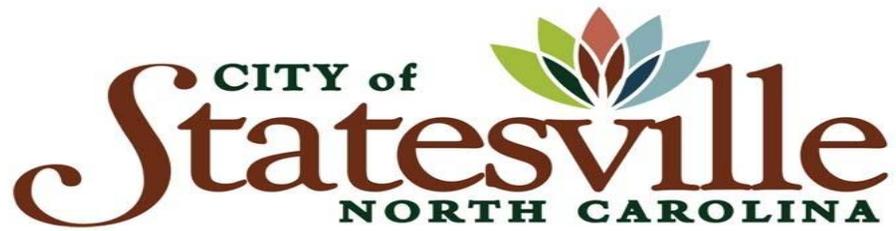


COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

***For Fiscal Year Ended
June 30, 2019***

***Prepared and Issued by:
City of Statesville Finance Department***

***Chris Tucker
Finance Director***

**CITY OF STATESVILLE, NORTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 TABLE OF CONTENTS**

INTRODUCTORY SECTION

	<u>Exhibit</u>	<u>Page No.</u>
Letter of Transmittal.....		i
List of Elected and Appointed Principal Officials.....		vi
Organizational Chart.....		vii
GFOA Certificate of Achievement for Excellence in Financial Reporting.....		viii

FINANCIAL SECTION

Independent Auditor’s Report.....		1
Management’s Discussion and Analysis.....		4

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position.....	1	17
Statement of Activities.....	2	18-19

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	3	20
Reconciliation of the Governmental Funds Balance Sheet to The Statement of Net Position.....	3	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	4	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Fund Balances of Governmental Funds to the Statement of Activities.....	4	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	5	24
Statement of Fund Net Position – Proprietary Funds.....	6	25
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	7	26
Statement of Cash Flows – Proprietary Funds.....	8	27
Statement of Net Position – Fiduciary Funds.....	9	28
Statement of Changes in Fiduciary Net Position.....	10	29

Notes to the Financial Statements.....		30
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**CITY OF STATESVILLE, NORTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 TABLE OF CONTENTS (cont'd)**

	<u>Statement or Schedule</u>	<u>Page No.</u>
Required Supplementary Information:		
City's Proportionate Share of Net Pension Liability (Asset) for Local Government Employee Retirement System.....	A-1	68
City's Contributions for Local Government Employees' Retirement System.....	A-2	69
Schedule of Changes in Total Pension Liability for the Law Enforcement Officer's Special Separation Allowance.....	A-3	70
Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officer's Special Separation Allowance.....	A-4	71
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	A-5	72
Combining and Individual Fund Schedules:		
<u>Governmental Funds</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual.....	1	73
Combining Balance Sheet – Nonmajor Governmental Funds.....	2	80
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	3	82
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:		
Occupancy Tax Fund.....	4	84
Home Program Fund.....	5	85
Drug Enforcement Fund.....	6	86
Domestic Violence Grant Fund.....	7	87
Economic Development Fund.....	8	88
Secondary E-911 Fund.....	9	89
General Equipment Capital Reserve Fund.....	10	90
Streetscape Capital Fund.....	11	91
Transportation Grant-TAP.....	12	92
Brookdale NC-21 Connector.....	13	93
Municipal Sever Center Fund.....	14	94

**CITY OF STATESVILLE, NORTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 TABLE OF CONTENTS (cont'd)**

	<u>Statement or Schedule</u>	<u>Page No.</u>
<u>Enterprise Funds</u>		
Shelton Avenue Multi-Use Path.....	15	95
Bethlehem Road Capital Project Fund.....	16	96
Airport Operating Fund.....	17	97
Airport Improvement Fund.....	18	99
Parallel Taxiway Project Fund.....	19	100
Glideslope and Localizer Project Fund.....	20	101
Electric Fund.....	21	102
Electric Utility Capital Reserve Fund.....	22	104
Water and Sewer Fund.....	23	105
Water and Sewer Capital Reserve Fund.....	24	107
Water and Sewer Capital Reserve Fund 2019.....	25	108
I-77 Rest Area Project.....	26	109
Stormwater Fund.....	27	110
Civic Center Fund.....	28	111
<u>Internal Service Funds</u>		
Statement of Net Position – Risk Management Fund.....	29	112
Statement of Revenues, Expenses, and Changes in Net Position – Risk Management Fund.....	30	113
Schedule of Revenues, Expenditures and Changes in Fund Balance – Financing Plan and Actual Risk Management Fund.....	31	114
Statement of Cash Flows – Risk Management Fund.....	32	115

**CITY OF STATESVILLE, NORTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 TABLE OF CONTENTS (cont'd)**

	<u>Statement or Schedule</u>	<u>Page No.</u>
<u>Additional Financial Data</u>		
Schedule of Ad Valorem Taxes Receivable – General Fund – City-Wide.....	33	116
Schedule of Ad Valorem Taxes Receivable – General Fund – Downtown Statesville Special Tax District.....	34	117
Schedule of Ad Valorem Taxes Receivable – General Fund – Woods Dam Special Tax District.....	35	118
Analysis of Current Tax Levy – General Fund–City-Wide Levy.....	36	119
Analysis of Current Tax Levy – Downtown Statesville Special Tax District.....	37	120
Analysis of Current Tax Levy – Woods Dam Special Tax District.....	38	121
<u>Statistical Section</u>		
	<u>Table</u>	<u>Page No.</u>
Financial Trends:		
Net Position by Category.....	1	122
Changes in Net Position.....	2	124
Fund Balances, Governmental Funds.....	3	128
Changes in Fund Balances, Governmental Funds.....	4	130
Revenue Capacity:		
Governmental Activities Tax Revenues by Source (accrual).....	5	132
Governmental Activities Tax Revenues by Source (modified accrual).....	6	133
Assessed Value of Taxable Property - City-Wide.....	7	134
Assessed Value and Appraised Value of Taxable Property - Downtown.....	8	135
Assessed Value and Appraised Value of Taxable Property - Woods Dam.....	9	136
General Fund Property Tax Levies and Collections – City-Wide.....	10	137
General Fund Property Tax Levies and Collections – Downtown.....	11	138
General Fund Property Tax Levies and Collections – Woods Dam.....	12	139
Property Tax Rates - Direct and Overlapping Governments.....	13	140
Principal Property Taxpayers – City-Wide.....	14	141

**CITY OF STATESVILLE, NORTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 TABLE OF CONTENTS (cont'd)**

<u>Statistical Section (cont'd)</u>	<u>Table</u>	<u>Page No.</u>
Major Utility Customers:		
Principal Electric Customers.....	15	142
Principal Water Customers.....	16	143
Principal Sewer Customers.....	17	144
Debt Capacity:		
Ratios of Outstanding Debt by Type.....	18	145
Ratio of General Bonded Debt Outstanding.....	19	146
Computation of Legal Debt Margin.....	20	147
Computation of Direct and Overlapping Debt.....	21	148
Economic and Demographic Information:		
Demographic and Economic Statistics.....	22	149
Principal Employers.....	23	150
Operating Information:		
General Government Operating Indicators by Function/Program.....	24	151
Enterprise Funds Operating Indicators by Function/Program.....	25	153
Capital Assets Statistics by Function.....	26	155
City Employees by Function/Program.....	27	157
<u>Compliance Section</u>		
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		158
Report On Compliance For Each Major State Program; Report On Internal Control; Internal Control Over Compliance; In Accordance with Uniform Guidance; And The State Single Audit Implementation Act.....		160
Schedule of Findings, Responses, and Questioned Costs.....		162
Summary Schedule of Prior Year's Audit Findings.....		164
Schedule of Expenditures of Federal and State Awards.....		165

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January 27, 2020

The Honorable Mayor, City Council, and the
Citizens of the 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, 2019. 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, 2019.

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, 2019 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, 2019 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 25,797.

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.

Letter of Transmittal

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, 2019, the unemployment rate in Iredell County rose to 4.1%; a 0.2% increase 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 fiscal year 2018, 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 likely be future home of the Police Headquarters. 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 2019, several significant grants were awarded to the Statesville Regional Airport. These grants are being used for several capital improvement projects including: construction of a new southeast parallel taxiway, a glideslope and localizer project, and land acquisition. 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. A new regional business park in the southern area of the City is expected to be a sizeable water and sewer user.

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, 2018. This was the twenty-ninth 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, 2018. This was the eighteenth 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.

Letter of Transmittal

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



Christopher Tucker
Finance Director

CITY OF STATESVILLE, NORTH CAROLINA
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2019

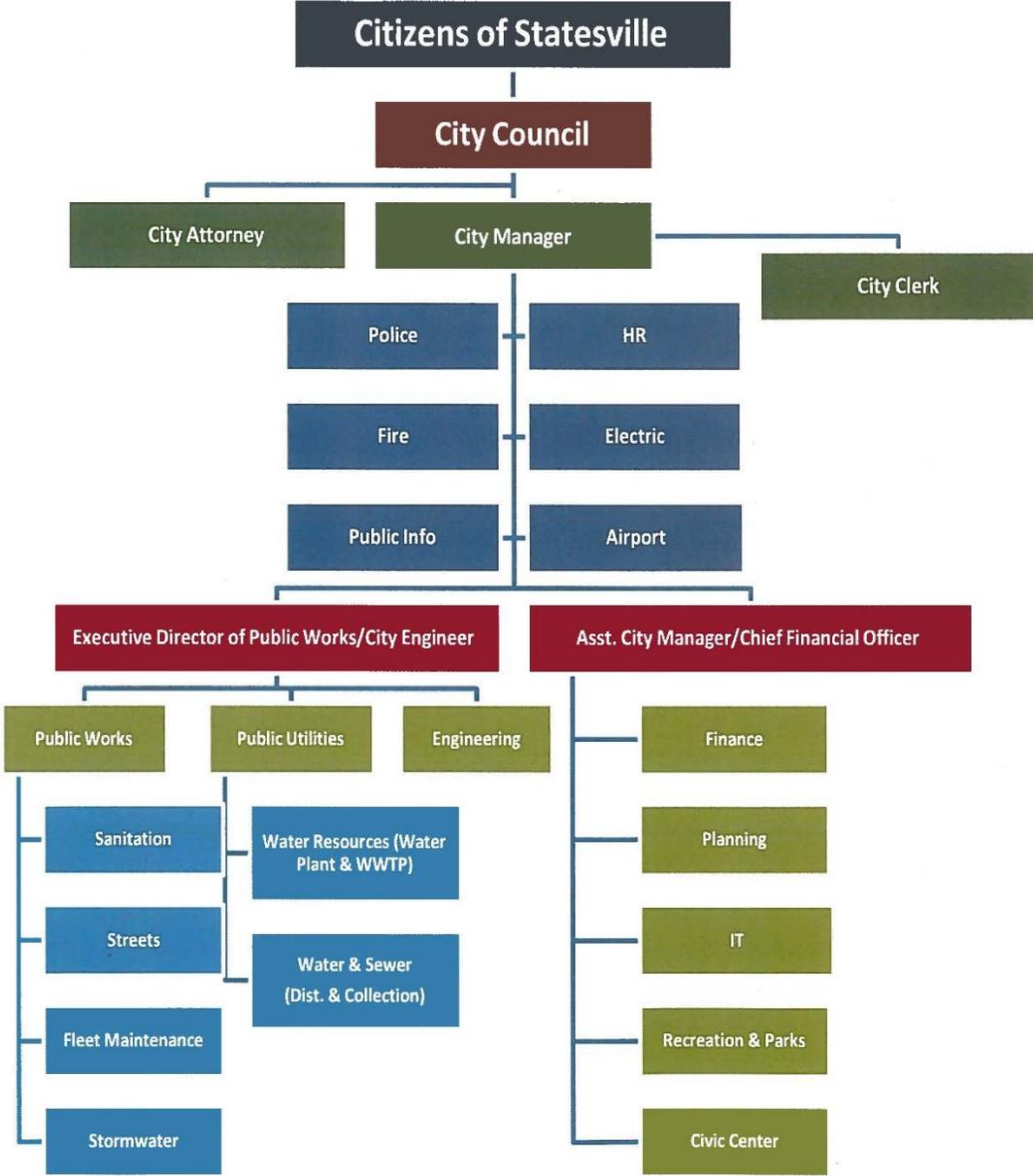
LIST OF PRINCIPAL OFFICIALS

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 1Roy C. West, Jr.
Council Member – Ward 2 C.O. Johnson
Council Member – Ward 3 Doris Allison
Council Member – Ward 4Michael Johnson
Council Member – Ward 5 John Staford
Council Member – Ward 6 G. Keith Williams

City Appointed Officials

City Manager..... Ron Smith
Assistant City Manager..... Ralph Staley
City Attorney Leah Gaines Messick
City Clerk..... Brenda J. Fugett
Electric Utility Director..... John M. Maclaga
Finance Director..... Christopher M Tucker
IT Director Nikki L. Gregory
Fire Chief.....Spencer E. Lee
Recreation and Parks Director..... Richard E. Griggs
Planning Director David H. Currier
Airport DirectorJohn M. Ferguson
Police Chief David Addison
Public Works Director Scott Harrell





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, 2018

Christopher P. Morill

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, 2019, 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 93.32 percent, 87.26 percent, and 96.68 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

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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, 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, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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, and 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 January 27, 2020, 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
January 27, 2020

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CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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, 2019. 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

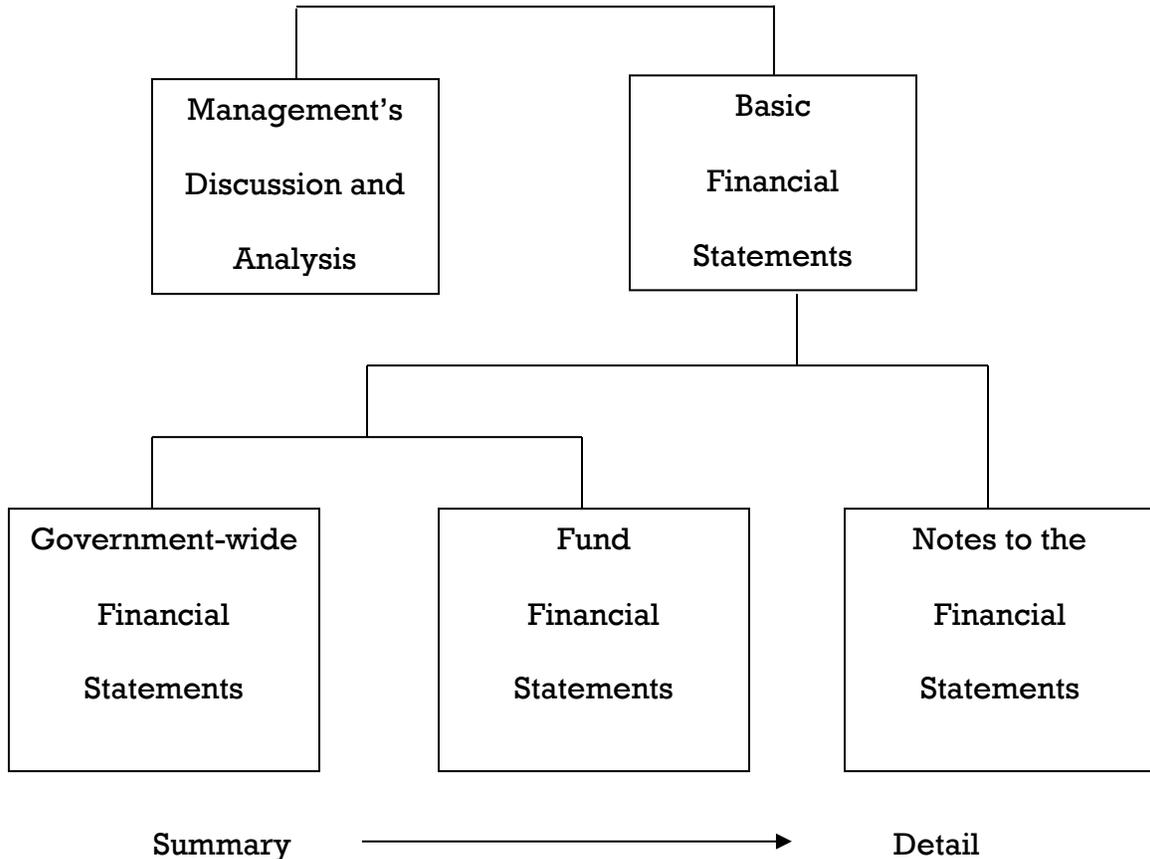
- The assets and deferred outflows of resources of the City of Statesville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$227,934,742 (*net position*).
- The City's total net position increased by \$16,058,820, this was due to the operating results of the City's governmental activities increasing by \$807,220 and the City's business-type activities increasing by \$15,251,600.
- As of the close of the current fiscal year, the City of Statesville's governmental funds reported combined ending fund balances of \$29,734,872, an increase of \$404,349 from the prior year. Approximately 54.04% of this total amount, or \$16,067,917, 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 \$16,095,379, or 45.90%, of total General Fund expenditures and transfers out.
- The City of Statesville's total debt decreased by \$921,991 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.

CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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.

CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

**City of Statesville's Net Position
Figure 2**

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 34,945,036	\$ 34,327,884	\$ 58,455,835	\$ 53,343,805	\$ 93,400,871	\$ 87,671,689
Capital assets	<u>44,745,394</u>	<u>45,485,178</u>	<u>136,376,010</u>	<u>127,130,213</u>	<u>181,121,404</u>	<u>172,615,391</u>
Total assets	<u>79,690,430</u>	<u>79,813,062</u>	<u>194,831,845</u>	<u>180,474,018</u>	<u>274,522,275</u>	<u>260,287,080</u>
Deferred outflows of resources	<u>4,634,705</u>	<u>3,107,225</u>	<u>1,360,571</u>	<u>873,680</u>	<u>5,995,276</u>	<u>3,980,905</u>
Long-term liabilities outstanding	9,667,903	8,841,011	25,707,797	26,937,368	35,375,700	35,778,379
Other liabilities	<u>5,675,754</u>	<u>6,277,251</u>	<u>10,697,871</u>	<u>9,962,206</u>	<u>16,373,625</u>	<u>16,239,457</u>
Total liabilities	<u>15,343,657</u>	<u>15,118,262</u>	<u>36,405,668</u>	<u>36,899,574</u>	<u>51,749,325</u>	<u>52,017,836</u>
Deferred inflows of resources	<u>666,434</u>	<u>294,201</u>	<u>167,050</u>	<u>80,026</u>	<u>833,484</u>	<u>374,227</u>
Net position:						
Net investment in capital assets	43,150,694	42,995,778	111,057,267	99,648,841	154,207,961	142,644,619
Restricted	6,793,587	6,994,417	-	-	6,793,587	6,994,417
Unrestricted	<u>18,370,763</u>	<u>17,517,629</u>	<u>48,562,431</u>	<u>44,719,257</u>	<u>66,933,194</u>	<u>62,236,886</u>
Total net position	\$ 68,315,044	\$ 67,507,824	\$ 159,619,698	\$ 144,368,098	\$ 227,934,742	\$ 211,875,922

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 \$227,934,742 as of June 30, 2019. The City's net position increased by \$16,058,820 for the fiscal year ended June 30, 2019. However, the largest portion of net position (67.65%) 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 \$6,793,587 (2.98%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$66,933,194 (29.37%) is unrestricted.

CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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

- Governmental activities revenues exceeded expenses by \$807,220. This was primarily driven by increases in revenues from operating grants and contributions, ad valorem taxes, and investments earnings compared to the prior fiscal year, as well as an overall decrease in expenditures in the current fiscal year compared to the prior.
- Business-type activities revenues exceeded expenses by \$15,251,600. This was substantially created by charges for services, capital grants and contributions, and investment earnings all having solid increases while expenditures decreased.

**CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

**City of Statesville Changes in Net Position
Figure 3**

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 3,330,714	\$ 3,444,386	\$ 64,699,060	\$ 61,046,891	\$ 68,029,774	\$ 64,491,277
Operating grants and contributions	698,158	285,478	-	211,467	698,158	496,945
Capital grants and contributions	736,939	851,559	6,777,290	5,018,622	7,514,229	5,870,181
<i>General revenues:</i>						
Ad valorem taxes	15,012,204	13,924,416	-	-	15,012,204	13,924,416
other taxes and state shared	10,201,195	9,793,381	-	-	10,201,195	9,793,381
Investment earnings, unrestricted	724,350	197,604	1,166,154	378,045	1,890,504	575,649
Miscellaneous revenue	<u>363,732</u>	<u>128,193</u>	<u>-</u>	<u>-</u>	<u>363,732</u>	<u>128,193</u>
Total revenues	<u>31,067,292</u>	<u>28,625,017</u>	<u>72,642,504</u>	<u>66,655,025</u>	<u>103,709,796</u>	<u>95,280,042</u>
Expenses:						
General government	4,754,090	4,852,052	-	-	4,754,090	4,852,052
Public safety	15,031,704	14,896,715	-	-	15,031,704	14,896,715
Transportation	3,747,862	4,174,148	-	-	3,747,862	4,174,148
Economic and physical development	432,903	768,400	-	-	432,903	768,400
Environmental protection	1,975,892	2,080,218	-	-	1,975,892	2,080,218
Cultural and recreation	4,124,134	3,871,242	-	-	4,124,134	3,871,242
Interest on long-term debt	76,688	110,981	-	-	76,688	110,981
Airport	-	-	2,156,005	1,476,536	2,156,005	1,476,536
Electric	-	-	42,392,127	44,792,998	42,392,127	44,792,998
Water and sewer	-	-	11,912,217	11,696,188	11,912,217	11,696,188
Civic center	<u>-</u>	<u>-</u>	<u>1,047,354</u>	<u>997,238</u>	<u>1,047,354</u>	<u>997,238</u>
Total expenses	<u>30,143,273</u>	<u>30,753,756</u>	<u>57,507,703</u>	<u>58,962,960</u>	<u>87,650,976</u>	<u>89,716,716</u>
Increase (decrease) in net position						
before transfers and special items	924,019	(2,128,739)	15,134,801	7,692,065	16,058,820	5,563,326
Transfers in (out)	<u>(116,799)</u>	<u>268,272</u>	<u>116,799</u>	<u>(268,272)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	807,220	(1,860,467)	15,251,600	7,423,793	16,058,820	5,563,326
Net position, beginning	<u>67,507,824</u>	<u>69,636,911</u>	<u>144,368,098</u>	<u>137,029,132</u>	<u>211,875,922</u>	<u>206,666,043</u>
<i>Restatement</i>	-	(268,620)	-	(84,827)	-	(353,447)
Net position, beginning restated	<u>67,507,824</u>	<u>69,368,291</u>	<u>144,368,098</u>	<u>136,944,305</u>	<u>211,875,922</u>	<u>206,312,596</u>
Net position, ending	<u>\$ 68,315,044</u>	<u>\$ 67,507,824</u>	<u>\$ 159,619,698</u>	<u>\$ 144,368,098</u>	<u>\$ 227,934,742</u>	<u>\$ 211,875,922</u>

CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Governmental Activities - The City's total net position increased by \$807,220.

- Transportation and Economic and Physical Development expenses decreased by \$426,286 and \$335,497, respectively.
- Revenues from Ad Valorem Taxes, the City's main source of revenue, increased by \$1,087,788, or 7.81%, from the prior year due to a tax rate increase city wide of \$.0211.
- Revenues from Operating Grants and Contributions increased by \$412,680, or 144.56%, compared to the prior fiscal year.
- Earnings on investments increased by \$526,746 compared to the prior fiscal year.

Business-Type Activities - Business-type activities increased the City of Statesville's net position by \$15,251,600. Key elements of this increase are as follows:

- Revenues for business-type activities from charges for services increased by \$3,652,169, or 5.98%, which resulted in the largest increase in revenues for business-type activities. Net position increased as well due to increases in revenues related to Capital Grants and Contributions by \$1,758,668, compared to the prior fiscal year.
- Business-type overall expenses decreased by \$1,455,257, or 2.47%. This decrease was primarily due to a decrease in expenses related to Electric operations, which decreased by \$2,400,871. Expenses related to Airport, Water and Sewer, and Civic Center activities increased by \$679,469, \$216,029, and \$50,116, respectively.

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 \$16,095,379 while total fund balance was \$21,264,083; a decrease of \$1,465,894 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 45.90% of total General Fund expenditures and transfers out, while total fund balance represents 60.64% of that same amount.

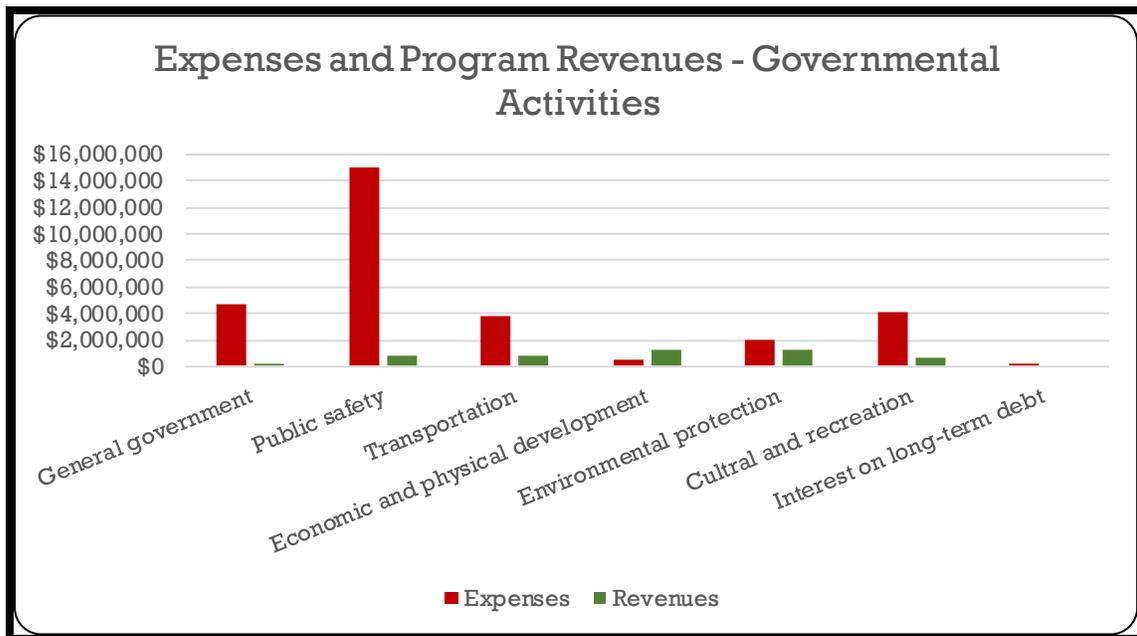
At June 30, 2019, the governmental funds of the City of Statesville reported a combined fund balance of \$29,734,872; this is an increase of 1.38% from last fiscal year.

- General Fund expenditures exceeded revenues by \$3,035,818.
- Transfers in were higher than transfers out, the largest being a transfer, for \$2,550,000, from the General Fund to the Bethlehem Capital Project Fund for capital expenditures and a transfer, for \$1,310,541, from the Water and Sewer Fund to the General Fund for operating expenditure reimbursements.
- The net change in fund balances of other governmental funds increased by \$717,708

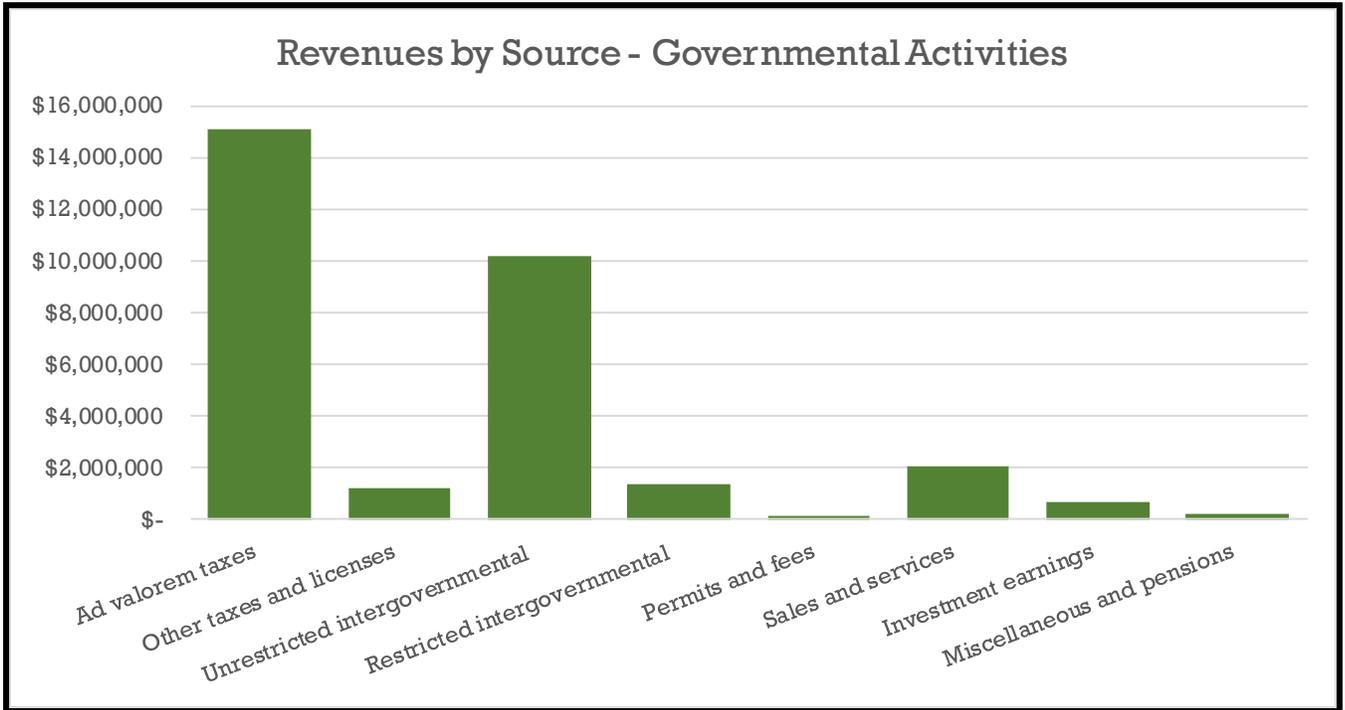
**CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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 \$15,084,380 exceeded budget estimates by \$246,718 or 1.66%.
- Local sales tax (an unrestricted intergovernmental revenue) of \$7,317,507 exceeded budget estimates by \$187,507 or 2.63%.
- Other unrestricted intergovernmental revenues of \$2,826,167 exceeded budget estimates by \$309,167 or 12.28%.
- Investment earnings exceeded budget estimates by \$279,404 or 127.00%.
- Expenditures were \$5,762,723 lower than budget appropriations due primarily due to capital outlay for fire services being budgeted \$1,267,233 more than what was required.



**CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**



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 \$(4,460,662); Electric Fund is \$33,932,997; the Water and Sewer Fund is \$18,796,710; the Civic Center Fund is \$1,268,850; and the Stormwater Fund is \$197,368. For the year the net position of the Airport Fund increased by \$5,742,181; the Electric Fund increased by \$8,803,508; the Water and Sewer Fund increased by \$287,851; the Civic Center Fund increased by \$24,300; and the Stormwater Fund increased by \$197,368.

Capital Asset and Debt Administration

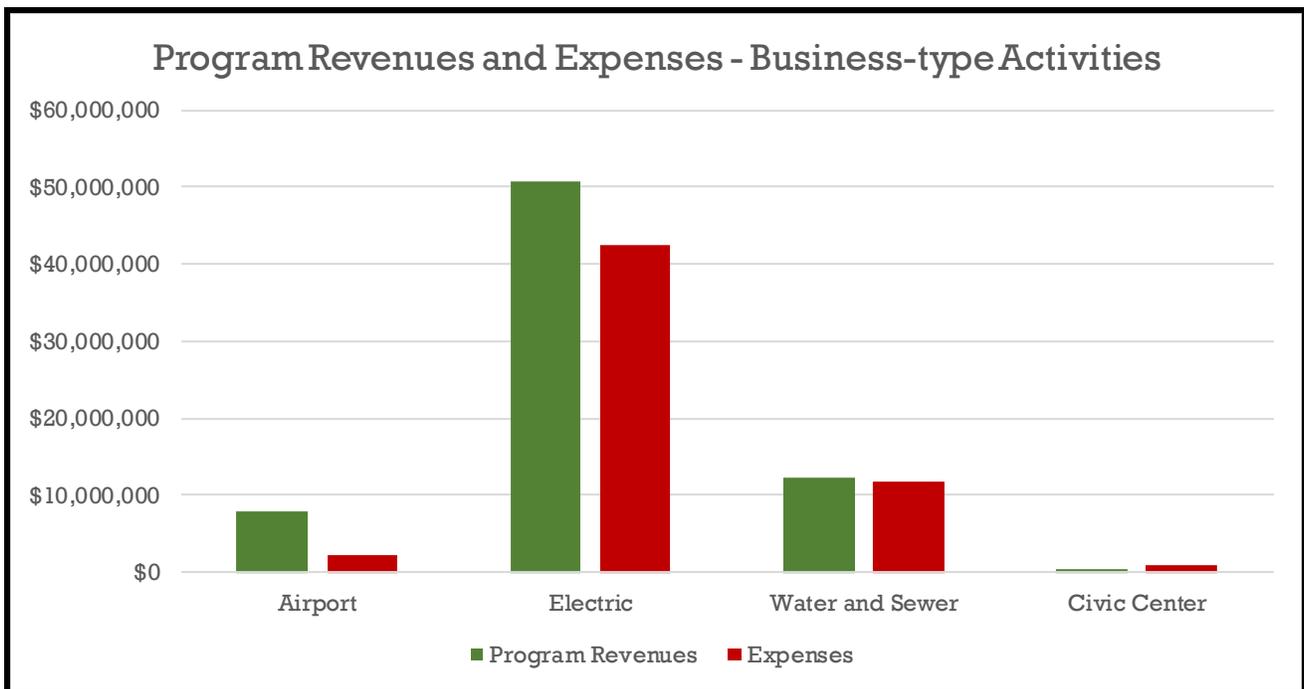
Capital Assets - The City of Statesville's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$181,121,404 (net of accumulated depreciation). These assets include buildings, utility systems infrastructure, land, roads, machinery and equipment, park facilities, and vehicles.

**CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

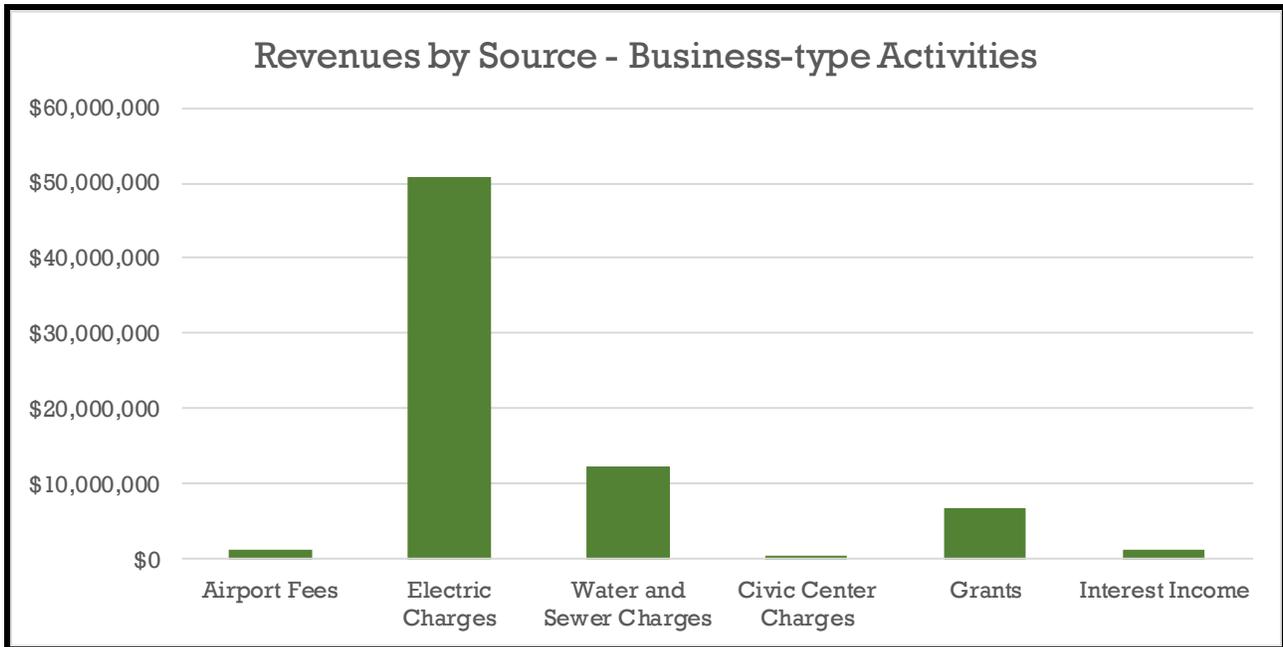
**City of Statesville's Capital Assets
(Net of depreciation)
Figure 4**

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 11,331,022	\$ 11,331,022	\$ 16,277,200	\$ 16,223,326	\$ 27,608,222	\$ 27,554,348
Buildings and other improvements	27,913,800	29,345,256	22,254,663	38,564,500	50,168,463	67,909,756
Utility plant in service	-	-	85,561,426	67,017,890	85,561,426	67,017,890
Vehicles	4,584,461	4,363,060	3,959,863	3,862,920	8,544,324	8,225,980
Construction in progress	916,111	445,843	8,322,858	1,461,580	9,238,969	1,907,423
Total	\$ 44,745,394	\$ 45,485,181	\$ 136,376,010	\$ 127,130,216	\$ 181,121,404	\$ 172,615,397

Figure 4 is net of accumulated depreciation. Additional information on the City's capital assets can be found in the financial notes on pages 43-46.



**CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**



Long-Term Debt - As of June 30, 2019, the City of Statesville had no general obligation bonded debt outstanding. The City's debt represents notes payable totaling \$26,913,443, compensated absences for \$3,046,647 and actuary estimates for public employees pensions (LGERS) for \$7,080,255, other benefits (OPEB) for \$1,661,965, and law enforcement separation supplemental retirement (LEOSSA) for \$2,306,764. 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	
	2019	2018	2019	2018	2019	2018
Notes payable from direct borrowings and direct placements	\$ 1,594,700	\$ 2,489,400	\$ 25,318,743	\$ 27,481,372	\$ 26,913,443	\$ 29,970,772
Compensated absences	2,313,931	2,484,555	732,716	693,060	3,046,647	3,177,615
OPEB and other benefit related debt	1,263,092	1,653,666	398,873	522,211	1,661,965	2,175,877
LGERS pension related debt	5,305,490	3,211,599	1,774,765	1,113,538	7,080,255	4,325,137
LEOSSA pension related debt	2,306,764	2,281,664	-	-	2,306,764	2,281,664
	<u>\$ 12,783,977</u>	<u>\$ 12,120,884</u>	<u>\$ 28,225,097</u>	<u>\$ 29,810,181</u>	<u>\$ 41,009,074</u>	<u>\$ 41,931,065</u>

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, 2019 is \$247,817,000. As stated earlier, the City of Statesville does not have any outstanding bonded debt being supported by property taxes.

CITY OF STATESVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Additional information regarding the City of Statesville's long-term debt can be found in the financial notes on pages 60-64.

Economic Factors and Next Year's Budget and Rates

- Revenue estimates contained in the City of Statesville's 2019-2020 operating and capital budget were developed on a conservative basis.
- The City's assessed valuation for property taxes in the 2019-2020 budget increased 5.82%, or \$176.9 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 \$2,904,659 from the prior year based on a collection rate of 98.70% and a tax rate of \$0.5478 per \$100 valuation, an increase from the prior tax rate of \$0.4811 per \$100 valuation.
- Water rates were increased by 3.0% and sewer rate were increased 3.5% effective July 1, 2019 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 introduced a Stormwater Fund effective July 1, 2019 to establish and maintain a consistent source of revenue to enable the City to maintain compliance with required permits and to address a deteriorating storm water system.

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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CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Convention & Visitors Bureau	Alcoholic Control Board
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 28,062,074	\$ 43,636,930	\$ 71,699,004	\$ 199,580	\$ 792,701
Tax receivables, net	204,002	-	204,002	-	-
Receivables, net	238,716	10,225,590	10,464,306	-	-
Internal balances	2,722,758	(2,722,758)	-	-	-
Interest receivable	96,474	151,358	247,832	-	-
Due from other governments	3,402,600	3,388,397	6,790,997	-	-
Due from other component units	173,364	-	173,364	-	-
Inventories	29,022	2,449,641	2,478,663	-	620,978
Prepaid items	9,214	210,303	219,517	400	-
Restricted cash and cash equivalents	6,812	1,116,374	1,123,186	-	-
Total current assets	<u>34,945,036</u>	<u>58,455,835</u>	<u>93,400,871</u>	<u>199,980</u>	<u>1,413,679</u>
Non-current assets:					
Capital assets:					
Land and other nondepreciable assets	12,247,133	24,600,059	36,847,192	-	235,050
Depreciable assets, net	32,498,261	111,775,951	144,274,212	-	1,142,990
Total capital assets	<u>44,745,394</u>	<u>136,376,010</u>	<u>181,121,404</u>	<u>-</u>	<u>1,378,040</u>
Total assets	<u>79,690,430</u>	<u>194,831,845</u>	<u>274,522,275</u>	<u>199,980</u>	<u>2,791,719</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferral	4,568,640	1,339,708	5,908,348	-	28,768
OPEB deferral	66,065	20,863	86,928	-	-
Total deferred outflows of resources	<u>4,634,705</u>	<u>1,360,571</u>	<u>5,995,276</u>	<u>-</u>	<u>28,768</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	2,547,698	6,466,298	9,013,996	3,536	389,374
Accrued interest payable	5,170	135,593	140,763	-	-
Due to primary government	-	-	-	-	173,364
Due to other governments	-	367,638	367,638	-	183,011
Prepaid fees	-	94,668	94,668	-	-
Liabilities payable from restricted assets - deposits	6,812	1,116,374	1,123,186	-	-
Current portion of long-term liabilities	3,116,074	2,517,300	5,633,374	473	43,720
Total current liabilities	<u>5,675,754</u>	<u>10,697,871</u>	<u>16,373,625</u>	<u>4,009</u>	<u>789,469</u>
Net pension liability - LGERS	5,305,490	1,774,765	7,080,255	-	73,306
Total LEO pension liability	2,306,764	-	2,306,764	-	-
Total OPEB liability	1,263,092	398,873	1,661,965	-	-
Due in more than a year	792,557	23,534,159	24,326,716	710	619,847
Total long-term liabilities	<u>9,667,903</u>	<u>25,707,797</u>	<u>35,375,700</u>	<u>710</u>	<u>693,153</u>
Total liabilities	<u>15,343,657</u>	<u>36,405,668</u>	<u>51,749,325</u>	<u>4,719</u>	<u>1,482,622</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	39,538	-	39,538	-	-
Pension deferrals	144,971	14,864	159,835	-	-
OPEB deferrals	481,925	152,186	634,111	-	-
Total deferred inflows of resources	<u>666,434</u>	<u>167,050</u>	<u>833,484</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	43,150,694	111,057,267	154,207,961	-	759,394
Restricted for:					
Stabilization by state statute	5,256,108	-	5,256,108	-	-
Public safety	185,262	-	185,262	-	-
Economic development	1,352,217	-	1,352,217	-	-
Minimum working capital	-	-	-	-	180,174
Unrestricted	18,370,763	48,562,431	66,933,194	195,261	398,297
Total net position	<u>\$ 68,315,044</u>	<u>\$ 159,619,698</u>	<u>\$ 227,934,742</u>	<u>\$ 195,261</u>	<u>\$ 1,337,865</u>

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, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 4,754,090	\$ 59,818	\$ 29,970	\$ -
Public safety	15,031,704	235,867	592,616	-
Transportation	3,747,862	-	-	736,939
Economic and physical development	432,903	1,150,853	56,406	-
Environmental protection	1,975,892	1,190,996	19,166	-
Cultural and recreation	4,124,134	693,180	-	-
Debt service:				
Interest on long-term debt	76,688	-	-	-
Total governmental activities	30,143,273	3,330,714	698,158	736,939
Business-Type Activities:				
Airport	2,156,005	1,237,368	-	6,737,796
Electric	42,392,127	50,840,214	-	-
Water and sewer	11,912,217	12,293,534	-	39,494
Civic Center	1,047,354	327,944	-	-
Total business-type activities	57,507,703	64,699,060	-	6,777,290
Total primary government	\$ 87,650,976	\$ 68,029,774	\$ 698,158	\$ 7,514,229
Component Units Activities:				
Convention & Visitors Bureau	\$ 192,775	\$ 1,082	\$ 224,927	\$ -
Alcoholic Beverage Control Board	6,631,485	6,622,918	-	-
Total component units	\$ 6,824,260	\$ 6,624,000	\$ 224,927	\$ -

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, 2019

	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	\$ (4,664,302)	\$ -	\$ (4,664,302)	\$ -	\$ -
Public safety	(14,203,221)	-	(14,203,221)	-	-
Transportation	(3,010,923)	-	(3,010,923)	-	-
Economic and physical development	774,356	-	774,356	-	-
Environmental protection	(765,730)	-	(765,730)	-	-
Cultural and recreation	(3,430,954)	-	(3,430,954)	-	-
Debt service:					
Interest on long-term debt	(76,688)	-	(76,688)	-	-
Total governmental activities	<u>(25,377,462)</u>	<u>-</u>	<u>(25,377,462)</u>	<u>-</u>	<u>-</u>
Business-Type Activities:					
Airport	-	5,819,159	5,819,159	-	-
Electric	-	8,448,087	8,448,087	-	-
Water and sewer	-	420,811	420,811	-	-
Civic Center	-	(719,410)	(719,410)	-	-
Total business-type activities	<u>-</u>	<u>13,968,647</u>	<u>13,968,647</u>	<u>-</u>	<u>-</u>
Total primary government	<u>-</u>	<u>13,968,647</u>	<u>(11,408,815)</u>	<u>-</u>	<u>-</u>
Component Units Activities:					
Convention & Visitors Bureau	-	-	-	33,234	-
Alcoholic Beverage Control Board	-	-	-	-	(8,567)
Total component units	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,234</u>	<u>(8,567)</u>
General Revenues:					
Ad valorem taxes	15,012,204	-	15,012,204	-	-
Other taxes	57,521	-	57,521	-	-
State share franchise, telecommunication video & liquor taxes	10,143,674	-	10,143,674	-	-
Interest earned on investments	724,350	1,166,154	1,890,504	2,026	7,938
Miscellaneous revenue	363,732	-	363,732	-	-
Total general revenues not including transfers	<u>26,301,481</u>	<u>1,166,154</u>	<u>27,467,635</u>	<u>2,026</u>	<u>7,938</u>
Total transfers in (out)	<u>(116,799)</u>	<u>116,799</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	807,220	15,251,600	16,058,820	35,260	(629)
Net position, beginning of year	<u>67,507,824</u>	<u>144,368,098</u>	<u>211,875,922</u>	<u>160,001</u>	<u>1,338,494</u>
Net position, end of year	<u><u>\$ 68,315,044</u></u>	<u><u>\$ 159,619,698</u></u>	<u><u>\$ 227,934,742</u></u>	<u><u>\$ 195,261</u></u>	<u><u>\$ 1,337,865</u></u>

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major	Non-Major	Total
	General	Other Governmental Funds	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 17,672,074	\$ 8,540,360	\$ 26,212,434
Ad valorem taxes receivable, net	204,002	-	204,002
Accounts receivable, net	48,157	183,073	231,230
Interest receivable	60,921	29,430	90,351
Due from other funds	1,573,124	-	1,573,124
Due from other governments	3,302,979	99,621	3,402,600
Due from other component units	173,364	-	173,364
Inventories	29,022	-	29,022
Prepays	9,214	-	9,214
Restricted cash and cash equivalents	6,812	-	6,812
Total assets	<u>\$ 23,079,669</u>	<u>\$ 8,852,484</u>	<u>\$ 31,932,153</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,522,534	\$ 186,636	\$ 1,709,170
Due to other funds	-	23,198	23,198
Liabilities payable from restricted assets - deposits	6,812	-	6,812
Total liabilities	<u>1,529,346</u>	<u>209,834</u>	<u>1,739,180</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	204,002	-	204,002
Prepaid taxes	39,538	-	39,538
Other receivables	42,700	171,861	214,561
Total deferred inflows of resources	<u>286,240</u>	<u>171,861</u>	<u>458,101</u>
FUND BALANCES			
Non-spendable			
Prepays	9,214	-	9,214
Inventory	29,022	-	29,022
Restricted			
Stabilization by state statute	5,115,845	140,263	5,256,108
Public safety	-	185,262	185,262
Economic development	-	1,352,217	1,352,217
Committed			
Separation Allowance-law enforcement	14,623	-	14,623
Capital outlay	-	6,820,509	6,820,509
Unassigned	16,095,379	(27,462)	16,067,917
Total Fund Balances	<u>21,264,083</u>	<u>8,470,789</u>	<u>29,734,872</u>
Total liabilities, deferred inflows of revenues and fund balances	<u>\$ 23,079,669</u>	<u>\$ 8,852,484</u>	<u>\$ 31,932,153</u>

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

		Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total fund balances continued from Exhibit 3		\$ 29,734,872
Capital assets used in governmental activities are not financing resources and are not reported in the funds.		
Land and other nondepreciable assets	12,247,133	
Depreciable assets, net	32,498,261	44,745,394
The focus of governmental funds is on short-term financing; long-term assets are deferred in the funds.		
Interest payable	(5,170)	
Internal balances	1,172,832	
Deferred outflows contributions to local government pension plan	4,266,540	
Deferred outflows pension-local government and LEO pension plan	302,100	
Deferred outflows OPEB	66,065	5,802,367
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.		
		1,024,721
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Deferred property taxes	204,002	
Other deferred revenues	214,561	
Deferred inflow related to pensions	(144,971)	
Deferred inflow related to OPEB	(481,925)	(208,333)
Long term liabilities used governmental activities are uses and therefor are not reported in the funds.		
Current portion of compensated absences	(2,221,374)	
Current portion notes payable	(894,700)	
Long-term portion of compensated absences	(92,557)	
Total OPEB liability	(1,263,092)	
Long-term notes payable	(700,000)	
Net pension liability-LGERS	(5,305,490)	
Total pension liability-LEOSA	(2,306,764)	(12,783,977)
Net position of governmental activities (Exhibit 1)		\$ 68,315,044

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major <u>General</u>	Non-Major Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES			
Ad valorem taxes	\$ 15,084,380	\$ -	\$ 15,084,380
Other taxes and licenses	57,521	1,150,853	1,208,374
Unrestricted intergovernmental	10,143,674	-	10,143,674
Restricted intergovernmental	1,133,921	255,318	1,389,239
Permits and fees	145,437	-	145,437
Sales and services	2,034,424	45,858	2,080,282
Investment earnings	499,404	179,018	678,422
Miscellaneous	227,587	923	228,510
	<u>29,326,348</u>	<u>1,631,970</u>	<u>30,958,318</u>
EXPENDITURES			
Current:			
General government	7,292,962	165,832	7,458,794
Public safety	14,817,262	181,800	14,999,062
Transportation	3,073,144	264,938	3,338,082
Economic and physical development	131,211	301,692	432,903
Environmental protection	2,300,716	-	2,300,716
Cultural and recreation	3,771,334	-	3,771,334
Debt service:			
Principal	894,700	-	894,700
Interest and fiscal costs	80,837	-	80,837
	<u>32,362,166</u>	<u>914,262</u>	<u>33,276,428</u>
Revenues over (under) expenditures	<u>(3,035,818)</u>	<u>717,708</u>	<u>(2,318,110)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	4,274,452	2,866,738	7,141,190
Transfers to other funds	(2,704,528)	(1,714,203)	(4,418,731)
	<u>1,569,924</u>	<u>1,152,535</u>	<u>2,722,459</u>
Net change in fund balances	(1,465,894)	1,870,243	404,349
Fund balances at beginning of year	22,729,977	6,600,546	29,330,523
Fund balances at end of year	<u>\$ 21,264,083</u>	<u>\$ 8,470,789</u>	<u>\$ 29,734,872</u>

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		Total Governmental Funds
Fund Balances to the Statement of Activities:		
Total net change in fund balances-governmental funds (continued)		\$ 404,349
 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 lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciated in the current period.		
	Capital outlay	3,115,480
	Depreciation expense	(3,855,266)
		(739,786)
 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	(72,176)
	Change in other receivables	135,222
	Pension expense - LGERS	(341,125)
	Pension expense - LEOSSA	(106,872)
	Other post-employment benefits	(91,422)
		(476,373)
 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	4,149
		898,849
 Some expenses reported in the statement of activities do not require the use of current financing resources and, therefore, are not reported as expenditures in governmental funds.		
	Compensated absences	170,624
		170,624
	Net income of internal service funds determined to be governmental-type.	549,557
Changes in net position of governmental activities		\$ 807,220

The accompanying notes are an integral part of this statement.

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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Over/Under
REVENUES				
Ad valorem taxes	\$ 14,837,662	\$ 14,837,662	\$ 15,084,380	\$ 246,718
Other taxes and licenses	45,736	48,236	57,521	9,285
Unrestricted intergovernmental	9,647,000	9,647,000	10,143,674	496,674
Restricted intergovernmental	1,408,292	1,374,671	1,133,921	(240,750)
Permits and fees	153,500	149,500	145,437	(4,063)
Sales and services	1,921,250	2,143,235	2,034,424	(108,811)
Investment earnings	220,000	220,000	499,404	279,404
Miscellaneous	78,995	191,060	227,587	36,527
Total revenues	28,312,435	28,611,364	29,326,348	714,984
EXPENDITURES				
Current:				
General government	7,889,657	8,782,268	7,292,962	1,489,306
Public safety	15,390,040	16,928,431	14,817,262	2,111,169
Transportation	2,601,483	3,325,055	3,073,144	251,911
Economic and physical development	558,001	836,436	131,211	705,225
Environmental protection	2,185,525	2,663,163	2,300,716	362,447
Cultural and recreation	4,070,972	4,370,984	3,771,334	599,650
Debt service:				
Principal	736,750	894,700	894,700	-
Interest and fiscal costs	238,787	80,837	80,837	-
Contingency	-	243,015	-	243,015
Total expenditures	33,671,215	38,124,889	32,362,166	5,762,723
Revenues over (under) expenditures	(5,358,780)	(9,513,525)	(3,035,818)	6,477,707
OTHER FINANCING SOURCES (USES)				
Transfer - in	4,261,796	4,293,576	4,274,452	(19,124)
Transfer - (out)	(2,550,000)	(2,704,528)	(2,704,528)	-
Issuance of long term debt	-	1,250,000	-	(1,250,000)
Fund balance appropriated	3,646,984	6,674,477	-	(6,674,477)
Total other financing sources and (uses)	5,358,780	9,513,525	1,569,924	(7,943,601)
Net change in fund balances	\$ -	\$ -	(1,465,894)	\$ (1,465,894)
Fund balances at beginning of year			22,729,977	
Fund balances at end of year			\$ 21,264,083	

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Enterprise Funds					Total Enterprise Funds	Governmental Activities- Internal Service
	Major		Non-Major				
	Airport Fund	Electric Fund	Water and Sewer Fund	Civic Center Fund	Stormwater Fund		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,078,064	\$ 22,659,915	\$ 18,155,946	\$ 1,545,637	\$ 197,368	\$ 43,636,930	\$ 1,849,640
Accounts receivable, net - billed	90,309	4,043,520	956,513	-	-	5,090,342	7,486
Accounts receivable, net-unbilled	-	4,115,473	1,019,775	-	-	5,135,248	-
Due from other governments	3,388,397	-	-	-	-	3,388,397	-
Interest receivable	1,712	81,761	62,559	5,326	-	151,358	6,123
Restricted cash, deposits	-	1,116,374	-	-	-	1,116,374	-
Advanced to other funds	-	5,474,161	-	-	-	5,474,161	-
Prepays	-	210,303	-	-	-	210,303	-
Inventories	21,969	2,158,696	268,976	-	-	2,449,641	-
Total current assets	<u>4,580,451</u>	<u>39,860,203</u>	<u>20,463,769</u>	<u>1,550,963</u>	<u>197,368</u>	<u>66,652,754</u>	<u>1,863,249</u>
Capital assets:							
Land and non-depreciable	12,055,345	18,100	1,511,212	2,692,543	-	16,277,200	-
Capital assets, net of depreciation	19,947,458	24,670,316	64,839,087	2,319,090	-	111,775,951	-
Construction work in progress	8,195,534	45,625	81,700	-	-	8,322,859	-
Total capital assets, net	<u>40,198,337</u>	<u>24,734,041</u>	<u>66,431,999</u>	<u>5,011,633</u>	<u>-</u>	<u>136,376,010</u>	<u>-</u>
Total assets	<u>44,778,788</u>	<u>64,594,244</u>	<u>86,895,768</u>	<u>6,562,596</u>	<u>197,368</u>	<u>203,028,764</u>	<u>1,863,249</u>
Deferred Outflows of Resources:							
Pension deferrals	27,707	475,772	737,516	98,713	-	1,339,708	-
OPEB deferral	869	6,954	11,301	1,739	-	20,863	-
Total deferred outflows of resources	<u>28,576</u>	<u>482,726</u>	<u>748,817</u>	<u>100,452</u>	<u>-</u>	<u>1,360,571</u>	<u>-</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	1,898,277	4,164,824	345,605	57,592	-	6,466,298	838,528
Interest payable	57,022	-	78,571	-	-	135,593	-
Due to other governments	-	-	367,638	-	-	367,638	-
Due to other funds	1,549,926	-	-	-	-	1,549,926	-
Advanced from other funds	5,474,161	-	-	-	-	5,474,161	-
Payable from restricted assets:							
Customer deposits	-	1,116,374	-	-	-	1,116,374	-
Prepaid fees	-	-	-	94,668	-	94,668	-
Current portion of long-term debt	6,828	153,386	2,302,764	54,322	-	2,517,300	-
Total current liabilities	<u>8,986,214</u>	<u>5,434,584</u>	<u>3,094,578</u>	<u>206,582</u>	<u>-</u>	<u>17,721,958</u>	<u>838,528</u>
Long-term liabilities:							
Net pension liability	49,556	558,468	1,039,553	127,188	-	1,774,765	-
Total OPEB liability	16,620	132,957	216,056	33,240	-	398,873	-
Due in more than one year	10,243	230,078	23,291,575	2,263	-	23,534,159	-
Total long-term liabilities	<u>76,419</u>	<u>921,503</u>	<u>24,547,184</u>	<u>162,691</u>	<u>-</u>	<u>25,707,797</u>	<u>-</u>
Total liabilities	<u>9,062,633</u>	<u>6,356,087</u>	<u>27,641,762</u>	<u>369,273</u>	<u>-</u>	<u>43,429,755</u>	<u>838,528</u>
Deferred Inflows of Resources:							
OPEB deferrals	6,341	50,729	82,434	12,682	-	152,186	-
Pension deferral	715	3,116	10,423	610	-	14,864	-
Total deferred inflows of resources	<u>7,056</u>	<u>53,845</u>	<u>92,857</u>	<u>13,292</u>	<u>-</u>	<u>167,050</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	40,198,337	24,734,041	41,113,256	5,011,633	-	111,057,267	-
Unrestricted	(4,460,662)	33,932,997	18,796,710	1,268,850	197,368	49,735,263	1,024,721
Total net position	<u>\$ 35,737,675</u>	<u>\$ 58,667,038</u>	<u>\$ 59,909,966</u>	<u>\$ 6,280,483</u>	<u>\$ 197,368</u>	<u>160,792,530</u>	<u>\$ 1,024,721</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(1,172,832)	
Net position of business-type activities						<u>\$ 159,619,698</u>	

