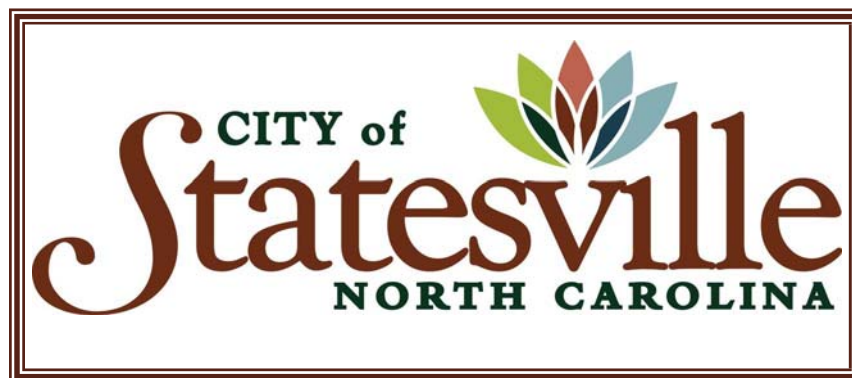




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ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022



**CITY OF STATESVILLE, NORTH CAROLINA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
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## ***INTRODUCTORY SECTION***

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January 27, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Statesville for the fiscal year ended June 30, 2022. 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, 2022.

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, 2022 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, 2022 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 position 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 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. The City of Statesville currently has a land area of 24.5 square miles and a population of approximately 26,000 citizens.

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, stormwater and water/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***

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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 collapsed under stabilization by state statute and as such a part of restricted fund balance.

### **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, 2022, the unemployment rate in Iredell County declined to 4.7%.

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.

Over the past several years, several significant grants were awarded to the Statesville Regional Airport. These grants are being used for capital improvement projects including construction of a new southeast parallel taxiway, a glideslope and localizer project, and land acquisition. City leaders believe these Airport improvements will continue to create economic development opportunities for the City and Iredell County.

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, 2020. This was the thirtieth 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, 2020. This was the nineteenth 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***

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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,

A handwritten signature in black ink that reads "Ron Smith". The signature is written in a cursive, slightly slanted style.

Ron Smith  
City Manager

A handwritten signature in black ink that reads "Michelle Holman". The signature is written in a cursive, slightly slanted style.

Michelle Holman  
Interim CFO

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**CITY OF STATESVILLE, NORTH CAROLINA**  
**LIST OF PRINCIPAL OFFICIALS**  
*June 30, 2022*

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Elected Officials – City Council

Mayor..... Constantine H. Kutteh  
Mayor Pro Tem – Ward 1 .....David Jones  
Council Member – At Large ..... Steve Johnson  
Council Member – At Large .....Kimberly Wasson  
Council Member – Ward 2 ..... C.O. Johnson  
Council Member – Ward 3 ..... Doris Allison  
Council Member – Ward 4 ..... Amy Lawton  
Council Member – Ward 5 .....Joe Hudson  
Council Member – Ward 6 ..... Frederick Foster

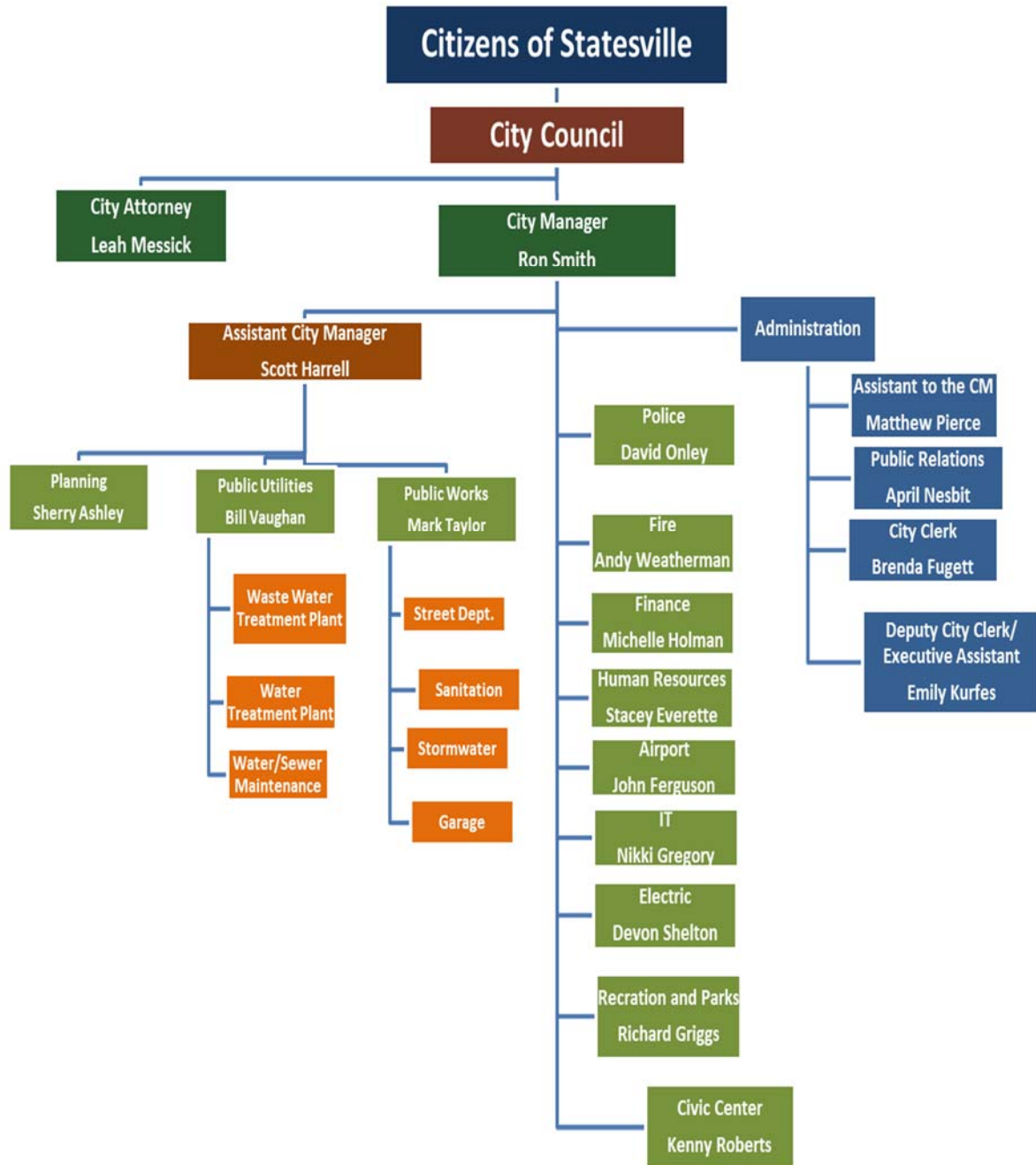
Council Appointed Officials

City Manager ..... Ron Smith, ICMA-CM  
City Attorney..... Leah Gaines Messick

City Staff

Assistant City Manager .....Scott Harrell, PE  
City Clerk ..... Brenda J. Fugett  
Interim Chief Finance Officer.....Michelle Holman  
Human Resources Director .....Stacey Everette  
Information Technology Director..... Nikki L. Gregory, CGCIO  
Public Works Director ..... Mark Taylor, PE

|                                     |                        |
|-------------------------------------|------------------------|
| Planning Director .....             | Sherry Ashley, AICP    |
| Police Chief.....                   | Chief David Onley      |
| Fire Chief .....                    | Chief Andy Weatherman  |
| Recreation and Parks Director ..... | Richard E. Griggs      |
| Airport Manager .....               | John M. Ferguson, AAE  |
| Electric Utility Director .....     | Devon Shelton, PE      |
| Public Utilities Director .....     | William E. Vaughan, PE |
| Civic Center Director.....          | Kenny Roberts          |





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Statesville  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

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

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

## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Statesville, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Statesville, North Carolina, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Statesville ABC Board, which represents 90%, 82% and 97%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Statesville ABC Board, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

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

### ***Change in Accounting Principle***

As discussed in Note 9 to the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Statesville's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied 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 and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023, 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 of Statesville'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, North Carolina  
January 27, 2023

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2022*

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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, 2022. 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 \$289,645,109 (*net position*).
- The City's total net position increased by \$21,274,769, due to the operating results of the City's governmental activities increasing by \$6,000,892, and the City's business-type activities increasing by \$15,273,877.
- As of the close of the current fiscal year, the City of Statesville's governmental funds reported combined ending fund balances of \$44,136,924, an increase of \$6,518,677 from the prior year. Approximately 57.45% of this total amount, or \$25,355,998, 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 \$25,445,279, or 67.41%, of total General Fund expenditures and transfers out.
- The City of Statesville's total debt decreased by \$2,411,656 during the current fiscal year. The decrease is the net result of the City's principal payments made throughout the year with no new debt issuance.
- The City of Statesville has no outstanding bonded debt and, therefore, has no current bond rating.

**Overview of the Financial Statements**

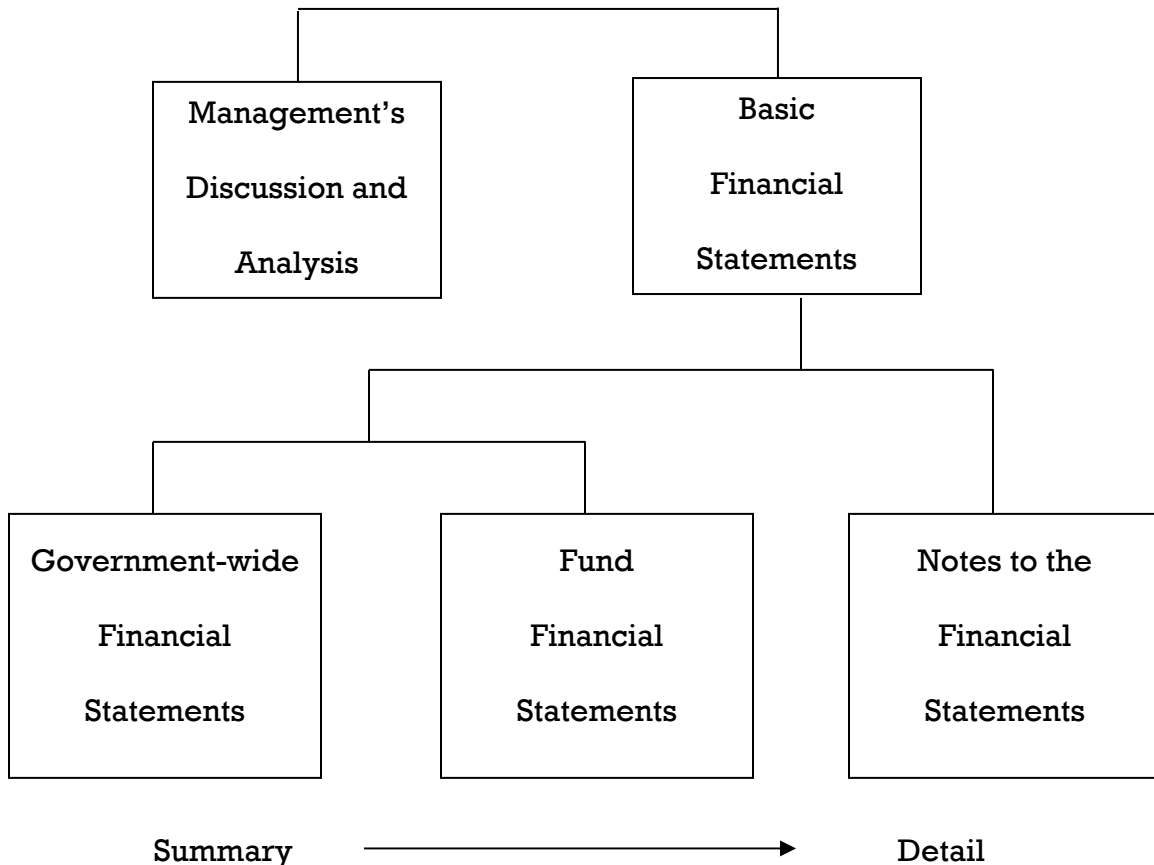
This discussion and analysis are intended to serve as an introduction to the City of Statesville's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (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.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2022*

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**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, 2022*

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**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, sales 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, 2022*

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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 Council; 2) the final budget as amended by the Council; 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, stormwater 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.

**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 8 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, 2022*

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

|                                  | <b>Governmental<br/>Activities</b> |               | <b>Business-Type<br/>Activities</b> |                | <b>Total</b>   |                |
|----------------------------------|------------------------------------|---------------|-------------------------------------|----------------|----------------|----------------|
|                                  | <b>2022</b>                        | <b>2021</b>   | <b>2022</b>                         | <b>2021</b>    | <b>2022</b>    | <b>2021</b>    |
| Current and other assets         | \$ 56,917,251                      | \$ 44,649,521 | \$ 79,981,808                       | \$ 78,294,795  | \$ 136,899,059 | \$ 122,944,316 |
| Capital assets                   | 44,455,918                         | 45,136,128    | 164,500,530                         | 150,267,605    | 208,956,448    | 195,403,733    |
| Total assets                     | 101,373,169                        | 89,785,649    | 244,482,338                         | 228,562,400    | 345,855,507    | 318,348,049    |
| Deferred outflows of resources   | 6,692,212                          | 5,893,832     | 1,821,249                           | 1,478,117      | 8,513,461      | 7,371,949      |
| Current liabilities              | 9,804,512                          | 4,106,174     | 11,878,412                          | 10,210,714     | 21,682,924     | 14,316,888     |
| Long-term liabilities            | 10,639,602                         | 14,735,509    | 23,153,377                          | 26,872,279     | 33,792,979     | 41,607,788     |
| Total liabilities                | 20,444,114                         | 18,841,683    | 35,031,789                          | 37,082,993     | 55,475,903     | 55,924,676     |
| Deferred inflows of resources    | 5,881,752                          | 1,099,175     | 3,366,204                           | 325,807        | 9,247,956      | 1,424,982      |
| Net Position:                    |                                    |               |                                     |                |                |                |
| Net investment in capital assets | 43,394,589                         | 44,053,530    | 146,033,255                         | 129,328,066    | 189,427,844    | 173,381,596    |
| Restricted                       | 9,561,891                          | 8,481,374     | -                                   | -              | 9,561,891      | 8,481,374      |
| Unrestricted                     | 28,783,035                         | 23,203,719    | 61,872,339                          | 63,303,651     | 90,655,374     | 86,507,370     |
| Total net position               | \$ 81,739,515                      | \$ 75,738,623 | \$ 207,905,594                      | \$ 192,631,717 | \$ 289,645,109 | \$ 268,370,340 |

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 \$289,645,109 as of June 30, 2022. The City's net position increased by \$21,274,769 for the fiscal year ended June 30, 2022. However, the largest portion of net position \$189,427,844 (65.40%) 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 \$9,561,891 (3.30%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$90,655,374 (31.30%) is unrestricted.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2022*

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

|                                         | <b>Governmental<br/>Activities</b> |                      | <b>Business-Type<br/>Activities</b> |                       | <b>Total</b>          |                       |
|-----------------------------------------|------------------------------------|----------------------|-------------------------------------|-----------------------|-----------------------|-----------------------|
|                                         | <b>2022</b>                        | <b>2021</b>          | <b>2022</b>                         | <b>2021</b>           | <b>2022</b>           | <b>2021</b>           |
| <b>REVENUES:</b>                        |                                    |                      |                                     |                       |                       |                       |
| <i>Program Revenues</i>                 |                                    |                      |                                     |                       |                       |                       |
| Charges for services                    | \$ 3,901,358                       | \$ 3,218,941         | \$ 67,313,396                       | \$ 74,143,545         | \$ 71,214,754         | \$ 77,362,486         |
| Operating grants and contributions      | 1,736,967                          | 1,794,790            | -                                   | -                     | 1,736,967             | 1,794,790             |
| Capital grants and contributions        | 877,329                            | 697,582              | 9,228,130                           | 2,630,797             | 10,105,459            | 3,328,379             |
| <i>General Revenues</i>                 |                                    |                      |                                     |                       |                       |                       |
| Ad valorem taxes                        | 19,447,002                         | 18,753,923           | -                                   | -                     | 19,447,002            | 18,753,923            |
| Other taxes and state-shared revenues   | 13,644,001                         | 11,952,574           | -                                   | -                     | 13,644,001            | 11,952,574            |
| Investment earnings                     | 49,429                             | (19,259)             | 56,428                              | (9,459)               | 105,857               | (28,718)              |
| Miscellaneous revenues                  | 322,405                            | 1,254,166            | -                                   | -                     | 322,405               | 1,254,166             |
| <b>Total revenues</b>                   | <b>39,978,491</b>                  | <b>37,652,717</b>    | <b>76,597,954</b>                   | <b>76,764,883</b>     | <b>116,576,445</b>    | <b>114,417,600</b>    |
| <b>EXPENSES:</b>                        |                                    |                      |                                     |                       |                       |                       |
| General Government                      | 8,637,969                          | 4,278,317            | -                                   | -                     | 8,637,969             | 4,278,317             |
| Public Safety                           | 19,036,218                         | 18,258,094           | -                                   | -                     | 19,036,218            | 18,258,094            |
| Transportation                          | 2,755,927                          | 2,984,827            | -                                   | -                     | 2,755,927             | 2,984,827             |
| Economic and Physical Development       | 248,841                            | 585,090              | -                                   | -                     | 248,841               | 585,090               |
| Environmental Protection                | 2,674,357                          | 2,254,359            | -                                   | -                     | 2,674,357             | 2,254,359             |
| Cultural and Recreation                 | 4,596,402                          | 4,165,631            | -                                   | -                     | 4,596,402             | 4,165,631             |
| Interest on long-term debt              | 37,839                             | 41,115               | -                                   | -                     | 37,839                | 41,115                |
| Airport                                 | -                                  | -                    | 3,362,235                           | 3,059,359             | 3,362,235             | 3,059,359             |
| Electric                                | -                                  | -                    | 40,190,911                          | 41,959,860            | 40,190,911            | 41,959,860            |
| Water/Sewer                             | -                                  | -                    | 12,251,297                          | 12,945,434            | 12,251,297            | 12,945,434            |
| Stormwater                              | -                                  | -                    | 665,877                             | 1,345,901             | 665,877               | 1,345,901             |
| Civic Center                            | -                                  | -                    | 843,803                             | 810,981               | 843,803               | 810,981               |
| <b>Total expenses</b>                   | <b>37,987,553</b>                  | <b>32,567,433</b>    | <b>57,314,123</b>                   | <b>60,121,535</b>     | <b>95,301,676</b>     | <b>92,688,968</b>     |
| Change in net position before transfers | 1,990,938                          | 5,085,284            | 19,283,831                          | 16,643,348            | 21,274,769            | 21,728,632            |
| Transfers in (out)                      | 4,009,954                          | (119,788)            | (4,009,954)                         | 119,788               | -                     | -                     |
| Change in net position                  | 6,000,892                          | 4,965,496            | 15,273,877                          | 16,763,136            | 21,274,769            | 21,728,632            |
| Net position, beginning                 | 75,738,623                         | 70,773,127           | 192,631,717                         | 175,868,581           | 268,370,340           | 246,641,708           |
| Net position, ending                    | <u>\$ 81,739,515</u>               | <u>\$ 75,738,623</u> | <u>\$ 207,905,594</u>               | <u>\$ 192,631,717</u> | <u>\$ 289,645,109</u> | <u>\$ 268,370,340</u> |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2022*

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**Governmental Activities** – The City's total net position from Governmental Activities increased by \$6,000,892.

- Revenues from Ad Valorem Taxes, the City's main source of Govt. Activity revenue, increased by \$693,079, or 3.70%, from the prior year due to growth in the City's tax base.
- Revenues from all Govt. Activities increased by \$2,325,774, while expenses increased by \$5,420,120.
- Transfers In totaled \$4,009,954.

**Business-Type Activities** – The City's total net position from Business-Type Activities increased by \$15,273,877.

- Revenues for business-type activities from charges for services decreased by \$6,830,149, or 9.21%. However, other Business-Type Revenues from grants and investment earnings increased by \$6,597,333 or 250.77%.
- Expenses for business-type activities decreased by \$2,807,412, or 4.67%.
- Transfers Out totaled \$4,009,954.

### **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.

At June 30, 2022, the governmental funds of the City of Statesville reported a combined fund balance of \$44,136,924; an increase of 17.33% from last fiscal year.

The General Fund is the chief operating fund of the City of Statesville. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$25,445,279 while total fund balance was \$38,525,547; an increase of \$6,237,152 from 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 67.41% of total General Fund expenditures including any transfers out other funds. Total fund balance represents 102.06% of total General Fund expenditures including any transfers out other funds. There were also two additional major funds in the current year for governmental activities. The SCIF Grant Fund and the American Rescue Plan Fund were major funds in the current year. These funds hold grant funding for various allowable costs. The American Rescue Plan fund had allowable expenditures of \$1,080,576 and the SCIF Grant Fund did not have any allowable costs expended in the current year.

**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:

- General Fund revenues exceeded expenditures by \$479,744 before any transfers.
- Ad valorem tax revenues of \$19,460,616 exceeded budget estimates by \$446,616
- Unrestricted intergovt. revenues of \$13,584,624 exceeded budget estimates by \$2,859,624
- Expenditures were \$12,378,369 lower than budget appropriation.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2022*

**Proprietary Funds** – The City of Statesville's proprietary fund statements provide additional information than found in the government-wide statements. For the fiscal year, the net position improved for all proprietary funds. At the end of the fiscal year, the unrestricted net position for the Airport Fund is \$(2,506,380); Electric Fund is \$47,262,570; the Water and Sewer Fund is \$14,473,027; the Civic Center Fund is \$1,777,119; and the Stormwater Fund is \$1,536,338.

## 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, 2022, totals \$208,956,448 (net of accumulated depreciation). These assets include buildings, utility systems infrastructure, land, roads, machinery and equipment, park facilities, and vehicles.

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

|                          | <b>Governmental<br/>Activities</b> |                      | <b>Business-Type<br/>Activities</b> |                       | <b>Total</b>          |                       |
|--------------------------|------------------------------------|----------------------|-------------------------------------|-----------------------|-----------------------|-----------------------|
|                          | <b>2022</b>                        | <b>2021</b>          | <b>2022</b>                         | <b>2021</b>           | <b>2022</b>           | <b>2021</b>           |
| Land                     | \$ 10,213,490                      | \$ 10,416,940        | \$ 17,004,897                       | \$ 16,562,818         | \$ 27,218,387         | \$ 26,979,758         |
| Buildings & other imp.   | 24,522,373                         | 25,646,800           | 19,939,360                          | 20,269,033            | 44,461,733            | 45,915,833            |
| Utility plant in service | -                                  | -                    | 85,825,245                          | 85,499,586            | 85,825,245            | 85,499,586            |
| Vehicles                 | 7,001,719                          | 7,047,188            | 5,547,156                           | 5,380,555             | 12,548,875            | 12,427,743            |
| Construction in progress | 2,718,336                          | 2,025,200            | 36,183,872                          | 22,555,613            | 38,902,208            | 24,580,813            |
| Total                    | <u>\$ 44,455,918</u>               | <u>\$ 45,136,128</u> | <u>\$ 164,500,530</u>               | <u>\$ 150,267,605</u> | <u>\$ 208,956,448</u> | <u>\$ 195,403,733</u> |

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.

**Long-Term Debt** – As of June 30, 2022, the City of Statesville had no general obligation bonded debt outstanding. The City's debt represents notes payable totaling \$24,511,546, leases for \$93,086, compensated absences for \$3,519,842 and actuary estimates for public employee pensions (LGERS) of \$4,562,756, other benefits (OPEB) of \$1,415,057, and law enforcement separation supplemental retirement (LEOSSA) of \$3,667,521. Actuary estimates are subject to change whereas the notes payable and compensated absences are known City obligations.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2022*

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

|                                                    | <b>Governmental<br/>Activities</b> |                      | <b>Business-Type<br/>Activities</b> |                      | <b>Total</b>         |                      |
|----------------------------------------------------|------------------------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|
|                                                    | <b>2022</b>                        | <b>2021</b>          | <b>2022</b>                         | <b>2021</b>          | <b>2022</b>          | <b>2021</b>          |
| Notes payable from direct borrowings or placements | \$ 1,049,621                       | \$ 1,082,598         | \$ 23,461,925                       | \$ 25,933,690        | \$ 24,511,546        | \$ 27,016,288        |
| Leases                                             | 93,086                             | -                    | -                                   | -                    | 93,086               | -                    |
| Compensated absences                               | 2,651,535                          | 2,507,709            | 868,307                             | 834,402              | 3,519,842            | 3,342,111            |
| OPEB and other benefit debt                        | 1,061,291                          | 905,834              | 353,766                             | 301,947              | 1,415,057            | 1,207,781            |
| LGERS pension related debt                         | 3,417,365                          | 7,804,486            | 1,145,391                           | 2,607,765            | 4,562,756            | 10,412,251           |
| LEOSSA pension related debt                        | 3,667,521                          | 3,605,212            | -                                   | -                    | 3,667,521            | 3,605,212            |
| Total                                              | <u>\$ 11,940,419</u>               | <u>\$ 15,905,839</u> | <u>\$ 25,829,389</u>                | <u>\$ 29,677,804</u> | <u>\$ 37,769,808</u> | <u>\$ 45,583,643</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, 2022 is \$256,367,000. As stated earlier, the City of Statesville does not have any outstanding bonded debt being supported by property taxes. Additional information on the City's long-term debt obligations can be found in the financial notes on pages 63-68.

*Economic Factors and Next Year's Budget and Rates*

- The City did not increase its tax rate, it remains at \$0.5478.
- Water and sewer rates did not increase, however Solid waste Fees decreased from \$120 per year to \$60 per year.
- The City expects to use funds of around \$20,000,000 directly appropriated in the State of North Carolina's most recent budget to the city for a water line replacement project and construction of a new Fire Station 1 in coming years.

**Request for Information** - This report is designed to provide an accurate and transparent overview of the City's finances for any stakeholder 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:

Finance Department  
City of Statesville  
P.O. Box 1111  
Statesville, NC 28687-1111

(704) 878-3593

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## ***BASIC FINANCIAL STATEMENTS***

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**CITY OF STATESVILLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

|                                                                    | Primary Government      |                          |                | Component Units              |                         |
|--------------------------------------------------------------------|-------------------------|--------------------------|----------------|------------------------------|-------------------------|
|                                                                    | Governmental Activities | Business-Type Activities | Total          | Convention & Visitors Bureau | Alcoholic Control Board |
| <b>ASSETS</b>                                                      |                         |                          |                |                              |                         |
| <b>Current assets:</b>                                             |                         |                          |                |                              |                         |
| Cash and cash equivalents                                          | \$ 42,938,801           | \$ 55,338,043            | \$ 98,276,844  | \$ 384,697                   | \$ 1,268,716            |
| Tax receivables, net                                               | 28,776                  | -                        | 28,776         | -                            | -                       |
| Receivables, net                                                   | 460,119                 | 9,616,564                | 10,076,683     | -                            | -                       |
| Internal balances                                                  | 670,335                 | (670,335)                | -              | -                            | -                       |
| Lease receivable                                                   | -                       | 221,010                  | 221,010        | -                            | -                       |
| Due from other governments                                         | 4,630,250               | 4,425,980                | 9,056,230      | -                            | -                       |
| Due from other component units                                     | 247,494                 | -                        | 247,494        | -                            | -                       |
| Inventories                                                        | 21,601                  | 3,024,772                | 3,046,373      | -                            | 1,053,059               |
| Prepaid items                                                      | 10,497                  | -                        | 10,497         | -                            | -                       |
| Restricted cash and cash equivalents                               | 7,828,000               | 6,754,928                | 14,582,928     | -                            | -                       |
| Total current assets                                               | 56,835,873              | 78,710,962               | 135,546,835    | 384,697                      | 2,321,775               |
| <b>Non-current assets:</b>                                         |                         |                          |                |                              |                         |
| Lease receivable                                                   | -                       | 1,270,846                | 1,270,846      | -                            | -                       |
| Right to use assets, net                                           | 81,378                  | -                        | 81,378         | -                            | -                       |
| <b>Capital assets:</b>                                             |                         |                          |                |                              |                         |
| Land and other non-depreciable assets                              | 12,931,826              | 53,188,769               | 66,120,595     | -                            | 235,050                 |
| Depreciable assets, net                                            | 31,524,092              | 111,311,761              | 142,835,853    | -                            | 1,007,259               |
| Total capital assets                                               | 44,455,918              | 164,500,530              | 208,956,448    | -                            | 1,242,309               |
| Total non-current assets                                           | 44,537,296              | 165,771,376              | 210,308,672    | -                            | 1,242,309               |
| Total assets                                                       | 101,373,169             | 244,482,338              | 345,855,507    | 384,697                      | 3,564,084               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                              |                         |                          |                |                              |                         |
| Pension deferrals                                                  | 6,441,082               | 1,737,537                | 8,178,619      | -                            | 34,467                  |
| OPEB deferrals                                                     | 251,130                 | 83,712                   | 334,842        | -                            | -                       |
| Total deferred outflows of resources                               | 6,692,212               | 1,821,249                | 8,513,461      | -                            | 34,467                  |
| <b>LIABILITIES</b>                                                 |                         |                          |                |                              |                         |
| <b>Current liabilities:</b>                                        |                         |                          |                |                              |                         |
| Accounts payable and accrued liabilities                           | 1,889,157               | 7,276,941                | 9,166,098      | -                            | 605,444                 |
| Accrued interest payable                                           | 36,951                  | 96,879                   | 133,830        | -                            | -                       |
| Due to primary government                                          | -                       | -                        | -              | -                            | 247,494                 |
| Due to other governments                                           | -                       | -                        | -              | -                            | 383,458                 |
| Prepaid fees                                                       | -                       | 68,302                   | 68,302         | -                            | -                       |
| Liabilities payable from restricted assets - deposits              | 21,611                  | 1,290,718                | 1,312,329      | -                            | -                       |
| Liabilities payable from restricted assets - advance from grantors | 6,555,976               | 469,560                  | 7,025,536      | -                            | -                       |
| Compensated absences - current                                     | 1,060,614               | 347,322                  | 1,407,936      | -                            | -                       |
| Long-term debt - current                                           | 240,203                 | 2,328,690                | 2,568,893      | -                            | 15,207                  |
| Total current liabilities                                          | 9,804,512               | 11,878,412               | 21,682,924     | -                            | 1,251,603               |
| <b>Long-term liabilities:</b>                                      |                         |                          |                |                              |                         |
| Net pension liability - LGERS                                      | 3,417,365               | 1,145,391                | 4,562,756      | -                            | 56,591                  |
| Total LEO pension liability                                        | 3,667,521               | -                        | 3,667,521      | -                            | -                       |
| Total OPEB liability                                               | 1,061,291               | 353,766                  | 1,415,057      | -                            | -                       |
| Compensated absences - non-current                                 | 1,590,921               | 520,985                  | 2,111,906      | -                            | -                       |
| Long-term debt - non-current                                       | 902,504                 | 21,133,235               | 22,035,739     | -                            | 511,823                 |
| Total long-term liabilities                                        | 10,639,602              | 23,153,377               | 33,792,979     | -                            | 568,414                 |
| Total liabilities                                                  | 20,444,114              | 35,031,789               | 55,475,903     | -                            | 1,820,017               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                         |                          |                |                              |                         |
| Lease deferrals                                                    | -                       | 1,450,067                | 1,450,067      | -                            | -                       |
| Prepaid taxes                                                      | 16,815                  | -                        | 16,815         | -                            | -                       |
| Pension deferrals                                                  | 5,034,804               | 1,639,427                | 6,674,231      | -                            | 55,185                  |
| OPEB deferrals                                                     | 830,133                 | 276,710                  | 1,106,843      | -                            | -                       |
| Total deferred inflows of resources                                | 5,881,752               | 3,366,204                | 9,247,956      | -                            | 55,185                  |
| <b>NET POSITION</b>                                                |                         |                          |                |                              |                         |
| Net investment in capital assets                                   | 43,394,589              | 146,033,255              | 189,427,844    | -                            | 752,303                 |
| Restricted for:                                                    |                         |                          |                |                              |                         |
| Stabilization by state statute                                     | 7,638,029               | -                        | 7,638,029      | -                            | -                       |
| Transportation                                                     | 1,248,040               | -                        | 1,248,040      | -                            | -                       |
| Public safety                                                      | 371,958                 | -                        | 371,958        | -                            | -                       |
| Economic development                                               | 303,864                 | -                        | 303,864        | 384,697                      | -                       |
| Minimum working capital                                            | -                       | -                        | -              | -                            | 263,334                 |
| Unrestricted                                                       | 28,783,035              | 61,872,339               | 90,655,374     | -                            | 707,712                 |
| Total net position                                                 | \$ 81,739,515           | \$ 207,905,594           | \$ 289,645,109 | \$ 384,697                   | \$ 1,723,349            |

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, 2022**

|                                   |               | Program Revenues |               |               |
|-----------------------------------|---------------|------------------|---------------|---------------|
|                                   |               | Charges for      | Operating     | Capital       |
|                                   | Expenses      | Services         | Grants and    | Grants and    |
|                                   |               |                  | Contributions | Contributions |
| <b>Functions/Programs</b>         |               |                  |               |               |
| <b>Primary Government:</b>        |               |                  |               |               |
| Governmental Activities:          |               |                  |               |               |
| General government                | \$ 8,637,969  | \$ 98,007        | \$ 194,704    | \$ -          |
| Public safety                     | 19,036,218    | 471,516          | 1,266,985     | -             |
| Transportation                    | 2,755,927     | -                | 211,615       | 877,329       |
| Economic and physical development | 248,841       | 1,230,156        | 42,124        | -             |
| Environmental protection          | 2,674,357     | 1,262,370        | 21,539        | -             |
| Cultural and recreation           | 4,596,402     | 839,309          | -             | -             |
| Debt service:                     |               |                  |               |               |
| Interest on long-term debt        | 37,839        | -                | -             | -             |
| Total governmental activities     | 37,987,553    | 3,901,358        | 1,736,967     | 877,329       |
| Business-Type Activities:         |               |                  |               |               |
| Airport                           | 3,362,235     | 3,063,871        | -             | 9,117,533     |
| Electric                          | 40,190,911    | 45,526,612       | -             | -             |
| Water and sewer                   | 12,251,297    | 16,504,752       | -             | 110,597       |
| Stormwater                        | 665,877       | 2,016,311        | -             | -             |
| Civic Center                      | 843,803       | 201,850          | -             | -             |
| Total business-type activities    | 57,314,123    | 67,313,396       | -             | 9,228,130     |
| Total primary government          | \$ 95,301,676 | \$ 71,214,754    | \$ 1,736,967  | \$ 10,105,459 |
| Component Units:                  |               |                  |               |               |
| Convention & Visitors Bureau      | \$ 211,151    | \$ -             | \$ 263,291    | \$ -          |
| Alcoholic Beverage Control Board  | 8,804,978     | 8,889,012        | -             | -             |
| Total component units             | \$ 9,016,129  | \$ 8,889,012     | \$ 263,291    | \$ -          |

*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, 2022**

| Functions/Programs                                            | 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 |
| <b>Primary Government:</b>                                    |                                                   |                          |                |                              |                                  |
| Governmental Activities:                                      |                                                   |                          |                |                              |                                  |
| General government                                            | \$ (8,345,258)                                    | \$ -                     | \$ (8,345,258) |                              |                                  |
| Public safety                                                 | (17,297,717)                                      | -                        | (17,297,717)   |                              |                                  |
| Transportation                                                | (1,666,983)                                       | -                        | (1,666,983)    |                              |                                  |
| Economic and physical development                             | 1,023,439                                         | -                        | 1,023,439      |                              |                                  |
| Environmental protection                                      | (1,390,448)                                       | -                        | (1,390,448)    |                              |                                  |
| Cultural and recreation                                       | (3,757,093)                                       | -                        | (3,757,093)    |                              |                                  |
| Debt service:                                                 |                                                   |                          |                |                              |                                  |
| Interest on long-term debt                                    | (37,839)                                          | -                        | (37,839)       |                              |                                  |
| Total governmental activities                                 | (31,471,899)                                      | -                        | (31,471,899)   |                              |                                  |
| Business-Type Activities:                                     |                                                   |                          |                |                              |                                  |
| Airport                                                       | -                                                 | 8,819,169                | 8,819,169      |                              |                                  |
| Electric                                                      | -                                                 | 5,335,701                | 5,335,701      |                              |                                  |
| Water and sewer                                               | -                                                 | 4,364,052                | 4,364,052      |                              |                                  |
| Stormwater                                                    | -                                                 | 1,350,434                | 1,350,434      |                              |                                  |
| Civic Center                                                  | -                                                 | (641,953)                | (641,953)      |                              |                                  |
| Total business-type activities                                | -                                                 | 19,227,403               | 19,227,403     |                              |                                  |
| Total primary government                                      | -                                                 | 19,227,403               | (12,244,496)   |                              |                                  |
| Component Units:                                              |                                                   |                          |                |                              |                                  |
| Convention & Visitors Bureau                                  |                                                   |                          |                | \$ 52,140                    | \$ -                             |
| Alcoholic Beverage Control Board                              |                                                   |                          |                | -                            | 84,034                           |
| Total component units                                         |                                                   |                          |                | 52,140                       | 84,034                           |
| General Revenues:                                             |                                                   |                          |                |                              |                                  |
| Ad valorem taxes                                              | 19,447,002                                        | -                        | 19,447,002     | -                            | -                                |
| Other taxes                                                   | 59,377                                            | -                        | 59,377         | -                            | -                                |
| State share franchise, telecommunication video & liquor taxes | 13,584,624                                        | -                        | 13,584,624     | -                            | -                                |
| Interest earned on investments                                | 49,429                                            | 56,428                   | 105,857        | 157                          | 1,653                            |
| Miscellaneous revenue                                         | 322,405                                           | -                        | 322,405        | -                            | -                                |
| Total general revenues not including transfers                | 33,462,837                                        | 56,428                   | 33,519,265     | 157                          | 1,653                            |
| Total transfers in (out)                                      | 4,009,954                                         | (4,009,954)              | -              | -                            | -                                |
| Total general revenues and transfers                          | 37,472,791                                        | (3,953,526)              | 33,519,265     | 157                          | 1,653                            |
| <b>Change in net position</b>                                 | 6,000,892                                         | 15,273,877               | 21,274,769     | 52,297                       | 85,687                           |
| Net position, beginning of year                               | 75,738,623                                        | 192,631,717              | 268,370,340    | 332,400                      | 1,637,662                        |
| Net position, end of year                                     | \$ 81,739,515                                     | \$ 207,905,594           | \$ 289,645,109 | \$ 384,697                   | \$ 1,723,349                     |

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

|                                                                               | General              | Major<br>SCIF<br>Grant<br>Fund | American<br>Rescue Plan<br>Fund | Non-Major<br>Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------------|----------------------|--------------------------------|---------------------------------|---------------------------------------------|--------------------------------|
| <b>ASSETS</b>                                                                 |                      |                                |                                 |                                             |                                |
| Cash and cash equivalents                                                     | \$ 33,332,033        | \$ -                           | \$ 5,345                        | \$ 5,674,761                                | \$ 39,012,139                  |
| Ad valorem taxes receivable, net                                              | 28,776               | -                              | -                               | -                                           | 28,776                         |
| Accounts receivable, net                                                      | -                    | -                              | -                               | 460,119                                     | 460,119                        |
| Due from other funds                                                          | 89,281               | -                              | -                               | -                                           | 89,281                         |
| Due from other governments                                                    | 4,584,737            | -                              | -                               | 45,513                                      | 4,630,250                      |
| Due from other component units                                                | 247,494              | -                              | -                               | -                                           | 247,494                        |
| Inventories                                                                   | 21,601               | -                              | -                               | -                                           | 21,601                         |
| Prepays                                                                       | 9,214                | -                              | -                               | -                                           | 9,214                          |
| Restricted cash and cash equivalents                                          | 1,269,681            | 3,252,373                      | 3,305,976                       | -                                           | 7,828,000                      |
| Total assets                                                                  | <u>\$ 39,582,787</u> | <u>\$ 3,252,373</u>            | <u>\$ 3,311,321</u>             | <u>\$ 6,180,393</u>                         | <u>\$ 52,326,874</u>           |
| <b>LIABILITIES</b>                                                            |                      |                                |                                 |                                             |                                |
| Accounts payable and accrued liabilities                                      | \$ 967,916           | \$ -                           | \$ -                            | \$ 28,002                                   | \$ 995,918                     |
| Due to other funds                                                            | -                    | -                              | -                               | 89,281                                      | 89,281                         |
| Liabilities payable from restricted assets -<br>advance from grantors         | -                    | 3,250,000                      | 3,305,976                       | -                                           | 6,555,976                      |
| Liabilities payable from restricted assets - deposits                         | 21,611               | -                              | -                               | -                                           | 21,611                         |
| Total liabilities                                                             | <u>989,527</u>       | <u>3,250,000</u>               | <u>3,305,976</u>                | <u>117,283</u>                              | <u>7,662,786</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                      |                                |                                 |                                             |                                |
| Property taxes                                                                | 28,776               | -                              | -                               | -                                           | 28,776                         |
| Prepaid taxes                                                                 | 16,815               | -                              | -                               | -                                           | 16,815                         |
| Other receivables                                                             | 22,122               | -                              | -                               | 459,451                                     | 481,573                        |
| Total deferred inflows of resources                                           | <u>67,713</u>        | <u>-</u>                       | <u>-</u>                        | <u>459,451</u>                              | <u>527,164</u>                 |
| <b>FUND BALANCES</b>                                                          |                      |                                |                                 |                                             |                                |
| Non-spendable                                                                 |                      |                                |                                 |                                             |                                |
| Prepays                                                                       | 9,214                | -                              | -                               | -                                           | 9,214                          |
| Inventory                                                                     | 21,601               | -                              | -                               | -                                           | 21,601                         |
| Restricted                                                                    |                      |                                |                                 |                                             |                                |
| Stabilization by state statute                                                | 7,591,848            | -                              | -                               | 46,181                                      | 7,638,029                      |
| Transportation                                                                | 1,248,040            | -                              | -                               | -                                           | 1,248,040                      |
| Public safety                                                                 | -                    | -                              | -                               | 371,958                                     | 371,958                        |
| Economic development                                                          | -                    | 2,373                          | -                               | 301,491                                     | 303,864                        |
| Committed                                                                     |                      |                                |                                 |                                             |                                |
| Separation Allowance - law enforcement                                        | 266,125              | -                              | -                               | -                                           | 266,125                        |
| Capital outlay                                                                | -                    | -                              | 5,345                           | 4,973,310                                   | 4,978,655                      |
| Assigned                                                                      |                      |                                |                                 |                                             |                                |
| Subsequent year's appropriations                                              | 3,943,440            | -                              | -                               | -                                           | 3,943,440                      |
| Unassigned                                                                    | 25,445,279           | -                              | -                               | (89,281)                                    | 25,355,998                     |
| Total Fund Balances                                                           | <u>38,525,547</u>    | <u>2,373</u>                   | <u>5,345</u>                    | <u>5,603,659</u>                            | <u>44,136,924</u>              |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <u>\$ 39,582,787</u> | <u>\$ 3,252,373</u>            | <u>\$ 3,311,321</u>             | <u>\$ 6,180,393</u>                         | <u>\$ 52,326,874</u>           |

The accompanying notes are an integral part of this statement.

