Public Safety – Portion of fund balance that is restricted for drug seizure funds and police grants.

Restricted for Economic Development – Portion of fund balance that is restricted for home program (HUD) and occupancy tax funds.

Committed Fund Balance –Portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Statesville's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The City Council currently has committed $170,944 for the funding of the Law Enforcement Officers' Special Separation Allowance pension. The City Council also has committed $5,276,648 for the funding of capital outlay within various capital projects.

Assigned Fund Balance – Portion of fund balance that the City of Statesville's governing board intends to use for specific purposes.

Subsequent year's expenditures – Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the City's appropriations with a budget ordinance that lapse at the end of the fiscal year.

Unassigned fund balance – That portion of total fund balance that is available for appropriation which has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned for those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity *(cont'd)*

Net position/Fund Balances *(cont'd)*

The City of Statesville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

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

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits
All of the deposits of the City, the ABC Board, and CVB are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, the ABC Board, and CVB, these deposits are considered to be held by the City's, the ABC Board's and CVB'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, the ABC Board, CVB or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City, the ABC Board, and CVB under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

II. DETAIL NOTES ON ALL FUNDS (cont'd)

A. Assets *(cont'd)*

Deposits *(cont'd)*

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, the ABC Board, and CVB do not have policies regarding custodial risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018 the City's deposits had a carrying amount of $2,515,719 and a bank balances of $2,464,740. The City maintained $3,675 in petty cash and other funds. Of the bank balance, $500,000 was covered by federal depository insurance, and the excess funds was covered by collateral held by the State Treasurer's "Pooling Method".

At June 30, 2018, the Statesville Convention and Visitors Bureau's deposits had a carrying amount of $67,082 and a bank balance of $68,506 all of which was covered by federal depository insurance. The Statesville Convention and Visitors Bureau maintained an investment with the NCCMT governmental fund of $94,978 (see investment note).

At June 30, 2018 the ABC Board's deposits had a carrying amount of $903,491 and a bank balance of $777,149. ABC maintained $9,600 in change funds. Of the bank balance, $250,000 was covered by federal depository insurance. Amounts in excess of FIDC insurance are collateralized under the Pooling Method.

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. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. To reduce interest credit risk, the investments shall be diversified by (1) investing in securities in varying maturities and (2) continuously investing a portion of the portfolio in readily available funds such as a mutual fund for local government investment certified by the Local Government Commission pursuant to G.S. §159-30(c)(8), currently the North Carolina Capital Management Trust. The City's governing board enacted a formal investment policy that provides for diversification and minimizes credit risks by varying the investment's maturity dates.

Credit Risk. To reduce credit risk, the City's adopted investment policy provides that investment shall be diversified by (1) limiting investments to avoid over-concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities, and (2) Limiting investment in securities that have higher credit risks. The City's and CVB's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018.

II. DETAIL NOTES ON ALL FUNDS

A. **Assets** *(cont'd)*

Investments *(cont'd)*

Concentration of Credit Risk. The City's investment policy limits the amount that the City may invest in any one issuer. The City is in compliance with the policy. The City's investments are in Federal Farm Credit Bank-10.81%, Federal Home Loan Bank-13.61%, Federal Home Loan Mortgage Corporation-4.07%, and Federal National Mortgage Association-14.80%. Percentage for the remaining portfolio is as follows; sweep checking account-3.42%, NCCMT Governmental-12.04%, NCCMT Term-13.78%, commercial paper-18.06%, and U.S. Treasuries-9.42%. At June 30, 2018, the Statesville Convention and Visitors Bureau had $94,978 invested with the North Carolina Capital Management Trust's Governmental Fund. The City of Statesville ABC Board had no investments.

As of June 30, 2018, the City's investment balances were as follows:

Investment Type	Valuation Measurement Method	Fair Value	Less 6 Months	6-12 Months	1-3 years
US Government Treasuries	Fair Value Level 1	$ 6,841,130	$ -	$ -	$ 6,841,130
US Government Agencies	Fair Value Level 2	31,630,979	3,989,770	7,911,945	19,729,264
Commercial Paper	Cost	13,298,966	7,399,401	5,899,565	-
NCCMT Governmental	Amortized Cost	8,868,002	8,868,002	-	-
NCCMT Term	Fair Value Level 1	10,146,114	10,146,114	-	-
	Total	$ 70,785,191	$ 30,403,287	$ 13,811,510	$ 26,570,394

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

Receivables - Allowances for Doubtful Accounts

The amounts presented in the statement of Net Position for the ended June 30, 2018 are net of the following allowances for doubtful accounts:

Receivables at the government-wide level at June 30, 2018 were as follows;

	Accounts Receivable	Taxes Receivable	Due from Other Governments	Total
Governmental activities:				
General Fund	$ 845,466	$ 675,874	2,999,832	$ 4,521,172
Non-Major funds/internal service	55,774	-	8,883	64,657
Total receivables	901,240	675,874	3,008,715	4,585,829
Allowance for doubtful accounts	(751,063)	(399,696)	-	(1,150,759)
Total governmental activities	$ 150,177	$ 276,178	$ 3,008,715	$ 3,435,070
Business-type activities:				
Airport	$ 78,983	$ -	$ 909,920	$ 988,903
Electric	6,734,069	-	-	6,734,069
Water and Sewer	2,062,290	-	14,376	2,076,666
Total receivables	8,875,342	-	924,296	9,799,638
Allowance for doubtful accounts	(1,215,665)	-	-	(1,215,665)
Total business-type activities:	$ 7,659,677	$ -	$ 924,296	$ 8,583,973

Amounts due from governmental agencies consist of the following:

	Other Govt	State	Total
Governmental activities, net:			
Sales tax refund and use tax distribution	$ -	$ 2,252,952	$ 2,252,952
Utility tax, teleccommutions, video programming	-	575,433	575,433
Grants receivable	-	56,003	56,003
Other government	124,327	-	124,327
Total governmental activities	$ 124,327	$ 2,884,388	$ 3,008,715
Business-type activities:			
Grants receivable	$ -	$ 924,296	$ 924,296
Total business-type activities:	$ -	$ 924,296	$ 924,296

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018, was as follows:

	June 30, 2017	Additions	Retirements	Transfers	June 30, 2018
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 11,225,522	$ 105,500	$ -	$ -	11,331,022
Construction in progress	23,615	422,228	-	-	445,843
Total capital assets not being depreciated	11,249,137	527,728	-	-	11,776,865
Capital assets being depreciated:					
Buildings	19,926,712	-	-	-	19,926,712
Communications and computers	1,578,563	17,406	-	-	1,595,969
Infrastructure and other improvements	45,586,292	724,023	-	-	46,310,315
Vehicles	12,279,764	2,040,291	266,197	-	14,053,858
Total capital assets being depreciated:	79,371,331	2,781,720	266,197	-	81,886,854
Less accumulated depreciation for:					
Buildings	7,881,645	508,042	-	-	8,389,687
Computers and office equipment	921,350	79,924	-	-	1,001,274
Infrastructure and other improvements	26,461,591	2,635,191	-	-	29,096,782
Vehicles	9,279,450	677,545	266,197	-	9,690,798
Total accumulated depreciation	44,544,036	$ 3,900,702	$ 266,197	$ -	48,178,541
Total capital assets being depreciated, net	34,827,295				33,708,313
Governmental activity capital assets, net	$ 46,076,432				$ 45,485,178

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

Governmental Functions:	
General government	$ 260,168
Public safety	696,712
Transportation	2,368,257
Environmental protection	147,833
Culture and recreation	427,732
Total depreciation expense governmental functions	$ 3,900,702

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

Capital Assets *(cont'd)*

	June 30, 2017	Additions	Retirements	Transfers	June 30, 2018
Airport					
Capital assets not being depreciated:					
Land	$ 10,934,863	$ -	$ -	$ 1,120,482	$ 12,055,345
Construction in progress	-	3,291,528	-	(1,832,048)	1,459,480
Total assets not being depreciated	10,934,863	3,291,528	-	(711,566)	13,514,825
Capital assets being depreciated:					
Buildings	1,792,268	-	-	-	1,792,268
Airport improvements	23,174,475	-	-	711,566	23,886,041
Other	1,049,743	12,950	-	-	1,062,693
Vehicles and equipment	34,038	-	-	-	34,038
Total capital assets being depreciated:	26,050,523	12,950	-	711,566	26,775,040
Less accumulated depreciation for:					
Buildings	1,163,906	81,942	-	-	1,245,848
Airport improvements and equipment	8,314,079	855,557	-	-	9,169,636
Other	699,195	42,838	-	-	742,033
Vehicles	18,656	1,978	-	-	20,634
Total accumulated depreciation	10,195,836	982,315	-	-	11,178,151
Total capital assets being depreciated, net	15,854,688				15,596,889
Total Airport Fund capital assets, net	26,789,551				29,111,714
Electric Fund:					
Capital assets not being depreciated:					
Land	18,100	-	-	-	18,100
Construction work in progress	215,006	47,129	-	(262,135)	-
Total assets not being depreciated	233,106	47,129	-	(262,135)	18,100
Capital assets being depreciated:					
Plant in service	41,169,557	1,865,755	408,294	-	43,443,606
Vehicles and equipment	4,469,321	503,840	108,194	262,135	5,127,102
Total capital assets being depreciated:	45,638,878	2,369,595	516,488	262,135	48,570,708
Less accumulated depreciation for:					
Plant in service	21,431,309	1,002,517	408,294	-	22,842,120
Vehicles and equipment	1,966,193	340,832	108,194	-	2,198,831
Total accumulated depreciation	23,397,502	1,343,349	516,488	-	25,040,951
Total capital assets being depreciated, net	22,241,376				23,529,757
Total Electric Fund capital assets, net	22,474,482				23,547,857

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

Capital Assets *(cont'd)*

	June 30, 2017	Additions	Retirements	Transfers	June 30, 2018
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	1,511,212	-	-	-	1,511,212
Construction work in progress	6,927,030	3,411,071	-	(10,338,101)	-
Total assets not being depreciated	8,438,242	3,411,071	-	(10,338,101)	1,511,212
Capital assets being depreciated:					
Plant in service - Water System	48,547,041	175,358	-		48,722,399
Plant in service - Sewer System	61,490,310	34,431	-	10,338,101	71,862,842
Vehicles and equipment	4,125,407	169,746	45,457	-	4,249,696
Total capital assets being depreciated:	114,162,758	379,535	45,457	10,338,101	124,834,937
Less accumulated depreciation for:					
Plant in service - Water System	24,872,964	1,089,591	-	-	25,962,555
Plant in service - Sewer System	25,385,639	2,219,157	-	-	27,604,796
Vehicles and equipment	3,164,668	209,241	45,457	-	3,328,452
Total accumulated depreciation	53,423,270	3,517,989	45,457	-	56,895,803
Total capital assets being depreciated, net	60,739,488				67,939,134
Total Water and Sewer Fund capital assets, net	69,177,730				69,450,346
Civic Center Fund:					
Capital assets not being depreciated:					
Land	2,638,669	-	-	-	2,638,669
Construction work in progress	-	2,100	-	-	2,100
Total assets not being depreciated	2,638,669	2,100	-	-	2,640,769
Capital assets being depreciated:					
Buildings	4,641,031	58,269	-	-	4,699,300
Improvements and equipment	596,280	11,425	-	-	607,705
Vehicles	10,221	-	-	-	10,221
Total capital assets being depreciated:	5,247,531	69,694	-	-	5,317,226
Less accumulated depreciation for:					
Buildings	2,277,125	120,382	-	-	2,397,507
Improvements and equipment	520,366	9,603	-	-	529,969
Vehicles and equipment	10,050	171	-	-	10,221
Total accumulated depreciation	2,807,541	130,156	-	-	2,937,697
Total capital assets being depreciated, net	2,439,990				2,379,529
Total Civic Center Fund capital assets, net	5,078,658				5,020,298
Business-type activities capital assets,net	$123,520,421				$ 127,130,215

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Assets *(cont'd)*

Capital Assets *(cont'd)*

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2018 was as follows:

	June 30, 2017	Additions	Retirements	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	$ 235,050	$ -	$ -	$ -	$ 235,050
Total assets not being depreciated	235,050	-	-	-	235,050
Capital assets being depreciated:					
Buildings	1,667,134	-	-	-	1,667,134
Furniture and equipment	356,807	-	-	-	356,807
Total capital assets being depreciated:	2,023,941	-	-	-	2,023,941
Less accumulated depreciation for:					
Buildings	548,752	37,954	-	-	586,706
Furniture and equipment	285,268	18,112	-	-	303,380
Total accumulated depreciation	834,020	$ 56,066	$ -	$ -	890,086
Total ABC capital assets, net	$ 1,424,971				$ 1,368,905

Construction Commitments:

The City of Statesville active construction and software implementation projects as of June 30, 2018 are as follows:

Vendor/Description	Authorization	Y-T-D
Kimley-Horn - Engineering-Transportation TAP	$ 111,944	$ 84,029
CBSA - Architect-Municipal Service Building	$ 453,000	$ 28,350
CBSA - Architect-Preliminary Design Municipal Service Building	$ 33,500	$ 33,500
Parrish and Partners - Airport Pad Design	$ 232,823	$ 101,178
Parrish and Partners - Airport Parallel Taxiway Design	$ 1,295,228	$ 632,414
Boncco Construction - Airport Parallel Taxiway Construction	$ 8,082,935	$ 818,053
Tyler - Financial Software Application	$ 280,022	$ 212,679

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	Vendors IBNR	Salaries & Benefits	Total
All governmental activities	$2,038,422	$898,398	$2,936,820
Business-type activities:			
Airport	$893,345	$6,038	$894,383
Electric	4,048,330	115,553	4,163,883
Water and Sewer	254,163	110,368	364,531
Civic Center	8,708	16,104	24,812
Total business-type activities	$5,204,546	$248,063	$5,447,609

Pension Plan Obligations

a. North Carolina Local Government Employees' Retirement System

Plan Description. The City of Statesville and the ABC Board 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. LGERS provides retirement and disability benefits to plan members and beneficiaries. The CVB does not participate in LGERS. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699- 1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters).

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Pension Plan Obligations *(cont'd)*

a. North Carolina Local Government Employees' Retirement System *(cont'd)*

Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Statesville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Statesville's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.57% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Statesville were $1,447,773 for the year ended June 30, 2018.

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.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Pension Plan Obligations *(cont'd)*

a. North Carolina Local Government Employees' Retirement System *(cont'd)*

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

At June 30, 2018, the City reported a liability of $4,325,137 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the City's proportion was .02831%, which was an increase of .006% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of $1,469,542. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 249,168	$ 122,431
Changes of assumptions	617,689	-
Net difference between projected and actual earnings on pension plan investments	1,050,149	
Changes in proportion and differences between employer contributions and proportionate share of contributions	39,747	40,147
Employer contributions subsequent to the measurement date	1,447,773	-
	$ 3,404,526	$ 162,578

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Pension Plan Obligations *(cont'd)*

a. North Carolina Local Government Employees' Retirement System (cont'd)

$1,447,773 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	$	222,715
2020		1,254,111
2021		630,942
2022		(313,592)
2023		-
Thereafter		-
	$	1,794,176

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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 used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Pension Plan Obligations *(cont'd)*

a. North Carolina Local Government Employees' Retirement System (cont'd)

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Pension Plan Obligations *(cont'd)*

a. North Carolina Local Government Employees' Retirement System (cont'd)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1%-Increase (8.20%)
Net Pension Liability	$ 12,984,158	$ 4,325,137	$ (2,902,413)

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

b. Law Enforcement Officers' Special Separation Allowance

1) *Plan Description.* The City of Statesville and the ABC Board administer 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% 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 and the ABC Board are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

	City	ABC Board
Retirees receiving benefits	9	0
Active plan members	74	1
Total	83	1

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Pension Plan Obligations *(cont'd)*

b. Law Enforcement Officers' Special Separation Allowance *(cont'd).*

2) Summary of Significant Accounting Policies:

Basis of Accounting – The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The ABC Board has chosen to fund the Separation Allowance on a "pay-as-you-go" basis. Benefits are recognized when due and are payable in accordance with terms of the plan. For the current year the ABC paid $16,418 in benefits.

The Separation Allowance has no assets accumulated in a trust that meets the criteria outlined in GASB Statements 73:

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. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The City paid $120,734 and the ABC paid $18,134 as benefits came due for the reporting period.

Actuarial Assumptions – The entry age actuarial normal cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Pension Plan Obligations *(cont'd)*

b. Law Enforcement Officers' Special Separation Allowance *(cont'd)*

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

At June 30, 2018, the City reported a total pension liability of $2,281,664. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the City recognized pension expense of $211,902.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 143,075	$ -
Changes in assumptions and other inputs	110,325	32,974
Benefit payments subsequent to the measurement date	63,038	-
	$ 316,438	$ 32,974

$63,038 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 ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	$ 43,266
2020	43,266
2021	43,266
2022	43,266
2023	47,362
Thereafter	-
	$ 220,426

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Pension Plan Obligations *(cont'd)*

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.16 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1%-Increase (4.16%)
Total Pension Liability	$ 2,475,377	$ 2,281,664	$2,105,286

Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance

Schedule of Changes in Total Pension Liability
Law Enforcements' Special Separation Allowance

	2018
Beginning Balance Total Pension Liability	$ 1,929,764
Changes for the year:	
Service cost at end of year	95,883
Interest	72,159
Difference between expected and actual experience	171,979
Changes in assumptions and other inputs	132,613
Benefit payments	(120,734)
Net changes	351,900
Ending Balance Total Pension Liability	$ 2,281,664

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.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Pension Plan Obligations *(cont'd)*

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:

	LGERS	LEOSSA	Total
Pension Expense	$ 1,469,542	$ 211,902	$ 1,681,444
Pension Liability	4,325,137	2,281,664	6,606,801
Proportionate share of the net pension liability	0.28311%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	249,168	143,075	392,243
Changes of assumptions	617,689	110,325	728,014
Net difference between projected and actual earnings on plan investments	1,050,149	-	1,050,149
Changes in proportion and differences between contributions and			-
proportionate share of contributions	39,747	-	39,747
Benefit payments and administrative costs paid subsequent			
to the measurement date	1,447,773	63,038	1,510,811
Deferred of Inflows of Resources			-
Differences between expected and actual experience	122,431	-	122,431
Changes of assumptions		32,974	32,974
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and			-
proportionate share of contributions	40,147	-	40,147

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Contributions. Article 12E of G. S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City's contribution for the year ended June 30, 2018, was $203,104. The City provides a Section 401(k) plan for this purpose. The ABC Board's contributions for the year ended June 30, 2018 was $19,006.

City provides a 401K matching program where the City will match .50% of those employees' participating in the 401K program up to maximum of 2.50%.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Pension Plan Obligations *(cont'd)*

d. Firefighter's and Rescue Squad Workers' Pension Fund *(cont'd)*

d. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Statesville, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is $170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute $10 per month to the Fund of which the City elects to contribute for the member. The State, a non-employer funds the plan through appropriations. The State's on-behalf payments are recorded as revenues and expenditures in the City's financial statements. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. For the fiscal year ended June 30, 2018, the City has recognized on-behalf-of payments for pension contributions made by the state as revenue and an expenditure of $2,903 for seven fire department employees who perform firefighting duties for the City's fire department. For fiscal year ending June 30, 2017, the State contributed $17,602,000 to the plan.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. Liabilities *(cont'd)*

Pension Plan Obligations *(cont'd)*

d. Firefighter's and Rescue Squad Workers' Pension Fund *(cont'd)*

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

At June 30, 2018, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was $8,001. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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 contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2017 and at June 30, 2016 was 0%.

For the year ended June 30, 2018, the City recognized pension expense of $2,903 and revenue of $2,903 for support provided by the State. At June 30, 2018, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

A. **Liabilities** *(cont'd)*

Pension Plan Obligations *(cont'd)*

d. Firefighter's and Rescue Squad Workers' Pension Fund *(cont'd)*

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

Other Postemployment Benefits (OPEB)

a. Healthcare Benefits

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

Benefits Provided. Participating retired employees are required to pay for coverage based on the City's current funding rates for the group as determined by the third party administrator. Health care and prescription drug coverage are available to eligible retirees under age 65. Dental coverage is available at the retirees' expense. The retiree 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 spouse becoming eligible for Medicare, upon the retiree becoming eligible for Medicare, or upon the retirees' death, whichever comes first. The City Council may amend the benefit provisions. A separate report was not issued for the plan. Retired employee members and active employee's membership in the HCB Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Description	General Government	Law Enforcement
Retirees	12	3
Active plan members	266	78
Total	278	81

Total OPEB Liability

The City's total OPEB liability of $2,175,877 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Other Postemployment Benefits (OPEB) *(cont'd)*

a. Healthcare Benefits (cont'd)

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases for general employees	3.5 to 7.75% percent, average, including inflation
Salary increases for law enforcement	3.5 to 7.35% percent, average, including inflation
Discount rate	3.18 percent
Healthcare cost trend rates	Medical – 6.5% Prescription – 7.25% Admin Expenses – 3.00%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in the Total OPEB Liability

Total OPEB Liability as of July 1, 2017	$ 2,243,655
Changes for the year:	
Service Cost at the end of year	107,392
Interest	66,822
Changes in benefit terms	-
Difference between expected and actual experience	(77,511)
Changes in assumptions and other inputs	(116,839)
Benefit payments	(47,642)
Other	-
Net Changes	(67,778)
Total OPEB Liability End of Fiscal Year:	$ 2,175,877

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Other Postemployment Benefits (OPEB) *(cont'd)*

a. Healthcare Benefits (cont'd)

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 (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	$ 2,393,817	$ 2,175,877	$ 1,981,451

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	$ 1,921,034	$ 2,175,877	$ 2,481,812

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

For the year ended June 30, 2018, the City recognized OPEB expense of $152,786. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 68,965
Benefit payments made and administrative expenses incurred subsequent to the measurement date	259,941	-
Changes in assumptions and other inputs	-	103,956
	$ 259,941	$ 172,921

$259,941 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 ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Other Postemployment Benefits (OPEB) *(cont'd)*

a. Healthcare Benefits (cont'd)

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

Year ended June 30:		
2019	$	(21,428)
2020		(21,428)
2021		(21,428)
2022		(21,428)
2023		(21,428)
Thereafter		(65,781)
	$	(172,921)

Other Employee Benefits

Life insurance. The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employee's 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 also provides additional term life insurance and any amounts over the $50,000 term life insurance limit is considered taxable. The contributions to the death benefit plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City and the ABC Board have no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, 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 and the ABC Board, the City and the ABC Board does not determine the number of eligible participants. The City considers these contributions to be immaterial.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Deferred Outflows and Inflows of Resources

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

Source	Amount
LGERS contributions to pension plan in current fiscal year	$ 1,447,773
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	63,038
OPEB benefit payments made subsequent to measurement date	259,941
Differences between expected and actual experience	392,243
Changes of assumptions	728,014
Net difference between projected and actual earnings on pension plan	1,050,149
Changes in proportion and differences between employer contributions and proportionate share of contributions	39,747
Total Deferred Outflows	$ 3,980,905

Deferred inflows of resources at year end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes	$ 5,754	$ 5,754
Property taxes - General Fund	-	276,178
Other receivables	-	79,339
Changes of assumptions	32,974	-
Pensions differences between expected and actual experience	122,431	-
OPEB differences between expected and actual experience	172,921	-
Changes in proportion and differences between employer and proportionate share of contributions	40,147	-
Total Deferred Inflows	$ 374,227	$ 361,271

Risk Management

a. *General Liability, Surety Bonds, Property Insurance and Auto Liability*. 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 purchases various insurance policies, including general liability and auto liability coverage of $4 million per occurrence, property coverage of $105,879,205 per occurrence (after a $10,000 deductible). 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's flood insurance is $1,000,000 with a $50,000 deductible. In accordance with G.S. 159-29, the City's employees that have access to $100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Finance Director and the Tax Collector are bonded for $250,000 and $50,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for $250,000.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. **Liabilities** *(cont'd)*

Risk Management *(cont'd)*

b. *Self-funded - Group Health.* The City is exposed to various risks of loss related to medical and illness needs of employees. The City and employees participate in a cost-share plan for group health insurance. The City established the Health Insurance Fund (Internal Service Fund) to account for its self-insurance plan. The City has contracted with the Aetna to administer the plan. The City is responsible for claims up to $150,000 per covered employee/dependent per policy term. Claims greater than $150,000 per covered employee/dependent per policy term, and those in excess of the aggregate stop loss of 125% of expected net claims, are insured by the private insurance carrier. All employees of the City are eligible to participate in the program and make payments to the Health Insurance Fund based on actuarial estimates of the amounts needed to pay claims. The claims liability of $637,591 reported in the fund at June 30, 2018 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The $637,591 claims liability represents total estimated claims incurred but not reported (IBNR), as provided by the plan administrator's actuary.

c. *Self-funded Worker's Compensation*. The City is self-funded for worker's compensation. Through this self-funded workers compensation program, the City obtains workers' compensation coverage up to the statutory limits, with no deductible. The worker's compensation program is administered by a third party administrator. The fund is reinsured through an insurance company for single occurrence losses of $400,000 for all City employees. The claims liability of $330,647 reported in the fund at June 30, 2018 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The $330,647 claims liability represents total estimated claims incurred but not reported (IBNR), as provided by the plan administrator's actuary. The reduction of IBNR from the previous fiscal year was the result of a settlement with one of the employees.