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Enterprise Funds					Total Enterprise Funds	Governmental Activities- Internal Service
	Major		Water and Sewer Fund	Non-Major			
	Airport Fund	Electric Fund		Civic Center Fund	Stormwater Fund		
OPERATING REVENUES							
Charges for sales and services	\$ 1,237,368	\$ 49,448,144	\$ 11,691,987	\$ 327,210	\$ -	\$ 62,704,709	\$ 5,411,767
Other operating revenues	-	1,217,975	595,296	-	-	1,813,271	-
Total operating revenues	<u>1,237,368</u>	<u>50,666,119</u>	<u>12,287,283</u>	<u>327,210</u>	<u>-</u>	<u>64,517,980</u>	<u>5,411,767</u>
OPERATING EXPENSES							
Airport operations	1,077,351	-	-	-	-	1,077,351	-
Electrical operations	-	4,888,998	-	-	-	4,888,998	-
Electrical power purchases	-	36,157,998	-	-	-	36,157,998	-
Water and sewer operations	-	-	7,701,250	-	-	7,701,250	-
Civic Center operations	-	-	-	919,960	-	919,960	-
Health expenses and insurance claims	-	-	-	-	-	-	4,639,395
Depreciation	1,136,543	1,380,750	3,789,023	132,511	-	6,438,827	-
Total operating expenses	<u>2,213,894</u>	<u>42,427,746</u>	<u>11,490,273</u>	<u>1,052,471</u>	<u>-</u>	<u>57,184,384</u>	<u>4,639,395</u>
Operating income (loss)	<u>(976,526)</u>	<u>8,238,373</u>	<u>797,010</u>	<u>(725,261)</u>	<u>-</u>	<u>7,333,596</u>	<u>772,372</u>
NONOPERATING REVENUES (EXPENSES)							
Interest income	23,374	620,644	480,631	40,708	797	1,166,154	45,928
Interest expense	-	-	(517,611)	-	-	(517,611)	-
Non-operating revenues	-	174,095	6,251	734	-	181,080	-
Loss on disposal	-	-	-	(2,100)	-	(2,100)	-
Total nonoperating revenues (expenses)	<u>23,374</u>	<u>794,739</u>	<u>(30,729)</u>	<u>39,342</u>	<u>797</u>	<u>827,523</u>	<u>45,928</u>
Income (loss) before capital contributions and transfers	<u>(953,152)</u>	<u>9,033,112</u>	<u>766,281</u>	<u>(685,919)</u>	<u>797</u>	<u>8,161,119</u>	<u>818,300</u>
Capital contributions	6,737,796	-	39,494	-	-	6,777,290	-
Transfers - in	-	-	-	733,581	196,571	930,152	-
Transfers - (out)	(42,463)	(229,604)	(517,924)	(23,362)	-	(813,353)	-
Change in net position (loss)	5,742,181	8,803,508	287,851	24,300	197,368	15,055,208	818,300
Net position, beginning of year (deficit)	29,995,494	49,863,530	59,622,115	6,256,183	-	145,737,322	206,421
Net position, end of year	<u>\$ 35,737,675</u>	<u>\$ 58,667,038</u>	<u>\$ 59,909,966</u>	<u>\$ 6,280,483</u>	<u>\$ 197,368</u>	<u>\$ 160,792,530</u>	<u>\$ 1,024,721</u>
Change of net position shown above						\$ 15,055,208	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds						<u>196,392</u>	
Change in net position - business-type activities						<u>\$ 15,251,600</u>	

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Enterprise Funds						Internal Service Funds
	Airport Fund	Major	Non-Major			Total Enterprise Funds	
		Electric Fund	Water and Sewer Fund	Civic Center Fund	Stormwater Fund		
Cash flows from operating activities:							
Cash received from customers	\$ 1,226,041	\$ 48,729,027	\$ 11,686,927	\$ 327,210	\$ -	\$ 61,969,205	\$ 5,413,475
Cash paid for goods and services	(2,231,819)	(44,429,515)	(4,626,568)	(347,927)	-	(51,635,829)	(5,267,625)
Cash paid to employees for services	(271,295)	(2,725,881)	(3,144,822)	(504,140)	-	(6,646,138)	-
Net cash provided (used) by operating activities	(1,277,073)	1,573,631	3,915,537	(524,857)	-	3,687,238	145,850
Cash flows from noncapital financing activities:							
Transfers from other funds	-	-	-	733,581	196,571	930,152	-
Due to other funds (advances)	7,024,087	-	-	-	-	7,024,087	-
Transfers to other funds	(42,463)	(229,604)	(517,924)	(23,362)	-	(813,353)	-
Net cash provided (used) by noncapital financing activities	6,981,624	(229,604)	(517,924)	710,219	196,571	7,140,886	-
Cash flows from capital and related financing activities:							
Acquisition of capital assets	(12,223,166)	(2,566,933)	(770,676)	(125,947)	-	(15,686,722)	-
Principal paid on long-term debt	-	-	(2,162,629)	-	-	(2,162,629)	-
Interest paid on long-term debt	-	-	(517,611)	-	-	(517,611)	-
Insurance proceeds and non-operating	-	174,095	6,251	-	-	180,346	-
Capital contributions	6,737,796	-	39,494	-	-	6,777,290	-
Net cash used by capital and related financing activities	(5,485,370)	(2,392,838)	(3,405,171)	(125,947)	-	(11,409,326)	-
Cash flows from investing activities:	24,315	616,343	474,854	40,023	797	1,156,332	45,928
Net increase (decrease) in cash and cash equivalents	243,496	(432,468)	467,296	99,438	197,368	575,130	191,778
Cash and cash equivalents, July 1	834,568	24,208,757	17,688,650	1,446,199	-	44,178,174	1,657,862
Cash and cash equivalents, June 30	\$ 1,078,064	\$ 23,776,289	\$ 18,155,946	\$ 1,545,637	\$ 197,368	\$ 44,753,304	\$ 1,849,640
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ (976,526)	\$ 8,238,373	\$ 797,010	\$ (725,261)	\$ -	\$ 7,333,596	\$ 772,372
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	1,136,543	1,380,750	3,789,023	132,511	-	6,438,827	-
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(11,327)	(7,428,393)	(600,356)	-	-	(8,040,076)	1,708
Decrease (increase) in inventory	(21,969)	(506,449)	(111,876)	-	-	(640,294)	-
Decrease (increase) in prepaids	-	(210,303)	-	-	-	(210,303)	-
Increase (decrease) in accounts payable	1,060,916	941	(26,623)	39,537	-	1,074,771	(324,723)
(Increase) decrease from/to other governments	(2,478,477)	-	14,376	-	-	(2,464,101)	-
(Decrease) in customer deposits	-	17,140	-	-	-	17,140	-
Increase in deferred outflows of resources - pensions	(22,017)	(176,138)	(286,223)	(44,035)	-	(528,413)	-
Increase in net pension liability	27,551	220,409	358,165	55,102	-	661,227	-
Increase (decrease) in deferred inflows of resources - pensions	385	(8,364)	(13,591)	(2,091)	-	(23,661)	-
Increase (decrease) in compensated absences	6,646	36,042	(20,006)	16,974	-	39,656	-
Increase (decrease) in deferred inflows of resources - OPEB	4,611	36,895	59,955	9,224	-	110,685	-
(Decrease) in total OPEB liability	(5,139)	(41,113)	(66,808)	(10,278)	-	(123,338)	-
(Decrease) in OPEB deferred outflow	1,730	13,841	22,491	3,460	-	41,522	-
Decrease in IBNR - health	-	-	-	-	-	-	(190,398)
Decrease in IBNR - worker's compensation	-	-	-	-	-	-	(113,109)
Total adjustments	(300,547)	(6,664,742)	3,118,527	200,404	-	(3,646,358)	(626,522)
Net cash provided (used) by operating activities	\$ (1,277,073)	\$ 1,573,631	\$ 3,915,537	\$ (524,857)	\$ -	\$ 3,687,238	\$ 145,850

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	<u>Statesville Connects Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,113
Donation receivable	<u>6</u>
Total assets	<u><u>\$ 1,119</u></u>
NET POSITION	
Reserved for utility donations	<u><u>\$ 1,119</u></u>

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Statesville Connects Fund
Additions	
Utility donations	\$ 2,483
Investment income	28
Total additions	2,511
Deductions	
Customer assistance	2,174
Total deductions	2,174
OTHER FINANCING SOURCES:	
Change in net position	337
Net position, beginning of year	782
Net position, end of year	\$ 1,119

The accompanying notes are an integral part of this statement.

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CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 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 non-major 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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 thirteen non-major funds. They are the Occupancy Tax Fund, Home Program Fund, Drug Enforcement Fund, Domestic Violence Grant Fund, Economic Development Fund, Secondary E-911 Fund, General Equipment Capital Reserve Fund, Streetscape Capital Fund, Transportation Grant – TAP Fund, Brookdale NC – 21 Connector Fund, Shelton Avenue Multi-Use Path Fund, Municipal Service Center Fund, and the Bethlehem Road Capital Project Fund.

Non-major Enterprise Funds – The Civic Center Fund is a non-major enterprise fund for civic center activities such as weddings, musical events, meetings, and other special events. The Stormwater Fund is used to account for the City's stormwater operations. The Stormwater Fund is a non-major enterprise fund for stormwater operations.

The City reports the following fund types:

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

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

Expenditures may not legally exceed budgeted appropriations at the departmental level for all annually budgeted funds, funding source level for multi-year capital project funds, and fund level for enterprise capital project funds. 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.

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, and the ABC Board's, and the CVB's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Governmental Portfolio, an SEC-registered (2a-7) governmental money market fund, is measured at fair value. The NCCMT-Term Portfolio's securities are valued at fair value.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 \$1,116,374 held by the Electric Fund and Planning Department deposits of \$6,812 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, 2018.

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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 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, 2019. 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 two items, deferral related to pension and OPEB deferrals, in the current year that meet this criterion. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net 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, OPEB deferrals and pension deferrals.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Fund Balances

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

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

Restricted for 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 \$14,623 for the funding of the Law Enforcement Officers' Special Separation Allowance pension. The City Council also has committed \$6,648,648 for the funding of capital outlay within various capital projects.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

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.

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, and City funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

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.

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 OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

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, 2019, the City's deposits had a carrying amount of \$8,139,854 and a bank balance of \$8,345,926. The City maintained \$3,775 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 under the Pooling Method.

At June 30, 2019, the Statesville Convention and Visitors Bureau's deposits had a carrying amount of \$102,577 and a bank balance of \$102,596 all of which was covered by federal depository insurance. The Statesville Convention and Visitors Bureau maintained an investment with the NCCMT governmental fund of \$97,003 (see investment note).

At June 30, 2019, the ABC Board's deposits had a carrying amount of \$783,101 and a bank balance of \$694,968. ABC maintained \$9,600 in change funds. Of the bank balance, \$250,000 was covered by federal depository insurance. Amounts in excess of FDIC insurance are collateralized under the Pooling Method.

The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

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

Level of Fair Value Hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. 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 rate 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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Concentration of Credit Risk. The City's investment policy limits the amount that the City may invest in any one issuer. With the exception of US treasuries securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type and no more than 33% with a single financial institution. Less than 20% of the City's investments are in US government agencies; Federal Home Loan Bank and Federal National Mortgage Association, 11.97%, and 12.25%, respectively. The City is in compliance with the policy.

As of June 30, 2019, the City's investment balances were as follows:

Investment Type	Valuation		Less 6 Months	6-12 Months	1-3 years
	Measurement Method	Fair Value			
US Government Treasuries	Fair Value Level 1	\$ 6,963,670	\$ -	\$ 3,975,220	\$ 2,988,450
US Government Agencies	Fair Value Level 2	21,699,924	8,974,790	6,983,820	5,741,314
Commercial Paper	Cost	2,973,011	2,973,011	-	-
NCCMT Government Portfolio	Fair Value Level 1	22,658,735	22,658,735	-	-
NCCMT Term Portfolio	Fair Value Level 1	10,384,334	10,384,334	-	-
Total		<u>\$ 64,679,674</u>	<u>\$ 44,990,870</u>	<u>\$ 10,959,040</u>	<u>\$ 8,729,764</u>

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Receivables - Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2019 were as follows:

	Accounts Receivable	Taxes Receivable	Due from Other Governments	Total
Governmental activities:				
General Fund	\$ 827,420	\$ 642,816	3,302,979	\$ 4,773,215
Non-Major funds/internal service	200,983	-	99,621	300,604
Total receivables	1,028,403	642,816	3,402,600	5,073,819
Allowance for doubtful accounts	(789,687)	(438,814)	-	(1,228,501)
Total governmental activities	\$ 238,716	\$ 204,002	\$ 3,402,600	\$ 3,845,318
Business-type activities:				
Airport	\$ 97,629	\$ -	\$ 3,388,397	\$ 3,486,026
Electric	8,810,901	-	-	8,810,901
Water and Sewer	2,629,619	-	-	2,629,619
Total receivables	11,538,149	-	3,388,397	14,926,546
Allowance for doubtful accounts	(1,312,559)	-	-	(1,312,559)
Total business-type activities:	\$ 10,225,590	\$ -	\$ 3,388,397	\$ 13,613,987

Amounts due from governmental agencies consist of the following:

	Other Govt	State	Total
Governmental activities, net:			
Sales tax refund and use tax distribution	\$ -	\$ 2,443,211	\$ 2,443,211
Utility tax, telecommutations, video programming	-	581,590	581,590
Grants receivable	-	162,980	162,980
Other government	214,819	-	214,819
Total governmental activities	\$ 214,819	\$ 3,187,781	\$ 3,402,600
Business-type activities:			
Grants receivable	\$ -	\$ 3,388,397	\$ 3,388,397
Total business-type activities:	\$ -	\$ 3,388,397	\$ 3,388,397

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 11,331,022	\$ -	\$ -	\$ -	\$ 11,331,022
Construction in progress	445,843	608,946	-	(138,678)	916,111
Total capital assets not being depreciated	11,776,865	608,946	-	(138,678)	12,247,133
Capital assets being depreciated:					
Buildings	19,926,713	25,459	-	-	19,952,172
Communications and computers	1,595,970	223,160	-	-	1,819,130
Infrastructure and other improvements	46,310,316	1,310,627	-	206,537	47,827,480
Vehicles	14,053,858	947,288	159,135	35,362	14,877,373
Total capital assets being depreciated:	81,886,857	2,506,534	159,135	241,898	84,476,155
Less accumulated depreciation for:					
Buildings	8,389,687	520,669	-	-	8,910,356
Computers and office equipment	1,001,274	86,680	-	-	1,087,954
Infrastructure and other improvements	29,096,782	2,522,030	-	67,859	31,686,671
Vehicles	9,690,798	725,887	159,135	35,362	10,292,912
Total accumulated depreciation	48,178,541	\$ 3,855,266	\$ 159,135	\$ 103,221	51,977,893
Total capital assets being depreciated, net	33,708,316				32,498,261
Governmental activity capital assets, net	\$ 45,485,181				\$ 44,745,394

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

Governmental Functions:

General government	\$ 266,342
Public safety	710,911
Transportation	2,262,087
Environmental protection	184,152
Culture and recreation	431,774
Total depreciation expense governmental functions	\$ 3,855,266

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

	June 30, 2018	Additions	Retirements	Transfers	June 30, 2019
Airport:					
Capital assets not being depreciated:					
Land	\$ 12,055,345	\$ -	\$ -	\$ -	\$ 12,055,345
Construction in progress	1,459,480	6,736,054	-	-	8,195,534
Total assets not being depreciated	13,514,825	6,736,054	-	-	20,250,879
Capital assets being depreciated:					
Buildings	1,792,268	5,474,161	-	-	7,266,429
Airport improvements	23,886,041	-	4,486	-	23,881,555
Other	1,062,693	12,951	-	-	1,075,644
Vehicles and equipment	34,038	-	-	-	34,038
Total Capital assets being depreciated:	26,775,040	5,487,112	4,486	-	32,257,666
Less accumulated depreciation for:					
Buildings	1,245,848	218,796	-	-	1,464,644
Airport improvements and equipment	9,169,636	873,122	4,486	-	10,038,272
Other	742,033	42,776	-	-	784,809
Vehicles	20,634	1,849	-	-	22,483
Total accumulated depreciation	11,178,151	1,136,543	4,486	-	12,310,208
Total capital assets being depreciated, net	15,596,889				19,947,458
Total Airport Fund capital assets, net	29,111,714				40,198,337
Electric Fund:					
Capital assets not being depreciated:					
Land	18,100	-	-	-	18,100
Construction work in progress	-	45,625	-	-	45,625
Total assets not being depreciated	18,100	45,625	-	-	63,725
Capital assets being depreciated:					
Plant in service	42,627,017	2,422,656	1,383,013	-	43,666,660
Vehicles and equipment	5,127,102	98,652	-	(20,148)	5,205,606
Total capital assets being depreciated:	47,754,119	2,521,308	1,383,013	(20,148)	48,872,266
Less accumulated depreciation for:					
Plant in service	22,025,531	1,021,566	1,383,013	-	21,664,084
Vehicles and equipment	2,198,830	359,184	-	(20,148)	2,537,866
Total accumulated depreciation	24,224,361	1,380,750	1,383,013	(20,148)	24,201,950
Total capital assets being depreciated, net	23,529,758				24,670,316
Total Electric Fund capital assets, net	23,547,858				24,734,041

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

	June 30, 2018	Additions	Retirements	Transfers	June 30, 2019
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	1,511,212	-	-	-	1,511,212
Construction work in progress	-	193,768	-	(112,068)	81,700
Total assets not being depreciated	1,511,212	193,768	-	(112,068)	1,592,912
Capital assets being depreciated:					
Plant in service - Water System	48,722,399	-	-	111,108	48,833,507
Plant in service - Sewer System	71,862,842	-	-	960	71,863,802
Vehicles and equipment	4,249,696	576,908	-	(83,073)	4,743,531
Total capital assets being depreciated:	124,834,937	576,908	-	28,995	125,440,840
Less accumulated depreciation for:					
Plant in service - Water System	25,962,555	1,092,329	-	-	27,054,884
Plant in service - Sewer System	27,604,796	2,479,110	-	-	30,083,906
Vehicles and equipment	3,328,452	217,584	-	(83,073)	3,462,963
Total accumulated depreciation	56,895,803	3,789,023	-	(83,073)	60,601,753
Total capital assets being depreciated, net	67,939,134				64,839,087
Total Water and Sewer Fund capital assets, net	69,450,346				66,431,999
Civic Center Fund:					
Capital assets not being depreciated:					
Land	2,638,669	53,874	-	-	2,692,543
Construction work in progress	2,100	-	2,100	-	-
Total assets not being depreciated	2,640,769	53,874	2,100	-	2,692,543
Capital assets being depreciated:					
Buildings	4,699,300	66,018	-	-	4,765,318
Improvements and equipment	607,705	6,055	-	-	613,760
Vehicles	10,221	-	-	-	10,221
Total capital assets being depreciated:	5,317,226	72,073	-	-	5,389,299
Less accumulated depreciation for:					
Buildings	2,397,508	122,033	-	-	2,519,541
Improvements and equipment	529,969	10,478	-	-	540,447
Vehicles and equipment	10,221	-	-	-	10,221
Total accumulated depreciation	2,937,698	132,511	-	-	3,070,209
Total capital assets being depreciated, net	2,379,528				2,319,090
Total Civic Center Fund capital assets, net	5,020,297				5,011,633
Business-type activities capital assets, net	<u>\$127,130,216</u>				<u>\$ 136,376,010</u>

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Discretely Presented Component Units

Activity for the ABC Board for the year ended June 30, 2019 was as follows:

	June 30, 2018	Additions	Retirements	Transfers	June 30, 2019
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	65,823	-	-	422,630
Total capital assets being depreciated:	2,023,941	65,823	-	-	2,089,764
Less accumulated depreciation for:					
Buildings	586,706	37,954	-	-	624,660
Furniture and equipment	303,380	18,734	-	-	322,114
Total accumulated depreciation	890,086	\$ 56,688	\$ -	\$ -	946,774
Total ABC capital assets, net	<u>\$ 1,368,905</u>				<u>\$ 1,378,040</u>

Construction Commitments:

The City of Statesville active construction and software implementation projects as of June 30, 2019 are as follows:

<u>Project</u>	<u>Project Authorization</u>	<u>Remaining Commitment</u>
<i>General Government:</i>		
Streetscape Capital Project	\$ 9,317,133	\$ 445,134
Transportation Grant - TAP	1,670,000	1,568,351
Brookdale NC-21 Connector	2,727,500	2,478,427
Shelton Avenue Multi-Use Path	753,750	753,750
Municipal Service Center	685,000	490,818
Bethlehem Road Capital Project	5,100,000	5,100,000
<i>Aiport Fund:</i>		
Airport Improvement Fund	6,655,520	1,534,364
Parallel Taxiway Project	9,850,000	1,901,571
Glideslope and Localizer Project	750,000	677,366
<i>Electric Fund:</i>		
Electric Utility Capital Reserve	199,500	199,500
<i>Water and Sewer Fund:</i>		
I-77 Rest Area Project	5,848,391	78,401

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Payables

Payables at the government-wide level at June 30, 2019 were as follows:

	Vendors IBNR	Salaries & Benefits	Total
All governmental activities	\$ 1,819,733	\$ 727,965	\$ 2,547,698
Business-type activities:			
Airport	\$ 1,882,600	\$ 15,677	\$ 1,898,277
Electric	4,068,144	96,680	4,164,824
Water and Sewer	243,893	101,712	345,605
Civic Center	40,271	17,321	57,592
Total business-type activities	\$ 6,234,908	\$ 231,390	\$ 6,466,298

Pension Plan Obligations

a. North Carolina Local Government Employees' Retirement System

Plan Description. The City of Statesville and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. 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).

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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, 2019, was 8.50% of compensation for law enforcement officers and 7.82% 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 \$1,543,698 for the year ended June 30, 2019.

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

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

At June 30, 2019, the City reported a liability of \$7,080,255 for its proportionate share of the net pension liability and the ABC Board reported \$73,306. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the City's proportion was .29845%, which was an increase of .01534% from its proportion measured as of June 30, 2017.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

For the year ended June 30, 2019, the City recognized pension expense of \$1,992,545. At June 30, 2019, 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	\$ 1,092,315	\$ 36,653
Changes of assumptions	1,878,826	-
Net difference between projected and actual earnings on pension plan investments	971,909	
Changes in proportion and differences between employer contributions and proportionate share of contributions	119,500	22,804
Employer contributions subsequent to the measurement date	1,543,698	-
	\$ 5,606,248	\$ 59,457

\$1,543,698 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, 2020. 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:

2020	\$	1,909,166
2021		1,252,264
2022		256,013
2023		585,650
Thereafter		-
	\$	4,003,093

Actuarial Assumptions. The total pension liability in the December 31, 2017 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2017 valuation were based on the results of an actuarial experience

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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 7.00%. 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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 17,007,385	\$ 7,080,255	\$ (1,215,011)

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, 2017, the Separation Allowance's membership consisted of:

	City	ABC Board
Inactive members currently receiving benefits	10	1
Active plan members	82	1
Total	92	2

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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

Actuarial Assumptions – The entry age actuarial normal cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 203% for males and 99% for females.

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 \$124,758 and the ABC Board paid \$3,678 as benefits came due for the reporting period.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

At June 30, 2019, the City reported a total pension liability of \$2,306,764. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$231,562.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 151,063	\$ -
Changes in assumptions and other inputs	88,037	100,378
Benefit payments subsequent to the measurement date	63,000	-
	\$ 302,100	\$ 100,378

\$63,000 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 35,453
2021	35,453
2022	35,453
2023	39,549
2024	(7,186)
Thereafter	-
	\$ 138,722

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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 2,500,390	\$ 2,306,764	\$ 2,130,952

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

	2019
Schedule of Changes in Total Pension Liability	
Law Enforcements' Special Separation Allowance	
Beginning Balance Total Pension Liability	\$ 2,281,664
Changes for the year:	
Service cost at end of year	125,980
Interest	70,129
Difference between expected and actual experience	44,390
Changes in assumptions and other inputs	(90,641)
Benefit payments	(124,758)
Net changes	25,100
Ending Balance Total Pension Liability	\$ 2,306,764

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 the in December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

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	\$ 1,992,545	\$ 231,562	\$ 2,224,107
Pension Liability	7,080,255	2,306,764	9,387,019
Proportionate share of the net pension liability	0.29845%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	1,092,315	151,063	1,243,378
Changes of assumptions	1,878,826	88,037	1,966,863
Net difference between projected and actual earnings on plan investments	971,909	-	971,909
Changes in proportion and differences between contributions and proportionate share of contributions	119,500	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	1,543,698	63,000	1,606,698
Deferred of Inflows of Resources			
Differences between expected and actual experience	36,653	-	36,653
Changes of assumptions	-	100,378	100,378
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	22,804	-	22,804

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

Funding Policy. Article 12E of G.S. Chapter 143 required the City to contribute each month an amount equal to 5% 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, 2019, was \$205,005. No amounts were forfeited. The City provides a Section 401(k) plan for this purpose. The ABC Board's contributions for the year ended June 30, 2019 was \$19,211.

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%.

Other Post-Employment 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, 2018, the date of the latest actuarial valuation:

	City
Inactive members or beneficiaries currently receiving benefits	14
Active members	372
Total	386

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Total OPEB Liability

The City's total OPEB liability of \$1,661,965 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary Increases	3.50 to 7.75 percent, including wage inflation
Discount rate	3.89 percent
Health Care Cost Trends:	
Pre-Medicare	7.25 percent for 2018 decreasing to an ultimate Rate of 4.75% by 2028

Changes in the Total OPEB Liability

Total OPEB Liability as of July 1, 2018	\$ 2,175,876
Changes for the year:	
Service Cost at the end of year	98,830
Interest	74,873
Changes in benefit terms	-
Difference between expected and actual experience	(118,327)
Changes in assumptions and other inputs	(422,577)
Benefit payments	(146,710)
Other	-
	<hr/>
Net Changes	(513,911)
	<hr/>
Total OPEB Liability End of Fiscal Year:	<u>\$ 1,661,965</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS board.

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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$ 1,817,629	\$ 1,661,965	\$ 1,523,078

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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	\$ 1,494,844	\$ 1,661,965	\$ 1,860,703

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$100,224. At June 30, 2019, 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	\$ -	\$ 165,995
Benefit payments made and administrative expenses incurred subsequent to the measurement date	86,928	-
Changes in assumptions and other inputs	-	468,116
	\$ 86,928	\$ 634,111

\$86,928 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Year ended June 30:	
2020	\$ (79,715)
2021	(79,715)
2022	(79,715)
2023	(79,715)
2024	(79,715)
Thereafter	(235,536)
	\$ (634,111)

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

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
LGERS contributions to pension plan in current fiscal year	\$ 1,543,698
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	63,000
OPEB benefit payments made subsequent to measurement date	86,928
Differences between expected and actual experience	1,243,378
Changes in assumptions	1,966,863
Net difference between projected and actual earnings on pension plan	971,909
Changes in proportion and differences between employer contributions and proportionate share of contributions	119,500
Total Deferred Outflows	\$ 5,995,276

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>	<u>Nonmajor Funds</u>
Prepaid taxes	\$ 39,538	\$ 39,538	\$ -
Property taxes - General Fund	-	204,002	-
Other recievables	-	42,700	171,861
Changes in assumptions	569,922	-	-
Pensions differences between expected and actaul experience	36,653	-	-
OPEB difference between expected and actual experience	165,995	-	-
Changes in proportion and differences between employer and proportionate share of contributions	21,376	-	-
Total Deferred Inflows	\$ 833,484	\$ 286,240	\$ 171,861

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

- 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 \$447,193 reported in the fund at June 30, 2019 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 \$447,193 claims liability represents total estimated claims incurred but not reported (IBNR), as provided by the plan administrator's actuary.

- c. *Self-funded Workers' Compensation.* The City is self-funded for workers' compensation. Through this self-funded workers' compensation program, the City obtains workers' compensation coverage up to the statutory limits, with no deductible. The workers' 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 \$217,538 reported in the fund at June 30, 2019 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 \$217,538 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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Claims and Judgments

At June 30, 2019, 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.

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, 2019 reported the following outstanding long-term debt:

The ABC Board has a note payable with a bank secured by real estate. At June 30, 2019, the outstanding balance was \$618,646. Monthly payments of principal and interest are \$5,265 per month. The note bears interest rate of 3.25% per annum. Maturity is on May 24, 2021. Maturities are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 43,720	\$ 19,459
2021	<u>574,926</u>	<u>16,571</u>
Total	<u>\$ 618,646</u>	<u>\$ 36,030</u>

The ABC Board has a line of credit with a bank that is unsecured. At June 30, 2019, the outstanding balance was \$0. The note bears interest at 4.125% per annum and matures on December 31, 2048.

The ABC Board's accumulated vacation at June 30, 2019 was \$44,921. The current portion of the accumulated vacation pay is not considered material. The CVB's accumulated vacation at June 30, 2019 was \$1,183.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

Serviced by the General Fund:

Original issue \$7,000,000, Recovery Zone Economic Development bonds payable to Branch \$ 1,400,000
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.

Original issue \$1,947,000, Recovery Zone Economic Development bonds payable to Bank of 194,700
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.

Total Serviced by the General Fund: \$ 1,594,700

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 \$ 450,000
annual installments of \$150,000 beginning in 2004 through 2022, plus applicable interest.

2.87% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 19 \$ 493,612
annual installments of \$123,403 beginning in 2004 through 2023, plus applicable interest.

2.66% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 20 \$ 5,096,888
annual installments of \$728,127 beginning in 2007 through 2026, plus applicable interest.

2.00% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 20 \$ 15,499,167
annual installments of \$968,698 beginning in 2007 through 2026, plus applicable interest.

No interest rate note payable to the state of North Carolina Clean Water State Revolving Loan Fund \$ 3,779,076
in 20 annual installments beginning with \$237,247 reduced to \$192,401 and annual of \$222,999
thereafter through 2036.

Total clean water state revolving funds \$ 25,318,743

Total Outstanding Debt \$ 26,913,443

The City's outstanding notes from direct placements related to governmental activities is \$1,594,700.

A note of \$1,400,000 which is secured with collateral of the items being created with the debt contains a provision that an event of default would result in: (1) the timing of repayment of outstanding amounts become immediately due; (2) enforce the City's performance of the applicable covenants of the agreement or recover for the breach thereof; (3) pay over any balance remaining in any applicable project funds to be applied against outstanding required payments in any manner the bank may reasonably deem appropriate; and (4) avail itself of all available remedies under the agreement, including execution and foreclosure under execution on personal property or foreclosure and recovery of attorney's fees and other expenses.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

A note of \$194,700 which is secured with collateral of the items being created with the debt contains a provision that an event of default would result in: (1) the timing of repayment of outstanding amounts become immediately due; (2) enforce the City's performance of the applicable covenants of the agreement or recover for the breach thereof; (3) pay over any balance remaining in any applicable project funds to be applied against outstanding required payments in any manner the bank may reasonably deem appropriate; and (4) avail itself of all available remedies under the agreement, including execution and foreclosure under execution on personal property or foreclosure and recovery of attorney's fees and other expenses.