CITY OF STATESVILLE, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

|                                                                                                                                                                                                                         |             | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------|
| <b>Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1)<br/>are different because:</b>                                                                                             |             |                                |
| Total fund balances continued from Exhibit 3                                                                                                                                                                            |             | \$ 44,136,924                  |
| Capital assets and right to use leased assets used in governmental activities are not financing resources and are not reported in the funds.                                                                            |             |                                |
| Right to use leased assets, net                                                                                                                                                                                         | \$ 81,378   |                                |
| Land and other non-depreciable assets                                                                                                                                                                                   | 12,931,826  |                                |
| Depreciable assets, net                                                                                                                                                                                                 | 31,524,092  | 44,537,296                     |
| The focus of governmental funds is on short-term financing; long-term assets are deferred in the funds.                                                                                                                 |             |                                |
| Interest payable                                                                                                                                                                                                        | (36,951)    |                                |
| Internal balances                                                                                                                                                                                                       | 670,335     |                                |
| Deferred outflows - pensions                                                                                                                                                                                            | 6,441,082   |                                |
| Deferred outflows - OPEB                                                                                                                                                                                                | 251,130     | 7,325,596                      |
| 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. |             | 3,034,706                      |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements.                                                                                                                            |             |                                |
| Deferred property taxes                                                                                                                                                                                                 | 28,776      |                                |
| Other deferred revenues                                                                                                                                                                                                 | 481,573     |                                |
| Deferred inflow related to pensions                                                                                                                                                                                     | (5,034,804) |                                |
| Deferred inflow related to OPEB                                                                                                                                                                                         | (830,133)   | (5,354,588)                    |
| Long-term liabilities used governmental activities are uses and, therefore, are not reported in the funds.                                                                                                              |             |                                |
| Current portion of compensated absences                                                                                                                                                                                 | (1,060,614) |                                |
| Current portion notes payable and leases payable                                                                                                                                                                        | (240,203)   |                                |
| Long-term portion of compensated absences                                                                                                                                                                               | (1,590,921) |                                |
| Total OPEB liability                                                                                                                                                                                                    | (1,061,291) |                                |
| Long-term notes payable and lease payable                                                                                                                                                                               | (902,504)   |                                |
| Net pension liability - LGERS                                                                                                                                                                                           | (3,417,365) |                                |
| Total pension liability - LEOSA                                                                                                                                                                                         | (3,667,521) | (11,940,419)                   |
| Net position of governmental activities (Exhibit 1)                                                                                                                                                                     |             | <u>\$ 81,739,515</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, 2022**

|                                       | General       | Major<br>SCIF<br>Grant<br>Fund | American<br>Rescue Plan<br>Fund | Non-Major<br>Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------|---------------|--------------------------------|---------------------------------|---------------------------------------------|--------------------------------|
| <b>REVENUES</b>                       |               |                                |                                 |                                             |                                |
| Ad valorem taxes                      | \$ 19,460,616 | \$ -                           | \$ -                            | \$ -                                        | \$ 19,460,616                  |
| Other taxes and licenses              | 59,377        | -                              | -                               | 1,230,156                                   | 1,289,533                      |
| Unrestricted intergovernmental        | 13,584,624    | -                              | -                               | -                                           | 13,584,624                     |
| Restricted intergovernmental          | 1,271,960     | -                              | 1,080,576                       | 261,760                                     | 2,614,296                      |
| Permits and fees                      | 169,872       | -                              | -                               | -                                           | 169,872                        |
| Sales and services                    | 2,501,330     | -                              | -                               | -                                           | 2,501,330                      |
| Investment earnings                   | 33,325        | 2,373                          | 5,345                           | 5,233                                       | 46,276                         |
| Miscellaneous                         | 534,386       | -                              | -                               | -                                           | 534,386                        |
| Total revenues                        | 37,615,490    | 2,373                          | 1,085,921                       | 1,497,149                                   | 40,200,933                     |
| <b>EXPENDITURES</b>                   |               |                                |                                 |                                             |                                |
| Current:                              |               |                                |                                 |                                             |                                |
| General government                    | 7,920,510     | -                              | -                               | 470,463                                     | 8,390,973                      |
| Public safety                         | 19,402,301    | -                              | -                               | 7                                           | 19,402,308                     |
| Transportation                        | 2,329,618     | -                              | -                               | 127,342                                     | 2,456,960                      |
| Economic and physical development     | 4,300         | -                              | -                               | 244,541                                     | 248,841                        |
| Environmental protection              | 2,548,765     | -                              | -                               | -                                           | 2,548,765                      |
| Cultural and recreation               | 4,668,962     | -                              | -                               | -                                           | 4,668,962                      |
| Debt service:                         |               |                                |                                 |                                             |                                |
| Principal                             | 225,780       | -                              | -                               | -                                           | 225,780                        |
| Interest and fiscal costs             | 35,510        | -                              | -                               | -                                           | 35,510                         |
| Total expenditures                    | 37,135,746    | -                              | -                               | 842,353                                     | 37,978,099                     |
| Revenues over (under) expenditures    | 479,744       | 2,373                          | 1,085,921                       | 654,796                                     | 2,222,834                      |
| <b>OTHER FINANCING SOURCES (USES)</b> |               |                                |                                 |                                             |                                |
| Transfers from other funds            | 6,083,044     | -                              | -                               | 611,525                                     | 6,694,569                      |
| Transfers to other funds              | (611,525)     | -                              | (1,080,576)                     | (992,514)                                   | (2,684,615)                    |
| Issuance of lease liabilities         | 112,992       | -                              | -                               | -                                           | 112,992                        |
| Issuance of long-term debt            | 172,897       | -                              | -                               | -                                           | 172,897                        |
| Total other financing sources (uses)  | 5,757,408     | -                              | (1,080,576)                     | (380,989)                                   | 4,295,843                      |
| Net change in fund balances           | 6,237,152     | 2,373                          | 5,345                           | 273,807                                     | 6,518,677                      |
| Fund balances at beginning of year    | 32,288,395    | -                              | -                               | 5,329,852                                   | 37,618,247                     |
| Fund balances at end of year          | \$ 38,525,547 | \$ 2,373                       | \$ 5,345                        | \$ 5,603,659                                | \$ 44,136,924                  |

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, 2022**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------|
| <b>Total net change in fund balances-governmental funds (continued)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                               | <b>\$ 6,518,677</b>            |
| 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                                | \$ 2,543,049                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Capital outlay for right to use leased assets | 112,992                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Loss on disposal of asset                     | (214,673)                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Amortization expense                          | (31,614)                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Depreciation expense                          | (3,008,586)                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               | (598,832)                      |
| 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   | (13,614)                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Change in other receivables                   | (211,981)                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Pension expense - LGERS                       | 539,586                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Pension expense - LEOSSA                      | (351,643)                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Other post-employment benefits                | (52,182)                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               | (89,834)                       |
| 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. |                                               |                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Proceeds from debt                            | (172,897)                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Proceeds from leases                          | (112,992)                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Principal redemption                          | 225,780                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Increases in accrued interest payable         | (2,329)                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               | (62,438)                       |
| 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                          | (143,826)                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                               | (143,826)                      |
| Net income of internal service funds determined to be governmental-type                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                               | 377,145                        |
| <b>Changes in net position of governmental activities (Exhibit 2)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                               | <b>\$ 6,000,892</b>            |

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, 2022**

|                                       | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget -<br>Over/Under |
|---------------------------------------|--------------------|-----------------|-------------------|-----------------------------------------------|
| <b>REVENUES</b>                       |                    |                 |                   |                                               |
| Ad valorem taxes                      | \$ 19,014,000      | \$ 19,014,000   | \$ 19,460,616     | \$ 446,616                                    |
| Other taxes and licenses              | 40,000             | 40,000          | 59,377            | 19,377                                        |
| Unrestricted intergovernmental        | 10,725,000         | 10,725,000      | 13,584,624        | 2,859,624                                     |
| Restricted intergovernmental          | 1,113,000          | 1,490,715       | 1,271,960         | (218,755)                                     |
| Permits and fees                      | 125,000            | 137,300         | 169,872           | 32,572                                        |
| Sales and services                    | 2,397,500          | 2,400,500       | 2,501,330         | 100,830                                       |
| Investment earnings                   | 100,000            | 100,000         | 33,325            | (66,675)                                      |
| Miscellaneous                         | 110,000            | 148,500         | 534,386           | 385,886                                       |
| Total revenues                        | 33,624,500         | 34,056,015      | 37,615,490        | 3,559,475                                     |
| <b>EXPENDITURES</b>                   |                    |                 |                   |                                               |
| Current:                              |                    |                 |                   |                                               |
| General government                    | 8,896,486          | 10,127,686      | 7,920,510         | 2,207,176                                     |
| Public safety                         | 25,545,445         | 27,028,375      | 19,402,301        | 7,626,074                                     |
| Transportation                        | 2,852,728          | 3,141,564       | 2,329,618         | 811,946                                       |
| Economic and physical development     | 340,000            | 340,000         | 4,300             | 335,700                                       |
| Environmental protection              | 2,580,302          | 2,857,171       | 2,548,765         | 308,406                                       |
| Cultural and recreation               | 4,839,783          | 5,757,935       | 4,668,962         | 1,088,973                                     |
| Debt service:                         |                    |                 |                   |                                               |
| Principal                             | 200,000            | 225,874         | 225,780           | 94                                            |
| Interest and fiscal costs             | 2,756              | 35,510          | 35,510            | -                                             |
| Total expenditures                    | 45,257,500         | 49,514,115      | 37,135,746        | 12,378,369                                    |
| Revenues over (under) expenditures    | (11,633,000)       | (15,458,100)    | 479,744           | 15,937,844                                    |
| <b>OTHER FINANCING SOURCES (USES)</b> |                    |                 |                   |                                               |
| Transfer - in                         | 4,933,000          | 6,102,268       | 6,083,044         | (19,224)                                      |
| Transfer - (out)                      | -                  | (616,626)       | (611,525)         | 5,101                                         |
| Issuance of lease liabilities         | -                  | -               | 112,992           | 112,992                                       |
| Issuance of long term debt            | 5,700,000          | 5,872,898       | 172,897           | (5,700,001)                                   |
| Fund balance appropriated             | 1,000,000          | 4,099,560       | -                 | (4,099,560)                                   |
| Total other financing sources (uses)  | 11,633,000         | 15,458,100      | 5,757,408         | (9,700,692)                                   |
| Net change in fund balances           | \$ -               | \$ -            | 6,237,152         | \$ 6,237,152                                  |
| Fund balances at beginning of year    |                    |                 | 32,288,395        |                                               |
| Fund balances at end of year          |                    |                 | \$ 38,525,547     |                                               |

*The accompanying notes are an integral part of this statement.*

**CITY OF STATESVILLE, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**

|                                                                                                            | Enterprise Funds |                  |                         |                      |                    | Total<br>Enterprise<br>Funds | Governmental<br>Activities -<br>Internal<br>Service |
|------------------------------------------------------------------------------------------------------------|------------------|------------------|-------------------------|----------------------|--------------------|------------------------------|-----------------------------------------------------|
|                                                                                                            | Airport<br>Fund  | Electric<br>Fund | Water and<br>Sewer Fund | Civic Center<br>Fund | Stormwater<br>Fund |                              |                                                     |
| <b>ASSETS</b>                                                                                              |                  |                  |                         |                      |                    |                              |                                                     |
| <b>Current assets:</b>                                                                                     |                  |                  |                         |                      |                    |                              |                                                     |
| Cash and cash equivalents                                                                                  | \$ 1,324,201     | \$ 32,444,640    | \$ 18,172,809           | \$ 2,009,640         | \$ 1,386,753       | \$ 55,338,043                | \$ 3,926,662                                        |
| Accounts receivable, net - billed                                                                          | 49,805           | 3,998,989        | 1,059,582               | -                    | 153,200            | 5,261,576                    | -                                                   |
| Accounts receivable, net - unbilled                                                                        | -                | 3,280,975        | 944,087                 | -                    | 129,926            | 4,354,988                    | -                                                   |
| Due from other governments                                                                                 | 3,620,986        | 6,515            | 798,479                 | -                    | -                  | 4,425,980                    | -                                                   |
| Lease receivable                                                                                           | -                | 221,010          | -                       | -                    | -                  | 221,010                      | -                                                   |
| Restricted cash                                                                                            | 469,560          | 1,290,718        | 4,994,650               | -                    | -                  | 6,754,928                    | -                                                   |
| Interfund loan                                                                                             | -                | 794,708          | -                       | -                    | -                  | 794,708                      | -                                                   |
| Prepaid expenses                                                                                           | -                | -                | -                       | -                    | -                  | -                            | 1,283                                               |
| Inventories                                                                                                | 66,586           | 2,752,040        | 206,146                 | -                    | -                  | 3,024,772                    | -                                                   |
| Total current assets                                                                                       | 5,531,138        | 44,789,595       | 26,175,753              | 2,009,640            | 1,669,879          | 80,176,005                   | 3,927,945                                           |
| <b>Non-current assets:</b>                                                                                 |                  |                  |                         |                      |                    |                              |                                                     |
| Lease receivable                                                                                           | -                | 1,270,846        | -                       | -                    | -                  | 1,270,846                    | -                                                   |
| Interfund loan                                                                                             | -                | 9,294,745        | -                       | -                    | -                  | 9,294,745                    | -                                                   |
| <b>Capital assets:</b>                                                                                     |                  |                  |                         |                      |                    |                              |                                                     |
| Land and non-depreciable                                                                                   | 12,181,341       | 472,289          | 1,555,255               | 2,796,012            | -                  | 17,004,897                   | -                                                   |
| Capital assets, net of depreciation                                                                        | 16,315,135       | 34,676,770       | 56,640,924              | 2,648,208            | 1,030,724          | 111,311,761                  | -                                                   |
| Construction work in progress                                                                              | 23,195,029       | 5,630,586        | 7,213,480               | -                    | 144,777            | 36,183,872                   | -                                                   |
| Total capital assets, net                                                                                  | 51,691,505       | 40,779,645       | 65,409,659              | 5,444,220            | 1,175,501          | 164,500,530                  | -                                                   |
| Total assets                                                                                               | 57,222,643       | 96,134,831       | 91,585,412              | 7,453,860            | 2,845,380          | 255,242,126                  | 3,927,945                                           |
| <b>Deferred Outflows of Resources:</b>                                                                     |                  |                  |                         |                      |                    |                              |                                                     |
| Pension deferrals                                                                                          | 43,621           | 603,079          | 944,384                 | 130,539              | 15,914             | 1,737,537                    | -                                                   |
| OPEB deferrals                                                                                             | 3,349            | 26,787           | 43,530                  | 6,697                | 3,349              | 83,712                       | -                                                   |
| Total deferred outflows of resources                                                                       | 46,970           | 629,866          | 987,914                 | 137,236              | 19,263             | 1,821,249                    | -                                                   |
| <b>LIABILITIES</b>                                                                                         |                  |                  |                         |                      |                    |                              |                                                     |
| <b>Current liabilities:</b>                                                                                |                  |                  |                         |                      |                    |                              |                                                     |
| Accounts payable and accrued liabilities                                                                   | 2,233,139        | 4,391,793        | 558,429                 | 69,442               | 24,138             | 7,276,941                    | 893,239                                             |
| Interest payable                                                                                           | 21,669           | -                | 75,210                  | -                    | -                  | 96,879                       | -                                                   |
| Payable from restricted assets:                                                                            |                  |                  |                         |                      |                    |                              |                                                     |
| Customer deposits                                                                                          | -                | 1,290,718        | -                       | -                    | -                  | 1,290,718                    | -                                                   |
| Advance from grantors                                                                                      | 469,560          | -                | -                       | -                    | -                  | 469,560                      | -                                                   |
| Prepaid fees                                                                                               | -                | -                | -                       | 68,302               | -                  | 68,302                       | -                                                   |
| Interfund payable - current                                                                                | 273,708          | -                | 521,000                 | -                    | -                  | 794,708                      | -                                                   |
| Compensated absences - current                                                                             | 18,296           | 203,060          | 110,914                 | 9,442                | 5,610              | 347,322                      | -                                                   |
| Long-term debt - current                                                                                   | -                | -                | 2,328,690               | -                    | -                  | 2,328,690                    | -                                                   |
| Total current liabilities                                                                                  | 3,016,372        | 5,885,571        | 3,594,243               | 147,186              | 29,748             | 12,673,120                   | 893,239                                             |
| <b>Long-term liabilities:</b>                                                                              |                  |                  |                         |                      |                    |                              |                                                     |
| Total LGERS liability                                                                                      | 24,382           | 357,068          | 712,278                 | 27,281               | 24,382             | 1,145,391                    | -                                                   |
| Total OPEB liability                                                                                       | 14,151           | 113,205          | 183,958                 | 28,301               | 14,151             | 353,766                      | -                                                   |
| Compensated absences - non-current                                                                         | 27,445           | 304,591          | 166,371                 | 14,163               | 8,415              | 520,985                      | -                                                   |
| Interfund payable - non current                                                                            | 4,926,745        | -                | 4,368,000               | -                    | -                  | 9,294,745                    | -                                                   |
| Long-term debt - non-current                                                                               | -                | -                | 21,133,235              | -                    | -                  | 21,133,235                   | -                                                   |
| Total long-term liabilities                                                                                | 4,992,723        | 774,864          | 26,563,842              | 69,745               | 46,948             | 32,448,122                   | -                                                   |
| Total liabilities                                                                                          | 8,009,095        | 6,660,435        | 30,158,085              | 216,931              | 76,696             | 45,121,242                   | 893,239                                             |
| <b>Deferred Inflows of Resources:</b>                                                                      |                  |                  |                         |                      |                    |                              |                                                     |
| Lease deferrals                                                                                            | -                | 1,450,067        | -                       | -                    | -                  | 1,450,067                    | -                                                   |
| OPEB deferrals                                                                                             | 11,068           | 88,547           | 143,890                 | 22,137               | 11,068             | 276,710                      | -                                                   |
| Pension deferrals                                                                                          | 64,325           | 523,433          | 855,940                 | 130,689              | 65,040             | 1,639,427                    | -                                                   |
| Total deferred inflows of resources                                                                        | 75,393           | 2,062,047        | 999,830                 | 152,826              | 76,108             | 3,366,204                    | -                                                   |
| <b>NET POSITION</b>                                                                                        |                  |                  |                         |                      |                    |                              |                                                     |
| Net investment in capital assets                                                                           | 51,691,505       | 40,779,645       | 46,942,384              | 5,444,220            | 1,175,501          | 146,033,255                  | -                                                   |
| Unrestricted                                                                                               | (2,506,380)      | 47,262,570       | 14,473,027              | 1,777,119            | 1,536,338          | 62,542,674                   | 3,034,706                                           |
| Total net position                                                                                         | \$ 49,185,125    | \$ 88,042,215    | \$ 61,415,411           | \$ 7,221,339         | \$ 2,711,839       | 208,575,929                  | \$ 3,034,706                                        |
| Adjustment to reflect the consolidation of internal<br>service fund activities related to enterprise funds |                  |                  |                         |                      |                    | (670,335)                    |                                                     |
| Net position of business-type activities                                                                   |                  |                  |                         |                      |                    | \$ 207,905,594               |                                                     |

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, 2022**

|                                                                                                             | Enterprise Funds     |                      |                                  |                      |                     | Total<br>Enterprise<br>Funds | Governmental<br>Activities -<br>Internal<br>Service |
|-------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------------------|----------------------|---------------------|------------------------------|-----------------------------------------------------|
|                                                                                                             | Airport<br>Fund      | Electric<br>Fund     | Major<br>Water and<br>Sewer Fund | Civic Center<br>Fund | Stormwater<br>Fund  |                              |                                                     |
| <b>OPERATING REVENUES</b>                                                                                   |                      |                      |                                  |                      |                     |                              |                                                     |
| Charges for sales and services                                                                              | \$ 3,061,346         | \$ 43,507,875        | \$ 14,305,888                    | \$ 201,786           | \$ 2,016,311        | \$ 63,093,206                | \$ 7,237,194                                        |
| Other operating revenues                                                                                    | -                    | 1,406,489            | 1,328,516                        | -                    | -                   | 2,735,005                    | -                                                   |
| <b>Total operating revenues</b>                                                                             | <u>3,061,346</u>     | <u>44,914,364</u>    | <u>15,634,404</u>                | <u>201,786</u>       | <u>2,016,311</u>    | <u>65,828,211</u>            | <u>7,237,194</u>                                    |
| <b>OPERATING EXPENSES</b>                                                                                   |                      |                      |                                  |                      |                     |                              |                                                     |
| Airport operations                                                                                          | 2,028,391            | -                    | -                                | -                    | -                   | 2,028,391                    | -                                                   |
| Electrical operations                                                                                       | -                    | 4,233,138            | -                                | -                    | -                   | 4,233,138                    | -                                                   |
| Electrical power purchases                                                                                  | -                    | 34,281,100           | -                                | -                    | -                   | 34,281,100                   | -                                                   |
| Water and sewer operations                                                                                  | -                    | -                    | 8,075,829                        | -                    | -                   | 8,075,829                    | -                                                   |
| Stormwater operations                                                                                       | -                    | -                    | -                                | -                    | 577,985             | 577,985                      | -                                                   |
| Civic Center operations                                                                                     | -                    | -                    | -                                | 693,221              | -                   | 693,221                      | -                                                   |
| Health expenses and insurance claims                                                                        | -                    | -                    | -                                | -                    | -                   | -                            | 6,737,487                                           |
| Depreciation                                                                                                | 1,265,314            | 1,716,901            | 3,746,012                        | 160,639              | 92,921              | 6,981,787                    | -                                                   |
| <b>Total operating expenses</b>                                                                             | <u>3,293,705</u>     | <u>40,231,139</u>    | <u>11,821,841</u>                | <u>853,860</u>       | <u>670,906</u>      | <u>56,871,451</u>            | <u>6,737,487</u>                                    |
| <b>Operating income (loss)</b>                                                                              | <u>(232,359)</u>     | <u>4,683,225</u>     | <u>3,812,563</u>                 | <u>(652,074)</u>     | <u>1,345,405</u>    | <u>8,956,760</u>             | <u>499,707</u>                                      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                                                                     |                      |                      |                                  |                      |                     |                              |                                                     |
| Interest income                                                                                             | 2,172                | 29,988               | 21,204                           | 1,825                | 1,239               | 56,428                       | 3,153                                               |
| Interest expense                                                                                            | (73,559)             | -                    | (494,828)                        | -                    | -                   | (568,387)                    | -                                                   |
| Non-operating revenues                                                                                      | 2,525                | 612,248              | 870,348                          | 64                   | -                   | 1,485,185                    | -                                                   |
| <b>Total nonoperating revenues (expenses)</b>                                                               | <u>(68,862)</u>      | <u>642,236</u>       | <u>396,724</u>                   | <u>1,889</u>         | <u>1,239</u>        | <u>973,226</u>               | <u>3,153</u>                                        |
| <b>Income (loss) before capital<br/>contributions and transfers</b>                                         | <u>(301,221)</u>     | <u>5,325,461</u>     | <u>4,209,287</u>                 | <u>(650,185)</u>     | <u>1,346,644</u>    | <u>9,929,986</u>             | <u>502,860</u>                                      |
| Capital contributions                                                                                       | 9,117,533            | -                    | 110,597                          | -                    | -                   | 9,228,130                    | -                                                   |
| Transfers - in                                                                                              | 14,145               | 53,577               | 128,202                          | 993,690              | 11,905              | 1,201,519                    | -                                                   |
| Transfers - (out)                                                                                           | (164,642)            | (2,277,177)          | (1,837,964)                      | (92,650)             | (839,040)           | (5,211,473)                  | -                                                   |
| <b>Total capital contributions<br/>and transfers</b>                                                        | <u>8,967,036</u>     | <u>(2,223,600)</u>   | <u>(1,709,762)</u>               | <u>901,040</u>       | <u>(827,135)</u>    | <u>5,218,176</u>             | <u>-</u>                                            |
| <b>Change in net position (loss)</b>                                                                        | <u>8,665,815</u>     | <u>3,101,861</u>     | <u>2,610,122</u>                 | <u>250,855</u>       | <u>519,509</u>      | <u>15,148,162</u>            | <u>502,860</u>                                      |
| <b>Net position, beginning of year (deficit)</b>                                                            | <u>40,519,310</u>    | <u>84,940,354</u>    | <u>58,805,289</u>                | <u>6,970,484</u>     | <u>2,192,330</u>    | <u>193,427,767</u>           | <u>2,531,846</u>                                    |
| <b>Net position, end of year</b>                                                                            | <u>\$ 49,185,125</u> | <u>\$ 88,042,215</u> | <u>\$ 61,415,411</u>             | <u>\$ 7,221,339</u>  | <u>\$ 2,711,839</u> | <u>\$ 208,575,929</u>        | <u>\$ 3,034,706</u>                                 |
| Change of net position shown above                                                                          |                      |                      |                                  |                      |                     | \$ 15,148,162                |                                                     |
| Adjustment to reflect the consolidation of internal service funds<br>activities related to enterprise funds |                      |                      |                                  |                      |                     | 125,715                      |                                                     |
| Change in net position - business-type activities                                                           |                      |                      |                                  |                      |                     | <u>\$ 15,273,877</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, 2022**

|                                                                                         | Enterprise Funds    |                      |                         |                      |                     | Total<br>Enterprise<br>Funds | Internal<br>Service<br>Fund |
|-----------------------------------------------------------------------------------------|---------------------|----------------------|-------------------------|----------------------|---------------------|------------------------------|-----------------------------|
|                                                                                         | Airport<br>Fund     | Electric<br>Fund     | Water and<br>Sewer Fund | Civic Center<br>Fund | Stormwater<br>Fund  |                              |                             |
| Cash flows from operating activities:                                                   |                     |                      |                         |                      |                     |                              |                             |
| Cash received from customers                                                            | \$ 2,540,060        | \$ 46,482,567        | \$ 16,385,959           | \$ 201,850           | \$ 2,115,869        | \$ 67,726,305                | \$ 7,245,412                |
| Cash paid for goods and services                                                        | (24,577)            | (36,779,871)         | (5,210,279)             | (72,466)             | (190,002)           | (42,277,195)                 | (6,950,386)                 |
| Cash paid to employees for services                                                     | (533,735)           | (3,724,099)          | (4,001,117)             | (617,275)            | (354,224)           | (9,230,450)                  | -                           |
| Net cash provided (used) by operating activities                                        | 1,981,748           | 5,978,597            | 7,174,563               | (487,891)            | 1,571,643           | 16,218,660                   | 295,026                     |
| Cash flows from noncapital financing activities:                                        |                     |                      |                         |                      |                     |                              |                             |
| Transfers from other funds                                                              | 14,145              | 53,577               | 128,202                 | 993,690              | 11,905              | 1,201,519                    | -                           |
| Transfers to other funds                                                                | (164,642)           | (2,277,177)          | (1,837,964)             | (92,650)             | (839,040)           | (5,211,473)                  | -                           |
| Net cash provided (used) by noncapital financing activities                             | (150,497)           | (2,223,600)          | (1,709,762)             | 901,040              | (827,135)           | (4,009,954)                  | -                           |
| Cash flows from capital and related financing activities:                               |                     |                      |                         |                      |                     |                              |                             |
| Acquisition of capital assets                                                           | (9,503,728)         | (6,330,714)          | (4,245,388)             | (629,479)            | (505,403)           | (21,214,712)                 | -                           |
| Interfund Loan                                                                          | -                   | -                    | 1,679,000               | -                    | -                   | 1,679,000                    | -                           |
| Principal paid on long-term debt                                                        | -                   | -                    | (2,471,765)             | -                    | -                   | (2,471,765)                  | -                           |
| Interest paid on long-term debt                                                         | (73,559)            | -                    | (494,828)               | -                    | -                   | (568,387)                    | -                           |
| Capital contributions                                                                   | 6,582,057           | -                    | 110,597                 | -                    | -                   | 6,692,654                    | -                           |
| Net cash provided (used) by capital and related financing activities                    | (2,995,230)         | (6,330,714)          | (5,422,384)             | (629,479)            | (505,403)           | (15,883,210)                 | -                           |
| Cash flows from investing activities:                                                   | 2,172               | (191,022)            | 21,204                  | 1,825                | 1,239               | (164,582)                    | 3,153                       |
| Net increase (decrease) in cash and cash equivalents                                    | (1,161,807)         | (2,766,739)          | 63,621                  | (214,505)            | 240,344             | (3,839,086)                  | 298,179                     |
| Cash and cash equivalents, July 1                                                       | 2,955,568           | 36,502,097           | 23,103,838              | 2,224,145            | 1,146,409           | 65,932,057                   | 3,628,483                   |
| Cash and cash equivalents, June 30                                                      | <u>\$ 1,793,761</u> | <u>\$ 33,735,358</u> | <u>\$ 23,167,459</u>    | <u>\$ 2,009,640</u>  | <u>\$ 1,386,753</u> | <u>\$ 62,092,971</u>         | <u>\$ 3,926,662</u>         |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |                     |                      |                         |                      |                     |                              |                             |
| Operating income (loss)                                                                 | \$ (232,359)        | \$ 4,683,225         | \$ 3,812,563            | \$ (652,074)         | \$ 1,345,405        | \$ 8,956,760                 | \$ 499,707                  |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                     |                      |                         |                      |                     |                              |                             |
| Depreciation                                                                            | 1,265,314           | 1,716,901            | 3,746,012               | 160,639              | 92,921              | 6,981,787                    | -                           |
| Changes in assets and liabilities:                                                      |                     |                      |                         |                      |                     |                              |                             |
| (Increase) decrease in accounts receivable                                              | (392,006)           | 71,790               | 751,555                 | -                    | 99,557              | 530,896                      | 8,218                       |
| Decrease (increase) in inventory                                                        | (12,907)            | (838,883)            | 14,516                  | -                    | -                   | (837,274)                    | -                           |
| Increase (decrease) in accounts payable                                                 | 1,481,150           | 247,894              | (305,275)               | 74,377               | (11,553)            | 1,486,593                    | (88,106)                    |
| (Increase) decrease from/to other governments                                           | -                   | -                    | (732,493)               | -                    | -                   | (732,493)                    | -                           |
| (Decrease) in customer deposits                                                         | -                   | 91,121               | -                       | -                    | -                   | 91,121                       | -                           |
| Increase in deferred outflows of resources - pensions                                   | (13,681)            | (109,444)            | (177,845)               | (27,361)             | (13,681)            | (342,012)                    | -                           |
| Increase in net pension liability                                                       | (58,495)            | (467,960)            | (760,434)               | (166,547)            | (8,938)             | (1,462,374)                  | -                           |
| Increase (decrease) in deferred inflows of resources - pensions                         | (64,972)            | 519,776              | 844,637                 | 129,944              | 64,973              | 1,494,358                    | -                           |
| Increase (decrease) in compensated absences                                             | 9,009               | 58,610               | (27,718)                | (8,259)              | 2,264               | 33,906                       | -                           |
| Increase (decrease) in deferred inflows of resources - OPEB                             | (1,333)             | (10,658)             | (17,319)                | (2,664)              | (1,333)             | (33,307)                     | -                           |
| (Decrease) in total OPEB liability                                                      | 2,073               | 16,582               | 26,946                  | 4,145                | 2,073               | 51,819                       | -                           |
| (Decrease) in OPEB deferred outflow                                                     | (45)                | (357)                | (582)                   | (91)                 | (45)                | (1,120)                      | -                           |
| Decrease in IBNR - health                                                               | -                   | -                    | -                       | -                    | -                   | -                            | 21,000                      |
| Decrease in IBNR - worker's compensation                                                | -                   | -                    | -                       | -                    | -                   | -                            | (145,793)                   |
| Total adjustments                                                                       | 2,214,107           | 1,295,372            | 3,362,000               | 164,183              | 226,238             | 7,261,900                    | (204,681)                   |
| Net cash provided (used) by operating activities                                        | <u>\$ 1,981,748</u> | <u>\$ 5,978,597</u>  | <u>\$ 7,174,563</u>     | <u>\$ (487,891)</u>  | <u>\$ 1,571,643</u> | <u>\$ 16,218,660</u>         | <u>\$ 295,026</u>           |

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, 2022**

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**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, 300 S Center St, Statesville, NC 28677.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**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. 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. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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.

**SCIF Grant Fund** – The SCIF Grant Fund is used to account for all SCIF grants received from the state for capital related activities.

**American Rescue Plan Fund** – The American Rescue Plan Act Fund is used to account for all ARPA money received from the federal government and is only allowable for items under the grant agreement.

**Proprietary 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.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**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.

**Civic Center Fund** – The Civic Center Fund is used to account for civic center activities such as weddings, musical events, meetings, and other special events.

**Stormwater Fund** – The Stormwater Fund is used to account for stormwater operations.

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

**Non-major Special Revenue and Capital Project Funds** – Non-major funds account for revenues, activities and capital projects for specific purposes. The City currently maintains thirteen non-major funds. They are the Occupancy Tax Fund, Home Program Fund, Drug Enforcement Fund, Domestic Violence Grant 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, Bethlehem Road Capital Project Fund, and the Fire Station Capital Project Fund.

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.

### **C. Measurement Focus and Basis of Accounting**

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

*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

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

**D. Budgetary Data**

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, Occupancy Tax Fund, and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for all other special revenue funds, the capital projects funds and the enterprise capital projects funds. The City's Risk Management Fund, internal service fund, 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)(8) 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) money market fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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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**

Unexpended debt proceeds are presented as restricted cash as their use is completely restricted to the purposes for which the funds were received or designated for by an outside third party. Currently the Water and Sewer Fund has \$4,994,650 in unexpended debt proceeds. Powell Bill Funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Powell bill funds amount to \$1,248,040 held in the General Fund. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Currently, the City presents as restricted assets the utility deposits of \$1,290,718 held by the Electric Fund, Planning Department deposits of \$21,611 in the General Fund. Advance from grantors is presented as restricted cash as their use is restricted to the purposes for which the grant funds were received or designated for by an outside third party. The Airport fund currently has \$469,560 as advance from grantors. The SCIF Fund and American Rescue Plan Act Fund currently have \$3,252,373 and \$3,305,976 respectively in advance from grantors.

**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 6<sup>th</sup>. The taxes levied are based on the assessed values as of January 1, 2021.

**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.

**Lease Receivable**

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

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A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**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.

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are as follows: buildings, improvements, substations, lines, and other plant and distribution systems, \$25,000; infrastructure, \$100,000; furniture, equipment, and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and sidewalk sub-network assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Statesville Convention and Visitors Bureau had no capital assets at June 30, 2022. 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<br>distribution systems | 20-40 years            |
| Other improvements                      | 25 years               |

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

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

**Right to Use Assets**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items, 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 assets 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, pension deferrals and lease deferrals.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. 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.

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**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.

**Reimbursements for Pandemic-related Expenditures**

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was allocated \$8,773,103 of fiscal recovery funds to be paid in two equal installments. The first installment of \$4,386,552 was received in July 2021. The second installment was received in July 2022. City staff and the Board of Commissioners have elected to use \$1,080,576 of the ARPA funds for premium pay. The City plans on using the rest of the funds for revenue replacement in Fiscal Year 2023. The \$1,080,576 used for premium pay was transferred to the various funds from the ARPA Fund. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds.

**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.

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**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 non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for 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) , SCIF investment earnings and occupancy tax funds.

Restricted for Transportation - Portion of fund balance that is restricted for Powell Bill 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 \$266,125 for the

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funding of the Law Enforcement Officers' Special Separation Allowance pension. The City Council also has committed \$4,973,310 for the funding of capital outlay within various capital projects. The City Council currently has committed \$5,345 for funding for various capital related activity from grant investment earnings.

Assigned Fund Balance – Portion of fund balance that the City of Statesville's governing board intends to use for specific purposes. The City Council has assigned \$3,943,440 for the funding of subsequent years appropriations.

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 noninterest-bearing deposits and

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the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, CVB or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City, the ABC Board, and CVB under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

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, 2022, the City's deposits had a carrying amount of \$73,681,706 and a bank balances of \$74,294,126. The City maintained \$3,675 in petty cash and other funds. Of the bank balance, \$670,303 was covered by federal depository insurance, and the excess funds was covered by collateral held under the Pooling Method.

At June 30, 2022, the Statesville Convention and Visitors Bureau's deposits had a carrying amount of \$286,245 and a bank balance of \$296,909 all of which was covered by federal depository insurance. The Statesville Convention and Visitors Bureau maintained an investment with the NCCMT governmental fund of \$98,452.

At June 30, 2022, the ABC Board's deposits had a carrying amount of \$1,268,716 and a bank balance of \$1,235,420. Of the bank balance, \$250,000 was covered by federal depository insurance. Amounts in excess of FDIC insurance are collateralized under the Pooling Method.

At June 30, 2022 the City had \$39,174,391 with NCCMT Government Portfolio which carried a credit rating of AAAm by Standard and Poor's and AAAMf by Moody's Investors Service.

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.

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*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 and AAA-mf by Moody's Investors Service as of June 30, 2022.

As of June 30, 2022, the City's investment balances were as follows:

| <b>Investment Type</b>     | <b>Valuation<br/>Measurement<br/>Method</b> | <b>Fair Value</b>    | <b>Less 6<br/>Months</b> | <b>6-12<br/>Months</b> |
|----------------------------|---------------------------------------------|----------------------|--------------------------|------------------------|
| NCCMT Government Portfolio | Fair Value Level 1                          | \$ 39,174,391        | \$ 39,174,391            | \$ -                   |
| Total                      |                                             | <u>\$ 39,174,391</u> | <u>\$ 39,174,391</u>     | <u>\$ -</u>            |

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**Receivables - Allowances for Doubtful Accounts**

Receivables at the government-wide level at June 30, 2022 were as follows:

|                                  | Accounts<br>Receivable | Taxes<br>Receivable | Due from<br>Other<br>Governments | Total                |
|----------------------------------|------------------------|---------------------|----------------------------------|----------------------|
| Governmental activities:         |                        |                     |                                  |                      |
| General Fund                     | \$ -                   | \$ 431,909          | \$ 4,584,737                     | \$ 5,016,646         |
| Non-major funds/internal service | 460,119                | -                   | 45,513                           | 505,632              |
| Total receivables                | 460,119                | 431,909             | 4,630,250                        | 5,522,278            |
| Allowance for doubtful accounts  | -                      | (403,133)           | -                                | (403,133)            |
| Total governmental activities    | <u>\$ 460,119</u>      | <u>\$ 28,776</u>    | <u>\$ 4,630,250</u>              | <u>\$ 5,119,145</u>  |
| Business-type activities:        |                        |                     |                                  |                      |
| Airport                          | \$ 119,113             | \$ -                | \$ 3,620,986                     | \$ 3,740,099         |
| Electric                         | 7,914,990              | -                   | 6,515                            | 7,921,505            |
| Water and Sewer                  | 2,313,441              | -                   | 798,479                          | 3,111,920            |
| Stormwater                       | 406,236                | -                   | -                                | 406,236              |
| Total receivables                | 10,753,780             | -                   | 4,425,980                        | 15,179,760           |
| Allowance for doubtful accounts  | (1,137,216)            | -                   | -                                | (1,137,216)          |
| Total business-type activities:  | <u>\$ 9,616,564</u>    | <u>\$ -</u>         | <u>\$ 4,425,980</u>              | <u>\$ 14,042,544</u> |

Amounts due from governmental agencies consist of the following:

|                                                    | Other Govt        | State               | Total               |
|----------------------------------------------------|-------------------|---------------------|---------------------|
| Governmental activities, net:                      |                   |                     |                     |
| Sales tax refund and use tax distribution          | \$ -              | \$ 3,855,469        | \$ 3,855,469        |
| Utility tax, telecommunications, video programming | -                 | 596,742             | 596,742             |
| Other government                                   | 178,039           | -                   | 178,039             |
| Total governmental activities                      | <u>\$ 178,039</u> | <u>\$ 4,452,211</u> | <u>\$ 4,630,250</u> |
| Business-type activities:                          |                   |                     |                     |
| Grants receivable                                  | \$ -              | \$ 4,425,980        | \$ 4,425,980        |
| Total business-type activities:                    | <u>\$ -</u>       | <u>\$ 4,425,980</u> | <u>\$ 4,425,980</u> |

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**Lease Receivable**

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, Statesville, NC entered into a 108-month lease as Lessor for the use of Aircraft Hangar Agreement - Hangar #11. An initial lease receivable was recorded in the amount of \$512,321. As of 06/30/2022, the value of the lease receivable is \$458,440. The lessee is required to make monthly fixed payments of \$5,100. The lease has an interest rate of 1.6460%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$455,396, and Statesville, NC recognized lease revenue of \$56,925 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 07/01/2021, Statesville, NC entered into a 300-month lease as Lessor for the use of Statesville Reginal Airport - Hangar Site . An initial lease receivable was recorded in the amount of \$44,630. As of 06/30/2022, the value of the lease receivable is \$42,230. The lessee is required to make annual fixed payments of \$2,400. The lease has an interest rate of 2.6390%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$42,845, and Statesville, NC recognized lease revenue of \$1,785 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 52-month lease as Lessor for the use of Air Helmuth - Airport property. An initial lease receivable was recorded in the amount of \$89,039. As of 06/30/2022, the value of the lease receivable is \$68,805. The lessee is required to make monthly fixed payments of \$1,750. The lease has an interest rate of 1.0110%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$68,491, and Statesville, NC recognized lease revenue of \$20,547 during the fiscal year. The lessee had a termination period of 2 months as of the lease commencement.

On 07/01/2021, Statesville, NC entered into a 16-month lease as Lessor for the use of Hangar Lease Parcels A-1 & A-2. An initial lease receivable was recorded in the amount of \$18,564. As of 06/30/2022, the value of the lease receivable is \$15,533. The lessee is required to make monthly fixed payments of \$3,110. The lease has an interest rate of 0.4660%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$5,090, and Statesville, NC recognized lease revenue of \$13,474 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 108-month lease as Lessor for the use of Hangar Parcels A-7, A-8 & A-9. An initial lease receivable was recorded in the amount of \$165,144. As of 06/30/2022, the value of the lease receivable is \$145,780. The lessee is required to make annual fixed payments of \$19,598. The lease has an interest rate of 1.6460%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$146,794, and Statesville, NC recognized lease revenue of \$18,349 during the fiscal year. The lessee has 1 extension option(s), each for 96 months.

On 07/01/2021, Statesville, NC entered into a 112-month lease as Lessor for the use of Chambersburg Township. An initial lease receivable was recorded in the amount of \$74,910. As of 06/30/2022, the value of the lease receivable is \$67,331. The lessee is required to make monthly fixed payments of \$721. The lease has an interest rate of 1.6460%. The Land estimated useful life was 0 months as of the

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contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$66,884, and Statesville, NC recognized lease revenue of \$8,026 during the fiscal year. The lessee has the option to purchase the Land for \$86,500.

On 07/01/2021, Statesville, NC entered into a 73-month lease as Lessor for the use of Hangar Lease Parcel C-2. An initial lease receivable was recorded in the amount of \$1,912. As of 06/30/2022, the value of the lease receivable is \$1,586. The lessee is required to make annual fixed payments of \$330. The lease has an interest rate of 1.3350%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$1,597, and Statesville, NC recognized lease revenue of \$314 during the fiscal year. Statesville, NC had a termination period of 6 months as of the lease commencement.

On 07/01/2021, Statesville, NC entered into a 112-month lease as Lessor for the use of Hangar Lease Parcels A6 & A7. An initial lease receivable was recorded in the amount of \$184,019. As of 06/30/2022, the value of the lease receivable is \$182,280. The lessee is required to make monthly fixed payments of \$2,000. The lease has an interest rate of 1.6460%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$164,303, and Statesville, NC recognized lease revenue of \$19,716 during the fiscal year. Statesville, NC had a termination period of 6 months as of the lease commencement.

On 07/01/2021, Statesville, NC entered into a 58-month lease as Lessor for the use of Hangar Lease Parcel C-3. An initial lease receivable was recorded in the amount of \$1,283. As of 06/30/2022, the value of the lease receivable is \$967. The lessee is required to make annual fixed payments of \$330. The lease has an interest rate of 1.1770%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$1,018, and Statesville, NC recognized lease revenue of \$265 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 32-month lease as Lessor for the use of Hangar Lease Parcel C-6. An initial lease receivable was recorded in the amount of \$653. As of 06/30/2022, the value of the lease receivable is \$327. The lessee is required to make annual fixed payments of \$330. The lease has an interest rate of 0.8450%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$409, and Statesville, NC recognized lease revenue of \$245 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 110-month lease as Lessor for the use of Hangar Lease Parcels A-3 & A-4. An initial lease receivable was recorded in the amount of \$14,733. As of 06/30/2022, the value of the lease receivable is \$13,023. The lessee is required to make annual fixed payments of \$1,751. The lease has an interest rate of 1.6460%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$13,125, and Statesville, NC recognized lease revenue of \$1,607 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 114-month lease as Lessor for the use of Hangar Lease Parcels A-9, A-10 & B-1. An initial lease receivable was recorded in the amount of \$39,540. As of 06/30/2022, the value of the lease receivable is \$35,143. The lessee is required to make annual fixed payments of \$4,740. The lease has an interest rate of 1.7220%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$35,378, and Statesville, NC recognized lease revenue of \$4,162 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 95-month lease as Lessor for the use of Lowes Lease. An initial lease receivable was recorded in the amount of \$156,156. As of 06/30/2022, the value of the lease receivable is \$137,506. The lessee is required to make annual fixed payments of \$20,895. The lease has

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an interest rate of 1.5690%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$136,527, and Statesville, NC recognized lease revenue of \$19,629 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 51-month lease as Lessor for the use of Aircraft Hangar #2. An initial lease receivable was recorded in the amount of \$154,108. As of 06/30/2022, the value of the lease receivable is \$123,289. The lessee is required to make monthly fixed payments of \$2,253. The lease has an interest rate of 1.0110%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$117,847, and Statesville, NC recognized lease revenue of \$36,260 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 07/01/2021, Statesville, NC entered into a 245-month lease as Lessor for the use of Victory Air Parking Apron Lease. An initial lease receivable was recorded in the amount of \$102,561. As of 06/30/2022, the value of the lease receivable is \$103,061. The lessee is required to make monthly fixed payments of \$583. The lease has an interest rate of 2.5360%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$97,538, and Statesville, NC recognized lease revenue of \$5,023 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 59-month lease as Lessor for the use of Victory Air Parking Lot Lease. An initial lease receivable was recorded in the amount of \$23,000. As of 06/30/2022, the value of the lease receivable is \$17,334. The lessee is required to make annual fixed payments of \$5,915. The lease has an interest rate of 1.1770%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$18,323, and Statesville, NC recognized lease revenue of \$4,678 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 47-month lease as Lessor for the use of Ralph Brown & Jay Brown - Regional Airport. An initial lease receivable was recorded in the amount of \$63,851. As of 06/30/2022, the value of the lease receivable is \$47,785. The lessee is required to make monthly fixed payments of \$1,386. The lease has an interest rate of 1.0110%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$47,548, and Statesville, NC recognized lease revenue of \$16,302 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 53-month lease as Lessor for the use of Hangar Parcel C-4. An initial lease receivable was recorded in the amount of \$1,288. As of 06/30/2022, the value of the lease receivable is \$970. The lessee is required to make annual fixed payments of \$330. The lease has an interest rate of 1.0110%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$997, and Statesville, NC recognized lease revenue of \$292 during the fiscal year.