Claims and Judgments

At June 30, 2018, the City was a defendant to various lawsuits; however, no provision has been made in the financial statements for any contingent liabilities. In the opinion of the City's management and the City attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the City's financial position.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Long-Term Obligations

a. *Notes Payable.* The City has two bank loans of that are Recovery Zone Economic Development bonds payable to Branch Banking & Trust Company (BB&T) and another one payable to Bank of America. The City receives a subsidy of 45 percent of interest cost from the Federal Government that will reduce the effective interest rate of the bond. The Federal Government sequester has impacted the 45 percent subsidy by reducing their subsidy by the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, certain automatic reductions took place as of March 1, 2014. These required reductions included a reduction to refundable credits under Internal Revenue Code section 6431 applicable to certain qualified bonds. As a result, the City's refundable credit payment was reduced by 6.6%. The sequestration reduction rate will be applied until intervening Congressional action, at which time the sequestration rate is subject to change.

The City of Statesville last bond rating was A1 bond rating from Moody's Investor Service and AA from Standard and Poor's Rating Service.

The ABC Board's annual report dated June 30, 2018 reported the following outstanding long-term debt:

The ABC Board has a note payable with a bank secured by real estate. At June 30, 2018 the outstanding balance was $660,909. Monthly payments of principal and interest are $5,539 per month. The note bears interest rate of 3.25% per annum. Maturity is a balloon payment on May 24, 2021. Maturities are as follows:

2019	$42,333
2020	$43,730
2021 Balloon	$574,846
Total	$660,909

The ABC Board has a line of credit with a bank that is unsecured. At June 30, 2018 the outstanding balance was $0. The note bears interest at 4.125% per annum and matures on October 22, 2018.

The ABC Board's accumulated vacation at June 30, 2018 was $47,869. The current portion of the accumulated vacation pay is not considered material. The CVB's accumulated vacation at June 30, 2018 was $1,142.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Long-Term Obligations *(cont'd)*

Serviced by the General Fund:		
Original issue $7,000,000, Recovery Zone Economic Development bonds payable to Branch Banking & Trust Company in 10 annual installments of $700,000 beginning in December 16, 2011 through 2020 plus interest at 3.50%. The City had received a subsidy of 45% of interest cost from the Federal Government; however, the subsidy has been reduced to 38% as a result of the Federal sequester. The note is secured by a Deed of Trust.	$	2,100,000
Original issue $1,947,000, Recovery Zone Economic Development bonds payable to Bank of American in 10 annual installments of $194,700 beginning in March 8, 2011 through 2020 plus interest at 5.03 percent. The City had received a subsidy of 45% of interest cost from the Federal Government; however, the subsidy has been reduced to 38% as a result of the Federal sequester. The note is secured by a Deed of Trust.		389,400
Total Serviced by the General Fund:	$	2,489,400
Serviced by the Water and Sewer Fund:		
2.60% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 19 annual installments of $150,000 beginning in 2004 through 2022, plus applicable interest.	$	600,000
2.87% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 19 annual installments of $123,403 beginning in 2004 through 2023, plus applicable interest.	$	617,014
2.66% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 20 annual installments of $728,127 beginning in 2007 through 2026, plus applicable interest.	$	5,825,015
2.00% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 20 annual installments of $968,698 beginning in 2007 through 2026, plus applicable interest.	$	16,467,865
No interest rate note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 20 annual installments beginning with $237,247 reduced to $192,401 and annual of $222,999 thereafter through 2036.	$	3,971,478
Total clean water state revolving funds	$	27,481,372
Total Outstanding Debt	$	29,970,772

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Long-Term Obligations *(cont'd)*

The following table summarizes the annual requirements to amortize all long-term debt outstanding:

	Notes Payable		Total Debt
	Principal	Interest	Payment
Governmental activities:			
2019	894,700	80,837	975,537
2020	894,700	46,543	941,243
2021	700,000	12,250	712,250
Total Governmental	2,489,400	139,630	2,629,030
Business-type activities - Water and Sewer Fund:			
2019	2,162,629	517,611	2,680,240
2020	2,192,526	471,427	2,663,953
2021	2,192,526	425,243	2,617,769
2022	2,192,526	379,060	2,571,586
2023	2,042,526	332,876	2,375,402
2024-2028	8,139,363	1,084,907	9,224,270
2029-2037	8,559,276	542,471	9,101,747
Total Business-type	27,481,372	3,211,124	22,133,220
TOTAL DEBT	$ 29,970,772	$ 3,350,754	$ 24,762,250

At June 30, 2018, the City of Statesville's legal debt margin is $240,421,551.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

B. Liabilities *(cont'd)*

Long-Term Obligations *(cont'd)*

The following is a summary of changes in general long-term debt for the fiscal year ended June 30, 2018

	Beginning Balance as Restated	Additions	Decreases	Ending Balance	Current Portion of Balance	Long-term Portion of Balance
Governmental activities:						
General Fund:						
Notes Payable	$ 3,384,100	$ -	$ 894,700	$ 2,489,400	$ 894,700	$ 1,594,700
Net pension liability (LGERS)	4,399,854	-	1,188,255	3,211,599	-	3,211,599
Total OPEB liability	1,668,970	-	15,304	1,653,666	-	1,653,666
Total pension liability (LEOSSA)	1,929,764	351,900	-	2,281,664	-	2,281,664
Compensated absences	2,093,169	898,295	506,909	2,484,555	2,385,173	99,382
Total governmental activities:	$ 13,475,857	$ 1,250,195	$ 2,605,168	$ 12,120,884	$ 3,279,873	$ 8,841,011
Business-type activities:						
Airport Fund:						
Net pension liability (LGERS)	$ 37,640	$ -	$ 15,635	$ 22,005	$ -	$ 22,005
Total OPEB liability	21,960	-	201	21,759	-	21,759
Compensated absences	8,303	4,609	2,487	10,425	10,008	417
Total Airport Fund	$ 67,903	$ 4,609	$ 18,323	$ 54,189	$ 10,008	$ 44,181
Electric Fund:						
Net pension liability (LGERS)	$ 463,139	$ -	$ 125,080	$ 338,059	$ -	$ 338,059
Total OPEB liability	175,681	-	1,611	174,070	-	174,070
Compensated absences	247,571	167,355	67,504	347,422	333,525	13,897
Total Electric Fund	$ 886,391	$ 167,355	$ 194,195	$ 859,551	$ 333,525	$ 526,026
Water and Sewer Fund						
Notes payable	$ 29,674,165	$ 14,682	$ 2,207,475	$ 27,481,372	$ 2,162,629	$ 25,318,743
Net pension liability (LGERS)	884,642	-	203,254	681,388	-	681,388
Total OPEB liability	285,482	-	2,618	282,864	-	282,864
Compensated absences	317,644	111,594	133,636	295,602	283,778	11,824
Total Water and Sewer Fund	$ 31,161,933	$ 126,276	$ 2,546,983	$ 28,741,226	$ 2,446,407	$ 26,294,819
Civic Center Fund						
Net pension liability (LGERS)	$ 103,356	$ -	$ 31,270	$ 72,086	$ -	$ 72,086
Total OPEB liability	43,920	-	402	43,518	-	43,518
Compensated absences	34,579	16,899	11,867	39,611	38,027	1,584
Total Civic Center Fund	$ 181,855	$ 16,899	$ 43,539	$ 155,215	$ 38,027	$ 117,188
Total business-type activities:	$ 32,298,082	$ 315,139	$ 2,803,040	$ 29,810,181	$ 2,827,967	$ 26,982,214

Compensated absences for governmental activities have typically been liquidated in the General Fund. Net pension obligation and total pension liability typically has been liquidated in the General Fund.

II. DETAIL NOTES ON ALL FUNDS *(cont'd)*

C. Interfund Balances and Activity

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

Transfer to/from are for payment in lieu of taxes, for administrative charges, and for capital expenditures. The interfund loans are for covering reimbursable grants to prevent cash deficits in the grant funds.

Transfers to/from at June 30, 2018 consist of the following:

From Airport Fund to General Fund for payment in lieu of taxes	$	35,900
From Electric Fund to General Fund for payment in lieu of taxes		102,134
From Water and Sewer Fund to General Fund for payment in lieu of ta:		298,878
From Civic Center Fund to General Fund for payment in lieu of taxes		24,231
From Airport Fund to Risk Managment Fund for health claims		10,000
From Electric Fund to Risk Managment Fund for health claims		163,000
From Water and Sewer Fund to Risk Managment Fund for health claim		272,000
From Civic Center Fund to Risk Managment Fund for health claims		34,000
From Occupancy Fund to Civic Center support		671,871
	$	268,272

III. JOINTLY GOVERNED ORGANIZATIONS

North Carolina Municipal Power Agency Number 1

The City is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The purpose of the Agency was to issue bonds and to purchase a 75% interest in the Catawba Project Number 2 Nuclear Station Generating Plant and a 37% interest in the Support Facilities of the Station. The City of Statesville is contractually allocated, under power sales agreement, a 9.8639% interest in the Agency, with the balance being shared by eighteen other municipalities. Each municipality appoints one commissioner to the Agency's governing board.

The Agency outstanding long-term debt less current maturities as of December 31, 2017 was $974,125,000. The City of Statesville, in the event of payment default by other members, would be liable for a pro rata share of the increase, not to exceed 125% of the originally agreed-upon share. Therefore, the City's share would never exceed 12.3299% of the total operating expenses (including debt service) of the Agency.

The City is billed monthly for 9.8639% of the operating expenditures (including debt service) of the Agency, and is obligated to purchase all bulk power supply requirements from the Agency. All payments to the Agency by the City must be made from operating revenues of the Electric Fund, and cannot, by law, be paid by other revenues earned or taxes levied by the City. The City agrees that it will fix and collect rates at a sufficient amount to provide for the pro rata costs and other operating expenses of its Electric Fund. Except for the power sales purchase requirements, no municipality has any obligation, entitlement, or residual interest. The City's purchase of power for the fiscal year ended June 30, 2018 totaled $37,930,292 to the Agency, $703,056 to the Southeast Power Agency and $9,172 for customer's co-generation for a total of $38,642,520.

Centralina Council of Governments

The City, in conjunction with eight counties and 49 other municipalities established the Centralina Council of Governments (COG). The participating governments established the COG to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the COG's governing board. The City paid membership fees of $6,171 to the COG during the fiscal year ended June 30, 2018.

IV. JOINT VENTURE

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firefighter's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Fireman's Relief Fund is funded by a portion of the fire and lighting insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighter's Relief Fund. The funds are used to assist fire fighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2018. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

V. RELATED ORGANIZATION

The five-member board of the City of Statesville Housing Authority is appointed by the Mayor of the City of Statesville. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Statesville is also disclosed as a related organization in the notes to the financial statements for the City of Statesville Housing Authority.

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal-and State-Assisted Programs

The City has received proceeds from several federal and state grants. Periodic audits of the 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.

VII. NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-Type
Capital assets	$ 45,485,178	$ 127,130,213
less: long-term debt	2,489,400	27,481,372
Net investment in capital assets	$ 42,995,778	$ 99,648,841

VIII. FUND BALANCE

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

Total fund balance - General Fund	$ 22,729,977
Less:	
Inventory	50,771
Stabilization by state statue	5,670,519
Separation Allowance-law enforcement	170,944
Subsequent year's appropriations	3,646,984
Unassigned-available for appropriations	13,190,759

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The following information is also found in the budgetary data section of the financial notes regarding the City's budgetary policy. At June 30, 2018, the General Fund, had outstanding encumbrances of $2,361,148. The enterprise funds had outstanding encumbrances of $1,859,405. Encumbrances outstanding are not reported in the fund balance section of the Balance Sheet – governmental funds or enterprise funds. Encumbrances are re-appropriated in the subsequent fiscal year since appropriations lapse at year end.

IX. CHANGE IN ACCOUNTING PRINCIPLE

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased $268,620 and $84,827 for the business-type activities.

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

- Schedule of Funding Progress for the Law Enforcement Officer's Special Separation Allowance and Total Pension Liability.

- Schedule of Employer Contributions for the Law Enforcement Officer's Special Separation Allowance. Total Pension Liability and Total Liability as a Percentage of Covered Payroll.

- City's proportionate Share of Net Pension Liability (Asset) for Local Government Employee Retirement System

- City's Contributions for Local Government Employees' Retirement System

- City's proportionate Share of Net Pension Liability in Firefighters' and Rescue Squad Workers' Pension

- Schedule of Changes in the Total OPEB Liability and related ratios.

City of Statesville
City's proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
For the Last Five Fiscal Years

Local Government Employees' Retirement System

	June 30				
	2018	2017	2016	2015	2014
Proportionate Share of Net Pension Liability (Asset) (%)	0.28311%	0.28086%	0.28086%	0.28690%	0.28690%
Proportionate Share of Net Pension Liability (Asset) ($)	4,325,137	5,888,631	1,260,485	(1,659,191)	(1,659,191)
City's covered employee payroll	$ 17,591,482	$ 16,458,629	$ 16,309,037	$ 16,030,322	$ 15,836,817
Proportionate Share of Net Pension Liability (Asset) (%) as a percentage of its covered employee payroll	24.59%	35.78%	7.73%	-10.35%	-10.48%
Plan fiduciary net pension as a percentage of the total pension liability	94.18%	98.09%	98.09%	102.64%	94.35%

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

The pension schedules are intended to show information for ten years. That information will be presented as it becomes available.

City of Statesville
City's Contributions
Required Supplementary Information
For the Last Five Fiscal Years

Local Government Employees' Retirement System

	June 30				
	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,447,773	$ 1,315,412	$ 1,126,523	$ 1,165,415	$ 1,140,919
Contributions in relation to the contractually required contribution	1,447,773	1,315,412	1,126,523	1,165,415	1,140,919
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered employee payroll	$ 18,850,298	$ 17,591,482	$ 16,458,629	$ 16,309,037	$ 16,030,322
Contributions as a percentage of covered employee payroll	7.68%	7.48%	6.84%	7.15%	7.12%

The pension schedules are intended to show information for ten years. That information will be presented as it becomes available.

Firefighters' and Rescue Squad Workers' Pension

	June 30				
	2018	2017	2016	2015	2014
City's proportionate share of net pension liability (%)	0.00%	0.00%	0.00%	0.00%	N/A
City's proportionate share of net pension liability ($)	$ -	$ -	$ -	$ -	N/A
State proportionate share of net pension liability associated with the City	8,001	12,736	12,644	8,306	N/A
Total	$ 8,001	$ 12,736	$ 12,644	$ 8,306	N/A
City's covered employee payroll	$ 123,901	$ 191,045	$ 196,820	$ 179,800	N/A
City's proportionate share of net pension liability as percentage of its covered employee payroll	6.46%	6.67%	6.42%	4.62%	N/A
Plan fiduciary net pension as a percentage of the total pension liability	89.35%	84.94%	91.40%	93.42%	N/A

The amounts presented are for the prior fiscal year.

The pension schedules are intended to show information for ten years. That information will be presented as it becomes available.

City of Statesville, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Two Fiscal Years

	2018	2017
Beginning balance	$ 1,929,764	$ 1,937,151
Service Cost	95,883	102,230
Interest on the total pension liability	72,159	66,877
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	171,979	-
Changes of assumptions or other inputs	132,613	(48,826)
Benefit payments	(120,734)	(127,668)
Other changes	-	-
Ending balance of the total pension liability	$ 2,281,664	$ 1,929,764

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.
be added until ten year's of data is accumulated.

City of Statesville, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Two Fiscal Years

	2018	2017
Total pension liability	$ 2,281,664	$ 1,929,764
Covered payroll	3,706,169	3,735,880
Total pension liability as a percentage of covered payroll	61.56%	51.65%

Notes to the schedules:

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

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.
be added until ten year's of data is accumulated.

Schedule of Changes in the Total OPEB Liability and Related Ratios

June 30, 2018

	June 30, 2018
Total OPEB Liability	
Service cost	107,392
Interest	66,822
Changes in benefit terms	-
Difference between expected and actual experience	(77,511)
Changes in assumptions and other inputs	(116,839)
Benefit payments	(47,642)
Other	-
Net Changes	(67,778)
Total OPEB Liability Beginning of Fiscal Year:	2,243,655
Total OPEB Liability End of Fiscal Year:	$ 2,175,877
Covered Payroll	$ 18,850,298
Total OPEB liability as a percentage of covered payroll	11.54%

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

Fiscal year	Rate
2018	3.56%

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MAJOR GOVERNMENTAL FUND

The **General Fund** is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The **General Fund** accounts for the normal recurring activities of the City.

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad valorem property taxes:			
Ad valorem taxes (city-wide)	$ 13,491,727	$ 13,613,563	$ 121,836
Prior years ad valorem taxes (city-wide)	227,980	209,721	(18,259)
Ad valorem taxes (special districts)	119,955	118,313	(1,642)
Penalties and interest	120,000	110,134	(9,866)
Total ad valorem property taxes	13,959,662	14,051,731	92,069
Other taxes and licenses:			
Gross receipt tax	43,000	46,524	3,524
Privilege licenses - beer and wine	2,000	2,425	425
Total other taxes and licenses	45,000	48,949	3,949
Unrestricted intergovernmental revenues:			
Local sales tax	6,800,000	6,945,610	145,610
Electric/natural gas tax	1,900,000	2,085,644	185,644
Payments in lieu of taxes	25,000	-	(25,000)
State beer and wine tax	110,000	111,374	1,374
Telecommunication tax	250,000	217,978	(32,022)
Video programming tax	143,000	139,999	(3,001)
ABC profit distribution	85,000	226,794	141,794
ABC liquor by the drink	35,000	17,033	(17,967)
Total unrestricted intergovernmental	9,348,000	9,744,432	396,432
Restricted intergovernmental:			
Powell Bill allocation	744,000	746,059	2,059
Solid waste tax	16,000	17,083	1,083
On-behalf-of-payments - fire	25,000	2,903	(22,097)
Fire SAFER grant	53,273	42,286	(10,987)
JAG and other law enforcement grants	11,274	2,933	(8,341)
Federal interest subsidy for debt interest	51,809	48,370	(3,439)
COPS grant	265,999	171,903	(94,096)
Total restricted intergovernmental	1,167,355	1,031,537	(135,818)
Permits and fees:			
Planning and zoning fees	20,000	28,371	8,371
Nuisance abatements	15,000	22,261	7,261
Court fees	11,000	9,009	(1,991)
Parking violations	30,000	22,838	(7,162)
Civil citations	2,500	-	(2,500)
Fire inspection fees	75,000	65,148	(9,852)
Street cut permits	100	75	(25)
Appearance Commission	-	50	50
Total permits and fees	153,600	147,752	(5,848)

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES (Continued):			
Sales and services:			
Statesville Housing Authority police protection	46,952	62,063	15,111
School System resource police officers	192,770	83,504	(109,266)
Assessment interest	1,500	440	(1,060)
Assessment revenues	3,000	1,000	(2,000)
Solid Waste Residential Fees	1,060,000	1,018,327	(41,673)
Commercial Sanitation Fee	140,000	134,709	(5,291)
Recycling revenue	7,500	9,794	2,294
Internal charges	8,100	8,220	120
Recreation-general	100,000	92,820	(7,180)
Civic Center sales	15,000	5,745	(9,255)
Recreation-Fitness/Activity Center	350,000	284,971	(65,029)
SFAC employee membership	6,300	7,348	1,048
Recreation-pool sales	160,000	186,379	26,379
Sale of cemetery lots	60,000	84,025	24,025
Grave fees	80,000	75,500	(4,500)
Memorial trees	-	100	100
Total sales and services	2,231,122	2,054,945	(176,177)
Investment earnings:			
Earned interest	200,000	197,604	(2,396)
Total investment earnings	200,000	197,604	(2,396)
Miscellaneous:			
Insurance proceeds	15,000	29,078	14,078
Sale of capital assets	15,000	25,000	10,000
Donations capital assets	105,500	105,500	-
Donations sculpture park	1,500	-	(1,500)
Donations	-	32,000	32,000
Sale of material and labor	-	16,924	16,924
Miscellaneous other	19,098	26,000	6,902
Total miscellaneous	156,098	234,502	78,404
Total revenues	27,260,837	27,511,452	250,615
EXPENDITURES:			
General government:			
Mayor and Council:			
Salaries and employee benefits		98,469	
Professional services		51,856	
Operating expenditures		89,522	
Reimbursement from other funds		(85,440)	
Total mayor and council	201,526	154,407	47,119
City Manager			
Salaries and employee benefits		352,182	
Professional services		40,863	
Operating expenditures		33,875	
Reimbursement from other funds		(151,853)	
Total city manager	286,561	275,067	11,494

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued):			
General government (continued):			
City Clerk:			
Salaries and employee benefits		70,202	
Operating expenditures		79,705	
Reimbursement from other funds		(52,648)	
Total city clerk	108,554	97,259	11,295
Finance department:			
Salaries and employee benefits		841,487	
Professional services		102,808	
Operating expenditures		563,498	
Reimbursement from other funds		(912,063)	
Total finance department	630,234	595,730	34,504
Human Resources:			
Salaries and employee benefits		316,101	
Professional services		29,458	
Operating expenditures		87,231	
Reimbursement from other funds		(155,277)	
Total human resources	362,075	277,513	84,562
Information Technology			
Salaries and employee benefits		777,101	
Professional services		25,805	
Operating expenditures		322,734	
Capital outlay		258,254	
Reimbursement from other funds		(556,957)	
	1,540,218	826,937	713,281
Legal:			
Professional services		90,653	
Reimbursement from other funds	-	(18,149)	
Total legal	79,273	72,504	6,769
Planning and Zoning:			
Salaries and employee benefits		589,057	
Professional services		20,368	
Operating expenditures		372,503	
Reimbursement from other funds		(27,035)	
Total planning and zoning	1,173,763	954,893	218,870
Main Street:			
Operating expenditures		192,709	
Total Main Street	209,232	192,709	16,523