The City's outstanding notes from direct borrowings related to business-type activities if \$25,318,743.

A direct borrowing note of \$450,000 which is secured with collateral of items being created with the debt contains a provision that states, failure to adopt on or before completion of project, place into effect and agree to maintain the principal sum is paid, a schedule of fees that will adequately provide for proper operation, maintenance and administrations of the project and for repayment of all principal of and interest on loans. In the event of default, monies owed to the City by the State of North Carolina may be used to satisfy the debt requirement.

A direct borrowing note of \$493,612 which is secured with collateral of items being created with the debt contains a provision that states, failure to adopt on or before completion of project, place into effect and agree to maintain the principal sum is paid, a schedule of fees that will adequately provide for proper operation, maintenance and administrations of the project and for repayment of all principal of and interest on loans. In the event of default, monies owed to the City by the State of North Carolina may be used to satisfy the debt requirement.

A direct borrowing note of \$5,096,888 which is secured with collateral of items being created with the debt contains a provision that states, failure to adopt on or before completion of project, place into effect and agree to maintain the principal sum is paid, a schedule of fees that will adequately provide for proper operation, maintenance and administrations of the project and for repayment of all principal of and interest on loans. In the event of default, monies owed to the City by the State of North Carolina may be used to satisfy the debt requirement.

A direct borrowing note of \$15,499,167 which is secured with collateral of items being created with the debt contains a provision that states, failure to adopt on or before completion of project, place into effect and agree to maintain the principal sum is paid, a schedule of fees that will adequately provide for proper operation, maintenance and administrations of the project and for repayment of all principal of and interest on loans. In the event of default, monies owed to the City by the State of North Carolina may be used to satisfy the debt requirement.

A direct borrowing note of \$3,779,076 which is secured with collateral of items being created with the debt contains a provision that states, failure to adopt on or before completion of project, place into effect and agree to maintain the principal sum is paid, a schedule of fees that will adequately provide for proper operation, maintenance and administrations of the project and for repayment of all principal of and interest on loans. In the event of default, monies owed to the City by the State of North Carolina may be used to satisfy the debt requirement.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

	Notes Payable		Total Debt
	Principal	Interest	Payment
<u>Governmental activities:</u>			
2020	\$ 894,700	\$ 46,543	\$ 941,243
2021	700,000	12,250	712,250
Total Governmental	1,594,700	58,793	1,653,493
<u>Business-type activities - Water and Sewer Fund:</u>			
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	1,919,123	290,592	2,209,715
2025-2029	7,411,237	929,933	8,341,170
2030-2036	7,368,279	406,853	7,775,132
Total Water and Sewer Fund	25,318,743	3,235,984	28,554,727
Total Business-type	25,318,743	3,235,984	28,554,727
TOTAL DEBT	\$ 26,913,443	\$ 3,294,777	\$ 30,208,220

At June 30, 2019, the City of Statesville's legal debt margin is \$247,817,000.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

	Beginning Balance	Additions	Decreases	Ending Balance	Current Portion of Balance	Long-term Portion of Balance
Governmental Activities:						
General Fund:						
Notes Payable from						
direct placements	\$ 2,489,400	\$ -	\$ 894,700	\$ 1,594,700	\$ 894,700	\$ 700,000
Net Pension Liability (LGERS)	3,211,599	2,093,891	-	5,305,490	-	5,305,490
Total OPEB Liability	1,653,666	-	390,574	1,263,092	-	1,263,092
Total Pension Liability (LEOSSA)	2,281,664	25,100	-	2,306,764	-	2,306,764
Compensated Absences	2,484,555	658,135	828,759	2,313,931	2,221,374	92,557
Total Governmental Activities	<u>\$ 12,120,884</u>	<u>\$ 2,777,126</u>	<u>\$ 2,114,033</u>	<u>\$ 12,783,977</u>	<u>\$ 3,116,074</u>	<u>\$ 9,667,903</u>
Business-Type Activities:						
Airport Fund:						
Net Pension Liability (LGERS)	22,005	27,551	-	49,556	-	49,556
Total OPEB Liability	21,759	-	5,139	16,620	-	16,620
Compensated Absences	10,425	12,853	6,207	17,071	6,828	10,243
Total Airport Fund	54,189	40,404	11,346	83,247	6,828	76,419
Electric Fund:						
Net Pension Liability (LGERS)	338,059	220,409	-	558,468	-	558,468
Total OPEB Liability	174,070	-	41,113	132,957	-	132,957
Compensated Absences	347,422	139,387	103,345	383,464	153,386	230,078
Total Electric Fund	859,551	359,796	144,458	1,074,889	153,386	921,503
Water and Sewer Fund:						
Notes Payable from						
direct borrowings	27,481,372	-	2,162,629	25,318,743	2,192,526	23,126,217
Net Pension Liability (LGERS)	681,388	358,165	-	1,039,553	-	1,039,553
Total OPEB Liability	282,864	-	66,808	216,056	-	216,056
Compensated Absences	295,602	99,724	119,730	275,596	110,238	165,358
Total Water and Sewer Fund	28,741,226	457,889	2,349,167	26,849,948	2,302,764	24,547,184
Civic Center Fund:						
Net Pension Liability (LGERS)	72,086	55,102	-	127,188	-	127,188
Total OPEB Liability	43,518	-	10,278	33,240	-	33,240
Compensated Absences	39,611	35,478	18,504	56,585	54,322	2,263
Total Civic Center Fund	155,215	90,580	28,782	217,013	54,322	162,691
Toal Business-Type Activities	<u>\$ 29,810,181</u>	<u>\$ 948,669</u>	<u>\$ 2,533,753</u>	<u>\$ 28,225,097</u>	<u>\$ 2,517,300</u>	<u>\$ 25,707,797</u>

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

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

B. 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, 2019 consist of the following:

From Occupancy Fund to Civic Center support	\$	733,581
From Airport Fund to General Fund for payments in lieu of taxes		42,463
From Electric Fund to General Fund for payments in lieu of taxes		102,394
From Electric Fund to Streetscape Capital Project Fund for capital expenditures		127,210
From Water and Sewer Fund to General Fund for payment in lieu of taxes		286,353
From Water and Sewer Fund to Streetscape Capital Project Fund for capital expenditures		-
From Civic Center Fund to General Fund for payment in lieu of taxes		23,362
		23,362
	\$	116,799

Interfund balances at June 30, 2019 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<i>Due to/from other funds:</i>		
General Fund	Airport Fund	\$ 1,549,926
General Fund	Domestic Violence Grant Fund	23,198
 <i>Advances to/from other funds:</i>		
Electric Fund	Airport Fund	5,474,161
Total		\$ 7,047,285

The \$5,474,161 interfund loan between the Electric Fund and the Airport Fund will be repaid over 15 years. The total amount for the loan is shown as an advance to to/from other funds. The balance as of June 30, 2019 was \$5,474,161. The amounts due to the General Fund from the Airport Fund and Domestic Violence Grant Fund is due to timing of grant revenues.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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, 2019 totaled \$35,440,188 to the Agency, \$707,245 to the Southeast Power Agency and \$10,564 for customer's co-generation for a total of \$36,157,997.

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 \$6,190 to the COG during the fiscal year ended June 30, 2019.

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, 2019. 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.

CITY OF STATESVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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	\$ 44,745,394	\$ 136,376,010
less: long-term debt	1,594,700	25,318,743
Net investment in capital assets	\$ 43,150,694	\$ 111,057,267

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	\$ 21,264,083
Less: Inventory	29,022
Stabilization by state statute	5,115,845
Separation Allowance-law enforcement	14,623
Prepays	9,214
Unassigned-available for appropriations	16,095,379

**CITY OF STATESVILLE, NORTH CAROLINA
REQUIRED SUPPLEMENTARY
FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

- City's Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- City's Contributions for Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability for the Law Enforcement Officer's Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officer's Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios

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CITY OF STATESVILLE, NORTH CAROLINA
CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST SIX FISCAL YEARS*

	Local Government Employees' Retirement System					
	June 30					
	2019	2018	2017	2016	2015	2014
Proportionate share of net pension liability (asset) (%)	0.29845%	0.28311%	0.28086%	0.28086%	0.28690%	0.28690%
Proportionate share of net pension liability (asset) (\$)	\$ 7,080,255	\$ 4,325,137	\$ 5,888,631	\$ 1,260,485	\$ (1,659,191)	\$ (1,659,191)
City's covered payroll	\$ 18,850,298	\$ 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 payroll	37.56%	24.59%	35.78%	7.73%	-10.35%	-10.48%
Plan fiduciary net pension as a percentage of the total pension liability**	91.63%	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.

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

**CITY OF STATESVILLE, NORTH CAROLINA
CITY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST SIX FISCAL YEARS**

Local Government Employees' Retirement System

	June 30					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,543,698	\$ 1,447,773	\$ 1,315,412	\$ 1,126,523	\$ 1,165,415	\$ 1,140,919
Contributions in relation to the contractually required contribution	1,543,698	1,447,773	1,315,412	1,126,523	1,165,415	1,140,919
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 19,384,497	\$ 18,850,298	\$ 17,591,482	\$ 16,458,629	\$ 16,309,037	\$ 16,030,322
Contributions as a percentage of covered employee payroll	7.96%	7.68%	7.48%	6.84%	7.15%	7.12%

Note: This schedule is intended to show information for ten year. Additional years' information will be displayed as it become available.

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,281,664	\$ 1,929,764	\$ 1,937,151
Service cost	125,980	95,883	102,230
Interest on the total pension liability	70,129	72,159	66,877
Differences between expected and actual experience in the measurement of the total pension liability	44,390	171,979	-
Changes of assumptions or other inputs	(90,641)	132,613	(48,826)
Benefit payments	<u>(124,758)</u>	<u>(120,734)</u>	<u>(127,668)</u>
Ending balance of the total pension liability	<u>\$ 2,306,764</u>	<u>\$ 2,281,664</u>	<u>\$ 1,929,764</u>

Notes to the Schedules:

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

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

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,306,764	\$ 2,281,664	\$ 1,929,764
Covered payroll	4,156,675	3,706,169	3,735,880
Total pension liability as a percentage of covered payroll	55.50%	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.

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

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability:		
Service cost	\$ 98,829	\$ 107,392
Interest	74,873	66,822
Difference between expected and actual experience	(118,327)	(77,511)
Changes in assumptions and other inputs	(422,577)	(116,839)
Benefit payments	<u>(146,710)</u>	<u>(47,642)</u>
Net changes	(513,912)	(67,778)
Total OPEB liability, beginning of fiscal year:	<u>2,175,877</u>	<u>2,243,655</u>
Total OPEB liability, end of fiscal year:	<u>\$ 1,661,965</u>	<u>\$ 2,175,877</u>
Covered payroll	\$ 17,470,359	\$ 14,570,229
Total OPEB liability as a percentage of covered payroll	9.51%	14.93%

Notes to Required Schedule:

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.

<u>Fiscal Year</u>	<u>Rate</u>
2019	3.89%
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.

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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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
REVENUES:			
Ad valorem property taxes:			
Ad valorem taxes (city-wide)	\$ 14,392,899	\$ 14,688,070	\$ 295,171
Prior years ad valorem taxes (city-wide)	200,000	181,520	(18,480)
Ad valorem taxes (special districts)	119,042	116,069	(2,973)
Penalties and interest	125,721	98,721	(27,000)
Total ad valorem property taxes	14,837,662	15,084,380	246,718
Other taxes and licenses:			
Gross receipt tax	45,736	54,766	9,030
Privilege licenses - beer and wine	2,500	2,755	255
Total other taxes and licenses	48,236	57,521	9,285
Unrestricted intergovernmental revenues:			
Local sales tax	7,130,000	7,317,507	187,507
Electric/natural gas tax	1,900,000	2,137,212	237,212
State beer and wine tax	110,000	111,464	1,464
Telecommunication tax	231,000	205,335	(25,665)
Video programming tax	136,000	129,952	(6,048)
ABC profit distribution	100,000	211,372	111,372
ABC law enforcement distribution	-	12,702	12,702
ABC liquor by the drink	40,000	18,130	(21,870)
Total unrestricted intergovernmental	9,647,000	10,143,674	496,674
Restricted intergovernmental:			
Powell Bill allocation	746,059	736,939	(9,120)
Solid waste tax	17,000	19,166	2,166
On-behalf-of-payments - fire	25,000	-	(25,000)
Fire SAFER grant	210,480	122,486	(87,994)
JAG and other law enforcement grants	44,989	18,825	(26,164)
Federal interest subsidy for debt interest	48,234	29,970	(18,264)
N.C. Governor's Crime Commission	16,910	-	(16,910)
COPS grant	265,999	206,535	(59,464)
Total restricted intergovernmental	1,374,671	1,133,921	(240,750)
Permits and fees:			
Planning and zoning fees	25,000	25,157	157
Nuisance abatements	15,900	26,978	11,078
Court fees	11,000	6,883	(4,117)
Parking violations	20,000	24,937	4,937
Civil citations	2,500	700	(1,800)
Fire inspection fees	75,000	60,682	(14,318)
Street cut permits	100	100	-
Total permits and fees	149,500	145,437	(4,063)

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
REVENUES (Continued):			
Sales and services:			
Statesville Housing Authority police protection	37,495	55,469	17,974
School System resource police officers	192,770	94,779	(97,991)
Assessment interest	500	-	(500)
Assessment revenues	1,000	-	(1,000)
Solid Waste Residential Fees	950,000	1,050,072	100,072
Commercial Sanitation Fee	136,000	139,961	3,961
Recycling revenue	6,000	963	(5,037)
Internal charges	8,220	10,188	1,968
Recreation-general	103,000	70,666	(32,334)
Civic Center sales	15,450	6,265	(9,185)
Recreation-Fitness/Activity Center	360,500	258,713	(101,787)
SFAC employee membership	6,000	13,181	7,181
Recreation-pool sales	164,800	185,817	21,017
Sale of cemetery lots	80,000	73,550	(6,450)
Grave fees	80,000	74,800	(5,200)
Memorial trees	1,500	-	(1,500)
Total sales and services	<u>2,143,235</u>	<u>2,034,424</u>	<u>(108,811)</u>
Investment earnings:			
Earned interest	<u>220,000</u>	<u>499,404</u>	<u>279,404</u>
Total investment earnings	<u>220,000</u>	<u>499,404</u>	<u>279,404</u>
Miscellaneous:			
Insurance proceeds	10,000	9,023	(977)
Sale of capital assets	15,000	53,355	38,355
Donations sculpture park	11,260	9,760	(1,500)
Donations	19,300	10,000	(9,300)
Sale of material and labor	3,000	2,330	(670)
Miscellaneous other	132,500	143,119	10,619
Total miscellaneous	<u>191,060</u>	<u>227,587</u>	<u>36,527</u>
Total revenues	<u>28,611,364</u>	<u>29,326,348</u>	<u>714,984</u>
EXPENDITURES:			
General government:			
Mayor and Council:			
Salaries and employee benefits	99,976	100,050	(74)
Professional services	16,739	13,000	3,739
Operating expenditures	128,399	101,936	26,463
Total mayor and council	<u>245,114</u>	<u>214,986</u>	<u>30,128</u>

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
EXPENDITURES (Continued):			
City Manager:			
Salaries and employee benefits	430,219	466,599	(36,380)
Professional services	52,300	42,790	9,510
Operating expenditures	78,565	45,822	32,743
Total city manager	<u>561,084</u>	<u>555,211</u>	<u>5,873</u>
General government (continued):			
City Clerk:			
Salaries and employee benefits	73,594	73,459	135
Operating expenditures	86,055	74,464	11,591
Total city clerk	<u>159,649</u>	<u>147,923</u>	<u>11,726</u>
Finance Department:			
Salaries and employee benefits	892,535	859,221	33,314
Professional services	91,645	80,538	11,107
Operating expenditures	609,165	557,471	51,694
Total finance department	<u>1,593,345</u>	<u>1,497,230</u>	<u>96,115</u>
Human Resources:			
Salaries and employee benefits	423,028	379,402	43,626
Professional services	118,100	91,826	26,274
Operating expenditures	115,059	82,760	32,299
Total human resources	<u>656,187</u>	<u>553,988</u>	<u>102,199</u>
Information Technology:			
Salaries and employee benefits	842,348	826,914	15,434
Professional services	206,682	164,994	41,688
Operating expenditures	437,776	306,241	131,535
Capital outlay	567,241	160,552	406,689
Total information technology	<u>2,054,047</u>	<u>1,458,701</u>	<u>595,346</u>
Legal:			
Professional services	92,500	96,007	(3,507)
Operating expenditures	5,000	-	5,000
Total legal	<u>97,500</u>	<u>96,007</u>	<u>1,493</u>
Planning and Zoning:			
Salaries and employee benefits	662,286	661,346	940
Professional services	233,178	-	233,178
Operating expenditures	517,742	344,006	173,736
Total planning and zoning	<u>1,413,206</u>	<u>1,005,352</u>	<u>407,854</u>

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
EXPENDITURES (Continued):			
Main Street:			
Operating expenditures	191,525	184,006	7,519
Total Main Street	<u>191,525</u>	<u>184,006</u>	<u>7,519</u>
General government (continued):			
Public Works and Engineering:			
Salaries and employee benefits	438,857	450,636	(11,779)
Professional services	288,710	255,622	33,088
Operating expenditures	82,796	67,132	15,664
Capital outlay	5,000	-	5,000
Total public works and engineering	<u>815,363</u>	<u>773,390</u>	<u>41,973</u>
Garage:			
Salaries and employee benefits	545,833	493,261	52,572
Operating expenditures	104,513	80,149	24,364
Capital outlay	5,900	5,720	180
Total garage	<u>656,246</u>	<u>579,130</u>	<u>77,116</u>
Warehouse:			
Operating expenditures	120,146	88,759	31,387
Capital outlay	109,070	45,373	63,697
Total warehouse	<u>229,216</u>	<u>134,132</u>	<u>95,084</u>
General expense:			
I-CATS transportation	40,000	40,000	-
Total general expense	<u>40,000</u>	<u>40,000</u>	<u>-</u>
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	<u>69,786</u>	<u>52,906</u>	<u>16,880</u>
Total general government	<u>8,782,268</u>	<u>7,292,962</u>	<u>1,489,306</u>

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
EXPENDITURES (Continued):			
Public safety:			
Police:			
Salaries and employee benefits	7,211,067	6,993,076	217,991
Professional services	16,300	14,420	1,880
Operating expenditures	1,723,844	1,398,769	325,075
Capital outlay	436,430	358,444	77,986
Total police	9,387,641	8,764,709	622,932
Fire service:			
Salaries and employee benefits	5,238,414	5,144,833	93,581
Professional services	41,385	35,111	6,274
Operating expenditures	938,182	817,033	121,149
Capital outlay	1,322,809	55,576	1,267,233
Total fire service	7,540,790	6,052,553	1,488,237
Total public safety	16,928,431	14,817,262	2,111,169
Transportation:			
Street Department:			
Salaries and employee benefits	863,971	844,619	19,352
Professional services	5,349	4,106	1,243
Operating expenditures	976,262	902,550	73,712
Capital outlay	147,547	115,677	31,870
Total street department	1,993,129	1,866,952	126,177
Street Construction:			
Professional services	2,500	-	2,500
Operating expenditures	82,539	64,161	18,378
Capital outlay	1,246,887	1,142,031	104,856
Total street construction	1,331,926	1,206,192	125,734
Total transportation	3,325,055	3,073,144	251,911
Economic and physical development:			
Operating expenditures	836,436	131,211	705,225
Total economic and physical development	836,436	131,211	705,225
Environmental protection:			
Sanitation:			
Salaries and employee benefits	1,394,310	1,343,813	50,497
Operating expenditures	464,115	427,269	36,846
Capital outlay	804,738	529,634	275,104
Total environmental protection	2,663,163	2,300,716	362,447

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
EXPENDITURES (Continued):			
Cultural and recreation:			
Recreation - administration:			
Salaries and employee benefits	227,314	208,741	18,573
Professional services	10,000	10,000	-
Operating expenditures	283,608	243,481	40,127
Capital outlay	262,027	100,593	161,434
Total administration	<u>782,949</u>	<u>562,815</u>	<u>220,134</u>
Recreation - athletics:			
Salaries and employee benefits	116,837	114,795	2,042
Operating expenditures	95,570	79,946	15,624
Total athletics	<u>212,407</u>	<u>194,741</u>	<u>17,666</u>
Recreation - fitness center:			
Salaries and employee benefits	349,779	328,432	21,347
Operating expenditures	191,711	165,941	25,770
Total fitness center	<u>541,490</u>	<u>494,373</u>	<u>47,117</u>
Recreation - programs:			
Salaries and employee benefits	223,927	191,003	32,924
Operating expenditures	111,312	86,000	25,312
Total programs	<u>335,239</u>	<u>277,003</u>	<u>58,236</u>
Recreation - leisure pool:			
Salaries and employee benefits	96,946	93,771	3,175
Operating expenditures	103,610	97,320	6,290
Total leisure pool	<u>200,556</u>	<u>191,091</u>	<u>9,465</u>
Recreation - park maintenance			
Salaries and employee benefits	886,723	882,845	3,878
Operating expenditures	612,014	495,205	116,809
Capital outlay	71,850	58,178	13,672
Total park maintenance	<u>1,570,587</u>	<u>1,436,228</u>	<u>134,359</u>
Recreation - public grounds and cemetery:			
Salaries and employee benefits	383,171	344,165	39,006
Operating expenditures	319,585	253,218	66,367
Capital outlay	25,000	17,700	7,300
Total public grounds and cemetery	<u>727,756</u>	<u>615,083</u>	<u>112,673</u>
Total culture and recreation	<u>4,370,984</u>	<u>3,771,334</u>	<u>599,650</u>

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
EXPENDITURES (Continued):			
Debt service:			
Principal payment	894,700	894,700	-
Interest payment	80,837	80,837	-
Total debt service	<u>975,537</u>	<u>975,537</u>	<u>-</u>
Contingency			
Contingency	243,015	-	243,015
Total expenditures	<u>38,124,889</u>	<u>32,362,166</u>	<u>5,762,723</u>
Revenues over (under) expenditures	<u>(9,513,525)</u>	<u>(3,035,818)</u>	<u>6,477,707</u>
OTHER FINANCING SOURCES (USES):			
Transfers in:			
Internal PILOT - Airport PILOT	42,463	42,463	-
Internal PILOT - Water & Sewer PILOT	286,353	286,353	-
Internal PILOT - Civic Center PILOT	23,362	23,362	-
Internal PILOT - Electric PILOT	102,394	102,394	-
Reimbursements - Occupancy Tax	20,585	21,461	876
Reimbursements - Water & Sewer	1,310,541	1,310,541	-
Reimbursements - Civic Center	140,826	140,826	-
Reimbursement - Airport	129,878	129,878	-
Reimbursements - Electric	1,258,013	1,258,013	-
Reimbursements - Electric			
Transfers From Drug Enforcement Fund	40,000	20,000	(20,000)
Transfers From General Capital Reserve	939,161	939,161	-
Total transfers in	<u>4,293,576</u>	<u>4,274,452</u>	<u>(19,124)</u>
Transfers (out):			
Transfers to Bethlehem Rd	(2,550,000)	(2,550,000)	-
Transfers to Domestic Violence	(36,068)	(36,068)	-
Transfers to Streetscape Fund	(118,460)	(118,460)	-
Total transfers out	<u>(2,704,528)</u>	<u>(2,704,528)</u>	<u>-</u>
Proceeds from long-term debt	1,250,000	-	(1,250,000)
Fund balance appropriated	6,674,477	-	(6,674,477)
Total other financing sources (uses)	<u>9,513,525</u>	<u>1,569,924</u>	<u>(7,943,601)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,465,894)</u>	<u>\$ (1,465,894)</u>
Fund balances at beginning of year		<u>22,729,977</u>	
Fund balances at end of year		<u>\$ 21,264,083</u>	

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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.

Secondary E-911 Fund - accounts for monies reserved for E-911 service expenditures.

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.

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

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

Bethlehem Road Capital Project Fund - accounts for capital improvements to Bethlehem Road.

CITY OF STATESVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Occupancy Tax Fund	Home Program Fund	Drug Enforcement Fund	Domestic Violence Grant Fund	Economic Development Fund	Secondary E-911 Fund	Total Nonmajor Special Revenue Funds	General Equipment Capital Reserve Fund
ASSETS:								
Cash and cash equivalents	\$ 1,097,786	\$ 275,341	\$ 142,266	\$ -	\$ -	\$ 89,385	\$ 1,604,778	\$ 2,148,778
Interest receivable	3,783	949	492	-	-	308	5,532	7,404
Accounts receivable, net	-	-	-	-	-	11,212	11,212	-
Due from other governments	-	45,693	-	53,928	-	-	99,621	-
Total assets	\$ 1,101,569	\$ 321,983	\$ 142,758	\$ 53,928	\$ -	\$ 100,905	\$ 1,721,143	\$ 2,156,182
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY:								
Liabilities:								
Accounts payable	\$ 20,060	\$ 850	\$ -	\$ 4,264	\$ -	\$ 46,389	71,563	\$ -
Due to General Fund	-	-	-	23,198	-	-	23,198	-
Total current liabilities	20,060	850	-	27,462	-	46,389	94,761	-
DEFERRED INFLOWS:								
Other receivables	-	-	-	-	-	-	-	-
Total deferred inflows	-	-	-	-	-	-	-	-
FUND EQUITY:								
Stabilization by state statute	3,783	46,642	492	53,928	-	11,520	116,365	7,404
Restricted, other	1,077,726	274,491	142,266	-	-	42,996	1,537,479	-
Committed	-	-	-	-	-	-	-	2,148,778
Unassigned	-	-	-	(27,462)	-	-	(27,462)	-
Total fund balances	1,081,509	321,133	142,758	26,466	-	54,516	1,626,382	2,156,182
Total liabilities, deferred inflows, and fund equity	\$ 1,101,569	\$ 321,983	\$ 142,758	\$ 53,928	\$ -	\$ 100,905	\$ 1,721,143	\$ 2,156,182

CITY OF STATESVILLE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Streetscape Capital Fund	Transportation Grant -TAP	Brookdale NC-21 Connector	Shelton Ave. Multi-Use Path	Municipal Service Center Fund	Bethlehem Road Capital Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS:								
Cash and cash equivalents	\$ 455,758	\$ 379,349	\$ 706,619	\$ 155,189	\$ 529,554	\$ 2,560,335	\$ 6,935,582	\$ 8,540,360
Interest receivable	1,570	1,307	2,435	535	1,825	8,822	23,898	29,430
Accounts receivable, net	-	-	171,861	-	-	-	171,861	183,073
Due from other governments	-	-	-	-	-	-	-	99,621
Total assets	\$ 457,328	\$ 380,656	\$ 880,915	\$ 155,724	\$ 531,379	\$ 2,569,157	\$ 7,131,341	\$ 8,852,484
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY:								
Liabilities:								
Accounts payable	\$ 2,080	\$ -	\$ 88,844	\$ -	\$ 24,149	\$ -	\$ 115,073	\$ 186,636
Due to General Fund	-	-	-	-	-	-	-	23,198
Total current liabilities	2,080	-	88,844	-	24,149	-	115,073	209,834
DEFERRED INFLOWS								
Other receivables	-	-	171,861	-	-	-	171,861	171,861
Total deferred inflows	-	-	171,861	-	-	-	171,861	171,861
FUND EQUITY:								
Stabilization by state statute	1,570	1,307	2,435	535	1,825	8,822	23,898	140,263
Restricted, other	-	-	-	-	-	-	-	1,537,479
Committed	453,678	379,349	617,775	155,189	505,405	2,560,335	6,820,509	6,820,509
Unassigned	-	-	-	-	-	-	-	(27,462)
Total fund balances	455,248	380,656	620,210	155,724	507,230	2,569,157	6,844,407	8,470,789
Total liabilities, deferred inflows, and fund equity	\$ 457,328	\$ 380,656	\$ 880,915	\$ 155,724	\$ 531,379	\$ 2,569,157	\$ 7,131,341	\$ 8,852,484

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, 2019

	Occupancy Tax Fund	Home Program Fund	Drug Enforcement Fund	Domestic Violence Grant Fund	Economic Development Fund	Secondary E-911 Fund	Total Nonmajor Special Revenue Funds	General Equipment Capital Reserve Fund
REVENUES:								
Other taxes and licenses	\$ 1,150,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,150,853	\$ -
Restricted intergovernmental	-	10,548	36,920	106,940	-	100,910	255,318	-
Repayment of loans	-	45,858	-	-	-	-	45,858	-
Investment earnings	25,227	7,111	3,385	62	-	1,192	36,977	62,849
Miscellaneous	923	-	-	-	-	-	923	-
Total revenues	1,177,003	63,517	40,305	107,002	-	102,102	1,489,929	62,849
EXPENDITURES:								
Public safety:								
Operating expenditures	-	-	-	134,214	-	3,826	138,040	-
Capital outlay	-	-	-	-	-	43,760	43,760	-
Economic and physical development:								
Operating expenditures	244,987	5,233	-	-	-	-	250,220	-
Capital outlay	-	-	-	-	-	-	-	-
Transportation:								
Capital outlay	-	-	-	-	-	-	-	-
General government								
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	244,987	5,233	-	134,214	-	47,586	432,020	-
Revenues over (under) expenditures	932,016	58,284	40,305	(27,212)	-	54,516	1,057,909	62,849
OTHER FINANCING SOURCES (USES):								
Transfers in:								
General Fund	-	-	-	36,068	-	-	36,068	-
Electric Fund	-	-	-	-	-	-	-	-
Water and Sewer Fund	-	-	-	-	-	-	-	-
Transfers out:								
General Fund	(21,461)	-	(20,000)	-	-	-	(41,461)	-
General Capital Reserve	-	-	-	-	-	-	-	(939,161)
Civic Center	(733,581)	-	-	-	-	-	(733,581)	-
Total other financing sources (uses)	(755,042)	-	(20,000)	36,068	-	-	(738,974)	(939,161)
Net change in fund balance	176,974	58,284	20,305	8,856	-	54,516	318,935	(876,312)
Fund balances at beginning of year	904,535	262,849	122,453	17,610	-	-	1,307,447	3,032,494
Fund balances at end of year	\$ 1,081,509	\$ 321,133	\$ 142,758	\$ 26,466	\$ -	\$ 54,516	\$ 1,626,382	\$ 2,156,182