On 07/01/2021, Statesville, NC entered into a 65-month lease as Lessor for the use of Hangar Parcel A-5. An initial lease receivable was recorded in the amount of \$36,740. As of 06/30/2022, the value of the lease receivable is \$30,466. The lessee is required to make annual variable principal and interest payments of \$6,310 based on a CPI index of 0.00%. The lease has an interest rate of 1.1770%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$29,957, and Statesville, NC recognized lease revenue of \$6,783 during the fiscal year.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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Lease receivable maturities are as follows:

| Fiscal Year | Business-Type Activities |                   |                     |
|-------------|--------------------------|-------------------|---------------------|
|             | Principal Payments       | Interest Payments | Total Payments      |
| 2023        | \$ 221,010               | \$ 26,787         | \$ 247,797          |
| 2024        | 219,538                  | 19,895            | 239,433             |
| 2025        | 223,901                  | 16,746            | 240,647             |
| 2026        | 160,508                  | 13,769            | 174,277             |
| 2027        | 150,406                  | 11,546            | 161,952             |
| 2028 - 2032 | 423,059                  | 21,963            | 445,022             |
| 2033 - 2037 | 37,186                   | 9,813             | 46,999              |
| 2038 - 2042 | 42,244                   | 4,756             | 47,000              |
| 2043 - 2046 | 14,004                   | 913               | 14,917              |
|             | <u>\$ 1,491,856</u>      | <u>\$ 126,188</u> | <u>\$ 1,618,044</u> |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**Capital Assets**

**Primary Government**

|                                             | June 30, 2021 | Additions    | Retirements  | Transfers   | June 30, 2022 |
|---------------------------------------------|---------------|--------------|--------------|-------------|---------------|
| <b>Governmental activities:</b>             |               |              |              |             |               |
| Capital assets not being depreciated:       |               |              |              |             |               |
| Land                                        | \$ 10,416,940 | \$ -         | \$ 203,450   | \$ -        | \$ 10,213,490 |
| Construction in progress                    | 2,025,200     | 693,136      | -            | -           | 2,718,336     |
| Total capital assets not being depreciated  | 12,442,140    | 693,136      | 203,450      | -           | 12,931,826    |
| Capital assets being depreciated:           |               |              |              |             |               |
| Buildings                                   | 20,093,913    | -            | -            | -           | 20,093,913    |
| Communications and computers                | 1,357,402     | 93,973       | -            | -           | 1,451,375     |
| Infrastructure and other improvements       | 49,235,268    | 689,529      | 53,234       | -           | 49,871,563    |
| Vehicles                                    | 17,889,193    | 1,066,411    | 976,326      | (15,609)    | 17,963,669    |
| Total capital assets being depreciated:     | 88,575,776    | 1,849,913    | 1,029,560    | (15,609)    | 89,380,520    |
| Less accumulated depreciation for:          |               |              |              |             |               |
| Buildings                                   | 9,956,398     | 505,930      | -            | -           | 10,462,328    |
| Computers and office equipment              | 813,891       | 97,608       | -            | -           | 911,499       |
| Infrastructure and other improvements       | 34,269,494    | 1,299,549    | 48,392       | -           | 35,520,651    |
| Vehicles                                    | 10,842,005    | 1,105,499    | 969,945      | (15,609)    | 10,961,950    |
| Total accumulated depreciation              | 55,881,788    | \$ 3,008,586 | \$ 1,018,337 | \$ (15,609) | 57,856,428    |
| Total capital assets being depreciated, net | 32,693,988    |              |              |             | 31,524,092    |
| Governmental activity capital assets, net   | \$ 45,136,128 |              |              |             | \$ 44,455,918 |

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

**Governmental Functions:**

|                          |            |
|--------------------------|------------|
| General government       | \$ 241,720 |
| Public safety            | 989,834    |
| Transportation           | 942,944    |
| Environmental protection | 350,107    |
| Culture and recreation   | 483,981    |

Total depreciation expense governmental functions \$ 3,008,586

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

|                                             | June 30, 2021 | Additions    | Retirements | Transfers | June 30, 2022 |
|---------------------------------------------|---------------|--------------|-------------|-----------|---------------|
| <b>Airport</b>                              |               |              |             |           |               |
| Capital assets not being depreciated:       |               |              |             |           |               |
| Land                                        | \$ 12,055,345 | \$ 125,996   | \$ -        | \$ -      | \$ 12,181,341 |
| Construction in progress                    | 13,870,197    | 9,324,832    | -           | -         | 23,195,029    |
| Total capital assets not being depreciated  | 25,925,542    | 9,450,828    | -           | -         | 35,376,370    |
| Capital assets being depreciated:           |               |              |             |           |               |
| Buildings                                   | 7,304,394     | -            | -           | -         | 7,304,394     |
| Airport improvements                        | 23,881,555    | -            | -           | -         | 23,881,555    |
| Other                                       | 1,159,910     | 52,900       | -           | -         | 1,212,810     |
| Vehicles and equipment                      | 34,038        | -            | -           | 15,609    | 49,647        |
| Total capital assets being depreciated:     | 32,379,897    | 52,900       | -           | 15,609    | 32,448,406    |
| Less accumulated depreciation for:          |               |              |             |           |               |
| Buildings                                   | 2,176,892     | 357,548      | -           | -         | 2,534,440     |
| Airport improvements and equipment          | 11,780,277    | 850,235      | -           | -         | 12,630,512    |
| Other                                       | 868,999       | 55,682       | -           | -         | 924,681       |
| Vehicles                                    | 26,180        | 1,849        | -           | 15,609    | 43,638        |
| Total accumulated depreciation              | 14,852,348    | \$ 1,265,314 | \$ -        | \$ 15,609 | 16,133,271    |
| Total capital assets being depreciated, net | 17,527,549    |              |             |           | 16,315,135    |
| Total Airport Fund capital assets, net      | 43,453,091    |              |             |           | 51,691,505    |
| <b>Electric Fund:</b>                       |               |              |             |           |               |
| Capital assets not being depreciated:       |               |              |             |           |               |
| Land                                        | 156,206       | \$ 316,083   | \$ -        | \$ -      | 472,289       |
| Construction work in progress               | 4,611,659     | 1,018,927    | -           | -         | 5,630,586     |
| Total capital assets not being depreciated  | 4,767,865     | 1,335,010    | -           | -         | 6,102,875     |
| Capital assets being depreciated:           |               |              |             |           |               |
| Buildings                                   | 323,455       | -            | -           | -         | 323,455       |
| Plant in service                            | 49,986,003    | 4,900,118    | 612,383     | -         | 54,273,738    |
| Vehicles and equipment                      | 6,011,677     | 95,586       | 148,713     | -         | 5,958,550     |
| Total capital assets being depreciated      | 56,321,135    | 4,995,704    | 761,096     | -         | 60,555,743    |
| Less accumulated depreciation for:          |               |              |             |           |               |
| Buildings                                   | 19,407        | 12,938       | -           | -         | 32,345        |
| Plant in service                            | 21,611,242    | 1,265,155    | 612,383     | -         | 22,264,014    |
| Vehicles and equipment                      | 3,292,519     | 438,808      | 148,713     | -         | 3,582,614     |
| Total accumulated depreciation              | 24,923,168    | \$ 1,716,901 | \$ 761,096  | \$ -      | 25,878,973    |
| Total capital assets being depreciated, net | 31,397,967    |              |             |           | 34,676,770    |
| Total Electric Fund capital assets, net     | 36,165,832    |              |             |           | 40,779,645    |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

|                                                | June 30, 2021 | Additions    | Retirements | Transfers    | June 30, 2022 |
|------------------------------------------------|---------------|--------------|-------------|--------------|---------------|
| <b>Water and Sewer Fund:</b>                   |               |              |             |              |               |
| Capital assets not being depreciated:          |               |              |             |              |               |
| Land                                           | 1,555,255     | \$ -         | \$ -        | \$ -         | 1,555,255     |
| Construction work in progress                  | 3,942,490     | 3,370,765    | -           | (99,775)     | 7,213,480     |
| Total capital assets not being depreciated     | 5,497,745     | 3,370,765    | -           | (99,775)     | 8,768,735     |
| Capital assets being depreciated:              |               |              |             |              |               |
| Plant in service - Water System                | 49,308,266    | -            | -           | -            | 49,308,266    |
| Plant in service - Sewer System                | 71,957,686    | 49,750       | -           | -            | 72,007,436    |
| Vehicles and equipment                         | 6,003,993     | 824,873      | 151,715     | (76,899)     | 6,600,252     |
| Total capital assets being depreciated         | 127,269,945   | 874,623      | 151,715     | (76,899)     | 127,915,954   |
| Less accumulated depreciation for:             |               |              |             |              |               |
| Plant in service - Water System                | 29,200,066    | 1,073,725    | -           | -            | 30,273,791    |
| Plant in service - Sewer System                | 34,941,061    | 2,285,329    | -           | -            | 37,226,390    |
| Vehicles and equipment                         | 3,716,280     | 386,958      | 151,715     | (176,674)    | 3,774,849     |
| Total accumulated depreciation                 | 67,857,407    | \$ 3,746,012 | \$ 151,715  | \$ (176,674) | 71,275,030    |
| Total capital assets being depreciated, net    | 59,412,538    |              |             |              | 56,640,924    |
| Total Water and Sewer Fund capital assets, net | 64,910,283    |              |             |              | 65,409,659    |
| <b>Stormwater Fund:</b>                        |               |              |             |              |               |
| Capital assets not being depreciated:          |               |              |             |              |               |
| Construction work in progress                  | 131,267       | \$ 13,510    | \$ -        | \$ -         | 144,777       |
| Total capital assets not being depreciated     | 131,267       | 13,510       | -           | -            | 144,777       |
| Capital assets being depreciated:              |               |              |             |              |               |
| Other                                          | 288,630       | 477,740      | -           | -            | 766,370       |
| Vehicles                                       | 584,039       | 14,153       | -           | 176,674      | 774,866       |
| Total capital assets being depreciated:        | 872,669       | 491,893      | -           | 176,674      | 1,541,236     |
| Less accumulated depreciation for:             |               |              |             |              |               |
| Other                                          | 22,704        | 52,750       | -           | -            | 75,454        |
| Vehicles                                       | 218,213       | 40,171       | -           | 176,674      | 435,058       |
| Total accumulated depreciation                 | 240,917       | \$ 92,921    | \$ -        | \$ 176,674   | 510,512       |
| Total capital assets being depreciated, net    | 631,752       |              |             |              | 1,030,724     |
| Total Stormwater Fund capital assets, net      | 763,019       |              |             |              | 1,175,501     |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

|                                              | June 30, 2021  | Additions  | Retirements | Transfers | June 30, 2022  |
|----------------------------------------------|----------------|------------|-------------|-----------|----------------|
| <b>Civic Center Fund:</b>                    |                |            |             |           |                |
| Capital assets not being depreciated:        |                |            |             |           |                |
| Land                                         | 2,796,012      | \$ -       | \$ -        | \$ -      | 2,796,012      |
| Total assets not being depreciated           | 2,796,012      | -          | -           | -         | 2,796,012      |
| Capital assets being depreciated:            |                |            |             |           |                |
| Buildings                                    | 4,765,318      | -          | -           | -         | 4,765,318      |
| Improvements and equipment                   | 751,907        | 629,479    | -           | -         | 1,381,386      |
| Vehicles                                     | 10,221         | -          | -           | -         | 10,221         |
| Total capital assets being depreciated:      | 5,527,446      | 629,479    | -           | -         | 6,156,925      |
| Less accumulated depreciation for:           |                |            |             |           |                |
| Buildings                                    | 2,763,605      | 122,032    | -           | -         | 2,885,637      |
| Improvements and equipment                   | 574,252        | 38,607     | -           | -         | 612,859        |
| Vehicles and equipment                       | 10,221         | -          | -           | -         | 10,221         |
| Total accumulated depreciation               | 3,348,078      | \$ 160,639 | \$ -        | \$ -      | 3,508,717      |
| Total capital assets being depreciated, net  | 2,179,368      |            |             |           | 2,648,208      |
| Total Civic Center Fund capital assets, net  | 4,975,380      |            |             |           | 5,444,220      |
| Business-type activities capital assets, net | \$ 150,267,605 |            |             |           | \$ 164,500,530 |

**Discretely Presented Component Units**

Activity for the ABC Board for the year ended June 30, 2022 was as follows:

|                                        | June 30, 2021 | Additions | Retirements | Transfers | June 30, 2022 |
|----------------------------------------|---------------|-----------|-------------|-----------|---------------|
| Capital assets not being depreciated:  |               |           |             |           |               |
| Land                                   | \$ 235,050    | \$ -      | \$ -        | \$ -      | \$ 235,050    |
| Total assets not being depreciated     | 235,050       | -         | -           | -         | 235,050       |
| Capital assets being depreciated:      |               |           |             |           |               |
| Buildings                              | 1,602,601     | -         | -           | -         | 1,602,601     |
| Furniture and equipment                | 299,437       | 11,975    | -           | -         | 311,412       |
| Total capital assets being depreciated | 1,902,038     | 11,975    | -           | -         | 1,914,013     |
| Less accumulated depreciation for:     |               |           |             |           |               |
| Buildings                              | 615,762       | 39,444    | -           | -         | 655,206       |
| Furniture and equipment                | 226,603       | 24,945    | -           | -         | 251,548       |
| Total accumulated depreciation         | 842,365       | \$ 64,389 | \$ -        | \$ -      | 906,754       |
| Total ABC capital assets, net          | \$ 1,294,723  |           |             |           | \$ 1,242,309  |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**Construction Work in Progress:**

The City of Statesville active construction and software implementation projects as of June 30, 2022 are as follows:

| <b>Project</b>                                      | <b>Project<br/>Authorization</b> | <b>Remaining<br/>Commitment</b> |
|-----------------------------------------------------|----------------------------------|---------------------------------|
| <i>General Government:</i>                          |                                  |                                 |
| Streetscape Capital Project                         | \$ 9,317,133                     | \$ 366,372                      |
| Transportation Grant - TAP                          | 1,670,000                        | 1,560,744                       |
| Brookdale NC-21 Connector                           | 4,301,983                        | 3,884,285                       |
| Shelton Avenue Multi-Use Path                       | 753,750                          | 296,454                         |
| Municipal Service Center Fund                       | 11,685,000                       | 11,137,375                      |
| Bethlehem Road Capital Project                      | 5,100,000                        | 4,957,258                       |
| <i>Airport Fund:</i>                                |                                  |                                 |
| Airport Improvement Fund                            | 6,576,904                        | 988,826                         |
| Parallel Taxiway Project                            | 10,650,000                       | 266,384                         |
| Glideslope and Localizer Project                    | 894,971                          | 417,771                         |
| SE Parallel Lighting and Electrical Vault Project   | 2,000,000                        | 596,292                         |
| East Corporate Area Development                     | 5,030,766                        | 966,121                         |
| Fixed Based Operations Project                      | 500,000                          | 428,627                         |
| Runway Safety Area Extension Project                | 9,385,288                        | 3,232,195                       |
| <i>Electric Fund:</i>                               |                                  |                                 |
| Electric AMI Capital Project Fund                   | 2,535,000                        | 191,396                         |
| <i>Water and Sewer Fund:</i>                        |                                  |                                 |
| Water and Sewer Infrastructure Capital Improvements | 6,000,000                        | 2,746,215                       |
| Water AMI Capital Project Fund                      | 4,260,000                        | 1,037,461                       |
| Waterline Replacement Project                       | 20,000,000                       | 19,889,402                      |

**Right to Use Leased Assets**

The City has recorded six right to use leased assets. The assets are right to use assets for leased equipment and leased vehicles. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

| Governmental Activities  | June 30, 2021 | Additions | Retirements | June 30, 2022 |
|--------------------------|---------------|-----------|-------------|---------------|
| Right-to-use assets:     |               |           |             |               |
| Land                     | \$ -          | \$ 23,804 | \$ -        | \$ 23,804     |
| Buildings                | -             | 54,740    | -           | 54,740        |
| Vehicles and equipment   | -             | 34,448    | -           | 34,448        |
| Total                    | -             | 112,992   | -           | 112,992       |
| Accumulated amortization |               |           |             |               |
| Land                     | -             | 11,208    | -           | 11,208        |
| Buildings                | -             | 5,520     | -           | 5,520         |
| Furniture and equipment  | -             | 14,886    | -           | 14,886        |
| Total                    | -             | \$ 31,614 | \$ -        | 31,614        |
| Right-to-use assets, net | \$ -          |           |             | \$ 81,378     |

**Payables**

Payables at the government-wide level at June 30, 2022 were as follows:

|                                | Vendors &<br>IBNR | Salaries &<br>Benefits | Total        |
|--------------------------------|-------------------|------------------------|--------------|
| All governmental activities    | \$ 1,595,993      | \$ 293,164             | \$ 1,889,157 |
| Business-type activities:      |                   |                        |              |
| Airport                        | \$ 2,226,552      | \$ 6,587               | \$ 2,233,139 |
| Electric                       | 4,340,254         | 51,539                 | 4,391,793    |
| Water and Sewer                | 514,917           | 43,512                 | 558,429      |
| Stormwater                     | 19,673            | 4,465                  | 24,138       |
| Civic Center                   | 63,323            | 6,119                  | 69,442       |
| Total business-type activities | \$ 7,164,719      | \$ 112,222             | \$ 7,276,941 |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**Pension Plan Obligations**

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

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 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.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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*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, 2022, was 12.040% of compensation for law enforcement officers and 11.410% 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 \$2,758,188 for the year ended June 30, 2022.

*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, 2022, the City reported a liability of \$4,562,756 for its proportionate share of the net pension liability and the ABC Board reported \$56,591. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, (measurement date) the City's proportion was .29752%, which was an increase of .00614% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$2,037,856. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                               | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                            | \$ 1,451,576                         | \$ -                                |
| Changes of assumptions                                                                                        | 2,866,575                            | -                                   |
| Net difference between projected and actual earnings on pension plan investments                              | -                                    | 6,518,806                           |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 121,216                              | 43,195                              |
| Employer contributions subsequent to the measurement date                                                     | 2,758,188                            | -                                   |
| Total                                                                                                         | <u>\$ 7,197,555</u>                  | <u>\$ 6,562,001</u>                 |

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\$2,758,188 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>June 30 | Amount                |
|------------------------|-----------------------|
| 2023                   | \$ 466,497            |
| 2024                   | (118,838)             |
| 2025                   | (475,503)             |
| 2026                   | (1,994,790)           |
| 2027                   | -                     |
| Thereafter             | -                     |
| Total                  | <u>\$ (2,122,634)</u> |

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019. 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.

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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, 2021 are summarized in the following table:

| Asset Class                | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------|-------------------|----------------------------------------|
| Fixed income               | 29.0%             | 1.4%                                   |
| Global equity              | 42.0%             | 5.3%                                   |
| Real estate                | 8.0%              | 4.3%                                   |
| Alternatives               | 8.0%              | 8.9%                                   |
| Opportunistic Fixed Income | 7.0%              | 6.0%                                   |
| Inflation sensitive        | 6.0%              | 4.0%                                   |
|                            | <u>100%</u>       |                                        |

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

|                                                         | 1% Decrease<br>(5.50%) | Discount Rate<br>(6.50%) | 1% Increase<br>(7.50%) |
|---------------------------------------------------------|------------------------|--------------------------|------------------------|
| City's Proportionate Share of the Net pension liability | <u>\$ 17,712,234</u>   | <u>\$ 4,562,756</u>      | <u>\$ (6,258,503)</u>  |

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

**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, 2020, the Separation Allowance's membership consisted of:

|                                               | <u>City</u> | <u>ABC Board</u> |
|-----------------------------------------------|-------------|------------------|
| Inactive members currently receiving benefits | 10          | 0                |
| Active plan members                           | 81          | 0                |
| Total                                         | <u>91</u>   | <u>0</u>         |

2) *Summary of Significant Accounting Policies:*

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

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, 2020 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 | 3.25 to 7.75 percent, including inflation and productivity factor |
| Discount rate    | 2.25 percent                                                      |

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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, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

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

*Deaths Before Retirement:* Mortality rates are based on the Safety Mortality Table for Employees.

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

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

*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 \$171,183, and the ABC Board paid \$0 as benefits came due for the reporting period.

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

At June 30, 2022, the City reported a total pension liability of \$3,667,521. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of \$530,861.

|                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-----------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience   | \$ 270,878                           | \$ -                                |
| Changes in assumptions and other inputs             | 620,440                              | 112,230                             |
| Benefit payments subsequent to the measurement date | 89,746                               | -                                   |
| Total                                               | <u>\$ 981,064</u>                    | <u>\$ 112,230</u>                   |

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\$89,746 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>June 30 | Amount            |
|------------------------|-------------------|
| 2023                   | \$ 250,056        |
| 2024                   | 203,321           |
| 2025                   | 206,784           |
| 2026                   | 126,476           |
| 2027                   | (7,549)           |
| Thereafter             | -                 |
| Total                  | <u>\$ 779,088</u> |

*Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate.* The following presents the City's total pension liability calculated using the discount rate of 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

|                         | 1%<br>Decrease<br>(1.25%) | Discount<br>Rate<br>(2.25%) | 1%<br>Increase<br>(3.25%) |
|-------------------------|---------------------------|-----------------------------|---------------------------|
| Total pension liability | <u>\$ 3,985,390</u>       | <u>\$ 3,667,521</u>         | <u>\$ 3,379,653</u>       |

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

|                                                   | 2022                |
|---------------------------------------------------|---------------------|
| Beginning balance, total pension liability        | \$ 3,605,212        |
| Changes for the year:                             |                     |
| Service cost at end of year                       | 216,972             |
| Interest                                          | 67,929              |
| Difference between expected and actual experience | 46,936              |
| Changes in assumptions and other inputs           | (98,345)            |
| Benefit payments                                  | (171,183)           |
| Net changes                                       | <u>62,309</u>       |
| Ending balance, total pension liability           | <u>\$ 3,667,521</u> |

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.

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The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

**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                                                                                      | \$ 2,037,856        | \$ 530,861        | \$ 2,568,717        |
| Pension liability                                                                                    | 4,562,756           | 3,667,521         | 8,230,277           |
| Proportionate share of the net pension liability                                                     | 0.29752%            | N/A               | -                   |
| <b>Deferred of Outflows of Resources:</b>                                                            |                     |                   |                     |
| Differences between expected and actual experience                                                   | \$ 1,451,576        | \$ 270,878        | \$ 1,722,454        |
| Changes of assumptions                                                                               | 2,866,575           | 620,440           | 3,487,015           |
| Changes in proportion and differences between contributions and proportionate share of contributions | 121,216             | -                 | 121,216             |
| Benefit payments and administrative costs paid subsequent to the measurement date                    | 2,758,188           | 89,746            | 2,847,934           |
| Total                                                                                                | <u>\$ 7,197,555</u> | <u>\$ 981,064</u> | <u>\$ 8,178,619</u> |
| <b>Deferred of Inflows of Resources:</b>                                                             |                     |                   |                     |
| Changes of assumptions                                                                               | \$ -                | \$ 112,230        | \$ 112,230          |
| Net difference between projected and actual earnings on plan investments                             | 6,518,806           | -                 | 6,518,806           |
| Changes in proportion and differences between contributions and proportionate share of contributions | 43,195              | -                 | 43,195              |
| Total                                                                                                | <u>\$ 6,562,001</u> | <u>\$ 112,230</u> | <u>\$ 6,674,231</u> |

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**CITY OF STATESVILLE, NORTH CAROLINA**  
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*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 contributions for the year ended June 30, 2022, were \$181,390. 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, 2022 were \$20,271.

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, 2020, the date of the latest actuarial valuation:

|                                   | <u>City</u>       |
|-----------------------------------|-------------------|
| Inactive members or beneficiaries |                   |
| currently receiving benefits      | 20                |
| Active members                    | <u>401</u>        |
| Total                             | <u><u>421</u></u> |

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**Total OPEB Liability**

The City's total OPEB liability of \$1,415,057 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2020 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        | 3.25 to 8.41 percent, including wage inflation                        |
| Discount rate           | 2.16 percent                                                          |
| Healthcare Cost Trends: |                                                                       |
| Pre-Medicare            | 7.00 percent for 2020 decreasing to an ultimate rate of 4.50% by 2030 |

**Changes in the Total OPEB Liability**

|                                                   |                            |
|---------------------------------------------------|----------------------------|
| Balance as of July 1, 2021                        | \$ 1,207,781               |
| Changes for the year:                             |                            |
| Service cost at the end of year                   | 82,540                     |
| Interest                                          | 28,557                     |
| Difference between expected and actual experience | (35,517)                   |
| Changes in assumptions and other inputs           | 127,974                    |
| Benefit payments                                  | <u>3,722</u>               |
| Net changes                                       | <u>207,276</u>             |
| Balance as of June 30, 2022                       | <u><u>\$ 1,415,057</u></u> |

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS board.

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The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2020 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

|                      | 1%<br>Decrease<br>(1.16%) | Discount<br>Rate<br>(2.16%) | 1%<br>Increase<br>(3.16%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$ 1,590,320              | \$ 1,415,057                | \$ 1,261,252              |

*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%<br>Decrease | Discount<br>Rate | 1%<br>Increase |
|----------------------|----------------|------------------|----------------|
| Total OPEB liability | \$ 1,213,373   | \$ 1,415,057     | \$ 1,661,441   |

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

For the year ended June 30, 2022, the City recognized OPEB income of \$19,928. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                                               | Deferred<br>Outflows of<br>Resources | Deferred<br>Outflows of<br>Resources |
|-----------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Difference between expected and actual experience                                             | \$ -                                 | \$ 813,981                           |
| Benefit payments made and administrative expenses incurred subsequent to the measurement date | 48,589                               | -                                    |
| Changes in assumptions and other inputs                                                       | 286,253                              | 292,862                              |
| Total                                                                                         | \$ 334,842                           | \$ 1,106,843                         |

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\$48,589 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2023. 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 Ending<br>June 30 | Amount              |
|------------------------|---------------------|
| 2023                   | \$ (132,525)        |
| 2024                   | (132,525)           |
| 2025                   | (132,525)           |
| 2026                   | (132,525)           |
| 2027                   | (112,595)           |
| Thereafter             | (177,895)           |
| Total                  | <u>\$ (820,590)</u> |

**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 Governmental Employee's Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. The City also provides additional term life insurance and any amounts over the \$50,000 term life insurance limit is considered taxable. The contributions to the death benefit plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City and the ABC Board have no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City and the ABC Board, the City and the ABC Board does not determine the number of eligible participants. The City considers these contributions to be immaterial.

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**Deferred Outflows and Inflows of Resources**

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

| Source                                                                                                           | Amount                     |
|------------------------------------------------------------------------------------------------------------------|----------------------------|
| LGERS contributions to pension in current fiscal year                                                            | \$ 2,758,188               |
| Benefit payments and administrative expenses for LEOSSA<br>made subsequent to measurement date                   | 89,746                     |
| OPEB benefit payments made subsequent to measurement date                                                        | 48,589                     |
| Differences between expected and actual experience                                                               | 1,722,454                  |
| Changes in assumptions                                                                                           | 3,773,268                  |
| Changes in proportion and differences between employer contributions<br>and proportionate share of contributions | 121,216                    |
|                                                                                                                  | <hr/>                      |
| Total deferred outflows of resources                                                                             | <u><u>\$ 8,513,461</u></u> |

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

|                                                                                                       | Statement of<br>Net Position | General Fund<br>Balance Sheet | Nonmajor<br>Funds        |
|-------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------|--------------------------|
| Prepaid taxes                                                                                         | \$ 16,815                    | \$ 16,815                     | \$ -                     |
| Property taxes - General Fund                                                                         | -                            | 28,776                        | -                        |
| Other receivables                                                                                     | -                            | 22,122                        | 459,451                  |
| OPEB difference between expected and<br>actual experience                                             | 1,106,843                    | -                             | -                        |
| Leases                                                                                                | 1,450,067                    |                               |                          |
| Changes in proportion and differences<br>between employer and proportionate<br>share of contributions | 6,674,231                    | -                             | -                        |
|                                                                                                       | <hr/>                        | <hr/>                         | <hr/>                    |
| Total deferred inflows of resources                                                                   | <u><u>\$ 9,247,956</u></u>   | <u><u>\$ 67,713</u></u>       | <u><u>\$ 459,451</u></u> |

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**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 \$384,000 reported in the fund at June 30, 2022 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 \$384,000 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 \$136,488 reported in the fund at June 30, 2022 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 \$136,488 claims liability represents total estimated claims incurred but not reported (IBNR), as provided by the plan administrator's actuary.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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**Claims and Judgments**

At June 30, 2022, 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. *Leases*

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

On 08/02/2021, Statesville, NC entered into a 60-month lease as Lessee for the use of Postage Meter - SendPro P Series. An initial lease liability was recorded in the amount of \$19,225. As of 06/30/2022, the value of the lease liability is \$15,912. Statesville, NC is required to make quarterly fixed payments of \$861. The lease has an interest rate of 0.9950%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$19,225 with accumulated amortization of \$3,514 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Statesville, NC entered into a 24-month lease as Lessee for the use of Postage Meter - SendPro C Series IMI. An initial lease liability was recorded in the amount of \$2,020. As of 06/30/2022, the value of the lease liability is \$1,012. Statesville, NC is required to make quarterly fixed payments of \$254. The lease has an interest rate of 0.5930%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$2,020 with accumulated amortization of \$999 is included with Equipment on the Lease Class activities table found below.

On 11/02/2021, Statesville, NC entered into a 12-month lease as Lessee for the use of Vehicle - Unit# 77068. An initial lease liability was recorded in the amount of \$8,379. As of 06/30/2022, the value of the lease liability is \$2,796. Statesville, NC is required to make monthly fixed payments of \$721. The lease has an interest rate of 0.3710%. The Vehicles estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$8,379 with accumulated amortization of \$5,563 is included with Vehicles on the Lease Class activities table found below. Statesville, NC has 1 extension option(s), each for 12 months.

On 07/01/2021, Statesville, NC entered into a 12-month lease as Lessee for the use of Vehicle - Unit# 77069. An initial lease liability was recorded in the amount of \$4,824. As of 06/30/2022, the value of the lease liability is \$0.00. Statesville, NC is required to make monthly fixed payments of \$623. The lease has an interest rate of 0.4660%. The Vehicles estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$4,824 with accumulated amortization of \$4,810 is included with Vehicles on the Lease Class activities table found below. Statesville, NC has 1 extension option(s), each for 12 months.

**CITY OF STATESVILLE, NORTH CAROLINA**  
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On 07/01/2021, Statesville, NC entered into a 119-month lease as Lessee for the use of 110 Depot Lane. An initial lease liability was recorded in the amount of \$54,739. As of 06/30/2022, the value of the lease liability is \$49,562. Statesville, NC is required to make monthly fixed payments of \$500. The lease has an interest rate of 1.7220%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$54,739 with accumulated amortization of \$5,520 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, Statesville, NC entered into a 119-month lease as Lessee for the use of 1460 Winston Avenue. An initial lease liability was recorded in the amount of \$23,804. As of 06/30/2022, the value of the lease liability is \$23,804. Statesville, NC is required to make monthly fixed payments of \$500. The lease has an interest rate of 1.7220%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$23,804 with accumulated amortization of \$11,208 is included with Land on the Lease Class activities table found below.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

| Fiscal Year | Governmental Activities |                   |                  |
|-------------|-------------------------|-------------------|------------------|
|             | Principal Payments      | Interest Payments | Total Payments   |
| 2023        | \$ 36,718               | \$ 962            | \$ 37,680        |
| 2024        | 9,236                   | 827               | 10,063           |
| 2025        | 9,367                   | 696               | 10,063           |
| 2026        | 9,500                   | 563               | 10,063           |
| 2027        | 9,645                   | 418               | 10,063           |
| 2028 - 2031 | 18,620                  | 816               | 19,436           |
| Total       | <u>\$ 93,086</u>        | <u>\$ 4,282</u>   | <u>\$ 97,368</u> |

**b. Notes Payable.**

The ABC Board's annual report dated June 30, 2022 reported the following outstanding long-term debt:

The ABC Board has a note payable with a bank secured by real estate. At June 30, 2022, the outstanding balance was \$490,005. 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, 2031. Maturities are as follows:

| Year Ending |                   |                   |
|-------------|-------------------|-------------------|
| June 30     | Principal         | Interest          |
| 2023        | \$ 15,207         | \$ 16,859         |
| 2024        | 15,747            | 16,320            |
| 2025        | 16,305            | 15,762            |
| 2026        | 16,883            | 15,183            |
| Beyond      | 425,863           | 56,574            |
| Total       | <u>\$ 490,005</u> | <u>\$ 120,698</u> |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The ABC Board has a line of credit with a bank that is unsecured. At June 30, 2022, 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, 2022 was \$37,025. The current portion of the accumulated vacation pay is not considered material.

*Serviced by the General Fund:*

|                                                                                                                                                                                                                                                    |                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Original issue \$172,897, Equipment Lease Purchase Agreement payable to Bankcorp in 5 annual installments of \$38,630 beginning on November 10, 2021 through 2025 plus interest at 5.87 percent. The note is secured by a lien on the Equipment.   | \$ 134,269                 |
| Original issue \$1,250,000, Equipment Lease Purchase Agreement payable to Capital One in 7 annual installments of \$202,755 beginning on June 15, 2020 through 2026 plus interest at 3.28 percent. The note is secured by a lien on the Equipment. | <u>915,352</u>             |
| Total Serviced by the General Fund:                                                                                                                                                                                                                | <u><u>\$ 1,049,621</u></u> |

*Serviced by the Water and Sewer Fund:*

|                                                                                                                                                                                                                             |                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 2.48% note payable to Truist Bank in 15 annual installments of \$403,238 beginning in 2022 through 2036, plus applicable interest.                                                                                          | \$ 4,720,762                |
| 2.87% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 19 annual installments of \$123,403 beginning in 2004 through 2023, plus applicable interest.                                    | 123,403                     |
| 2.66% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 20 annual installments of \$728,127 beginning in 2007 through 2026, plus applicable interest.                                    | 2,912,508                   |
| 2.00% note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 20 annual installments of \$968,698 beginning in 2007 through 2026, plus applicable interest.                                    | 12,593,072                  |
| No interest rate note payable to the state of North Carolina Clean Water State Revolving Loan Fund in 20 annual installments beginning with \$237,247 reduced to \$192,401 and annual of \$222,999 thereafter through 2036. | <u>3,112,180</u>            |
| Total Water and Sewer Fund debt                                                                                                                                                                                             | <u><u>\$ 23,461,925</u></u> |

The City's outstanding notes from direct placements related to governmental activities is \$1,049,621.

A note of \$915,352 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

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
***For the Fiscal Year Ended June 30, 2022***

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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.

A note of \$134,269 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 is \$23,461,925.

A direct borrowing note of \$4,720,762 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 \$123,403 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 \$2,912,508 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 \$12,593,072 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 \$3,112,180 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, 2022**

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

|                                                                | Notes Payable |              | Total Debt    |
|----------------------------------------------------------------|---------------|--------------|---------------|
|                                                                | Principal     | Interest     | Payment       |
| <b><u>Governmental activities:</u></b>                         |               |              |               |
| 2023                                                           | \$ 203,485    | \$ 37,899    | \$ 241,384    |
| 2024                                                           | 210,954       | 30,429       | 241,383       |
| 2025                                                           | 218,715       | 22,668       | 241,383       |
| 2026                                                           | 226,780       | 14,604       | 241,384       |
| 2027                                                           | 189,687       | 6,222        | 195,909       |
| Total governmental                                             | 1,049,621     | 111,822      | 1,161,443     |
| <b><u>Business-type activities - Water and Sewer Fund:</u></b> |               |              |               |
| 2023                                                           | \$ 2,328,690  | \$ 450,384   | \$ 2,779,074  |
| 2024                                                           | 2,212,384     | 400,955      | 2,613,339     |
| 2025                                                           | 2,219,657     | 354,892      | 2,574,549     |
| 2026                                                           | 2,227,110     | 308,649      | 2,535,759     |
| 2027                                                           | 1,506,621     | 262,220      | 1,768,841     |
| 2028-2031                                                      | 7,654,473     | 956,524      | 8,610,997     |
| 2032-2036                                                      | 5,312,990     | 269,616      | 5,582,606     |
| Total Water and Sewer Fund                                     | 23,461,925    | 3,003,240    | 26,465,165    |
| Total debt                                                     | \$ 24,511,546 | \$ 3,115,062 | \$ 27,626,608 |

At June 30, 2022, the City of Statesville's legal debt margin is \$256,367,000.

|                                        | Beginning<br>Balance | Additions  | Decreases    | Ending<br>Balance | Current<br>Portion of<br>Balance | Long-Term<br>Portion of<br>Balance |
|----------------------------------------|----------------------|------------|--------------|-------------------|----------------------------------|------------------------------------|
| <b><i>Governmental Activities:</i></b> |                      |            |              |                   |                                  |                                    |
| <b>General Fund:</b>                   |                      |            |              |                   |                                  |                                    |
| Notes Payable from                     |                      |            |              |                   |                                  |                                    |
| direct placement                       | \$ 1,082,598         | \$ 172,897 | \$ 205,874   | \$ 1,049,621      | \$ 203,485                       | \$ 846,136                         |
| Lease Liabilities                      | -                    | 112,992    | 19,906       | 93,086            | 36,718                           | 56,368                             |
| Net Pension Liability (LGERS)          | 7,804,486            | -          | 4,387,121    | 3,417,365         | -                                | 3,417,365                          |
| Total OPEB Liability                   | 905,834              | 155,457    | -            | 1,061,291         | -                                | 1,061,291                          |
| Total Pension Liability (LEOSSA)       | 3,605,212            | 62,309     | -            | 3,667,521         | -                                | 3,667,521                          |
| Compensated Absences                   | 2,507,709            | 185,282    | 41,456       | 2,651,535         | 1,060,614                        | 1,590,921                          |
| Total Government Activities            | \$ 15,905,839        | \$ 688,937 | \$ 4,654,357 | \$ 11,940,419     | \$ 1,300,817                     | \$ 10,639,602                      |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

|                                  | <b>Beginning<br/>Balance</b> | <b>Additions</b>  | <b>Decreases</b>    | <b>Ending<br/>Balance</b> | <b>Current<br/>Portion of<br/>Balance</b> | <b>Long-Term<br/>Portion of<br/>Balance</b> |
|----------------------------------|------------------------------|-------------------|---------------------|---------------------------|-------------------------------------------|---------------------------------------------|
| <b>Business-Type Activities:</b> |                              |                   |                     |                           |                                           |                                             |
| <b>Airport Fund:</b>             |                              |                   |                     |                           |                                           |                                             |
| Net Pension Liability (LGERS)    | \$ 82,877                    | \$ -              | \$ 58,495           | \$ 24,382                 | \$ -                                      | \$ 24,382                                   |
| Total OPEB Liability             | 12,078                       | 2,073             | -                   | 14,151                    | -                                         | 14,151                                      |
| Compensated Absences             | 36,732                       | 9,009             | -                   | 45,741                    | 18,296                                    | 27,445                                      |
| Total Airport Fund               | <u>131,687</u>               | <u>11,082</u>     | <u>58,495</u>       | <u>84,274</u>             | <u>18,296</u>                             | <u>65,978</u>                               |
| <b>Electric Fund:</b>            |                              |                   |                     |                           |                                           |                                             |
| Net Pension Liability (LGERS)    | 825,028                      | -                 | 467,960             | 357,068                   | -                                         | 357,068                                     |
| Total OPEB Liability             | 96,623                       | 16,582            | -                   | 113,205                   | -                                         | 113,205                                     |
| Compensated Absences             | 449,041                      | 58,610            | -                   | 507,651                   | 203,060                                   | 304,591                                     |
| Total Electric Fund              | <u>1,370,692</u>             | <u>75,192</u>     | <u>467,960</u>      | <u>977,924</u>            | <u>203,060</u>                            | <u>774,864</u>                              |
| <b>Water and Sewer Fund:</b>     |                              |                   |                     |                           |                                           |                                             |
| Notes Payable from               |                              |                   |                     |                           |                                           |                                             |
| direct borrowings                | 25,933,690                   | -                 | 2,471,765           | 23,461,925                | 2,328,690                                 | 21,133,235                                  |
| Net Pension Liability (LGERS)    | 1,472,712                    | -                 | 760,434             | 712,278                   | -                                         | 712,278                                     |
| Total OPEB Liability             | 157,012                      | 26,946            | -                   | 183,958                   | -                                         | 183,958                                     |
| Compensated Absences             | 305,003                      | -                 | 27,718              | 277,285                   | 110,914                                   | 166,371                                     |
| Total Water and Sewer Fund       | <u>27,868,417</u>            | <u>26,946</u>     | <u>3,259,917</u>    | <u>24,635,446</u>         | <u>2,439,604</u>                          | <u>22,195,842</u>                           |
| <b>Stormwater Fund:</b>          |                              |                   |                     |                           |                                           |                                             |
| Net Pension Liability (LGERS)    | 33,320                       | -                 | 8,938               | 24,382                    | -                                         | 24,382                                      |
| Total OPEB Liability             | 12,078                       | 2,073             | -                   | 14,151                    | -                                         | 14,151                                      |
| Compensated Absences             | 11,761                       | 2,264             | -                   | 14,025                    | 5,610                                     | 8,415                                       |
| Total Stormwater Fund            | <u>57,159</u>                | <u>4,337</u>      | <u>8,938</u>        | <u>52,558</u>             | <u>5,610</u>                              | <u>46,948</u>                               |
| <b>Civic Center Fund:</b>        |                              |                   |                     |                           |                                           |                                             |
| Net Pension Liability (LGERS)    | 193,828                      | -                 | 166,547             | 27,281                    | -                                         | 27,281                                      |
| Total OPEB Liability             | 24,156                       | 4,145             | -                   | 28,301                    | -                                         | 28,301                                      |
| Compensated Absences             | 31,865                       | -                 | 8,260               | 23,605                    | 9,442                                     | 14,163                                      |
| Total Civic Center Fund          | <u>249,849</u>               | <u>4,145</u>      | <u>174,807</u>      | <u>79,187</u>             | <u>9,442</u>                              | <u>69,745</u>                               |
| Total Business-Type Activities   | <u>\$ 29,677,804</u>         | <u>\$ 121,702</u> | <u>\$ 3,970,117</u> | <u>\$ 25,829,389</u>      | <u>\$ 2,676,012</u>                       | <u>\$ 23,153,377</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, 2022*

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**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.

|                                                                                 |                     |
|---------------------------------------------------------------------------------|---------------------|
| From Occupancy Fund to Civic Center Fund for tourism promotion                  | \$ 970,163          |
| From General Fund to Secondary E-911 Fund for support                           | 11,525              |
| From American Rescue Plan Fund to General Fund for eligible costs               | 849,220             |
| From American Rescue Plan Fund to Airport Fund for eligible costs               | 14,145              |
| From American Rescue Plan Fund to Electric Fund for eligible costs              | 53,577              |
| From American Rescue Plan Fund to Water and Sewer Fund for eligible costs       | 128,202             |
| From American Rescue Plan Fund to Stormwater Fund for eligible costs            | 11,905              |
| From American Rescue Plan Fund to Civic Center Fund for eligible costs          | 23,527              |
| From Airport Fund to General Fund for payments in lieu of taxes                 | 42,642              |
| From Electric Fund to General Fund for payments in lieu of taxes                | 422,177             |
| From Water and Sewer Fund to General Fund for payment in lieu of taxes          | 351,047             |
| From General Fund to Fire Station Capital Project Fund for matching requirement | 600,000             |
| From Occupancy Tax Fund to General Fund for support                             | 22,351              |
| From Water and Sewer Fund to General Fund for support                           | 1,486,917           |
| From Civic Center Fund to General Fund for support                              | 65,000              |
| From Airport Fund to General Fund for support                                   | 122,000             |
| From Electric Fund to General Fund for support                                  | 1,855,000           |
| From Stormwater Fund to General Fund for support                                | 828,000             |
| From Stormwater Fund to General Fund for payments in lieu of taxes              | 11,040              |
| From Civic Center Fund to General Fund for payment in lieu of taxes             | 27,650              |
| Total                                                                           | <u>\$ 7,896,088</u> |

The composition of interfund balances as of June 30, 2022 is as follows:

An interfund loan of \$4,889,000 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.

An interfund loan of \$5,200,453 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.