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued):			
General government (continued):			
Public Works and Engineering:			
Salaries and employee benefits		385,521	
Professional services		110,414	
Operating expenditures		61,351	
Capital outlay		7,450	
Reimbursement from other funds		(99,518)	
Total public works and engineering	652,840	465,218	187,622
Garage:			
Salaries and employee benefits		506,610	
Operating expenditures		86,057	
Capital outlay		6,350	
Reimbursement from other funds		(130,256)	
Total garage	504,768	468,761	36,007
Warehouse:			
Operating expenditures		99,019	
Capital outlay		31,528	
Reimbursement from other funds		(89,596)	
Total warehouse	112,833	40,951	71,882
General expense:			
Miscellaneous		97,000	
I-CATS transportation		40,000	
Capital outlay		139,000	
Total general expense	276,000	276,000	-
Special appropriations:			
Arts council	3,325	3,325	
Children's Home of Iredell County	3,750	3,750	
Council on Aging	5,750	5,750	
Iredell County Rescue Squad	6,500	6,500	
Lifespan Vocational Workshop	25,000	25,000	
Elderly Nutrition Program	3,731	3,731	
Counseling Center	9,560	9,560	
Iredell Senior Center	4,600	4,600	
Fifth Street Ministry	4,000	4,000	
Iredell County Children's Museum	3,570	3,570	
Total special appropriation	69,786	69,786	-
Total general government	6,207,663	4,767,735	1,439,928

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued):			
Public safety:			
Police:			
Salaries and employee benefits		6,784,287	
Professional services		12,224	
Operating expenditures		1,138,598	
Capital outlay		278,307	
Total police	8,754,738	8,213,416	541,322
Fire service:			
Salaries and employee benefits		4,476,474	
Professional services		24,503	
Operating expenditures		675,071	
Capital outlay		1,274,635	
Total fire service	6,902,859	6,450,683	452,176
Total public safety	15,657,597	14,664,099	993,498
Transportation:			
Street Department:			
Salaries and employee benefits		823,924	
Professional services		81,869	
Operating expenditures		908,582	
Capital outlay		209,259	
Reimbursement from other funds		(112,024)	
Total street department	2,101,302	1,911,610	189,692
Street Construction:			
Operating expenditures		47,886	
Capital outlay		550,719	
Total street construction	1,342,680	598,605	744,075
Total transportation	3,443,982	2,510,215	933,767
Economic and physical development:			
Operating expenditures		430,765	
Total economic and physical development	727,000	430,765	296,235
Environmental protection:			
Sanitation:			
Salaries and employee benefits		1,368,100	
Operating expenditures		478,356	
Capital outlay		323,842	
Total environmental protection	2,382,025	2,170,298	211,727

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued):			
Cultural and recreation:			
Recreation - administration:			
Salaries and employee benefits		236,218	
Operating expenditures		209,104	
Capital outlay		70,995	
Total administration	663,803	516,317	147,486
Recreation - athletics:			
Salaries and employee benefits		115,217	
Operating expenditures		69,427	
Total athletics	202,143	184,644	17,499
Recreation - fitness center:			
Salaries and employee benefits		328,799	
Operating expenditures		149,618	
Total fitness center	521,635	478,417	43,218
Recreation - programs:			
Salaries and employee benefits		213,942	
Operating expenditures		68,261	
Total programs	316,911	282,203	34,708
Recreation - leisure pool:			
Salaries and employee benefits		98,959	
Operating expenditures		107,859	
Total leisure pool	210,856	206,818	4,038
Recreation - park maintenance			
Salaries and employee benefits		821,069	
Operating expenditures		498,928	
Capital outlay		24,375	
Reimbursement from other funds		(66,426)	
Total park maintenance	1,399,425	1,277,946	121,479
Recreation - public grounds and cemetery:			
Salaries and employee benefits		362,724	
Operating expenditures		267,902	
Capital outlay		20,600	
Reimbursement from other funds		(25,961)	
Total public grounds and cemetery	679,519	625,265	54,254
Total culture and recreation	3,994,292	3,571,610	422,682

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Debt service:			
Principal payment		894,700	
Interest payment		115,130	
Total debt service	1,009,831	1,009,830	1
Contingency			
Contingency	18,205	-	18,205
Total expenditures	33,440,595	29,124,552	4,316,043
Revenues over (under) expenditures	(6,179,758)	(1,613,100)	4,566,658
OTHER FINANCING SOURCES (USES):			
Transfers in:			
Internal Pilot - Airport Pilot	35,857	35,900	43
Internal Pilot - Water & Sewer Pilot	298,877	298,878	1
Internal Pilot - Civic Center Pilot	24,231	24,231	-
Internal Pilot - Electric Pilot	102,134	102,134	-
Reimbursements - Occupancy Tax	19,620	20,924	1,304
Transfers From General Capital Reserve	958,022	958,022	-
Total transfers in	1,438,741	1,440,089	1,348
Transfers (out):			
Transfers to Shelton Ave Greenway	(150,750)	(150,750)	-
Transfers to Municipal Services Center	(685,000)	(685,000)	-
Transfers to Risk Management	(1,521,000)	(1,521,000)	-
Transfers to Domestic Violence	(32,338)	(32,338)	-
Total transfers out	(2,389,088)	(2,389,088)	-
Fund balance appropriated	7,130,105	-	(7,130,105)
Total other financing sources (uses)	6,179,758	(948,999)	(7,128,757)
Net change in fund balance	$ -	(2,562,099)	$ (2,562,099)
Fund balances at beginning of year		25,292,076	
Fund balances at end of year		$ 22,729,977	

NONMAJOR GOVERNMENTAL FUNDS

Occupancy Tax Fund - accounts for receipts from a local hotel/motel occupancy tax that are restricted to the operation of a civic center and the promotion of travel and tourism.

Home Program Fund - accounts for participation in the Cabarrus/Iredell/Rowan Home Consortium and related grant activity. The funds are restricted to be used for the construction or rehabilitation of private dwellings and administrative costs associated with the grant. Closed to the Home Program Fund.

Drug Enforcement Fund - accounts for monies reserved for drug enforcement expenditures.

Domestic Violence Grant Fund - accounts for presentation and support for victims of domestic violence.

Economic Development Fund - accounts for economic grants from state and federal governments.

General Equipment Capital Reserve Fund - accounts for monies restricted to the purchase of general capital assets.

Streetscape Capital Project - accounts for the downtown infrastructure renewal.

Transportation Grant - TAP - accounts for capital improvements to public right ways.

Brookdale NC-21 Connector - accounts for capital improvements to public right ways.

Shelton Avenue Multi-Use Path - accounts for capital improvements to public right ways.

Municipal Service Center Fund - accounts for construction of a fire station and other governmental activities that is designed to better service city residences.

CITY OF STATESVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Occupancy Tax Fund	Home Program Fund	Drug Enforcement Fund	Domestic Violence Grant Fund	Economic Development Fund	Total Nonmajor Special Revenue Funds	General Equipment Capital Reserve Fund
ASSETS:							
Cash and cash equivalents	$ 901,642	$ 277,085	$ 122,062	$ 12,954	$ -	$ 1,313,743	$ 3,022,796
Interest receivable	2,893	889	391	-	-	4,173	9,698
Due from other governments	-	-	-	8,883	-	8,883	-
Total assets	$ 904,535	$ 277,974	$ 122,453	$ 21,837	$ -	$ 1,326,799	$ 3,032,494
LIABILITIES AND FUND EQUITY:							
Liabilities:							
Accounts payable	$ -	$ 15,125	$ -	$ 4,227	$ -	19,352	$ -
Total current liabilities	-	15,125	-	4,227	-	19,352	-
Fund Equity:							
Stabilization by state statute	2,893	889	391	8,883	-	13,056	9,698
Restricted	901,642	261,960	122,062	8,727	-	1,294,391	-
Committed	-	-	-	-	-	-	3,022,796
Total fund balances	904,535	262,849	122,453	17,610	-	1,307,447	3,032,494
Total liabilities and fund balances	$ 904,535	$ 277,974	$ 122,453	$ 21,837	$ -	$ 1,326,799	$ 3,032,494

CITY OF STATESVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Streetscape Capital Fund	Transportation Grant -TAP	Brookdale NC-21 Connector	Shelton Ave. Multi-Use Path	Municipal Service Center Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS:							
Cash and cash equivalents	$ 215,247	$ 387,115	$ 847,479	$ 150,750	$ 655,016	$ 5,278,403	$ 6,592,146
Interest receivable	691	1,242	2,719	-	2,101	16,451	20,624
Due from other governments	-	-	-	-	-	-	8,883
Total assets	$ 215,938	$ 388,357	$ 850,198	$ 150,750	$ 657,117	$ 5,294,854	$ 6,621,653
LIABILITIES AND FUND EQUITY:							
Liabilities:							
Accounts payable	$ -	$ 1,755	$ -	$ -	$ -	$ 1,755	$ 21,107
Total current liabilities	-	1,755	-	-	-	1,755	21,107
Fund Equity:							
Stabilization by state statute	691	1,242	2,719	-	2,101	16,451	29,507
Restricted	-	-	-	-	-	-	1,294,391
Committed	215,247	385,360	847,479	150,750	655,016	5,276,648	5,276,648
Total fund balances	215,938	386,602	850,198	150,750	657,117	5,293,099	6,600,546
Total liabilities and fund balances	$ 215,938	$ 388,357	$ 850,198	$ 150,750	$ 657,117	$ 5,294,854	$ 6,621,653

CITY OF STATESVILLE, NORTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	Occupancy Tax Fund	Home Program Fund	Drug Enforcement Fund	Domestic Violence Grant Fund	Economic Development Fund	Total Nonmajor Special Revenue Funds	General Equipment Capital Reserve Fund
REVENUES:							
Other taxes and licenses	$ 1,089,283	$ -	$ -	$ -	$ -	$ 1,089,283	$ -
Restricted intergovernmental		-	32,949	78,791	-	111,740	-
Repayment of loans		973	-	-	-	973	-
Investment earnings	6,704	2,950	810	-	-	10,464	27,237
Miscellaneous	-	-	16,064	-	-	16,064	21,179
Total revenues	1,095,987	3,923	49,823	78,791	-	1,228,524	48,416
EXPENDITURES:							
Public safety							
Operating expenditures	-		5,152	134,481	-	139,633	-
Economic and physical development:							
Operating expenditures	224,285	113,349		-	-	337,634	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	224,285	113,349	5,152	134,481	-	477,267	-
Revenue over (under) expenditures	871,702	(109,426)	44,671	(55,690)	-	751,257	48,416
OTHER FINANCING SOURCES (USES):							
Transfers in:							
General Fund	-	-	-	32,338	-	32,338	-
Transfers out:							
General Fund	(20,924)	-	-	-	-	(20,924)	-
General Capital Reserve	-	-	-	-	-	-	(958,022)
Civic Center	(671,871)	-	-	-	-	(671,871)	-
Total other financing sources (uses)	(692,795)	-	-	32,338	-	(660,457)	(958,022)
Net change in fund balance	178,907	(109,426)	44,671	(23,352)	-	90,800	(909,606)
Fund balances at beginning of year	725,628	372,275	77,782	40,962	-	1,216,647	3,942,100
Fund balances at end of year	$ 904,535	$ 262,849	$ 122,453	$ 17,610	$ -	$ 1,307,447	$ 3,032,494

CITY OF STATESVILLE, NORTH CAROLINA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	Streetscape Capital Fund	Transportation Grant -TAP	Brookdale NC-21 Connector	Shelton Ave. Multi-Use Path	Municipal Service Center Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:							
Other taxes and licenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,089,283
Restricted intergovernmental	-	-	-		-	-	111,740
Repayment of loans	-	-	-		-	-	973
Investment earnings	925	2,443	4,777		467	35,849	46,313
Miscellaneous	-	-	-		-	21,179	37,243
Total revenues	925	2,443	4,777	-	467	57,028	1,285,552
EXPENDITURES:							
Public safety							
Operating expenditures	-	-	-		-	-	139,633
Economic and physical development:						-	
Operating expenditures	4,000	-	-		-	4,000	341,634
Capital outlay	-	85,784	-		28,350	114,134	114,134
Total expenditures	4,000	85,784	-	-	28,350	118,134	595,401
Revenue over (under) expenditures	(3,075)	(83,341)	4,777	-	(27,883)	(61,106)	690,151
OTHER FINANCING SOURCES (USES):							
Transfers in:							
General Fund	-	-	-	150,750	685,000	835,750	868,088
Transfers out:							
General Fund	-	-	-		-	-	(20,924)
General Capital Reserve	-	-	-		-	(958,022)	(958,022)
Civic Center	-	-	-		-	-	(671,871)
Total other financing sources (uses)	-	-	-	150,750	685,000	(122,272)	(782,729)
Net change in fund balance	(3,075)	(83,341)	4,777	150,750	657,117	(183,378)	(92,578)
Fund balances at beginning of year	219,013	469,943	845,421	-	-	5,476,477	6,693,124
Fund balances at end of year	$ 215,938	$ 386,602	$ 850,198	$ 150,750	$ 657,117	$ 5,293,099	$ 6,600,546

CITY OF STATESVILLE, NORTH CAROLINA
OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Other taxes and licenses:			
5% hotel/motel occupancy tax	$ 962,000	$ 1,089,283	$ 127,283
Investment earnings	-	6,704	6,704
Total revenues	962,000	1,095,987	133,987
EXPENDITURES:			
Economic and physical development	268,196	224,285	43,911
Total expenditures	268,196	224,285	43,911
Revenues over (under) expenditures	693,804	871,702	177,898
OTHER FINANCING USES:			
Transfer out:			
Civic Center Fund	(672,184)	(671,871)	313
General Fund - administration costs	(21,620)	(20,924)	696
Total other financing (uses)	(693,804)	(692,795)	1,009
Net change in fund balance	$ -	178,907	$ 178,907
FUND BALANCES:			
Fund balances at beginning of year		725,628	
Fund balances at end of year		$ 904,535	

CITY OF STATESVILLE, NORTH CAROLINA
HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental	$ 102,978	$ 102,978	$ -	$ 102,978	$ -
Repayment of loans	90,306	90,305	973	91,278	972
Investment earnings	12,989	12,512	2,950	15,462	2,473
Total revenues	206,273	205,795	3,923	209,718	3,445
EXPENDITURES:					
Economic and physical development					
Home program expenditures	500,000	127,316	113,349	240,665	259,335
Total expenditures	500,000	127,316	113,349	240,665	259,335
Revenues over (under) expenditures	(293,727)	78,479	(109,426)	(30,947)	262,780
OTHER FINANCING SOURCES:					
Transfer in:					
General Fund	25,000	25,000	-	25,000	-
Home Program Project Fund	249,462	249,531	-	249,531	69
Home/CDBG	19,265	19,265	-	19,265	-
Total other financing sources	293,727	293,796	-	293,796	69
Net change in fund balance	$ -	$ 372,275	(109,426)	$ 262,849	$ 262,849
FUND BALANCES:					
Fund balances at beginning of year			372,275		
Fund balances at end of year			$ 262,849		

CITY OF STATESVILLE, NORTH CAROLINA
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
Adoptive forfeitures	$ 641,007	$ 641,007	$ -	$ 641,007	$ -
Controlled substance tax	358,750	367,363	32,949	400,312	41,562
DARE revenues	926	926	-	926	-
Miscellaneous revenue	-	-	16,064	16,064	16,064
Investment earnings	68,442	68,577	810	69,387	945
Total revenues	1,069,125	1,077,873	49,823	1,127,696	58,571
EXPENDITURES:					
Public safety:					
Accreditation - CALEA	19,000	16,050	-	16,050	2,950
Drug enforcement	152,855	97,124	-	97,124	55,731
DARE expenditures	2,000	926	-	926	1,074
Other expenditures	5,904	744	5,152	5,896	8
Capital outlay Vehicle	16,000	15,466	-	15,466	534
Total expenditures	195,759	130,310	5,152	135,462	60,297
Revenues over expenditures	873,366	947,563	44,671	992,234	118,868
OTHER FINANCING USES:					
Transfer out:					
General Fund	(855,490)	(851,905)	-	(851,905)	3,585
SIGI Grant	(17,876)	(17,876)	-	(17,876)	-
Total other financing uses	(873,366)	(869,781)	-	(869,781)	3,585
Net change in fund balance	$ -	$ 77,782	$ 44,671	$ 122,453	$ 122,453
FUND BALANCES:					
Fund balances at beginning of year			77,782		
Fund balances at end of year			$ 122,453		

CITY OF STATESVILLE, NORTH CAROLINA
DOMESTIC VIOLENCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
Federal grant	$ 484,303	$ 290,205	$ 78,791	$ 368,996	$ (115,307)
Total revenues	484,303	290,205	78,791	368,996	(115,307)
EXPENDITURES:					
Public safety:					
First year grant	63,945	60,071	-	60,071	3,874
Second year grant	59,162	56,331	-	56,331	2,831
Third year grant	266,496	162,851	-	162,851	103,645
Fourth and fifth year grant	254,284	97,236	134,481	231,717	22,567
Total expenditures	643,887	376,489	134,481	510,970	132,917
Revenues (under) expenditures	(159,584)	(86,284)	(55,690)	(141,974)	17,610
OTHER FINANCING SOURCES:					
Transfer in:					
General Fund	159,584	127,246	32,338	159,584	-
Other financing sources	159,584	127,246	32,338	159,584	-
Net change in fund balance	$ -	$ 40,962	(23,352)	$ 17,610	$ 17,610
FUND BALANCES:					
Fund balances at beginning of year			40,962		
Fund balances at end of year			$ 17,610		

CITY OF STATESVILLE, NORTH CAROLINA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
One NC Fund phase I - Providencia	$ 56,000	$ 56,000	$ -	$ 56,000	$ -
One NC Fund - Pate-Dawson Company	150,000	112,500	-	112,500	(37,500)
CDBG -Pate-Dawson Building Reuse	466,000	466,000	-	466,000	-
Rural Center - Abundant Mfg. (administration)	10,000	10,000	-	10,000	-
Highland Industrial	70,000	-	-	-	(70,000)
Total revenues	752,000	644,500	-	644,500	(107,500)
EXPENDITURES:					
Economic development:					
One NC Fund phase I - Providencia	56,000	56,000	-	56,000	-
One NC Fund - Pate-Dawson Company	150,000	112,500	-	112,500	37,500
CDBG -Pate-Dawson Building Reuse	466,000	466,000	-	466,000	-
Rural Center - Abundant Mfg. (administration)	10,000	10,000	-	10,000	-
Highland Industrial	70,000	-	-	-	70,000
Total expenditures	752,000	644,500	-	644,500	107,500
Net change in fund balance	$ -	$ -	-	$ -	$ -
FUND BALANCES:					
Fund balances at beginning of year			-		
Fund balances at end of year			$ -		

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL EQUIPMENT CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ 390,516	$ 1,145,629	$ 27,237	$ 1,172,866	$ 782,350
Sidewalk and curbs	-	140,654	21,179	161,833	161,833
Total revenues	390,516	1,286,283	48,416	1,334,699	944,183
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General Fund	3,953,217	3,249,482	-	3,249,482	(703,735)
General Fund - debt service Fire Static	2,243,251	2,243,251	-	2,243,251	-
General Fund - debt service Streetscaj	6,294,788	6,294,788	-	6,294,788	-
Electric	848,190	848,190	-	848,190	-
Water and Sewer	565,460	565,460	-	565,460	-
Warehouse	106,500	106,500	-	106,500	-
Fire Equipment Reserve Fund	28,489	153,778	-	153,778	125,289
Business Park Capital Project Fund	153,777	28,489	-	28,489	(125,288)
Total transfers in	14,193,672	13,489,938	-	13,489,938	(703,734)
Transfers out:					
General Fund - Fire Station #4	1,949,597	1,333,179	210,859	1,544,038	405,559
General Fund - Streetscape	7,708,438	4,799,639	747,163	5,546,802	2,161,636
Warehouse reserve	106,500	-	-	-	106,500
General Fund - Police	49,056	49,056	-	49,056	-
General Fund - Fire	575,000	575,000	-	575,000	-
Statesville Park Fund	712,096	615,467	-	615,467	96,629
General Fund - undesignated	3,108,501	3,098,458	-	3,098,458	10,043
General Fund - Fire station land acquis	375,000	363,322	-	363,322	11,678
Total transfers out	14,584,188	10,834,121	958,022	11,792,143	2,792,045
Total other financing sources (uses)	(390,516)	24,324,059	958,022	25,282,081	2,088,311
Net change in fund balance	$ -	$ 3,942,100	$ (909,606)	$ 3,032,494	$ 3,032,494
FUND BALANCES:					
			3,942,100		
			$ 3,032,494		

CITY OF STATESVILLE, NORTH CAROLINA
STREETSCAPE CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Unrestricted intergovernmental	$ 195,727	$ 195,727	$ -	$ 195,727	$ -
Investment earnings	250	1,869	925	2,794	2,544
Investment earnings-other	6,750	7,261	-	7,261	511
Total revenues	202,727	204,857	925	205,782	3,055
EXPENDITURES:					
Economic and physical development:					
Debt issuance costs	26,133	26,133	-	26,133	-
Professional services	450,357	424,387	4,000	428,387	21,970
Construction	7,939,297	7,835,870	-	7,835,870	103,427
Miscellaneous	87,492	82,367	-	82,367	5,125
Other improvement	160,943	96,832	-	96,832	64,111
Professional services	279,750	263,378		263,378	16,372
Pocket Park	88,800	87,560	-	87,560	1,240
Contingency	638	-	-	-	638
Total expenditures	9,033,410	8,816,527	4,000	8,820,527	212,883
Revenues (under) expenditures	(8,830,683)	(8,611,670)	(3,075)	(8,614,745)	215,938
OTHER FINANCING SOURCES:					
Transfers in:					
General Fund	2,349,505	2,349,505	-	2,349,505	-
Electric Fund	846,512	846,512	-	846,512	-
Water and Sewer Fund	610,024	610,024	-	610,024	-
City Hall Renovation Fund	111,000	111,000	-	111,000	-
Miscellaneous Revenue	7,642	7,642	-	7,642	-
Proceeds from debt	4,906,000	4,906,000	-	4,906,000	-
Total other financing sources	8,830,683	8,830,683	-	8,830,683	-
Net change in fund balance	$ -	$ 219,013	(3,075)	$ 215,938	$ 215,938
FUND BALANCES:					
Fund balances at beginning of year			219,013		
Fund balances at end of year			$ 215,938		

CITY OF STATESVILLE, NORTH CAROLINA
TRANSPORTATION GRANT - TAP
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ -	$ (57)	$ 2,443	$ 2,386	$ 2,386
Carolina Thread Trail	150,000	150,000	-	150,000	-
Transportation Grant	1,200,000	-	-	-	(1,200,000)
Total revenues	1,350,000	149,943	2,443	152,386	(1,197,614)
EXPENDITURES:					
Transportation:					
Contract services	1,670,000	-	85,784	85,784	1,584,216
Total expenditures	1,670,000	-	85,784	85,784	1,584,216
Revenues (under) expenditures	(320,000)	149,943	(83,341)	66,602	386,602
OTHER FINANCING SOURCES:					
Transfers in:					
General Fund	320,000	320,000	-	320,000	-
Total other financing sources	320,000	320,000	-	320,000	-
Net change in fund balance	$ -	$ 469,943	(83,341)	$ 386,602	$ 386,602
FUND BALANCES:					
Fund balances at beginning of year			469,943		
Fund balances at end of year			$ 386,602		

CITY OF STATESVILLE, NORTH CAROLINA
BROOKDALE NC-21 CONNECTOR
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ -	$ (104)	$ 4,777	$ 4,673	4,673
Transportation Grant	1,881,975	-	-	-	(1,881,975)
Total revenues	1,881,975	(104)	4,777	4,673	(1,877,302)
EXPENDITURES:					
Transportation:					
Project construction costs	2,727,500	-	-	-	2,727,500
Total expenditures	2,727,500	-	-	-	2,727,500
Revenues (under) expenditures	(845,525)	(104)	4,777	4,673	850,198
OTHER FINANCING SOURCES:					
Transfers in:					
General Fund	845,525	845,525	-	845,525	-
Total other financing sources	845,525	845,525	-	845,525	-
Net change in fund balance	$ -	$ 845,421	4,777	$ 850,198	$ 850,198
FUND BALANCES:					
Fund balances at beginning of year			845,421		
Fund balances at end of year			$ 850,198		

CITY OF STATESVILLE, NORTH CAROLINA
SHELTON AVENUE MULTI-USE PATH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ -	$ -	$ -	$ -	$ -
Transportation Grant	603,000	-	-	-	(603,000)
Total revenues	603,000	-	-	-	(603,000)
EXPENDITURES:					
Transportation:					
Professional services	603,000	-	-	-	603,000
Right of way	150,750	-	-	-	150,750
Total expenditures	753,750	-	-	-	753,750
Revenues (under) expenditures	(150,750)	-	-	-	150,750
OTHER FINANCING SOURCES:					
Transfers in:					
General Fund	150,750	-	150,750	150,750	-
Total other financing sources	150,750	-	150,750	150,750	-
Net change in fund balance	$ -	$ -	150,750	$ 150,750	$ 150,750
FUND BALANCES:					
Fund balances at beginning of year			-		
Fund balances at end of year			$ 150,750		

CITY OF STATESVILLE, NORTH CAROLINA
MUNICIPAL SERIVCE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ -	$ -	$ 467	$ 467	$ 467
Total revenues	-	-	467	467	467
EXPENDITURES:					
General Government:					
Capital Outlay	685,000	-	28,350	28,350	656,650
Total expenditures	685,000	-	28,350	28,350	656,650
Revenues over (under) expenditures	(685,000)	-	(27,883)	(27,883)	657,117
OTHER FINANCING SOURCES:					
Transfers in:					
General Fund	685,000	-	685,000	685,000	-
Total other financing sources	685,000	-	685,000	685,000	-
Net change in fund balance	$ -	$ -	$ 657,117	$ 657,117	$ 657,117
FUND BALANCES:					
Fund balances at beginning of year			-		
Fund balances at end of year			$ 657,117		

ENTERPRISE FUNDS

MAJOR ENTERPRISE FUNDS

Airport Operating Fund – accounts for the airport activities.