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, 2019

	Streetscape Capital Fund	Transportation Grant -TAP	Brookdale NC-21 Connector	Shelton Ave. Multi-Use Path	Municipal Service Center Fund	Bethlehem Road Capital Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:								
Other taxes and licenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,150,853
Restricted intergovernmental	-	-	-	-	-	-	-	255,318
Repayment of loans	-	-	-	-	-	-	-	45,858
Investment earnings	10,112	9,919	19,085	4,974	15,945	19,157	142,041	179,018
Miscellaneous	-	-	-	-	-	-	-	923
Total revenues	10,112	9,919	19,085	4,974	15,945	19,157	142,041	1,631,970
EXPENDITURES:								
Public safety:								
Operating expenditures	-	-	-	-	-	-	-	138,040
Capital outlay	-	-	-	-	-	-	-	43,760
Economic and physical development:								
Operating expenditures	-	-	-	-	-	-	-	250,220
Capital outlay	51,472	-	-	-	-	-	51,472	51,472
Transportation:								
Capital outlay	-	15,865	249,073	-	-	-	264,938	264,938
General government								
Capital outlay	-	-	-	-	165,832	-	165,832	165,832
Total expenditures	51,472	15,865	249,073	-	165,832	-	482,242	914,262
Revenues over (under) expenditures	(41,360)	(5,946)	(229,988)	4,974	(149,887)	19,157	(340,201)	717,708
OTHER FINANCING SOURCES (USES):								
Transfers in:								
General Fund	118,460	-	-	-	-	2,550,000	2,668,460	2,704,528
Electric Fund	127,210	-	-	-	-	-	127,210	127,210
Water and Sewer Fund	35,000	-	-	-	-	-	35,000	35,000
Transfers out:								
General Fund	-	-	-	-	-	-	-	(41,461)
General Capital Reserve	-	-	-	-	-	-	(939,161)	(939,161)
Civic Center	-	-	-	-	-	-	-	(733,581)
Total other financing sources (uses)	280,670	-	-	-	-	2,550,000	1,891,509	1,152,535
Net change in fund balance	239,310	(5,946)	(229,988)	4,974	(149,887)	2,569,157	1,551,308	1,870,243
Fund balances at beginning of year	215,938	386,602	850,198	150,750	657,117	-	5,293,099	6,600,546
Fund balances at end of year	\$ 455,248	\$ 380,656	\$ 620,210	\$ 155,724	\$ 507,230	\$ 2,569,157	\$ 6,844,407	\$ 8,470,789

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, 2019

	Budget	Actual	Variance Over/Under
REVENUES:			
Other taxes and licenses:			
5% hotel/motel occupancy tax	\$ 1,037,200	\$ 1,150,853	\$ 113,653
Investment earnings	-	25,227	25,227
Miscellaneous revenues	-	923	923
Total revenues	<u>1,037,200</u>	<u>1,177,003</u>	<u>139,803</u>
EXPENDITURES:			
Economic and physical development	<u>283,247</u>	<u>244,987</u>	<u>38,260</u>
Total expenditures	<u>283,247</u>	<u>244,987</u>	<u>38,260</u>
Revenues over (under) expenditures	<u>753,953</u>	<u>932,016</u>	<u>178,063</u>
OTHER FINANCING USES:			
Transfer out:			
Civic Center Fund	(733,581)	(733,581)	-
General Fund - administration costs	<u>(20,372)</u>	<u>(21,461)</u>	<u>(1,089)</u>
Total other financing (uses)	<u>(753,953)</u>	<u>(755,042)</u>	<u>(1,089)</u>
Net change in fund balance	<u>\$ -</u>	<u>176,974</u>	<u>\$ 176,974</u>
FUND BALANCE:			
Fund balance at beginning of year		<u>904,535</u>	
Fund balance at end of year		<u>\$ 1,081,509</u>	

CITY OF STATESVILLE, NORTH CAROLINA
HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental	\$ 102,978	\$ 102,978	\$ 10,548	\$ 113,526	\$ 10,548
Repayment of loans	90,306	91,278	45,858	137,136	46,830
Investment earnings	12,989	15,462	7,111	22,573	9,584
Total revenues	206,273	209,718	63,517	273,235	66,962
EXPENDITURES:					
Economic and physical development					
Home program expenditures	500,000	240,665	5,233	245,898	254,102
Total expenditures	500,000	240,665	5,233	245,898	254,102
Revenues over (under) expenditures	(293,727)	(30,947)	58,284	27,337	321,064
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	\$ -	\$ 262,849	58,284	\$ 321,133	\$ 321,133
FUND BALANCE:					
Fund balance at beginning of year			262,849		
Fund balance at end of year			\$ 321,133		

CITY OF STATESVILLE, NORTH CAROLINA
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
Adoptive forfeitures	\$ 641,007	\$ 641,007	\$ 7,160	\$ 648,167	\$ 7,160
Controlled substance tax	378,750	400,312	29,760	430,072	51,322
DARE revenues	926	926	-	926	-
Miscellaneous revenue	-	16,064	-	16,064	16,064
Investment earnings	68,442	69,387	3,385	72,772	4,330
Total revenues	1,089,125	1,127,696	40,305	1,168,001	78,876
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	5,896	-	5,896	8
Capital outlay vehicle	16,000	15,466	-	15,466	534
Total expenditures	195,759	135,462	-	135,462	60,297
Revenues over expenditures	893,366	992,234	40,305	1,032,539	139,173
OTHER FINANCING USES:					
Transfer out:					
General Fund	(875,490)	(851,905)	(20,000)	(871,905)	3,585
SIGI Grant	(17,876)	(17,876)	-	(17,876)	-
Total other financing uses	(893,366)	(869,781)	(20,000)	(889,781)	3,585
Net change in fund balance	\$ -	\$ 122,453	20,305	\$ 142,758	\$ 142,758
FUND BALANCE:					
Fund balance at beginning of year			122,453		
Fund balance at end of year			<u>\$ 142,758</u>		

CITY OF STATESVILLE, NORTH CAROLINA
DOMESTIC VIOLENCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
Federal grant	\$ 592,506	\$ 368,996	\$ 106,940	\$ 475,936	\$ (116,570)
Investment earnings	-	-	62	62	62
Total revenues	592,506	368,996	107,002	475,998	(116,508)
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	398,555	231,717	134,214	365,931	32,624
Total expenditures	788,158	510,970	134,214	645,184	142,974
Revenues (under) expenditures	(195,652)	(141,974)	(27,212)	(169,186)	26,466
OTHER FINANCING SOURCES:					
Transfer in:					
General Fund	195,652	159,584	36,068	195,652	-
Other financing sources	195,652	159,584	36,068	195,652	-
Net change in fund balance	\$ -	\$ 17,610	8,856	\$ 26,466	\$ 26,466
FUND BALANCE:					
Fund balance at beginning of year			17,610		
Fund balance at end of year			\$ 26,466		

**CITY OF STATESVILLE, NORTH CAROLINA
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
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 BALANCE:					
Fund balance at beginning of year			-		
Fund balance at end of year			\$ -		

CITY OF STATESVILLE, NORTH CAROLINA
SECONDARY E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
REVENUES:					
Restricted intergovernmental:					
E-911 funds	\$ 100,909	\$ -	\$ 100,910	\$ 100,910	\$ 1
Investment earnings	-	-	1,192	1,192	1,192
Total revenues	100,909	-	102,102	102,102	1,193
EXPENDITURES:					
Public Safety:					
Non-depreciable capital	1,197	-	1,197	1,197	-
IT - non-depreciable	3,404	-	2,629	2,629	775
Contracted services - general	51,889	-	-	-	51,889
Capital outlay	44,419	-	43,760	43,760	659
Total expenditures	100,909	-	47,586	47,586	53,323
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	54,516	<u>\$ 54,516</u>	<u>\$ 54,516</u>
FUND BALANCE:					
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ 54,516</u>		

CITY OF STATESVILLE, NORTH CAROLINA
GENERAL EQUIPMENT CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
REVENUES:					
Investment earnings	\$ 390,516	\$ 1,172,866	\$ 62,849	\$ 1,235,715	\$ 845,199
Sidewalk and curbs	-	161,833	-	161,833	161,833
Total revenues	390,516	1,334,699	62,849	1,397,548	1,007,032
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General Fund	3,953,217	3,249,482	-	3,249,482	(703,735)
General Fund - debt service Fire Station#4	2,243,251	2,243,251	-	2,243,251	-
General Fund - debt service Streetscape	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	1,544,038	205,473	1,749,511	200,086
General Fund - Streetscape	7,708,438	5,546,802	733,688	6,280,490	1,427,948
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 acquisition	375,000	363,322	-	363,322	11,678
Total transfers out	14,584,188	11,792,143	939,161	12,731,304	1,852,884
Total other financing sources (uses)	(390,516)	25,282,081	939,161	26,221,242	1,149,150
Net change in fund balance	\$ -	\$ 3,032,494	(876,312)	\$ 2,156,182	\$ 2,156,182
FUND BALANCE:					
Fund balance at beginning of year			3,032,494		
Fund balance at end of year				<u>\$ 2,156,182</u>	

CITY OF STATESVILLE, NORTH CAROLINA
STREETSCAPE CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
REVENUES:					
Unrestricted intergovernmental	\$ 195,727	\$ 195,727	\$ -	\$ 195,727	\$ -
Investment earnings	2,793	2,794	10,112	12,906	10,113
Investment earnings-other	7,260	7,261	-	7,261	1
Total revenues	205,780	205,782	10,112	215,894	10,114
EXPENDITURES:					
Economic and physical development:					
Debt issuance costs	26,133	26,133	-	26,133	-
Professional services	424,387	428,387	-	428,387	(4,000)
Construction	7,835,837	7,835,870	-	7,835,870	(33)
Miscellaneous	82,368	82,367	-	82,367	1
Other improvement	124,554	96,832	-	96,832	27,722
Professional services	235,656	263,378	-	263,378	(27,722)
Pocket Park	87,560	87,560	-	87,560	-
Shelton Ave Streetscape	500,000	-	51,472	51,472	448,528
Contingency	638	-	-	-	638
Total expenditures	9,317,133	8,820,527	51,472	8,871,999	445,134
Revenues (under) expenditures	(9,111,353)	(8,614,745)	(41,360)	(8,656,105)	455,248
OTHER FINANCING SOURCES:					
Transfers in:					
General Fund	2,467,965	2,349,505	118,460	2,467,965	-
Electric Fund	973,722	846,512	127,210	973,722	-
Water and Sewer Fund	645,024	610,024	35,000	645,024	-
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	9,111,353	8,830,683	280,670	9,111,353	-
Net change in fund balance	\$ -	\$ 215,938	239,310	\$ 455,248	\$ 455,248
FUND BALANCE:					
Fund balance at beginning of year			215,938		
Fund balance at end of year			<u>\$ 455,248</u>		

CITY OF STATESVILLE, NORTH CAROLINA
TRANSPORTATION GRANT - TAP
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

			Actual		Variance Over/Under
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Investment earnings	\$ -	\$ 2,386	\$ 9,919	\$ 12,305	\$ 12,305
Carolina Thread Trail	150,000	150,000	-	150,000	-
Transportation Grant	1,200,000	-	-	-	(1,200,000)
Total revenues	1,350,000	152,386	9,919	162,305	(1,187,695)
EXPENDITURES:					
Transportation:					
Contract services	1,670,000	85,784	15,865	101,649	1,568,351
Total expenditures	1,670,000	85,784	15,865	101,649	1,568,351
Revenues (under) expenditures	(320,000)	66,602	(5,946)	60,656	380,656
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	\$ -	\$ 386,602	(5,946)	\$ 380,656	\$ 380,656
FUND BALANCE:					
Fund balance at beginning of year			386,602		
Fund balance at end of year			\$ 380,656		

CITY OF STATESVILLE, NORTH CAROLINA
BROOKDALE NC-21 CONNECTOR
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
REVENUES:					
Investment earnings	\$ -	\$ 4,673	\$ 19,085	\$ 23,758	\$ 23,758
Transportation Grant	1,881,975	-	-	-	(1,881,975)
Total revenues	1,881,975	4,673	19,085	23,758	(1,858,217)
EXPENDITURES:					
Transportation:					
Project construction costs	2,727,500	-	249,073	249,073	2,478,427
Total expenditures	2,727,500	-	249,073	249,073	2,478,427
Revenues (under) expenditures	(845,525)	4,673	(229,988)	(225,315)	620,210
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	\$ -	\$ 850,198	(229,988)	\$ 620,210	\$ 620,210
FUND BALANCE:					
Fund balance at beginning of year			850,198		
Fund balance at end of year			<u>\$ 620,210</u>		

CITY OF STATESVILLE, NORTH CAROLINA
MUNICIPAL SERVICE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
REVENUES:					
Investment earnings	\$ -	\$ 467	\$ 15,945	\$ 16,412	\$ 16,412
Total revenues	-	467	15,945	16,412	16,412
EXPENDITURES:					
General government:					
Capital outlay	685,000	28,350	165,832	194,182	490,818
Total expenditures	685,000	28,350	165,832	194,182	490,818
Revenues over (under) expenditures	(685,000)	(27,883)	(149,887)	(177,770)	507,230
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	<u>\$ -</u>	<u>\$ 657,117</u>	(149,887)	<u>\$ 507,230</u>	<u>\$ 507,230</u>
FUND BALANCE:					
Fund balance at beginning of year			657,117		
Fund balance at end of year			<u>\$ 507,230</u>		

CITY OF STATESVILLE, NORTH CAROLINA
SHELTON AVENUE MULTI-USE PATH
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

			Actual		Variance Over/Under
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Investment earnings	\$ -	\$ -	\$ 4,974	\$ 4,974	\$ 4,974
Transportation Grant	603,000	-	-	-	(603,000)
Total revenues	603,000	-	4,974	4,974	(598,026)
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)	-	4,974	4,974	155,724
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	<u>\$ -</u>	<u>\$ 150,750</u>	4,974	<u>\$ 155,724</u>	<u>\$ 155,724</u>
FUND BALANCE:					
Fund balance at beginning of year			150,750		
Fund balance at end of year			<u>\$ 155,724</u>		

CITY OF STATESVILLE, NORTH CAROLINA
BETHLEHEM ROAD CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
REVENUES:					
NCDOT	\$ 2,550,000	\$ -	\$ -	\$ -	\$ (2,550,000)
Investment earnings	-	-	19,157	19,157	19,157
Total revenues	2,550,000	-	19,157	19,157	(2,530,843)
EXPENDITURES:					
General government:					
Capital outlay	5,100,000	-	-	-	5,100,000
Total expenditures	5,100,000	-	-	-	5,100,000
Revenues over (under) expenditures	(2,550,000)	-	19,157	19,157	2,569,157
OTHER FINANCING SOURCES:					
Transfers in:					
General Fund	2,550,000	-	2,550,000	2,550,000	-
Total other financing sources	2,550,000	-	2,550,000	2,550,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,569,157	<u>\$ 2,569,157</u>	<u>\$ 2,569,157</u>
FUND BALANCE:					
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ 2,569,157</u>		

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.

Stormwater Fund – accounts for the activities of the Stormwater Department.

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.

Glidescope and Localizer Project Fund - accounts for the airport additional aircraft capabilities.

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

Water and Sewer Capital Reserve Funds – 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.

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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, 2019

	Budget	Actual	Variance Over/Under
OPERATING REVENUES:			
Charges for services:			
Airport operations rental	\$ 251,443	\$ 426,492	\$ 175,049
Iredell County director support	22,000	22,000	-
Hanger rental	175,000	26,923	(148,077)
Tie-downs	1,100	3,723	2,623
Office rent	12,000	400	(11,600)
Catering sales	1,000	75	(925)
Rental cars	1,200	-	(1,200)
Miscellaneous revenue	4,000	6,512	2,512
Fueling flow fees	250,000	178,850	(71,150)
Jet fuel sales	485,000	466,637	(18,363)
AVGAS fuel sales	120,000	105,756	(14,244)
Total operating revenues	1,322,743	1,237,368	(85,375)
Non-operating revenues:			
Interest on investments	1,800	9,615	7,815
Total non-operating revenues	1,800	9,615	7,815
Total revenues	1,324,543	1,246,983	(77,560)
EXPENDITURES:			
Salaries and employee benefits	300,297	271,295	29,002
Operating expenditures	991,541	736,696	254,845
Capital outlay	6,033,650	5,487,112	546,538
Total expenditures	7,325,488	6,495,103	830,385
OTHER FINANCING SOURCES (USES):			
Advance from Electric Fund	6,000,000	5,474,161	(525,839)
Transfers out:			
Transfer to General Fund-PILOT	(42,463)	(42,463)	-
Fund balance appropriated	43,408	-	(43,408)
Total other financing sources	6,000,945	5,431,698	(569,247)

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, 2019

	Budget	Actual	Variance Over/Under
Total revenues and other financing sources over expenditures	\$ -	183,578	\$ 183,578
From modified accrual revenues over expenditures			
Depreciation		(1,136,543)	
Capital outlay		12,218,680	
Increase in advances payable		(5,474,161)	
Change in accrued compensated absences		(6,646)	
OPEB payable		5,139	
Deferred outflow-OPEB		(1,730)	
Deferred inflow-OPEB		(4,611)	
Pension Deferral outflow		22,017	
Increase in net pension liability		(27,551)	
Pension Deferral inflow		1,045	
Project revenues		6,737,796	
Project expenditures		(6,731,569)	
Change in accrued interest		(57,023)	
Interest earnings from project funds		13,759	
Total reconciling items		5,558,602	
Change in net position		\$ 5,742,181	

CITY OF STATESVILLE, NORTH CAROLINA
AIRPORT IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
REVENUES:					
Investment earnings	\$ 50,656	\$ 79,901	\$ 13,330	\$ 93,231	\$ 42,575
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	1,828,887	178,818	2,007,705	(496,015)
Iredell County	138,352	615,246	4,659	619,905	481,553
Total revenues	4,473,283	4,218,626	196,807	4,415,433	(57,850)
EXPENDITURES:					
Transportation:					
NCDOT Grant 36244.59.6.1	909,384	827,552	(4,486)	823,066	86,318
Land Acquisition-Hangers	1,120,489	1,120,482	-	1,120,482	7
Pad Design 36237.46.16.1	267,701	168,974	51,400	220,374	47,327
Other grants not closed	4,357,946	2,834,162	123,072	2,957,234	1,400,712
Total expenditures	6,655,520	4,951,170	169,986	5,121,156	1,534,364
Revenues (under) expenditures	(2,182,237)	(732,544)	26,821	(705,723)	1,476,514
OTHER FINANCING SOURCES:					
Transfers in (out):					
From General Fund	2,219,737	1,288,477	931,930	2,220,407	670
To Glidescope CPF	(37,500)	-	(37,500)	(37,500)	-
Total other financing sources	2,182,237	1,288,477	894,430	2,182,907	670
Revenues and other financing sources (under) expenditures	\$ -	\$ 555,933	\$ 921,251	\$ 1,477,184	\$ 1,477,184

CITY OF STATESVILLE, NORTH CAROLINA
PARALLEL TAXIWAY PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

			Actual		Variance Over/Under
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental revenue	\$ 9,850,000	\$ 1,459,481	\$ 6,488,948	\$ 7,948,429	\$ (1,901,571)
Total revenues	9,850,000	1,459,481	6,488,948	7,948,429	(1,901,571)
EXPENDITURES:					
Transportation:					
Professional services	1,287,615	632,763	533,300	1,166,063	121,552
Traffic control	12,385	8,665	-	8,665	3,720
Contracted services	8,550,000	818,053	5,955,648	6,773,701	1,776,299
Total expenditures	9,850,000	1,459,481	6,488,948	7,948,429	1,901,571
Revenues (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF STATESVILLE, NORTH CAROLINA
GLIDESLOPE AND LOCALIZER PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
REVENUES:					
Restricted intergovernmental revenue:					
NCDOT Aviation Grant	\$ 675,000	\$ -	\$ 65,371	\$ 65,371	\$ (609,629)
Iredell County	37,500	-	-	-	(37,500)
Investment earnings	-	-	429	429	429
Total revenues	<u>712,500</u>	<u>-</u>	<u>65,800</u>	<u>65,800</u>	<u>(646,700)</u>
EXPENDITURES:					
Transportation:					
Contracted services	750,000	-	72,634	72,634	677,366
Total expenditures	<u>750,000</u>	<u>-</u>	<u>72,634</u>	<u>72,634</u>	<u>677,366</u>
OTHER FINANCING SOURCES:					
Transfers in (out):					
From Glidescope CPF	37,500	-	37,500	37,500	-
Total other financing sources	<u>37,500</u>	<u>-</u>	<u>37,500</u>	<u>37,500</u>	<u>-</u>
Revenues and other financing sources (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,666</u>	<u>\$ 30,666</u>	<u>\$ 30,666</u>

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, 2019

	Budget	Actual	Variance Over/Under
OPERATING REVENUES:			
Electric sales	\$ 47,553,842	\$ 49,448,144	\$ 1,894,302
Other operating revenues	1,414,701	1,217,975	(196,726)
Total operating revenues	48,968,543	50,666,119	1,697,576
Non-operating revenues:			
Interest on investments	153,000	564,203	411,203
Miscellaneous revenue	15,355	42,050	26,695
Sale of capital assets	181	1,384	1,203
Handling charge bad check	5,067	4,469	(598)
Insurance proceeds	3,297	-	(3,297)
Sale of material & labor	20,903	69,355	48,452
Bad debt recovery	62,857	56,837	(6,020)
Total non-operating revenues	260,660	738,298	477,638
Total revenues	49,229,203	51,404,417	2,175,214
EXPENDITURES:			
Salaries and employee benefits	2,909,244	2,725,881	183,363
Electrical power purchases	38,794,612	36,157,998	2,636,614
Professional services	164,152	113,432	50,720
Operating expenditures	3,043,075	1,968,112	1,074,963
Capital outlay	5,047,071	2,566,933	2,480,138
Total expenditures	49,958,154	43,532,356	6,425,798
Revenues over (under) expenditures	(728,951)	7,872,061	8,601,012
OTHER FINANCING SOURCES (USES):			
Transfers and Advances (out):			
Advance to Airport	(6,000,000)	(5,474,161)	525,839
Transfer to Streetscape	(127,210)	(127,210)	-
Transfer to General Fund-PILOT	(102,394)	(102,394)	-
Fund balance appropriated	6,958,555	-	(6,958,555)
Total other financing sources (uses)	728,951	(5,703,765)	(6,432,716)
Total revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 2,168,296	\$ 2,168,296

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
From modified accrual revenues over expenditures		<u>\$ 2,168,296</u>	
Depreciation		(1,380,750)	
Increase in advances receivable		5,474,161	
Capital outlay		2,566,933	
Change in accrued compensated absences		(36,043)	
OPEB liability		41,113	
Deferred outflow of resources - OPEB		(13,841)	
Deferred inflow of resources - OPEB		(36,895)	
Pension Deferral inflow		7,674	
Pension Deferral outflow		168,464	
Increase in net pension liability		(220,409)	
Pension Deferral inflow		8,364	
Interest earnings from project funds		<u>56,441</u>	
Total reconciling items		<u>6,635,212</u>	
Change in net position		<u><u>\$ 8,803,508</u></u>	

CITY OF STATESVILLE, NORTH CAROLINA
ELECTRIC UTILITY CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
REVENUES:					
Investment earnings	\$ 100,000	\$ 225,414	\$ 56,441	\$ 281,855	\$ 181,855
Total revenues	100,000	225,414	56,441	281,855	181,855
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 uses	\$ -	\$ 2,162,095	\$ 56,441	\$ 2,218,536	\$ 2,218,536

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, 2019

	Budget	Actual	Variance Over/Under
OPERATING REVENUES:			
Charges for services:			
Water sales	\$ 4,445,100	\$ 4,425,692	\$ (19,408)
Sewer charges	6,741,000	7,266,295	525,295
Other operating revenue	179,909	2,348	(177,561)
Water and Sewer System Development fees	634,280	592,948	(41,332)
Total operating revenues	<u>12,000,289</u>	<u>12,287,283</u>	<u>286,994</u>
Non-operating revenue:			
Interest on investments	112,560	307,971	195,411
Sale of capital assets	5,000	1,828	(3,172)
Misc. Revenue	3,000	4,423	1,423
Total non-operating revenues	<u>120,560</u>	<u>314,222</u>	<u>193,662</u>
Total revenues	<u>12,120,849</u>	<u>12,601,505</u>	<u>480,656</u>
EXPENDITURES:			
Sewer collection line maintenance:			
Salaries and employee benefits	375,411	332,773	42,638
Professional services	1,500	1,500	-
Operating expenditures	653,624	207,224	446,400
Capital outlay	554,706	385,739	168,967
Total	<u>1,585,241</u>	<u>927,236</u>	<u>658,005</u>
Water distribution line maintenance:			
Salaries and employee benefits	930,417	808,683	121,734
Professional services	206,030	61,165	144,865
Operating expenditures	308,699	295,174	13,525
Capital outlay	960,908	165,863	795,045
Total	<u>2,406,054</u>	<u>1,330,885</u>	<u>1,075,169</u>
Water purification:			
Salaries and employee benefits	891,775	686,368	205,407
Professional services	91,648	52,955	38,693
Operating expenditures	1,640,060	1,377,126	262,934
Capital outlay	62,005	35,465	26,540
Total	<u>2,685,488</u>	<u>2,151,914</u>	<u>533,574</u>
Waste water treatment - Third Creek:			
Salaries and employee benefits	447,962	505,792	(57,830)
Professional services	109,877	61,504	48,373
Operating expenditures	653,217	631,741	21,476
Capital outlay	16,267	-	16,267
Total	<u>1,227,323</u>	<u>1,199,037</u>	<u>28,286</u>
Waste water treatment - Fourth Creek:			
Salaries and employee benefits	897,505	811,206	86,299
Professional services	240,734	88,752	151,982
Operating expenditures	1,792,850	1,732,042	60,808
Capital outlay	420,300	182,649	237,651
Total	<u>3,351,389</u>	<u>2,814,649</u>	<u>536,740</u>

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, 2019

	Budget	Actual	Variance Over/Under
Principal and interest	2,725,086	2,680,240	44,846
Total	<u>2,725,086</u>	<u>2,680,240</u>	<u>44,846</u>
Total expenditures	<u>13,980,581</u>	<u>11,103,961</u>	<u>2,876,620</u>
Revenues over (under) expenditures	<u>(1,859,732)</u>	<u>1,497,544</u>	<u>3,357,276</u>
OTHER FINANCING SOURCES (USES):			
Transfers in (out):			
Water and Sewer Capital Reserve	(599,280)	(592,948)	6,332
Transfer to General Fund-PILLOT	(286,353)	(286,353)	-
Transfer to Storm Water	(196,571)	(196,571)	-
Transfer to Streetscape	(35,000)	(35,000)	-
I-77 Oversize Line Project	40,198	-	(40,198)
Water and Sewer Capital Reserve	634,280	2,680,240	2,045,960
Fund balance appropriated	<u>2,302,458</u>	<u>-</u>	<u>(2,302,458)</u>
Total other financing sources	<u>1,859,732</u>	<u>1,569,368</u>	<u>(290,364)</u>
Revenues and other financing sources (under) expenditures and other financing (uses)	<u>\$ -</u>	<u>3,066,912</u>	<u>\$ 3,066,912</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Depreciation		(3,789,023)	
Capital outlay		769,716	
Long-term debt principal		2,162,629	
Accrued interest expense		7,697	
Change in accrued compensated absences		20,006	
Increase in deferred outflows of resources - pensions		286,224	
Increase in net pension liability		(358,165)	
Decrease in deferred inflows of resources - pensions		13,591	
Deferred outflow of resources - OPEB		(22,491)	
Deferred inflow of resources - OPEB		(59,955)	
OPEB liability		66,808	
Intrafund transfers		(2,087,292)	
Project revenues		39,494	
Project expenditures		(960)	
Interest earnings from water and sewer project funds		<u>172,660</u>	
Total reconciling items		<u>(2,779,061)</u>	
Change in net position		<u>\$ 287,851</u>	

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)
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual		Variance Over/Under
			Current Year	Total to Date	
REVENUES:					
Services - Water SDF	\$ -	\$ -	\$ 153,946	\$ 153,946	\$ 153,946
Services - Sewer SDF	-	-	439,002	439,002	439,002
Investment earnings	-	-	80,511	80,511	80,511
Total revenues	-	-	673,459	673,459	673,459
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Closed WSF Capital Reserve Fund	6,666,665	-	6,666,664	6,666,664	(1)
Transfers out:					
Water line rehabilitation	(325,000)	-	-	-	325,000
Water improvements	(250,000)	-	-	-	250,000
Sewer line rehabilitation	(400,000)	-	-	-	400,000
Sewer improvements	(150,000)	-	-	-	150,000
Other System Improvements	(457,962)	-	-	-	457,962
Transfer to Water System	(967,600)	-	(967,600)	(967,600)	-
Transfer to Sewer System	(4,116,103)	-	(1,712,640)	(1,712,640)	2,403,463
Total other financing sources and other (uses)	-	-	3,986,424	3,986,424	3,986,424
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ 4,659,883	\$ 4,659,883	\$ 4,659,883

CITY OF STATESVILLE, NORTH CAROLINA
WATER AND SEWER CAPITAL RESERVE FUND 2019
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Actual				Variance Over/Under
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Investment earnings	\$ 2,762,545	\$ 2,670,724	\$ 91,821	\$ 2,762,545	\$ -
Total revenues	2,762,545	2,670,724	91,821	2,762,545	-
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Water and Sewer Fund - water SDF	967,599	967,599	-	967,599	-
Water and Sewer Fund - sewer SDF	4,116,101	4,116,101	-	4,116,101	-
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	4,993,254	4,993,254	-	4,993,254	-
Annexation Fund	167,970	167,970	-	167,970	-
Statesville Business Park Fund	1,231,909	1,231,909	-	1,231,909	-
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	16,664,634	16,664,634	-	16,664,634	-
Transfers out:					
Reserved for Water & Sewer Capital	(9,835,413)	(9,835,413)	-	(9,835,413)	-
Transfer To New Capital Reserve	(6,666,664)	-	(6,666,664)	(6,666,664)	-
Statesville Business Park Fund	(60,223)	(60,223)	-	(60,223)	-
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	(43,424)	(43,424)	-	(43,424)	-
Fourth Creek Wastewater Fund	(3,267)	(3,267)	-	(3,267)	-
Total transfers out	(19,427,179)	(12,760,515)	(6,666,664)	(19,427,179)	-
Total other financing sources and other (uses)	(2,762,545)	3,904,119	(6,666,664)	(2,762,545)	-
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 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)
FFROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