*Serviced by the Water and Sewer Fund:*

A variable rate interfund loan from the Electric Fund to the Water and Sewer Fund in

\$ 4,889,000

**CITY OF STATESVILLE, NORTH CAROLINA**  
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*Serviced by the Airport Fund:*

A variable rate interfund loan from the Electric Fund to the Airport Fund in 20 annual installments of \$273,708 beginning in 2022 through 2041, plus applicable interest. \$ 5,200,453

Due to/from other funds at June 30, 2022 consist of the following:

| <u>Receivable Fund</u> | <u>Payable Fund</u>         | <u>Amount</u> | <u>Purpose</u>                                              |
|------------------------|-----------------------------|---------------|-------------------------------------------------------------|
| General Fund           | Shelton Ave. Multi-Use Path | \$ 89,281     | Short-term cash shortfall<br>due to timing of grant revenue |

The following table summarizes the annual requirements to amortize all interfund payables:

|                                                         | Principal           | Interest          | Total Debt<br>Payment |
|---------------------------------------------------------|---------------------|-------------------|-----------------------|
| <u>Business-type activities - Airport Fund:</u>         |                     |                   |                       |
| 2023                                                    | \$ 273,708          | \$ 52,005         | \$ 325,713            |
| 2024                                                    | 273,708             | 49,267            | 322,975               |
| 2025                                                    | 273,708             | 46,530            | 320,238               |
| 2026                                                    | 273,708             | 43,793            | 317,501               |
| 2027                                                    | 273,708             | 40,258            | 313,966               |
| 2028-2032                                               | 1,368,540           | 177,910           | 1,546,450             |
| 2033-2037                                               | 1,368,540           | 109,483           | 1,478,023             |
| 2038-2041                                               | <u>1,094,832</u>    | <u>22,712</u>     | <u>1,117,544</u>      |
| Total Airport Fund                                      | <u>\$ 5,200,453</u> | <u>\$ 541,958</u> | <u>\$ 5,742,411</u>   |
| <u>Business-type activities - Water and Sewer Fund:</u> |                     |                   |                       |
| 2023                                                    | \$ 521,000          | \$ 482            | \$ 521,482            |
| 2024                                                    | 521,000             | 433               | 521,433               |
| 2025                                                    | 521,000             | 433               | 521,433               |
| 2026                                                    | 521,000             | 385               | 521,385               |
| 2027                                                    | 521,000             | 337               | 521,337               |
| 2028-2032                                               | <u>2,284,000</u>    | <u>963</u>        | <u>2,284,963</u>      |
| Total Water and Sewer Fund                              | <u>\$ 4,889,000</u> | <u>\$ 3,033</u>   | <u>\$ 4,892,033</u>   |

### 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.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

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The Agency's 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, 2022 totaled \$33,570,517 to the Agency, \$702,315 to the Southeast Power Agency and \$8,268 for customer's co-generation for a total of \$34,281,100.

**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 \$6,247 to the COG during the fiscal year ended June 30, 2022.

**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, 2022. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

**V. RELATED ORGANIZATION**

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

**CITY OF STATESVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Fiscal Year Ended June 30, 2022*

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**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<br>Activities  | Business-Type<br>Activities |
|----------------------------------|-----------------------------|-----------------------------|
| Capital assets                   | \$ 44,455,918               | \$ 164,500,530              |
| Right to use assets              | 81,378                      | -                           |
| less: long-term debt             | 1,049,621                   | 23,461,925                  |
| less: lease liabilities          | 93,086                      | -                           |
| add: unspent debt proceeds       | -                           | 4,994,650                   |
|                                  | <u>                    </u> | <u>                    </u> |
| Net investment in capital assets | <u>\$ 43,394,589</u>        | <u>\$ 146,033,255</u>       |

**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         | <u>\$ 38,525,547</u> |
| Less: Inventory                           | 21,601               |
| Stabilization by state statute            | 7,591,848            |
| Transportation                            | 1,248,040            |
| Separation Allowance - law enforcement    | 266,125              |
| Subsequent year's appropriations          | 3,943,440            |
| Prepays                                   | <u>9,214</u>         |
| Unassigned - available for appropriations | <u>\$ 25,445,279</u> |

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances at year end for the General Fund were \$2,692,458.

**IX. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**CITY OF STATESVILLE, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY**  
**FINANCIAL INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

- City's Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- City's Contributions for Local Governmental 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 Employee Payroll for the Law Enforcement Officer's
- Schedule of Changes in the Total OPEB Liability and Related Ratios

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

| <b>Local Governmental Employees' Retirement System</b>                                          |               |               |               |               |               |
|-------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                                 | June 30       |               |               |               |               |
|                                                                                                 | 2022          | 2021          | 2020          | 2019          | 2018          |
| Proportionate share of net pension liability (asset) (%)                                        | 0.29752%      | 0.29138%      | 0.28782%      | 0.29845%      | 0.28311%      |
| Proportionate share of net pension liability (asset) (\$)                                       | \$ 4,562,756  | \$ 10,412,251 | \$ 7,860,141  | \$ 7,080,255  | \$ 4,325,137  |
| City's covered payroll                                                                          | \$ 20,853,377 | \$ 20,331,842 | \$ 19,384,497 | \$ 18,850,298 | \$ 17,591,482 |
| Proportionate share of net pension liability (asset) (%) as a percentage of its covered payroll | 21.88%        | 51.21%        | 40.55%        | 37.56%        | 24.59%        |
| Plan fiduciary net pension as a percentage of the total pension liability**                     | 95.51%        | 88.61%        | 90.86%        | 91.63%        | 94.18%        |

\*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.

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

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

| <b>Local Governmental Employees' Retirement System</b>                                          |               |               |                |                |
|-------------------------------------------------------------------------------------------------|---------------|---------------|----------------|----------------|
|                                                                                                 | June 30       |               |                |                |
|                                                                                                 | 2017          | 2016          | 2015           | 2014           |
| Proportionate share of net pension liability (asset) (%)                                        | 0.28086%      | 0.28086%      | 0.28690%       | 0.28690%       |
| Proportionate share of net pension liability (asset) (\$)                                       | \$ 5,888,631  | \$ 1,260,485  | \$ (1,659,191) | \$ (1,659,191) |
| City's covered payroll                                                                          | \$ 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 | 35.78%        | 7.73%         | -10.35%        | -10.48%        |
| Plan fiduciary net pension as a percentage of the total pension liability**                     | 91.47%        | 98.09%        | 102.64%        | 94.35%         |

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

| <b>Local Governmental Employees' Retirement System</b>               |               |               |               |               |               |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                                      | June 30       |               |               |               |               |
|                                                                      | 2022          | 2021          | 2020          | 2019          | 2018          |
| Contractually required contribution                                  | \$ 2,758,188  | \$ 2,157,902  | \$ 1,861,399  | \$ 1,543,698  | \$ 1,447,773  |
| Contributions in relation to the contractually required contribution | 2,758,188     | 2,157,902     | 1,861,399     | 1,543,698     | 1,447,773     |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| City's covered payroll                                               | \$ 23,914,206 | \$ 20,853,377 | \$ 20,331,842 | \$ 19,384,497 | \$ 18,850,298 |
| Contributions as a percentage of covered payroll                     | 11.53%        | 10.35%        | 9.16%         | 7.96%         | 7.68%         |

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

| <b>Local Governmental Employees' Retirement System</b>               |               |               |               |               |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                                      | June 30       |               |               |               |
|                                                                      | 2017          | 2016          | 2015          | 2014          |
| Contractually required contribution                                  | \$ 1,315,412  | \$ 1,126,523  | \$ 1,165,415  | \$ 1,140,919  |
| Contributions in relation to the contractually required contribution | 1,315,412     | 1,126,523     | 1,165,415     | 1,140,919     |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          |
| City's covered payroll                                               | \$ 17,591,482 | \$ 16,458,629 | \$ 16,309,037 | \$ 16,030,322 |
| Contributions as a percentage of covered payroll                     | 7.48%         | 6.84%         | 7.15%         | 7.12%         |

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

|                                                                                                      | <b>2022</b>         | <b>2021</b>         | <b>2020</b>         | <b>2019</b>         | <b>2018</b>         | <b>2017</b>         |
|------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning balance                                                                                    | \$ 3,605,212        | \$ 2,468,072        | \$ 2,306,764        | \$ 2,281,664        | \$ 1,929,764        | \$ 1,937,151        |
| Service cost                                                                                         | 216,972             | 118,641             | 111,375             | 125,980             | 95,883              | 102,230             |
| Interest on the total pension liability                                                              | 67,929              | 77,616              | 80,929              | 70,129              | 72,159              | 66,877              |
| Differences between expected and actual experience in the measurement of the total pension liability | 46,936              | 247,035             | 61,470              | 44,390              | 171,979             | -                   |
| Changes of assumptions or other inputs                                                               | (98,345)            | 868,268             | 74,415              | (90,641)            | 132,613             | (48,826)            |
| Benefit payments                                                                                     | (171,183)           | (174,420)           | (166,881)           | (124,758)           | (120,734)           | (127,668)           |
| Ending balance of the total pension liability                                                        | <u>\$ 3,667,521</u> | <u>\$ 3,605,212</u> | <u>\$ 2,468,072</u> | <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 EMPLOYEE PAYROLL**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST SIX FISCAL YEARS**

|                                                                        | <u>2022</u>  | <u>2021</u>  | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  |
|------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total pension liability                                                | \$ 3,667,521 | \$ 3,605,212 | \$ 2,468,072 | \$ 2,306,764 | \$ 2,281,664 | \$ 1,929,764 |
| Covered employee payroll                                               | 4,690,865    | 3,920,319    | 4,050,651    | 4,156,675    | 3,706,169    | 3,735,880    |
| Total pension liability as a<br>percentage of covered employee payroll | 78.18%       | 91.96%       | 60.93%       | 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 years. 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 FIVE FISCAL YEARS**

|                                                                  | 2022                | 2021                | 2020                | 2019                | 2018                |
|------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability:                                            |                     |                     |                     |                     |                     |
| Service cost                                                     | \$ 82,540           | \$ 73,421           | \$ 67,490           | \$ 98,829           | \$ 107,392          |
| Interest                                                         | 28,557              | 62,142              | 64,372              | 74,873              | 66,822              |
| Difference between expected and actual experience                | (35,517)            | (758,181)           | (103,568)           | (118,327)           | (77,511)            |
| Changes in assumptions and other inputs                          | 127,974             | 163,076             | 60,352              | (422,577)           | (116,839)           |
| Benefit payments                                                 | 3,722               | (68,905)            | (14,383)            | (146,710)           | (47,642)            |
| Net changes                                                      | 207,276             | (528,447)           | 74,263              | (513,912)           | (67,778)            |
| Total OPEB liability, beginning of fiscal year:                  | 1,207,781           | 1,736,228           | 1,661,965           | 2,175,877           | 2,243,655           |
| Total OPEB liability, end of fiscal year:                        | <u>\$ 1,415,057</u> | <u>\$ 1,207,781</u> | <u>\$ 1,736,228</u> | <u>\$ 1,661,965</u> | <u>\$ 2,175,877</u> |
| Covered employee payroll                                         | \$ 18,849,600       | \$ 18,849,600       | \$ 17,470,359       | \$ 17,470,359       | \$ 14,570,229       |
| Total OPEB liability as a percentage of covered employee payroll | 7.51%               | 6.41%               | 9.94%               | 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.

| <b>Fiscal Year</b> | <b>Rate</b> |
|--------------------|-------------|
| 2022               | 2.16%       |
| 2021               | 2.21%       |
| 2020               | 3.50%       |
| 2019               | 3.89%       |
| 2018               | 3.56%       |

The City of Statesville has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits

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

## ***MAJOR GOVERNMENTAL FUNDS***

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.

The SCIF Grant **Fund** is used to account for all activities related to the projects for SCIF related funds. These funds are grant related and must be spent on allowable expenditures under the grant agreements.

The American Rescue Plan **Fund** is used to account for all activities related to the projects for Coronavirus State and Local Fiscal Recovery related funds. These funds are grant related and must be spent on allowable expenditures under the grant agreements.

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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, 2022**

|                                                  | Budget        | Actual        | Variance<br>Over/Under |
|--------------------------------------------------|---------------|---------------|------------------------|
| <b>REVENUES:</b>                                 |               |               |                        |
| Ad valorem property taxes:                       |               |               |                        |
| Ad valorem taxes (city-wide)                     | \$ 18,665,000 | \$ 19,067,600 | \$ 402,600             |
| Prior years ad valorem taxes (city-wide)         | 155,000       | 161,806       | 6,806                  |
| Ad valorem taxes (special districts)             | 104,000       | 108,847       | 4,847                  |
| Penalties and interest                           | 90,000        | 122,363       | 32,363                 |
| Total ad valorem property taxes                  | 19,014,000    | 19,460,616    | 446,616                |
| Other taxes and licenses:                        |               |               |                        |
| Gross receipt tax                                | 40,000        | 57,012        | 17,012                 |
| Privilege licenses - beer and wine               | -             | 2,365         | 2,365                  |
| Total other taxes and licenses                   | 40,000        | 59,377        | 19,377                 |
| Unrestricted intergovernmental revenues:         |               |               |                        |
| Local sales tax                                  | 8,000,000     | 10,613,875    | 2,613,875              |
| Electric/natural gas tax                         | 2,150,000     | 2,258,742     | 108,742                |
| State beer and wine tax                          | 100,000       | 113,377       | 13,377                 |
| Telecommunication tax                            | 150,000       | 122,197       | (27,803)               |
| Video programming tax                            | 100,000       | 133,723       | 33,723                 |
| ABC profit distribution                          | 200,000       | 255,686       | 55,686                 |
| ABC law enforcement distribution                 | -             | 24,120        | 24,120                 |
| ABC liquor by the drink                          | 25,000        | 62,904        | 37,904                 |
| Total unrestricted intergovernmental             | 10,725,000    | 13,584,624    | 2,859,624              |
| Restricted intergovernmental:                    |               |               |                        |
| Powell Bill allocation                           | 675,000       | 877,329       | 202,329                |
| Solid waste tax                                  | 18,000        | 21,539        | 3,539                  |
| Fire SAFER grant                                 | 75,000        | 48,118        | (26,882)               |
| JAG and other law enforcement grants             | 45,500        | 76,747        | 31,247                 |
| N.C. Governor's Crime Commission                 | 148,924       | 11,399        | (137,525)              |
| N.C. Dept of Commerce Economic Development Grant | 242,000       | 42,124        | (199,876)              |
| GHSP grant                                       | 286,291       | 194,704       | (91,587)               |
| Total restricted intergovernmental               | 1,490,715     | 1,271,960     | (218,755)              |
| Permits and fees:                                |               |               |                        |
| Planning and zoning fees                         | 62,300        | 70,564        | 8,264                  |
| Nuisance abatements                              | 25,000        | 17,166        | (7,834)                |
| Parking violations                               | -             | 24,395        | 24,395                 |
| Civil citations                                  | -             | 100           | 100                    |
| Fire inspection fees                             | 50,000        | 56,122        | 6,122                  |
| Street cut permits                               | -             | 1,525         | 1,525                  |
| Total permits and fees                           | 137,300       | 169,872       | 32,572                 |

**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, 2022**

|                                                 | Budget            | Actual            | Variance<br>Over/Under |
|-------------------------------------------------|-------------------|-------------------|------------------------|
| <b>REVENUES (Continued):</b>                    |                   |                   |                        |
| <b>Sales and services:</b>                      |                   |                   |                        |
| Statesville Housing Authority police protection | 55,000            | 56,767            | 1,767                  |
| School System resource police officers          | 350,000           | 334,232           | (15,768)               |
| Rent                                            | -                 | 8,652             | 8,652                  |
| Solid Waste residential fees                    | 1,100,000         | 1,122,411         | 22,411                 |
| Commercial sanitation fee                       | 125,000           | 139,959           | 14,959                 |
| Internal charges                                | 7,500             | 8,218             | 718                    |
| Recreation-general                              | 153,000           | 186,031           | 33,031                 |
| Recreation-Fitness/Activity Center              | 250,000           | 213,750           | (36,250)               |
| SFAC employee membership                        | 5,000             | 6,551             | 1,551                  |
| Recreation-pool sales                           | 185,000           | 148,849           | (36,151)               |
| Sale of cemetery lots                           | 90,000            | 125,500           | 35,500                 |
| Grave fees                                      | 80,000            | 145,350           | 65,350                 |
| <b>Total sales and services</b>                 | <b>2,400,500</b>  | <b>2,501,330</b>  | <b>100,830</b>         |
| <b>Investment earnings:</b>                     |                   |                   |                        |
| Earned interest                                 | 100,000           | 33,325            | (66,675)               |
| <b>Total investment earnings</b>                | <b>100,000</b>    | <b>33,325</b>     | <b>(66,675)</b>        |
| <b>Miscellaneous:</b>                           |                   |                   |                        |
| Insurance proceeds                              | -                 | 88,174            | 88,174                 |
| Sale of capital assets                          | 49,000            | 313,595           | 264,595                |
| Miscellaneous other                             | 70,000            | 104,467           | 34,467                 |
| <b>Total miscellaneous</b>                      | <b>148,500</b>    | <b>534,386</b>    | <b>385,886</b>         |
| <b>Total revenues</b>                           | <b>34,056,015</b> | <b>37,615,490</b> | <b>3,559,475</b>       |
| <b>EXPENDITURES:</b>                            |                   |                   |                        |
| <b>General government:</b>                      |                   |                   |                        |
| <b>Mayor and Council:</b>                       |                   |                   |                        |
| Salaries and employee benefits                  |                   | 114,861           |                        |
| Professional services                           |                   | 30,250            |                        |
| Operating expenditures                          |                   | 116,004           |                        |
| <b>Total Mayor and Council</b>                  | <b>285,074</b>    | <b>261,115</b>    | <b>23,959</b>          |
| <b>City Manager:</b>                            |                   |                   |                        |
| Salaries and employee benefits                  |                   | 700,009           |                        |
| Professional services                           |                   | 37,623            |                        |
| Operating expenditures                          |                   | 55,625            |                        |
| <b>Total City Manager</b>                       | <b>894,277</b>    | <b>793,257</b>    | <b>101,020</b>         |
| <b>City Clerk:</b>                              |                   |                   |                        |
| Salaries and employee benefits                  |                   | 82,967            |                        |
| Operating expenditures                          |                   | 85,871            |                        |
| <b>Total City Clerk</b>                         | <b>189,322</b>    | <b>168,838</b>    | <b>20,484</b>          |

**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, 2022**

|                                    | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Over/Under</u> |
|------------------------------------|------------------|------------------|--------------------------------|
| EXPENDITURES (Continued):          |                  |                  |                                |
| General government (continued):    |                  |                  |                                |
| Finance Department:                |                  |                  |                                |
| Salaries and employee benefits     |                  | 1,085,572        |                                |
| Professional services              |                  | 139,063          |                                |
| Operating expenditures             |                  | 541,935          |                                |
| Total finance department           | <u>2,005,268</u> | <u>1,766,570</u> | <u>238,698</u>                 |
| Human Resources:                   |                  |                  |                                |
| Salaries and employee benefits     |                  | 375,344          |                                |
| Professional services              |                  | 34,061           |                                |
| Operating expenditures             |                  | 105,605          |                                |
| Total human resources              | <u>651,450</u>   | <u>515,010</u>   | <u>136,440</u>                 |
| Information Technology:            |                  |                  |                                |
| Salaries and employee benefits     |                  | 1,119,262        |                                |
| Professional services              |                  | 37,035           |                                |
| Operating expenditures             |                  | 431,764          |                                |
| Capital outlay                     |                  | 86,056           |                                |
| Total information technology       | <u>2,299,388</u> | <u>1,674,117</u> | <u>625,271</u>                 |
| Legal:                             |                  |                  |                                |
| Operating expenditures             |                  | 150,432          |                                |
| Total legal                        | <u>150,432</u>   | <u>150,432</u>   | <u>-</u>                       |
| Planning and Zoning:               |                  |                  |                                |
| Salaries and employee benefits     |                  | 768,014          |                                |
| Professional services              |                  | 105,352          |                                |
| Operating expenditures             |                  | 320,371          |                                |
| Total planning and zoning          | <u>1,951,334</u> | <u>1,193,737</u> | <u>757,597</u>                 |
| Main Street:                       |                  |                  |                                |
| Operating expenditures             |                  | 189,283          |                                |
| Total Main Street                  | <u>189,577</u>   | <u>189,283</u>   | <u>294</u>                     |
| Public Works and Engineering:      |                  |                  |                                |
| Salaries and employee benefits     |                  | 287,447          |                                |
| Professional services              |                  | 29,239           |                                |
| Operating expenditures             |                  | 47,845           |                                |
| Total public works and engineering | <u>528,782</u>   | <u>396,022</u>   | <u>132,760</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, 2022**

|                                   | Budget     | Actual     | Variance<br>Over/Under |
|-----------------------------------|------------|------------|------------------------|
| EXPENDITURES (Continued):         |            |            |                        |
| Garage:                           |            |            |                        |
| Salaries and employee benefits    |            | 509,366    |                        |
| Operating expenditures            |            | 93,215     |                        |
| Capital outlay                    |            | 8,394      |                        |
| Total garage                      | 726,312    | 610,975    | 115,337                |
| General government (continued):   |            |            |                        |
| Warehouse:                        |            |            |                        |
| Operating expenditures            |            | 81,368     |                        |
| Total warehouse                   | 115,757    | 81,368     | 34,389                 |
| General expense:                  |            |            |                        |
| Miscellaneous                     |            | 50,000     |                        |
| Total general expense             | 60,504     | 50,000     | 10,504                 |
| Special appropriations:           |            |            |                        |
| Arts council                      | 3,325      | 3,325      | -                      |
| Children's Home of Iredell County | 3,750      | 3,750      | -                      |
| Council on Aging                  | 5,750      | 5,750      | -                      |
| Iredell County Rescue Squad       | 6,500      | 6,500      | -                      |
| Lifespan Vocational Workshop      | 25,000     | 25,000     | -                      |
| Elderly Nutrition Program         | 3,731      | 3,731      | -                      |
| Counseling Center                 | 9,560      | 9,560      | -                      |
| Iredell Senior Center             | 4,600      | 4,600      | -                      |
| Fifth Street Ministry             | 4,000      | 4,000      | -                      |
| Iredell County Children's Museum  | 3,570      | 3,570      | -                      |
| Total special appropriation       | 69,786     | 69,786     | -                      |
| Total general government          | 10,127,686 | 7,920,510  | 2,207,176              |
| Public safety:                    |            |            |                        |
| Police:                           |            |            |                        |
| Salaries and employee benefits    |            | 8,721,347  |                        |
| Professional services             |            | 28,963     |                        |
| Operating expenditures            |            | 1,888,447  |                        |
| Capital outlay                    |            | 569,024    |                        |
| Total police                      | 12,944,044 | 11,207,781 | 1,736,263              |
| Fire service:                     |            |            |                        |
| Salaries and employee benefits    |            | 6,653,898  |                        |
| Professional services             |            | 53,954     |                        |
| Operating expenditures            |            | 1,179,731  |                        |
| Capital outlay                    |            | 306,937    |                        |
| Total fire service                | 14,084,330 | 8,194,520  | 5,889,810              |
| Total public safety               | 27,028,374 | 19,402,301 | 7,626,073              |

**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, 2022**

|                                         | Budget    | Actual    | Variance<br>Over/Under |
|-----------------------------------------|-----------|-----------|------------------------|
| EXPENDITURES (Continued):               |           |           |                        |
| Transportation:                         |           |           |                        |
| Street Department:                      |           |           |                        |
| Salaries and employee benefits          |           | 991,569   |                        |
| Professional services                   |           | 2,000     |                        |
| Operating expenditures                  |           | 925,801   |                        |
| Capital outlay                          |           | 51,568    |                        |
| Total street department                 | 2,273,062 | 1,970,938 | 302,124                |
| Street Construction:                    |           |           |                        |
| Operating expenditures                  |           | 46,971    |                        |
| Capital outlay                          |           | 311,709   |                        |
| Total street construction               | 868,502   | 358,680   | 509,822                |
| Total transportation                    | 3,141,564 | 2,329,618 | 811,946                |
| Economic and physical development:      |           |           |                        |
| Operating expenditures                  |           | 4,300     |                        |
| Total economic and physical development | 340,000   | 4,300     | 335,700                |
| Environmental protection:               |           |           |                        |
| Sanitation:                             |           |           |                        |
| Salaries and employee benefits          |           | 1,574,026 |                        |
| Operating expenditures                  |           | 506,993   |                        |
| Capital outlay                          |           | 467,746   |                        |
| Total environmental protection          | 2,857,171 | 2,548,765 | 308,406                |
| Cultural and recreation:                |           |           |                        |
| Recreation - administration:            |           |           |                        |
| Salaries and employee benefits          |           | 239,015   |                        |
| Professional services                   |           | 9,927     |                        |
| Operating expenditures                  |           | 261,693   |                        |
| Capital outlay                          |           | 5,596     |                        |
| Total administration                    | 1,029,065 | 516,231   | 512,834                |
| Recreation - athletics:                 |           |           |                        |
| Salaries and employee benefits          |           | 128,453   |                        |
| Operating expenditures                  |           | 154,712   |                        |
| Total athletics                         | 318,947   | 283,165   | 35,782                 |
| Recreation - fitness center:            |           |           |                        |
| Salaries and employee benefits          |           | 332,837   |                        |
| Operating expenditures                  |           | 158,921   |                        |
| Total fitness center                    | 581,044   | 491,758   | 89,286                 |

**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, 2022**

|                                           | <u>Budget</u>       | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|-------------------------------------------|---------------------|-------------------|--------------------------------|
| EXPENDITURES (Continued):                 |                     |                   |                                |
| Recreation - programs:                    |                     |                   |                                |
| Salaries and employee benefits            |                     | 227,816           |                                |
| Operating expenditures                    |                     | 137,000           |                                |
| Total programs                            | <u>411,708</u>      | <u>364,816</u>    | <u>46,892</u>                  |
| Recreation - leisure pool:                |                     |                   |                                |
| Salaries and employee benefits            |                     | 75,772            |                                |
| Operating expenditures                    |                     | 101,161           |                                |
| Total leisure pool                        | <u>207,916</u>      | <u>176,933</u>    | <u>30,983</u>                  |
| Recreation - park maintenance             |                     |                   |                                |
| Salaries and employee benefits            |                     | 988,283           |                                |
| Operating expenditures                    |                     | 589,902           |                                |
| Capital outlay                            |                     | 371,649           |                                |
| Total park maintenance                    | <u>2,257,399</u>    | <u>1,949,834</u>  | <u>307,565</u>                 |
| Recreation - public grounds and cemetery: |                     |                   |                                |
| Salaries and employee benefits            |                     | 473,833           |                                |
| Operating expenditures                    |                     | 297,166           |                                |
| Capital outlay                            |                     | 115,226           |                                |
| Total public grounds and cemetery         | <u>951,856</u>      | <u>886,225</u>    | <u>65,631</u>                  |
| Total culture and recreation              | <u>5,757,935</u>    | <u>4,668,962</u>  | <u>1,088,973</u>               |
| Debt service:                             |                     |                   |                                |
| Principal payment                         |                     | 225,780           |                                |
| Interest payment                          |                     | 35,510            |                                |
| Total debt service                        | <u>261,385</u>      | <u>261,290</u>    | <u>95</u>                      |
| Total expenditures                        | <u>49,514,115</u>   | <u>37,135,746</u> | <u>12,378,369</u>              |
| Revenues over (under) expenditures        | <u>(15,458,100)</u> | <u>479,744</u>    | <u>15,937,844</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, 2022**

|                                        | Budget     | Actual        | Variance<br>Over/Under |
|----------------------------------------|------------|---------------|------------------------|
| OTHER FINANCING SOURCES (USES):        |            |               |                        |
| Transfers in:                          |            |               |                        |
| Internal PILOT - Airport PILOT         | 42,000     | 42,642        | 642                    |
| Internal PILOT - Water & Sewer PILOT   | 350,000    | 351,047       | 1,047                  |
| Internal PILOT - Civic Center PILOT    | 27,000     | 27,650        | 650                    |
| Internal PILOT - Electric PILOT        | 150,000    | 422,177       | 272,177                |
| Internal PILOT - Stormwater PILOT      | 11,000     | 11,040        | 40                     |
| Reimbursements - Occupancy Tax         | 16,000     | 22,351        | 6,351                  |
| Reimbursements - Water & Sewer         | 1,475,000  | 1,486,917     | 11,917                 |
| Reimbursements - Civic Center          | 64,000     | 65,000        | 1,000                  |
| Reimbursement - Airport                | 120,000    | 122,000       | 2,000                  |
| Reimbursements - Electric              | 2,120,000  | 1,855,000     | (265,000)              |
| Reimbursements - Stormwater            | 828,000    | 828,000       | -                      |
| Transfers from other funds             | 899,268    | 849,220       | (50,048)               |
| Total transfers in                     | 6,102,268  | 6,083,044     | (19,224)               |
| Transfers (out):                       |            |               |                        |
| Transfers to other funds               | (616,626)  | (611,525)     | 5,101                  |
| Total transfers out                    | (616,626)  | (611,525)     | 5,101                  |
| Proceeds from lease liabilities issued | -          | 112,992       | 112,992                |
| Proceeds from long-term debt           | 5,872,898  | 172,897       | (5,700,001)            |
| Fund balance appropriated              | 4,099,560  | -             | (4,099,560)            |
| Total other financing sources (uses)   | 15,458,100 | 5,757,408     | (9,700,692)            |
| Net change in fund balance             | \$ -       | 6,237,152     | \$ 6,237,152           |
| Fund balances at beginning of year     |            | 32,288,395    |                        |
| Fund balances at end of year           |            | \$ 38,525,547 |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MAJOR SPECIAL REVENUE FUND - ARPA FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Restricted intergovernmental:          |                          |                |                           |                  |                        |
| ARPA funds                             | \$ 8,773,104             | \$ -           | \$ 1,080,576              | \$ 1,080,576     | \$ (7,692,528)         |
| Investment earnings                    | -                        | -              | 5,345                     | 5,345            | 5,345                  |
| Total revenues                         | 8,773,104                | -              | 1,085,921                 | 1,085,921        | (7,687,183)            |
| Revenues over (under) expenditures     | 8,773,104                | -              | 1,085,921                 | 1,085,921        | (7,687,183)            |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                |                           |                  |                        |
| Transfer out:                          |                          |                |                           |                  |                        |
| General Fund                           | (8,773,104)              | -              | (1,080,576)               | (1,080,576)      | 7,692,528              |
| Total other financing sources (uses)   | (8,773,104)              | -              | (1,080,576)               | (1,080,576)      | 7,692,528              |
| Net change in fund balance             | \$ -                     | \$ -           | 5,345                     | \$ 5,345         | \$ 5,345               |
| <b>FUND BALANCE:</b>                   |                          |                |                           |                  |                        |
| Fund balance at beginning of year      |                          |                | -                         |                  |                        |
| Fund balance at end of year            |                          |                | \$ 5,345                  |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MAJOR SPECIAL REVENUE FUND - SCIF FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                         | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|-----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                        |                          |                |                           |                  |                        |
| Restricted intergovernmental:           |                          |                |                           |                  |                        |
| SCIF funds                              | \$ 3,250,000             | \$ -           | \$ -                      | \$ -             | \$ (3,250,000)         |
| Investment earnings                     | -                        | -              | 2,373                     | 2,373            | 2,373                  |
| Total revenues                          | 3,250,000                | -              | 2,373                     | 2,373            | (3,247,627)            |
| Revenues over (under) expenditures      | 3,250,000                | -              | 2,373                     | 2,373            | (3,247,627)            |
| <b>OTHER FINANCING SOURCESE (USES):</b> |                          |                |                           |                  |                        |
| Transfer out:                           |                          |                |                           |                  |                        |
| General Fund                            | (3,250,000)              | -              | -                         | -                | 3,250,000              |
| Total other financing sources (uses)    | (3,250,000)              | -              | -                         | -                | 3,250,000              |
| Net change in fund balance              | \$ -                     | \$ -           | 2,373                     | \$ 2,373         | \$ 2,373               |
| <b>FUND BALANCE:</b>                    |                          |                |                           |                  |                        |
| Fund balance at beginning of year       |                          |                | -                         |                  |                        |
| Fund balance at end of year             |                          |                | \$ 2,373                  |                  |                        |

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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 Fund** - accounts for the downtown infrastructure renewal.

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

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

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

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

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

**Fire Station Capital Project Fund** - accounts for capital improvements to various fire stations.

CITY OF STATESVILLE, NORTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

|                                                                 | Occupancy<br>Tax Fund | Home<br>Program<br>Fund | Drug<br>Enforcement<br>Fund | Domestic<br>Violence<br>Grant<br>Fund | Secondary<br>E-911<br>Fund | Total<br>Nonmajor<br>Special<br>Revenue Funds | General<br>Equipment<br>Capital<br>Reserve Fund | Streetscape<br>Capital<br>Fund |
|-----------------------------------------------------------------|-----------------------|-------------------------|-----------------------------|---------------------------------------|----------------------------|-----------------------------------------------|-------------------------------------------------|--------------------------------|
| <b>ASSETS:</b>                                                  |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Cash and cash equivalents                                       | \$ 67,216             | \$ 262,277              | \$ 178,359                  | \$ 128,793                            | \$ 64,806                  | \$ 701,451                                    | \$ 581,439                                      | \$ 381,871                     |
| Accounts receivable, net                                        | -                     | -                       | -                           | -                                     | 668                        | 668                                           | -                                               | -                              |
| Due from other governments                                      | -                     | 45,513                  | -                           | -                                     | -                          | 45,513                                        | -                                               | -                              |
| <b>Total assets</b>                                             | <b>\$ 67,216</b>      | <b>\$ 307,790</b>       | <b>\$ 178,359</b>           | <b>\$ 128,793</b>                     | <b>\$ 65,474</b>           | <b>\$ 747,632</b>                             | <b>\$ 581,439</b>                               | <b>\$ 381,871</b>              |
| <b>LIABILITIES, DEFERRED INFLOWS,<br/>AND FUND EQUITY:</b>      |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| <b>Liabilities:</b>                                             |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Accounts payable                                                | \$ 28,002             | \$ -                    | \$ -                        | \$ -                                  | \$ -                       | \$ 28,002                                     | \$ -                                            | \$ -                           |
| Due to General Fund                                             | -                     | -                       | -                           | -                                     | -                          | -                                             | -                                               | -                              |
| <b>Total current liabilities</b>                                | <b>28,002</b>         | <b>-</b>                | <b>-</b>                    | <b>-</b>                              | <b>-</b>                   | <b>28,002</b>                                 | <b>-</b>                                        | <b>-</b>                       |
| <b>DEFERRED INFLOWS:</b>                                        |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Other receivables                                               | -                     | -                       | -                           | -                                     | -                          | -                                             | -                                               | -                              |
| <b>Total deferred inflows</b>                                   | <b>-</b>              | <b>-</b>                | <b>-</b>                    | <b>-</b>                              | <b>-</b>                   | <b>-</b>                                      | <b>-</b>                                        | <b>-</b>                       |
| <b>FUND EQUITY:</b>                                             |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Stabilization by state statute                                  | -                     | 45,513                  | -                           | -                                     | 668                        | 46,181                                        | -                                               | -                              |
| Restricted, other                                               | 39,214                | 262,277                 | 178,359                     | 128,793                               | 64,806                     | 673,449                                       | -                                               | -                              |
| Committed                                                       | -                     | -                       | -                           | -                                     | -                          | -                                             | 581,439                                         | 381,871                        |
| Unassigned                                                      | -                     | -                       | -                           | -                                     | -                          | -                                             | -                                               | -                              |
| <b>Total fund balances</b>                                      | <b>39,214</b>         | <b>307,790</b>          | <b>178,359</b>              | <b>128,793</b>                        | <b>65,474</b>              | <b>719,630</b>                                | <b>581,439</b>                                  | <b>381,871</b>                 |
| <b>Total liabilities, deferred<br/>inflows, and fund equity</b> | <b>\$ 67,216</b>      | <b>\$ 307,790</b>       | <b>\$ 178,359</b>           | <b>\$ 128,793</b>                     | <b>\$ 65,474</b>           | <b>\$ 747,632</b>                             | <b>\$ 581,439</b>                               | <b>\$ 381,871</b>              |

CITY OF STATESVILLE, NORTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

|                                                            | Transportation<br>Grant -TAP | Brookdale<br>NC-21<br>Connector | Shelton Ave.<br>Multi-Use<br>Path | Municipal<br>Service<br>Center<br>Fund | Bethlehem<br>Road Capital<br>Project Fund | Fire Station<br>Capital<br>Project Fund | Total<br>Nonmajor<br>Capital<br>Project Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------------------------------|------------------------------|---------------------------------|-----------------------------------|----------------------------------------|-------------------------------------------|-----------------------------------------|-----------------------------------------------|--------------------------------------------|
| <b>ASSETS:</b>                                             |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Cash and cash equivalents                                  | \$ 378,202                   | \$ 720,136                      | \$ -                              | \$ 156,676                             | \$ 2,461,640                              | \$ 293,346                              | \$ 4,973,310                                  | \$ 5,674,761                               |
| Accounts receivable, net                                   | -                            | 288,211                         | 154,222                           | -                                      | 17,018                                    | -                                       | 459,451                                       | 460,119                                    |
| Due from other governments                                 | -                            | -                               | -                                 | -                                      | -                                         | -                                       | -                                             | 45,513                                     |
| Total assets                                               | \$ 378,202                   | \$ 1,008,347                    | \$ 154,222                        | \$ 156,676                             | \$ 2,478,658                              | \$ 293,346                              | \$ 5,432,761                                  | \$ 6,180,393                               |
| <b>LIABILITIES, DEFERRED INFLOWS,<br/>AND FUND EQUITY:</b> |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Liabilities:                                               |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Accounts payable                                           | \$ -                         | \$ -                            | \$ -                              | \$ -                                   | \$ -                                      | \$ -                                    | \$ -                                          | \$ 28,002                                  |
| Due to General Fund                                        | -                            | -                               | 89,281                            | -                                      | -                                         | -                                       | 89,281                                        | 89,281                                     |
| Total current liabilities                                  | -                            | -                               | 89,281                            | -                                      | -                                         | -                                       | 89,281                                        | 117,283                                    |
| <b>DEFERRED INFLOWS</b>                                    |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Other receivables                                          | -                            | 288,211                         | 154,222                           | -                                      | 17,018                                    | -                                       | 459,451                                       | 459,451                                    |
| Total deferred inflows                                     | -                            | 288,211                         | 154,222                           | -                                      | 17,018                                    | -                                       | 459,451                                       | 459,451                                    |
| <b>FUND EQUITY:</b>                                        |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Stabilization by state statute                             | -                            | -                               | -                                 | -                                      | -                                         | -                                       | -                                             | 46,181                                     |
| Restricted, other                                          | -                            | -                               | -                                 | -                                      | -                                         | -                                       | -                                             | 673,449                                    |
| Committed                                                  | 378,202                      | 720,136                         | -                                 | 156,676                                | 2,461,640                                 | 293,346                                 | 4,973,310                                     | 4,973,310                                  |
| Unassigned                                                 | -                            | -                               | (89,281)                          | -                                      | -                                         | -                                       | (89,281)                                      | (89,281)                                   |
| Total fund balances                                        | 378,202                      | 720,136                         | (89,281)                          | 156,676                                | 2,461,640                                 | 293,346                                 | 4,884,029                                     | 5,603,659                                  |
| Total liabilities, deferred<br>inflows, and fund equity    | \$ 378,202                   | \$ 1,008,347                    | \$ 154,222                        | \$ 156,676                             | \$ 2,478,658                              | \$ 293,346                              | \$ 5,432,761                                  | \$ 6,180,393                               |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                             | Occupancy<br>Tax Fund | Home<br>Program<br>Fund | Drug<br>Enforcement<br>Fund | Domestic<br>Violence<br>Grant<br>Fund | Secondary<br>E-911<br>Fund | Total<br>Nonmajor<br>Special<br>Revenue Funds | General<br>Equipment<br>Capital<br>Reserve Fund | Streetscape<br>Capital<br>Fund |
|---------------------------------------------|-----------------------|-------------------------|-----------------------------|---------------------------------------|----------------------------|-----------------------------------------------|-------------------------------------------------|--------------------------------|
| <b>REVENUES:</b>                            |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Other taxes and licenses                    | \$ 1,230,156          | \$ -                    | \$ -                        | \$ -                                  | \$ -                       | \$ 1,230,156                                  | \$ -                                            | \$ -                           |
| Restricted intergovernmental                | -                     | -                       | 13,058                      | 29,073                                | 8,014                      | 50,145                                        | -                                               | -                              |
| Investment earnings                         | 105                   | 240                     | 161                         | 116                                   | 58                         | 680                                           | 560                                             | 350                            |
| <b>Total revenues</b>                       | <b>1,230,261</b>      | <b>240</b>              | <b>13,219</b>               | <b>29,189</b>                         | <b>8,072</b>               | <b>1,280,981</b>                              | <b>560</b>                                      | <b>350</b>                     |
| <b>EXPENDITURES:</b>                        |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Public safety:                              |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Operating expenditures                      | -                     | -                       | -                           | 7                                     | -                          | 7                                             | -                                               | -                              |
| Economic and physical development:          |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Operating expenditures                      | 242,541               | -                       | -                           | -                                     | -                          | 242,541                                       | -                                               | -                              |
| Capital outlay                              | -                     | -                       | -                           | -                                     | -                          | -                                             | -                                               | 2,000                          |
| Transportation:                             |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Capital outlay                              | -                     | -                       | -                           | -                                     | -                          | -                                             | -                                               | -                              |
| General government                          |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Capital outlay                              | -                     | -                       | -                           | -                                     | -                          | -                                             | -                                               | -                              |
| <b>Total expenditures</b>                   | <b>242,541</b>        | <b>-</b>                | <b>-</b>                    | <b>7</b>                              | <b>-</b>                   | <b>242,548</b>                                | <b>-</b>                                        | <b>2,000</b>                   |
| Revenues over (under) expenditures          | 987,720               | 240                     | 13,219                      | 29,182                                | 8,072                      | 1,038,433                                     | 560                                             | (1,650)                        |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| Transfers in:                               |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| General Fund                                | -                     | -                       | -                           | -                                     | 11,525                     | 11,525                                        | -                                               | -                              |
| Transfers out:                              |                       |                         |                             |                                       |                            |                                               |                                                 |                                |
| General Fund                                | (22,351)              | -                       | -                           | -                                     | -                          | (22,351)                                      | -                                               | -                              |
| Civic Center                                | (970,163)             | -                       | -                           | -                                     | -                          | (970,163)                                     | -                                               | -                              |
| <b>Total other financing sources (uses)</b> | <b>(992,514)</b>      | <b>-</b>                | <b>-</b>                    | <b>-</b>                              | <b>11,525</b>              | <b>(980,989)</b>                              | <b>-</b>                                        | <b>-</b>                       |
| <b>Net change in fund balance</b>           | <b>(4,794)</b>        | <b>240</b>              | <b>13,219</b>               | <b>29,182</b>                         | <b>19,597</b>              | <b>57,444</b>                                 | <b>560</b>                                      | <b>(1,650)</b>                 |
| <b>Fund balances at beginning of year</b>   | <b>44,008</b>         | <b>307,550</b>          | <b>165,140</b>              | <b>99,611</b>                         | <b>45,877</b>              | <b>662,186</b>                                | <b>580,879</b>                                  | <b>383,521</b>                 |
| <b>Fund balances at end of year</b>         | <b>\$ 39,214</b>      | <b>\$ 307,790</b>       | <b>\$ 178,359</b>           | <b>\$ 128,793</b>                     | <b>\$ 65,474</b>           | <b>\$ 719,630</b>                             | <b>\$ 581,439</b>                               | <b>\$ 381,871</b>              |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                             | Transportation<br>Grant -TAP | Brookdale<br>NC-21<br>Connector | Shelton Ave.<br>Multi-Use<br>Path | Municipal<br>Service<br>Center<br>Fund | Bethlehem<br>Road Capital<br>Project Fund | Fire Station<br>Capital<br>Project Fund | Total<br>Nonmajor<br>Capital<br>Project Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------------------------------|------------------------------|---------------------------------|-----------------------------------|----------------------------------------|-------------------------------------------|-----------------------------------------|-----------------------------------------------|--------------------------------------------|
| <b>REVENUES:</b>                            |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Other taxes and licenses                    | \$ -                         | \$ -                            | \$ -                              | \$ -                                   | \$ -                                      | \$ -                                    | \$ -                                          | \$ 1,230,156                               |
| Restricted intergovernmental                | -                            | -                               | 211,615                           | -                                      | -                                         | -                                       | 211,615                                       | 261,760                                    |
| Investment earnings                         | 345                          | 658                             | (85)                              | 145                                    | 2,268                                     | 312                                     | 4,553                                         | 5,233                                      |
| <b>Total revenues</b>                       | <b>345</b>                   | <b>658</b>                      | <b>211,530</b>                    | <b>145</b>                             | <b>2,268</b>                              | <b>312</b>                              | <b>216,168</b>                                | <b>1,497,149</b>                           |
| <b>EXPENDITURES:</b>                        |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Public safety:                              |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Operating expenditures                      | -                            | -                               | -                                 | -                                      | -                                         | -                                       | -                                             | 7                                          |
| Economic and physical development:          |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Operating expenditures                      | -                            | -                               | -                                 | -                                      | -                                         | -                                       | -                                             | 242,541                                    |
| Capital outlay                              | -                            | -                               | -                                 | -                                      | -                                         | -                                       | 2,000                                         | 2,000                                      |
| Transportation:                             |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Capital outlay                              | -                            | -                               | 127,342                           | -                                      | -                                         | -                                       | 127,342                                       | 127,342                                    |
| General government                          |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Capital outlay                              | -                            | -                               | -                                 | 37,773                                 | 125,724                                   | 306,966                                 | 470,463                                       | 470,463                                    |
| <b>Total expenditures</b>                   | <b>-</b>                     | <b>-</b>                        | <b>127,342</b>                    | <b>37,773</b>                          | <b>125,724</b>                            | <b>306,966</b>                          | <b>599,805</b>                                | <b>842,353</b>                             |
| Revenues over (under) expenditures          | 345                          | 658                             | 84,188                            | (37,628)                               | (123,456)                                 | (306,654)                               | (383,637)                                     | 654,796                                    |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| Transfers in:                               |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| General Fund                                | -                            | -                               | -                                 | -                                      | -                                         | 600,000                                 | 600,000                                       | 611,525                                    |
| Transfers out:                              |                              |                                 |                                   |                                        |                                           |                                         |                                               |                                            |
| General Fund                                | -                            | -                               | -                                 | -                                      | -                                         | -                                       | -                                             | (22,351)                                   |
| Civic Center                                | -                            | -                               | -                                 | -                                      | -                                         | -                                       | -                                             | (970,163)                                  |
| <b>Total other financing sources (uses)</b> | <b>-</b>                     | <b>-</b>                        | <b>-</b>                          | <b>-</b>                               | <b>-</b>                                  | <b>600,000</b>                          | <b>600,000</b>                                | <b>(380,989)</b>                           |
| <b>Net change in fund balance</b>           | <b>345</b>                   | <b>658</b>                      | <b>84,188</b>                     | <b>(37,628)</b>                        | <b>(123,456)</b>                          | <b>293,346</b>                          | <b>216,363</b>                                | <b>273,807</b>                             |
| Fund balances at beginning of year          | 377,857                      | 719,478                         | (173,469)                         | 194,304                                | 2,585,096                                 | -                                       | 4,667,666                                     | 5,329,852                                  |
| Fund balances at end of year                | \$ 378,202                   | \$ 720,136                      | \$ (89,281)                       | \$ 156,676                             | \$ 2,461,640                              | \$ 293,346                              | \$ 4,884,029                                  | \$ 5,603,659                               |