Electric Fund – accounts for the activities of the Electric Utilities Department.

Water and Sewer Fund – accounts for the activities of the Water and Sewer Departments.

NONMAJOR ENTERPRISE FUNDS

Civic Center Fund – accounts for the activities of the Civic Center.

ENTERPRISE PROJECT FUNDS

Airport Improvement Fund – accounts for the airport capital expenditures.

Parallel Taxiway Project Fund - accounts for the airport taxiway for additional aircraft capabilities.

Electric Utility Capital Reserve Fund – accounts for electric capital future needs.

Water and Sewer Capital Reserve Fund – accounts future capital needs.

I-77 Rest Area Project – accounts for the construction of a Highway Safety Rest Area and sewer improvements in Iredell County.

Fourth Creek WWTP Capital Fund – accounts for a major improvement of one of the City's waste water treatment plants.

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
AIRPORT OPERATING FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Charges for services:			
Airport operations rental	$ 255,000	$ 261,481	$ 6,481
Iredell County director support	22,000	22,000	-
Fueling flow fees	200,000	266,336	66,336
Land rent	18,450	-	(18,450)
Total operating revenues	495,450	549,817	54,367
Non-operating revenues:			
Insurance proceeds	-	100,618	100,618
Sale of surplus	-	1,337	1,337
Interest on investments	2,125	2,270	145
Total non-operating revenues	2,125	104,225	102,100
Total revenues	497,575	654,042	156,467
EXPENDITURES:			
Salaries and employee benefits	187,700	162,325	25,375
Operating expenditures	368,378	299,580	68,798
Capital outlay	19,500	12,950	6,550
Total expenditures	575,578	474,856	100,722
OTHER FINANCING SOURCES (USES):			
Transfers (out):			
Transfer to Risk Management Fund	(10,000)	(10,000)	-
Transfer to General Fund-PILOT	(35,900)	(35,900)	-
Fund balance appropriated	123,903	-	(123,903)
Total other financing sources	78,003	(45,900)	(123,903)
Total revenues and other financing sources over expenditures	$ -	133,286	$ 133,286
From modified accrual revenues over expenditures			
Depreciation		(982,315)	
Capital outlay		3,304,478	
Change in accrued compensated absences		(2,122)	
OPEB payable		(17,644)	
Deferred outflow-OPEB		2,599	
Deferred inflow-OPEB		(1,730)	
Pension Deferral inflow (City Contribution)		1,324	
Pension Deferral outflow		(18,204)	
LGERS Pension Liability		15,635	
Pension Deferral inflow		1,028	
Project revenues		2,836,801	
Project expenditures		(3,291,528)	
Interest earnings from project funds		5,266	
Total reconciling items		1,853,588	
Change in net position		$ 1,986,874	

CITY OF STATESVILLE, NORTH CAROLINA
AIRPORT IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ 13,156	$ 74,633	$ 5,268	$ 79,901	$ 66,745
NCDOT land	1,450,000	1,368,561	-	1,368,561	(81,439)
Iredell County land	330,555	326,031	-	326,031	(4,524)
DOT grants	2,503,720	1,001,714	827,173	1,828,887	(674,833)
Iredell County	138,352	65,098	550,148	615,246	476,894
Total revenues	4,435,783	2,836,037	1,382,589	4,218,626	(217,157)
EXPENDITURES:					
Transportation:					
NCDOT Grant 36244.59.6.1	909,384	264,765	562,787	827,552	81,832
Land Acquisition-Hangers	1,120,489	-	1,120,482	1,120,482	7
Pad Design 36237.46.16.1	267,701	20,195	148,779	168,974	98,727
Other grants not closed	4,357,946	2,834,162	-	2,834,162	1,523,784
Total expenditures	6,655,520	3,119,122	1,832,048	4,951,170	1,704,350
Revenues (under) expenditures	(2,219,737)	(283,085)	(449,459)	(732,544)	1,487,193
OTHER FINANCING SOURCES:					
Transfers in:					
From General Fund	2,219,737	1,288,477	-	1,288,477	(931,260)
Total other financing sources	2,219,737	1,288,477	-	1,288,477	(931,260)
Revenues and other financing sources (under) expenditures	$ -	$ 1,005,392	$ (449,459)	$ 555,933	$ 555,933

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CITY OF STATESVILLE, NORTH CAROLINA
PARALLEL TAXIWAY PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental revenue	$ 9,850,000	$ -	$ 1,459,481	$ 1,459,481	$ (8,390,519)
Total revenues	9,850,000	-	1,459,481	1,459,481	(8,390,519)
EXPENDITURES:					
Transportation:					
Professional services	1,287,615	-	632,763	632,763	654,852
Traffic control	12,385	-	8,665	8,665	3,720
Contracted services	8,550,000	-	818,053	818,053	7,731,947
Total expenditures	9,850,000	-	1,459,481	1,459,481	8,390,519
Revenues (under) expenditures	$ -	$ -	$ -	$ -	$ -

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
ELECTRIC FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Electric sales	$ 46,247,000	$ 47,405,798	$ 1,158,798
Other operating revenues	703,576	1,423,037	719,461
Total operating revenues	46,950,576	48,828,835	1,878,259
Non-operating revenues:			
Interest on investments	150,000	188,083	38,083
Misc. Revenue	18,710	11,168	(7,542)
Sale of Capital Assets	5,000	16,771	11,771
Handling Charge Bad Check	-	4,900	4,900
Insurance Proceeds	-	2,473	2,473
Sale Of Material & Labor	-	19,994	19,994
Bad Debt Recovery	-	67,272	67,272
Total non-operating revenues	173,710	310,661	136,951
Total revenues	47,124,286	49,139,496	2,015,210
EXPENDITURES:			
Salaries and employee benefits	2,703,006	2,590,878	112,128
Electrical power purchases	38,610,000	38,642,520	(32,520)
Professional services	164,725	141,333	23,392
Operating expenditures	2,716,915	2,680,490	36,425
Capital outlay	3,665,913	1,614,225	2,051,688
Total expenditures	47,860,559	45,669,446	2,191,113
Revenues over (under) expenditures	(736,273)	3,470,050	4,206,323
OTHER FINANCING SOURCES (USES):			
Transfers (out):			
Transfer to Risk Management	(163,000)	(163,000)	-
Transfer to General Fund-PILOT	(102,134)	(102,134)	-
Fund balance appropriated	1,001,407	-	(1,001,407)
Total other financing sources (uses)	736,273	(265,134)	(1,001,407)
Total revenues and other financing sources over expenditures and other financing uses	$ -	3,204,916	$ 3,204,916

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
ELECTRIC FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2018

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

From modified accrual revenues over expenditures	3,204,916
Depreciation	(1,343,348)
Capital outlay	2,416,724
Change in accrued compensated absences	(99,851)
OPEB liability	3,307
Deferred outflow of resources - OPEB	20,795
Deferred inflow of resources - OPEB	(13,834)
Pension Deferral inflow (City Contribution)	10,589
Pension Deferral outflow	(145,631)
LGERS Pension Liability	125,080
Pension Deferral inflow	8,221
Interest earnings from project funds	16,996
Total reconciling items	999,048
Change in net position	$ 4,203,964

CITY OF STATESVILLE, NORTH CAROLINA
ELECTRIC UTILITY CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ 100,000	$ 208,418	$ 16,996	$ 225,414	$ 125,414
Total revenues	100,000	208,418	16,996	225,414	125,414
EXPENDITURES:					
Professional services	199,500	-	-	-	199,500
Total expenditures	199,500	-	-	-	199,500
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Electric Stabilization Fund	199,500	199,500	-	199,500	-
Electric Fund	900,000	2,039,424	-	2,039,424	1,139,424
Transfers out:					
Electric Fund	(1,000,000)	(302,243)	-	(302,243)	697,757
Total other financing sources (uses)	99,500	1,936,681	-	1,936,681	1,837,181
Revenues and other financing sources over (under) expenditures and other financing	$ -	$ 2,145,099	$ 16,996	$ 2,162,095	$ 2,162,095

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
WATER AND SEWER FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES:			
Charges for services:			
Water sales	$ 4,167,100	$ 4,071,737	$ (95,363)
Sewer charges	6,429,000	6,428,000	(1,000)
Other operating revenue	183,212	168,815	(14,397)
Water and Sewer System Development Fees	942,234	640,421	(301,813)
Total operating revenues	11,721,546	11,308,973	(412,573)
Non-operating revenue:			
Interest on investments	112,000	94,407	(17,593)
NCDOT Bridge Relocation-Shelton Ave	125,052	149,536	24,484
NCDOT Bridge Relocation-Buffalo Shoals	56,183	-	(56,183)
Sale of Capital Assets	5,000	12,688	7,688
Insurance Proceeds	2,000	3,648	1,648
Misc. Revenue	3,000	33,647	30,647
Total non-operating revenues	303,235	293,926	(9,309)
Total revenues	12,024,781	11,602,899	(421,882)
EXPENDITURES:			
Sewer collection line maintenance:			
Salaries and employee benefits	351,518	368,708	(17,190)
Professional services	1,500	-	1,500
Operating expenditures	262,780	243,170	19,610
Capital outlay	128,251	20,556	107,695
Total	744,049	632,434	111,615
Water distribution line maintenance:			
Salaries and employee benefits	908,192	818,305	89,887
Professional services	80,258	24,198	56,060
Operating expenditures	705,678	316,379	389,299
Capital outlay	95,500	94,886	614
Total	1,789,628	1,253,768	535,860
Water purification:			
Salaries and employee benefits	865,349	784,346	81,003
Professional services	96,962	26,913	70,049
Operating expenditures	1,496,146	1,421,901	74,245
Capital outlay	288,690	212,553	76,137
Total	2,747,147	2,445,713	301,434
Waste water treatment - Third Creek:			
Salaries and employee benefits	485,685	445,450	40,235
Professional services	97,505	17,977	79,528
Operating expenditures	608,613	542,649	65,964
Capital outlay	59,500	34,431	25,069
Total	1,251,303	1,040,507	210,796

CITY OF STATESVILLE, NORTH CAROLINA
MAJOR ENTERPRISE FUND
WATER AND SEWER FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Favorable (Unfavorable)
Waste water treatment - Fourth Creek:			
Salaries and employee benefits	916,011	851,347	64,664
Professional services	277,795	52,739	225,056
Operating expenditures	1,659,079	1,587,425	71,654
Capital outlay	158,682	17,110	141,572
Total	3,011,567	2,508,621	502,946
Principal and interest	2,771,269	2,771,269	-
Total	2,771,269	2,771,269	-
Total expenditures	12,314,963	10,652,312	1,662,651
Revenues over (under) expenditures	(290,182)	950,587	1,240,769
OTHER FINANCING SOURCES (USES):			
Transfers in (out):			
I-77 Rest Area Sewer Line	(13,635)	(53,666)	(40,031)
Water and Sewer Capital Reserve	(964,726)	(964,725)	1
Transfer to Risk Management Fund	(272,000)	(272,000)	-
Transfer to General Fund-PILOT	(298,878)	(298,878)	-
Water and Sewer Capital Reserve	628,000	628,000	-
Fund balance appropriated	1,211,421	-	(1,211,421)
Total other financing sources	290,182	(961,269)	(1,251,451)
Revenues and other financing sources (under) expenditures and other financing (uses)	$ -	(10,682)	$ (10,682)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Depreciation		(3,517,990)	
Capital outlay		3,790,606	
Long-term debt principal		2,207,475	
Accrued interest expense		4,447	
Change in accrued compensated absences		22,042	
Decrease in deferred outflows of resources - pensions		(219,443)	
Decrease in net pension liability		203,254	
Decrease in deferred inflows of resources - pensions		13,359	
Deferred outflow of resources - OPEB		33,792	
Deferred inflow of resources - OPEB		(22,479)	
OPEB liability		23,740	
Intrafund transfers		390,391	
Project revenues		2,010,286	
Project expenditures		(3,411,072)	
Interest earnings from water and sewer project funds		57,669	
Total reconciling items		1,586,077	
Change in net position		$ 1,575,395	

CITY OF STATESVILLE, NORTH CAROLINA
WATER AND SEWER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	$ 2,512,695	$ 2,613,055	$ 57,669	$ 2,670,724	$ 158,029
Total revenues	2,512,695	2,613,055	57,669	2,670,724	158,029
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Water and Sewer Fund - water SDF	200,000	789,306	178,293	967,599	767,599
Water and Sewer Fund - sewer SDF	800,000	3,329,669	786,432	4,116,101	3,316,101
Sewer line rehabilitation	-	400,000	-	400,000	400,000
Sewer improvements	-	150,000	-	150,000	150,000
Water line rehabilitation	-	325,000	-	325,000	325,000
Water improvements	-	250,000	-	250,000	250,000
General Fund	500,000	500,000	-	500,000	-
Electric Fund	3,200,000	3,200,000	-	3,200,000	-
Water and Sewer Fund	4,743,254	4,993,254	-	4,993,254	250,000
Annexation Fund	167,970	167,970	-	167,970	-
Statesville Business Park Fund	1,231,908	1,231,909	-	1,231,909	1
Water Interconnect Capital Project Fund	238,932	238,932	-	238,932	-
Lookout Shoals Capital Project Fund	-	123,869	-	123,869	123,869
Total transfers in	11,082,064	15,699,909	964,725	16,664,634	5,582,570
Transfers out:					
Reserved for Water & Sewer Capital	(10,427,248)	(9,207,413)	(628,000)	(9,835,413)	591,835
Statesville Business Park Fund	(118,576)	(60,223)	-	(60,223)	58,353
Water Interconnect Capital Project Fund	(2,238,200)	(2,238,200)	-	(2,238,200)	-
Water Plant Improvements Fund	(579,988)	(579,988)	-	(579,988)	-
Raw Water Capital Project Fund	(227,480)	(43,424)	-	(43,424)	184,056
Fourth Creek Wastewater Fund	(3,267)	(3,267)	-	(3,267)	-
Total transfers out	(13,594,759)	(12,132,515)	(628,000)	(12,760,515)	834,244
Total other financing sources and other (uses)	(2,512,695)	3,567,394	394,394	3,904,119	6,416,814
Revenues and other financing sources over expenditures and other financing uses	$ -	$ 6,180,449	$ 452,063	$ 6,574,843	$ 6,574,843

CITY OF STATESVILLE, NORTH CAROLINA
I-77 REST AREA PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
NCDOT reimbursement	$ 4,419,100	$ 2,290,591	$ 2,010,286	$ 4,300,877	$ (118,223)
Total revenues	4,419,100	2,290,591	2,010,286	4,300,877	(118,223)
EXPENDITURES:					
DOT Share:					
Capital Outlay - professional services	347,229	344,602	2,429	347,031	198
Capital Outlay - construction	3,929,685	1,672,501	2,238,986	3,911,487	18,198
Capital Outlay - Right of Way	60,088	65,124	(5,036)	60,088	-
Contingency	82,098	-	-	-	82,098
Total DOT share	4,419,100	2,082,227	2,236,379	4,318,606	100,494
City Share:					
Capital Outlay - professional services	125,075	39,587	75,969	115,556	9,519
Capital Outlay - construction	1,336,846	250,826	1,076,475	1,327,301	9,545
Capital Outlay - Right of Way	7,567	-	7,567	7,567	-
Total City share	1,469,488	290,413	1,160,011	1,450,424	19,064
Total expenditures	5,888,588	2,372,640	3,396,390	5,769,030	119,558
OTHER FINANCING SOURCES:					
Transfers in:					
Water and Sewer Fund	1,469,488	1,415,822	53,666	1,469,488	-
Total other financing sources	1,469,488	1,415,822	53,666	1,469,488	-
Revenues and other financing sources over (under) expenditures and other financing	$ -	$ 1,333,773	$ (1,332,438)	$ 1,335	$ 1,335

CITY OF STATESVILLE, NORTH CAROLINA
FOURTH CREEK WWTP CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
EXPENDITURES:					
Economic and physical development:					
Debt issuance costs	$ 94,899	$ 94,899	$ -	$ 94,899	$ -
Capital outlay - professional services	558,200	557,480	23,565	581,045	(22,845)
Capital outlay - construction	4,214,945	3,902,011	(8,883)	3,893,128	321,817
Total expenditures	4,868,044	4,554,390	14,682	4,569,072	298,972
OTHER FINANCING SOURCES:					
Proceeds revolving loan	4,744,945	4,431,291	14,682	4,445,973	(298,972)
Transfers in:					
Water and Sewer Operating Fund	123,099	123,099	-	123,099	-
Total other financing sources	4,868,044	4,554,390	14,682	4,569,072	(298,972)
Revenues and other financing sources over (under) expenditures	$ -	$ -	$ -	$ -	$ -

CITY OF STATESVILLE, NORTH CAROLINA
NONMAJOR ENTERPRISE FUND
CIVIC CENTER FUND- SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Charges for services:			
Fees	$ 300,000	$ 318,109	$ 18,109
Total operating revenues	300,000	318,109	18,109
Non-operating revenues:			
Interest on investments	9,500	13,354	3,854
Miscellaneous	-	93	93
Sale of surplus	-	14	14
Total non-operating revenues	9,500	13,461	3,961
Total revenues	309,500	331,570	22,070
EXPENDITURES:			
Salaries and employee benefits	452,000	486,129	(34,129)
Operating expenditures	410,250	345,723	64,527
Capital outlay	203,900	71,794	132,106
Total expenditures	1,066,150	903,646	162,504
Total revenues over (under) expenditures	(756,650)	(572,076)	184,574
OTHER FINANCING SOURCES (USES):			
Transfers in:			
Occupancy Tax Fund	671,871	671,871	-
Transfers out:			
Transfers to Risk Management Fund	(34,000)	(34,000)	-
Transfer to General Fund-PILOT	(24,231)	(24,231)	-
Fund balance appropriated	143,010	-	(143,010)
Total other financing sources	756,650	613,640	(143,010)
Revenues and other financing sources over expenditures and other financing uses	$ -	41,564	$ 41,564

Reconciliation from budgetary basis (modified accrual) to full accrual:	
Depreciation	(130,156)
Capital outlay	71,794
Change in accrued compensated absences	(5,032)
Increase in deferred outflows of resources - pensions	(33,761)
Decrease in deferred inflows of resources - pensions	2,055
Decrease in net pension liability	31,270
Deferred outflow of resources - OPEB	5,199
Deferred inflow of resources - OPEB	(3,458)
OPEB liability	(5,103)
Total reconciling items	(67,192)
Change in net position	$ (25,628)

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INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The City has one Internal Service Fund, Risk Management.

Risk Management Fund – accounts for the operations of the City's health insurance plan, worker's compensation, liability, property insurance and wellness program.