			Actual		Variance Over/Under
	Project Authorization	Prior Years	Current Year	Total to Date	
REVENUES:					
Investment earnings	\$ -	\$ -	\$ 328	\$ 328	\$ 328
NCDOT reimbursement	4,419,100	4,300,877	39,494	4,340,371	(78,729)
Total revenues	4,419,100	4,300,877	39,822	4,340,699	(78,401)
EXPENDITURES:					
DOT Share:					
Capital outlay - professional services	347,229	347,031	-	347,031	198
Capital outlay - construction	3,929,685	3,933,253	-	3,933,253	(3,568)
Capital outlay - Right of Way	60,088	60,088	-	60,088	-
Contingency	41,901	-	-	-	41,901
Total DOT share	4,378,903	4,340,372	-	4,340,372	38,531
City Share:					
Capital outlay - professional services	125,075	115,556	960	116,516	8,559
Capital outlay - construction	1,336,846	1,305,535	-	1,305,535	31,311
Capital outlay - right of way	7,567	7,567	-	7,567	-
Total City share	1,469,488	1,428,658	960	1,429,618	39,870
Total expenditures	5,848,391	5,769,030	960	5,769,990	78,401
OTHER FINANCING SOURCES:					
Transfers in (out):					
Water and Sewer Fund	1,429,291	1,469,488	-	1,469,488	40,197
Total other financing sources	1,429,291	1,469,488	-	1,469,488	40,197
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,335	\$ 38,862	\$ 40,197	\$ 40,197

CITY OF STATESVILLE, NORTH CAROLINA
NONMAJOR ENTERPRISE FUND
STORMWATER FUND - SCHEDULE OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Over/Under
REVENUES:			
Non-operating revenues:			
Interest on investments	\$ -	\$ 797	\$ 797
Total non-operating revenues	-	797	797
Total revenues	-	797	797
EXPENDITURES:			
Salaries and employee benefits	19,571	-	19,571
Capital outlay	177,000	-	177,000
Total expenditures	196,571	-	196,571
Total revenues over (under) expenditures	(196,571)	797	197,368
OTHER FINANCING SOURCES (USES):			
Transfers in:			
Transfer from Water and Sewer	196,571	196,571	-
Total other financing sources	196,571	196,571	-
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 197,368</u>	<u>\$ 197,368</u>

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, 2019

	Budget	Actual	Variance Over/Under
OPERATING REVENUES:			
Charges for services:			
Fees	\$ 300,000	\$ 327,210	\$ 27,210
Total operating revenues	300,000	327,210	27,210
Non-operating revenues:			
Interest on investments	8,073	40,708	32,635
Miscellaneous	-	400	400
Sale of surplus	-	334	334
Total non-operating revenues	8,073	41,442	33,369
Total revenues	308,073	368,652	60,579
EXPENDITURES:			
Salaries and employee benefits	510,822	504,140	6,682
Operating expenditures	432,470	387,464	45,006
Capital outlay	182,655	125,947	56,708
Total expenditures	1,125,947	1,017,551	108,396
Total revenues over (under) expenditures	(817,874)	(648,899)	168,975
OTHER FINANCING SOURCES (USES):			
Transfers in:			
Occupancy Tax Fund	733,581	733,581	-
Transfers out:			
Transfer to General Fund-PILOT	(23,362)	(23,362)	-
Fund balance appropriated	107,655	-	(107,655)
Total other financing sources	817,874	710,219	(107,655)
Revenues and other financing sources over expenditures and other financing uses	\$ -	61,320	\$ 61,320
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Depreciation		(132,511)	
Capital outlay		125,947	
Change in accrued compensated absences		(16,974)	
Increase in deferred outflows of resources - pensions		44,035	
Decrease in deferred inflows of resources - pensions		2,091	
Increase in net pension liability		(55,102)	
Deferred outflow of resources - OPEB		(3,460)	
Deferred inflow of resources - OPEB		(9,224)	
Loss on disposal		(2,100)	
OPEB liability		10,278	
Total reconciling items		(37,020)	
Change in net position		\$ 24,300	

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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.

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CITY OF STATESVILLE, NORTH CAROLINA
RISK MANAGEMENT FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

	Risk Management Fund
ASSETS	
Cash and cash equivalents	\$ 1,849,640
Accounts receivables, net	7,486
Interest receivable	6,123
	<hr/>
Total assets	1,863,249
	<hr/>
LIABILITIES	
Accounts payable and accrued liabilities	173,797
Accrued IBNR health	447,193
Accrued IBNR worker's compensation	217,538
	<hr/>
Total liabilities	838,528
	<hr/>
NET POSITION	\$ 1,024,721
	<hr/> <hr/>

CITY OF STATESVILLE, NORTH CAROLINA
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Risk Management Fund
Operating revenues:	
Employer's contributions-property and liability	\$ 1,018,263
Employer's contributions-health benefits	3,567,598
Employee's contributions health	700,016
Employee's contributions dental	125,890
Total operating revenues	5,411,767
Operating expenses:	
Health, dental claims, and wellness program	3,028,547
Health third party administration	206,029
Health stop loss insurance	364,117
Total health expenses	3,598,693
Worker's compensation claims	486,743
Administration and professional services	13,519
Worker's compensation stop loss insurance	67,441
Property and liability insurance	419,329
Property and liability claims	53,670
Total property and liability expenses	1,040,702
Total operating expenses	4,639,395
Total operating income (loss)	772,372
Non-operating income:	
Investment income	45,928
Change in net position	818,300
Net position, beginning of year (deficit)	206,421
Net position, end of year	\$ 1,024,721

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, 2019

	Financial Plan	Actual	Variance Over/Under
Operating revenues:			
Employer's contributions-property and liability	\$ 1,018,263	\$ 1,018,263	\$ -
Employer's contributions-health benefits	3,831,864	3,567,598	(264,266)
Employee's Contributions health and dental	746,881	700,016	(46,865)
Contributions from retired employees and COBRA	133,806	125,890	(7,916)
Total operating revenues	5,730,814	5,411,768	(319,046)
Non operating revenues:			
Investment earnings	7,126	45,928	38,802
Total revenues	5,737,940	5,457,695	(280,245)
Operating expenditures:			
Operating health expenditures:			
Health, dental claims, and wellness program	3,914,677	3,218,945	695,732
Health third party administration	212,000	206,029	5,971
Health stop loss insurance	343,000	364,117	(21,117)
Total health expenditures	4,469,677	3,789,092	680,585
Operating property and liability expenditures:			
Appraisals	20,000	-	20,000
Worker's compensation claims	592,158	599,852	(7,694)
Administration and professional services	25,000	13,519	11,481
Worker's compensation stop loss insurance	67,610	67,441	169
Property and liability insurance	428,000	419,329	8,671
Property and liability claims	135,495	53,670	81,825
Total property and liability expenditures	1,268,263	1,153,811	114,453
Total expenditures	5,737,940	4,942,902	795,038
Revenues (under) expenditures	<u>\$ -</u>	514,793	<u>\$ (514,793)</u>
Decrease in incurred claims but not reported (IBNR)		<u>303,507</u>	
Change in net position		<u>\$ 818,300</u>	

CITY OF STATESVILLE, NORTH CAROLINA
RISK MANAGEMENT FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Risk Management Fund
Cash flows from operating activities:	
Cash received from employer and employees	\$ 5,413,475
Cash paid for claims and insurance	(5,267,625)
Net cash (used) by operating activities	145,850
Cash flows from investing activities operating activities:	
Interest on investments and miscellaneous	45,928
Net (decrease) in cash and cash equivalents	191,778
Cash and cash equivalents:	
Beginning of year, July 1	1,657,862
End of year, June 30	\$ 1,849,640
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating Income (loss)	\$ 772,372
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	1,708
Increase (decrease) in accounts payable	(324,723)
Increase (decrease) in IBNR - health	(190,398)
Increase (decrease) in IBNR - worker's compensation	(113,109)
Net cash (used) by operating activities	\$ 145,850

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
- 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

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CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND - CITY-WIDE
JUNE 30, 2019

<u>Tax Year</u>	Uncollected Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	Uncollected Balance <u>June 30, 2019</u>
Tax and Tag	\$ -	\$ 1,008,155	\$ 1,008,155	\$ -
2018	-	13,894,372	13,702,172	192,200
2017	179,199	-	105,988	73,211
2016	85,800	-	29,005	56,795
2015	45,241	-	12,340	32,901
2014	47,163	-	6,426	40,737
2013	50,908	-	5,072	45,836
2012	58,417	-	5,750	52,667
2011	61,149	-	7,970	53,179
2010	53,448	-	4,522	48,926
2009	43,747	-	2,580	41,167
2008	46,792	-	46,792	-
Total	<u>\$ 671,864</u>	<u>\$ 14,902,527</u>	<u>\$ 14,936,772</u>	\$ 637,619
				<u>435,249</u>
				<u>\$ 202,370</u>
RECONCILIATION TO REVENUES:				
				\$ 14,869,590
Reconciling items:				
				46,550
				79,286
				380
				<u>(59,034)</u>
				<u>\$ 14,936,772</u>

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE-
GENERAL FUND - WOODS DAM TAX DISTRICT
JUNE 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
Tax and Tag 2018	\$ -	\$ 330	\$ 330	
	-	3,648	3,648	-
	<u>\$ -</u>	<u>\$ 3,978</u>	<u>\$ 3,978</u>	<u>\$ -</u>

RECONCILIATION TO REVENUES:

Ad valorem taxes-downtown \$ 3,978

Reconciling items:

None -

Total collections and credits \$ 3,978

**CITY OF STATESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND - CITY-WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	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	\$ 2,856,793,328	\$ 0.4811	\$ 13,744,033	\$ 13,744,033	-
Tax and tag	209,551,991		1,008,155	-	1,008,155
Penalties	4,723,741		22,726	22,726	-
TOTAL ORIGINAL LEVY	3,071,069,060		14,774,914	13,766,759	1,008,155
DISCOVERIES:					
Current year rate and taxes	27,057,853	0.4811	130,174	130,174	-
Penalties	994,698		4,785	4,785	-
TOTAL DISCOVERIES	28,052,551		134,959	134,961	-
RELEASES/TAX AND TAG UNCOLLECTED:					
Current year rate	(1,466,947)	0.4811	(7,057)	(7,057)	-
Penalties	60,486		(291)	(291)	-
TOTAL RELEASES	(1,406,461)		(7,348)	(7,348)	-
Net assessed valuation	<u>\$ 3,097,715,150</u>				
Net Levy			14,902,527	13,894,372	1,008,155
Uncollected taxes , June 30			(192,200)	(192,200)	-
Current year's taxes collected			<u>\$ 14,710,327</u>	<u>\$ 13,702,172</u>	<u>\$ 1,008,155</u>
Current levy collection percentage rate			<u>98.71%</u>	<u>98.62%</u>	<u>100.00%</u>

**CITY OF STATESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND - DOWNTOWN STATESVILLE SPECIAL TAX DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	City-Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate per \$100	Amount of Levy		
ORIGINAL LEVY:					
Property taxed at current year's rate	\$ 106,902,000	\$ 0.1000	\$ 106,902	\$ 106,902	\$ -
Tax and tag	6,028,000		6,028	-	6,028
Penalties	305,000		305	305	-
TOTAL ORIGINAL LEVY	113,235,000		113,235	107,207	6,028
DISCOVERIES:					
Current year rate and taxes	625,000	0.1000	625	625	-
Penalties	53,000		53	53	-
TOTAL DISCOVERIES	678,000		678	678	-
RELEASES/TAX AND TAG UNCOLLECTED:					
Current year rate	(139,000)	0.1000	(139)	(139)	-
Penalties	(46,000)		(46)	(46)	-
TOTAL RELEASES	(185,000)		(185)	(185)	-
Net assessed valuation	<u>\$ 113,728,000</u>				
Net Levy			113,728	107,700	6,028
Uncollected taxes , June 30			(2,382)	(2,382)	-
Current year's taxes collected			<u>\$ 111,346</u>	<u>\$ 105,318</u>	<u>\$ 6,028</u>
Current levy collection percentage rate			<u>97.91%</u>	<u>97.79%</u>	<u>100.00%</u>

**CITY OF STATESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND - WOODS DAM TAX DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	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	\$ 1,737,140	\$ 0.2100	\$ 3,648	\$ 3,648	\$ -
Tax and tag	157,143		330	-	330
TOTAL ORIGINAL LEVY	1,894,283		3,978	3,648	330
Net assessed valuation	<u>\$ 1,894,283</u>				
Net Levy			3,978	3,648	330
Uncollected taxes , June 30			-	-	-
Current year's taxes collected			<u>\$ 3,978</u>	<u>\$ 3,648</u>	<u>\$ 330</u>
Current levy collection percentage rate			<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>

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 These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	<i>122</i>
Revenue Capacity 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).	<i>132</i>
Debt Capacity 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.	<i>145</i>
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	<i>149</i>
Operating Information 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.	<i>151</i>

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Governmental activities					
Net investment in capital assets	\$ 60,880,399	\$ 59,908,456	\$ 66,160,070	\$ 67,394,632	\$ 68,264,801
Restricted for:					
Stabilization by state statute	-	-	5,565,574	5,124,143	6,282,769
Public safety	2,610,583	6,276,092	337,206	77,821	60,645
Transportation	1,695,694	383,871	1,332,646	771,303	1,315,672
Economic development	319,743	885,021	324,831	353,599	444,247
Debt service	-	-	-	293,653	61,249
Capital outlay	1,133,887	8,524,131	6,470,958	5,144,063	3,659,885
Unrestricted	30,087,302	24,885,268	19,242,685	21,397,924	21,496,485
Total governmental activities net position	96,727,608	100,862,839	99,433,970	100,557,138	101,585,753
Business-type activities					
Net investment in capital assets	65,435,328	65,578,645	65,215,357	65,470,169	67,271,906
Unrestricted	35,717,074	34,648,769	35,113,541	35,885,077	33,761,094
Total business-type activities net position	101,152,402	100,227,414	100,328,898	101,355,246	101,033,000
Primary government					
Net investment in capital assets	126,315,727	125,487,101	131,375,427	132,864,801	135,536,707
Restricted for:					
Stabilization by state statute	-	-	5,565,574	5,124,143	6,282,769
Public Safety	1,695,694	383,871	1,332,646	771,303	1,315,672
Transportation	2,610,583	6,276,092	337,206	77,821	60,645
Economic development	319,743	885,021	324,831	353,599	444,247
Debt service	-	-	-	293,653	61,249
Capital projects	1,133,887	8,524,131	6,470,958	5,144,063	3,659,885
Unrestricted	65,804,376	59,534,037	54,356,226	57,283,001	55,257,579
Total governmental activities net position	\$ 197,880,010	\$ 201,090,253	\$ 199,762,868	\$ 201,912,384	\$ 202,618,753

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)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Governmental activities					
Net investment in capital assets	\$ 69,891,335	\$ 42,754,217	\$ 42,692,332	\$ 42,995,778	\$ 43,150,694
Restricted for:					
Stabilization by state statute	4,314,762	4,644,547	5,704,049	5,700,026	5,256,108
Public safety	41,341	81,519	77,659	130,789	185,262
Transportation	1,248,014	-	-	-	-
Economic development	574,665	712,686	1,096,183	1,163,602	1,352,217
Debt service	-	-	-	-	-
Capital outlay	2,111,528	-	-	-	-
Unrestricted	21,477,035	23,243,436	20,066,688	17,517,629	18,370,763
Total governmental activities net position	99,658,680	71,436,405	69,636,911	67,507,824	68,315,044
Business-type activities					
Net investment in capital assets	66,336,798	93,781,157	93,846,256	99,648,841	111,057,267
Unrestricted	34,680,765	39,268,053	43,182,876	44,719,257	48,562,431
Total business-type activities net position	101,017,563	133,049,210	137,029,132	144,368,098	159,619,698
Primary government					
Net investment in capital assets	136,228,133	136,535,374	136,538,588	142,644,619	154,207,961
Restricted for:					
Stabilization by state statute	4,314,762	4,644,547	5,704,049	5,700,026	5,256,108
Public Safety	1,248,014	-	77,659	130,789	185,262
Transportation	41,341	81,519	-	-	-
Economic development	574,665	712,686	1,096,183	1,163,602	1,352,217
Debt service	-	-	-	-	-
Capital projects	2,111,528	-	-	-	-
Unrestricted	56,157,800	62,511,489	63,249,564	62,236,886	66,933,194
Total governmental activities net position	\$ 200,676,243	\$ 204,485,615	\$ 206,666,043	\$ 211,875,922	\$ 227,934,742

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	2012-2013	2013-2014
Expenses by Functions/Programs					
Governmental Activities:					
General government	\$ 3,259,010	\$ 3,346,041	\$ 3,274,004	\$ 3,240,212	\$ 3,432,347
Public safety	11,206,823	11,408,145	11,994,709	12,299,585	12,410,000
Transportation	3,409,944	3,412,045	3,468,402	3,540,251	4,246,210
Economic and physical development	798,806	806,305	965,655	1,332,542	947,827
Environmental protection	2,077,498	2,085,049	2,130,549	1,846,780	1,715,643
Cultural and recreation	3,145,451	3,367,653	3,417,745	3,481,787	3,354,153
Interest on long-term debt	91,868	275,735	352,859	306,561	264,534
Subtotal governmental activities	23,989,400	24,700,973	25,603,923	26,047,718	26,370,714
Business-Type Activities:					
Airport	-	-	-	-	-
Electric	38,513,061	40,589,432	41,532,781	44,304,027	44,792,998
Water and sewer	9,440,556	9,286,106	9,502,048	9,389,629	11,696,188
Civic Center	817,270	861,917	848,125	948,560	997,238
Subtotal business-type activities	48,770,887	50,737,455	51,882,954	54,642,216	57,486,424
Total primary government expenses	\$ 72,760,287	\$ 75,438,428	\$ 77,486,877	\$ 80,689,934	\$ 83,857,138
Program Revenues by Functions					
Governmental Activities:					
Charges for Services:					
General government	\$ 69,423	\$ 96,614	\$ 379,335	\$ -	\$ 46,977
Public safety	287,186	337,832	198,223	308,753	336,183
Transportation	506,981	473,426	322,757	678,516	791,434
Economic and physical development	70,045	4,511	-	802,655	45
Environmental protection	328,217	293,688	288,090	448,057	165,632
Cultural and recreation	751,559	816,694	831,655	820,940	819,739
Operating grants and contributions	917,021	865,836	501,593	834,006	615,180
Capital grants and contributions	8,508,250	3,116,406	1,493,194	2,103,132	946,690
Total governmental activities program activities	11,438,682	6,005,007	4,014,847	5,996,059	3,721,880
Business-Type Activities:					
Charges for Services:					
Airport	-	-	-	-	-
Electric	39,102,390	41,973,877	41,334,097	44,989,787	47,531,836
Water and sewer	9,348,940	9,146,995	8,973,284	9,464,072	9,468,112
Civic Center	293,019	277,414	254,004	259,388	294,701
Operating grants and contributions	-	-	560,534	977,497	13,400
Capital grants and contributions	-	-	-	-	-
Total business-type activities	48,744,349	51,398,286	51,121,919	55,690,744	57,308,049
Total primary government program revenues	\$ 60,183,031	\$ 57,403,293	\$ 55,136,766	\$ 61,686,803	\$ 61,029,929

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Expenses by Functions/Programs					
Governmental Activities:					
General government	\$ 3,254,999	\$ 3,479,866	\$ 3,882,072	\$ 4,852,052	\$ 4,754,090
Public safety	12,398,238	12,234,390	13,338,272	14,896,715	15,031,704
Transportation	4,345,239	2,851,130	3,337,451	4,174,148	3,747,862
Economic and physical development	750,760	931,213	427,733	768,400	432,903
Environmental protection	1,978,958	1,675,871	1,951,510	2,080,218	1,975,892
Cultural and recreation	3,594,906	3,506,190	3,871,413	3,871,242	4,124,134
Interest on long-term debt	212,823	179,568	145,274	110,981	76,688
Subtotal governmental activities	<u>26,535,923</u>	<u>24,858,228</u>	<u>26,953,725</u>	<u>30,753,756</u>	<u>30,143,273</u>
Business-Type Activities:					
Airport	-	1,786,329	1,931,556	1,476,536	2,156,005
Electric	46,952,145	44,245,966	44,955,862	44,792,998	42,392,127
Water and sewer	9,713,190	10,332,082	11,108,611	11,696,188	11,912,217
Civic Center	999,189	968,734	970,233	997,238	1,047,354
Subtotal business-type activities	<u>57,664,524</u>	<u>57,333,111</u>	<u>58,966,262</u>	<u>58,962,960</u>	<u>57,507,703</u>
Total primary government expenses	<u>\$ 84,200,447</u>	<u>\$ 82,191,339</u>	<u>\$ 85,919,987</u>	<u>\$ 89,716,716</u>	<u>\$ 87,650,976</u>
Program Revenues by Functions					
Governmental Activities:					
Charges for Services:					
General government	\$ 355,432	\$ 66,083	\$ 44,698	\$ 59,766	\$ 59,818
Public safety	342,107	75,220	299,242	233,553	235,867
Transportation	-	49,846	43,506	1,440	-
Economic and physical development	-	981,530	981	1,089,283	1,150,853
Environmental protection	162,236	170,160	1,139,748	1,323,456	1,190,996
Cultural and recreation	836,284	732,620	793,362	736,888	693,180
Operating grants and contributions	345,739	596,907	1,364,069	285,478	698,158
Capital grants and contributions	1,240,320	748,401	838,388	851,559	736,939
Total governmental activities program activities	<u>3,282,118</u>	<u>3,420,767</u>	<u>4,523,994</u>	<u>4,581,423</u>	<u>4,765,811</u>
Business-Type Activities:					
Charges for Services:					
Airport	-	559,951	434,999	651,771	1,237,368
Electric	47,646,058	46,939,813	48,232,363	48,739,947	50,840,214
Water and sewer	10,033,066	10,782,047	11,265,287	11,358,956	12,293,534
Civic Center	299,535	333,067	341,243	318,216	327,944
Operating grants and contributions	-	363,177	-	211,467	-
Capital grants and contributions	-	29,126,802	2,158,958	4,996,623	6,777,290
Total business-type activities	<u>57,978,659</u>	<u>88,104,857</u>	<u>62,432,850</u>	<u>66,276,980</u>	<u>71,476,350</u>
Total primary government program revenues	<u>\$ 61,260,777</u>	<u>\$ 91,525,624</u>	<u>\$ 66,956,844</u>	<u>\$ 70,858,403</u>	<u>\$ 76,242,161</u>

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	2012-2013	2013-2014
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Ad valorem taxes	\$ 11,602,821	\$ 11,760,600	\$ 11,316,717	\$ 12,144,774	\$ 12,329,641
Local sales tax option	5,113,327	5,452,410	5,105,479	5,269,457	5,491,152
Other taxes	1,208,289	1,273,835	1,321,032	809,850	1,626,638
Unrestricted intergovernmental revenues	2,023,140	2,139,048	2,116,304	2,608,519	2,316,788
Interest earned on investments	554,901	105,840	263,126	(149,740)	311,881
Miscellaneous	175,648	268,874	195,157	238,313	175,411
Transfers in (out)	470,151	1,830,590	(157,608)	253,654	1,425,938
Total governmental activities	21,148,277	22,831,197	20,160,207	21,174,827	23,677,449
Business-Type Activities:					
Interest earned on investments	593,605	244,771	256,414	(103,514)	375,522
Miscellaneous	-	-	448,497	334,988	-
Transfer in (out)	(470,151)	(1,830,590)	157,608	(253,654)	(1,425,938)
Total business-type activities	123,454	(1,585,819)	862,519	(22,180)	(1,050,416)
Total primary government	21,271,731	21,245,378	21,022,726	21,152,647	22,627,033
Changes in Net Position					
Governmental activities	2,452,311	1,242,121	108,548	1,123,168	23,677,449
Business-type activities	784,285	(2,346,854)	1,911,047	1,026,348	(1,050,416)
Total primary government	\$ 3,236,596	\$ (1,104,733)	\$ 2,019,595	\$ 2,149,516	\$ 22,627,033

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Ad valorem taxes	\$ 12,252,525	\$ 12,130,575	\$ 13,843,920	\$ 13,924,416	\$ 15,012,204
Local sales tax option	6,016,074	6,283,073	6,564,336	6,945,610	7,317,507
Other taxes	3,284,650	45,347	48,308	48,949	57,521
Unrestricted intergovernmental revenues	681,625	2,932,832	2,593,971	2,798,822	2,826,167
Interest earned on investments	150,345	179,616	209,821	197,604	724,350
Miscellaneous	591,938	14,405	38,351	128,193	363,732
Transfers in (out)	190,752	(30,110,127)	(222,438)	268,272	(116,799)
Total governmental activities	23,167,909	(8,524,279)	23,076,269	24,311,866	26,184,682
Business-Type Activities:					
Interest earned on investments	223,891	276,576	290,896	378,045	1,166,154
Miscellaneous	113,439	-	-	-	-
Transfer in (out)	(190,752)	983,325	222,438	(268,272)	116,799
Total business-type activities	146,578	1,259,901	513,334	109,773	1,282,953
Total primary government	23,314,487	(7,264,378)	23,589,603	24,421,639	27,467,635
Changes in Net Position					
Governmental activities	(85,896)	(30,107,282)	23,076,269	(1,860,467)	807,220
Business-type activities	460,713	32,177,189	513,334	7,423,793	15,251,600
Total primary government	\$ 374,817	\$ 2,069,907	\$ 23,589,603	\$ 5,563,326	\$ 16,058,820

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
General Fund					
Non Spendable					
Inventories	\$ 16,790	\$ 26,091	\$ 26,497	\$ 28,182	\$ 31,027
Prepaid items	4,510	320	2,470	2,985	4,290
Restricted					
Stabilization by State Statute	2,730,658	3,139,241	3,384,316	3,971,056	3,414,788
Debt service	-	-	-	293,653	61,249
¹ Reserved for encumbrances	4,188,338	-	-	-	-
Committed	-	750,940	-	-	-
Assigned					
Subsequent year's appropriation	652,150	1,847,967	270,292	286,323	998,745
Unassigned	17,401,057	18,218,742	19,403,631	21,017,856	20,315,639
Subtotal governmental activities	24,993,503	23,983,301	23,087,206	25,600,055	24,825,738
All Other Governmental Funds					
Reserved for:					
¹ Reserved for encumbrances	2,479,753	-	-	-	-
Restricted, reported in:					
Stabilization by state statute	561,960	79,991	2,181,258	1,153,086	2,867,981
Special revenue funds	4,099,157	955,625	1,994,683	1,202,723	1,820,564
Committed	-	1,342,079	6,470,958	-	-
Capital project funds	2,666,400	13,691,420	-	5,144,063	3,659,885
Unassigned (deficit)	-	-	(85,676)	-	-
Subtotal other governmental activities	9,807,270	16,069,115	10,561,223	7,499,872	8,348,430
Total governmental fund balance	<u>\$ 34,800,773</u>	<u>\$ 40,052,416</u>	<u>\$ 33,648,429</u>	<u>\$ 33,099,927</u>	<u>\$ 33,174,168</u>
General Fund unassigned fund balance as a percent of expenditures (including transfer out)	67.97%	67.54%	76.15%	82.47%	73.40%

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)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
General Fund					
Non Spendable					
Inventories	\$ 47,630	\$ 32,006	\$ 34,546	\$ 50,771	\$ 29,022
Prepaid items	6,909	26,108	-	-	9,214
Restricted					
Stabilization by State Statute	3,879,522	4,315,383	6,711,576	5,670,519	5,115,845
Debt service	-	-	-	-	-
¹ Reserved for encumbrances	-	-	-	-	-
Committed	-	220,560	239,891	170,944	14,623
Assigned					
Subsequent year's appropriation	1,838,714	954,462	1,583,800	3,646,984	-
Unassigned	21,368,277	18,905,057	16,722,263	13,190,759	16,095,379
Subtotal governmental activities	27,141,052	24,453,576	25,292,076	22,729,977	21,264,083
All Other Governmental Funds					
Reserved for:					
¹ Reserved for encumbrances	-	-	-	-	-
Restricted, reported in:					
Stabilization by state statute	435,240	329,164	62,987	20,624	140,263
Special revenue funds	1,864,020	794,205	1,162,241	1,303,274	1,537,479
Committed	-	-	-	-	-
Capital project funds	2,111,528	5,121,111	5,467,896	5,276,648	6,820,509
Unassigned (deficit)	-	(165,871)	-	-	(27,462)
Subtotal other governmental activities	4,410,788	6,078,609	6,693,124	6,600,546	8,470,789
Total governmental fund balance	\$ 31,551,840	\$ 30,532,185	\$ 31,985,200	\$ 29,330,523	\$ 29,734,872
General Fund unassigned fund balance as a percent of expenditures (including transfer out)	85.96%	65.56%	53.06%	41.86%	45.90%