**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, 2022**

|                                        | Budget       | Actual       | Variance<br>Over/Under |
|----------------------------------------|--------------|--------------|------------------------|
| <b>REVENUES:</b>                       |              |              |                        |
| Other taxes and licenses:              |              |              |                        |
| 5% hotel/motel occupancy tax           | \$ 1,250,000 | \$ 1,230,156 | \$ (19,844)            |
| Investment earnings                    | -            | 105          | 105                    |
| Total revenues                         | 1,250,000    | 1,230,261    | (19,739)               |
| <b>EXPENDITURES:</b>                   |              |              |                        |
| Economic and physical development      | 242,542      | 242,541      | 1                      |
| Total expenditures                     | 242,542      | 242,541      | 1                      |
| Revenues over (under) expenditures     | 1,007,458    | 987,720      | (19,738)               |
| <b>OTHER FINANCING SOURCES (USES):</b> |              |              |                        |
| Transfers out:                         |              |              |                        |
| Civic Center Fund                      | (983,458)    | (970,163)    | 13,295                 |
| General Fund - administration costs    | (24,000)     | (22,351)     | 1,649                  |
| Total other financing sources (uses)   | (1,007,458)  | (992,514)    | 14,944                 |
| Net change in fund balance             | \$ -         | (4,794)      | \$ (4,794)             |
| <b>FUND BALANCE:</b>                   |              |              |                        |
| Fund balance at beginning of year      |              | 44,008       |                        |
| Fund balance at end of year            |              | \$ 39,214    |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**HOME PROGRAM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project       | Prior      | Actual     | Total      | Variance   |
|----------------------------------------|---------------|------------|------------|------------|------------|
|                                        | Authorization | Years      | Current    | to Date    | Over/Under |
|                                        |               |            | Year       |            |            |
| <b>REVENUES:</b>                       |               |            |            |            |            |
| Restricted intergovernmental           | \$ 102,978    | \$ 113,526 | \$ -       | \$ 113,526 | \$ 10,548  |
| Repayment of loans                     | 90,306        | 137,136    | -          | 137,136    | 46,830     |
| Investment earnings                    | 12,989        | 25,940     | 240        | 26,180     | 13,191     |
| Total revenues                         | 206,273       | 276,602    | 240        | 276,842    | 70,569     |
| <b>EXPENDITURES:</b>                   |               |            |            |            |            |
| Economic and physical development      |               |            |            |            |            |
| Home program expenditures              | 500,000       | 262,848    | -          | 262,848    | 237,152    |
| Total expenditures                     | 500,000       | 262,848    | -          | 262,848    | 237,152    |
| Revenues over (under) expenditures     | (293,727)     | 13,754     | 240        | 13,994     | 307,721    |
| <b>OTHER FINANCING SOURCES (USES):</b> |               |            |            |            |            |
| 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 (uses)   | 293,727       | 293,796    | -          | 293,796    | 69         |
| Net change in fund balance             | \$ -          | \$ 307,550 | 240        | \$ 307,790 | \$ 307,790 |
| <b>FUND BALANCE:</b>                   |               |            |            |            |            |
| Fund balance at beginning of year      |               |            | 307,550    |            |            |
| Fund balance at end of year            |               |            | \$ 307,790 |            |            |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**DRUG ENFORCEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Restricted intergovernmental:          |                          |                |                           |                  |                        |
| Adoptive forfeitures                   | \$ 641,007               | \$ 656,342     | \$ -                      | \$ 656,342       | \$ 15,335              |
| Controlled substance tax               | 378,750                  | 459,369        | 13,058                    | 472,427          | 93,677                 |
| DARE revenues                          | 926                      | 926            | -                         | 926              | -                      |
| Miscellaneous revenue                  | -                        | 16,064         | -                         | 16,064           | 16,064                 |
| Investment earnings                    | 68,442                   | 74,786         | 161                       | 74,947           | 6,505                  |
| Total revenues                         | 1,089,125                | 1,207,487      | 13,219                    | 1,220,706        | 131,581                |
| <b>EXPENDITURES:</b>                   |                          |                |                           |                  |                        |
| Public safety:                         |                          |                |                           |                  |                        |
| Accreditation - CALEA                  | 19,000                   | 16,050         | -                         | 16,050           | 2,950                  |
| Drug enforcement                       | 132,855                  | 114,228        | -                         | 114,228          | 18,627                 |
| 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                     | 175,759                  | 152,566        | -                         | 152,566          | 23,193                 |
| Revenues over (under) expenditures     | 913,366                  | 1,054,921      | 13,219                    | 1,068,140        | 154,774                |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                |                           |                  |                        |
| Transfers out:                         |                          |                |                           |                  |                        |
| General Fund                           | (895,490)                | (871,905)      | -                         | (871,905)        | 23,585                 |
| SIGI Grant                             | (17,876)                 | (17,876)       | -                         | (17,876)         | -                      |
| Total other financing sources (uses)   | (913,366)                | (889,781)      | -                         | (889,781)        | 23,585                 |
| Net change in fund balance             | \$ -                     | \$ 165,140     | 13,219                    | \$ 178,359       | \$ 178,359             |
| <b>FUND BALANCE:</b>                   |                          |                |                           |                  |                        |
| Fund balance at beginning of year      |                          |                | 165,140                   |                  |                        |
| Fund balance at end of year            |                          |                | \$ 178,359                |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**DOMESTIC VIOLENCE GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Restricted intergovernmental:          |                          |                |                           |                  |                        |
| Federal grant                          | \$ 702,799               | \$ 672,004     | \$ 29,073                 | \$ 701,077       | \$ (1,722)             |
| Investment earnings                    | -                        | 94             | 116                       | 210              | 210                    |
| Total revenues                         | 702,799                  | 672,098        | 29,189                    | 701,287          | (1,512)                |
| <b>EXPENDITURES:</b>                   |                          |                |                           |                  |                        |
| Public safety:                         |                          |                |                           |                  |                        |
| First year grant                       | 63,945                   | 64,313         | -                         | 64,313           | (368)                  |
| Second year grant                      | 59,162                   | 56,644         | -                         | 56,644           | 2,518                  |
| Third year grant                       | 266,496                  | 173,623        | -                         | 173,623          | 92,873                 |
| Fourth and fifth year grant            | 545,613                  | 510,324        | 7                         | 510,331          | 35,282                 |
| Total expenditures                     | 935,216                  | 804,904        | 7                         | 804,911          | 130,305                |
| Revenues over (under) expenditures     | (232,417)                | (132,806)      | 29,182                    | (103,624)        | 128,793                |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                |                           |                  |                        |
| Transfer in:                           |                          |                |                           |                  |                        |
| General Fund                           | 232,417                  | 232,417        | -                         | 232,417          | -                      |
| Total other financing sources (uses)   | 232,417                  | 232,417        | -                         | 232,417          | -                      |
| Net change in fund balance             | \$ -                     | \$ 99,611      | 29,182                    | \$ 128,793       | \$ 128,793             |
| <b>FUND BALANCE:</b>                   |                          |                |                           |                  |                        |
| Fund balance at beginning of year      |                          |                | 99,611                    |                  |                        |
| Fund balance at end of year            |                          |                | \$ 128,793                |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**ECONOMIC DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                   | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|-----------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                  |                          |                |                           |                  |                        |
| 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)               |
| Highland Industrial               | 70,000                   | -              | -                         | -                | (70,000)               |
| Total revenues                    | 276,000                  | 168,500        | -                         | 168,500          | (107,500)              |
| <b>EXPENDITURES:</b>              |                          |                |                           |                  |                        |
| 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                 |
| Highland Industrial               | 70,000                   | -              | -                         | -                | 70,000                 |
| Total expenditures                | 276,000                  | 168,500        | -                         | 168,500          | 107,500                |
| Net change in fund balance        | <u>\$ -</u>              | <u>\$ -</u>    | -                         | <u>\$ -</u>      | <u>\$ -</u>            |
| <b>FUND BALANCE:</b>              |                          |                |                           |                  |                        |
| Fund balance at beginning of year |                          |                | -                         |                  |                        |
| Fund balance at end of year       |                          |                | <u>\$ -</u>               |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**SECONDARY E-911 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                         | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|-----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                        |                          |                |                           |                  |                        |
| Restricted intergovernmental:           |                          |                |                           |                  |                        |
| E-911 funds                             | \$ 150,000               | \$ 181,092     | \$ 8,014                  | \$ 189,106       | \$ 39,106              |
| Investment earnings                     | -                        | 2,111          | 58                        | 2,169            | 2,169                  |
| Total revenues                          | 150,000                  | 183,203        | 8,072                     | 191,275          | 41,275                 |
| <b>EXPENDITURES:</b>                    |                          |                |                           |                  |                        |
| Public Safety:                          |                          |                |                           |                  |                        |
| Non-depreciable capital                 | -                        | 1,197          | -                         | 1,197            | (1,197)                |
| IT - non-depreciable                    | -                        | 2,629          | -                         | 2,629            | (2,629)                |
| Capital outlay                          | 150,000                  | 118,342        | -                         | 118,342          | 31,658                 |
| Total expenditures                      | 150,000                  | 122,168        | -                         | 122,168          | 27,832                 |
| Revenues over (under) expenditures      | -                        | 61,035         | 8,072                     | 69,107           | 13,443                 |
| <b>OTHER FINANCING SOURCESE (USES):</b> |                          |                |                           |                  |                        |
| Transfer out:                           |                          |                |                           |                  |                        |
| General Fund - administration costs     | (20,000)                 | (15,158)       | -                         | (15,158)         | 4,842                  |
| Transfer from General Fund              | 20,000                   | -              | 11,525                    | 11,525           | (8,475)                |
| Total other financing sources (uses)    | -                        | (15,158)       | 11,525                    | (3,633)          | (3,633)                |
| Net change in fund balance              | \$ -                     | \$ 45,877      | 19,597                    | \$ 65,474        | \$ 65,474              |
| <b>FUND BALANCE:</b>                    |                          |                |                           |                  |                        |
| Fund balance at beginning of year       |                          |                | 45,877                    |                  |                        |
| Fund balance at end of year             |                          |                | \$ 65,474                 |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**GENERAL EQUIPMENT CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                              | Project             | Prior               | Actual            | Total               | Variance          |
|----------------------------------------------|---------------------|---------------------|-------------------|---------------------|-------------------|
|                                              | Authorization       | Years               | Current           | to Date             | Over/Under        |
|                                              |                     |                     | Year              |                     |                   |
| <b>REVENUES:</b>                             |                     |                     |                   |                     |                   |
| Investment earnings                          | \$ 390,516          | \$ 1,263,388        | \$ 560            | \$ 1,263,948        | \$ 873,432        |
| Sidewalk and curbs                           | -                   | 186,891             | -                 | 186,891             | 186,891           |
| <b>Total revenues</b>                        | <b>390,516</b>      | <b>1,450,279</b>    | <b>560</b>        | <b>1,450,839</b>    | <b>1,060,323</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>       |                     |                     |                   |                     |                   |
| 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)         |
| <b>Total transfers in</b>                    | <b>14,193,672</b>   | <b>13,489,938</b>   | <b>-</b>          | <b>13,489,938</b>   | <b>(703,734)</b>  |
| Transfers out:                               |                     |                     |                   |                     |                   |
| General Fund - Fire Station #4               | (1,949,597)         | (1,949,597)         | -                 | (1,949,597)         | -                 |
| General Fund - Streetscape                   | (7,708,438)         | (7,708,438)         | -                 | (7,708,438)         | -                 |
| 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            |
| <b>Total transfers out</b>                   | <b>(14,584,188)</b> | <b>(14,359,338)</b> | <b>-</b>          | <b>(14,359,338)</b> | <b>224,850</b>    |
| <b>Total other financing sources (uses)</b>  | <b>(390,516)</b>    | <b>(869,400)</b>    | <b>-</b>          | <b>(869,400)</b>    | <b>(478,884)</b>  |
| <b>Net change in fund balance</b>            | <b>\$ -</b>         | <b>\$ 580,879</b>   | <b>560</b>        | <b>\$ 581,439</b>   | <b>\$ 581,439</b> |
| <b>FUND BALANCE:</b>                         |                     |                     |                   |                     |                   |
| Fund balance at beginning of year            |                     |                     | 580,879           |                     |                   |
| Fund balance at end of year                  |                     |                     | <u>\$ 581,439</u> |                     |                   |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**STREETSCAPE CAPITAL PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Unrestricted intergovernmental         | \$ 203,369               | \$ 203,369     | \$ -                      | \$ 203,369       | \$ -                   |
| Investment earnings                    | 2,793                    | 17,941         | 350                       | 18,291           | 15,498                 |
| Investment earnings - other            | 7,260                    | 7,261          | -                         | 7,261            | 1                      |
| Total revenues                         | 213,422                  | 228,571        | 350                       | 228,921          | 15,499                 |
| <b>EXPENDITURES:</b>                   |                          |                |                           |                  |                        |
| Economic and physical development:     |                          |                |                           |                  |                        |
| Debt issuance costs                    | 26,133                   | 26,133         | -                         | 26,133           | -                      |
| Professional services                  | 436,387                  | 436,251        | -                         | 436,251          | 136                    |
| Construction                           | 7,835,870                | 7,835,870      | -                         | 7,835,870        | -                      |
| Miscellaneous                          | 82,368                   | 82,367         | -                         | 82,367           | 1                      |
| Other improvement                      | 124,554                  | 124,554        | -                         | 124,554          | -                      |
| Professional services                  | 237,656                  | 235,656        | 2,000                     | 237,656          | -                      |
| Pocket Park                            | 87,560                   | 87,560         | -                         | 87,560           | -                      |
| Shelton Ave Streetscape                | 486,000                  | 120,370        | -                         | 120,370          | 365,630                |
| Contingency                            | 605                      | -              | -                         | -                | 605                    |
| Total expenditures                     | 9,317,133                | 8,948,761      | 2,000                     | 8,950,761        | 366,372                |
| Revenues over (under) expenditures     | (9,103,711)              | (8,720,190)    | (1,650)                   | (8,721,840)      | 381,871                |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                |                           |                  |                        |
| Transfers in:                          |                          |                |                           |                  |                        |
| General Fund                           | 2,467,965                | 2,467,965      | -                         | 2,467,965        | -                      |
| Electric Fund                          | 973,722                  | 973,722        | -                         | 973,722          | -                      |
| Water and Sewer Fund                   | 645,024                  | 645,024        | -                         | 645,024          | -                      |
| City Hall Renovation Fund              | 111,000                  | 111,000        | -                         | 111,000          | -                      |
| Proceeds from debt                     | 4,906,000                | 4,906,000      | -                         | 4,906,000        | -                      |
| Total other financing sources (uses)   | 9,103,711                | 9,103,711      | -                         | 9,103,711        | -                      |
| Net change in fund balance             | \$ -                     | \$ 383,521     | (1,650)                   | \$ 381,871       | \$ 381,871             |
| <b>FUND BALANCE:</b>                   |                          |                |                           |                  |                        |
| Fund balance at beginning of year      |                          |                | 383,521                   |                  |                        |
| Fund balance at end of year            |                          |                | \$ 381,871                |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**TRANSPORTATION GRANT - TAP**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Investment earnings                    | \$ -                     | \$ 17,113      | \$ 345                    | \$ 17,458        | \$ 17,458              |
| Carolina Thread Trail                  | 150,000                  | 150,000        | -                         | 150,000          | -                      |
| Transportation Grant                   | 1,200,000                | -              | -                         | -                | (1,200,000)            |
| Total revenues                         | 1,350,000                | 167,113        | 345                       | 167,458          | (1,182,542)            |
| <b>EXPENDITURES:</b>                   |                          |                |                           |                  |                        |
| Transportation:                        |                          |                |                           |                  |                        |
| Contract services                      | 1,670,000                | 109,256        | -                         | 109,256          | 1,560,744              |
| Total expenditures                     | 1,670,000                | 109,256        | -                         | 109,256          | 1,560,744              |
| Revenues over (under) expenditures     | (320,000)                | 57,857         | 345                       | 58,202           | 378,202                |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                |                           |                  |                        |
| Transfers in:                          |                          |                |                           |                  |                        |
| General Fund                           | 320,000                  | 320,000        | -                         | 320,000          | -                      |
| Total other financing sources (uses)   | 320,000                  | 320,000        | -                         | 320,000          | -                      |
| Net change in fund balance             | \$ -                     | \$ 377,857     | 345                       | \$ 378,202       | \$ 378,202             |
| <b>FUND BALANCE:</b>                   |                          |                |                           |                  |                        |
| Fund balance at beginning of year      |                          |                | 377,857                   |                  |                        |
| Fund balance at end of year            |                          |                | \$ 378,202                |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**BROOKDALE NC-21 CONNECTOR**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years    | Actual<br>Current<br>Year | Total<br>to Date  | Variance<br>Over/Under |
|----------------------------------------|--------------------------|-------------------|---------------------------|-------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                   |                           |                   |                        |
| Investment earnings                    | \$ -                     | \$ 29,237         | \$ 658                    | \$ 29,895         | \$ 29,895              |
| Transportation Grant                   | 3,194,044                | -                 | -                         | -                 | (3,194,044)            |
| Total revenues                         | 3,194,044                | 29,237            | 658                       | 29,895            | (3,164,149)            |
| <b>EXPENDITURES:</b>                   |                          |                   |                           |                   |                        |
| Transportation:                        |                          |                   |                           |                   |                        |
| Project construction costs             | 4,301,983                | 417,698           | -                         | 417,698           | 3,884,285              |
| Total expenditures                     | 4,301,983                | 417,698           | -                         | 417,698           | 3,884,285              |
| Revenues over (under) expenditures     | (1,107,939)              | (388,461)         | 658                       | (387,803)         | 720,136                |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                   |                           |                   |                        |
| Transfers in:                          |                          |                   |                           |                   |                        |
| General Fund                           | 1,107,939                | 1,107,939         | -                         | 1,107,939         | -                      |
| Total other financing sources (uses)   | 1,107,939                | 1,107,939         | -                         | 1,107,939         | -                      |
| Net change in fund balance             | <u>\$ -</u>              | <u>\$ 719,478</u> | 658                       | <u>\$ 720,136</u> | <u>\$ 720,136</u>      |
| <b>FUND BALANCE:</b>                   |                          |                   |                           |                   |                        |
| Fund balance at beginning of year      |                          |                   | <u>719,478</u>            |                   |                        |
| Fund balance at end of year            |                          |                   | <u>\$ 720,136</u>         |                   |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**SHELTON AVENUE MULTI-USE PATH**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Investment earnings                    | \$ -                     | \$ 5,735       | \$ (85)                   | \$ 5,650         | \$ 5,650               |
| Transportation Grant                   | 603,000                  | -              | 211,615                   | 211,615          | (391,385)              |
| Total revenues                         | 603,000                  | 5,735          | 211,530                   | 217,265          | (385,735)              |
| <b>EXPENDITURES:</b>                   |                          |                |                           |                  |                        |
| Transportation:                        |                          |                |                           |                  |                        |
| Professional services                  | 603,000                  | 329,954        | 127,342                   | 457,296          | 145,704                |
| Right of way                           | 150,750                  | -              | -                         | -                | 150,750                |
| Total expenditures                     | 753,750                  | 329,954        | 127,342                   | 457,296          | 296,454                |
| Revenues over (under) expenditures     | (150,750)                | (324,219)      | 84,188                    | (240,031)        | (89,281)               |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                |                           |                  |                        |
| Transfers in:                          |                          |                |                           |                  |                        |
| General Fund                           | 150,750                  | 150,750        | -                         | 150,750          | -                      |
| Total other financing sources (uses)   | 150,750                  | 150,750        | -                         | 150,750          | -                      |
| Net change in fund balance             | \$ -                     | \$ (173,469)   | 84,188                    | \$ (89,281)      | \$ (89,281)            |
| <b>FUND BALANCE:</b>                   |                          |                |                           |                  |                        |
| Fund balance at beginning of year      |                          |                | (173,469)                 |                  |                        |
| Fund balance at end of year            |                          |                | \$ (89,281)               |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA  
MUNICIPAL SERVICE CENTER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Investment earnings                    | \$ -                     | \$ 19,156      | \$ 145                    | \$ 19,301        | \$ 19,301              |
| Total revenues                         | -                        | 19,156         | 145                       | 19,301           | 19,301                 |
| <b>EXPENDITURES:</b>                   |                          |                |                           |                  |                        |
| General government:                    |                          |                |                           |                  |                        |
| Capital outlay                         | 11,685,000               | 509,852        | 37,773                    | 547,625          | 11,137,375             |
| Total expenditures                     | 11,685,000               | 509,852        | 37,773                    | 547,625          | 11,137,375             |
| Revenues over (under) expenditures     | (11,685,000)             | (490,696)      | (37,628)                  | (528,324)        | 11,156,676             |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                |                           |                  |                        |
| Transfers in:                          |                          |                |                           |                  |                        |
| General Fund                           | 685,000                  | 685,000        | -                         | 685,000          | -                      |
| Proceeds from debt                     | 11,000,000               | -              | -                         | -                | (11,000,000)           |
| Total other financing sources (uses)   | 11,685,000               | 685,000        | -                         | 685,000          | (11,000,000)           |
| Net change in fund balance             | \$ -                     | \$ 194,304     | (37,628)                  | \$ 156,676       | \$ 156,676             |
| <b>FUND BALANCE:</b>                   |                          |                |                           |                  |                        |
| Fund balance at beginning of year      |                          |                | 194,304                   |                  |                        |
| Fund balance at end of year            |                          |                | \$ 156,676                |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA  
BETHLEHEM ROAD CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                      | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|--------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| REVENUES:                            |                          |                |                           |                  |                        |
| NCDOT                                | \$ 2,550,000             | \$ -           | \$ -                      | \$ -             | \$ (2,550,000)         |
| Investment earnings                  | -                        | 52,114         | 2,268                     | 54,382           | 54,382                 |
| Total revenues                       | 2,550,000                | 52,114         | 2,268                     | 54,382           | (2,495,618)            |
| EXPENDITURES:                        |                          |                |                           |                  |                        |
| General government:                  |                          |                |                           |                  |                        |
| Capital outlay                       | 5,100,000                | 17,018         | 125,724                   | 142,742          | 4,957,258              |
| Total expenditures                   | 5,100,000                | 17,018         | 125,724                   | 142,742          | 4,957,258              |
| Revenues over (under) expenditures   | (2,550,000)              | 35,096         | (123,456)                 | (88,360)         | 2,461,640              |
| OTHER FINANCING SOURCES (USES):      |                          |                |                           |                  |                        |
| Transfers in:                        |                          |                |                           |                  |                        |
| General Fund                         | 2,550,000                | 2,550,000      | -                         | 2,550,000        | -                      |
| Total other financing sources (uses) | 2,550,000                | 2,550,000      | -                         | 2,550,000        | -                      |
| Net change in fund balance           | \$ -                     | \$ 2,585,096   | (123,456)                 | \$ 2,461,640     | \$ 2,461,640           |
| FUND BALANCE:                        |                          |                |                           |                  |                        |
| Fund balance at beginning of year    |                          |                | 2,585,096                 |                  |                        |
| Fund balance at end of year          |                          |                | \$ 2,461,640              |                  |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**FIRE STATION CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Investment earnings                    | \$ -                     | \$ -           | \$ 312                    | \$ 312           | \$ 312                 |
| Total revenues                         | -                        | -              | 312                       | 312              | 312                    |
| <b>EXPENDITURES:</b>                   |                          |                |                           |                  |                        |
| General government:                    |                          |                |                           |                  |                        |
| Capital outlay                         | 8,000,000                | -              | 306,966                   | 306,966          | 7,693,034              |
| Total expenditures                     | 8,000,000                | -              | 306,966                   | 306,966          | 7,693,034              |
| Revenues over (under) expenditures     | (8,000,000)              | -              | (306,654)                 | (306,654)        | 7,693,346              |
| <b>OTHER FINANCING SOURCES (USES):</b> |                          |                |                           |                  |                        |
| Transfers in:                          |                          |                |                           |                  |                        |
| General Fund                           | 8,000,000                | -              | 600,000                   | 600,000          | (7,400,000)            |
| Total other financing sources (uses)   | 8,000,000                | -              | 600,000                   | 600,000          | (7,400,000)            |
| Net change in fund balance             | \$ -                     | \$ -           | 293,346                   | \$ 293,346       | \$ 293,346             |
| <b>FUND BALANCE:</b>                   |                          |                |                           |                  |                        |
| Fund balance at beginning of year      |                          |                | -                         |                  |                        |
| Fund balance at end of year            |                          |                | \$ 293,346                |                  |                        |

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## ***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.

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

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

### ***ENTERPRISE PROJECT FUNDS***

**Airport Improvement Fund** – accounts for the airport capital expenditures.

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

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

**SE Parallel Lighting And Electrical Vault Project Fund** - accounts for the airport additional aircraft capabilities.

**East Corporate Area Development Fund** - accounts for the airport additional aircraft capabilities.

**Runway Safety Area Extension Project Fund** - accounts for the airport additional aircraft capabilities.

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

**Electric AMI Capital Project Fund** – accounts for capital needs related to the AMI project within the City

**Water and Sewer Capital Reserve Funds** – accounts future capital needs.

**Water AMI Capital Project Fund** – accounts for capital needs related to the AMI project within the City

**Water and Sewer Infrastructure Capital Improvements Project** – accounts for the construction and capital needs for the City's Water and Sewer.

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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, 2022**

|                                        | Budget     | Actual     | Variance<br>Over/Under |
|----------------------------------------|------------|------------|------------------------|
| <b>REVENUES:</b>                       |            |            |                        |
| Operating revenues:                    |            |            |                        |
| Charges for services:                  |            |            |                        |
| Airport operations rental              | \$ 170,000 | \$ 145,893 | \$ (24,107)            |
| Hanger rental                          | 530,000    | 455,333    | (74,667)               |
| Tie-downs                              | 14,000     | 14,959     | 959                    |
| Office rent                            | 5,700      | 2,707      | (2,993)                |
| Miscellaneous revenue                  | 72,370     | 294,876    | 222,506                |
| Fueling flow fees                      | 180,000    | 137,888    | (42,112)               |
| Jet fuel sales                         | 1,555,000  | 1,720,741  | 165,741                |
| AVGAS fuel sales                       | 347,000    | 288,949    | (58,051)               |
| Total operating revenues               | 2,874,070  | 3,061,346  | 187,276                |
| Non-operating revenues:                |            |            |                        |
| Interest on investments                | 1,000      | 1,344      | 344                    |
| Sale of capital assets                 | -          | 2,525      | 2,525                  |
| Total non-operating revenues           | 1,000      | 3,869      | 2,869                  |
| Total revenues                         | 2,875,070  | 3,065,215  | 190,145                |
| <b>EXPENDITURES:</b>                   |            |            |                        |
| Salaries and employee benefits         | 571,195    | 535,571    | 35,624                 |
| Operating expenditures                 | 1,584,390  | 1,421,543  | 162,847                |
| Capital outlay                         | 214,500    | 178,896    | 35,604                 |
| Total                                  | 2,370,085  | 2,136,010  | 234,075                |
| Principal and interest                 | 362,665    | 362,663    | 2                      |
| Total                                  | 362,665    | 362,663    | 2                      |
| Total expenditures                     | 2,732,750  | 2,498,673  | 234,077                |
| Revenues over (under) expenditures     | 142,320    | 566,542    | 424,222                |
| <b>OTHER FINANCING SOURCES (USES):</b> |            |            |                        |
| Transfers out:                         |            |            |                        |
| Transfer to General Fund-PILOT         | (42,642)   | (42,642)   | -                      |
| Transfer to General Fund               | (122,000)  | (122,000)  | -                      |
| Transfer from other funds              | 14,145     | 14,145     | -                      |
| Fund balance appropriated              | 8,177      | -          | (8,177)                |
| Total other financing sources (uses)   | (142,320)  | (150,497)  | (8,177)                |

**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, 2022**

|                                                                                            | Budget      | Actual              | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|-------------|---------------------|------------------------|
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | <u>\$ -</u> | <u>416,045</u>      | <u>\$ 416,045</u>      |
| From modified accrual revenues over expenditures                                           |             |                     |                        |
| Depreciation                                                                               |             | (1,265,314)         |                        |
| Capital outlay                                                                             |             | 178,896             |                        |
| Change in accrued compensated absences                                                     |             | (9,009)             |                        |
| OPEB payable                                                                               |             | (2,073)             |                        |
| Deferred outflow - OPEB                                                                    |             | 45                  |                        |
| Deferred inflow - OPEB                                                                     |             | 1,333               |                        |
| Pension deferral outflow                                                                   |             | 13,681              |                        |
| Decrease in net pension liability                                                          |             | 58,495              |                        |
| Pension deferral inflow                                                                    |             | (64,972)            |                        |
| Project revenues                                                                           |             | 9,117,533           |                        |
| Repayment of interfund loan                                                                |             | 273,708             |                        |
| Change in accrued interest                                                                 |             | 15,396              |                        |
| Interest earnings from project funds                                                       |             | 828                 |                        |
| Adjustment of previously written off debt                                                  |             | <u>(68,777)</u>     |                        |
| Total reconciling items                                                                    |             | <u>8,249,770</u>    |                        |
| Change in net position                                                                     |             | <u>\$ 8,665,815</u> |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**AIRPORT IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            |                          |                | Actual          |                  |                        |
|--------------------------------------------------------------------------------------------|--------------------------|----------------|-----------------|------------------|------------------------|
|                                                                                            | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
| <b>REVENUES:</b>                                                                           |                          |                |                 |                  |                        |
| Investment earnings                                                                        | \$ 102,983               | \$ 109,556     | \$ 823          | \$ 110,379       | \$ 7,396               |
| NCDOT land                                                                                 | 1,368,560                | 1,368,561      | -               | 1,368,561        | 1                      |
| Iredell County land                                                                        | 576,032                  | 576,032        | -               | 576,032          | -                      |
| DOT grants                                                                                 | 3,601,690                | 3,277,786      | 294,389         | 3,572,175        | (29,515)               |
| Iredell County                                                                             | 120,009                  | 120,004        | -               | 120,004          | (5)                    |
| Total revenues                                                                             | 5,769,274                | 5,451,939      | 295,212         | 5,747,151        | (22,123)               |
| <b>EXPENDITURES:</b>                                                                       |                          |                |                 |                  |                        |
| Transportation:                                                                            |                          |                |                 |                  |                        |
| NCDOT Grant 36244.59.6.1                                                                   | 884,066                  | 876,652        | -               | 876,652          | 7,414                  |
| Land Acquisition-Hangers                                                                   | 1,120,483                | 1,120,482      | -               | 1,120,482        | 1                      |
| Pad Design 36237.46.16.1                                                                   | 236,374                  | 236,300        | -               | 236,300          | 74                     |
| Contracted services                                                                        | 4,335,981                | 2,957,234      | 397,410         | 3,354,644        | 981,337                |
| Total expenditures                                                                         | 6,576,904                | 5,190,668      | 397,410         | 5,588,078        | 988,826                |
| Revenues over (under) expenditures                                                         | (807,630)                | 261,271        | (102,198)       | 159,073          | 966,703                |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |                          |                |                 |                  |                        |
| Transfers in (out):                                                                        |                          |                |                 |                  |                        |
| From General Fund                                                                          | 1,288,477                | 1,288,477      | -               | 1,288,477        | -                      |
| To SE Parallel Lighting and Electrical                                                     | (100,000)                | (100,000)      | -               | (100,000)        | -                      |
| To Runway Safety Area CPF                                                                  | (4,264)                  | (4,264)        | -               | (4,264)          | -                      |
| To East Corporate Area Development CPF                                                     | (334,083)                | -              | (334,083)       | (334,083)        | -                      |
| To Glidescope CPF                                                                          | (42,500)                 | (42,500)       | -               | (42,500)         | -                      |
| Total other financing sources (uses)                                                       | 807,630                  | 1,141,713      | (334,083)       | 807,630          | -                      |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -                     | \$ 1,402,984   | \$ (436,281)    | \$ 966,703       | \$ 966,703             |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**PARALLEL TAXIWAY PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                       | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|---------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                      |                          |                |                           |                  |                        |
| Restricted intergovernmental revenue: |                          |                |                           |                  |                        |
| NCDOT Aviation Grant                  | \$ 10,650,000            | \$ 10,346,016  | \$ 37,600                 | \$ 10,383,616    | \$ (266,384)           |
| Total revenues                        | 10,650,000               | 10,346,016     | 37,600                    | 10,383,616       | (266,384)              |
| <b>EXPENDITURES:</b>                  |                          |                |                           |                  |                        |
| Transportation:                       |                          |                |                           |                  |                        |
| Professional services                 | 1,287,615                | 1,269,681      | -                         | 1,269,681        | 17,934                 |
| Traffic control                       | 12,385                   | 8,665          | -                         | 8,665            | 3,720                  |
| Contracted services                   | 9,350,000                | 9,067,670      | 37,600                    | 9,105,270        | 244,730                |
| Total expenditures                    | 10,650,000               | 10,346,016     | 37,600                    | 10,383,616       | 266,384                |
| Revenues over (under) expenditures    | \$ -                     | \$ -           | \$ -                      | \$ -             | \$ -                   |

**CITY OF STATESVILLE, NORTH CAROLINA  
GLIDESLOPE AND LOCALIZER PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                                                                           |                          |                |                           |                  |                        |
| Restricted intergovernmental revenue:                                                      |                          |                |                           |                  |                        |
| NCDOT Aviation Grant                                                                       | \$ 805,473               | \$ 429,480     | \$ -                      | \$ 429,480       | \$ (375,993)           |
| Iredell County                                                                             | 44,749                   | 4,723          | -                         | 4,723            | (40,026)               |
| Investment earnings                                                                        | -                        | 3,076          | (277)                     | 2,799            | 2,799                  |
| Total revenues                                                                             | 850,222                  | 437,279        | (277)                     | 437,002          | (413,220)              |
| <b>EXPENDITURES:</b>                                                                       |                          |                |                           |                  |                        |
| Transportation:                                                                            |                          |                |                           |                  |                        |
| Contracted services                                                                        | 894,971                  | 477,200        | -                         | 477,200          | 417,771                |
| Total expenditures                                                                         | 894,971                  | 477,200        | -                         | 477,200          | 417,771                |
| Revenues over (under) expenditures                                                         | (44,749)                 | (39,921)       | (277)                     | (40,198)         | 4,551                  |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |                          |                |                           |                  |                        |
| Transfers in (out):                                                                        |                          |                |                           |                  |                        |
| From Airport Improvement Fund                                                              | 44,749                   | 42,500         | -                         | 42,500           | (2,249)                |
| Total other financing sources (uses)                                                       | 44,749                   | 42,500         | -                         | 42,500           | (2,249)                |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -                     | \$ 2,579       | \$ (277)                  | \$ 2,302         | \$ 2,302               |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**SE PARALLEL LIGHTING AND ELECTRICAL VAULT PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            |               |            | Actual       |              |              |
|--------------------------------------------------------------------------------------------|---------------|------------|--------------|--------------|--------------|
|                                                                                            | Project       | Prior      | Current      | Total        | Variance     |
|                                                                                            | Authorization | Years      | Year         | to Date      | Over/Under   |
| <b>REVENUES:</b>                                                                           |               |            |              |              |              |
| Restricted intergovernmental revenue:                                                      |               |            |              |              |              |
| NCDOT Aviation Grant                                                                       | \$ 1,800,000  | \$ 147,035 | \$ 1,116,299 | \$ 1,263,334 | \$ (536,666) |
| Iredell County                                                                             | 100,000       | 7,826      | 19,758       | 27,584       | (72,416)     |
| Total revenues                                                                             | 1,900,000     | 154,861    | 1,136,057    | 1,290,918    | (609,082)    |
| <b>EXPENDITURES:</b>                                                                       |               |            |              |              |              |
| Transportation:                                                                            |               |            |              |              |              |
| Professional services                                                                      | 163,166       | 159,311    | -            | 159,311      | 3,855        |
| Contracted services                                                                        | 1,836,834     | 4,062      | 1,240,335    | 1,244,397    | 592,437      |
| Total expenditures                                                                         | 2,000,000     | 163,373    | 1,240,335    | 1,403,708    | 596,292      |
| Revenues over (under) expenditures                                                         | (100,000)     | (8,512)    | (104,278)    | (112,790)    | (12,790)     |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |               |            |              |              |              |
| Transfers in (out):                                                                        |               |            |              |              |              |
| From Airport Improvement Fund                                                              | 100,000       | 100,000    | -            | 100,000      | -            |
| Total other financing sources (uses)                                                       | 100,000       | 100,000    | -            | 100,000      | -            |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ 91,488  | \$ (104,278) | \$ (12,790)  | \$ (12,790)  |

**CITY OF STATESVILLE, NORTH CAROLINA  
EAST CORPORATE AREA DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                                                                           |                          |                |                           |                  |                        |
| Restricted intergovernmental revenue:                                                      |                          |                |                           |                  |                        |
| NCDOT Aviation Grant                                                                       | \$ 4,362,600             | \$ 554,267     | \$ 3,510,378              | \$ 4,064,645     | \$ (297,955)           |
| Iredell County                                                                             | 334,083                  | -              | -                         | -                | (334,083)              |
| Total revenues                                                                             | 4,696,683                | 554,267        | 3,510,378                 | 4,064,645        | (632,038)              |
| <b>EXPENDITURES:</b>                                                                       |                          |                |                           |                  |                        |
| Transportation:                                                                            |                          |                |                           |                  |                        |
| Professional services                                                                      | 910,903                  | 453,115        | 442,819                   | 895,934          | 14,969                 |
| Contracted services                                                                        | 4,119,863                | 101,152        | 3,067,559                 | 3,168,711        | 951,152                |
| Total expenditures                                                                         | 5,030,766                | 554,267        | 3,510,378                 | 4,064,645        | 966,121                |
| Revenues over (under) expenditures                                                         | (334,083)                | -              | -                         | -                | 334,083                |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |                          |                |                           |                  |                        |
| Transfers in (out):                                                                        |                          |                |                           |                  |                        |
| From Airport Improvement Fund                                                              | 334,083                  | -              | 334,083                   | 334,083          | -                      |
| Total other financing sources (uses)                                                       | 334,083                  | -              | 334,083                   | 334,083          | -                      |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -                     | \$ -           | \$ 334,083                | \$ 334,083       | \$ 334,083             |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**RUNWAY SAFETY AREA EXTENSION PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                                                                           |                          |                |                           |                  |                        |
| Restricted intergovernmental revenue:                                                      |                          |                |                           |                  |                        |
| NCDOT Aviation Grant                                                                       | \$ 9,376,759             | \$ 2,076,828   | \$ 4,067,736              | \$ 6,144,564     | \$ (3,232,195)         |
| Iredell County                                                                             | 4,265                    | 4,265          | -                         | 4,265            | -                      |
| Total revenues                                                                             | 9,381,024                | 2,081,093      | 4,067,736                 | 6,148,829        | (3,232,195)            |
| <b>EXPENDITURES:</b>                                                                       |                          |                |                           |                  |                        |
| Transportation:                                                                            |                          |                |                           |                  |                        |
| Professional services                                                                      | 1,876,892                | 968,356        | 554,108                   | 1,522,464        | 354,428                |
| Contracted services                                                                        | 7,508,396                | 1,117,001      | 3,513,628                 | 4,630,629        | 2,877,767              |
| Total expenditures                                                                         | 9,385,288                | 2,085,357      | 4,067,736                 | 6,153,093        | 3,232,195              |
| Revenues over (under) expenditures                                                         | (4,264)                  | (4,264)        | -                         | (4,264)          | -                      |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |                          |                |                           |                  |                        |
| Transfers in (out):                                                                        |                          |                |                           |                  |                        |
| From Airport Improvement Fund                                                              | 4,264                    | 4,264          | -                         | 4,264            | -                      |
| Total other financing sources (uses)                                                       | 4,264                    | 4,264          | -                         | 4,264            | -                      |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -                     | \$ -           | \$ -                      | \$ -             | \$ -                   |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**FIXED BASED OPERATIONS PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                                                                           |                          |                |                           |                  |                        |
| Restricted intergovernmental revenue:                                                      |                          |                |                           |                  |                        |
| NCDOT Aviation Grant                                                                       | \$ 500,000               | \$ -           | \$ 71,373                 | \$ 71,373        | \$ (428,627)           |
| Investment earnings                                                                        | -                        | -              | 282                       | 282              | 282                    |
| Total revenues                                                                             | 500,000                  | -              | 71,655                    | 71,655           | (428,345)              |
| <b>EXPENDITURES:</b>                                                                       |                          |                |                           |                  |                        |
| Transportation:                                                                            |                          |                |                           |                  |                        |
| Contracted services                                                                        | 500,000                  | -              | 71,373                    | 71,373           | 428,627                |
| Total expenditures                                                                         | 500,000                  | -              | 71,373                    | 71,373           | 428,627                |
| Revenues over (under) expenditures                                                         | -                        | -              | 282                       | 282              | 282                    |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -                     | \$ -           | \$ 282                    | \$ 282           | \$ 282                 |

**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, 2022**

|                                                                                            | Budget        | Actual        | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|---------------|---------------|------------------------|
| <b>REVENUES:</b>                                                                           |               |               |                        |
| Operating revenues:                                                                        |               |               |                        |
| Electric sales                                                                             | \$ 44,050,000 | \$ 43,507,875 | \$ (542,125)           |
| Other operating revenues                                                                   | 1,070,000     | 1,406,489     | 336,489                |
| Total operating revenues                                                                   | 45,120,000    | 44,914,364    | (205,636)              |
| Non-operating revenues:                                                                    |               |               |                        |
| Interest on investments                                                                    | 100,000       | 29,232        | (70,768)               |
| Miscellaneous revenue                                                                      | -             | 793,226       | 793,226                |
| Sale of capital assets                                                                     | -             | 12,905        | 12,905                 |
| Handling charge bad check                                                                  | -             | 3,900         | 3,900                  |
| Sale of material & labor                                                                   | -             | 22,451        | 22,451                 |
| Airport repayment of loan                                                                  | 360,000       | 684,144       | 324,144                |
| Bad debt recovery                                                                          | -             | 47,612        | 47,612                 |
| Total non-operating revenues                                                               | 460,000       | 1,593,470     | 1,133,470              |
| Total revenues                                                                             | 45,580,000    | 46,507,834    | 927,834                |
| <b>EXPENDITURES:</b>                                                                       |               |               |                        |
| Salaries and employee benefits                                                             | 4,041,129     | 3,730,648     | 310,481                |
| Electrical power purchases                                                                 | 36,063,750    | 34,281,100    | 1,782,650              |
| Professional services                                                                      | 356,935       | 105,394       | 251,541                |
| Operating expenditures                                                                     | 2,843,114     | 390,547       | 2,452,567              |
| Capital outlay                                                                             | 8,000,347     | 5,665,812     | 2,334,535              |
| Total expenditures                                                                         | 51,305,275    | 44,173,501    | 7,131,774              |
| Revenues over (under) expenditures                                                         | (5,725,275)   | 2,334,333     | 8,059,608              |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |               |               |                        |
| Transfers and Advances (out):                                                              |               |               |                        |
| Transfer to General Fund - PILOT                                                           | (152,177)     | (152,177)     | -                      |
| Transfer from other funds                                                                  | -             | 53,577        | 53,577                 |
| Transfer to other funds                                                                    | (2,216,923)   | (2,125,000)   | 91,923                 |
| Fund balance appropriated                                                                  | 8,094,375     | -             | (8,094,375)            |
| Total other financing sources (uses)                                                       | 5,725,275     | (2,223,600)   | (7,948,875)            |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ 110,733    | \$ 110,733             |