CITY OF STATESVILLE, NORTH CAROLINA
RISK MANAGEMENT FUND
STATEMENT OF NET POSITION
June 30, 2018

	Risk Management Fund
ASSETS	
Cash and cash equivalents	$ 1,657,862
Accounts receivables	9,998
Interest receivable	5,318
Total assets	$ 1,673,178
LIABILITIES	
Accounts payable and accrued liabilities	$ 498,519
Accrued IBNR health	637,591
Accrued IBNR worker's compensation	330,647
Total liabilities	1,466,757
NET POSITION	$ 206,421

CITY OF STATESVILLE, NORTH CAROLINA
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018

	Risk Management Fund
Operating revenues:	
Employer's contributions-property and liability	$ 925,692
Employer's contributions-health benefits	3,157,882
Employee's Contributions health	747,968
Employee's Contributions dental	103,187
Insurance premiums refund and stop loss recovery	614,410
Total operating revenues	5,549,139
Operating expenses:	
Health, dental claims, and wellness program	5,395,663
Health third party administration	218,056
Health stop loss insurance	208,544
Total health expenses	5,822,263
Worker's compensation claims	468,494
Administration and professional services	13,125
Property and liability insurance	431,508
Property and liability claims	133,799
Total property and liability expenses	1,046,926
Total operating expenses	6,869,189
Total operating income (loss)	(1,320,050)
Non-operating income:	
Investment income	3,066
Other financing sources:	
Transfers from General Fund	1,521,000
Transfers from Airport Fund	10,000
Transfers from Electric Fund	163,000
Transfers from Water & Sewer Fund	272,000
Transfers from Civic Center	34,000
Total other financing sources (uses)	2,000,000
Change in net position	683,016
Net position, beginning of year (deficit)	(476,595)
Net position, end of year	$ 206,421

CITY OF STATESVILLE, NORTH CAROLINA
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-FINANCIAL PLAN AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2018

	Financial Plan	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Employer's contributions-property and liability	$ 922,159	$ 925,692	$ 3,533
Employer's contributions-health benefits	3,340,260	3,157,882	(182,378)
Employee's Contributions health and dental	731,539	740,381	8,842
Contributions from retired employees and COBRA	127,000	110,774	(16,226)
Insurance premiums refund and stop loss recovery	400,000	614,410	214,410
	5,520,958	5,549,139	28,181
Non operating revenues:			
Investment earnings	7,100	3,066	(4,034)
Total revenues	5,528,058	5,552,205	24,147
Operating expenditures:			
Operating health expenditures:			
Health, dental claims, and wellness program	5,916,234	5,138,640	777,594
Health third party administration	220,000	218,056	1,944
Health stop loss insurance	235,000	208,544	26,456
Total health expenditures	6,371,234	5,565,240	805,994
Operating property and liability expenditures:			
Appraisals	20,000	-	20,000
Worker's compensation claims	505,032	447,018	58,014
Administration and professional services	20,000	13,125	6,875
Property and liability insurance	450,000	431,508	18,492
Property and liability claims	161,792	133,799	27,993
Total property and liability expenditures	1,156,824	1,025,450	131,374
Total expenditures	7,528,058	6,590,690	937,368
Revenues (under) expenditures	(2,000,000)	(1,038,485)	(961,515)
Other financing sources			
Transfers From General Fund	1,521,000	1,521,000	-
Transfers From Airport Fund	10,000	10,000	-
Transfers From Electric Fund	163,000	163,000	-
Transfers From Water & Sewer Fund	272,000	272,000	-
Transfers From Civic Center	34,000	34,000	-
Total other financing sources	2,000,000	2,000,000	-
Reconciliation from financing plan (modified accrual) to full accrual:	$ -	961,515	$ 961,515
Increase in incurred claims but not reported (IBNR)		(278,499)	
Change in net position		$ 683,016	

CITY OF STATESVILLE, NORTH CAROLINA
RISK MANAGEMENT FUND
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

	Risk Management Fund
Cash flows from operating activities:	
Cash received from employer and employees	$ 5,623,818
Cash paid for claims and insurance	(6,226,039)
Net cash (used) by operating activities	(602,221)
Cash flows from investing activities operating activities:	
Interest on investments and miscellaneous	3,066
Cash flows from Non-operating activities:	
Transfer in	2,000,000
Net (decrease) in cash and cash equivalents	1,400,845
Cash and cash equivalents:	
Beginning of year, July 1	257,017
End of year, June 30	1,657,862
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating Income (loss)	(1,320,050)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	$ (4,916)
Increase (decrease) in accounts payable	79,595
Increase (decrease) in IBNR - health	361,252
Increase (decrease) in IBNR - worker's compensation	257,023
	24,876
Net cash (used) by operating activities	$ (602,220)

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ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable – General Fund – City-Wide
- Schedule of Ad Valorem Taxes Receivable – General Fund – Downtown Statesville Special Tax District
- Schedule of Ad Valorem Taxes Receivable – General Fund – Woods Dam Special Tax District
- Analysis of Current Tax Levy – General Fund – City-Wide
- Analysis of Current Tax Levy – General Fund – Downtown Statesville Special Tax District
- Analysis of Current Tax Levy – General Fund – Woods Dam Tax District

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND - CITY-WIDE
June 30, 2018

Tax Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
Tax and Tag	$ -	$ 914,934	$ 914,934	
2017	-	12,909,305	12,730,106	179,199
2016	212,239	-	126,371	85,800
2015	70,899	-	25,658	45,241
2014	63,594	-	16,432	47,163
2013	62,910	-	12,002	50,908
2012	67,069	-	8,652	58,417
2011	66,614	-	5,465	61,149
2010	59,664	-	6,216	53,448
2009	50,549	-	6,802	43,747
2008	49,463	-	2,671	46,792
2007	45,531	-	530	-
	$ 748,532	$ 13,824,239	$ 13,855,838	$ 671,863
			Less allowance for uncollectible accounts - city-wide	397,324
Ad valorem taxes receivable, net				$ 274,539

RECONCILIATION TO REVENUES:

Ad valorem taxes-city-wide	$ 13,920,379
Reconciling items:	
Taxes written off	(45,001)
Interest	(19,540)
Total collections and credits	$ 13,855,838

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE-
GENERAL FUND - DOWNTOWN STATESVILLE SPECIAL TAX DISTRICT
June 30, 2018

Tax Year	Uncollected Balance City-wide	Additions	Collections and Credits	Uncollected Balance Registered
Tax and Tag	$ -	$ 5,470	$ 5,470	
2017		108,686	107,194	1,491
2016	1,794	-	1,328	451
2015	365	-	248	117
2014	124	-	-	124
2013	293	-	31	262
2012	268	-	-	268
2011	838	-	50	788
2010	171	-	-	171
2009	202	-	8	193
2008	145	-	-	145
2007	183	-	-	-
	$ 4,382	$ 114,155	$ 114,329	$ 4,011
			Less allowance for uncollectible accounts - Downtown	2,372
			Ad valorem taxes receivable, net	$ 1,639

RECONCILIATION TO REVENUES:

Ad valorem taxes-downtown	$ 114,512
Reconciling items:	
Taxes written off	(183)
Total collections and credits	$ 114,329

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE-
GENERAL FUND - WOODS DAM TAX DISTRICT
June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
Tax and Tag	$ -	$ 414	$ 414	
2017	-	3,645	3,645	-
	$ -	$ 4,059	$ 4,059	$ -

RECONCILIATION TO REVENUES:

Ad valorem taxes-downtown	$ 4,059
Reconciling items:	
None	-
Total collections and credits	$ 4,059

CITY OF STATESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND - CITY-WIDE LEVY
For the Fiscal Year Ended June 30, 2018

	City-wide			Total Levy	
	Property Valuation	Rate per $100	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY:					
Property taxed at current year's rate	$ 2,812,647,274	0.4600	$ 12,938,177	$ 12,938,177	-
Tax and Tag	198,898,726		914,934	-	914,934
Penalties	4,247,850		19,540	19,540	
TOTAL ORIGINAL LEVY	3,015,793,850		13,872,652	12,957,718	914,934
DISCOVERIES:					
Current year rate and taxes	4,163,230	0.4600	19,151	19,151	
Penalties	1,011,270		4,652	4,652	-
TOTAL DISCOVERIES	5,174,500		23,803	23,803	-
RELEASES/TAX AND TAG UNCOLLECTED:					
Current year rate	(15,567,922)	0.4600	(71,612)	(71,612)	
Penalties	(131,039)		(603)	(603)	-
TOTAL RELEASES	(15,698,961)		(72,215)	(72,215)	-
Net assessed valuation	$ 3,005,269,389				
Net Levy			13,824,239	12,909,305	914,934
Uncollected taxes , June 30			(179,199)	(179,199)	-
Current year's taxes collected			$ 13,645,040	$ 12,730,106	$ 914,934
Current levy collection percentage rate			98.70%	98.61%	100.00%

CITY OF STATESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND -DOWNTOWN STATESVILLE SPECIAL TAX DISTRICT
For the Fiscal Year Ended June 30, 2018

	City-wide			Total Levy	
	Property Valuation	Rate per $100	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY:					
Property taxed at current year's rate	$ 107,991,200	0.1000	$ 107,991	$ 107,991	$ -
Tax and tag	5,469,590		5,470	-	5,470
Penalties	-		-	-	-
TOTAL ORIGINAL LEVY	113,460,790		113,461	107,991	5,470
DISCOVERIES:					
Current year rate and taxes	651,500	0.1000	652	652	-
Penalties	44,000		44	44	-
TOTAL DISCOVERIES	695,500		696	696	-
RELEASES/TAX AND TAG UNCOLLECTED:					
Current year rate	160	0.1000	-	-	-
Penalties	(1,290)		(1)	(1)	
TOTAL RELEASES	(1,130)		(1)	(1)	-
Net assessed valuation	$ 114,155,160				
Net Levy			114,155	108,685	5,470
Uncollected taxes , June 30			(1,491)	(1,491)	-
Current year's taxes collected			$ 112,664	$ 107,194	$ 5,470
Current levy collection percentage rate			98.69%	98.63%	100.00%

CITY OF STATESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND -WOODS DAM TAX DISTRICT
For the Fiscal Year Ended June 30, 2018

	City-wide			Total Levy	
	Property Valuation	Rate per $100	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
ORIGINAL LEVY:					
Property taxed at current year's rate	$ 1,735,940	0.2100	$ 3,645	$ 3,645	$ -
Tax and Tag	197,029		414	-	414
Penalties	-		-		
TOTAL ORIGINAL LEVY	1,932,968		4,059	3,645	414
DISCOVERIES:					
Current year rate and taxes	-	0.2100	-	-	-
Penalties	-		-	-	-
TOTAL DISCOVERIES	-		-	-	-
RELEASES/TAX AND TAG UNCOLLECTED:					
Current year rate	-	0.2100	-	-	-
Penalties	-		-	-	-
TOTAL RELEASES	-		-	-	-
Net assessed valuation	$ 1,932,968				
Net Levy			4,059	3,645	414
Uncollected taxes , June 30			-	-	-
Current year's taxes collected			$ 4,059	$ 3,645	$ 414
Current levy collection percentage rate			100.00%	100.00%	0.00%

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STATISTICAL SECTION

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

Contents **Page**

Financial Trends *136*

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

Revenue Capacity *146*

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. The City's other major local revenue sources are its utility revenues of which the Electric Utilities revenues are the largest (see Table 22).

Debt Capacity *159*

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

Demographic and Economic Information *163*

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

Operating Information *166*

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

Table 1

CITY OF STATESVILLE, NORTH CAROLINA
NET POSITION BY CATEGORY
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2008-2009	2009-2010	2010-2011	2011-2012
Governmental activities				
Net investment in capital assets	$ 53,828,159	$ 60,880,399	$ 59,908,456	$ 66,160,070
Restricted for:				
Stabilization by state statue	-	-	-	5,565,574
Public safety	3,360,512	2,610,583	6,276,092	337,206
Transportation	78,736	1,695,694	383,871	1,332,646
Economic development	331,342	319,743	885,021	324,831
Debt service	-	-	-	-
Capital outlay	1,142,748	1,133,887	8,524,131	6,470,958
Unrestricted	29,392,370	30,087,302	24,885,268	19,242,685
Total governmental activities net position	88,133,867	96,727,608	100,862,839	99,433,970
Business-type activities				
Net investment in capital assets	66,982,354	65,435,328	65,578,645	65,215,357
Unrestricted	34,085,581	35,717,074	34,648,769	35,113,541
Total business-type activities net position	101,067,935	101,152,402	100,227,414	100,328,898
Primary government				
Net investment in capital assets	120,810,513	126,315,727	125,487,101	131,375,427
Restricted for:				
Stabilization by state statue	-	-	-	5,565,574
Public Safety	78,736	1,695,694	383,871	1,332,646
Transportation	3,360,512	2,610,583	6,276,092	337,206
Economic development	331,342	319,743	885,021	324,831
Debt service	-	-	-	-
Capital projects	1,142,748	1,133,887	8,524,131	6,470,958
Unrestricted	35,717,074	65,804,376	59,534,037	54,356,226
Total governmental activities net position	$ 161,440,925	$ 197,880,010	$ 201,090,253	$ 199,762,868

Notes:

(1) Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulation of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

CITY OF STATESVILLE, NORTH CAROLINA
NET POSITION BY CATEGORY
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
$ 67,394,632	$ 68,264,801	$ 69,891,335	$ 42,754,217	$ 42,692,332	$ 42,995,778
5,124,143	6,282,769	4,314,762	4,644,547	5,704,049	5,700,026
77,821	60,645	41,341	81,519	77,659	130,789
771,303	1,315,672	1,248,014	-	-	
353,599	444,247	574,665	712,686	1,096,183	1,163,602
293,653	61,249	-	-	-	
5,144,063	3,659,885	2,111,528	-	-	
21,397,924	21,496,485	21,477,035	23,243,436	20,066,688	17,517,629
100,557,138	101,585,753	99,658,680	71,436,405	69,636,911	67,507,824
65,470,169	67,271,906	66,336,798	93,781,157	93,846,256	99,648,841
35,885,077	33,761,094	34,680,765	39,268,053	43,182,876	44,719,257
101,355,246	101,033,000	101,017,563	133,049,210	137,029,132	144,368,098
132,864,801	135,536,707	136,228,133	136,535,374	136,538,588	142,644,619
5,124,143	6,282,769	4,314,762	4,644,547	5,704,049	5,700,026
771,303	1,315,672	1,248,014	-	77,659	130,789
77,821	60,645	41,341	81,519	-	-
353,599	444,247	574,665	712,686	1,096,183	1,163,602
293,653	61,249	-	-	-	-
5,144,063	3,659,885	2,111,528	-	-	-
57,283,001	55,257,579	56,157,800	62,511,489	63,249,564	62,236,886
$ 201,912,384	$ 202,618,753	$ 200,676,243	$ 204,485,615	$ 206,666,043	$ 211,875,922

Table 2

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

	2009-2010	2010-2011	2011-2012
Expenses by Functions/Programs			
Governmental Activities:			
General government	$ 3,259,010	$ 3,346,041	$ 3,274,004
Public safety	11,206,823	11,408,145	11,994,709
Transportation	3,409,944	3,412,045	3,468,402
Economic and physical development	798,806	806,305	965,655
Environmental protection	2,077,498	2,085,049	2,130,549
Cultural and recreation	3,145,451	3,367,653	3,417,745
Interest on long-term debt	91,868	275,735	352,859
Subtotal governmental activities	23,989,400	24,700,973	25,603,923
Business-Type Activities:			
Airport	-	-	-
Electric	38,513,061	40,589,432	41,532,781
Water and sewer	9,440,556	9,286,106	9,502,048
Civic Center	817,270	861,917	848,125
Subtotal business-type activities	48,770,887	50,737,455	51,882,954
Total primary government expenses	$ 72,760,287	$ 75,438,428	$ 77,486,877
Program Revenues by Functions			
Governmental Activities:			
Charges for Services:			
General government	$ 69,423	$ 96,614	$ 379,335
Public safety	287,186	337,832	198,223
Transportation	506,981	473,426	322,757
Economic and physical development	70,045	4,511	-
Environmental protection	328,217	293,688	288,090
Cultural and recreation	751,559	816,694	831,655
Operating grants and contributions	917,021	865,836	501,593
Capital grants and contributions	8,508,250	3,116,406	1,493,194
Total governmental activities program activities	11,438,682	6,005,007	4,014,847
Business-Type Activities:			
Charges for Services:			
Airport	-	-	-
Electric	39,102,390	41,973,877	41,334,097
Water and sewer	9,348,940	9,146,995	8,973,284
Civic Center	293,019	277,414	254,004
Operating grants and contributions	-	-	560,534
Capital grants and contributions	-	-	-
Total business-type activities	48,744,349	51,398,286	51,121,919
Total primary government program revenues	$ 60,183,031	$ 57,403,293	$ 55,136,766

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

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
$ 3,240,212	$ 3,432,347	$ 3,254,999	$ 3,479,866	$ 3,882,072	$ 4,852,052
12,299,585	12,410,000	12,398,238	12,234,390	13,338,272	14,896,715
3,540,251	4,246,210	4,345,239	2,851,130	3,337,451	4,174,148
1,332,542	947,827	750,760	931,213	427,733	768,400
1,846,780	1,715,643	1,978,958	1,675,871	1,951,510	2,080,218
3,481,787	3,354,153	3,594,906	3,506,190	3,871,413	3,871,242
306,561	264,534	212,823	179,568	145,274	110,981
26,047,718	26,370,714	26,535,923	24,858,228	26,953,725	30,753,756
-		-	1,786,329	1,931,556	1,476,536
44,304,027	44,792,998	46,952,145	44,245,966	44,955,862	44,792,998
9,389,629	11,696,188	9,713,190	10,332,082	11,108,611	11,696,188
948,560	997,238	999,189	968,734	970,233	997,238
54,642,216	57,486,424	57,664,524	57,333,111	58,966,262	58,962,960
$ 80,689,934	$ 83,857,138	$ 84,200,447	$ 82,191,339	$ 85,919,987	$ 89,716,716
$ -	$ 46,977	$ 355,432	$ 66,083	$ 44,698	$ 59,766
308,753	336,183	342,107	75,220	299,242	233,553
678,516	791,434	-	49,846	43,506	1,440
802,655	45	-	981,530	981	1,089,283
448,057	165,632	162,236	170,160	1,139,748	1,323,456
820,940	819,739	836,284	732,620	793,362	736,888
834,006	615,180	345,739	596,907	1,364,069	285,478
2,103,132	946,690	1,240,320	748,401	838,388	851,559
5,996,059	3,721,880	3,282,118	3,420,767	4,523,994	4,581,423
-		-	559,951	434,999	651,771
44,989,787	47,531,836	47,646,058	46,939,813	48,232,363	48,739,947
9,464,072	9,468,112	10,033,066	10,782,047	11,265,287	11,358,956
259,388	294,701	299,535	333,067	341,243	318,216
977,497	13,400	-	363,177	-	211,467
-	-	-	29,126,802	2,158,958	4,996,623
55,690,744	57,308,049	57,978,659	88,104,857	62,432,850	66,276,980
$ 61,686,803	$ 61,029,929	$ 61,260,777	$ 91,525,624	$ 66,956,844	$ 70,858,403

CITY OF STATESVILLE, NORTH CAROLINA
CHANGES IN NET POSITION -CONTINUED
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2008-2009	2009-2010	2010-2011	2011-2012
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes				
Ad valorem taxes	$ 11,574,508	$ 11,602,821	$ 11,760,600	$ 11,316,717
Local sales tax option	5,628,740	5,113,327	5,452,410	5,105,479
Other taxes	1,057,366	1,208,289	1,273,835	1,321,032
Unrestricted intergovernmental revenues	2,147,614	2,023,140	2,139,048	2,116,304
Interest earned on investments	1,217,313	554,901	105,840	263,126
Miscellaneous	101,969	175,648	268,874	195,157
Transfers in (out)	409,899	470,151	1,830,590	(157,608)
Total governmental activities	22,137,409	21,148,277	22,831,197	20,160,207
Business-Type Activities:				
Interest earned on investments	1,130,748	593,605	244,771	256,414
Miscellaneous	-	-	-	448,497
Transfer in (out)	(409,899)	(470,151)	(1,830,590)	157,608
Total business-type activities	720,849	123,454	(1,585,819)	862,519
Total primary government	22,858,258	21,271,731	21,245,378	21,022,726
Changes in Net Position				
Governmental activities	9,586,691	2,452,311	1,242,121	108,548
Business-type activities	694,311	784,285	(2,346,854)	1,911,047
Total primary government	$ 10,281,002	$ 3,236,596	$ (1,104,733)	$ 2,019,595

Table 2 (cont'd)

CITY OF STATESVILLE, NORTH CAROLINA
CHANGES IN NET POSITION-CONTINUED
FOR THE LAST TEN FISCAL YEARS
(accrual basis of accounting)

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
$ 12,144,774	$ 12,329,641	$ 12,252,525	$ 12,130,575	$ 13,843,920	$ 13,924,416
5,269,457	5,491,152	6,016,074	6,283,073	6,564,336	6,945,610
809,850	1,626,638	3,284,650	45,347	48,308	48,949
2,608,519	2,316,788	681,625	2,932,832	2,593,971	2,798,822
(149,740)	311,881	150,345	179,616	209,821	197,604
238,313	175,411	591,938	14,405	38,351	128,193
253,654	1,425,938	190,752	(30,110,127)	(222,438)	268,272
21,174,827	23,677,449	23,167,909	(8,524,279)	23,076,269	24,311,866
(103,514)	375,522	223,891	276,576	290,896	378,045
334,988	-	113,439	-	-	
(253,654)	(1,425,938)	(190,752)	983,325	222,438	(268,272)
(22,180)	(1,050,416)	146,578	1,259,901	513,334	109,773
21,152,647	22,627,033	23,314,487	(7,264,378)	23,589,603	24,421,639
1,123,168	23,677,449	(85,896)	(30,107,282)	23,076,269	(1,860,467)
1,026,348	(1,050,416)	460,713	32,177,189	513,334	7,423,793
$ 2,149,516	$ 22,627,033	$ 374,817	$ 2,069,907	$ 23,589,603	$ 5,563,326

Table 3

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

	2008-2009	2009-2010	2010-2011	2011-2012
General Fund				
Non Spendable				
Inventories	$ 27,689	$ 16,790	$ 26,091	$ 26,497
Prepaid items	6,940	4,510	320	2,470
Restricted				
Stabilization by State Statute	2,349,570	2,730,658	3,139,241	3,384,316
Debt service	-	-	-	-
[1.] Reserved for encumbrances	5,733,866	4,188,338	-	-
Committed	-	-	750,940	-
Assigned				
Subsequent year's appropriation	-	652,150	1,847,967	270,292
Unassigned	17,389,011	17,401,057	18,218,742	19,403,631
Subtotal governmental activities	25,507,076	24,993,503	23,983,301	23,087,206
All Other Governmental Funds				
Reserved for:				
[1.] Reserved for encumbrances	1,070,032	2,479,753	-	-
Restricted, reported in:				
Stabilization by state statute	363,922	561,960	79,991	2,181,258
Special revenue funds	1,948,930	4,099,157	955,625	1,994,683
Committed	-	-	1,342,079	6,470,958
Capital project funds	4,203,385	2,666,400	13,691,420	-
Unassigned (deficit)	-	-	-	(85,676)
Subtotal other governmental activities	7,586,269	9,807,270	16,069,115	10,561,223
Total governmental fund balance	$ 33,093,345	$ 34,800,773	$ 40,052,416	$ 33,648,429
General Fund unassigned fund balance as a percent of expenditures (including transfer out)	63.26%	67.97%	67.54%	76.15%

Notes:

(1) Encumbrances are no longer included in fund balance in accordance with GASB 54 beginning fiscal year 2010-11.