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues (by source):					
Ad valorem taxes	\$ 11,515,195	\$ 11,603,732	\$ 11,310,155	\$ 12,139,952	\$ 12,403,940
Sales Tax	5,113,327	5,452,410	5,105,479	5,269,457	5,491,152
Other taxes and licenses	1,208,289	1,271,879	1,321,032	1,631,962	1,626,638
Unrestricted intergovernmental	2,023,140	2,139,049	2,116,304	2,608,519	2,316,788
Restricted intergovernmental	9,396,440	3,724,998	2,078,787	2,951,620	1,539,487
Permits and fees	526,627	542,334	554,325	439,269	447,208
Sales and services	1,393,927	1,502,159	1,457,941	1,788,988	1,679,939
Investment earnings	466,568	235,024	253,517	(121,635)	347,082
Miscellaneous	134,024	468,319	206,288	449,217	138,603
Total revenues	31,777,537	26,939,904	24,403,828	27,157,349	25,990,837
Expenditures (by function):					
General government	3,057,326	3,114,368	3,025,762	3,537,203	3,134,239
Public safety	10,514,864	10,863,716	11,309,003	11,990,414	11,576,160
Transportation	1,751,549	1,786,894	1,781,557	2,007,509	1,739,707
Economic and physical development	797,915	806,305	1,021,655	2,212,781	947,827
Environmental protection	1,934,002	1,960,189	1,979,079	1,918,623	1,593,054
Cultural and recreation	2,974,884	2,965,898	2,974,985	3,264,938	2,921,604
Capital outlay	11,037,173	8,199,597	6,597,977	1,489,469	3,936,559
Debt service:					
Principal	355,000	549,700	1,249,700	1,249,700	1,224,700
Interest on long-term debt	63,990	272,184	360,490	288,867	268,684
Total expenditures	32,486,703	30,518,851	30,300,208	27,959,504	27,342,534
Excess of revenues over (under) expenditures	(709,166)	(3,578,947)	(5,896,380)	(802,155)	(1,351,697)
Other Financing Sources (Uses)					
Transfers in	4,950,672	6,849,267	2,266,764	4,532,958	5,458,684
Transfers out	(4,480,521)	(5,018,677)	(2,774,371)	(4,279,305)	(4,032,746)
Proceeds from long-term debt	1,947,000	7,000,000	-	-	-
Total other financing sources (uses)	2,417,151	8,830,590	(507,607)	253,653	1,425,938
Net change in fund balance	\$ 1,707,985	\$ 5,251,643	\$ (6,403,987)	\$ (548,502)	\$ 74,241
Debt service as a percentage of noncapital expenditures	1.95%	3.68%	6.79%	5.81%	6.38%

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

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Revenues (by source):					
Ad valorem taxes	\$ 12,407,077	\$ 12,372,681	\$ 13,906,520	\$ 14,051,731	\$ 15,084,380
Sales Tax	6,016,074	-	-	-	-
Other taxes and licenses	951,626	1,025,895	1,056,491	1,138,232	1,208,374
Unrestricted intergovernmental	2,671,124	9,196,090	9,206,615	9,744,432	10,143,674
Restricted intergovernmental	1,614,191	1,344,424	1,199,144	1,143,277	1,389,239
Permits and fees	731,287	401,633	264,365	147,752	145,437
Sales and services	1,452,951	860,752	2,085,537	2,055,918	2,080,282
Investment earnings	202,655	210,735	204,253	243,917	678,422
Miscellaneous	156,893	122,099	231,231	271,745	228,510
Total revenues	26,203,878	25,534,309	28,154,156	28,797,004	30,958,318
Expenditures (by function):					
General government	2,986,788	3,448,253	3,849,861	4,430,652	7,458,794
Public safety	12,121,392	11,813,998	13,066,552	13,250,792	14,999,062
Transportation	2,868,091	1,651,590	2,493,858	1,750,239	3,338,082
Economic and physical development	788,260	951,028	427,733	772,399	432,903
Environmental protection	2,132,924	1,557,336	2,140,089	1,846,455	2,300,716
Cultural and recreation	3,278,844	3,089,320	3,429,881	3,350,140	3,771,334
Capital outlay	2,392,459	2,199,179	46,688	3,309,446	-
Debt service:					
Principal	894,700	894,700	894,700	894,700	894,700
Interest on long-term debt	553,500	183,717	149,424	115,130	80,837
Total expenditures	28,016,958	25,789,121	26,498,786	29,719,953	33,276,428
Excess of revenues over (under) expenditures	(1,813,080)	(254,812)	1,655,370	(922,949)	(2,318,110)
Other Financing Sources (Uses)					
Transfers in	2,579,286	5,514,583	2,631,587	2,308,177	7,141,190
Transfers out	(2,388,534)	(6,497,908)	(2,833,942)	(4,039,905)	(4,418,731)
Proceeds from long-term debt	-	-	-	-	-
Total other financing sources (uses)	190,752	(983,325)	(202,355)	(1,731,728)	2,722,459
Net change in fund balance	\$ (1,622,328)	\$ (1,238,137)	\$ 1,453,015	\$ (2,654,677)	\$ 404,349
Debt service as a percentage of noncapital expenditures	5.65%	4.49%	4.17%	3.98%	3.02%

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

Fiscal Year Ended June 30	Property Tax	Sales Tax	Privilege License Tax	Occupancy Tax	Total
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	5,105,479	341,000	733,086	17,496,282
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
2019	15,012,204	7,317,507	2,755	1,150,853	23,483,319

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 FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year Ended June 30	Property Tax	Sales Tax	Privilege License Tax	Occupancy Tax	Total
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	12,407,077	5,105,479	341,000	733,086	18,586,642
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
2019	15,084,380	7,317,507	2,755	1,150,853	23,555,495

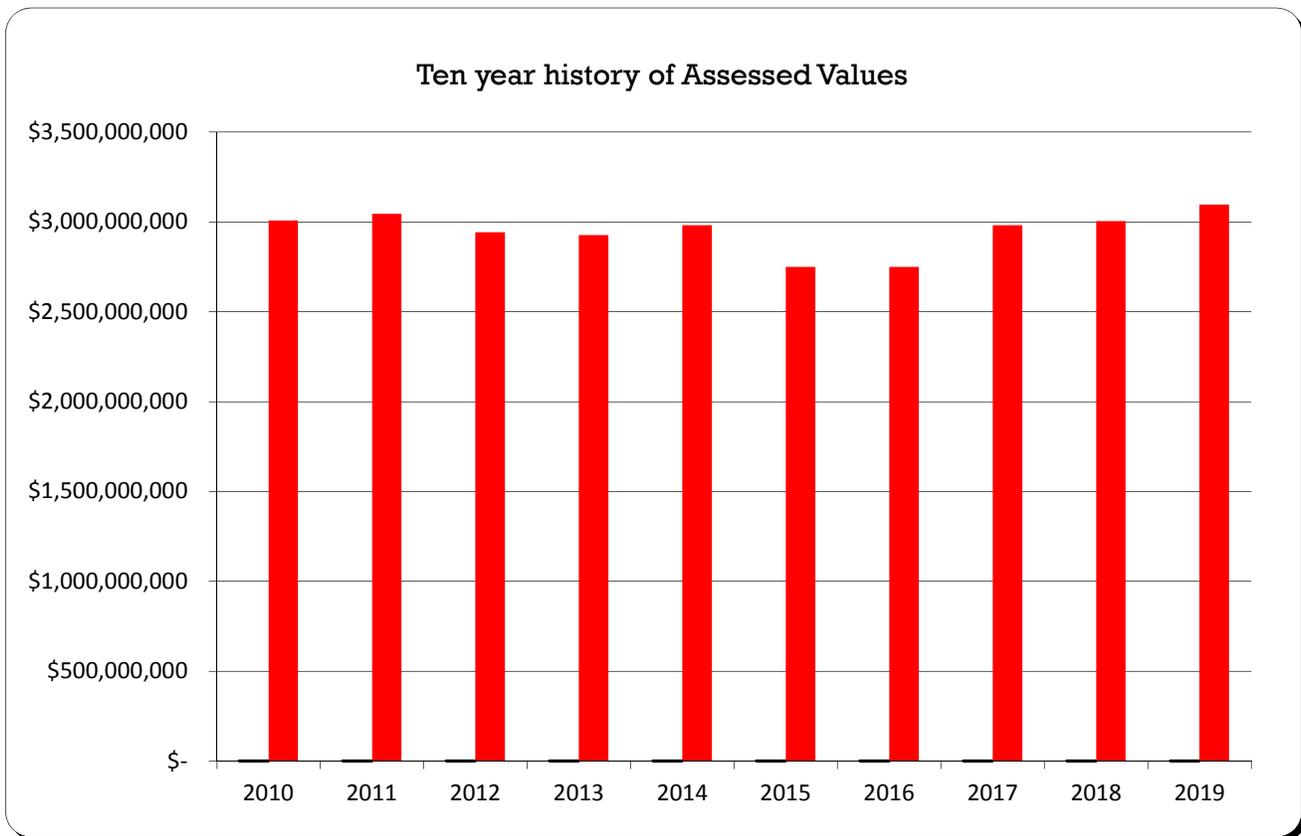
The City as of July 1, 2015 is not authorized to levy privilege licenses. Amount shown is beer and wine privilege license that is still authorized.

Table 7

**CITY OF STATESVILLE, NORTH CAROLINA
 ASSESSED VALUE OF TAXABLE PROPERTY - CITY-WIDE
 FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

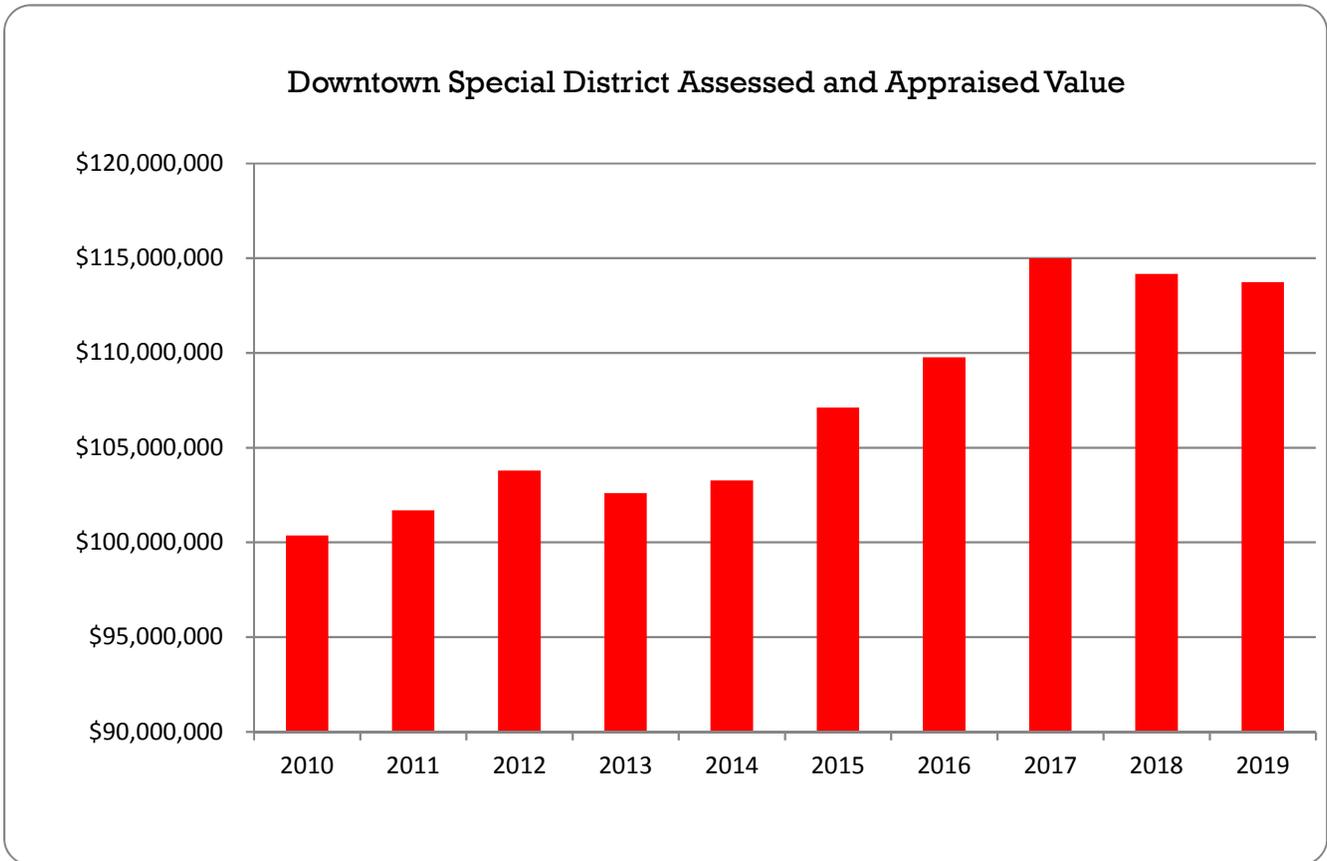
Fiscal Year Ended June 30	Tax Year	Motor Vehicle and Public Service Companies			Total Assessed Value	Total Direct Tax Rate
		Real Property	Personal Property			
2010	2009	\$ 2,099,286,384	\$ 867,458,395	\$ 41,940,666	\$ 3,008,685,445	\$ 0.3833
2011	2010	2,135,719,487	865,558,609	43,397,510	3,044,675,606	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	0.4638
2019	2018	2,359,832,609	686,176,438	51,585,631	3,097,594,678	0.4849

⁽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.



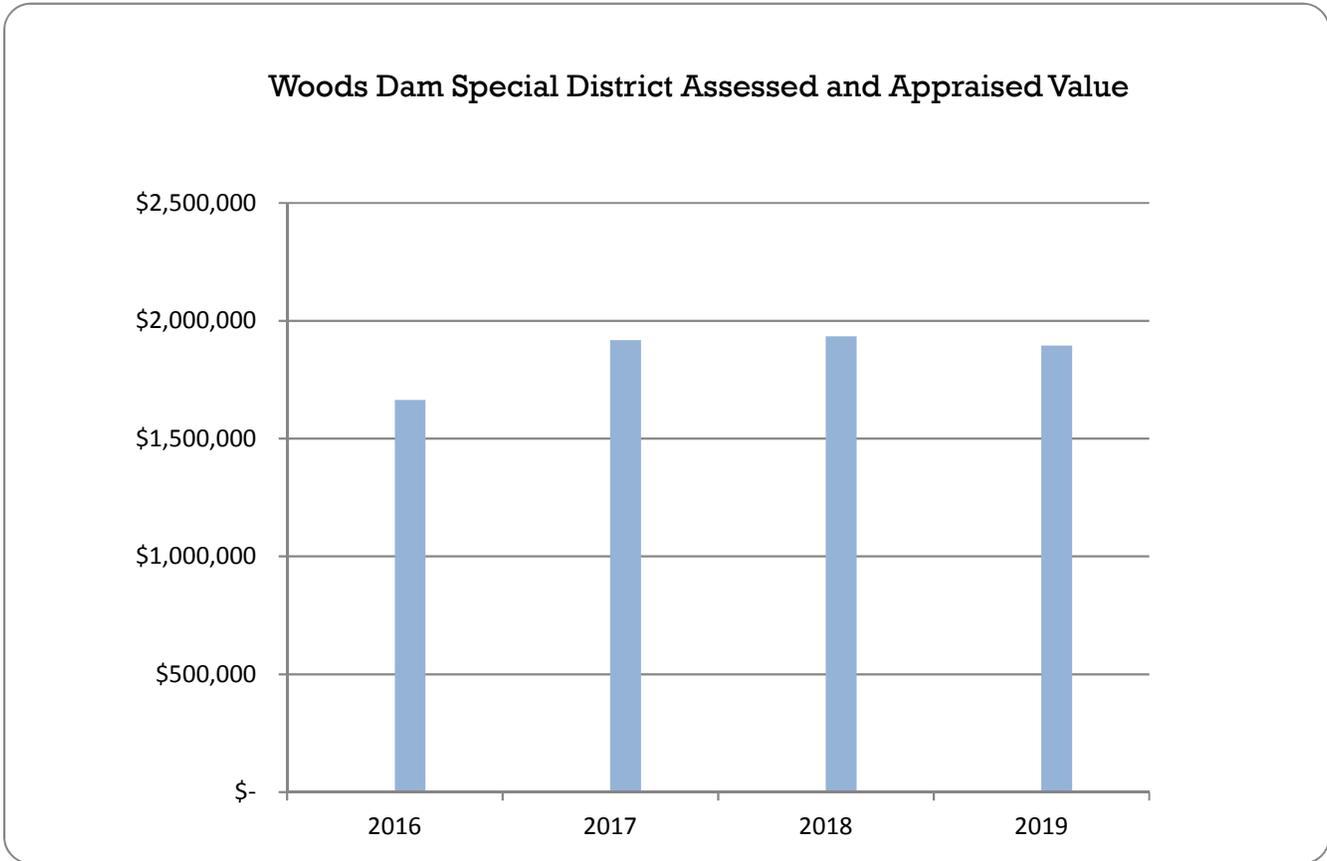
**CITY OF STATESVILLE, NORTH CAROLINA
 ASSESSED AND APPRAISED VALUE OF TAXABLE PROPERTY
 GENERAL FUND - DOWNTOWN SPECIAL TAX DISTRICT
 FOR THE LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Assessed Value	Appraised Value	Ratio of Total Assessed Value to Total Appraised Value
2010	\$ 100,360,997	\$ 100,360,997	100%
2011	101,690,327	103,654,000	102%
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	114,155,160	114,155,160	100%
2019	113,728,000	113,728,000	100%



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

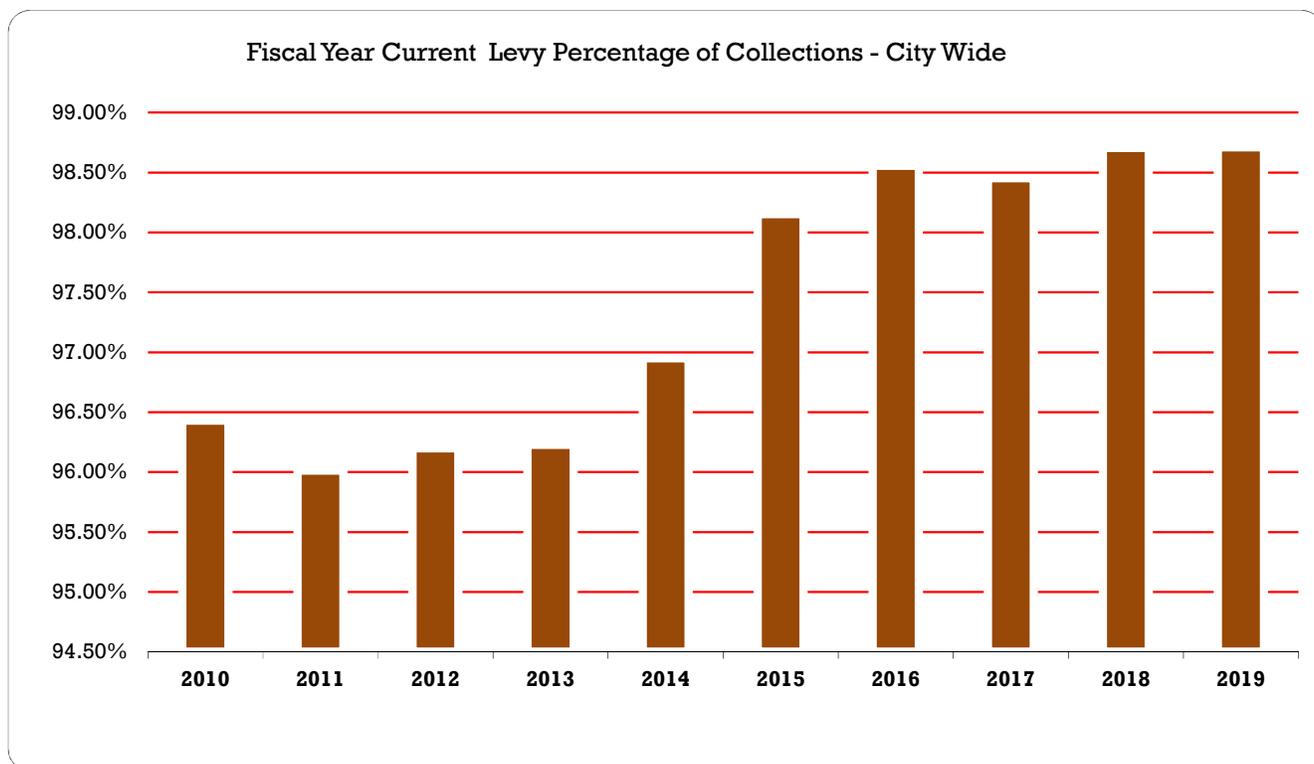
Fiscal Year Ended June 30	Assessed Value	Appraised Value	Ratio of Total Assessed Value to Total Appraised Value
2016	\$ 1,663,678	\$ 1,663,678	100%
2017	1,917,326	1,917,326	100%
2018	1,932,968	1,932,968	100%
2019	1,894,283	1,894,258	100%



**CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND - CITY-WIDE
FOR THE LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Current 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
2010	2009	\$ 11,514,546	\$ 11,103,359	96.43%	\$ 332,799	\$ 11,436,158	99.32%	\$ 957,656	7.67%
2011	2010	11,608,744	11,145,620	96.01%	323,674	11,469,294	98.80%	1,097,107	8.32%
2012	2011	11,320,637	10,890,248	96.20%	369,223	11,259,471	99.46%	1,108,411	9.45%
2013	2012	12,022,139	11,568,448	96.23%	389,300	11,957,748	99.46%	1,134,351	9.79%
2014	2013	12,244,494	11,870,889	96.95%	356,284	12,227,173	99.86%	1,098,152	9.44%
2015	2014	12,069,094	11,845,894	98.15%	359,943	12,205,837	101.13%	926,056	8.97%
2016	2015	12,074,692	11,900,200	98.55%	272,333	12,172,533	100.81%	783,173	7.67%
2017	2016	13,714,815	13,502,576	98.45%	204,689	13,707,265	99.94%	748,532	6.49%
2018	2017	13,824,239	13,645,040	98.70%	210,798	13,855,838	100.23%	671,863	5.46%
2019	2018	14,902,527	14,710,327	98.71%	229,286	14,939,613	100.25%	634,778	4.26%

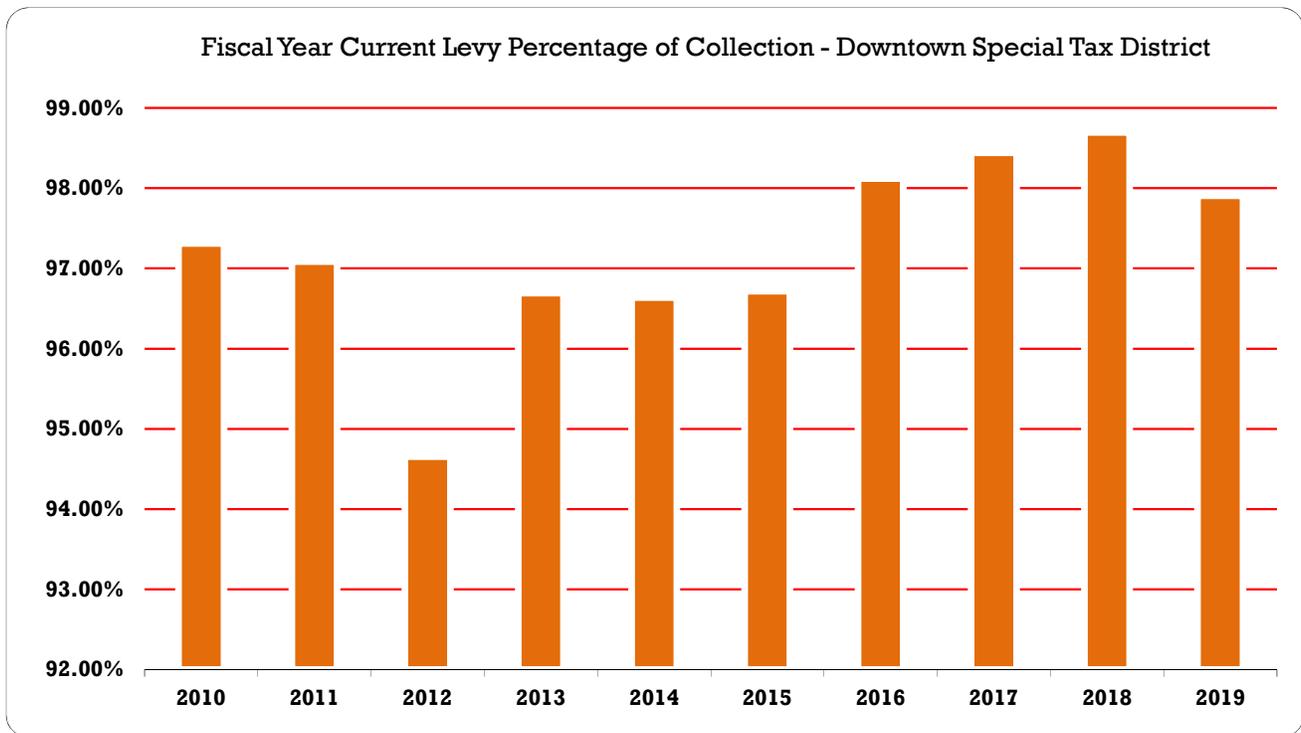
Note: Ratio of Total Tax Collections to Total Tax Levy includes only the current levy. Total tax collections ratio may exceed 100% because of prior year levy collections.



**CITY OF STATESVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND - DOWNTOWN SPECIAL TAX DISTRICT
FOR THE LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Current 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
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%
2019	2018	113,728	111,346	97.91%	1,195	112,541	98.96%	5,197	4.57%

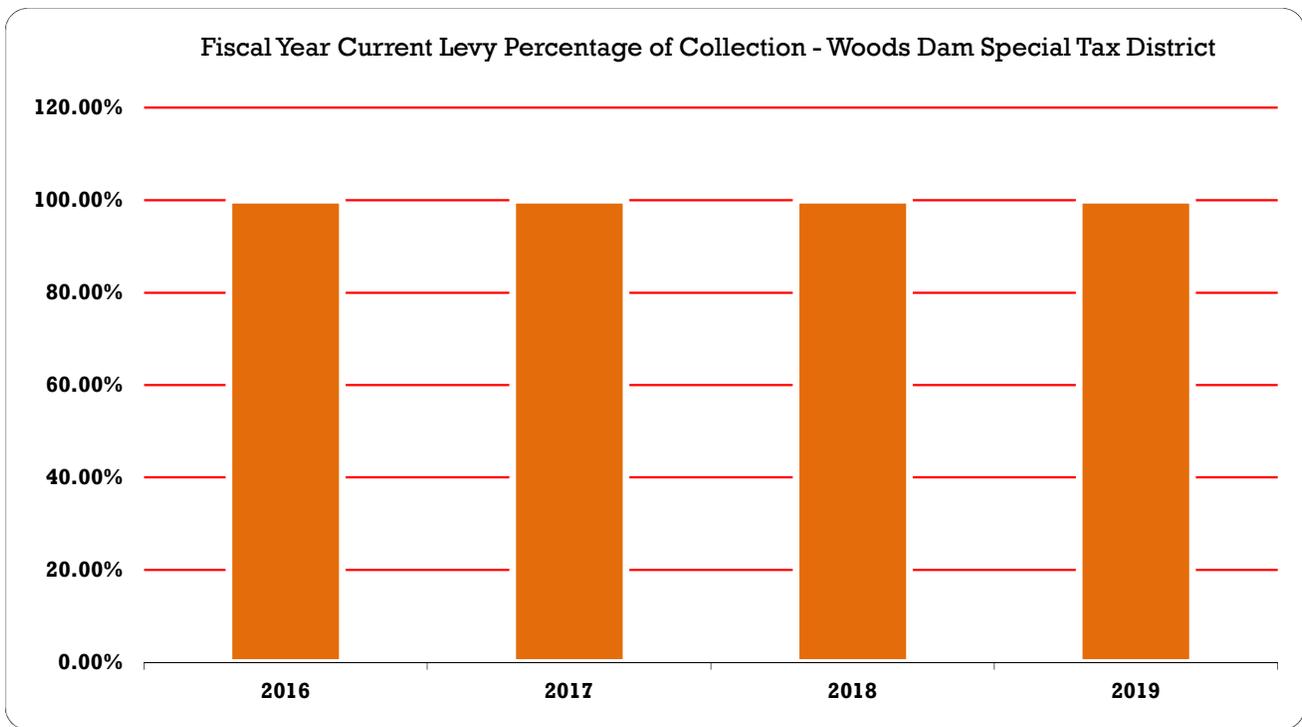
Note: Ratio of Total Tax Collections to Total Tax Levy includes only the current levy.



**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 Current 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%
2019	2018	3,978	3,978	100.00%		3,978	100.00%	-	0.00%

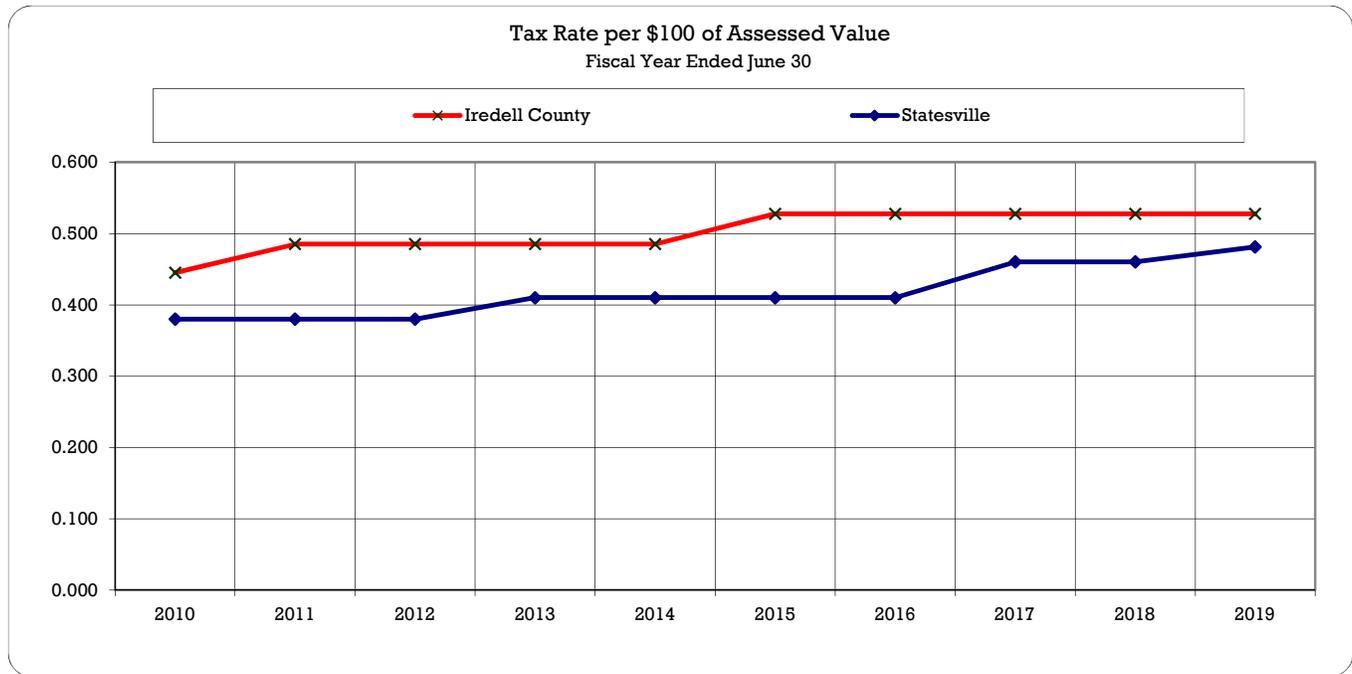
Note: Ratio of Total Tax Collections to Total Tax Levy includes only the current levy.