**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, 2022**

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

|                                                  |                            |
|--------------------------------------------------|----------------------------|
| From modified accrual revenues over expenditures | \$ 110,733                 |
| Depreciation                                     | (1,716,901)                |
| Capital outlay                                   | 5,665,812                  |
| Change in accrued compensated absences           | (58,610)                   |
| OPEB liability                                   | (16,582)                   |
| Deferred outflow of resources - OPEB             | 357                        |
| Deferred inflow of resources - OPEB              | 10,658                     |
| Pension deferral outflow                         | 109,444                    |
| Decrease in net pension liability                | 467,960                    |
| Pension deferral inflow                          | (519,776)                  |
| Interest earnings from project funds             | 756                        |
| Repayment of interfund loan                      | (594,708)                  |
| Collection of previously written off debt        | (357,282)                  |
| Total reconciling items                          | <u>2,991,128</u>           |
| Change in net position                           | <u><u>\$ 3,101,861</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)**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Project       | Prior        | Actual  | Total        | Variance     |
|--------------------------------------------------------------------------------------------|---------------|--------------|---------|--------------|--------------|
|                                                                                            | Authorization | Years        | Current | to Date      | Over/Under   |
|                                                                                            |               |              | Year    |              |              |
| REVENUES:                                                                                  |               |              |         |              |              |
| Investment earnings                                                                        | \$ 100,000    | \$ 311,800   | \$ 570  | \$ 312,370   | \$ 212,370   |
| Total revenues                                                                             | 100,000       | 311,800      | 570     | 312,370      | 212,370      |
| Revenues over (under) expenditures                                                         | 100,000       | 311,800      | 570     | 312,370      | 212,370      |
| 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                                                                              | (1,199,500)   | (302,243)    | -       | (302,243)    | 897,257      |
| Total other financing sources (uses)                                                       | (100,000)     | 1,936,681    | -       | 1,936,681    | 2,036,681    |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ 2,248,481 | \$ 570  | \$ 2,249,051 | \$ 2,249,051 |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**ELECTRIC AMI CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Project       | Prior       | Actual       | Total       | Variance   |
|--------------------------------------------------------------------------------------------|---------------|-------------|--------------|-------------|------------|
|                                                                                            | Authorization | Years       | Current      | to Date     | Over/Under |
|                                                                                            |               |             | Year         |             |            |
| REVENUES:                                                                                  |               |             |              |             |            |
| Investment earnings                                                                        | \$ -          | \$ 1,341    | \$ 186       | \$ 1,527    | \$ 1,527   |
| Total revenues                                                                             | -             | 1,341       | 186          | 1,527       | 1,527      |
| EXPENDITURES:                                                                              |               |             |              |             |            |
| Professional services                                                                      | 2,535,000     | 1,678,702   | 664,902      | 2,343,604   | 191,396    |
| Total expenditures                                                                         | 2,535,000     | 1,678,702   | 664,902      | 2,343,604   | 191,396    |
| Revenues over (under) expenditures                                                         | (2,535,000)   | (1,677,361) | (664,716)    | (2,342,077) | 192,923    |
| OTHER FINANCING SOURCES (USES):                                                            |               |             |              |             |            |
| Transfers in:                                                                              |               |             |              |             |            |
| Electric Fund                                                                              | 2,535,000     | 2,535,000   | -            | 2,535,000   | -          |
| Total other financing sources (uses)                                                       | 2,535,000     | 2,535,000   | -            | 2,535,000   | -          |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ 857,639  | \$ (664,716) | \$ 192,923  | \$ 192,923 |

**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, 2022**

|                                         | Budget       | Actual       | Variance<br>Over/Under |
|-----------------------------------------|--------------|--------------|------------------------|
| <b>REVENUES:</b>                        |              |              |                        |
| Operating revenues:                     |              |              |                        |
| Charges for services:                   |              |              |                        |
| Water sales                             | \$ 5,200,000 | \$ 5,445,496 | \$ 245,496             |
| Sewer charges                           | 8,461,000    | 8,860,392    | 399,392                |
| Other operating revenue                 | 135,000      | 601,780      | 466,780                |
| Water and Sewer System Development fees | 670,000      | 726,736      | 56,736                 |
| Total operating revenues                | 14,466,000   | 15,634,404   | 1,168,404              |
| Non-operating revenues:                 |              |              |                        |
| Interest on investments                 | 50,000       | 16,380       | (33,620)               |
| Sale of capital assets                  | -            | 88,499       | 88,499                 |
| Misc. revenue                           | 2,139,675    | 781,849      | (1,357,826)            |
| Total non-operating revenues            | 2,189,675    | 886,728      | (1,302,947)            |
| Total revenues                          | 16,655,675   | 16,521,132   | (134,543)              |
| <b>EXPENDITURES:</b>                    |              |              |                        |
| Sewer collection line maintenance:      |              |              |                        |
| Salaries and employee benefits          | 452,879      | 401,289      | 51,590                 |
| Professional services                   | 4,145        | 3,585        | 560                    |
| Operating expenditures                  | 381,811      | 332,965      | 48,846                 |
| Capital outlay                          | 817,823      | 386,880      | 430,943                |
| Total                                   | 1,656,658    | 1,124,719    | 531,939                |
| Water distribution line maintenance:    |              |              |                        |
| Salaries and employee benefits          | 1,155,848    | 1,074,119    | 81,729                 |
| Professional services                   | 51,515       | 7,459        | 44,056                 |
| Operating expenditures                  | 870,307      | 814,414      | 55,893                 |
| Capital outlay                          | 2,404,400    | 186,731      | 2,217,669              |
| Total                                   | 4,482,070    | 2,082,723    | 2,399,347              |
| Water purification:                     |              |              |                        |
| Salaries and employee benefits          | 927,076      | 859,093      | 67,983                 |
| Professional services                   | 350,578      | 203,414      | 147,164                |
| Operating expenditures                  | 1,117,601    | 1,000,314    | 117,287                |
| Capital outlay                          | 911,800      | 74,765       | 837,035                |
| Total                                   | 3,307,055    | 2,137,586    | 1,169,469              |
| Waste water treatment - Third Creek:    |              |              |                        |
| Salaries and employee benefits          | 558,563      | 535,889      | 22,674                 |
| Professional services                   | 31,785       | 27,597       | 4,188                  |
| Operating expenditures                  | 724,926      | 563,600      | 161,326                |
| Capital outlay                          | 88,500       | 37,890       | 50,610                 |
| Total                                   | 1,403,774    | 1,164,976    | 238,798                |
| Waste water treatment - Fourth Creek:   |              |              |                        |
| Salaries and employee benefits          | 1,033,537    | 1,018,412    | 15,125                 |
| Professional services                   | 149,605      | 121,916      | 27,689                 |
| Operating expenditures                  | 1,253,427    | 1,218,300    | 35,127                 |
| Capital outlay                          | 2,896,439    | 269,025      | 2,627,414              |
| Total                                   | 5,333,008    | 2,627,653    | 2,705,355              |
| Principal and interest                  | 3,297,587    | 3,296,307    | 1,280                  |
| Total                                   | 3,297,587    | 3,296,307    | 1,280                  |
| Total expenditures                      | 19,480,152   | 12,433,964   | 7,046,188              |

**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, 2022**

|                                                                                            | Budget      | Actual       | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|-------------|--------------|------------------------|
| Revenues over (under) expenditures                                                         | (2,824,477) | 4,087,168    | 6,911,645              |
| OTHER FINANCING SOURCES (USES):                                                            |             |              |                        |
| Transfers in (out):                                                                        |             |              |                        |
| Water and Sewer Capital Reserve                                                            | (729,100)   | (729,043)    | 57                     |
| Transfer to General Fund - PILOT                                                           | (351,047)   | (351,047)    | -                      |
| Transfer to General Fund                                                                   | (1,486,917) | (1,486,917)  | -                      |
| Water Capital Project Fund                                                                 | (50,000)    | (50,000)     | -                      |
| Transfer from other funds                                                                  | 2,128,202   | 128,202      | (2,000,000)            |
| Water and Sewer Capital Reserve                                                            | 395,000     | 729,043      | 334,043                |
| Fund balance appropriated                                                                  | 2,918,339   | -            | (2,918,339)            |
| Total other financing sources (uses)                                                       | 2,824,477   | (1,759,762)  | (4,584,239)            |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -        | 2,327,406    | \$ 2,327,406           |
| Reconciliation from budgetary basis (modified accrual) to full accrual:                    |             |              |                        |
| Depreciation                                                                               |             | (3,746,012)  |                        |
| Capital outlay                                                                             |             | 955,291      |                        |
| Long-term debt principal                                                                   |             | 2,471,765    |                        |
| Accrued interest expense                                                                   |             | 8,714        |                        |
| Change in accrued compensated absences                                                     |             | 27,718       |                        |
| Increase in deferred outflows of resources - pensions                                      |             | 177,845      |                        |
| Decrease in net pension liability                                                          |             | 760,434      |                        |
| Increase in deferred inflows of resources - pensions                                       |             | (844,637)    |                        |
| Deferred outflow of resources - OPEB                                                       |             | 582          |                        |
| Deferred inflow of resources - OPEB                                                        |             | 17,319       |                        |
| OPEB liability                                                                             |             | (26,946)     |                        |
| Intrafund transfers                                                                        |             | 50,000       |                        |
| Repayment of interfund loan                                                                |             | 321,000      |                        |
| Project revenues                                                                           |             | 110,597      |                        |
| Interest earnings from water and sewer project funds                                       |             | 4,824        |                        |
| Adjustment of previously written off debt                                                  |             | (5,778)      |                        |
| Total reconciling items                                                                    |             | 282,716      |                        |
| Change in net position                                                                     |             | \$ 2,610,122 |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**WATER AND SEWER CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            |               |              | Actual     |              |              |
|--------------------------------------------------------------------------------------------|---------------|--------------|------------|--------------|--------------|
|                                                                                            | Project       | Prior        | Current    | Total        | Variance     |
|                                                                                            | Authorization | Years        | Year       | to Date      | Over/Under   |
| REVENUES:                                                                                  |               |              |            |              |              |
| Services - Water SDF                                                                       | \$ 750,000    | \$ 450,354   | \$ 293,223 | \$ 743,577   | \$ (6,423)   |
| Services - Sewer SDF                                                                       | 750,000       | 1,540,784    | 435,820    | 1,976,604    | 1,226,604    |
| Investment earnings                                                                        | -             | 129,196      | 2,195      | 131,391      | 131,391      |
| Total revenues                                                                             | 1,500,000     | 2,120,334    | 731,238    | 2,851,572    | 1,351,572    |
| OTHER FINANCING SOURCES (USES):                                                            |               |              |            |              |              |
| Transfers in:                                                                              |               |              |            |              |              |
| Closed WSF Capital Reserve Fund                                                            | 6,666,665     | 6,666,664    | -          | 6,666,664    | (1)          |
| Transfers out:                                                                             |               |              |            |              |              |
| Transfer to Water System                                                                   | (1,875,823)   | (1,275,823)  | (293,223)  | (1,569,046)  | 306,777      |
| Transfer to Sewer System                                                                   | (6,290,842)   | (5,138,404)  | (435,820)  | (5,574,224)  | 716,618      |
| Total other financing sources (uses)                                                       | (1,500,000)   | 252,437      | (729,043)  | (476,606)    | 1,023,394    |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ 2,372,771 | \$ 2,195   | \$ 2,374,966 | \$ 2,374,966 |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**WATER AND SEWER INFRASTRUCTURE CAPITAL IMPROVEMENTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                                                                           |                          |                |                           |                  |                        |
| Investment earnings                                                                        | \$ -                     | \$ (851)       | \$ 1,712                  | \$ 861           | \$ 861                 |
| Total revenues                                                                             | -                        | (851)          | 1,712                     | 861              | 861                    |
| <b>EXPENDITURES:</b>                                                                       |                          |                |                           |                  |                        |
| Economic and Physical Development:                                                         |                          |                |                           |                  |                        |
| Debt issuance costs                                                                        | -                        | 5,900          | -                         | 5,900            | (5,900)                |
| Capital outlay - professional services                                                     | 6,000,000                | 1,543,541      | 1,704,344                 | 3,247,885        | 2,752,115              |
| Total expenditures                                                                         | 6,000,000                | 1,549,441      | 1,704,344                 | 3,253,785        | 2,746,215              |
| Revenues over (under) expenditures                                                         | (6,000,000)              | (1,550,292)    | (1,702,632)               | (3,252,924)      | 2,747,076              |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |                          |                |                           |                  |                        |
| Debt proceeds                                                                              | 6,000,000                | 5,000,000      | -                         | 5,000,000        | (1,000,000)            |
| Total other financing sources (uses)                                                       | 6,000,000                | 5,000,000      | -                         | 5,000,000        | (1,000,000)            |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -                     | \$ 3,449,708   | \$ (1,702,632)            | \$ 1,747,076     | \$ 1,747,076           |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**WATER AMI CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Fiscal Year Ended JUNE 30, 2022**

|                                                                                            | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                                                                           |                          |                |                           |                  |                        |
| Investment earnings                                                                        | \$ -                     | \$ 3,078       | \$ 976                    | \$ 4,054         | \$ 4,054               |
| Total revenues                                                                             | -                        | 3,078          | 976                       | 4,054            | 4,054                  |
| <b>EXPENDITURES:</b>                                                                       |                          |                |                           |                  |                        |
| Economic and Physical Development:                                                         |                          |                |                           |                  |                        |
| Capital outlay - professional services                                                     | 4,260,000                | 1,747,384      | 1,475,155                 | 3,222,539        | 1,037,461              |
| Total expenditures                                                                         | 4,260,000                | 1,747,384      | 1,475,155                 | 3,222,539        | 1,037,461              |
| Revenues over (under) expenditures                                                         | (4,260,000)              | (1,744,306)    | (1,474,179)               | (3,218,485)      | 1,041,515              |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |                          |                |                           |                  |                        |
| Transfers in:                                                                              |                          |                |                           |                  |                        |
| Electric Fund                                                                              | 3,210,000                | 3,210,000      | -                         | 3,210,000        | -                      |
| Water and Sewer Operating Fund                                                             | 1,050,000                | 1,000,000      | 50,000                    | 1,050,000        | -                      |
| Total other financing sources (uses)                                                       | 4,260,000                | 4,210,000      | 50,000                    | 4,260,000        | -                      |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -                     | \$ 2,465,694   | \$ (1,424,179)            | \$ 1,041,515     | \$ 1,041,515           |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**WATERLINE REPLACEMENT PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and for the Fiscal Year Ended JUNE 30, 2022**

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>REVENUES:</b>                       |                          |                |                           |                  |                        |
| Restricted Intergovernmental           | \$ 20,000,000            | \$ -           | \$ 110,597                | \$ 110,597       | \$ (19,889,403)        |
| Investment earnings                    | -                        | -              | (59)                      | (59)             | (59)                   |
| Total revenues                         | 20,000,000               | -              | 110,538                   | 110,538          | (19,889,462)           |
| <b>EXPENDITURES:</b>                   |                          |                |                           |                  |                        |
| Economic and Physical Development:     |                          |                |                           |                  |                        |
| Capital outlay - professional services | 2,000,000                | -              | 110,598                   | 110,598          | 1,889,402              |
| Capital outlay - construction          | 18,000,000               | -              | -                         | -                | 18,000,000             |
| Total expenditures                     | 20,000,000               | -              | 110,598                   | 110,598          | 19,889,402             |
| Revenues over (under) expenditures     | \$ -                     | \$ -           | \$ (60)                   | \$ (60)          | \$ (60)                |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MAJOR ENTERPRISE FUND**  
**STORMWATER FUND - SCHEDULE OF**  
**REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Budget       | Actual       | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|--------------|--------------|------------------------|
| REVENUES:                                                                                  |              |              |                        |
| Operating revenues:                                                                        |              |              |                        |
| Charges for services:                                                                      |              |              |                        |
| Fees                                                                                       | \$ 1,980,000 | \$ 2,016,311 | \$ 36,311              |
| Total operating revenues                                                                   | 1,980,000    | 2,016,311    | 36,311                 |
| Non-operating revenues:                                                                    |              |              |                        |
| Interest on investments                                                                    | -            | 1,239        | 1,239                  |
| Total non-operating revenues                                                               | -            | 1,239        | 1,239                  |
| Total revenues                                                                             | 1,980,000    | 2,017,550    | 37,550                 |
| EXPENDITURES:                                                                              |              |              |                        |
| Salaries and employee benefits                                                             | 420,705      | 399,536      | 21,169                 |
| Operating expenditures                                                                     | 447,415      | 133,136      | 314,279                |
| Capital outlay                                                                             | 1,036,768    | 505,403      | 531,365                |
| Total expenditures                                                                         | 1,904,888    | 1,038,075    | 866,813                |
| Revenues over (under) expenditures                                                         | 75,112       | 979,475      | 904,363                |
| OTHER FINANCING SOURCES (USES):                                                            |              |              |                        |
| Fund balance appropriated                                                                  | 752,022      | -            | (752,022)              |
| Transfer in                                                                                | 11,906       | 11,905       | (1)                    |
| Transfer out                                                                               | (839,040)    | (839,040)    | -                      |
| Total other financing sources (uses)                                                       | (75,112)     | (827,135)    | (752,023)              |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -         | 152,340      | \$ 152,340             |
| Reconciliation from budgetary basis (modified accrual) to full accrual:                    |              |              |                        |
| Depreciation                                                                               |              | (92,921)     |                        |
| Capital outlay                                                                             |              | 505,403      |                        |
| Change in accrued compensated absences                                                     |              | (2,264)      |                        |
| Increase in deferred outflows of resources - pensions                                      |              | 13,681       |                        |
| Decrease in deferred inflows of resources - pensions                                       |              | (64,973)     |                        |
| Decrease in net pension liability                                                          |              | 8,938        |                        |
| Deferred outflow of resources - OPEB                                                       |              | 45           |                        |
| Deferred inflow of resources - OPEB                                                        |              | 1,333        |                        |
| OPEB liability                                                                             |              | (2,073)      |                        |
| Total reconciling items                                                                    |              | 367,169      |                        |
| Change in net position                                                                     |              | \$ 519,509   |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**MAJOR ENTERPRISE FUND**  
**CIVIC CENTER FUND - SCHEDULE OF**  
**REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                            | Budget      | Actual      | Variance<br>Over/Under |
|--------------------------------------------------------------------------------------------|-------------|-------------|------------------------|
| <b>REVENUES:</b>                                                                           |             |             |                        |
| Operating revenues:                                                                        |             |             |                        |
| Charges for services:                                                                      |             |             |                        |
| Fees                                                                                       | \$ 231,500  | \$ 201,786  | \$ (29,714)            |
| Total operating revenues                                                                   | 231,500     | 201,786     | (29,714)               |
| Non-operating revenues:                                                                    |             |             |                        |
| Interest on investments                                                                    | -           | 1,825       | 1,825                  |
| Miscellaneous                                                                              | -           | 64          | 64                     |
| Total non-operating revenues                                                               | -           | 1,889       | 1,889                  |
| Total revenues                                                                             | 231,500     | 203,675     | (27,825)               |
| <b>EXPENDITURES:</b>                                                                       |             |             |                        |
| Salaries and employee benefits                                                             | 594,228     | 546,441     | 47,787                 |
| Operating expenditures                                                                     | 444,124     | 217,614     | 226,510                |
| Capital outlay                                                                             | 896,130     | 629,479     | 266,651                |
| Total expenditures                                                                         | 1,934,482   | 1,393,534   | 540,948                |
| Total revenues over (under) expenditures                                                   | (1,702,982) | (1,189,859) | 513,123                |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                     |             |             |                        |
| Transfers in:                                                                              |             |             |                        |
| Other funds                                                                                | 774,027     | 993,690     | 219,663                |
| Transfers out:                                                                             |             |             |                        |
| Transfer to General Fund - PILOT                                                           | (27,650)    | (27,650)    | -                      |
| Transfer to General Fund                                                                   | (65,000)    | (65,000)    | -                      |
| Fund balance appropriated                                                                  | 1,021,605   | -           | (1,021,605)            |
| Total other financing sources (uses)                                                       | 1,702,982   | 901,040     | (801,942)              |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -        | (288,819)   | \$ (288,819)           |
| <b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>             |             |             |                        |
| Depreciation                                                                               |             | (160,639)   |                        |
| Capital outlay                                                                             |             | 629,479     |                        |
| Change in accrued compensated absences                                                     |             | 8,260       |                        |
| Increase in deferred outflows of resources - pensions                                      |             | 27,361      |                        |
| Decrease in deferred inflows of resources - pensions                                       |             | (129,944)   |                        |
| Decrease in net pension liability                                                          |             | 166,547     |                        |
| Deferred outflow of resources - OPEB                                                       |             | 91          |                        |
| Deferred inflow of resources - OPEB                                                        |             | 2,664       |                        |
| OPEB liability                                                                             |             | (4,145)     |                        |
| Total reconciling items                                                                    |             | 539,674     |                        |
| Change in net position                                                                     |             | \$ 250,855  |                        |

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## ***INTERNAL SERVICE FUND***

The Internal Service Fund accounts 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, 2022**

|                                          | Risk<br>Management<br>Fund |
|------------------------------------------|----------------------------|
| <b>ASSETS</b>                            |                            |
| Cash and cash equivalents                | \$ 3,926,662               |
| Prepaid stop loss insurance              | 1,283                      |
|                                          | <hr/>                      |
| Total assets                             | 3,927,945                  |
|                                          | <hr/>                      |
| <b>LIABILITIES</b>                       |                            |
| Accounts payable and accrued liabilities | 372,751                    |
| Accrued IBNR health                      | 384,000                    |
| Accrued IBNR worker's compensation       | 136,488                    |
|                                          | <hr/>                      |
| Total liabilities                        | 893,239                    |
|                                          | <hr/>                      |
| <b>NET POSITION</b>                      | <b>\$ 3,034,706</b>        |
|                                          | <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, 2022**

|                                                 | Risk<br>Management<br>Fund |
|-------------------------------------------------|----------------------------|
| Operating revenues:                             |                            |
| Employer's contributions-property and liability | \$ 1,352,037               |
| Employer's contributions-health benefits        | 5,256,500                  |
| Employee's contributions health                 | 612,461                    |
| Employee's contributions dental                 | 16,196                     |
|                                                 | <u>7,237,194</u>           |
| Total operating revenues                        | <u>7,237,194</u>           |
| Operating expenses:                             |                            |
| Health, dental claims, and wellness program     | 4,689,108                  |
| Health third party administration               | 123,839                    |
| Health stop loss insurance                      | 678,847                    |
|                                                 | <u>5,491,794</u>           |
| Total health expenses                           | <u>5,491,794</u>           |
| Worker's compensation claims                    | 372,342                    |
| Administration and professional services        | 18,566                     |
| Worker's compensation stop loss insurance       | 109,328                    |
| Property and liability insurance                | 558,434                    |
| Property and liability claims                   | 187,023                    |
|                                                 | <u>1,245,693</u>           |
| Total property and liability expenses           | <u>1,245,693</u>           |
| Total operating expenses                        | <u>6,737,487</u>           |
| Total operating income (loss)                   | <u>499,707</u>             |
| Non-operating income:                           |                            |
| Investment income                               | 3,153                      |
|                                                 | <u>3,153</u>               |
| Change in net position                          | 502,860                    |
| Net position, beginning of year (deficit)       | <u>2,531,846</u>           |
| Net position, end of year                       | <u><u>\$ 3,034,706</u></u> |

**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, 2022**

|                                                                                         | Financial<br>Plan | Actual           | Variance<br>Over/Under |
|-----------------------------------------------------------------------------------------|-------------------|------------------|------------------------|
| <b>REVENUES:</b>                                                                        |                   |                  |                        |
| Operating revenues:                                                                     |                   |                  |                        |
| Employer's contributions-property and liability                                         | \$ 1,341,000      | \$ 1,352,037     | \$ 11,037              |
| Employer's contributions - health benefits                                              | 5,150,000         | 5,256,500        | 106,500                |
| Employee's contributions - health and dental                                            | 631,500           | 612,461          | (19,039)               |
| Contributions from retired employees and COBRA                                          | 52,500            | 16,196           | (36,304)               |
| <b>Total operating revenues</b>                                                         | <b>7,175,000</b>  | <b>7,237,194</b> | <b>62,194</b>          |
| Non-operating revenues:                                                                 |                   |                  |                        |
| Investment earnings                                                                     | -                 | 3,153            | 3,153                  |
| <b>Total revenues</b>                                                                   | <b>7,175,000</b>  | <b>7,240,347</b> | <b>65,347</b>          |
| <b>EXPENDITURES:</b>                                                                    |                   |                  |                        |
| Operating expenditures:                                                                 |                   |                  |                        |
| Operating health expenditures:                                                          |                   |                  |                        |
| Health, dental claims, and wellness program                                             | 4,969,476         | 4,821,843        | 147,633                |
| Health third party administration                                                       | 150,000           | 123,839          | 26,161                 |
| Health stop loss insurance                                                              | 710,000           | 678,847          | 31,153                 |
| <b>Total health expenditures</b>                                                        | <b>5,829,476</b>  | <b>5,624,529</b> | <b>204,947</b>         |
| Operating property and liability expenditures:                                          |                   |                  |                        |
| Worker's compensation claims                                                            | 444,200           | 372,342          | 71,858                 |
| Administration and professional services                                                | 32,000            | 18,566           | 13,434                 |
| Worker's compensation stop-loss insurance                                               | 109,500           | 109,328          | 172                    |
| Property and liability insurance                                                        | 572,800           | 558,434          | 14,366                 |
| Property and liability claims                                                           | 187,024           | 187,023          | 1                      |
| <b>Total property and liability expenditures</b>                                        | <b>1,345,524</b>  | <b>1,245,693</b> | <b>99,831</b>          |
| <b>Total expenditures</b>                                                               | <b>7,175,000</b>  | <b>6,870,222</b> | <b>304,778</b>         |
| <b>Revenues over (under) expenditures</b>                                               | <b>\$ -</b>       | <b>370,125</b>   | <b>\$ 370,125</b>      |
| <b>Reconciliation from financing plan (modified accrual)</b><br><b>to full accrual:</b> |                   |                  |                        |
| Decrease in incurred claims but not reported (IBNR)                                     |                   | 132,735          |                        |
| Change in net position                                                                  |                   | \$ 502,860       |                        |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**RISK MANAGEMENT FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                                                                          | Risk<br>Management<br>Fund |
|------------------------------------------------------------------------------------------|----------------------------|
| Cash flows from operating activities:                                                    |                            |
| Cash received from employer and employees                                                | \$ 7,245,412               |
| Cash paid for claims and insurance                                                       | (6,950,386)                |
| Net cash (used) by operating activities                                                  | 295,026                    |
| Cash flows from investing activities operating activities:                               |                            |
| Interest on investments and miscellaneous                                                | 3,153                      |
| Cash flows from Non-operating activities:                                                |                            |
| Net (decrease) in cash and cash equivalents                                              | 298,179                    |
| Cash and cash equivalents:                                                               |                            |
| Beginning of year, July 1                                                                | 3,628,483                  |
| End of year, June 30                                                                     | \$ 3,926,662               |
| Reconciliation of operating loss to net cash provided<br>(used) by operating activities: |                            |
| Operating Income (loss)                                                                  | \$ 499,707                 |
| Adjustments to reconcile operating loss to net cash<br>used by operating activities:     |                            |
| Changes in assets and liabilities:                                                       |                            |
| Decrease in accounts receivable                                                          | 8,218                      |
| Increase in prepaid stop loss insurance                                                  | (7,942)                    |
| Increase (decrease) in accounts payable                                                  | (80,164)                   |
| Increase (decrease) in IBNR - health                                                     | 21,000                     |
| Increase (decrease) in IBNR - worker's compensation                                      | (145,793)                  |
| Net cash (used) by operating activities                                                  | \$ 295,026                 |

## ***ADDITIONAL FINANCIAL DATA***

This section contains additional information on property taxes.

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

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**CITY OF STATESVILLE, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**GENERAL FUND - CITY-WIDE**  
**JUNE 30, 2022**

June 30, 2022

| Tax Year                                              | Uncollected<br>Balance<br>June 30, 2021 | Additions     | Collections<br>and Credits | Uncollected<br>Balance<br>June 30, 2022 |
|-------------------------------------------------------|-----------------------------------------|---------------|----------------------------|-----------------------------------------|
| Tax and Tag                                           | \$ -                                    | \$ 1,433,426  | \$ 1,433,426               | \$ -                                    |
| 2021                                                  | -                                       | 17,799,737    | 17,664,301                 | 135,436                                 |
| 2020                                                  | 161,356                                 | -             | 100,502                    | 60,854                                  |
| 2019                                                  | 66,872                                  | -             | 19,417                     | 47,455                                  |
| 2018                                                  | 47,622                                  | -             | 16,322                     | 31,300                                  |
| 2017                                                  | 29,321                                  | -             | 9,186                      | 20,135                                  |
| 2016                                                  | 28,809                                  | -             | 4,774                      | 24,035                                  |
| 2015                                                  | 16,826                                  | -             | 3,050                      | 13,776                                  |
| 2014                                                  | 25,117                                  | -             | 3,149                      | 21,968                                  |
| 2013                                                  | 34,027                                  | -             | 3,201                      | 30,826                                  |
| 2012                                                  | 44,838                                  | -             | 3,799                      | 41,039                                  |
| 2011                                                  | 44,474                                  | -             | 44,474                     | -                                       |
| Total                                                 | \$ 499,262                              | \$ 19,233,163 | \$ 19,305,601              | 426,824                                 |
| Less allowance for uncollectible accounts - city-wide |                                         |               |                            | 398,420                                 |
| Ad valorem taxes receivable, net                      |                                         |               |                            | \$ 28,404                               |
| RECONCILIATION TO REVENUES:                           |                                         |               |                            |                                         |
| Ad valorem taxes-city-wide                            |                                         |               |                            | \$ 19,351,774                           |
| Reconciling items:                                    |                                         |               |                            |                                         |
| Taxes written off                                     |                                         |               |                            | 44,474                                  |
| Penalties and interest                                |                                         |               |                            | (90,647)                                |
| Total collections and credits                         |                                         |               |                            | \$ 19,305,601                           |

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**CITY OF STATESVILLE, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE-**  
**GENERAL FUND - WOODS DAM TAX DISTRICT**  
**JUNE 30, 2022**

| <u>Fiscal Year</u>          | <u>Uncollected<br/>Balance<br/>June 30, 2021</u> | <u>Additions</u> | <u>Collections<br/>and Credits</u> | <u>Uncollected<br/>Balance<br/>June 30, 2022</u> |
|-----------------------------|--------------------------------------------------|------------------|------------------------------------|--------------------------------------------------|
| Tax and Tag                 | \$ -                                             | \$ 1,002         | \$ 1,002                           | \$ -                                             |
| 2021                        | -                                                | 4,064            | 4,064                              | -                                                |
|                             | <u>\$ -</u>                                      | <u>\$ 5,066</u>  | <u>\$ 5,066</u>                    | <u>\$ -</u>                                      |
| RECONCILIATION TO REVENUES: |                                                  |                  |                                    |                                                  |
|                             | Ad valorem taxes                                 |                  |                                    | \$ 5,066                                         |
|                             | Reconciling items:                               |                  |                                    |                                                  |
|                             | None                                             |                  |                                    | -                                                |
|                             | Total collections and credits                    |                  |                                    | <u>\$ 5,066</u>                                  |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**GENERAL FUND - CITY-WIDE LEVY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                         |                    |                          |                | Total Levy                                   |                           |
|-----------------------------------------|--------------------|--------------------------|----------------|----------------------------------------------|---------------------------|
|                                         | Property Valuation | City-Wide Rate per \$100 | Amount of Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| ORIGINAL LEVY:                          |                    |                          |                |                                              |                           |
| Property taxed at current year's rate   | \$ 3,195,722,240   | \$ 0.5478                | \$ 17,506,166  | \$ 17,506,166                                | \$ -                      |
| Tax and tag                             | 261,669,502        |                          | 1,433,426      | -                                            | 1,433,426                 |
| Penalties                               | 5,199,299          |                          | 28,482         | 28,482                                       |                           |
| TOTAL ORIGINAL LEVY                     | 3,462,591,041      |                          | 18,968,074     | 17,534,648                                   | 1,433,426                 |
| DISCOVERIES:                            |                    |                          |                |                                              |                           |
| Current year rate and taxes             | 47,779,241         | 0.5478                   | 261,735        | 261,735                                      | -                         |
| Penalties                               | 1,956,919          |                          | 10,720         | 10,720                                       | -                         |
| TOTAL DISCOVERIES                       | 49,736,160         |                          | 272,455        | 272,455                                      | -                         |
| RELEASES/TAX AND TAG UNCOLLECTED:       |                    |                          |                |                                              |                           |
| Current year rate                       | (1,316,533)        | 0.5478                   | (7,212)        | (7,212)                                      |                           |
| Penalties                               | (28,112)           |                          | (154)          | (154)                                        | -                         |
| TOTAL RELEASES                          | (1,344,645)        |                          | (7,366)        | (7,366)                                      | -                         |
| Net assessed valuation                  | \$ 3,510,982,556   |                          |                |                                              |                           |
| Net levy                                |                    |                          | 19,233,163     | 17,799,737                                   | 1,433,426                 |
| Uncollected taxes , June 30             |                    |                          | (135,436)      | (135,436)                                    | -                         |
| Current year's taxes collected          |                    |                          | \$ 19,097,727  | \$ 17,664,301                                | \$ 1,433,426              |
| Current levy collection percentage rate |                    |                          | 99.30%         | 99.24%                                       | 100.00%                   |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**GENERAL FUND - DOWNTOWN STATESVILLE SPECIAL TAX DISTRICT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

|                                          |                       |                          |                   | Total Levy                                   |                           |
|------------------------------------------|-----------------------|--------------------------|-------------------|----------------------------------------------|---------------------------|
|                                          | Property Valuation    | City-Wide Rate per \$100 | Amount of Levy    | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| <b>ORIGINAL LEVY:</b>                    |                       |                          |                   |                                              |                           |
| Property taxed at current year's rate    | \$ 96,674,520         | \$ 0.1000                | \$ 96,674         | \$ 96,674                                    | \$ -                      |
| Tax and tag                              | 7,221,740             |                          | 7,222             | -                                            | 7,222                     |
| Penalties                                | 101,890               |                          | 102               | 102                                          | -                         |
| <b>TOTAL ORIGINAL LEVY</b>               | <b>103,998,150</b>    |                          | <b>103,998</b>    | <b>96,776</b>                                | <b>7,222</b>              |
| <b>DISCOVERIES:</b>                      |                       |                          |                   |                                              |                           |
| Current year rate and taxes              | 1,023,060             | 0.1000                   | 1,023             | 1,023                                        | -                         |
| Penalties                                | 52,800                |                          | 53                | 53                                           | -                         |
| <b>TOTAL DISCOVERIES</b>                 | <b>1,075,860</b>      |                          | <b>1,076</b>      | <b>1,076</b>                                 | <b>-</b>                  |
| <b>RELEASES/TAX AND TAG UNCOLLECTED:</b> |                       |                          |                   |                                              |                           |
| Current year rate                        | (430)                 | 0.1000                   | -                 | -                                            | -                         |
| <b>TOTAL RELEASES</b>                    | <b>(430)</b>          |                          | <b>-</b>          | <b>-</b>                                     | <b>-</b>                  |
| Net assessed valuation                   | <u>\$ 105,073,580</u> |                          |                   |                                              |                           |
| Net levy                                 |                       |                          | 105,074           | 97,852                                       | 7,222                     |
| Uncollected taxes , June 30              |                       |                          | (2,066)           | (2,066)                                      | -                         |
| Current year's taxes collected           |                       |                          | <u>\$ 103,008</u> | <u>\$ 95,786</u>                             | <u>\$ 7,222</u>           |
| Current levy collection percentage rate  |                       |                          | <u>98.03%</u>     | <u>97.89%</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, 2022**

|                                          |                       |                                |                   | Total Levy                                               |                                 |
|------------------------------------------|-----------------------|--------------------------------|-------------------|----------------------------------------------------------|---------------------------------|
|                                          | Property<br>Valuation | City-Wide<br>Rate<br>per \$100 | Amount<br>of Levy | Property<br>Excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| ORIGINAL LEVY:                           |                       |                                |                   |                                                          |                                 |
| Property taxed at current<br>year's rate | \$ 1,935,054          | \$ 0.2100                      | \$ 4,064          | \$ 4,064                                                 | \$ -                            |
| Tax and tag                              | 477,229               |                                | 1,002             | -                                                        | 1,002                           |
| <b>TOTAL ORIGINAL LEVY</b>               | <b>2,412,283</b>      |                                | <b>5,066</b>      | <b>4,064</b>                                             | <b>1,002</b>                    |
| Net assessed valuation                   | <u>\$ 2,412,283</u>   |                                |                   |                                                          |                                 |
| Net levy                                 |                       |                                | 5,066             | 4,064                                                    | 1,002                           |
| Uncollected taxes , June 30              |                       |                                | -                 | -                                                        | -                               |
| Current year's taxes collected           |                       |                                | <u>\$ 5,066</u>   | <u>\$ 4,064</u>                                          | <u>\$ 1,002</u>                 |
| Current levy collection percentage rate  |                       |                                | <u>100.00%</u>    | <u>100.00%</u>                                           | <u>100.00%</u>                  |

## ***STATISTICAL SECTION***

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

| <b>Contents</b>                                                                                                                                                                                                                                                                        | <b>Page</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Financial Trends                                                                                                                                                                                                                                                                       | 138         |
| These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.                                                                                                                              |             |
| Revenue Capacity                                                                                                                                                                                                                                                                       | 148         |
| These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. The City's other major local revenue sources are its utility revenues of which the Electric Utilities revenues are the largest (see Table 22). |             |
| Debt Capacity                                                                                                                                                                                                                                                                          | 161         |
| These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.                                                                            |             |
| Demographic and Economic Information                                                                                                                                                                                                                                                   | 165         |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.                                                                                                                 |             |
| Operating Information                                                                                                                                                                                                                                                                  | 167         |
| 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.                                                         |             |

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

|                                             | 2012-2013      | 2013-2014      | 2014-2015      | 2015-2016      | 2016-2017      |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Governmental activities</b>              |                |                |                |                |                |
| Net investment in capital assets            | \$ 67,394,632  | \$ 68,264,801  | \$ 69,891,335  | \$ 42,754,217  | \$ 42,692,332  |
| Restricted for:                             |                |                |                |                |                |
| Stabilization by state statute              | 5,124,143      | 6,282,769      | 4,314,762      | 4,644,547      | 5,704,049      |
| Public safety                               | 77,821         | 60,645         | 41,341         | 81,519         | 77,659         |
| Transportation                              | 771,303        | 1,315,672      | 1,248,014      | -              | -              |
| Economic development                        | 353,599        | 444,247        | 574,665        | 712,686        | 1,096,183      |
| Debt service                                | 293,653        | 61,249         | -              | -              | -              |
| Capital outlay                              | 5,144,063      | 3,659,885      | 2,111,528      | -              | -              |
| Unrestricted                                | 21,397,924     | 21,496,485     | 21,477,035     | 23,243,436     | 20,066,688     |
| Total governmental activities net position  | 100,557,138    | 101,585,753    | 99,658,680     | 71,436,405     | 69,636,911     |
| <b>Business-type activities</b>             |                |                |                |                |                |
| Net investment in capital assets            | 65,470,169     | 67,271,906     | 66,336,798     | 93,781,157     | 93,846,256     |
| Unrestricted                                | 35,885,077     | 33,761,094     | 34,680,765     | 39,268,053     | 43,182,876     |
| Total business-type activities net position | 101,355,246    | 101,033,000    | 101,017,563    | 133,049,210    | 137,029,132    |
| <b>Primary government</b>                   |                |                |                |                |                |
| Net investment in capital assets            | 132,864,801    | 135,536,707    | 136,228,133    | 136,535,374    | 136,538,588    |
| Restricted for:                             |                |                |                |                |                |
| Stabilization by state statute              | 5,124,143      | 6,282,769      | 4,314,762      | 4,644,547      | 5,704,049      |
| Public Safety                               | 771,303        | 1,315,672      | 1,248,014      | -              | 77,659         |
| Transportation                              | 77,821         | 60,645         | 41,341         | 81,519         | -              |
| Economic development                        | 353,599        | 444,247        | 574,665        | 712,686        | 1,096,183      |
| Debt service                                | 293,653        | 61,249         | -              | -              | -              |
| Capital projects                            | 5,144,063      | 3,659,885      | 2,111,528      | -              | -              |
| Unrestricted                                | 57,283,001     | 55,257,579     | 56,157,800     | 62,511,489     | 63,249,564     |
| Total governmental activities net position  | \$ 201,912,384 | \$ 202,618,753 | \$ 200,676,243 | \$ 204,485,615 | \$ 206,666,043 |

**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)**

|                                             | 2017-2018      | 2018-2019      | 2019-2020      | 2020-2021      | 2021-2022      |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Governmental activities</b>              |                |                |                |                |                |
| Net investment in capital assets            | \$ 42,995,778  | \$ 43,150,694  | \$ 44,371,100  | \$ 44,053,530  | \$ 43,394,589  |
| Restricted for:                             |                |                |                |                |                |
| Stabilization by state statute              | 5,700,026      | 5,256,108      | 5,584,027      | 7,160,004      | 7,638,029      |
| Public safety                               | 130,789        | 185,262        | 242,217        | 288,828        | 371,958        |
| Transportation                              |                |                | 148,823        | 733,308        | 1,248,040      |
| Economic development                        | 1,163,602      | 1,352,217      | 298,784        | 306,045        | 303,864        |
| Debt service                                |                |                |                |                |                |
| Capital outlay                              |                |                |                |                |                |
| Unrestricted                                | 17,517,629     | 18,370,763     | 20,128,176     | 23,196,908     | 28,783,035     |
| Total governmental activities net position  | 67,507,824     | 68,315,044     | 70,773,127     | 75,738,623     | 81,739,515     |
| <b>Business-type activities</b>             |                |                |                |                |                |
| Net investment in capital assets            | 99,648,841     | 111,057,267    | 118,458,550    | 129,328,066    | 146,033,255    |
| Unrestricted                                | 44,719,257     | 48,562,431     | 57,410,031     | 63,303,651     | 61,872,339     |
| Total business-type activities net position | 144,368,098    | 159,619,698    | 175,868,581    | 192,631,717    | 207,905,594    |
| <b>Primary government</b>                   |                |                |                |                |                |
| Net investment in capital assets            | 142,644,619    | 154,207,961    | 162,829,650    | 173,381,596    | 189,427,844    |
| Restricted for:                             |                |                |                |                |                |
| Stabilization by state statute              | 5,700,026      | 5,256,108      | 5,584,027      | 7,160,004      | 7,638,029      |
| Public Safety                               | 130,789        | 185,262        | 242,217        | 288,828        | 371,958        |
| Transportation                              | -              | -              | 148,823        | 733,308        | 1,248,040      |
| Economic development                        | 1,163,602      | 1,352,217      | 298,784        | 306,045        | 303,864        |
| Debt service                                | -              | -              | -              | -              | -              |
| Capital projects                            | -              | -              | -              | -              | -              |
| Unrestricted                                | 62,236,886     | 66,933,194     | 77,538,207     | 86,500,559     | 90,655,374     |
| Total governmental activities net position  | \$ 211,875,922 | \$ 227,934,742 | \$ 246,641,708 | \$ 268,370,340 | \$ 289,645,109 |

**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.

Table 2

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

|                                                  | 2012-2013     | 2013-2014     | 2014-2015     | 2015-2016     | 2016-2017     |
|--------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses by Functions/Programs</b>            |               |               |               |               |               |
| <b>Governmental Activities:</b>                  |               |               |               |               |               |
| General government                               | \$ 3,240,212  | \$ 3,432,347  | \$ 3,254,999  | \$ 3,479,866  | \$ 3,882,072  |
| Public safety                                    | 12,299,585    | 12,410,000    | 12,398,238    | 12,234,390    | 13,338,272    |
| Transportation                                   | 3,540,251     | 4,246,210     | 4,345,239     | 2,851,130     | 3,337,451     |
| Economic and physical development                | 1,332,542     | 947,827       | 750,760       | 931,213       | 427,733       |
| Environmental protection                         | 1,846,780     | 1,715,643     | 1,978,958     | 1,675,871     | 1,951,510     |
| Cultural and recreation                          | 3,481,787     | 3,354,153     | 3,594,906     | 3,506,190     | 3,871,413     |
| Interest on long-term debt                       | 306,561       | 264,534       | 212,823       | 179,568       | 145,274       |
| Subtotal governmental activities                 | 26,047,718    | 26,370,714    | 26,535,923    | 24,858,228    | 26,953,725    |
| <b>Business-Type Activities:</b>                 |               |               |               |               |               |
| Airport                                          | -             | -             | -             | 1,786,329     | 1,931,556     |
| Electric                                         | 44,304,027    | 44,792,998    | 46,952,145    | 44,245,966    | 44,955,862    |
| Water and sewer                                  | 9,389,629     | 11,696,188    | 9,713,190     | 10,332,082    | 11,108,611    |
| Stormwater                                       | -             | -             | -             | -             | -             |
| Civic Center                                     | 948,560       | 997,238       | 999,189       | 968,734       | 970,233       |
| Subtotal business-type activities                | 54,642,216    | 57,486,424    | 57,664,524    | 57,333,111    | 58,966,262    |
| Total primary government expenses                | \$ 80,689,934 | \$ 83,857,138 | \$ 84,200,447 | \$ 82,191,339 | \$ 85,919,987 |
| <b>Program Revenues by Functions</b>             |               |               |               |               |               |
| <b>Governmental Activities:</b>                  |               |               |               |               |               |
| Charges for Services:                            |               |               |               |               |               |
| General government                               | \$ -          | \$ 46,977     | \$ 355,432    | \$ 66,083     | \$ 44,698     |
| Public safety                                    | 308,753       | 336,183       | 342,107       | 75,220        | 299,242       |
| Transportation                                   | 678,516       | 791,434       | -             | 49,846        | 43,506        |
| Economic and physical development                | 802,655       | 45            | -             | 981,530       | 981           |
| Environmental protection                         | 448,057       | 165,632       | 162,236       | 170,160       | 1,139,748     |
| Cultural and recreation                          | 820,940       | 819,739       | 836,284       | 732,620       | 793,362       |
| Operating grants and contributions               | 834,006       | 615,180       | 345,739       | 596,907       | 1,364,069     |
| Capital grants and contributions                 | 2,103,132     | 946,690       | 1,240,320     | 748,401       | 838,388       |
| Total governmental activities program activities | 5,996,059     | 3,721,880     | 3,282,118     | 3,420,767     | 4,523,994     |
| <b>Business-Type Activities:</b>                 |               |               |               |               |               |
| Charges for Services:                            |               |               |               |               |               |
| Airport                                          | -             | -             | -             | 559,951       | 434,999       |
| Electric                                         | 44,989,787    | 47,531,836    | 47,646,058    | 46,939,813    | 48,232,363    |
| Water and sewer                                  | 9,464,072     | 9,468,112     | 10,033,066    | 10,782,047    | 11,265,287    |
| Stormwater                                       | -             | -             | -             | -             | -             |
| Civic Center                                     | 259,388       | 294,701       | 299,535       | 333,067       | 341,243       |
| Operating grants and contributions               | 977,497       | 13,400        | -             | 363,177       | -             |
| Capital grants and contributions                 | -             | -             | -             | 29,126,802    | 2,158,958     |
| Total business-type activities                   | 55,690,744    | 57,308,049    | 57,978,659    | 88,104,857    | 62,432,850    |
| Total primary government program revenues        | \$ 61,686,803 | \$ 61,029,929 | \$ 61,260,777 | \$ 61,260,777 | \$ 66,956,844 |