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

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
$ 28,182	$ 31,027	$ 47,630	$ 32,006	$ 34,546	$ 50,771
2,985	4,290	6,909	26,108	-	-
3,971,056	3,414,788	3,879,522	4,315,383	6,711,576	5,670,519
293,653	61,249	-	-		
-	-	-	-		
-	-	-	220,560	239,891	170,944
286,323	998,745	1,838,714	954,462	1,583,800	3,646,984
21,017,856	20,315,639	21,368,277	18,905,057	16,722,263	13,190,759
25,600,055	24,825,738	27,141,052	24,453,576	25,292,076	22,729,977
-	-	-	-	-	-
1,153,086	2,867,981	435,240	329,164	62,987	20,624
1,202,723	1,820,564	1,864,020	794,205	1,162,241	1,303,274
-	-	-	-		
5,144,063	3,659,885	2,111,528	5,121,111	5,467,896	5,276,648
-	-	-	(165,871)		
7,499,872	8,348,430	4,410,788	6,078,609	6,693,124	6,600,546
$ 33,099,927	$ 33,174,168	$ 31,551,840	$ 30,532,185	$ 31,985,200	$ 29,330,523
82.47%	73.40%	85.96%	65.56%	53.06%	41.86%

Table 4

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

	2008-2009	2009-2010	2010-2011	2011-2012
Revenues (by source):				
Ad valorem taxes	$ 11,487,668	$ 11,515,195	$ 11,603,732	$ 11,310,155
Sales Tax	5,628,740	5,113,327	5,452,410	5,105,479
Other taxes and licenses	1,072,667	1,208,289	1,271,879	1,321,032
Unrestricted intergovernmental	2,147,614	2,023,140	2,139,049	2,116,304
Restricted intergovernmental	1,555,184	9,396,440	3,724,998	2,078,787
Permits and fees	544,248	526,627	542,334	554,325
Sales and services	1,347,115	1,393,927	1,502,159	1,457,941
Investment earnings	1,090,462	466,568	235,024	253,517
Miscellaneous	101,971	134,024	468,319	206,288
Total revenues	24,975,669	31,777,537	26,939,904	24,403,828
Expenditures (by function):				
General government	3,113,999	3,057,326	3,114,368	3,025,762
Public safety	9,860,172	10,514,864	10,863,716	11,309,003
Transportation	2,158,865	1,751,549	1,786,894	1,781,557
Economic and physical development	900,468	797,915	806,305	1,021,655
Environmental protection	1,946,932	1,934,002	1,960,189	1,979,079
Cultural and recreation	5,795,858	2,974,884	2,965,898	2,974,985
Capital outlay	1,194,515	11,037,173	8,199,597	6,597,977
Debt service:				
Principal	355,000	355,000	549,700	1,249,700
Interest on long-term debt	76,230	63,990	272,184	360,490
Total expenditures	25,402,039	32,486,703	30,518,851	30,300,208
Excess of revenues over (under) expenditures	(426,370)	(709,166)	(3,578,947)	(5,896,380)
Other Financing Sources (Uses)				
Transfers in	3,446,361	4,950,672	6,849,267	2,266,764
Transfers out	(3,036,462)	(4,480,521)	(5,018,677)	(2,774,371)
Proceeds from long-term debt	-	1,947,000	7,000,000	-
Total other financing sources (uses)	409,899	2,417,151	8,830,590	(507,607)
Net change in fund balance	$ (16,471)	$ 1,707,985	$ 5,251,643	$ (6,403,987)
Debt service as a percentage of noncapital expenditures	1.78%	1.95%	3.68%	6.79%

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

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
$ 12,139,952	$ 12,403,940	$ 12,407,077	$ 12,372,681	$ 13,906,520	$ 14,051,731
5,269,457	5,491,152	6,016,074	-		-
1,631,962	1,626,638	951,626	1,025,895	1,056,491	1,138,232
2,608,519	2,316,788	2,671,124	9,196,090	9,206,615	9,744,432
2,951,620	1,539,487	1,614,191	1,344,424	1,199,144	1,143,277
439,269	447,208	731,287	401,633	264,365	147,752
1,788,988	1,679,939	1,452,951	860,752	2,085,537	2,055,918
(121,635)	347,082	202,655	210,735	204,253	243,917
449,217	138,603	156,893	122,099	231,231	271,745
27,157,349	25,990,837	26,203,878	25,534,309	28,154,156	28,797,004
3,537,203	3,134,239	2,986,788	3,448,253	3,849,861	4,430,652
11,990,414	11,576,160	12,121,392	11,813,998	13,066,552	13,250,792
2,007,509	1,739,707	2,868,091	1,651,590	2,493,858	1,750,239
2,212,781	947,827	788,260	951,028	427,733	772,399
1,918,623	1,593,054	2,132,924	1,557,336	2,140,089	1,846,455
3,264,938	2,921,604	3,278,844	3,089,320	3,429,881	3,350,140
1,489,469	3,936,559	2,392,459	2,199,179	46,688	3,309,446
				-	
1,249,700	1,224,700	894,700	894,700	894,700	894,700
288,867	268,684	553,500	183,717	149,424	115,130
27,959,504	27,342,534	28,016,958	25,789,121	26,498,786	29,719,953
(802,155)	(1,351,697)	(1,813,080)	(254,812)	1,655,370	
4,532,958	5,458,684	2,579,286	5,514,583	2,631,587	2,308,177
(4,279,305)	(4,032,746)	(2,388,534)	(6,497,908)	(2,833,942)	(4,039,905)
-	-	-	-	-	
253,653	1,425,938	190,752	(983,325)	(202,355)	(1,731,728)
$ (548,502)	$ 74,241	$ (1,622,328)	$ (1,238,137)	$ 1,453,015	$ (2,654,677)
5.81%	6.38%	5.65%	4.49%	4.17%	3.98%

Table 5

CITY OF STATESVILLE, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
FOR THE LAST TEN YEARS [1]
(accrual basis of accounting)

Fiscal Year Ended June 30	Property Tax	Sales Tax	Privilege License Tax	Occupancy Tax	Total
2009	$ 11,574,508	$ 5,628,740	$ 393,722	$ 627,122	$ 18,224,092
2010	11,602,821	5,113,327	367,599	648,398	17,732,145
2011	11,760,600	5,452,410	348,992	677,747	18,239,749
2012	11,316,717	12,403,940	341,000	733,086	24,794,743
2013	12,144,774	5,269,457	687,341	803,829	18,905,401
2014	12,329,641	5,491,152	665,357	818,512	19,304,662
2015	12,252,525	6,016,074	343,527	915,685	19,527,811
2016	12,130,575	6,283,073	2,067	980,548	19,396,263
2017	13,809,298	5,451,174	2,572	1,008,183	20,271,227
2018	13,924,416	6,945,610	2,425	1,089,283	21,961,734

The City as of July 1, 2015 is not authorized to levy privilege licenses. Amount shown is beer and wine privilege license that is still authorized.

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

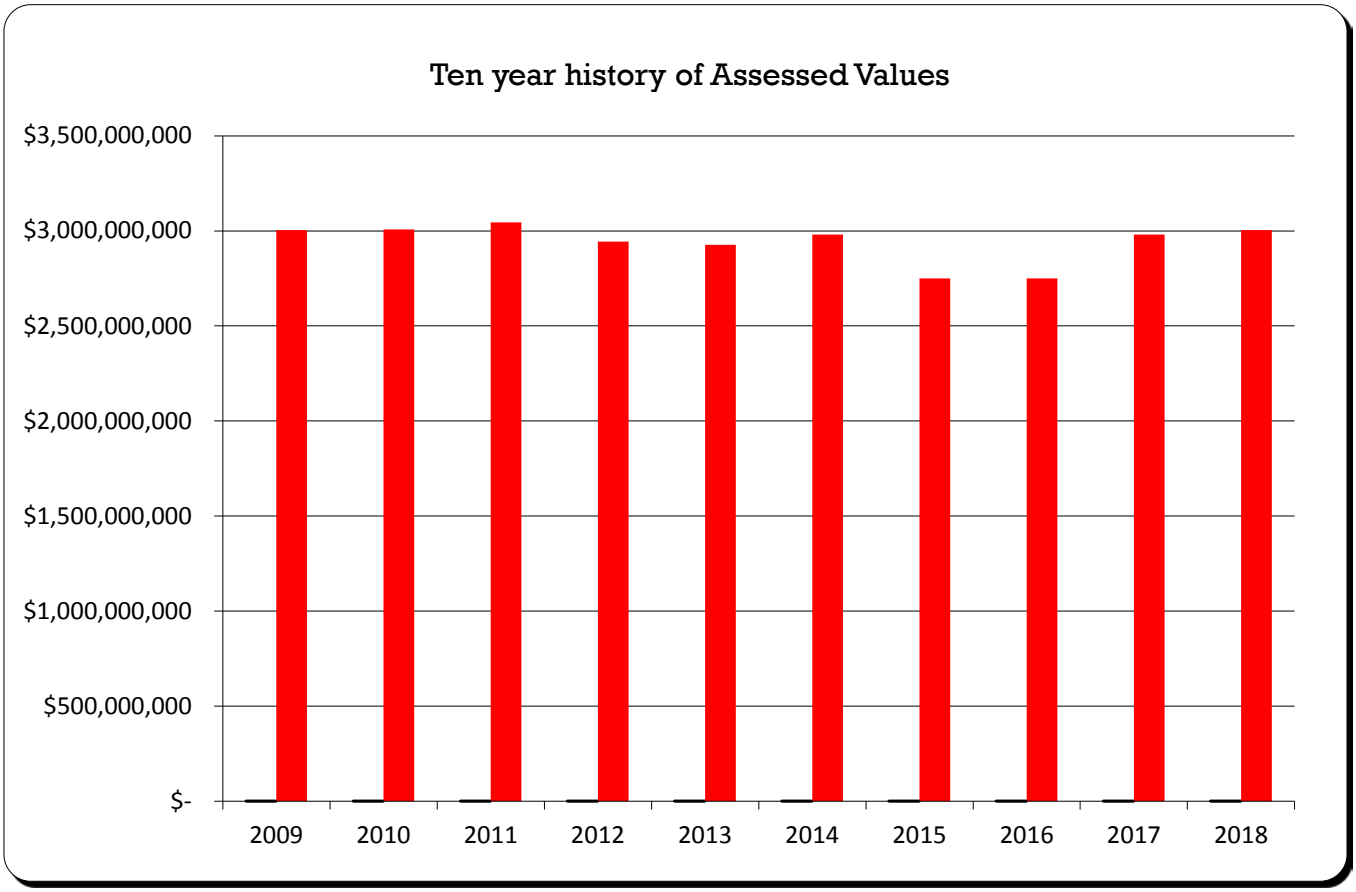
Fiscal Year Ended June 30	Property Tax	Sales Tax	Privilege License Tax	Occupancy Tax	Total
2009	$ 10,962,849	$ 6,416,272	$ 367,858	$ 729,640	$ 18,476,619
2010	11,487,668	5,628,740	393,722	627,122	18,137,252
2011	11,603,732	5,452,410	348,992	677,747	18,082,881
2012	12,403,940	12,403,940	341,000	733,086	25,881,966
2013	12,139,952	5,269,457	687,341	803,829	18,900,579
2014	12,403,940	5,491,152	665,357	818,512	19,378,961
2015	12,407,077	6,016,074	343,527	915,685	19,682,363
2016	12,372,681	6,283,073	2,067	980,548	19,638,369
2017	13,906,520	5,451,174	2,572	1,008,183	20,368,449
2018	14,051,731	6,945,610	2,425	1,089,283	22,089,049

The City as of July 1, 2015 is not authorized to levy privilege licenses. Amount shown is beer and wine privilege license that is still authorized.

CITY OF STATESVILLE, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY - CITY-WIDE
FOR THE LAST TEN YEARS [1]

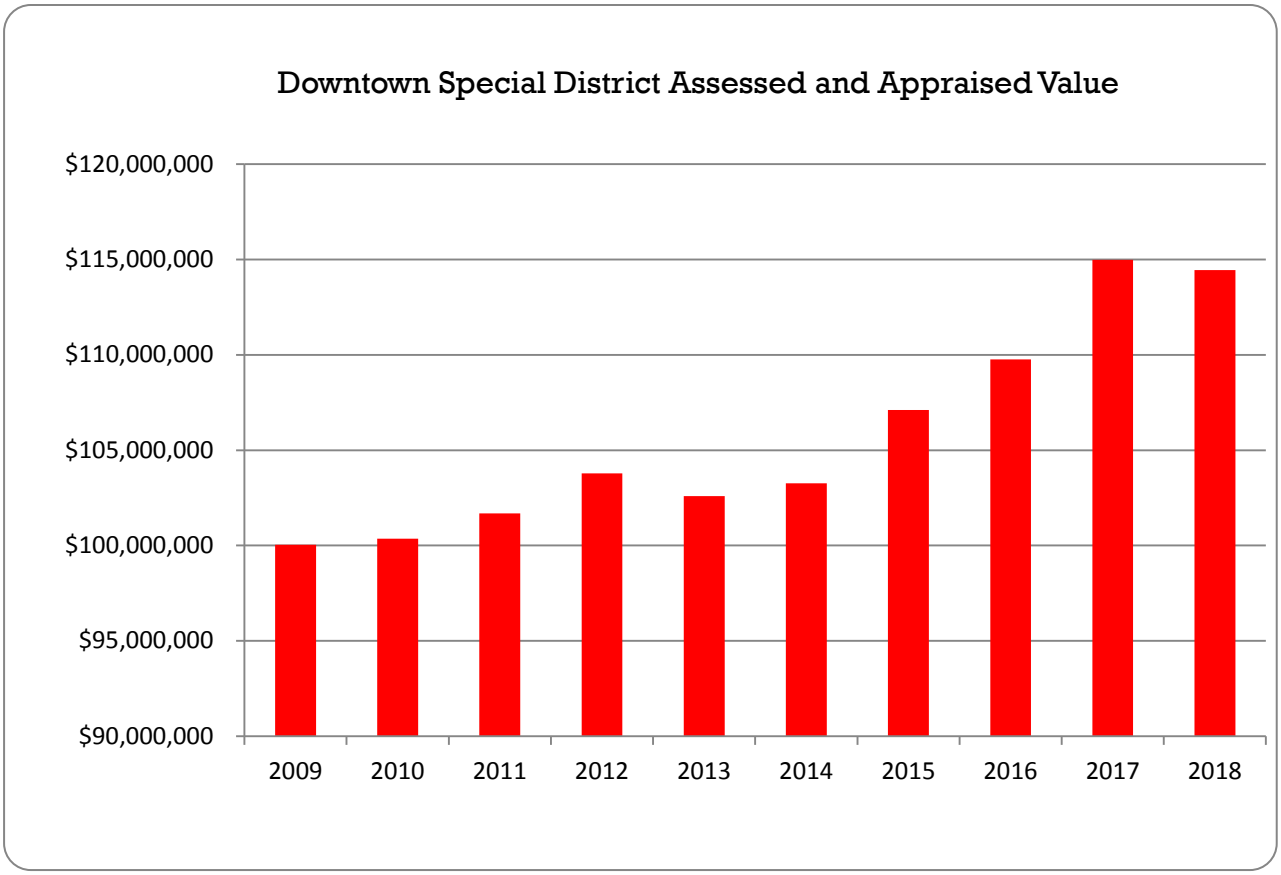
Fiscal Year Ended June 30	Tax Year	Real Property	Motor Vehicle and Personal Property	Public Service Companies	Total Assessed Value	Total Direct Tax Rate
2009	2008	2,074,554,266	891,189,760	38,461,549	3,004,205,575	0.3833
2010	2009	2,099,286,384	867,458,395	41,940,666	3,008,685,445	0.3833
2011	2010	2,135,719,487	865,558,609	43,397,510	3,044,675,606	0.3835
2012	2011	2,046,476,967	851,682,471	45,081,888	2,943,241,326	0.3835
2013	2012	2,035,371,098	844,746,172	46,805,285	2,926,922,555	0.4135
2014	2013	2,036,899,857	898,217,364	46,105,962	2,981,223,183	0.4139
2015	2014	2,034,349,011	667,998,225	47,503,176	2,749,850,412	0.4140
2016	2015	2,020,695,223	681,250,767	48,394,452	2,750,340,442	0.4143
2017	2016	2,179,257,219	749,369,215	52,855,009	2,981,481,443	0.4640
2018	2017	2,261,548,275	691,310,880	52,410,234	3,005,269,389	0.4639

[1] Assessed valuations are established by the Board of County Commissioners at 100 percent of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The last revaluation was completed January 1, 2015, levied for fiscal year ending June 30, 2016. Next revaluation will be effective for January 1, 2019. Tax rates for the City and districts are found on Table 13.



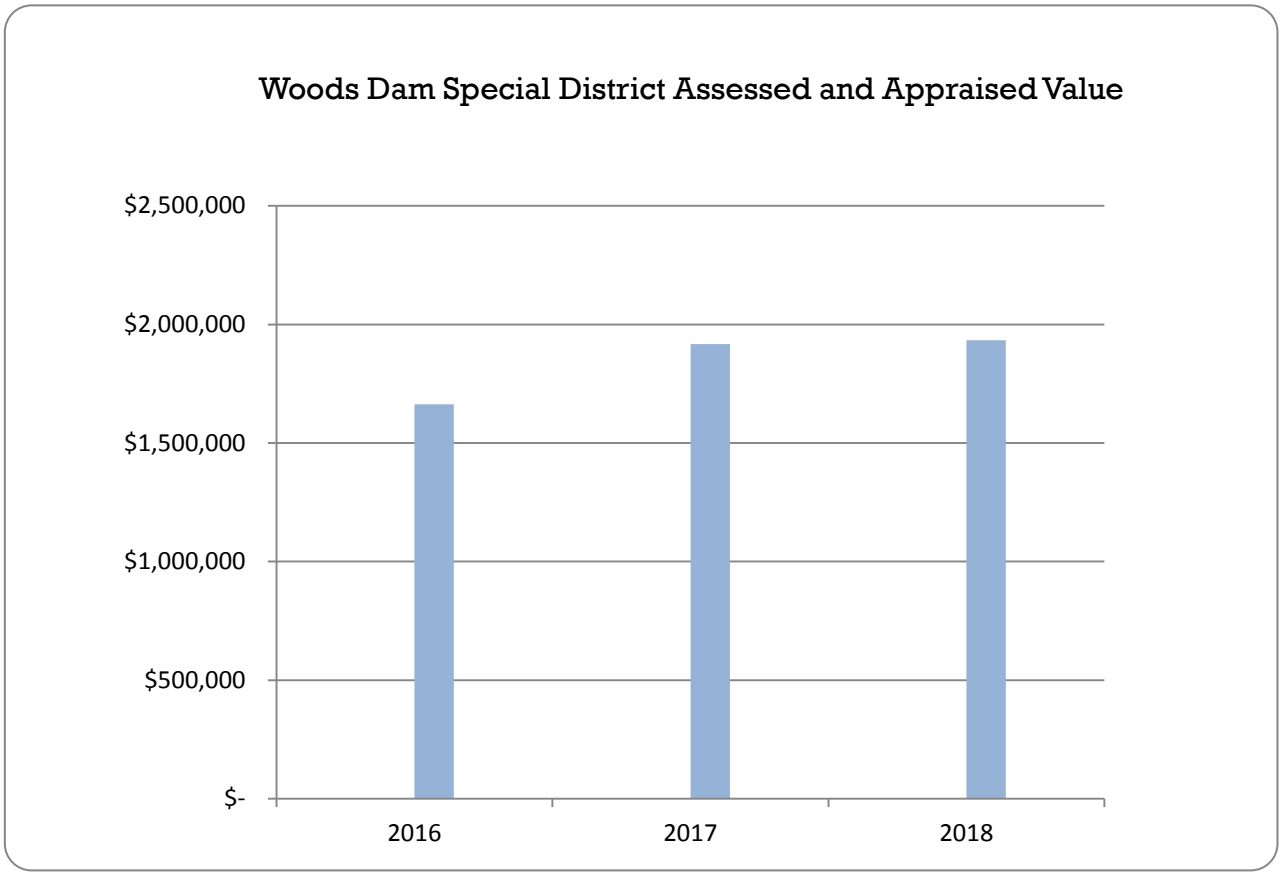
CITY OF STATESVILLE, NORTH CAROLINA
ASSESSED AND APPRAISED VALUE OF TAXABLE PROPERTY
GENERAL FUND - DOWNTOWN SPECIAL TAX DISTRICT
Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value	Appraised Value	Ratio of Total Assessed Value to Total Appraised Value
2009	100,043,730	100,043,730	100%
2010	100,360,997	100,360,997	100%
2011	101,690,327	103,654,000	100%
2012	103,785,047	103,785,047	100%
2013	102,596,150	102,596,150	100%
2014	103,256,921	103,256,921	100%
2015	107,102,506	107,102,506	100%
2016	109,766,931	109,766,931	100%
2017	114,980,820	114,980,820	100%
2018	114,441,440	114,441,440	100%



CITY OF STATESVILLE, NORTH CAROLINA
ASSESSED AND APPRAISED VALUE OF TAXABLE PROPERTY
GENERAL FUND - WOODS DAM SPECIAL TAX DISTRICT

Fiscal Year Ended June 30	Assessed Value	Appraised Value	Ratio of Total Assessed Value to Total Appraised Value
2016	$ 1,663,678	$ 1,663,678	100%
2017	1,917,326	1,917,326	100%
2018	1,932,968	1,932,968	100%



CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND - CITY-WIDE
Last Ten Years

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Curent Fiscal Year	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2009	2008	$ 11,463,138	$ 11,096,523	96.80%	$ 264,061	$ 11,360,584	99.11%	$ 879,257	7.67%
2010	2009	11,514,546	11,103,359	96.43%	332,799	11,436,158	99.32%	957,656	8.32%
2011	2010	11,608,744	11,145,620	96.01%	323,674	11,469,294	98.80%	1,097,107	9.45%
2012	2011	11,320,637	10,890,248	96.20%	369,223	11,259,471	99.46%	1,108,411	9.79%
2013	2012	12,022,139	11,568,448	96.23%	389,300	11,957,748	99.46%	1,134,351	9.44%
2014	2013	12,244,494	11,870,889	96.95%	356,284	12,227,173	99.86%	1,098,152	8.97%
2015	2014	12,069,094	11,845,894	98.15%	359,943	12,205,837	101.13%	926,056	7.67%
2016	2015	12,074,692	11,900,200	98.55%	272,333	12,172,533	100.81%	783,173	6.49%
2017	2016	13,714,815	13,502,576	98.45%	204,689	13,707,265	99.94%	748,532	5.46%
2018	2017	13,824,239	13,645,040	98.70%	210,798	13,855,838	100.23%	671,863	4.86%

Note: Ratio of Total Tax Collections to Total Tax Levy includes only the current levy.
Total tax collections ratio may exceed 100% because of prior year levy collections.