**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 Tax Rate⁽¹⁾	Iredell County Tax Rate	City of Statesville Direct Tax Rate Plus County Tax Rate
2010	0.3800	0.1000	0.0000	0.3835	0.4450	0.8285
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	0.4139	0.4850	0.8989
2014	0.4100	0.1000	0.0000	0.4140	0.4850	0.8990
2015	0.4100	0.1000	0.0000	0.4639	0.5275	0.9914
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	0.4638	0.5275	0.9913
2019	0.4811	0.1000	0.2100	0.4849	0.5275	1.0124

⁽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, 2019 and June 30, 2010

In accordance with GASB No. 44, the following tables present information for the City's principal property taxpayers as of June 30, 2019 and June 30, 2010 for City wide only.

June 30, 2019		Percentage of	Assessed	
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Total Assessed</u>	<u>Valuation</u>	<u>Tax Levy</u>
Asmo NC, Inc.	Electric Motor Mfg.	3.45%	\$ 106,762,207	\$ 560,502
Providencia USA, Inc.	Non-Woven Plastic Materials Mfg.	1.71%	52,840,638	277,413
Lowe's	Home Improvement Retailer	1.61%	49,836,384	261,641
Statesville HMA, Inc.	Health Care Facility	0.75%	23,229,960	121,957
Bartlett Milling Company	Flour and Feed Milling	0.70%	21,706,421	113,959
Pratt Industries, Inc.	Manufacturing	0.68%	21,217,938	111,394
Centro NP Holdings	Real Estate	0.65%	20,038,440	105,202
Clark Equipment Company	Heavy Equipment Manufacturer	0.63%	19,457,946	102,154
Vereit, Inc.	Real Estate	0.62%	19,268,290	101,159
Brentwood Apartments	Real Estate	0.57%	17,587,080	92,332
	Ten largest taxpayers	11.36%	351,945,304	1,847,713
	† All other taxpayers	88.64%	2,745,649,374	13,054,814
	Total:	100.00%	\$ 3,097,594,678	\$ 14,902,527

June 30, 2010		Percentage of	Assessed	
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Total Assessed</u>	<u>Valuation</u>	<u>Tax Levy</u>
Lowe's	Home Improvement Retailer	4.23%	\$ 127,304,056	\$ 483,755
Asmo NC, Inc.	Electric Motor Mfg.	2.45%	73,666,712	279,934
Newell Rubbermaid	Home & Office Products, Tool Mfg.	1.24%	37,301,580	141,746
Statesville HMA, Inc.	Health Care Facility	1.04%	31,436,632	119,459
GS Statesville Green Land	Real Estate	0.93%	28,086,011	106,727
Centro NP Holdings	Real Estate	0.76%	22,731,710	86,380
L R Wooten	Warehouse Building and Leasing	0.63%	18,821,820	71,523
Doosan International USA	Portable Air Compressor Mfg.	0.61%	18,462,366	70,157
Champion Air Inc.	Private Corporate Flight Company	0.60%	18,095,817	68,764
JPS Composite Materials Corp.	Glass & Synthetic Substrate Mfg.	0.60%	18,084,802	68,722
	Ten largest taxpayers	13.10%	393,991,506	1,497,167
	All other taxpayers	86.90%	2,614,693,939	10,017,379
	Total:	100.00%	\$ 3,008,685,445	\$ 11,514,546

Table 15

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL ELECTRIC CUSTOMERS
June 30, 2019 and June 30, 2010

Electric Customer	Type of Business	Dollar Amount of Annual Electric Charges	Percentage of Total Electric Charges for Services
June 30, 2019			
Kewaunee Scientific	Scientific Equipment	\$ 1,274,619	2.6%
Providencia USA	Non-Woven Plastic Materials	1,191,837	2.4%
Providencia USA	Non-Woven Plastic Materials	1,138,687	2.3%
Iredell Memorial Hospital	Health Care Facility	1,101,528	2.2%
Accuma Corporation	Plastics/Batteries	772,524	1.6%
Toter	Row out Bins	743,045	1.5%
Amesbury Truth	Window/Door Manufacturer	656,551	1.3%
Sanford, LP	Glue Manufacturer	569,813	1.2%
International Paper	Paper Products	492,666	1.0%
J C Steele & Sons	Brick Making Machinery	466,255	0.9%
	Ten largest electric users	8,407,526	17.0%
	All other electric users	41,040,618	83.0%
	Total electric charges	<u>\$ 49,448,144</u>	<u>100.0%</u>
June 30, 2010			
City of Statesville	Municipal Corporation	\$ 1,320,254	3.4%
Commscope	Cable Manufacturer	1,296,409	3.3%
Kewaunee Scientific	Scientific Equipment	828,793	2.1%
International Paper	Wood/Veneers	803,198	2.1%
Iredell Memorial Hospital	Health Care Facility	791,217	2.0%
Hunt Manufacturing	Art Supply	607,510	1.6%
Accuma Corporation	Plastics/Batteries	597,704	1.5%
Statesville Housing Authority	Housing Authority	527,184	1.4%
J C Penney Logistics	Distribution Center	430,910	1.1%
J C Steele & Sons	Brick Making Machinery	417,061	1.1%
	Ten largest electric users	7,620,240	19.7%
	All other electric users	31,079,941	80.3%
	Total electric charges	<u>\$ 38,700,181</u>	<u>100.0%</u>

Source: City of Statesville's utility billing records.

Table 16

**CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL WATER CUSTOMERS
June 30, 2019 and June 30, 2010**

Water Customer	Type of Business	Dollar Amount of Annual Water Charges	Percentage of Total Water Charges for Services
June 30, 2019			
Mocaro Industries/Finishing	Knit Fabrics	\$ 94,350	2.1%
West Iredell Water Corp.	Utility	63,170	1.4%
Iredell Memorial Hospital	Health Care Facility	51,161	1.2%
Statesville Brian Center	Assistance Living	43,061	1.0%
Clark-Schwebel Fiber	Textile Manufacturer	36,424	0.8%
Kewaunee Scientific	Scientific Equipment	34,964	0.8%
Ridgeview Apartments	Real Estate	33,974	0.8%
Rental Uniform Svc. Inc.	Apparel Rental	33,487	0.8%
Valspar Corporation	Paint Manufacturer	27,767	0.6%
Watercrest Estates	Real Estate	23,335	0.5%
	Ten largest water users	441,693	10.0%
	All other water users	3,983,999	90.0%
	Total water charges	\$ 4,425,692	100.0%
June 30, 2010			
Statesville Housing Authority	Housing Authority	102,265	3.5%
Mocaro Industries/Finishing	Knit Fabrics	76,746	2.7%
West Iredell Water Corp.	Utility	97,397	3.4%
City of Statesville	Municipal Corporation	66,645	2.3%
Iredell Memorial Hospital	Health Care Facility	44,857	1.5%
Iredell Water Corporation	Utility	41,842	1.4%
Clark-Schwebel Fiber	Textile Manufacturer	31,313	1.1%
Mariner Post Acute	Health Care Facility	29,216	1.0%
Rental Uniform Svc. Inc.	Apparel Rental	27,662	1.0%
International Paper	Wood/Veneers	23,910	0.8%
	Ten largest water users	541,853	18.7%
	All other water users	2,353,593	53.2%
	Total water charges	2,895,446	71.9%

Source: City of Statesville's utility billing records.

Table 17

**CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL SEWER CUSTOMERS
June 30, 2019 and June 30, 2010**

Sewer Customer	Type of Business	Dollar Amount of Annual Sewer Charges	Percentage of Total Sewer Charges for Services
June 30, 2019			
Town of Troutman	Utility	\$ 350,925	4.8%
Mocaro Industries/Finishing	Knit Fabrics	327,284	4.5%
Iredell Memorial Hospital	Health Care Facility	84,520	1.2%
Statesville Brian Center	Assistance Living	71,072	1.0%
Clark-Schwebel Fiber	Fiberglass	60,250	0.8%
Kewaunee Scientific	Scientific Equipment	57,809	0.8%
Ridgeview Apartments	Real Estate	56,038	0.8%
Rental Uniform Svc. Inc.	Apparel Rental	55,052	0.8%
Iredell-Statesville School Adm	School System	48,387	0.7%
Watercrest Estates	Real Estate	38,549	0.5%
	Ten largest sewer users	1,149,886	15.8%
	All other sewer users	6,116,409	84.2%
	Total sewer charges	<u>\$ 7,266,295</u>	<u>100.0%</u>
June 30, 2010			
Mocaro Industries/Finishing	Knit Fabrics	\$ 262,325	7.0%
Town of Troutman	Utility	228,915	6.1%
Statesville Housing Authority	Housing Authority	166,693	4.4%
Millard Refrigerated Service	Services	88,416	2.4%
Iredell Memorial Hospital	Health Care Facility	73,656	2.0%
Clark-Schwebel Fiber	Fiberglass	51,509	1.4%
Iredell-Statesville School Adm	School System	54,311	1.4%
Mariner Post Acute	Health Care Facility	47,940	1.3%
Rental Uniform	Apparel Rental	45,278	1.2%
Fourth Creek Housing	Apartments	41,248	1.1%
	Ten largest sewer users	1,060,291	28.3%
	All other sewer users	2,688,267	37.0%
	Total sewer charges	<u>\$ 3,748,558</u>	<u>51.6%</u>

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

Fiscal Year Ended June 30,	Governmental Activities		Business-type Activities		Total Primary Government	Percent of Personal Income	^{2.} Per Capita
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Notes Payable			
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
2019	-	1,594,700	-	25,318,743	26,913,443 ⁽¹⁾	0.08% ⁽²⁾	1,042.19

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 result in a per capita income of \$20,883.

^{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, 2018. Estimate population for fiscal year 2019: 25,824

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 (2) Value	Per Capita
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%	-
2019	-	-	-	-	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 obligated 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 2009-10 through 2018-19:

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Debt Limit	\$ 234,856	\$ 232,915	\$ 234,881	\$ 240,422	\$ 247,817
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 234,856</u>	<u>\$ 232,915</u>	<u>\$ 234,881</u>	<u>\$ 240,422</u>	<u>\$ 247,817</u>
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	\$ 3,096,188
Less current year abatements	1,527
Assessed value of taxable property	<u>3,097,715</u>
Debt limit - eight percent (8%) of assessed value	<u>247,817</u>
Amount of debt applicable to debt limit:	
Total bonded debt	<u>-</u>
Legal debt margin	<u>\$ 247,817</u>

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Debt Limit	\$ 240,695	\$ 243,574	\$ 235,459	\$ 235,459	\$ 232,800
Total net debt applicable to limit	<u>475</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 240,220</u>	<u>\$ 243,549</u>	<u>\$ 235,459</u>	<u>\$ 235,459</u>	<u>\$ 232,800</u>
Total net debt applicable to the limit as a percentage of debt limit	0.20%	0.01%	0.00%	0.00%	0.00%

CITY OF STATESVILLE, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2019

Jurisdiction	Principal	Allocated Amount	Total
Direct debt:			
City of Statesville	(1) \$ 1,594,700	100%	\$ 1,594,700
Overlapping debt:			
Iredell County	(1) <u>222,801,911</u>	14%	<u>32,191,778</u>
	<u>\$ 224,396,611</u>		<u>\$ 33,786,478</u>

(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 FISCAL YEARS**

Fiscal Year Ended June 30,	Population Estimate ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾	Median Age ⁽⁴⁾	School Enrollment ⁽⁵⁾
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
2019	25,824	20,883	4.0%	40.00	20,437

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 2018 of 25,824 was the basis for allocating sales tax for fiscal year 2019.

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 result in a decrease in the per capita income from the county wide per capita that had been previously determined by the Department of Commerce. Fiscal year 2019 data obtained from bestplaces.net.

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 Membership (ADM) for the Iredell-Statesville School system not including private or parochial schools.

CITY OF STATESVILLE, NORTH CAROLINA
PRINCIPAL EMPLOYERS
June 30, 2019 and June 30, 2010

Company or Organization ⁽¹⁾	6/30/2019			6/30/2010		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Iredell-Statesville Schools	2,900	1	3.30%	3,169	1	4.38%
Iredell Memorial Hospital	1,448	2	1.65%	1,650	2	2.28%
Iredell County Government	1,330	3	1.51%	883	5	1.22%
Davis Regional Medical Center	500	4	0.57%	542	8	0.75%
Kewaunee Scientific	500	5	0.57%	490	10	0.68%
Doosan Infracore Power	500	6	0.57%	-		0.00%
City of Statesville	425	7	0.48%	-		0.00%
ASMO North Carolina	400	8	0.45%	-		0.00%
Piedmont HealthCare	389	9	0.44%	740	6	1.02%
Manheim Statesville	350	10	0.40%	-		0.00%
All other	79,231		90.06%	64,879		89.67%
Total Employed	87,973		100.00%	72,353		100.00%

Sources:

- (1) Iredell County Economic Development Corporation.
- (2) Total Iredell County employed from the North Carolina Department of Commerce as of June 2019.
- (3) June 30, 2010 are estimates based on previous data.

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

Function/Program	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
General Government Activities:					
General Government:					
Personnel					
Number of new hires-full time	33	43	23	20	26
Number of new hires-part-time	97	110	80	96	117
Turnover rate	6.00%	8.00%	8.20%	9.60%	7.80%
Public Safety:					
Police					
UCR Part 1 Violent Crime (2)	N/A	N/A	N/A	N/A	N/A
Vehicle Crashes Investigated	1,932	1,725	1,690	1,690	1,665
Number of incoming calls	109,351	58,060	93,590	93,590	89,679
Fire					
Fire emergency responses	1,644	1,822	1,890	1,890	2,197
City-wide fire loss	\$ 942,350	\$ 488,735	\$ 1,373,470	\$ 1,462,225	\$ 713,190
Number of fire inspections	816	863	777	777	987
Investigations	34	15	22	9	20
Transportation:					
Street Department					
Miles of street resurfacing	6.11	4.54	3.22	4.11	4.10
Environmental Protection:					
Sanitation					
Number of household collection points	9,700	9,546	9,546	9,546	9,342
Cost per ton collected	\$ 53.00	\$ 63.00	\$ 60.00	\$ 60.00	\$ 78.00
Cemeteries					
Number of burials	325	230	230	230	239
Recreation:					
Fitness Center Avg. Daily Attendance (3)	N/A	N/A	262	262	288
Leisure Pool Avg. Daily Attendance (4)	N/A	N/A	428	428	402

(1) Source: Various City departments.

(2) The department implemented a new public safety software system in February 2017.

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

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

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

Function/Program	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
General Government Activities:					
General Government:					
Personnel					
Number of new hires-full time	33	42	49	47	59
Number of new hires-part-time	100	96	92	91	86
Turnover rate	10.86%	11.67%	11.20%	8.58%	15.17%
Public Safety:					
Police					
UCR Part 1 Violent Crime (2)	N/A	N/A	N/A	346	227
Vehicle Crashes Investigated	1,665	1,665	1,625	1,625	1,866
Number of incoming calls	94,603	73,836	77,595	79,406	72,416
Fire					
Fire emergency responses	4,015	3,634	4,015	4,015	4,751
City-wide fire loss	\$ 412,525	\$ 1,558,700	\$ 435,640	\$ 435,640	\$ 2,971,873
Number of fire inspections	985	1,099	1,037	1,037	1,147
Investigations	20	23	11	11	126
Transportation:					
Street Department					
Miles of street resurfacing	3.71	4.00	4.74	4.70	3.80
Environmental Protection:					
Sanitation					
Number of household collection points	9,700	9,700	10,011	10,149	12,126
Cost per ton collected	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00
Cemeteries					
Number of burials	219	213	212	212	195
Recreation:					
Fitness Center Avg. Daily Attendance (3)	260	204	190	200	205
Leisure Pool Avg. Daily Attendance (4)	420	424	416	433	416

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

Function/Program	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Business-type activities:					
Airport:					
Assessed Values created by the Airport	\$ 266,127,526	\$ 284,394,380	\$ 239,607,307	\$ 251,174,453	\$ 201,968,428
Lease Revenues	\$ 134,379	\$ 151,391	\$ 164,862	\$ 180,256	\$ 193,750
Fuel Fee Revenue	\$ 140,063	\$ 132,510	\$ 157,895	\$ 123,898	\$ 144,902
Gallons Pumped	1,363,784	1,334,904	1,357,103	1,421,769	1,394,458
Passengers Flown (charter) Estimate	N/A	N/A	N/A	N/A	N/A
Take-off and landings	N/A	N/A	N/A	N/A	N/A
Based aircraft (29 jet powered)	N/A	N/A	N/A	N/A	N/A
Electric:					
⁽²⁾ Kwh purchased	451,517,939	464,051,769	461,666,247	469,944,924	479,643,199
Purchased power cost	\$ 32,503,039	\$ 34,847,545	\$ 36,560,241	\$ 38,639,838	\$ 40,826,057
⁽²⁾ Cost per kwh	0.0720	0.0751	0.0792	0.0822	0.0851
⁽²⁾ Kwh sold	431,589,090	444,968,375	447,066,312	453,300,014	461,546,534
Electric Billed	\$ 38,700,180	\$ 41,410,332	\$ 40,248,347	\$ 43,927,172	\$ 45,919,158
⁽²⁾ Sold per kwh	0.0897	0.0931	0.0900	0.0969	0.0995
Accounting/line kwh loss	19,928,849	19,083,394	14,599,935	16,644,910	18,096,665
Loss as a percent of billed kwh	4.62%	4.29%	3.27%	3.67%	3.92%
Average number of customers	12,928	12,897	12,941	12,824	12,829
Water:					
⁽³⁾ Water MG average annually treated	1,169	1,189	1,143	1,172	1,141
⁽⁴⁾ Sold Water to Customers MG	956	954	953	950	903
⁽⁴⁾ Accounted for Water	N/A	N/A	N/A	N/A	N/A
Accounting/line loss	213	235	190	222	238
⁽⁴⁾ Loss as a percent of billed water	18.25%	19.78%	16.59%	18.97%	20.86%
⁽⁴⁾ Average number of water customers	11,354	11,323	11,308	11,366	11,397
Billed water customers	\$ 3,378,505	\$ 3,448,842	\$ 3,432,791	\$ 3,663,166	\$ 3,626,264
Sewer:					
⁽³⁾ 3rd Creek treated- average daily MGD	1.58	1.12	0.84	0.92	1.07
⁽³⁾ 4th Creek treated - average daily MGD	3.23	2.83	2.16	2.21	2.48
⁽⁴⁾ Average number of water customers	10,364	10,333	10,318	10,376	10,399
Billed sewer customers	\$ 5,162,382	\$ 5,381,251	\$ 5,292,768	\$ 5,710,498	\$ 5,628,097
Billed Sewer units in MG	N/A	954	954	963	959
Civic Center:					
Paid Bookings	572	624	563	502	620

⁽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⁾

Function/Program	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Business-type activities:					
Airport:					
Assessed Values created by the Airport	\$ 162,252,962	\$ 157,363,502	\$ 127,027,000	\$ 126,205,187	\$ 115,396,097
Lease Revenues	\$ 215,682	\$ 330,143	\$ 238,871	\$ 261,481	\$ 536,370
Fuel Fee Revenue	\$ 156,727	\$ 185,198	\$ 173,519	\$ 266,335	\$ 178,850
Gallons Pumped	1,378,316	1,603,941	1,586,000	1,758,294	1,585,640
Passengers Flown (charter) Estimate	N/A	N/A	16,300	19,500	19,500
Take-off and landings	N/A	N/A	36,000	38,000	39,500
Based aircraft (29 jet powered)	N/A	N/A	82	109	110
Electric:					
⁽²⁾ Kwh purchased	466,069,742	465,250,083	466,013,226	482,057,405	490,361,788
Purchased power cost	\$ 41,571,134	\$ 39,165,656	\$ 39,120,860	\$ 38,633,348	\$ 36,197,211
⁽²⁾ Cost per kwh	0.0892	0.0842	0.0839	0.0801	0.0738
⁽²⁾ Kwh sold	449,547,013	444,241,616	449,410,533	463,614,719	460,404,866
Electric Billed	\$ 46,311,527	\$ 45,569,103	\$ 46,913,124	\$ 48,418,485	\$ 46,537,224
⁽²⁾ Sold per kwh	0.1030	0.1026	0.1044	0.1044	0.1011
Accounting/line kwh loss	16,522,729	21,008,467	16,602,693	18,442,686	29,956,922
Loss as a percent of billed kwh	3.68%	4.73%	3.69%	3.98%	6.51%
Average number of customers	12,937	13,110	13,113	13,245	13,214
Water:					
⁽³⁾ Water MG average annually treated	1,153	1,139	1,191	1,123	1,082
⁽⁴⁾ Sold Water to Customers MG	942	949	957	925	971
⁽⁴⁾ Accounted for Water	N/A	N/A	N/A	N/A	9
Accounting/line loss	211	190	234	198	102
⁽⁴⁾ Loss as a percent of billed water	18.30%	16.69%	19.65%	17.63%	9.43%
⁽⁴⁾ Average number of water customers	11,716	11,604	11,743	11,941	10,895
Billed water customers	\$ 3,812,861	\$ 4,062,313	\$ 3,998,656	\$ 4,071,768	\$ 4,425,692
Sewer:					
⁽³⁾ 3rd Creek treated- average daily MGD	0.87	0.84	0.89	0.83	0.83
⁽³⁾ 4th Creek treated - average daily MGD	2.03	2.20	2.39	2.36	3.58
⁽⁴⁾ Average number of water customers	10,399	10,638	10,780	10,972	10,895
Billed sewer customers	\$ 5,911,549	\$ 6,134,494	\$ 6,429,454	\$ 6,428,001	\$ 7,270,989
Billed Sewer units in MG	958	959	980	963	977
Civic Center:					
Paid Bookings	665	790	686	725	728

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

Function/Program	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
General Government Activities					
General Government:					
City hall	1	1	1	1	1
City office building	1	1	1	1	1
Garage	1	1	1	1	1
Warehouse	1	1	1	1	1
Public Safety:					
Police					
⁽⁴⁾ Number of police stations	2	2	3	3	3
Fire					
Number of fire stations	3	3	4	4	4
Transportation:					
Street miles	141.60	141.60	142.24	142.15	145.70
Airport - acres	390.41	390.41	394	429.4	429.4
Airport - terminals	1	1	1	1	1
Environmental Protection:					
Sanitation - packers					
	9	8	9	9	9
Cemeteries					
⁽²⁾ Number of cemeteries	2	2	2	2	2
Cemeteries - acreage	60	60	60	60	60
Recreation:					
Parks - acreage	350	350	350	350	358
Number of Parks	20	20	20	20	20
Greenways/trails-miles	6.00	6.00	6.00	6.00	12.91
Soccer fields	7	7	7	7	7
Recreation Centers & Pool	4	4	4	4	4
Business-type activities:					
Electric:					
Miles of distribution lines	235	248.5	248.5	248.5	248.5
Number of substations	10	10	10	10	10
Water:					
Miles of distribution lines	272.29	277	265	270	279
Water treatment plants	1	1	1	1	1
⁽³⁾ Water plant capacity-MGD	15	15	15	15	15
Sewer:					
Miles of collection lines	274	279	265	276	291
Sewer treatment plants	2	2	2	2	2
⁽³⁾ 3rd Creek plant capacity-MGD	4	4	4	4	4
⁽³⁾ 4th Creek plant capacity-MGD	6	6	6	6	6
Civic Center:					
Civic Center	1	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⁾

Function/Program	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
General Government Activities:					
General Government:					
City hall	1	1	1	1	1
City office building	1	1	1	1	1
Garage	1	1	1	1	1
Warehouse	1	1	1	1	1
Public Safety:					
Police					
⁽⁴⁾ Number of police stations	3	2	2	2	2
Fire					
Number of fire stations	4	4	4	4	4
Transportation:					
Street miles	145.70	145.70	145.36	145.24	146.12
Airport - acres	429.4	429.4	415	498	467
Airport - terminals	1	1	1	1	1
Environmental Protection:					
Sanitation - packers					
	9	9	9	9	9
Cemeteries					
⁽²⁾ Number of cemeteries	2	2	2	2	2
Cemeteries - acreage	60	60	60	60	60
Recreation:					
Parks - acreage	358	358	358	358	358
Number of Parks	20	20	20	20	20
Greenways/trails-miles	12.91	12.91	12.91	12.91	12.91
Soccer fields	7	7	7	7	7
Recreation Centers & Pool	4	4	4	4	4
Business-type activities:					
Electric:					
Miles of distribution lines	248.5	248.5	268	447.3	282
Number of substations	10	10	10	10	10
Water:					
Miles of distribution lines	279	279	276	266	275
Water treatment plants	1	1	1	1	1
⁽³⁾ Water plant capacity-MGD	15	15	15	15	15
Sewer:					
Miles of collection lines	291	291	285	286	287
Sewer treatment plants	2	2	2	2	2
⁽³⁾ 3rd Creek plant capacity-MGD	4	6	6	6	6
⁽³⁾ 4th Creek plant capacity-MGD	6	6	6	6	6
Civic Center:					
Civic Center	1	1	1	1	1

Table 27

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

Function/Program	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
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	8	8	10	10	11	13	13
Purchasing	3	3	3	3	3	3	3	3	3	3
Human Resources	4	4	4	3	3	3	3	3	3	4
Planning	10	10	10	8	8	8	8	7	7	8
Public Works	6	6	6	4	4	4	4	6	5	5
Garage	9	9	9	9	9	9	9	9	9	9
Warehouse	1	1	1	-	-	-	-	-	-	-
Subtotal general government	66	66	66	59	59	61	61	63	64	66
Public Safety										
Police	99	99	101	96	96	97	97	100	99	101
Fire	59	59	74	73	73	72	70	71	71	74
Subtotal Public Safety	158	158	175	169	169	169	167	171	170	175
Transportation										
Street Department	21	21	21	17	17	17	17	16	16	16
Airport	1	1	1	1	1	1	-	-	-	-
Subtotal Transportation	22	22	22	18	18	18	17	16	16	16
Environmental protection										
Sanitation	31	31	31	28	28	26	26	24	22	20
Subtotal environmental protection	31	31	31	28	28	26	26	24	22	20
Recreation										
Recreation Administration	3	3	3	3	3	3	3	3	3	3
Athletics	2	2	2	1	1	1	1	1	1	1
Programs	3	3	3	3	3	3	3	3	3	3
Fitness & Activity Center	4	4	4	4	4	4	4	4	4	4
Parks	7	7	7	12	12	12	12	14	15	15
Urban Forestry	4	4	4	-	-	-	-	-	-	-
Public Grounds/Cemeteries	8	8	8	5	5	5	5	6	6	6
Subtotal Recreation	31	31	31	28	28	28	28	31	32	32
Total Governmental	308	308	325	302	302	302	299	305	304	309
Business-type Activities:										
Airport Operating	-	-	-	-	-	-	2	2	2	2
Electric	34	34	34	31	31	32	33	34	33	33
Sewer Maintenance	7	7	7	6	6	6	6	6	6	6
Water Maintenance	16	16	16	15	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	14
Civic Center	7	7	7	7	7	7	7	7	7	8
Subtotal Business-type	100	100	100	94	94	94	97	98	97	97
Total primary government	408	408	425	396	396	396	396	403	401	406

Source: City of Statesville's adopted operating budget.

COMPLIANCE SECTION

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

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

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of 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, 2019, 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 January 27, 2020. 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.

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
January 27, 2020

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, 2019. 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.

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, 2019.

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
January 27, 2020

CITY OF STATESVILLE, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019**

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, 2019**

None reported

CITY OF STATESVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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>U.S. Department of Transportation</u>					
Federal Highway Administration					
Passed through N.C. Department of Transportation:					
Brookdale US-21	20.205	STBGSA-1003(153)	\$ 171,860	\$ -	\$ -
Federal Aviation Administration					
Passed through N.C. Department of Transportation:					
Division of Aviation:					
Airport Improvement Program:					
Airport Layout Plan	20.106	36237.46.14.1	68,572	-	-
Corporate Apron Development-Phase I	20.106	36237.46.16.1	31,382	-	-
Total U.S. Department of Transportation			<u>271,814</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Justice</u>					
Office of Community Oriented Policing Services					
Public Safety Partnership & Community Policing Grant	16.710	2015-UM-WX-0072	57,109	-	-
Public Safety Partnership & Community Policing Grant	16.710	2017-UM-WX-0044	100,432	-	-
Passed through N.C. Department of Public Safety:					
Violence Against Woman Office					
Violence Against Women Formula Grants	16.588	2017-WF-AX-0040	63,510	-	-
Violence Against Women Formula Grants	16.588	2018-WF-AX-0026	70,704	-	-
Total U.S. Department of Justice			<u>291,755</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>					
Federal Emergency Management Agency					
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00488	26,982	-	-
Total U.S. Department of Homeland Security			<u>26,982</u>	<u>-</u>	<u>-</u>
State Grants:					
<u>N.C. Department of Transportation</u>					
State Aid to Airports - Eastside Parallel Taxiway					
Eastside Parallel Taxiway		DOT-8	-	6,488,949	-
Replace Glideslope and Localizer		DOT-8	-	65,371	-
Powell Bill		DOT-4 32570	-	736,939	-
Total N.C. Department of Transportation			<u>-</u>	<u>7,291,259</u>	<u>-</u>
Total Federal Grants			<u>\$ 590,551</u>		
Total State Grants				<u>\$ 7,291,259</u>	

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, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of 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 de minimis indirect cost rate as allowed under the Uniform Guidance.