Table 2 (cont'd)

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

|                                                  | 2017-2018     | 2018-2019     | 2019-2020     | 2020-2021     | 2021-2022     |
|--------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses by Functions/Programs</b>            |               |               |               |               |               |
| <b>Governmental Activities:</b>                  |               |               |               |               |               |
| General government                               | \$ 4,852,052  | \$ 4,754,090  | \$ 4,220,031  | \$ 4,278,317  | \$ 8,637,969  |
| Public safety                                    | 14,896,715    | 15,031,704    | 17,029,794    | 18,258,094    | 19,036,218    |
| Transportation                                   | 4,174,148     | 3,747,862     | 2,733,505     | 2,984,827     | 2,755,927     |
| Economic and physical development                | 768,400       | 432,903       | 264,074       | 585,090       | 248,841       |
| Environmental protection                         | 2,080,218     | 1,975,892     | 2,083,415     | 2,254,359     | 2,674,357     |
| Cultural and recreation                          | 3,871,242     | 4,124,134     | 3,989,425     | 4,165,631     | 4,596,402     |
| Interest on long-term debt                       | 110,981       | 76,688        | 82,483        | 41,115        | 37,839        |
| Subtotal governmental activities                 | 30,753,756    | 30,143,273    | 30,402,727    | 32,567,433    | 37,987,553    |
| <b>Business-Type Activities:</b>                 |               |               |               |               |               |
| Airport                                          | 1,476,536     | 2,156,005     | 3,129,855     | 3,059,359     | 3,362,235     |
| Electric                                         | 44,792,998    | 42,392,127    | 41,112,400    | 41,959,860    | 40,190,911    |
| Water and sewer                                  | 11,696,188    | 11,912,217    | 12,829,316    | 12,945,434    | 12,251,297    |
| Stormwater                                       | -             | -             | 857,177       | 1,345,901     | 665,887       |
| Civic Center                                     | 997,238       | 1,047,354     | 1,288,350     | 810,981       | 843,803       |
| Subtotal business-type activities                | 58,962,960    | 57,507,703    | 59,217,098    | 60,121,535    | 57,314,133    |
| Total primary government expenses                | \$ 89,716,716 | \$ 87,650,976 | \$ 89,619,825 | \$ 92,688,968 | \$ 95,301,686 |
| <b>Program Revenues by Functions</b>             |               |               |               |               |               |
| <b>Governmental Activities:</b>                  |               |               |               |               |               |
| Charges for Services:                            |               |               |               |               |               |
| General government                               | \$ 59,766     | \$ 59,818     | \$ 82,695     | \$ 68,667     | \$ 98,007     |
| Public safety                                    | 233,553       | 235,867       | 326,367       | 488,927       | 471,516       |
| Transportation                                   | 1,440         | -             | -             | -             | -             |
| Economic and physical development                | 1,089,283     | 1,150,853     | 935,586       | 885,917       | 1,230,156     |
| Environmental protection                         | 1,323,456     | 1,190,996     | 1,217,182     | 1,246,153     | 1,262,370     |
| Cultural and recreation                          | 736,888       | 693,180       | 534,055       | 529,277       | 839,309       |
| Operating grants and contributions               | 285,478       | 698,158       | 790,583       | 1,794,790     | 1,736,967     |
| Capital grants and contributions                 | 851,559       | 736,939       | 732,263       | 697,582       | 877,329       |
| Total governmental activities program activities | 4,581,423     | 4,765,811     | 4,618,731     | 5,711,313     | 6,515,654     |
| <b>Business-Type Activities:</b>                 |               |               |               |               |               |
| Charges for Services:                            |               |               |               |               |               |
| Airport                                          | 651,771       | 1,237,368     | 2,128,442     | 2,360,850     | 3,063,871     |
| Electric                                         | 48,739,947    | 50,840,214    | 52,805,912    | 56,458,368    | 45,526,612    |
| Water and sewer                                  | 11,358,956    | 12,293,534    | 12,318,584    | 13,048,058    | 16,504,752    |
| Stormwater                                       | -             | -             | 2,014,741     | 2,187,515     | 2,016,311     |
| Civic Center                                     | 318,216       | 327,944       | 262,408       | 88,754        | 201,850       |
| Operating grants and contributions               | 211,467       | -             | -             | -             | -             |
| Capital grants and contributions                 | 4,996,623     | 6,777,290     | 3,891,131     | 2,630,797     | 2,630,797     |
| Total business-type activities                   | 66,276,980    | 71,476,350    | 73,421,218    | 76,774,342    | 69,944,193    |
| Total primary government program revenues        | \$ 70,858,403 | \$ 76,242,161 | \$ 78,039,949 | \$ 82,485,655 | \$ 76,459,847 |

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

|                                                         | 2012-2013     | 2013-2014     | 2014-2015     | 2015-2016     | 2016-2017     |
|---------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>General Revenues and Other Changes in Net Assets</b> |               |               |               |               |               |
| <b>Governmental Activities:</b>                         |               |               |               |               |               |
| Taxes                                                   |               |               |               |               |               |
| Ad valorem taxes                                        | \$ 12,144,774 | \$ 12,329,641 | \$ 12,252,525 | \$ 12,130,575 | \$ 13,843,920 |
| Local sales tax option                                  | 5,269,457     | 5,491,152     | 6,016,074     | 6,283,073     | 6,564,336     |
| Other taxes                                             | 809,850       | 1,626,638     | 3,284,650     | 45,347        | 48,308        |
| Unrestricted intergovernmental revenues                 | 2,608,519     | 2,316,788     | 681,625       | 2,932,832     | 2,593,971     |
| Interest earned on investments                          | (149,740)     | 311,881       | 150,345       | 179,616       | 209,821       |
| Miscellaneous                                           | 238,313       | 175,411       | 591,938       | 14,405        | 38,351        |
| Transfers in (out)                                      | 253,654       | 1,425,938     | 190,752       | (30,110,127)  | (222,438)     |
| Total governmental activities                           | 21,174,827    | 23,677,449    | 23,167,909    | (8,524,279)   | 23,076,269    |
| <b>Business-Type Activities:</b>                        |               |               |               |               |               |
| Interest earned on investments                          | (103,514)     | 375,522       | 223,891       | 276,576       | 290,896       |
| Miscellaneous                                           | 334,988       | -             | 113,439       | -             | -             |
| Transfer in (out)                                       | (253,654)     | (1,425,938)   | (190,752)     | 983,325       | 222,438       |
| Total business-type activities                          | (22,180)      | (1,050,416)   | 146,578       | 1,259,901     | 513,334       |
| Total primary government                                | 21,152,647    | 22,627,033    | 23,314,487    | (7,264,378)   | 23,589,603    |
| <b>Changes in Net Position</b>                          |               |               |               |               |               |
| Governmental activities                                 | 1,123,168     | 23,677,449    | (85,896)      | (30,107,282)  | 23,076,269    |
| Business-type activities                                | 1,026,348     | (1,050,416)   | 460,713       | 32,177,189    | 513,334       |
| Total primary government                                | \$ 2,149,516  | \$ 22,627,033 | \$ 374,817    | \$ 2,069,907  | \$ 23,589,603 |

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

|                                                         | 2017-2018     | 2018-2019     | 2019-2020     | 2020-2021     | 2021-2022     |
|---------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>General Revenues and Other Changes in Net Assets</b> |               |               |               |               |               |
| <b>Governmental Activities:</b>                         |               |               |               |               |               |
| Taxes                                                   |               |               |               |               |               |
| Ad valorem taxes                                        | \$ 13,924,416 | \$ 15,012,204 | \$ 18,090,106 | \$ 18,753,923 | \$ 19,460,616 |
| Local sales tax option                                  | 6,945,610     | 7,317,507     | 7,721,304     | 8,996,849     | 10,613,874    |
| Other taxes                                             | 48,949        | 57,521        | 48,701        | 52,803        | 59,377        |
| Unrestricted intergovernmental revenues                 | 2,798,822     | 2,826,167     | 2,743,319     | 2,902,922     | 13,584,624    |
| Interest earned on investments                          | 197,604       | 724,350       | 386,117       | (19,259)      | 49,429        |
| Miscellaneous                                           | 128,193       | 363,732       | 529,825       | 1,254,166     | 534,386       |
| Transfers in (out)                                      | 268,272       | (116,799)     | (1,277,293)   | (119,788)     | 4,009,954     |
| Total governmental activities                           | 24,311,866    | 26,184,682    | 28,242,079    | 31,821,616    | 48,312,260    |
| <b>Business-Type Activities:</b>                        |               |               |               |               |               |
| Interest earned on investments                          | 378,045       | 1,166,154     | 767,470       | (9,459)       | 56,428        |
| Miscellaneous                                           | -             | -             | -             | -             | -             |
| Transfer in (out)                                       | (268,272)     | 116,799       | 1,277,293     | 119,788       | 4,009,954     |
| Total business-type activities                          | 109,773       | 1,282,953     | 2,044,763     | 110,329       | 4,066,382     |
| Total primary government                                | 24,421,639    | 27,467,635    | 30,286,842    | 31,931,945    | 52,378,642    |
| <b>Changes in Net Position</b>                          |               |               |               |               |               |
| Governmental activities                                 | (1,860,467)   | 807,220       | 2,458,083     | 4,965,496     | 6,000,892     |
| Business-type activities                                | 7,423,793     | 15,251,600    | 16,248,883    | 16,763,136    | 15,273,877    |
| Total primary government                                | \$ 5,563,326  | \$ 16,058,820 | \$ 18,706,966 | \$ 21,728,632 | \$ 21,274,769 |

Table 3

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

|                                                                                            | 2012-2013            | 2013-2014            | 2014-2015            | 2015-2016            | 2016-2017            |
|--------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Fund</b>                                                                        |                      |                      |                      |                      |                      |
| Non Spendable                                                                              |                      |                      |                      |                      |                      |
| Inventories                                                                                | \$ 28,182            | \$ 31,027            | \$ 47,630            | \$ 32,006            | \$ 34,546            |
| Prepaid items                                                                              | 2,985                | 4,290                | 6,909                | 26,108               | -                    |
| Restricted                                                                                 |                      |                      |                      |                      |                      |
| Stabilization by State Statute                                                             | 3,971,056            | 3,414,788            | 3,879,522            | 4,315,383            | 6,711,576            |
| Transportation                                                                             | -                    | -                    | -                    | -                    | -                    |
| Debt service                                                                               | 293,653              | 61,249               | -                    | -                    | -                    |
| <sup>1</sup> . Reserved for encumbrances                                                   | -                    | -                    | -                    | -                    | -                    |
| Committed                                                                                  | -                    | -                    | -                    | 220,560              | 239,891              |
| Assigned                                                                                   |                      |                      |                      |                      |                      |
| Subsequent year's appropriation                                                            | 286,323              | 998,745              | 1,838,714            | 954,462              | 1,583,800            |
| Unassigned                                                                                 | 21,017,856           | 20,315,639           | 21,368,277           | 18,905,057           | 16,722,263           |
| Subtotal governmental activities                                                           | 25,600,055           | 24,825,738           | 27,141,052           | 24,453,576           | 25,292,076           |
| <b>All Other Governmental Funds</b>                                                        |                      |                      |                      |                      |                      |
| Reserved for:                                                                              |                      |                      |                      |                      |                      |
| <sup>1</sup> . Reserved for encumbrances                                                   | -                    | -                    | -                    | -                    | -                    |
| Restricted, reported in:                                                                   |                      |                      |                      |                      |                      |
| Stabilization by state statute                                                             | 1,153,086            | 2,867,981            | 435,240              | 329,164              | 62,987               |
| Special revenue funds                                                                      | 1,202,723            | 1,820,564            | 1,864,020            | 794,205              | 1,162,241            |
| Committed                                                                                  | -                    | -                    | -                    | -                    | -                    |
| Capital project funds                                                                      | 5,144,063            | 3,659,885            | 2,111,528            | 5,121,111            | 5,467,896            |
| Unassigned (deficit)                                                                       | -                    | -                    | -                    | (165,871)            | -                    |
| Subtotal other governmental activities                                                     | 7,499,872            | 8,348,430            | 4,410,788            | 6,078,609            | 6,693,124            |
| Total governmental fund balance                                                            | <u>\$ 33,099,927</u> | <u>\$ 33,174,168</u> | <u>\$ 31,551,840</u> | <u>\$ 30,532,185</u> | <u>\$ 31,985,200</u> |
| General Fund unassigned fund balance as a percent of expenditures (including transfer out) | 82.47%               | 73.40%               | 85.96%               | 65.56%               | 53.06%               |

**Notes:**

<sup>(1)</sup> 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)**

|                                                                                            | 2017-2018     | 2018-2019     | 2019-2020     | 2020-2021     | 2021-2022     |
|--------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>General Fund</b>                                                                        |               |               |               |               |               |
| Non Spendable                                                                              |               |               |               |               |               |
| Inventories                                                                                | \$ 50,771     | \$ 29,022     | \$ 15,859     | \$ 17,331     | \$ 21,601     |
| Prepaid items                                                                              | -             | 9,214         | 9,212         | 10,581        | 9,214         |
| Restricted                                                                                 |               |               |               |               |               |
| Stabilization by State Statute                                                             | 5,670,519     | 5,115,845     | 5,521,039     | 7,092,691     | 7,591,848     |
| Transportation                                                                             | -             | -             | 148,823       | 733,308       | 1,248,040     |
| Debt service                                                                               | -             | -             | -             | -             | -             |
| <sup>1</sup> . Reserved for encumbrances                                                   | -             | -             | -             | -             | -             |
| Committed                                                                                  | 170,944       | 14,623        | 266,125       | 252,739       | 266,125       |
| Assigned                                                                                   |               |               |               |               |               |
| Subsequent year's appropriation                                                            | 3,646,984     | -             | 1,048,000     | 1,000,000     | 3,943,440     |
| Unassigned                                                                                 | 13,190,759    | 16,095,379    | 17,793,082    | 23,183,112    | 25,445,279    |
| Subtotal governmental activities                                                           | 22,729,977    | 21,264,083    | 24,802,140    | 32,289,762    | 38,525,547    |
| <b>All Other Governmental Funds</b>                                                        |               |               |               |               |               |
| Reserved for:                                                                              |               |               |               |               |               |
| <sup>1</sup> . Reserved for encumbrances                                                   | -             | -             | -             | -             | -             |
| Restricted, reported in:                                                                   |               |               |               |               |               |
| Stabilization by state statute                                                             | 20,624        | 140,263       | 62,988        | 67,313        | 46,181        |
| Special revenue funds                                                                      | 1,303,274     | 1,537,479     | 541,001       | 594,873       | 681,167       |
| Committed                                                                                  |               |               |               |               |               |
| Capital project funds                                                                      | 5,276,648     | 6,820,509     | 6,205,124     | 4,841,135     | 4,973,310     |
| Unassigned (deficit)                                                                       |               | (27,462)      | (12,686)      | (173,469)     | (89,281)      |
| Subtotal other governmental activities                                                     | 6,600,546     | 8,470,789     | 6,796,427     | 5,329,852     | 5,611,377     |
| Total governmental fund balance                                                            | \$ 29,330,523 | \$ 29,734,872 | \$ 31,598,567 | \$ 37,619,614 | \$ 44,136,924 |
| General Fund unassigned fund balance as a percent of expenditures (including transfer out) | 41.86%        | 45.90%        | 51.35%        | 65.14%        | 71.49%        |

**Notes:**

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

Table 4

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

|                                                                | 2012-2013           | 2013-2014          | 2014-2015             | 2015-2016             | 2016-2017           |
|----------------------------------------------------------------|---------------------|--------------------|-----------------------|-----------------------|---------------------|
| <b>Revenues (by source):</b>                                   |                     |                    |                       |                       |                     |
| Ad valorem taxes                                               | \$ 12,139,952       | \$ 12,403,940      | \$ 12,407,077         | \$ 12,372,681         | \$ 13,906,520       |
| Sales Tax                                                      | 5,269,457           | 5,491,152          | 6,016,074             | -                     |                     |
| Other taxes and licenses                                       | 1,631,962           | 1,626,638          | 951,626               | 1,025,895             | 1,056,491           |
| Unrestricted intergovernmental                                 | 2,608,519           | 2,316,788          | 2,671,124             | 9,196,090             | 9,206,615           |
| Restricted intergovernmental                                   | 2,951,620           | 1,539,487          | 1,614,191             | 1,344,424             | 1,199,144           |
| Permits and fees                                               | 439,269             | 447,208            | 731,287               | 401,633               | 264,365             |
| Sales and services                                             | 1,788,988           | 1,679,939          | 1,452,951             | 860,752               | 2,085,537           |
| Investment earnings                                            | (121,635)           | 347,082            | 202,655               | 210,735               | 204,253             |
| Miscellaneous                                                  | 449,217             | 138,603            | 156,893               | 122,099               | 231,231             |
| <b>Total revenues</b>                                          | <b>27,157,349</b>   | <b>25,990,837</b>  | <b>26,203,878</b>     | <b>25,534,309</b>     | <b>28,154,156</b>   |
| <b>Expenditures (by function):</b>                             |                     |                    |                       |                       |                     |
| General government                                             | 3,537,203           | 3,134,239          | 2,986,788             | 3,448,253             | 3,849,861           |
| Public safety                                                  | 11,990,414          | 11,576,160         | 12,121,392            | 11,813,998            | 13,066,552          |
| Transportation                                                 | 2,007,509           | 1,739,707          | 2,868,091             | 1,651,590             | 2,493,858           |
| Economic and physical development                              | 2,212,781           | 947,827            | 788,260               | 951,028               | 427,733             |
| Environmental protection                                       | 1,918,623           | 1,593,054          | 2,132,924             | 1,557,336             | 2,140,089           |
| Cultural and recreation                                        | 3,264,938           | 2,921,604          | 3,278,844             | 3,089,320             | 3,429,881           |
| Capital outlay                                                 | 1,489,469           | 3,936,559          | 2,392,459             | 2,199,179             | 46,688              |
| Debt service:                                                  |                     |                    |                       |                       | -                   |
| Principal                                                      | 1,249,700           | 1,224,700          | 894,700               | 894,700               | 894,700             |
| Interest on long-term debt                                     | 288,867             | 268,684            | 553,500               | 183,717               | 149,424             |
| <b>Total expenditures</b>                                      | <b>27,959,504</b>   | <b>27,342,534</b>  | <b>28,016,958</b>     | <b>25,789,121</b>     | <b>26,498,786</b>   |
| <b>Excess of revenues over (under) expenditures</b>            | <b>(802,155)</b>    | <b>(1,351,697)</b> | <b>(1,813,080)</b>    | <b>(254,812)</b>      | <b>1,655,370</b>    |
| <b>Other Financing Sources (Uses)</b>                          |                     |                    |                       |                       |                     |
| Transfers in                                                   | 4,532,958           | 5,458,684          | 2,579,286             | 5,514,583             | 2,631,587           |
| Transfers out                                                  | (4,279,305)         | (4,032,746)        | (2,388,534)           | (6,497,908)           | (2,833,942)         |
| Proceeds from long-term debt                                   | -                   | -                  | -                     | -                     | -                   |
| <b>Total other financing sources (uses)</b>                    | <b>253,653</b>      | <b>1,425,938</b>   | <b>190,752</b>        | <b>(983,325)</b>      | <b>(202,355)</b>    |
| <b>Net change in fund balance</b>                              | <b>\$ (548,502)</b> | <b>\$ 74,241</b>   | <b>\$ (1,622,328)</b> | <b>\$ (1,238,137)</b> | <b>\$ 1,453,015</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>5.81%</b>        | <b>6.38%</b>       | <b>5.65%</b>          | <b>4.49%</b>          | <b>4.17%</b>        |

Table 4 (cont'd)

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

|                                                                | 2017-2018             | 2018-2019         | 2019-2020           | 2020-2021           | 2021-2022           |
|----------------------------------------------------------------|-----------------------|-------------------|---------------------|---------------------|---------------------|
| <b>Revenues (by source):</b>                                   |                       |                   |                     |                     |                     |
| Ad valorem taxes                                               | \$ 14,051,731         | \$ 15,084,380     | \$ 18,185,140       | \$ 18,820,501       | \$ 19,460,616       |
| Sales Tax                                                      | -                     | -                 | -                   | -                   | -                   |
| Other taxes and licenses                                       | 1,138,232             | 1,208,374         | 984,287             | 938,720             | 1,289,533           |
| Unrestricted intergovernmental                                 | 9,744,432             | 10,143,674        | 10,464,623          | 11,899,771          | 13,584,624          |
| Restricted intergovernmental                                   | 1,143,277             | 1,389,239         | 1,522,846           | 2,492,372           | 2,614,296           |
| Permits and fees                                               | 147,752               | 145,437           | 127,172             | 152,360             | 169,872             |
| Sales and services                                             | 2,055,918             | 2,080,282         | 2,033,127           | 2,180,666           | 2,501,330           |
| Investment earnings                                            | 243,917               | 678,422           | 357,445             | (20,389)            | 46,276              |
| Miscellaneous                                                  | 271,745               | 228,510           | 164,949             | 1,140,048           | 534,386             |
| <b>Total revenues</b>                                          | <b>28,797,004</b>     | <b>30,958,318</b> | <b>33,839,589</b>   | <b>37,604,049</b>   | <b>40,200,933</b>   |
| <b>Expenditures (by function):</b>                             |                       |                   |                     |                     |                     |
| General government                                             | 4,430,652             | 7,247,149         | 7,372,822           | 7,414,906           | 8,390,973           |
| Public safety                                                  | 13,250,792            | 14,585,042        | 15,797,768          | 18,538,163          | 19,402,308          |
| Transportation                                                 | 1,750,239             | 2,080,374         | 2,120,079           | 2,235,603           | 2,456,960           |
| Economic and physical development                              | 772,399               | 432,903           | 264,074             | 585,090             | 248,841             |
| Environmental protection                                       | 1,846,455             | 1,771,082         | 1,695,988           | 2,267,456           | 2,548,765           |
| Cultural and recreation                                        | 3,350,140             | 3,594,863         | 3,468,422           | 3,830,243           | 4,668,962           |
| Capital outlay                                                 | 3,309,446             | 2,589,478         | 4,014,006           | -                   | -                   |
| Debt service:                                                  |                       |                   |                     |                     |                     |
| Principal                                                      | 894,700               | 894,700           | 894,700             | 867,402             | 225,780             |
| Interest on long-term debt                                     | 115,130               | 80,837            | 46,543              | 47,603              | 35,510              |
| <b>Total expenditures</b>                                      | <b>29,719,953</b>     | <b>33,276,428</b> | <b>35,674,402</b>   | <b>35,786,466</b>   | <b>37,978,099</b>   |
| <b>Excess of revenues over (under) expenditures</b>            |                       |                   |                     |                     |                     |
| <b>Other Financing Sources (Uses)</b>                          |                       |                   |                     |                     |                     |
| Transfers in                                                   | 2,308,177             | 7,141,190         | 4,332,934           | 6,801,835           | 6,694,569           |
| Transfers out                                                  | (4,039,905)           | (4,418,731)       | (1,884,426)         | (2,599,738)         | (2,684,615)         |
| Proceeds from long-term debt                                   | -                     | -                 | 1,250,000           | -                   | 285,889             |
| <b>Total other financing sources (uses)</b>                    | <b>(1,731,728)</b>    | <b>2,722,459</b>  | <b>3,698,508</b>    | <b>4,202,097</b>    | <b>4,295,843</b>    |
| <b>Net change in fund balance</b>                              | <b>\$ (2,654,677)</b> | <b>\$ 404,349</b> | <b>\$ 1,863,695</b> | <b>\$ 6,019,680</b> | <b>\$ 6,518,677</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>3.98%</b>          | <b>3.02%</b>      | <b>3.06%</b>        | <b>2.66%</b>        | <b>0.70%</b>        |

**Table 5**

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

| Fiscal Year<br>Ended<br>June 30 | Property<br>Tax | Sales<br>Tax | Privilege<br>License<br>Tax | Occupancy<br>Tax | Total         |
|---------------------------------|-----------------|--------------|-----------------------------|------------------|---------------|
| 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    |
| 2020                            | 18,090,106      | 7,721,304    | 1,480                       | 935,586          | 26,748,476    |
| 2021                            | 18,753,923      | 8,996,849    | 2,350                       | 885,917          | 28,639,039    |
| 2022                            | 19,532,424      | 10,613,875   | 2,365                       | 1,230,156        | 31,378,820    |

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 6

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

| Fiscal Year<br>Ended<br>June 30 | Property<br>Tax | Sales<br>Tax | Privilege<br>License<br>Tax | Occupancy<br>Tax | Total         |
|---------------------------------|-----------------|--------------|-----------------------------|------------------|---------------|
| 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    |
| 2020                            | 18,185,141      | 7,721,304    | 1,480                       | 935,586          | 26,843,511    |
| 2021                            | 18,820,500      | 8,996,849    | 2,350                       | 885,917          | 28,705,616    |
| 2022                            | 19,460,617      | 10,613,875   | 2,365                       | 1,230,156        | 31,307,013    |

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 YEARS <sup>(1)</sup>**

| Fiscal Year<br>Ended<br>June 30 | Tax Year | Real<br>Property | Motor Vehicle<br>and<br>Personal<br>Property | Public<br>Service<br>Companies | Total<br>Assessed<br>Value | Total<br>Direct<br>Tax Rate |
|---------------------------------|----------|------------------|----------------------------------------------|--------------------------------|----------------------------|-----------------------------|
| 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     | 2,359,832,317    | 686,176,438                                  | 51,585,631                     | 3,097,594,386              | 0.4849                      |
| 2020                            | 2019     | 2,492,960,249    | 728,774,749                                  | 54,706,893                     | 3,276,441,891              | 0.5512                      |
| 2021                            | 2020     | 2,581,758,874    | 757,870,506                                  | 56,567,126                     | 3,396,196,506              | 0.5510                      |
| 2022                            | 2021     | 2,686,421,277    | 765,881,034                                  | 58,680,243                     | 3,510,982,554              | 0.5509                      |

<sup>(1)</sup> 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, 2019, levied for fiscal year ending June 30, 2020. Tax rates for the City and districts are found on Table 13.

**Ten Year History of Assessed Values**

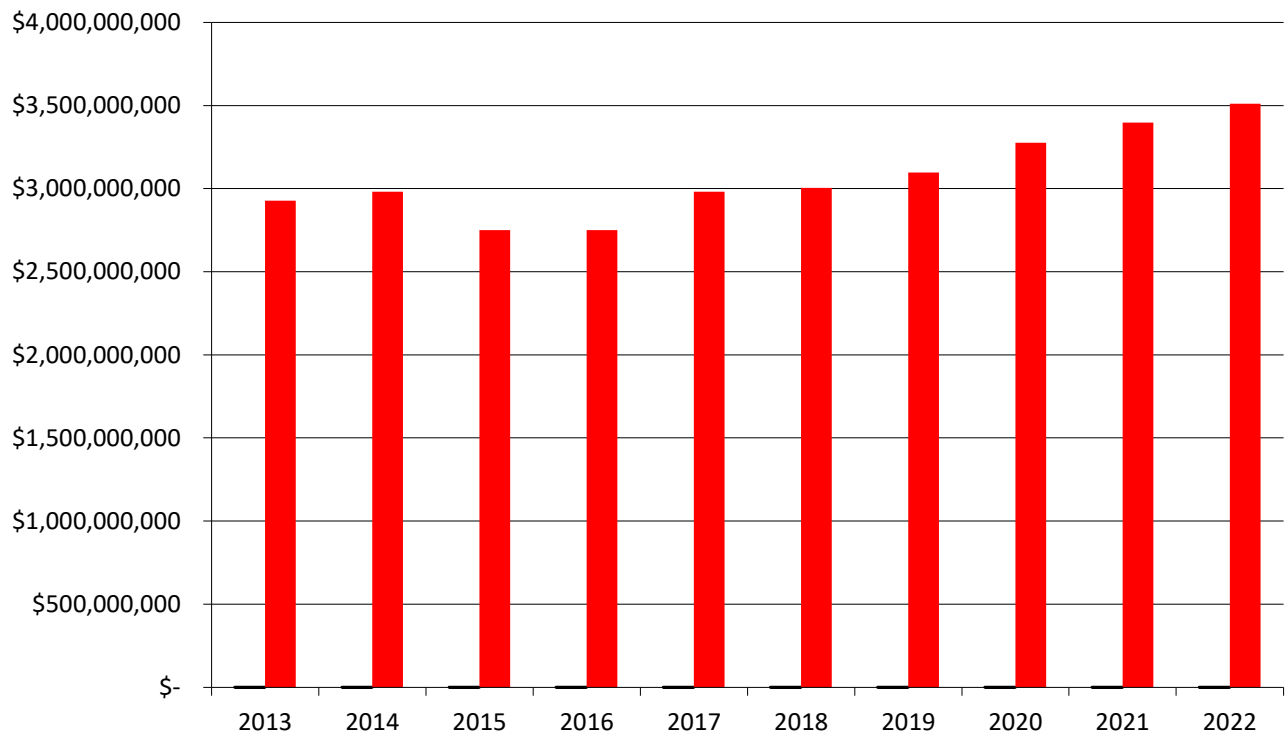


Table 8

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

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Assessed<br/>Value</b> | <b>Appraised<br/>Value</b> | <b>Ratio of Total<br/>Assessed<br/>Value to Total<br/>Appraised Value</b> |
|------------------------------------------|---------------------------|----------------------------|---------------------------------------------------------------------------|
| 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%                                                                      |
| 2020                                     | 107,538,488               | 107,538,488                | 100%                                                                      |
| 2021                                     | 104,854,975               | 104,854,975                | 100%                                                                      |
| 2022                                     | 105,005,121               | 105,005,121                | 100%                                                                      |

**Downtown Special District Assessed and Appraised Value**

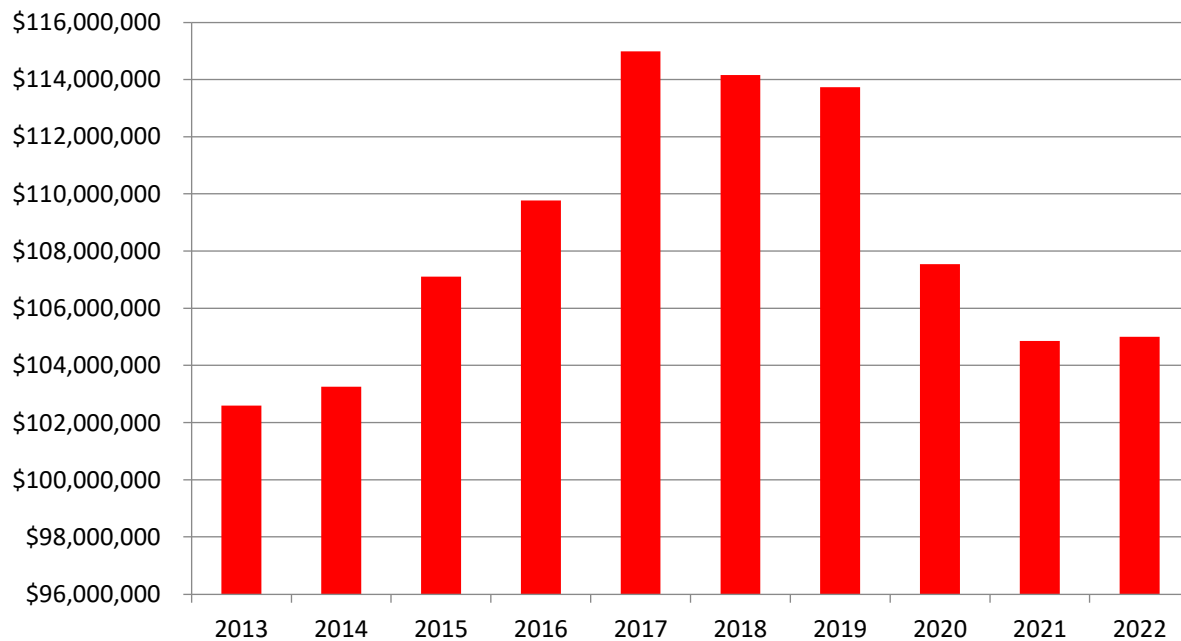


Table 9

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

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Assessed<br/>Value</b> | <b>Appraised<br/>Value</b> | <b>Ratio of Total<br/>Assessed<br/>Value to Total<br/>Appraised Value</b> |
|------------------------------------------|---------------------------|----------------------------|---------------------------------------------------------------------------|
| 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                                     | 1,894,258                 | 1,894,258                  | 100%                                                                      |
| 2020                                     | 2,001,703                 | 2,001,703                  | 100%                                                                      |
| 2021                                     | 2,298,093                 | 2,298,093                  | 100%                                                                      |
| 2022                                     | 2,412,283                 | 2,412,283                  | 100%                                                                      |

**Woods Dam Special District Assessed and Appraised Value**

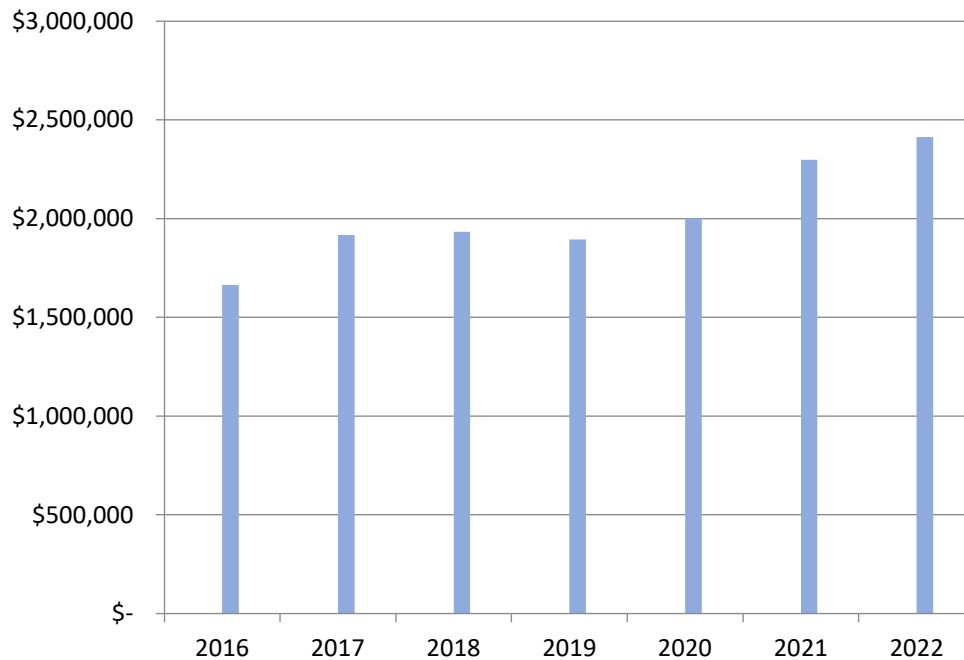


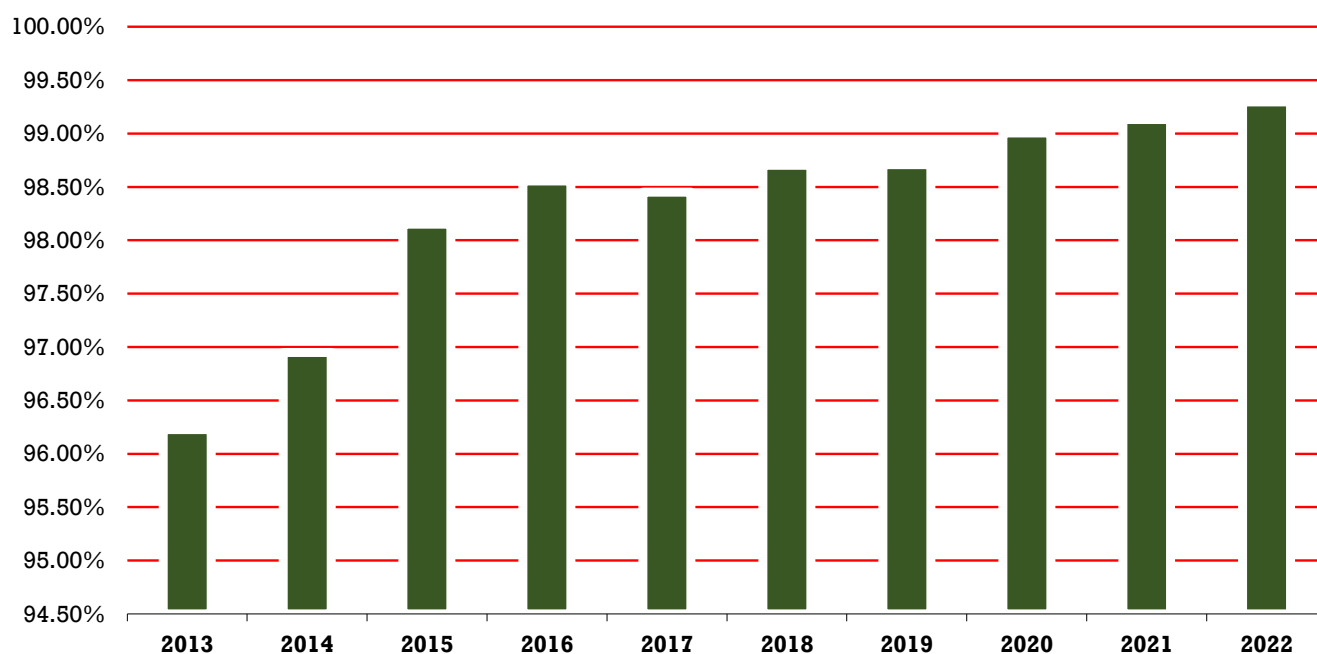
Table 10

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

| Fiscal Year Ended June 30 | Tax Year | Total Tax Levy for Curent Fiscal Year | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy | Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|---------------------------|----------|---------------------------------------|-------------------------|------------------------------------|----------------------------|-----------------------|--------------------------------------------------|------------------|---------------------------------------------|
| 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%                                       |
| 2020                      | 2019     | 17,948,349                            | 17,769,715              | 99.00%                             | 254,521                    | 18,024,236            | 100.42%                                          | 558,435          | 3.11%                                       |
| 2021                      | 2020     | 18,604,364                            | 18,443,008              | 99.13%                             | 225,017                    | 18,668,025            | 100.34%                                          | 494,025          | 2.66%                                       |
| 2022                      | 2021     | 19,233,162                            | 19,097,727              | 99.30%                             | 206,158                    | 19,303,885            | 100.37%                                          | 422,666          | 2.20%                                       |

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.