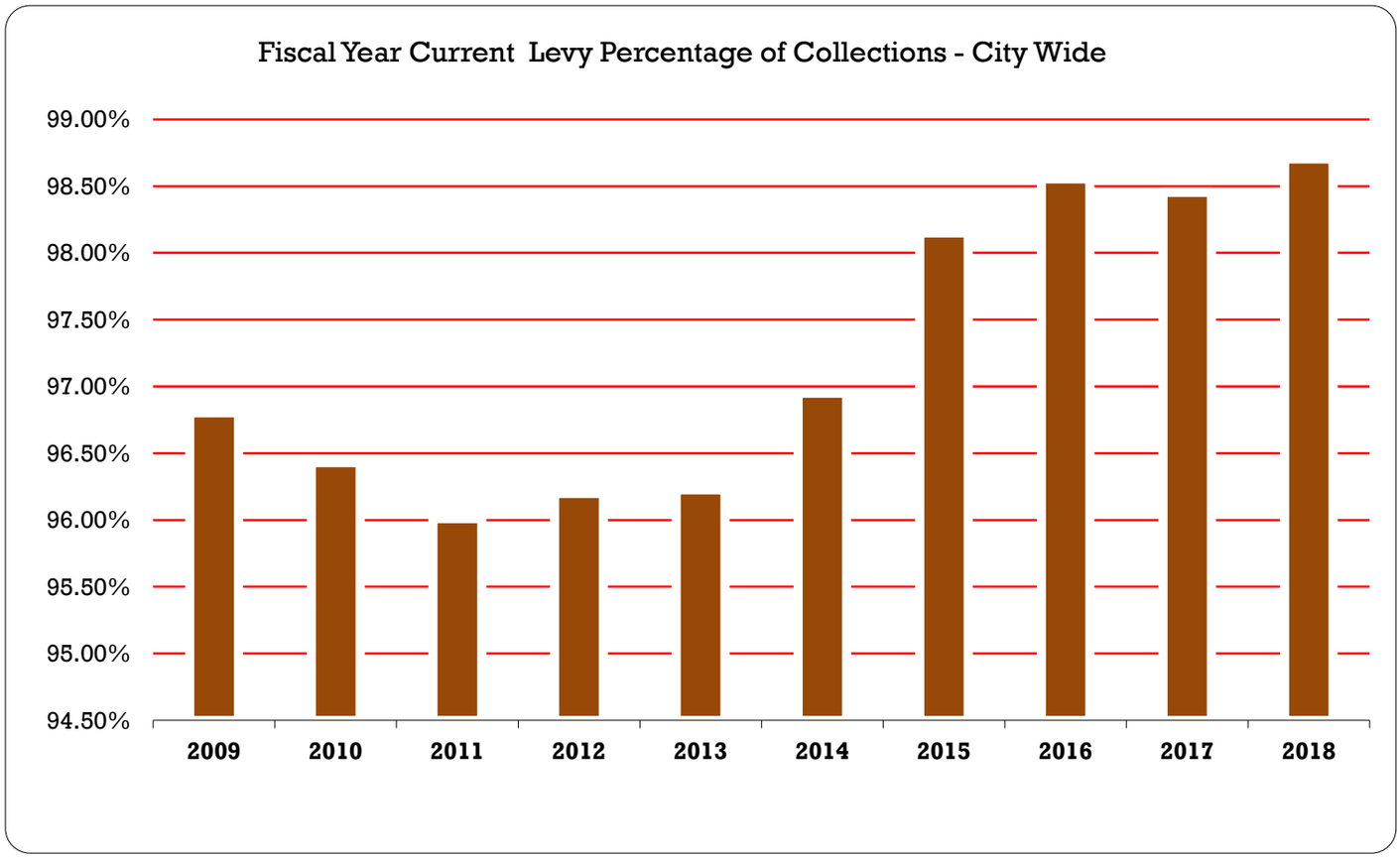
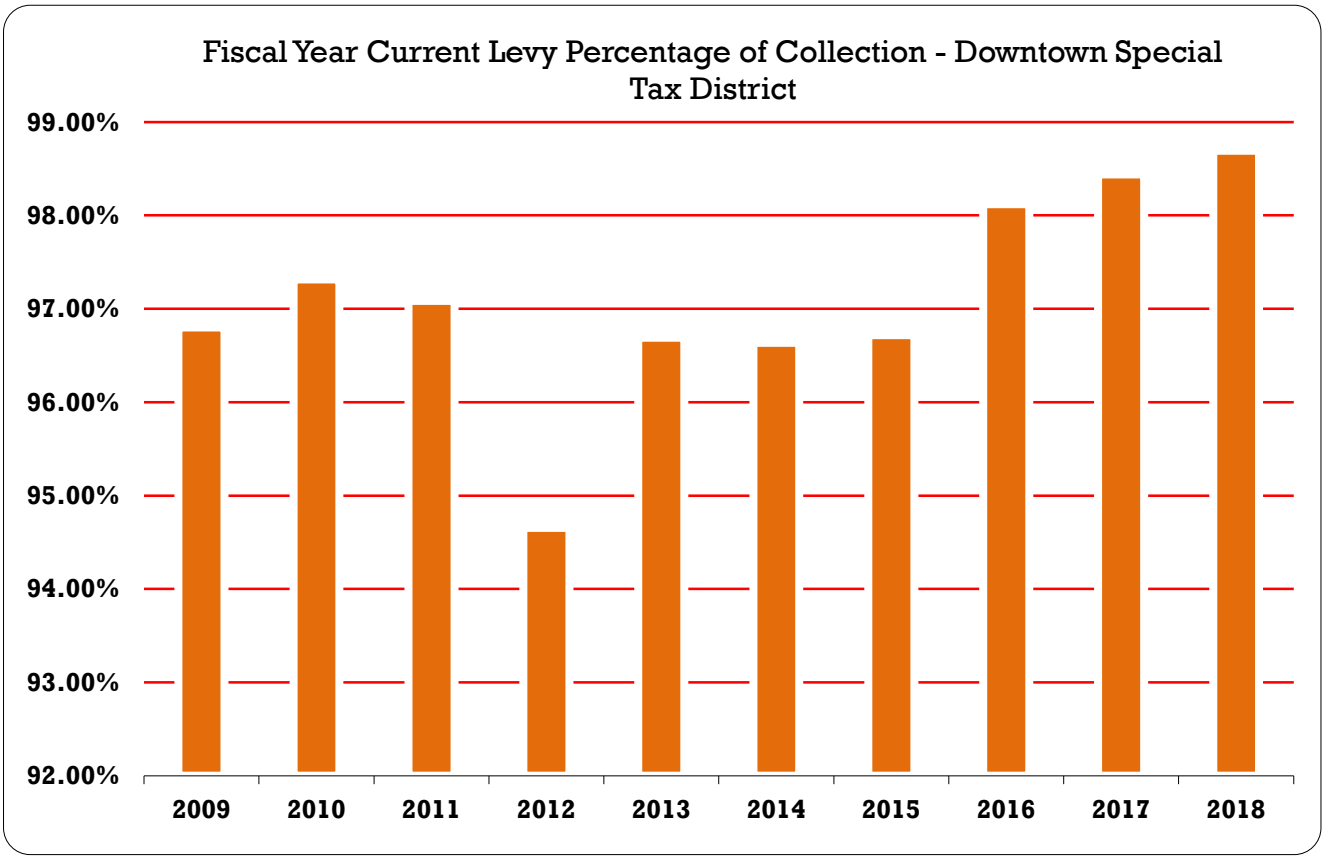


Table 11

CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND - DOWNTOWN SPECIAL TAX DISTRICT
Last Ten Years

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Curent Fiscal Year	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2009	2008	$ 100,287	$ 97,079	96.80%	$ 1,386	$ 98,465	98.18%	$ 7,677	7.66%
2010	2009	101,220	98,500	97.31%	3,044	101,544	100.32%	7,353	7.26%
2011	2010	101,971	98,997	97.08%	2,069	101,066	99.11%	8,258	8.10%
2012	2011	104,606	99,015	94.66%	2,721	101,736	97.26%	10,870	10.39%
2013	2012	102,596	99,202	96.69%	3,968	103,170	100.56%	9,899	9.65%
2014	2013	103,426	99,947	96.64%	2,617	102,564	99.17%	10,365	10.02%
2015	2014	107,438	103,910	96.72%	2,805	106,715	99.33%	10,365	9.65%
2016	2015	115,487	113,314	98.12%	5,998	119,312	103.31%	6,817	5.90%
2017	2016	114,981	113,187	98.44%	3,951	117,138	101.88%	4,382	3.81%
2018	2017	114,155	112,664	98.69%	1,665	114,329	100.15%	4,011	3.51%

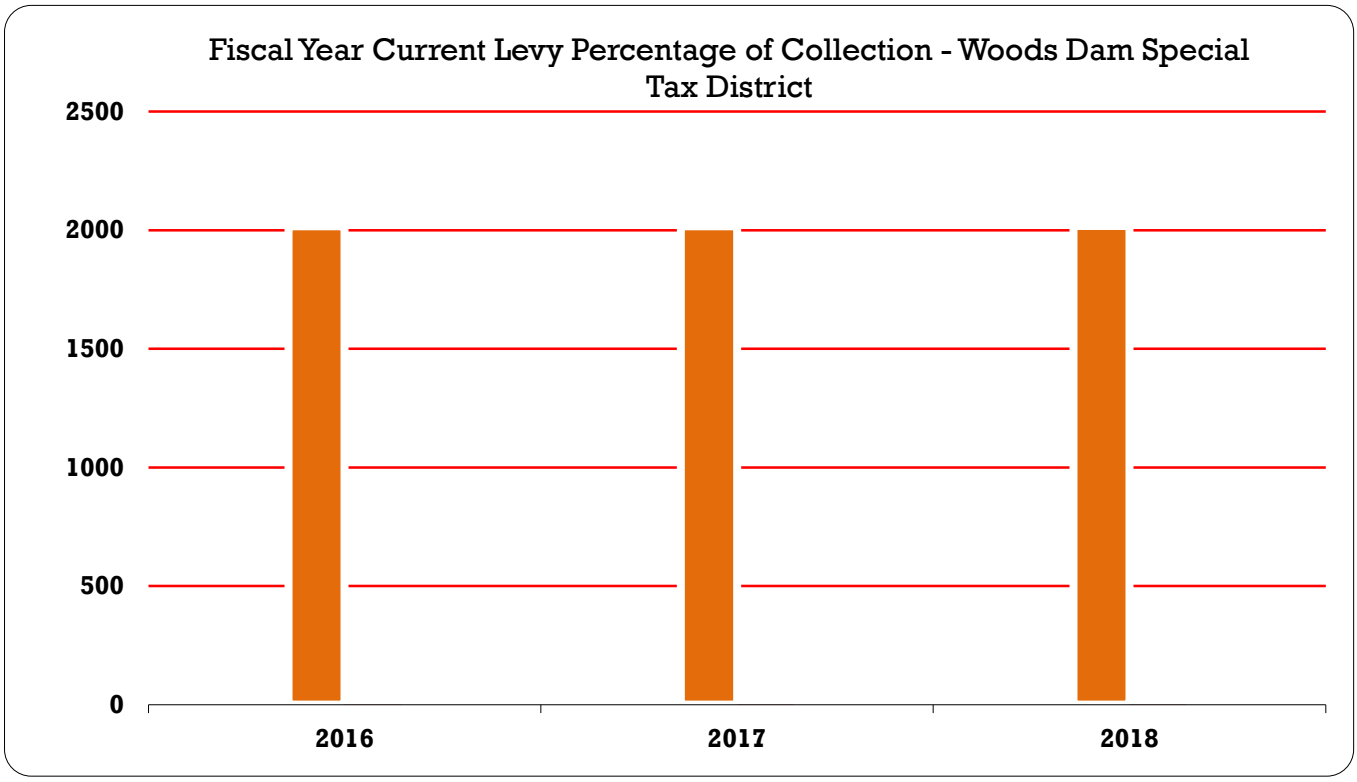
Note: Ratio of Total Tax Collections to Total Tax Levy includes only the current levy.



CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND - WOODS DAM SPECIAL TAX DISTRICT

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Curent Fiscal Year	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2016	2015	$ 3,494	$ 3,494	100.00%	$ -	$ 3,494	100.00%	$ -	0.00%
2017	2016	4,026	4,026	100.00%	-	4,026	100.00%	-	0.00%
2018	2017	4,026	4,059	100.00%		4,059	100.00%	-	0.00%

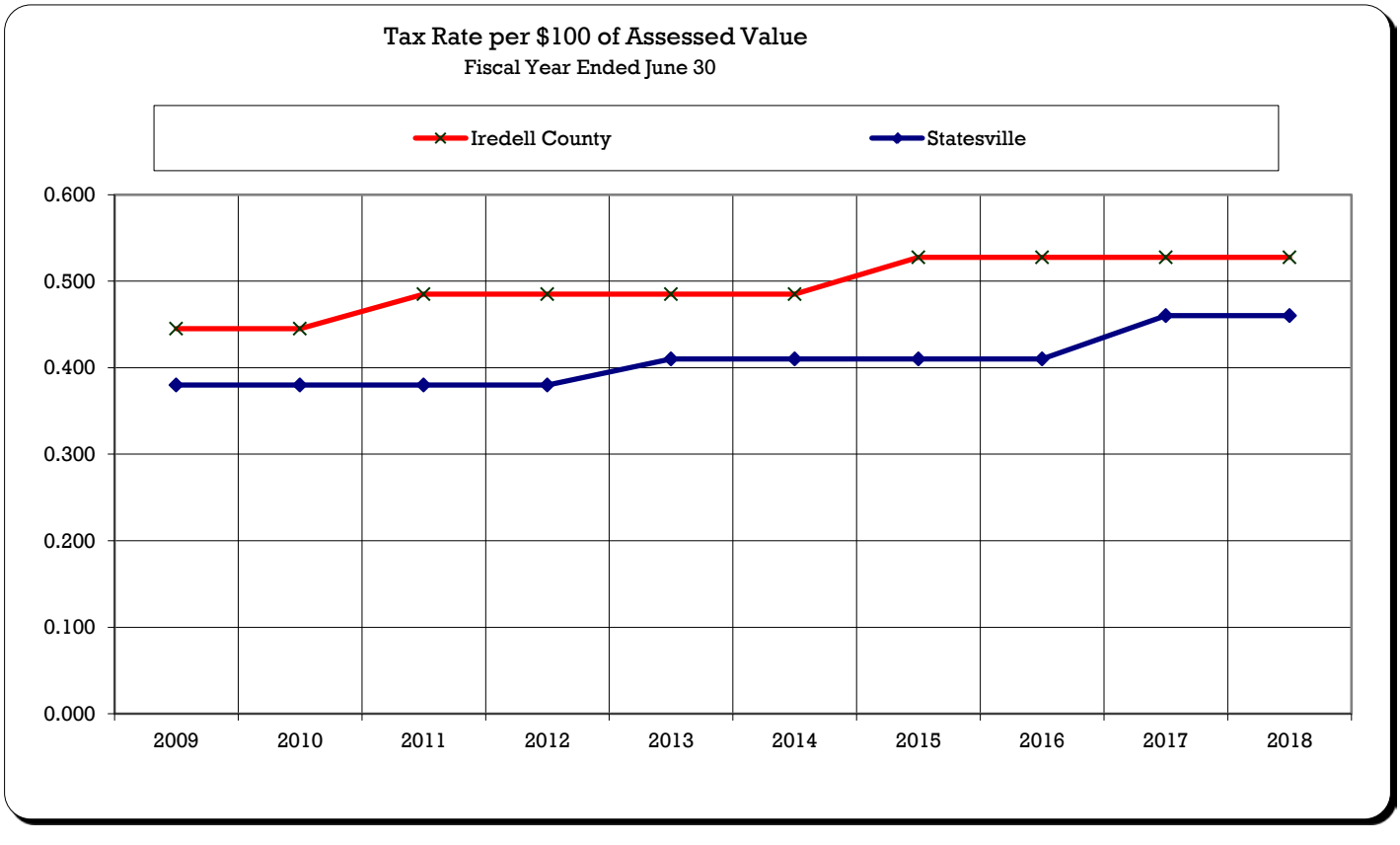
Note: Ratio of Total Tax Collections to Total Tax Levy includes only the current levy.



CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS
(Per $100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year Ended June 30	City of Statesville City -wide Tax Rate	Downtown Tax Rate	Woods Dam Special District	City of Statesville Direct [1]Tax Rate	Iredell County Tax Rate	City of Statesville Direct Tax Rate Plus County Tax Rate
2009	0.3800	0.1000	0.0000	0.3833	0.4450	0.8283
2010	0.3800	0.1000	0.0000	0.3833	0.4450	0.8283
2011	0.3800	0.1000	0.0000	0.3835	0.4850	0.8685
2012	0.3800	0.1000	0.0000	0.3835	0.4850	0.8685
2013	0.4100	0.1000	0.0000	0.4135	0.4850	0.8985
2014	0.4100	0.1000	0.0000	0.4139	0.4850	0.8989
2015	0.4100	0.1000	0.0000	0.4140	0.5275	0.9415
2016	0.4100	0.1000	0.2100	0.4143	0.5275	0.9418
2017	0.4600	0.1000	0.2100	0.4640	0.5275	0.9915
2018	0.4600	0.1000	0.2100	0.4639	0.5275	0.9914

[1] Direct tax rate is the prorata rate of the city-wide and special district rates.



CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS - CITY WIDE
June 30, 2018 and June 30, 2009

In accordance with GASB No. 44, the following tables present information for the City's principal property taxpayers as of June 30, 2017 and June 30, 2009 for City wide only.

June 30, 2018

Taxpayer	Type of Business	Percentage of Total Assessed Valuation	Assessed Valuation	Tax Levy
Asmo NC, Inc.	Electric Motor Mfg.	2.97%	$ 89,249,133	$ 410,546
Providencia USA, Inc.	Non-Woven Plastic Materials Mfg.	2.35%	70,573,344	324,637
Lowe's	Home Improvement Retailer	2.19%	65,906,897	303,172
GS Statesville Green Land	Real Estate	0.91%	27,295,200	125,558
Clark Equipment Company	Heavy Equpment Manufacturer	0.72%	21,639,232	99,540
Statesville HMA, Inc.	Health Care Facility	0.72%	21,580,570	99,271
Bartlett Milling Company	Flour and Feed Milling	0.71%	21,252,830	97,763
Centro NP Holdings	Real Estate	0.63%	18,911,820	86,994
JRM Air LLC	Airfleet Aviation	0.55%	16,381,564	75,355
RCC Shoppes At Broad St.	Merchandise Facility	0.54%	16,118,990	74,147
		12.28%	368,909,580	1,696,983
	Ten largest taxpayers	87.72%	2,636,359,809	12,127,256
	All other taxpayers			
	Total:	100.00%	$ 3,005,269,389	$ 13,824,239

June 30, 2009

Taxpayer	Type of Business	Percentage of Total Assessed Valuation	Assessed Valuation	Tax Levy
Lowe's	Home Improvement Retailer	4.93%	$ 148,165,986	$ 563,031
Asmo NC, Inc.	Electric Motor Mfg.	2.42%	72,779,518	276,562
Newell Rubbermaid	Home & Office Products	1.12%	33,601,333	127,685
Jet Corr Inc.	Corrugated Container Manufacture:	1.08%	32,326,501	122,841
Statesville HMA, Inc.	Health Care Facility	1.06%	31,922,835	121,307
GS Statesville Green Land	Real Estate	0.91%	27,365,140	103,988
Centro NP Holdings	Real Estate	0.76%	22,731,710	86,380
C & J Associates	Real Estate	0.75%	22,554,820	85,708
Champion Air Inc.	Private Corporate Flight Company	0.67%	20,226,162	76,859
JPS Composite Materials Cor	Glass & Synthetic Substrate Mfg.	0.66%	19,922,789	75,707
	Ten largest taxpayers	14.37%	431,596,794	1,640,068
	All other taxpayers	85.63%	2,572,608,781	9,823,070
	Total:			
	Total:	100.00%	$ 3,004,205,575	$ 11,463,138

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL ELECTRIC CUSTOMERS
June 30, 2018 and June 30, 2009

Electric Customer	Type of Business	Dollar Amount of Annual Electric Charges	Percentage of Total Electric Charges for Services
June 30, 2018			
Providencia USA	Non-Woven Plastic Materials	$ 3,058,726	6.5%
City of Statesville	Municipal Corporation	2,467,352	5.3%
Kewaunee Scientific	Scientific Equipment	1,266,525	2.7%
Iredell Memorial Hospital	Health Care Facility	1,036,635	2.2%
Accuma Corporation	Plastics/Batteries	840,536	1.8%
Toter	Row out Bins	646,986	1.4%
Hunt-Bienfang Manufacturing	Art Supply	643,800	1.4%
Statesville Housing Authority	Housing Authority	591,005	1.3%
J C Steele & Sons	Brick Making Machinery	558,264	1.2%
International Paper	Paper Products	491,995	1.0%
	Ten largest electric users	11,601,824	24.7%
	All other electric users	35,311,300	75.3%
	Total electric charges	$ 46,913,124	100.0%
June 30, 2009			
Commscope	Cable Manufacturer	$ 1,354,603	3.8%
City of Statesville	Municipal Corporation	1,217,732	3.4%
International Paper	Paper Products	817,329	2.3%
Kewaunee Scientific	Scientific Equipment	802,513	2.2%
Hunt Manufacturing	Art Supply	738,232	2.1%
Accuma Corporation	Plastics/Batteries	701,872	2.0%
Iredell Memorial Hospital	Health Care Facility	655,405	1.8%
Canac Kitchens US Ltd	Cabinet Manufacturer	526,962	1.5%
Mocaro Industries/Finishing	Knit Fabrics	514,147	1.4%
J C Steele & Sons	Brick Making Machinery	485588	1.4%
	Ten largest electric users	7,814,383	21.9%
	All other electric users	27,866,289	78.1%
	Total electric charges	$ 35,680,672	100.0%

Source: City of Statesville's utility billing records.

Table 16

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL WATER CUSTOMERS
June 30, 2018 and June 30, 2009

Water Customer	Type of Business	Dollar Amount of Annual Water Charges	Percentage of Total Water Charges for Services
June 30, 2018			
Statesville Housing Authority	Housing Authority	$ 105,060	2.6%
West Iredell Water Corp.	Utility	71,818	1.8%
Iredell Memorial Hospital	Health Care Facility	50,956	1.3%
Iredell Water Corporation	Utility	47,482	1.2%
Clark-Schwebel Fiber	Textile Manufacturer	39,461	1.0%
Brian H&R	Assistance Living	37,140	0.9%
Rental Uniform Svc. Inc.	Apparel Rental	37,140	0.9%
Kewaunee Scientific	Scientific Equipment	31,999	0.8%
Summer Pointe LLC	Scientific Equipment	29,102	0.7%
Ridgeview Apartments	Real Estate	24,693	0.6%
	Ten largest water users	474,851	11.7%
	All other water users	3,596,886	88.3%
	Total water charges	$ 4,071,737	100.0%
June 30, 2009			
Mocaro Industries/Finishing	Knit Fabrics	$ 255,653	6.9%
Town of Troutman	Municipal Corporation	117,969	3.2%
Statesville Housing Authority	Housing Authority	92,937	2.5%
West Iredell Water Corp.	Utility	78,281	2.1%
Iredell Water Corporation	Utility	76,974	2.1%
City of Statesville	Municipal Corporation	74,309	2.0%
Iredell Memorial Hospital	Health Care Facility	49,154	1.3%
Mariner Post Acute	Health Care Facility	34,256	0.9%
Clark-Schwebel Fiber	Textile Manufacturer	33,105	0.9%
Rental Uniform Svc. Inc.	Apparel Rental	31,377	0.8%
	Ten largest water users	844,015	22.6%
	All other water users	2,886,558	77.4%
	Total water charges	$ 3,730,573	100.0%

Source: City of Statesville's utility billing records.

Table 17

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL SEWER CUSTOMERS
June 30, 2018 and June 30, 2009

Sewer Customer	Type of Business	Dollar Amount of Annual Sewer Charges	Percentage of Total Sewer Charges for Services
June 30, 2018			
Town of Troutman	Utility	$ 260,383	4.1%
Mocaro Industries/Finishing	Knit Fabrics	231,475	3.6%
Statesville Housing Authority	Housing Authority	144,613	2.2%
Iredell-Statesville School Adm	School System	93,866	1.5%
Iredell Memorial Hospital	Health Care Facility	86,607	1.3%
Rental Uniform	Apparel Rental	65,802	1.0%
Brian H&R	Assistance Living	64,072	1.0%
Clark-Schwebel Fiber	Fiberglass	59,165	0.9%
Kewaunee Scientific	Scientific Equipment	50,705	0.8%
Watercrest Estates	Real Estate	37,156	0.6%
	Ten largest sewer users	1,093,844	17.0%
	All other sewer users	5,334,156	83.0%
	Total sewer charges	$ 6,428,000	100.0%
June 30, 2009			
Mocaro Industries/Finishing	Knit Fabrics	$ 423,818	8.0%
Town of Troutman	Utility	170,763	3.2%
Statesville Housing Authority	Housing Authority	151,293	2.8%
Iredell Memorial Hospital	Health Care Facility	81,929	1.5%
Millard Refrigeration	Processing Plant	59,862	1.1%
Mariner Post Acute	Health Care Facility	56,235	1.1%
Clark-Schwebel Fiber	Fiberglass	54,458	1.0%
Rental Uniform	Apparel Rental	51,392	1.0%
Iredell-Statesville School Adm	School System	44,717	0.8%
Woodlands Realty Group	Apartment Complex	36,907	0.7%
	Ten largest sewer users	1,131,374	21.3%
	All other sewer users	4,182,688	78.7%
	Total sewer charges	$ 5,314,062	100.0%

Source: City of Statesville's utility billing records.

CITY OF STATESVILLE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS

	Governmental Activities		Business-type Activities				
Fiscal Year Ended June 30,	General Obligation Bonds	Notes Payable	General Obligation Bonds	Notes Payable	Total Primary Government	Percent of Personal Income	[2.] Per Capita
2009	$ 75,000	$ 1,980,000	$ 725,000	$ 16,055,796	$ 18,835,796 [(1)]	0.14% [(2)]	$ 696.62
2010	50,000	3,597,000	425,000	15,054,266	19,126,266 [(1)]	0.14% [(2)]	700.03
2011	25,000	10,072,300	120,000	14,052,736	24,350,036 [(1)]	0.10% [(2)]	988.51
2012	25,000	8,847,600	120,000	13,051,207	24,350,036 [(1)]	0.10% [(2)]	988.51
2013	-	7,622,900	80,000	12,049,677	19,752,577 [(1)]	0.12% [(2)]	796.14
2014	-	6,398,200	-	20,159,905	26,558,105 [(1)]	0.10% [(2)]	1,063.13
2015	-	5,173,500	-	29,681,145	34,854,645 [(1)]	0.06% [(2)]	1,395.25
2016	-	4,275,800	-	31,790,563	36,066,363 [(1)]	0.07% [(2)]	1,402.60
2017	-	3,384,100	-	29,674,165	33,058,265 [(1)]	0.06% [(2)]	1,285.61
2018	-	2,484,555	-	27,481,372	29,965,927 [(1)]	0.09% [(2)]	1,165.35

Notes:

[1.] The U.S. Census Bureau has information for the City, this information beginning with this date will reference the U.S. Census Bureau statistics calendar year 2017 that will resulted in a per capita income of $26,450.

[2.] From the North Carolina Office of Management and Budget. For the report fiscal year are projections from the North Carolina Office of Management and Budget. The official U.S. Census is 24,532.
For fiscal year 2016 the population projections are from the North Carolina Office of Management and Budget as of July 1, 2017. Estimate population for fiscal year 2018: 25,714

CITY OF STATESVILLE, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities General Obligation Bonds	Business-type Activities General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total General Obligation Bonds	(1) Percent of Assessed Value	(2) Per Capita
2009	75,000	725,000	-	800,000	0.03%	29.58
2010	50,000	425,000	-	475,000	0.02%	17.39
2011	25,000	200,000	-	225,000	0.01%	9.13
2012	-	80,000	-	80,000	0.00%	3.25
2013	-	-	-	-	0.00%	-
2014	-	-	-	-	0.00%	-
2015	-	-	-	-	0.00%	-
2016	-	-	-	-	0.00%	-
2017	-	-	-	-	0.00%	-
2018	-	-	-	-	0.00%	-

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

1. See schedule of Assessed Value and Estimated Actual Value of Taxable Property Table 7.

2. The City is not obigated for any general obligation bonds or debt as of June 30, 2013.

CITY OF STATESVILLE, NORTH CAROLINA
Computation of Legal Debt Margin
Last Ten Fiscal Years
(amounts expressed in thousands)

For the Fiscal Years 2008-09 through 2017-18:

	2013-14	2014-15	2015-16	2016-17	2017-18
Debt Limit	$ 232,800	$ 234,856	$ 232,915	$ 234,881	$ 240,422
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	$ 232,800	$ 234,856	$ 232,915	$ 234,881	$ 240,422
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for the current Fiscal Year:

Total assessed value	$ 3,020,968
Less current year abatements	15,699
Assessed value of taxable property	3,005,269
Debt limit - eight percent (8%) of assessed value	240,422
Amount of debt applicable to debt limit:	
Total bonded debt	-
Legal debt margin	$ 240,422

	2008-09	2009-10	2010-11	2011-12	2012-13
Debt Limit	$ 240,336	$ 240,695	$ 243,574	$ 235,459	$ 235,459
Total net debt applicable to limit	800	475	25	-	-
Legal debt margin	$ 239,536	$ 240,220	$ 243,549	$ 235,459	$ 235,459
Total net debt applicable to the limit as a percentage of debt limit	0.33%	0.20%	0.01%	0.00%	0.00%

Table 21

CITY OF STATESVILLE, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2018

Jurisdiction		Principal	Allocated Amount	Total
Direct debt:				
City of Statesville	(1)	$ 2,484,555	100%	$ 2,484,555
Overlapping debt:				
Iredell County	(1)	176,882,870	15%	26,231,847
		$ 179,367,425		$ 28,716,402

(1) Long-term includes general obligation bonds, commercial loans, lease purchase, and certificates of participation. Compensated absences, other post employee benefits, and obligations of the business-like funds are not included.

CITY OF STATESVILLE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
FOR THE LAST TEN YEARS

Fiscal Year Ended June 30,	Population Estimate [1]	Per Capita Personal Income [2]	Unemployment Rate [3]	Median Age [4]	School Enrollment [5]
2009	27,039	25,743	12.9%	38.00	21,168
2010	27,322	26,641	12.6%	39.00	21,146
2011	24,532	25,018	11.6%	37.10	21,130
2012	24,633	24,559	10.1%	37.10	21,239
2013	24,680	24,633	9.2%	37.10	21,447
2014	24,710	26,031	6.5%	40.00	20,863
2015	24,981	20,188	5.9%	40.00	20,967
2016	25,102	26,392	4.9%	40.00	20,643
2017	25,363	19,936	5.3%	40.00	20,233
2018	25,714	26,532	3.9%	40.00	20,427

Sources:

1. From the North Carolina Office of Management and Budget. For the report fiscal year are projections from the North Carolina Office of Management and Budget. The population estimates are determined as of July 1 of each year. Estimate 2017 of 25,714 was the basis for allocating sales tax for fiscal year 2018.

2. The U.S. Census Bureau has information for the City, this information beginning with this date will reference the U.S. Census Bureau statistics calendar year 2015 that will resulted in a decrease in the per capita income from the county wide per capita that had been previously determined by the Department of Commerce.

3. From the North Carolina Department of Commerce.

4. From the North Carolina Department of Commerce.

5. Information on the City of Statesville alone is not available. The student enrollment data is from the North Carolina Department of Public Instruction's Average Daily Maintenance (ADM) for the Iredell-Statesville School system not including private or parochial schools.

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL EMPLOYERS
June 30, 2018 and June 30, 2009

	6/30/2018			6/30/2009		
Company or Organization [1]	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Iredell Statesville Schools	3001-3050	1	3.49%	3,169	1	4.54%
Iredell Memorial Hospital	1551-1600	2	1.82%	1,650	2	2.37%
Iredell County Government	1101-1150	3	1.30%	883	5	1.27%
Piedmont Healthcare	901-950	4	1.07%	740	6	1.06%
Manheim Statesville	651-700	5	0.78%	-		0.00%
Kewaunee Scientific	501-550	6	0.61%	490	9	0.70%
ASMO of NC, Inc.	451-500	7	0.55%	-		0.00%
City of Statesville	401	8	0.46%	422	10	0.61%
Davis Regional Medical Center	401-450	9	0.49%	542	8	0.78%
Walmart	351-400	10	0.43%	-		0.00%
All other	73695-77244		88.99%	61,833		88.68%
Total Employed	86,595		100.00%	69,729		100.00%

Sources:

(1) Greater Statesville Development Corporation.

(2) Total Iredell County employed from the North Carolina Department of Commerce as of June 2017.

(3) June 30, 2008 are estimates based on previous data.

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Table 24

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL GOVERNMENT
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS [1]

Function/Program	2008-2009	2009-2010	2010-2011	2011-2012
General Government Activities:				
General government:				
Personnel				
Number of new hires-full time	43	33	43	23
Number of new hires-part-time	70	97	110	80
Turnover rate	8.50%	6.00%	8.00%	8.20%
Public Safety:				
Police				
UCR Part 1 Violent Crime	222	274	119	123
Vehicle Crashes Investigated	1,818	1,932	1,725	1,690
Number of incoming calls	104,514	109,351	58,060	93,590
Fire				
Fire emergency responses	1,709	1,644	1,822	1,890
City-wide fire loss	$ 1,132,213	$ 942,350	$ 488,735	$ 1,373,470
Number of fire inspections	792	816	863	777
Investigations	17	34	15	22
Transportation:				
Street Department				
Miles of street resurfacing	2.85	6.11	4.54	3.22
Environmental protection:				
Sanitation				
Number of household collection points	9,900	9,700	9,546	9,546
Cost per ton collected	$ 52.00	$ 53.00	$ 63.00	$ 60.00
Cemeteries				
Number of burials	230	325	230	230
Recreation:				
Fitness Center Avg. Daily Attendance (2)	N/A	N/A	N/A	262
Leisure Pool Avg. Daily Attendance (3)	N/A	N/A	N/A	428

(1) Source: Various City departments.

(2) Fitness Center and Leisure Pool opened FY2009 with software purchased during FY2011 to calculate average daily attendance.

(3) Leisure Pool season of operation Memorial Day through Labor Day.

Table 24 (cont'd)

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL GOVERNMENT
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS [1]

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
20	26	33	42	49	47
96	117	100	96	92	91
9.60%	7.80%	10.86%	11.67%	11.20%	8.58%
123	126	159	N/A	162	162
1,690	1,665	1,665	1,665	1,625	1,625
93,590	89,679	94,603	73,836	77,595	79,406
1,890	2,197	4,015	3,634	4,015	4,015
$ 1,462,225	$ 713,190	$ 412,525	$ 1,558,700	$ 435,640	$ 435,640
777	987	985	1099	1037	1037
9	20	20	23	11	11
4.11	4.10	3.71	4.00	4.74	4.70
9,546	9,342	9,700	9,700	10,011	10,149
$ 60.00	$ 78.00	$ 84.00	$ 84.00	$ 84.00	$ 84.00
230	239	219	213	212	212
262	288	260	204	190	200
428	402	420	424	416	433

Table 25

CITY OF STATESVILLE, NORTH CAROLINA
ENTERPRISE FUNDS
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS [1]

Function/Program	2008-2009	2009-2010	2010-2011	2011-2012
Business-type activities:				
Airport:				
Assessed Values created by the Airport	$271,104,872	$266,127,526	$284,394,380	$239,607,307
Lease Revenues	$120,183	$134,379	$151,391	$164,862
Fuel Fee Revenue	$133,166	$140,063	$132,510	$157,895
Gallons Pumped	1,206,934	1,363,784	1,334,904	1,357,103
Passengers Flown (charter) Estimate	N/A	N/A	N/A	N/A
Take-off and landings	N/A	N/A	N/A	N/A
Based aircraft (29 jet powered)	N/A	N/A	N/A	N/A
Electric:				
[2] Kwh purchased	458,127,075	451,517,939	464,051,769	461,666,247
Purchased power cost	$31,427,382	$32,503,039	$34,847,545	$36,560,241
[2] Cost per kwh	0.0686	0.0720	0.0751	0.0792
[2] Kwh sold	438,703,511	431,589,090	444,968,375	447,066,312
Electric Billed	$35,710,561	$38,700,180	$41,410,332	$40,248,347
[2] Sold per kwh	0.0814	0.0897	0.0931	0.0900
Accounting/line kwh loss	19,423,564	19,928,849	19,083,394	14,599,935
Loss as a percent of billed kwh	4.43%	4.62%	4.29%	3.27%
Average number of customers	13,046	12,928	12,897	12,941
Average days in billed/unbilled receivable	45.92	43.29	44.28	44.88
Water:				
[3] Water MG average annually treated	1,186	1,169	1,189	1,143
[4] Sold Water to Customers MG	1,048	956	954	953
Accounting/line loss	138	213	235	190
[4] Loss as a percent of billed water	11.60%	18.25%	19.78%	16.59%
[4] Average number of water customers	11,472	11,354	11,323	11,308
Billed water customers	$3,437,267	$3,378,505	$3,448,842	$3,432,791
Average days in billed/unbilled receivable	47.30	51.92	49.70	51.43
Sewer:				
[3] 3rd Creek treated- average daily MGD	1.31	1.58	1.12	0.84
[3] 4th Creek treated - average daily MGD	3.17	3.23	2.83	2.16
[4] Average number of water customers	10,482	10,364	10,333	10,318
Billed sewer customers	$5,190,305	$5,162,382	$5,381,251	$5,292,768
Average days in unbilled/billed receivable	48.34	45.97	48.06	49.91
Billed Sewer units in MG	N/A	N/A	954	954
Civic Center:				
Paid Bookings	607	572	624	563

[1] Source: City billings and annual Public Utility Commission report.
[2] Kwh is kilowatts per hour.
[3] MGD is millions of gallons per day.
[4] MG is millions of gallons.

CITY OF STATESVILLE, NORTH CAROLINA
ENTERPRISE FUNDS
OPERATING INDICATORS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS [1]

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
$251,174,453	$201,968,428	$162,252,962	$157,363,502	$127,027,000	$126,205,187
$180,256	$193,750	$215,682	$330,143	$238,871	$261,481
$123,898	$144,902	$156,727	$185,198	$173,519	$266,335
1,421,769	1,394,458	1,378,316	1,603,941	1,586,000	1,758,294
N/A	N/A	N/A	N/A	16,300	19,500
N/A	N/A	N/A	N/A	36,000	38,000
N/A	N/A	N/A	N/A	82	109
469,944,924	479,643,199	466,069,742	465,250,083	466,013,226	482,057,405
$38,639,838	$40,826,057	$41,571,134	$39,165,656	$39,120,860	$38,633,348
0.0822	0.0851	0.0892	0.0842	0.0839	0.0801
453,300,014	461,546,534	449,547,013	444,241,616	449,410,533	463,614,719
$43,927,172	$45,919,158	$46,311,527	$45,569,103	$46,913,124	$48,418,485
0.0969	0.0995	0.1030	0.1026	0.1044	0.1044
16,644,910	18,096,665	16,522,729	21,008,467	16,602,693	18,442,686
3.67%	3.92%	3.68%	4.73%	3.69%	3.98%
12,824	12,829	12,937	13,110	13,113	13,245
44.45	44.22	45.06	43.38	44.22	42.77
1,172	1,141	1,153	1,139	1,191	1,123
950	903	942	949	957	925
222	238	211	190	234	198
18.97%	20.86%	18.30%	16.69%	19.65%	17.63%
11,366	11,397	11,716	11,604	11,743	11,941
$3,663,166	$ 3,626,264	$ 3,812,861	$ 4,062,313	$ 3,998,656	$4,071,768
49.91	47.86	48.61	45.85	47.66	47.62
0.92	1.07	0.87	0.84	0.89	0.83
2.21	2.48	2.03	2.20	2.39	2.36
10,376	10,399	10,399	10,638	10,780	10,972
$5,710,498	$ 5,628,097	$ 5,911,549	$ 6,134,494	$ 6,429,454	$6,428,001
50.41	49.96	49.26	46.51	49.17	51.11
963	959	958	959	980	963
502	620	665	790	686	725

Table 26

CITY OF STATESVILLE, NORTH CAROLINA
CAPITAL ASSETS STATISTICS BY FUNCTION
FOR THE LAST TEN FISCAL YEARS [1]

Function/Program	2008-2009	2009-2010	2010-2011	2011-2012
General Government Activities;				
General government:				
City hall	1	1	1	1
City office building	1	1	1	1
Garage	1	1	1	1
Warehouse	1	1	1	1
Public Safety:				
Police				
[4] Number of police stations	4	2	2	3
Fire				
Number of fire stations	3	3	3	4
Transportation:				
Street miles	134.12	141.60	141.60	142.24
Airport - acres	388.78	390.41	390.41	394
Airport - terminals	1	1	1	1
Environmental protection:				
Sanitation - packers	8	9	8	9
Cemeteries				
[2] Number of cemeteries	2	2	2	2
Cemeteries - acreage	60	60	60	60
Recreation:				
Parks - acreage	350	350	350	350
Number of Parks	20	20	20	20
Greenways/trails-miles	6.00	6.00	6.00	6.00
Soccer fields	7	7	7	7
Recreation Centers & Pool	2	4	4	4
Business-type activities:				
Electric:				
Miles of distribution lines	235	235	248.5	248.5
Number of substations	10	10	10	10
Water:				
Miles of distribution lines	272.29	272.29	277	265
Water treatment plants	1	1	1	1
[3] Water plant capacity-MGD	15	15	15	15
Sewer:				
Miles of collection lines	274	274	279	265
Sewer treatment plants	2	2	2	2
[3] 3rd Creek plant capacity-MGD	4	4	4	4
[3] 4th Creek plant capacity-MGD	6	6	6	6
Civic Center:				
Civic Center	1	1	1	1

Notes:

[1] Source: City of Statesville capital asset records.

[2] Four Cemeteries are maintained, two are closed.

[3] MGD is Millions of gallons per day. Plant Capacity found on Table 23.

CITY OF STATESVILLE, NORTH CAROLINA
CAPITAL ASSETS STATISTICS BY FUNCTION
FOR THE LAST TEN FISCAL YEARS [1]

2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	2	2	2
4	4	4	4	4	4
142.15	145.70	145.70	145.70	145.36	145.24
429.4	429.4	429.4	429.4	415	498
1	1	1	1	1	1
9	9	9	9	9	9
2	2	2	2	2	2
60	60	60	60	60	60
350	358	358	358	358	358
20	20	20	20	20	20
6.00	12.91	12.91	12.91	12.91	12.91
7	7	7	7	7	7
4	4	4	4	4	4
248.5	248.5	248.5	248.5	268	447.3
10	10	10	10	10	10
270	279	279	279	276	266
1	1	1	1	1	1
15	15	15	15	15	15
276	291	291	291	285	286
2	2	2	2	2	2
4	4	4	6	6	6
6	6	6	6	6	6
1	1	1	1	1	1

CITY OF STATESVILLE, NORTH CAROLINA
CITY EMPLOYEES BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental Activities:										
General Government:										
Mayor and Council	9	9	9	9	9	9	9	9	9	9
City Manager	3	3	3	3	3	3	3	3	3	3
City Clerk	1	1	1	1	1	1	1	1	1	1
Finance Administration	6	6	6	6	6	6	6	6	6	6
Collections	5	5	5	5	5	5	5	5	5	5
Information Technology	9	9	9	9	8	8	10	10	11	13
Purchasing	3	3	3	3	3	3	3	3	3	3
Human Resources	4	4	4	4	3	3	3	3	3	3
Planning	10	10	10	10	8	8	8	8	7	7
Public Works	6	6	6	6	4	4	4	4	6	5
Garage	9	9	9	9	9	9	9	9	9	9
Warehouse	1	1	1	1	-	-	-	-	-	-
Subtotal general government	66	66	66	66	59	59	61	61	63	64
Public Safety										
Police	98	99	99	101	96	96	97	97	100	99
Fire	71	59	59	74	73	73	72	70	71	71
Subtotal Public Safety	169	158	158	175	169	169	169	167	171	170
Transportation										
Street Department	21	21	21	21	17	17	17	17	16	16
Airport	1	1	1	1	1	1	1	-	-	-
Subtotal Transportation	22	22	22	22	18	18	18	17	16	16
Environmental protection										
Sanitation	31	31	31	31	28	28	26	26	24	22
Subtotal environmental protecti	31	31	31	31	28	28	26	26	24	22
Recreation										
Recreation Administration	3	3	3	3	3	3	3	3	3	3
Athletics	2	2	2	2	1	1	1	1	1	1
Programs	7	3	3	3	3	3	3	3	3	3
Fitness & Activity Center	-	4	4	4	4	4	4	4	4	4
Parks	7	7	7	7	12	12	12	12	14	15
Urban Forestry	4	4	4	4	-	-	-	-	-	-
Public Grounds/Cemeteries	8	8	8	8	5	5	5	5	6	6
Subtotal Recreation	31	31	31	31	28	28	28	28	31	32
Total Governmental	319	308	308	325	302	302	302	299	305	304
Business-type activities										
Airport Operating	-	-	-	-	-	-	-	2	2	2
Electric	34	34	34	34	31	31	32	33	34	33
Sewer Maintenance	7	7	7	7	6	6	6	6	6	6
Water Maintenance	16	16	16	16	15	15	15	15	15	15
Water Plant	12	12	12	12	12	12	12	12	12	12
Third Creek WWTP	7	7	7	7	7	7	7	7	7	7
Sewer Treatment Plants	15	15	15	15	15	15	15	15	15	15
Civic Center	7	7	7	7	7	7	7	7	7	7
Subtotal Business-type	100	100	100	100	94	94	94	97	98	97
Total primary government	419	408	408	425	396	396	396	396	403	401

Source: City of Statesville's adopted operating budget.

COMPLIANCE SECTION

CITY OF STATESVILLE
NORTH CAROLINA

COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2018

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 Statesville
Statesville, North Carolina

We have audited, in accordance with the 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, 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 Statesville as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Statesville's basic financial statements, and have issued our report thereon dated November 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the City of Statesville ABC Board, as described in our report on the City of Statesville, North Carolina's financial statements. The financial statements of the City of Statesville ABC Board and the Statesville Convention and Visitors Bureau were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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PO Box 5729 ♦ Statesville, NC 28687 ♦ 1710 Wilkesboro Hwy ♦ Statesville, NC 28625 ♦ 704-872-8923 ♦ Fax 704-872-4982
800-948-0585 ♦ www.martinstarnes.com

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Statesville's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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, NC
November 30, 2018

MARTIN ❖ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With 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 Statesville
Statesville, North Carolina

Report On Compliance for Each Major State Program

We have audited the City of Statesville, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Statesville's major state programs for the year ended June 30, 2018. The City of Statesville's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state award applicable to its state programs.

Auditor's Responsibility

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

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800-948-0585 ♦ www.martinstarnes.com

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

Opinion On Each Major State Program

In our opinion, the City of Statesville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report On Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 30, 2018

CITY OF STATESVILLE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Auditor's Results

Financial Statements

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

State Awards

Internal control over major state programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified?	None reported
Type of auditor's report issued on compliance for major state programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	No

Identification of major state programs:

Program Name
State Aid to Airports Program

CITY OF STATESVILLE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

2. Financial Statement Findings

None reported

3. State Award Findings and Questioned Costs

None reported

CITY OF STATESVILLE, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Finding 2017-001

Corrected.

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant/WBS Number	Federal Direct Pass-Through Expenditures	State Expenditures	Passed-through to Expenditures
Federal Grants:					
U.S. Department of Transportation					
Federal Aviation Administration					
Passed through N.C. Department of Transportation:					
Division of Aviation:					
Airport Improvement Program: Corporate Apron Development-Phase I	20.106	36237.46.16.1	$ 148,779	$ -	$ -
Total U.S. Department of Transportation			$ 148,779	$ -	$ -
U.S. Department of Justice					
Office of Community Oriented Policing Services					
Public Safety Partnership & Community Policing Grant	16.710	2015-UM-WX-0072	$ 144,115	$ -	-
Public Safety Partnership & Community Policing Grant	16.710	2017-UM-WX-0044	$ 101,564	$ -	-
Passed through N.C. Department of Public Safety:					
Violence Against Woman Office					
Violence Against Women Formula Grants	16.588	2016-WF-AX-0021	134,481	-	-
Total U.S. Department of Justice			$ 380,160	$ -	$ -
U.S. Environmental Protection Agency					
Passed through N.C. Department of Environmental Quality					
Clean Water State Revolving Fund Cluster:					
Capitalization Grants for Clean Water State Revolving Fund Clust	66.458	E-SRF-T-13-0361	14,682	-	-
Total Clean Water State Revolving Fund Cluster:			14,682	-	-
Total U.S. Environmental Protection Agency			$ 14,682	$ -	$ -
U.S. Department of Homeland Security					
Federal Emergency Management Agency					
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00488	$ 137,790	$ -	$ -
Total U.S. Department of Homeland Security			$ 137,790	$ -	$ -
State Grants:					
N.C. Department of Transportation					
State Aid to Airports - Taxiway A Lighting Rehabilitation Construction		DOT-8	-	562,787	-
State Aid to Airports - Eastside Parallel Taxiway		DOT-8	-	1,459,480	-
Highway Construction Program - I-77 Rest Area Project		DOT-18	-	2,062,921	-
Powell Bill		DOT-4 32570	$ -	$ 746,059	$ -
Total N.C. Department of Transportation			$ -	$ 4,831,247	$ -
Total Federal Grants			$ 681,411		
Total State Grants				$ 4,831,247	

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

Note 1: Basis of Presentation
The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the City of Statesville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act* . Because the Schedule presents only a selected portion of the operations of the City of Statesville, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Statesville.

Note 2: Summary of Significant Accounting Policies
Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. City of Statesville has elected not to use the 10-percent deminimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Loans Outstanding
City of Statesville had the following loan balances outstanding at June 30, 2018 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2018 consist of:

Program Name	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Clean Water Revolving Fund	66.458	E-SRF-T-13-0361	3,971,478

The difference between the SEFSA balances and loan balances are the current year debt service payments