**Fiscal Year Current Levy Percentage of Collections - City Wide**



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

| Fiscal Year Ended June 30 | Tax Year | Total Tax Levy for Curent Fiscal Year | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|---------------------------|----------|---------------------------------------|-------------------------|------------------------------------|----------------------------|-----------------------|--------------------------------------------------|------------------------------|---------------------------------------------|
| 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%                                       |
| 2020                      | 2019     | 107,791                               | 106,140                 | 98.47%                             | 2,563                      | 108,703               | 100.85%                                          | 4,287                        | 3.98%                                       |
| 2021                      | 2020     | 105,022                               | 103,436                 | 98.49%                             | 1,508                      | 104,944               | 99.93%                                           | 4,364                        | 4.16%                                       |
| 2022                      | 2021     | 105,074                               | 103,008                 | 98.03%                             | 1,431                      | 104,439               | 99.40%                                           | 5,000                        | 4.76%                                       |

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

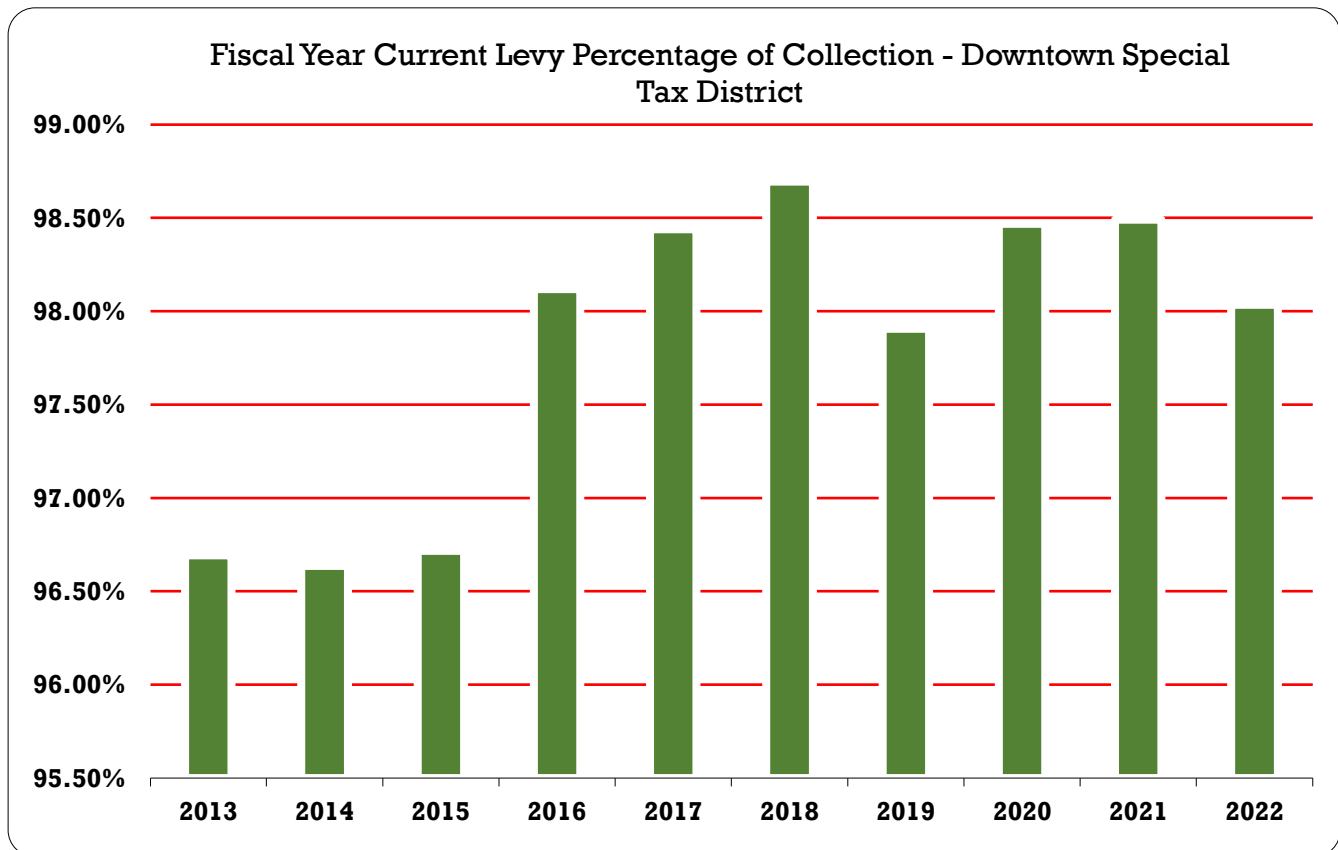
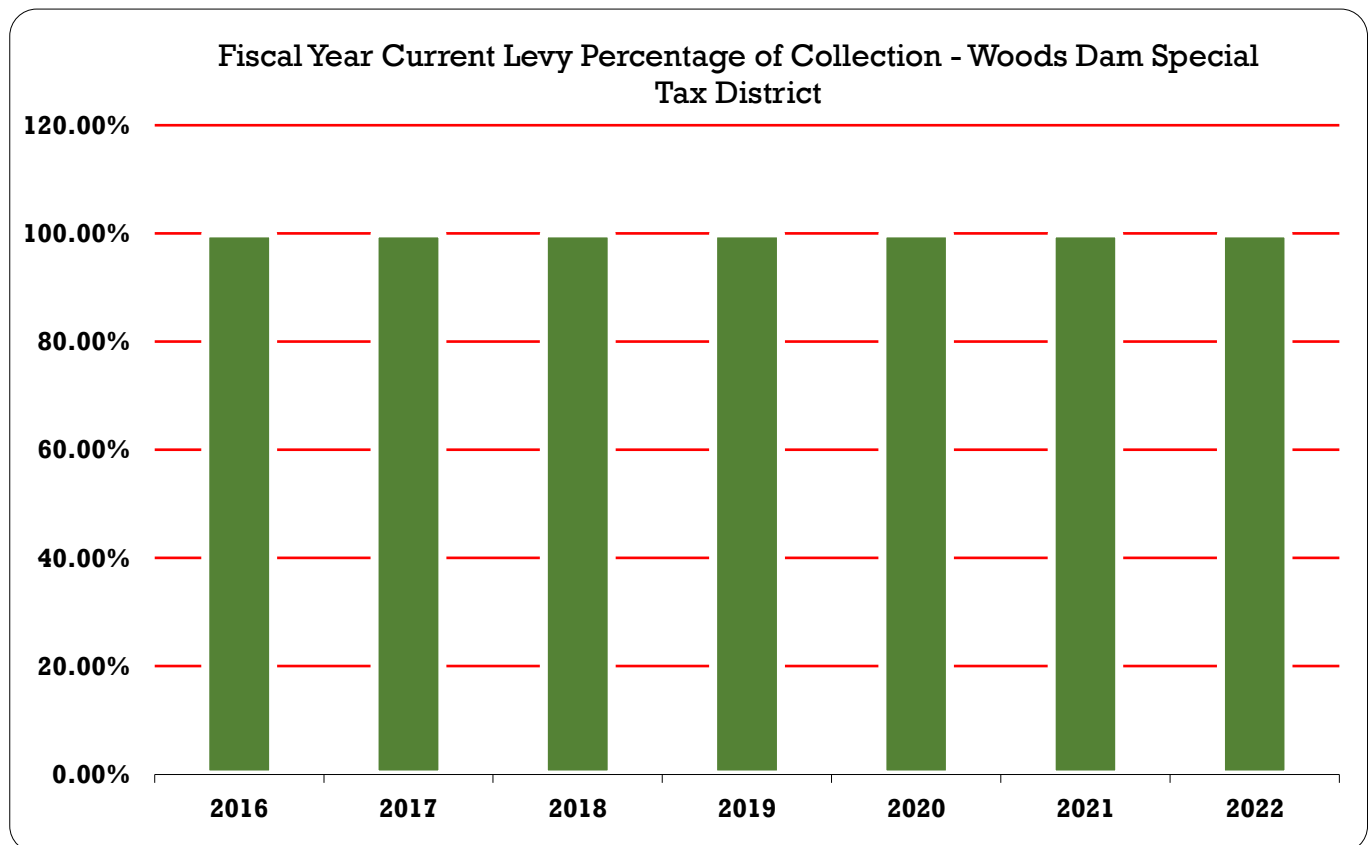


Table 12

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

| Fiscal Year Ended June 30 | Tax Year | Total Tax Levy for Curent Fiscal Year | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections | Ratio of Total Tax Collections to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|---------------------------|----------|---------------------------------------|-------------------------|------------------------------------|----------------------------|-----------------------|--------------------------------------------------|------------------------------|---------------------------------------------|
| 2016                      | 2015     | \$ 3,494                              | \$ 3,494                | 100.00%                            | \$ -                       | \$ 3,494              | 100.00%                                          | \$ -                         | 0.00%                                       |
| 2017                      | 2016     | 4,026                                 | 4,026                   | 100.00%                            | -                          | 4,026                 | 100.00%                                          | -                            | 0.00%                                       |
| 2018                      | 2017     | 4,026                                 | 4,059                   | 100.00%                            | -                          | 4,059                 | 100.00%                                          | -                            | 0.00%                                       |
| 2019                      | 2018     | 3,978                                 | 3,978                   | 100.00%                            | -                          | 3,978                 | 100.00%                                          | -                            | 0.00%                                       |
| 2020                      | 2019     | 4,204                                 | 4,204                   | 100.00%                            | -                          | 4,204                 | 100.00%                                          | -                            | 0.00%                                       |
| 2021                      | 2020     | 4,826                                 | 4,826                   | 100.00%                            | -                          | 4,826                 | 100.00%                                          | -                            | 0.00%                                       |
| 2022                      | 2021     | 5,066                                 | 5,066                   | 100.00%                            | -                          | 5,066                 | 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**

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>City of<br/>Statesville<br/>City -wide<br/>Tax Rate</b> | <b>Downtown<br/>Tax Rate</b> | <b>Woods<br/>Dam<br/>Special<br/>District</b> | <b>City of<br/>Statesville<br/>Direct<br/>(<sup>1</sup>)Tax Rate</b> | <b>Iredell<br/>County<br/>Tax Rate</b> | <b>City of<br/>Statesville<br/>Direct<br/>Tax Rate<br/>Plus<br/>County<br/>Tax Rate</b> |
|------------------------------------------|------------------------------------------------------------|------------------------------|-----------------------------------------------|----------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------|
| 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                                                                                  |
| 2020                                     | 0.5478                                                     | 0.1000                       | 0.2100                                        | 0.5512                                                               | 0.5275                                 | 1.0787                                                                                  |
| 2021                                     | 0.5478                                                     | 0.1000                       | 0.2100                                        | 0.5510                                                               | 0.5375                                 | 1.0885                                                                                  |
| 2022                                     | 0.5478                                                     | 0.1000                       | 0.2100                                        | 0.5509                                                               | 0.5375                                 | 1.0884                                                                                  |

(<sup>1</sup>) Direct tax rate is the prorata rate of the city-wide and special district rates.

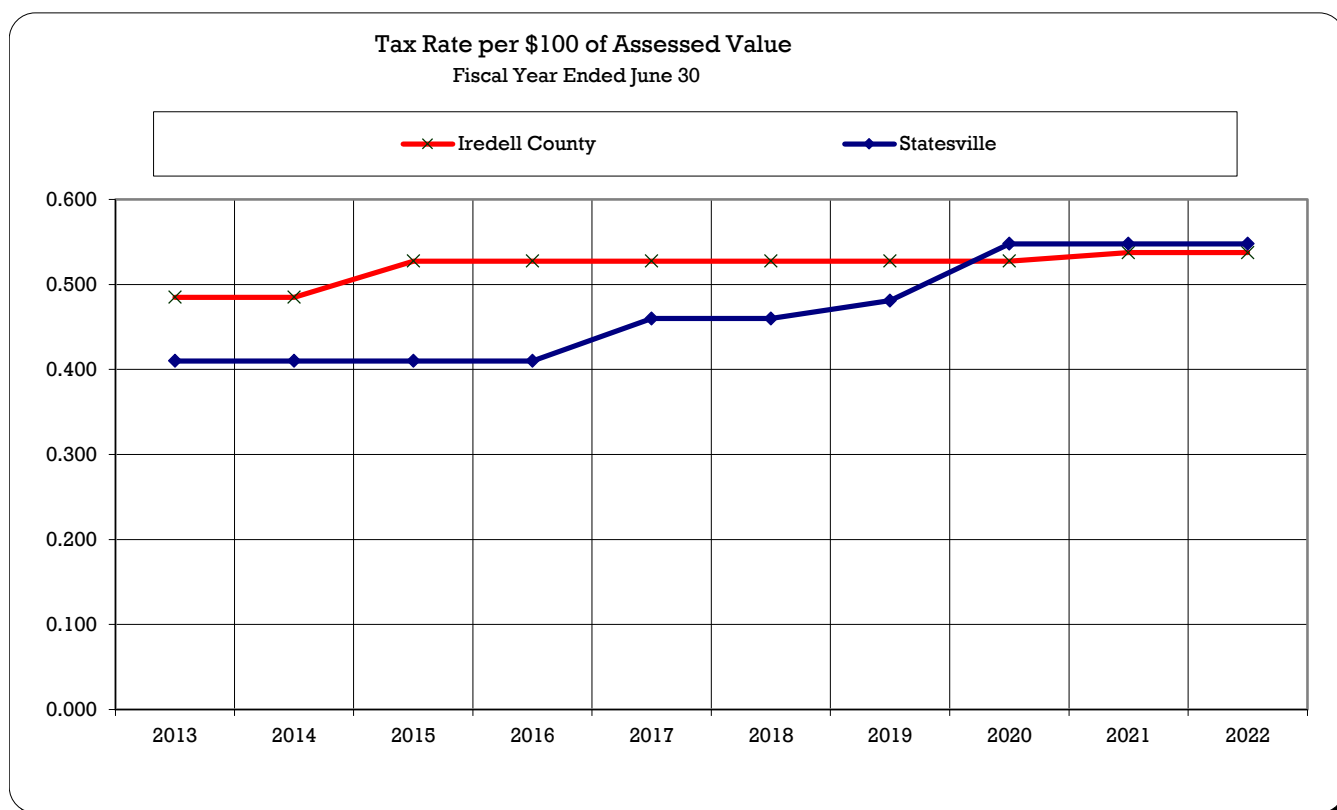


Table 14

**CITY OF STATESVILLE, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAXPAYERS - CITY WIDE**  
**June 30, 2022 and June 30, 2013**

In accordance with GASB No. 44, the following tables present information for the City's principal property taxpayers as of June 30, 2022 and June 30, 2013 for City wide only.

**June 30, 2022**

| Taxpayer                 | Type of Business                 | Percentage of<br>Total Assessed<br>Valuation | Assessed<br>Valuation | Tax Levy      |
|--------------------------|----------------------------------|----------------------------------------------|-----------------------|---------------|
| Denso Manufacturing      | Electric Equipment Mfg.          | 3.35%                                        | \$ 117,709,475        | \$ 644,813    |
| Lowe's                   | Home Improvement Retailer        | 1.75%                                        | 61,378,210            | 336,230       |
| Providencia USA Inc.     | Non-Woven Plastic Materials Mfg. | 1.43%                                        | 50,349,206            | 275,813       |
| Pratt Industries, Inc.   | Corrugated Container Mfg.        | 1.07%                                        | 37,554,600            | 205,724       |
| Statesville HMA Inc.     | Health Care Facility             | 1.02%                                        | 35,818,115            | 196,212       |
| Clark Equipment Company  | Construction Equipment           | 0.93%                                        | 32,613,119            | 178,655       |
| Cheney Bros Inc.         | Food Product Supplier            | 0.67%                                        | 23,579,472            | 129,168       |
| Briemor Holdings         | Property Management              | 0.65%                                        | 22,943,100            | 123,217       |
| Bartlett Milling Company | Feed Manufacturer                | 0.63%                                        | 22,209,773            | 121,665       |
| Kewaunee Scientific Corp | Laboratory Furniture Mfg.        | 0.55%                                        | 19,373,148            | 106,319       |
| Ten largest taxpayers    |                                  | 12.06%                                       | 423,528,218           | 2,317,816     |
| All other taxpayers      |                                  | 87.94%                                       | 3,087,454,336         | 16,286,548    |
| Total:                   |                                  | 100.00%                                      | \$ 3,510,982,554      | \$ 18,604,364 |

**June 30, 2013**

| Taxpayer                  | Type of Business                  | Percentage of<br>Total Assessed<br>Valuation | Assessed<br>Valuation | Tax Levy      |
|---------------------------|-----------------------------------|----------------------------------------------|-----------------------|---------------|
| Lowe's                    | Home Improvement Retailer         | 6.09%                                        | \$ 178,360,202        | \$ 731,277    |
| Providencia USA, Inc.     | Non-Woven Plastic Materials Mfg.  | 2.40%                                        | 70,315,647            | 288,294       |
| Asmo NC, Inc.             | Electric Motor Mfg.               | 1.90%                                        | 55,482,827            | 227,480       |
| Statesville HMA, Inc.     | Health Care Facility              | 1.10%                                        | 32,338,875            | 132,589       |
| GS Statesville Green Land | Real Estate                       | 0.93%                                        | 27,320,310            | 112,013       |
| Newell Rubbermaid         | Home & Office Products, Tool Mfg. | 0.76%                                        | 22,121,998            | 90,700        |
| Clark Equipment (Doosan)  | Construction Equipment            | 0.64%                                        | 18,811,728            | 77,128        |
| Centro NP Holdings        | Real Estate                       | 0.60%                                        | 17,630,860            | 72,287        |
| JC Penney                 | Distribution Center               | 0.57%                                        | 16,706,099            | 68,495        |
| Pratt (Jett Corr) Inc     | Corrugated Container Mfg.         | 0.54%                                        | 15,729,237            | 64,490        |
| Ten largest taxpayers     |                                   | 15.54%                                       | 454,817,783           | 1,864,753     |
| All other taxpayers       |                                   | 84.46%                                       | 2,472,104,772         | 10,157,386    |
| Total:                    |                                   | 100.00%                                      | \$ 2,926,922,555      | \$ 12,022,139 |

Table 15

**CITY OF STATESVILLE, NORTH CAROLINA**  
**PRINCIPAL ELECTRIC CUSTOMERS**  
*June 30, 2022 and June 30, 2013*

| <b>Electric Customer</b>      | <b>Type of Business</b>     | <b>Dollar Amount<br/>of Annual<br/>Electric<br/>Charges</b> | <b>Percentage<br/>of Total<br/>Electric Charges<br/>for Services</b> |
|-------------------------------|-----------------------------|-------------------------------------------------------------|----------------------------------------------------------------------|
| <b>June 30, 2022</b>          |                             |                                                             |                                                                      |
| Providencia USA               | Non-Woven Plastic Materials | \$ 2,454,067                                                | 5.5%                                                                 |
| Kewaunee Scientific           | Scientific Equipment        | 1,210,585                                                   | 2.7%                                                                 |
| Iredell Memorial Hospital     | Health Care Facility        | 1,075,428                                                   | 2.4%                                                                 |
| Toter                         | Row out Bins                | 724,748                                                     | 1.6%                                                                 |
| Accuma Corporation            | Plastics/Batteries          | 692,587                                                     | 1.6%                                                                 |
| Amesbury Truth                | Window/Door Manufacturer    | 668,094                                                     | 1.5%                                                                 |
| International Paper           | Fiber-based Packaging       | 469,061                                                     | 1.1%                                                                 |
| RPM Plastics LLC              | Plastic Manufacturing       | 451,827                                                     | 1.0%                                                                 |
| J C Steele & Sons             | Brick Making Machinery      | 446,530                                                     | 1.0%                                                                 |
| Plastiflex NC LLC             | Hose System Solutions       | 396,385                                                     | 0.9%                                                                 |
| Ten largest electric users    |                             | 8,589,312                                                   | 19.4%                                                                |
| All other electric users      |                             | 35,662,288                                                  | 80.6%                                                                |
| Total electric charges        |                             | <u>\$ 44,251,600</u>                                        | <u>100.0%</u>                                                        |
| <b>June 30, 2013</b>          |                             |                                                             |                                                                      |
| Providencia USA               | Non-Woven Plastic Materials | \$ 1,753,552                                                | 4.0%                                                                 |
| Commscope                     | Cable Manufacturer          | 1,678,426                                                   | 3.8%                                                                 |
| City of Statesville           | Municipal Corporation       | 1,631,688                                                   | 3.7%                                                                 |
| Kewaunee Scientific           | Scientific Corporation      | 1,098,158                                                   | 2.5%                                                                 |
| Iredell Memorial Hospital     | Health Care Facility        | 974,414                                                     | 2.2%                                                                 |
| International Paper           | Wood/Veneers                | 881,592                                                     | 2.0%                                                                 |
| Accuma Corporation            | Plastics/Batteries          | 773,464                                                     | 1.8%                                                                 |
| Statesville Housing Authority | Housing Authority           | 603,886                                                     | 1.4%                                                                 |
| Hunt Manufacturing            | Art Supply                  | 593,960                                                     | 1.4%                                                                 |
| J C Steele & Sons             | Manufacturer - Brick        | 587,490                                                     | 1.3%                                                                 |
| Ten largest electric users    |                             | 10,576,630                                                  | 24.1%                                                                |
| All other electric users      |                             | 33,350,542                                                  | 75.9%                                                                |
| Total electric charges        |                             | <u>\$ 43,927,172</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, 2022 and June 30, 2013*

| <b>Water Customer</b>               | <b>Type of Business</b> | <b>Dollar Amount<br/>of Annual<br/>Water Charges</b> | <b>Percentage<br/>of Total<br/>Water Charges<br/>for Services</b> |
|-------------------------------------|-------------------------|------------------------------------------------------|-------------------------------------------------------------------|
| <b>June 30, 2022</b>                |                         |                                                      |                                                                   |
| West Iredell Water Corp.            | Utility                 | \$ 80,092                                            | 1.4%                                                              |
| Iredell Memorial Hospital           | Health Care Facility    | 68,940                                               | 1.2%                                                              |
| Accordius Health at Statesville LLC | Assistance Living       | 56,689                                               | 1.0%                                                              |
| Ridgeview Apartments                | Real Estate             | 52,754                                               | 0.9%                                                              |
| Mocaro Industries/Finishing         | Knit Fabrics            | 51,438                                               | 0.9%                                                              |
| Kewaunee Scientific                 | Scientific Equipment    | 51,217                                               | 0.9%                                                              |
| Clark-Schwebel Fiber                | Textile Manufacturer    | 41,960                                               | 0.7%                                                              |
| Valspar Corp                        | Paints and Coatings     | 40,607                                               | 0.7%                                                              |
| Rental Uniform Svc. Inc.            | Apparel Rental          | 38,303                                               | 0.7%                                                              |
| Summer Pointe LLC                   | Real Estate             | 31,393                                               | 0.5%                                                              |
|                                     | Ten largest water users | 513,395                                              | 8.8%                                                              |
|                                     | All other water users   | 5,288,250                                            | 91.2%                                                             |
|                                     | Total water charges     | <u>\$ 5,801,645</u>                                  | <u>100.0%</u>                                                     |
| <b>June 30, 2013</b>                |                         |                                                      |                                                                   |
| Mocaro Industries/Finishing         | Knit Fabrics            | 96,074                                               | 2.6%                                                              |
| West Iredell Water Corp.            | Utility                 | 90,054                                               | 2.5%                                                              |
| Statesville Housing Authority       | Housing Authority       | 90,041                                               | 2.5%                                                              |
| City of Statesville                 | Municipal Corporation   | 60,367                                               | 1.6%                                                              |
| Iredell Memorial Hospital           | Health Care Facility    | 54,267                                               | 1.5%                                                              |
| Iredell Water Corporation           | Utility                 | 44,518                                               | 1.2%                                                              |
| Mariner Post Acute                  | Health Care Facility    | 38,542                                               | 1.1%                                                              |
| Clark-Schwebel Fiber                | Textile Manufacturer    | 36,487                                               | 1.0%                                                              |
| Rental Uniform Svc. Inc.            | Apparel Rental          | 28,589                                               | 0.8%                                                              |
| Kewaunee Scientific                 | Scientific Equipment    | 27,303                                               | 0.7%                                                              |
|                                     | Ten largest water users | 566,242                                              | 15.6%                                                             |
|                                     | All other water users   | 3,096,924                                            | 84.4%                                                             |
|                                     | Total water charges     | <u>\$ 3,663,166</u>                                  | <u>100.0%</u>                                                     |

Source: City of Statesville's utility billing records.

Table 17

**CITY OF STATESVILLE, NORTH CAROLINA**  
**PRINCIPAL SEWER CUSTOMERS**  
*June 30, 2022 and June 30, 2013*

| <b>Sewer Customer</b>               | <b>Type of Business</b> | <b>Dollar Amount<br/>of Annual<br/>Sewer Charges</b> | <b>Percentage<br/>of Total<br/>Sewer Charges<br/>for Services</b> |
|-------------------------------------|-------------------------|------------------------------------------------------|-------------------------------------------------------------------|
| <b>June 30, 2022</b>                |                         |                                                      |                                                                   |
| Town of Troutman                    | Utility                 | \$ 328,927                                           | 5.7%                                                              |
| Iredell Memorial Hospital           | Health Care Facility    | 107,060                                              | 1.8%                                                              |
| Accordius Health at Statesville LLC | Assistance Living       | 94,407                                               | 1.6%                                                              |
| Ridgeview Apartments                | Real Estate             | 87,840                                               | 1.5%                                                              |
| Kewaunee Scientific                 | Scientific Equipment    | 85,457                                               | 1.5%                                                              |
| Mocar Industries/Finishing          | Knit Fabrics            | 78,233                                               | 1.3%                                                              |
| Millard Refrigerated Services       | Warehousing             | 70,490                                               | 1.2%                                                              |
| Clark-Schwebel Fiber                | Fiberglass              | 70,008                                               | 1.2%                                                              |
| Rental Uniform                      | Apparel Rental          | 63,503                                               | 1.1%                                                              |
| Summer Pointe LLC                   | Real Estate             | 51,970                                               | 0.9%                                                              |
|                                     | Ten largest sewer users | 1,037,897                                            | 17.8%                                                             |
|                                     | All other sewer users   | 4,781,906                                            | 82.2%                                                             |
|                                     | Total sewer charges     | <u>\$ 5,819,803</u>                                  | <u>100.0%</u>                                                     |
| <b>June 30, 2013</b>                |                         |                                                      |                                                                   |
| Town of Troutman                    | Utility                 | \$ 283,307                                           | 5.0%                                                              |
| Mocar Industries/Finishing          | Knit Fabrics            | 262,219                                              | 4.6%                                                              |
| Statesville Housing Authority       | Housing Authority       | 145,767                                              | 2.6%                                                              |
| Iredell Memorial Hospital           | Health Care Facility    | 88,703                                               | 1.6%                                                              |
| Clark-Schwebel Fiber                | Fiberglass              | 66,299                                               | 1.2%                                                              |
| Mariner Post Acute                  | Health Care Facility    | 63,013                                               | 1.1%                                                              |
| Iredell-Statesville School Adm      | School System           | 56,256                                               | 1.0%                                                              |
| Rental Uniform                      | Apparel Rental          | 46,623                                               | 0.8%                                                              |
| Kewaunee Scientific                 | Scientific Equipment    | 44,662                                               | 0.8%                                                              |
| International Paper                 | Wood/Veneers            | 42,944                                               | 0.8%                                                              |
|                                     | Ten largest sewer users | 1,099,793                                            | 19.3%                                                             |
|                                     | All other sewer users   | 4,610,705                                            | 80.7%                                                             |
|                                     | Total sewer charges     | <u>\$ 5,710,498</u>                                  | <u>100.0%</u>                                                     |

Source: City of Statesville's utility billing records.

Table 18

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

| Fiscal Year<br>Ended<br>June 30, | Governmental Activities        |                  | Business-type Activities       |                  | Total<br>Primary<br>Government | Percent of<br>Personal<br>Income | <sup>2.</sup> Per<br>Capita |
|----------------------------------|--------------------------------|------------------|--------------------------------|------------------|--------------------------------|----------------------------------|-----------------------------|
|                                  | General<br>Obligation<br>Bonds | Notes<br>Payable | General<br>Obligation<br>Bonds | Notes<br>Payable |                                |                                  |                             |
| 2013                             | \$ -                           | \$ 7,622,900     | \$ 80,000                      | \$ 12,049,677    | \$ 19,752,577                  | <sup>(1)</sup> 0.12%             | <sup>(2)</sup> \$ 796.14    |
| 2014                             | -                              | 6,398,200        | -                              | 20,159,905       | 26,558,105                     | <sup>(1)</sup> 0.10%             | <sup>(2)</sup> 1,063.13     |
| 2015                             | -                              | 5,173,500        | -                              | 29,681,145       | 34,854,645                     | <sup>(1)</sup> 0.06%             | <sup>(2)</sup> 1,395.25     |
| 2016                             | -                              | 4,275,800        | -                              | 31,790,563       | 36,066,363                     | <sup>(1)</sup> 0.07%             | <sup>(2)</sup> 1,402.60     |
| 2017                             | -                              | 3,384,100        | -                              | 29,674,165       | 33,058,265                     | <sup>(1)</sup> 0.06%             | <sup>(2)</sup> 1,285.61     |
| 2018                             | -                              | 2,484,555        | -                              | 27,481,372       | 29,965,927                     | <sup>(1)</sup> 0.09%             | <sup>(2)</sup> 1,165.35     |
| 2019                             | -                              | 1,594,700        | -                              | 25,318,743       | 26,913,443                     | <sup>(1)</sup> 0.08%             | <sup>(2)</sup> 1,042.19     |
| 2020                             | -                              | 1,950,000        | -                              | 28,600,377       | 30,550,377                     | <sup>(1)</sup> 0.07%             | <sup>(2)</sup> 1,182.84     |
| 2021                             | -                              | 1,082,598        | -                              | 34,617,851       | 35,700,449                     | <sup>(1)</sup> 0.06%             | <sup>(2)</sup> 1,371.62     |
| 2022                             | -                              | 1,049,617        | -                              | 33,551,378       | 34,600,995                     | <sup>(1)</sup> 0.07%             | <sup>(2)</sup> 1,211.22     |

## Notes:

<sup>1.</sup> The U.S. Census Bureau, QuickFacts, Per Capita Income In Past 12 months (in 2020 dollars), 2016-2020 statistic, per capita income of: \$25,306.

<sup>2.</sup> 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. The 2021 estimate of 28,567 was the basis for allocating sales tax for fiscal year 2022.

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

| Fiscal Year<br>Ended<br>June 30, | Governmental<br>Activities     | Business-type<br>Activities    | Less: Amounts<br>Available in<br>Debt Service<br>Fund | Total<br>General<br>Obligation<br>Bonds | <sup>(1)</sup> Percent of<br>Assessed <sup>(2)</sup><br>Value | Per<br>Capita |
|----------------------------------|--------------------------------|--------------------------------|-------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------|---------------|
|                                  | General<br>Obligation<br>Bonds | General<br>Obligation<br>Bonds |                                                       |                                         |                                                               |               |
| 2013                             | \$ -                           | \$ -                           | \$ -                                                  | \$ -                                    | 0.00%                                                         | \$ -          |
| 2014                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |
| 2015                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |
| 2016                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |
| 2017                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |
| 2018                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |
| 2019                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |
| 2020                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |
| 2021                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |
| 2022                             | -                              | -                              | -                                                     | -                                       | 0.00%                                                         | -             |

## Notes:

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

<sup>1.</sup> See schedule of Assessed Value and Estimated Actual Value of Taxable Property Table 7.

<sup>2.</sup> The City is not obligated for any general obligation bonds or debt as of June 30, 2013.

Table 20

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

**For the Fiscal Years 2012-13 through 2021-22:**

|                                                                         | <u>2017-18</u>    | <u>2018-19</u>    | <u>2019-20</u>    | <u>2020-21</u>    | <u>2021-22</u>    |
|-------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Debt Limit                                                              | \$ 240,422        | \$ 247,817        | \$ 262,115        | \$ 271,696        | \$ 280,879        |
| Total net debt<br>applicable to limit                                   | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>24,512</u>     |
| Legal debt margin                                                       | <u>\$ 240,422</u> | <u>\$ 247,817</u> | <u>\$ 262,115</u> | <u>\$ 271,696</u> | <u>\$ 256,367</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 8.73%             |

**Legal Debt Margin Calculation for the current Fiscal Year:**

|                                                   |                   |
|---------------------------------------------------|-------------------|
| Total assessed value                              | \$ 3,510,983      |
| Debt limit - eight percent (8%) of assessed value | <u>280,879</u>    |
| Amount of debt applicable to debt limit:          |                   |
| Total bonded debt                                 | <u>24,512</u>     |
| Legal debt margin                                 | <u>\$ 256,367</u> |

|                                                                         | <u>2012-13</u>    | <u>2013-14</u>    | <u>2014-15</u>    | <u>2015-16</u>    | <u>2016-17</u>    |
|-------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Debt Limit                                                              | \$ 235,459        | \$ 232,800        | \$ 234,856        | \$ 232,915        | \$ 234,881        |
| Total net debt<br>applicable to limit                                   | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>          |
| Legal debt margin                                                       | <u>\$ 235,459</u> | <u>\$ 232,800</u> | <u>\$ 234,856</u> | <u>\$ 232,915</u> | <u>\$ 234,881</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2022**

| Jurisdiction             | Principal              | Allocated<br>Amount | Total                |
|--------------------------|------------------------|---------------------|----------------------|
| <b>Direct debt:</b>      |                        |                     |                      |
| City of Statesville      | (1) \$ 1,049,617       | 100%                | \$ 1,049,617         |
| <b>Overlapping debt:</b> |                        |                     |                      |
| Iredell County           | (1) <u>223,079,677</u> | 15%                 | <u>33,952,695</u>    |
|                          | <u>\$ 224,129,294</u>  |                     | <u>\$ 35,002,312</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 YEARS**

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| <u>Fiscal Year<br/>Ended June 30,</u> | <u>Population<br/>Estimate <sup>(1)</sup></u> | <u>Per Capita<br/>Personal Income <sup>(2)</sup></u> | <u>Unemployment<br/>Rate <sup>(3)</sup></u> | <u>Median<br/>Age <sup>(4)</sup></u> | <u>School<br/>Enrollment <sup>(5)</sup></u> |
|---------------------------------------|-----------------------------------------------|------------------------------------------------------|---------------------------------------------|--------------------------------------|---------------------------------------------|
| 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                                      |
| 2020                                  | 25,828                                        | 22,876                                               | 14.2%                                       | 40.00                                | 20,283                                      |
| 2021                                  | 26,028                                        | 23,813                                               | 4.7%                                        | 41.00                                | 20,019                                      |
| 2022                                  | 28,567                                        | 25,306                                               | 3.8%                                        | 40.80                                | 20,425                                      |

**Sources:**

<sup>1.</sup> 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. The 2021 estimate of 28,567 was the basis for allocating sales tax for fiscal year 2022.

<sup>2.</sup> 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. The U.S. Census Bureau, QuickFacts, Per Capita Income In Past 12 months (in 2020 dollars), 2016-2020 statistic, per capita income of: \$25,306.

<sup>3.</sup> From the North Carolina Department of Commerce, June 2022, Iredell County Profile.

<sup>4.</sup> From the North Carolina Department of Commerce, June 2022, Iredell County Profile.

<sup>5.</sup> 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.

Table 23

**CITY OF STATESVILLE, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**  
**June 30, 2022 and June 30, 2013**

| <b>June 30, 2022</b>                          |                  |             |                                                   |
|-----------------------------------------------|------------------|-------------|---------------------------------------------------|
| <u>Company or Organization</u> <sup>(1)</sup> | <u>Employees</u> | <u>Rank</u> | <u>Percent of<br/>Total County<br/>Employment</u> |
| Iredell-Statesville School District           | 2,526            | 1           | 2.83%                                             |
| Iredell Health System                         | 1,700            | 2           | 1.91%                                             |
| Iredell County                                | 1,203            | 3           | 1.35%                                             |
| Piedmont HealthCare                           | 1,115            | 4           | 1.25%                                             |
| Lowe's Companies, Inc.                        | 938              | 5           | 1.05%                                             |
| Doosan Portable Power (Doosan Bobcat)         | 595              | 6           | 0.67%                                             |
| Kewaunee Scientific Corp                      | 550              | 7           | 0.62%                                             |
| Nelson Global Products                        | 450              | 8           | 0.50%                                             |
| DENSO (DMNC, Denso Manufacturing North Car    | 429              | 9           | 0.48%                                             |
| City of Statesville                           | 425              | 10          | 0.48%                                             |
| All other                                     | <u>79,290</u>    |             | <u>88.87%</u>                                     |
| Total Employed                                | <u>89,221</u>    |             | <u>100.00%</u>                                    |
| <b>June 30, 2013</b>                          |                  |             |                                                   |
| <u>Company or Organization</u> <sup>(3)</sup> | <u>Employees</u> | <u>Rank</u> | <u>Percent of<br/>Total County<br/>Employment</u> |
| Iredell Statesville Schools                   | 2,720            | 1           | 3.59%                                             |
| Iredell Memorial Hospital                     | 1,626            | 2           | 2.15%                                             |
| Iredell County Government                     | 1,134            | 3           | 1.50%                                             |
| Lowe's Regional Distribution                  | 823              | 4           | 1.09%                                             |
| Piedmont Healthcare                           | 720              | 5           | 0.95%                                             |
| JC Penney Distribution                        | 620              | 6           | 0.82%                                             |
| Davis Regional Medical Center                 | 492              | 7           | 0.65%                                             |
| Kewaunee Scientific                           | 480              | 8           | 0.63%                                             |
| Doosan Infracore                              | 474              | 9           | 0.63%                                             |
| City of Statesville                           | 396              | 10          | 0.52%                                             |
| All other                                     | <u>66,210</u>    |             | <u>87.47%</u>                                     |
| Total Employed                                | <u>75,695</u>    |             | <u>100.00%</u>                                    |

**Sources:**

<sup>(1)</sup> Iredell County Economic Development Corporation.

<sup>(2)</sup> Total Iredell County employed from the North Carolina Department of Commerce as of March 2022.

<sup>(3)</sup> June 30, 2013 are estimates based on previous data.

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Table 24

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

|                                          | 2012-2013    | 2013-2014  | 2014-2015  | 2015-2016    | 2016-2017  |
|------------------------------------------|--------------|------------|------------|--------------|------------|
| <b>Function/Program</b>                  |              |            |            |              |            |
| <b>General Government Activities:</b>    |              |            |            |              |            |
| <b>General government:</b>               |              |            |            |              |            |
| Personnel                                |              |            |            |              |            |
| Number of new hires-full time            | 20           | 26         | 33         | 42           | 49         |
| Number of new hires-part-time            | 96           | 117        | 100        | 96           | 92         |
| Turnover rate                            | 9.60%        | 7.80%      | 10.86%     | 11.67%       | 11.20%     |
| <b>Public Safety:</b>                    |              |            |            |              |            |
| Police                                   |              |            |            |              |            |
| UCR Part 1 Violent Crime (2)             | N/A          | N/A        | N/A        | N/A          | N/A        |
| Vehicle Crashes Investigated             | 1,690        | 1,665      | 1,665      | 1,665        | 1,625      |
| Number of incoming calls                 | 93,590       | 89,679     | 94,603     | 73,836       | 77,595     |
| Fire                                     |              |            |            |              |            |
| Fire emergency responses                 | 1,890        | 2,197      | 4,015      | 3,634        | 4,015      |
| City-wide fire loss                      | \$ 1,462,225 | \$ 713,190 | \$ 412,525 | \$ 1,558,700 | \$ 435,640 |
| Number of fire inspections               | 777          | 987        | 985        | 1,099        | 1,037      |
| Investigations                           | 9            | 20         | 20         | 23           | 11         |
| <b>Transportation:</b>                   |              |            |            |              |            |
| Street Department                        |              |            |            |              |            |
| Miles of street resurfacing              | 4.11         | 4.10       | 3.71       | 4.00         | 4.74       |
| <b>Environmental protection:</b>         |              |            |            |              |            |
| Sanitation                               |              |            |            |              |            |
| Number of household collection points    | 9,546        | 9,342      | 9,700      | 9,700        | 10,011     |
| Cost per ton collected                   | \$ 60.00     | \$ 78.00   | \$ 84.00   | \$ 84.00     | \$ 84.00   |
| Cemeteries                               |              |            |            |              |            |
| Number of burials                        | 230          | 239        | 219        | 213          | 212        |
| <b>Recreation:</b>                       |              |            |            |              |            |
| Fitness Center Avg. Daily Attendance (3) | 262          | 288        | 260        | 204          | 190        |
| Leisure Pool Avg. Daily Attendance (4)   | 428          | 402        | 420        | 424          | 416        |

(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.

Table 24 (cont'd)

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

|                                          | 2017-2018  | 2018-2019    | 2019-2020    | 2020-2021    | 2021-2022  |
|------------------------------------------|------------|--------------|--------------|--------------|------------|
| <b>Function/Program</b>                  |            |              |              |              |            |
| <b>General Government Activities:</b>    |            |              |              |              |            |
| <b>General government:</b>               |            |              |              |              |            |
| Personnel                                |            |              |              |              |            |
| Number of new hires-full time            | 47         | 59           | 70           | 49           | 64         |
| Number of new hires-part-time            | 91         | 86           | 65           | 59           | 27         |
| Turnover rate                            | 8.58%      | 15.17%       | 13.16%       | 9.85%        | 17.70%     |
| <b>Public Safety:</b>                    |            |              |              |              |            |
| Police                                   |            |              |              |              |            |
| UCR Part 1 Violent Crime (2)             | 346        | 227          | 241          | 343          | 176        |
| Vehicle Crashes Investigated             | 1,625      | 1,866        | 1,686        | 1,708        | 2,057      |
| Number of incoming calls                 | 79,406     | 72,416       | 83,598       | 74,514       | 64,407     |
| Fire                                     |            |              |              |              |            |
| Fire emergency responses                 | 4,015      | 4,751        | 4,573        | 4,613        | 5,108      |
| City-wide fire loss                      | \$ 435,640 | \$ 2,971,873 | \$ 1,444,301 | \$ 6,053,180 | \$ 902,544 |
| Number of fire inspections               | 1,037      | 1,147        | 1,272        | 1,294        | 1,003      |
| Investigations                           | 11         | 126          | 107          | 133          | 133        |
| <b>Transportation:</b>                   |            |              |              |              |            |
| Street Department                        |            |              |              |              |            |
| Miles of street resurfacing              | 4.70       | 3.80         | 4.19         | 1.16         | 0          |
| <b>Environmental protection:</b>         |            |              |              |              |            |
| Sanitation                               |            |              |              |              |            |
| Number of household collection points    | 10,149     | 12,126       | 12,508       | 13,000       | 13,900     |
| Cost per ton collected                   | \$ 84.00   | \$ 84.00     | \$ 84.00     | \$ 84.00     | \$ 96.19   |
| Cemeteries                               |            |              |              |              |            |
| Number of burials                        | 212        | 195          | 201          | 242          | 222        |
| <b>Recreation:</b>                       |            |              |              |              |            |
| Fitness Center Avg. Daily Attendance (3) | 200        | 205          | 200          | 125          | 225        |
| Leisure Pool Avg. Daily Attendance (4)   | 433        | 416          | 269          | 184          | 300        |

(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.

Table 25

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

|                                                      | 2012-2013     | 2013-2014     | 2014-2015     | 2015-2016     | 2016-2017     |
|------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Function/Program</b>                              |               |               |               |               |               |
| <b>Business-type activities:</b>                     |               |               |               |               |               |
| <b>Airport:</b>                                      |               |               |               |               |               |
| Assessed Values created by the Airport               | \$251,174,453 | \$201,968,428 | \$162,252,962 | \$157,363,502 | \$127,027,000 |
| Lease Revenues                                       | \$180,256     | \$193,750     | \$215,682     | \$330,143     | \$238,871     |
| Fuel Fee Revenue                                     | \$123,898     | \$144,902     | \$156,727     | \$185,198     | \$173,519     |
| Gallons Pumped                                       | 1,421,769     | 1,394,458     | 1,378,316     | 1,603,941     | 1,586,000     |
| Passengers Flown (charter) Estimate                  | N/A           | N/A           | N/A           | N/A           | 16300         |
| Take-off and landings                                | N/A           | N/A           | N/A           | N/A           | 36000         |
| Based aircraft (29 jet powered)                      | N/A           | N/A           | N/A           | N/A           | 82            |
| <b>Electric:</b>                                     |               |               |               |               |               |
| <sup>(2)</sup> Kwh purchased                         | 469,944,924   | 479,643,199   | 466,069,742   | 465,250,083   | 466,013,226   |
| Purchased power cost                                 | \$38,639,838  | \$40,826,057  | \$41,571,134  | \$39,165,656  | \$39,120,860  |
| <sup>(2)</sup> Cost per kwh                          | 0.0822        | 0.0851        | 0.0892        | 0.0842        | 0.0839        |
| <sup>(2)</sup> Kwh sold                              | 453,300,014   | 461,546,534   | 449,547,013   | 444,241,616   | 449,410,533   |
| Electric Billed                                      | \$43,927,172  | \$45,919,158  | \$46,311,527  | \$45,569,103  | \$46,913,124  |
| <sup>(2)</sup> Sold per kwh                          | 0.0969        | 0.0995        | 0.1030        | 0.1026        | 0.1044        |
| Accounting/line kwh loss                             | 16,644,910    | 18,096,665    | 16,522,729    | 21,008,467    | 16,602,693    |
| Loss as a percent of billed kwh                      | 3.67%         | 3.92%         | 3.68%         | 4.73%         | 3.69%         |
| Average number of customers                          | 12,824        | 12,829        | 12,937        | 13,110        | 13,113        |
| <b>Water:</b>                                        |               |               |               |               |               |
| <sup>(3)</sup> Water MG average annually treated     | 1,172         | 1,141         | 1,153         | 1,139         | 1,191         |
| <sup>(4)</sup> Sold Water to Customers MG            | 950           | 903           | 942           | 949           | 957           |
| <sup>(4)</sup> Accounted for Water                   | N/A           | N/A           | N/A           | N/A           | N/A           |
| Accounting/line loss                                 | 222           | 238           | 211           | 190           | 234           |
| <sup>(4)</sup> Loss as a percent of billed water     | 18.97%        | 20.86%        | 18.30%        | 16.69%        | 19.65%        |
| <sup>(4)</sup> Average number of water customers     | 11,366        | 11,397        | 11,716        | 11,604        | 11,743        |
| Billed water customers                               | \$3,663,166   | \$3,626,264   | \$3,812,861   | \$4,062,313   | \$ 3,998,656  |
| <b>Sewer:</b>                                        |               |               |               |               |               |
| <sup>(3)</sup> 3rd Creek treated- average daily MGD  | 0.92          | 1.07          | 0.87          | 0.84          | 0.89          |
| <sup>(3)</sup> 4th Creek treated - average daily MGD | 2.21          | 2.48          | 2.03          | 2.20          | 2.39          |
| <sup>(4)</sup> Average number of sewer customers     | 10,376        | 10,399        | 10,399        | 10,638        | 10,780        |
| Billed sewer customers                               | \$5,710,498   | \$5,628,097   | \$5,911,549   | \$6,134,494   | \$ 6,429,454  |
| Billed Sewer units in MG                             | 963           | 959           | 958           | 959           | 980           |
| <b>Civic Center:</b>                                 |               |               |               |               |               |
| Paid Bookings                                        | 502           | 620           | 665           | 790           | 686           |

<sup>(1)</sup> Source: City billings and annual Public Utility Commission report.

<sup>(2)</sup> Kwh is kilowatts per hour.

<sup>(3)</sup> MGD is millions of gallons per day.

<sup>(4)</sup> MG is millions of gallons.

Table 25 (cont'd)

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

|                                                      | 2017-2018     | 2018-2019     | 2019-2020     | 2020-2021     | 2021-2022     |
|------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Function/Program</b>                              |               |               |               |               |               |
| <b>Business-type activities:</b>                     |               |               |               |               |               |
| <b>Airport:</b>                                      |               |               |               |               |               |
| Assessed Values created by the Airport               | \$126,205,187 | \$115,396,097 | \$115,396,097 | \$113,085,164 | \$114,432,826 |
| Lease Revenues                                       | \$261,481     | \$536,370     | \$523,960     | \$724,183     | \$618,500     |
| Fuel Fee Revenue                                     | \$266,335     | \$178,850     | \$1,410,097   | \$1,564,081   | \$137,887     |
| Gallons Pumped                                       | 1,758,294     | 1,585,640     | 1,804,332     | 356,886       | 1,246,875     |
| Passengers Flown (charter) Estimate                  | 19500         | 19,500        | 19,500        | 17,250        | 19,500        |
| Take-off and landings                                | 38000         | 39,500        | 39,500        | 37,140        | 32,872        |
| Based aircraft (29 jet powered)                      | 109           | 110           | 105           | 99            | 104           |
| <b>Electric:</b>                                     |               |               |               |               |               |
| <sup>(2)</sup> Kwh purchased                         | 482,057,405   | 490,361,788   | 488,679,803   | 488,198,477   | 466,432,463   |
| Purchased power cost                                 | \$38,633,348  | \$36,197,211  | \$35,422,643  | \$24,937,566  | \$34,288,359  |
| <sup>(2)</sup> Cost per kwh                          | 0.0801        | 0.0738        | 0.0725        | 0.0511        | 0.0735        |
| <sup>(2)</sup> Kwh sold                              | 463,614,719   | 460,404,866   | 466,672,071   | 469,781,101   | 445,693,235   |
| Electric Billed                                      | \$48,418,485  | \$46,537,224  | \$45,978,723  | \$45,948,838  | \$43,743,096  |
| <sup>(2)</sup> Sold per kwh                          | 0.1044        | 0.1011        | 0.0985        | 0.0978        | 0.0734        |
| Accounting/line kwh loss                             | 18,442,686    | 29,956,922    | 22,007,732    | 18,417,376    | 20,739,228    |
| Loss as a percent of billed kwh                      | 3.98%         | 6.51%         | 4.50%         | 3.92%         | 4.65%         |
| Average number of customers                          | 13,245        | 13,214        | 13,738        | 14,916        | 14,110        |
| <b>Water:</b>                                        |               |               |               |               |               |
| <sup>(3)</sup> Water MG average annually treated     | 1,123         | 1,082         | 1,143         | 1,312         | 1,342         |
| <sup>(4)</sup> Sold Water to Customers MG            | 925           | 971           | 974           | 1,051         | 1,007         |
| <sup>(4)</sup> Accounted for Water                   | N/A           | 9             | 13            | 149           | 146           |
| Accounting/line loss                                 | 198           | 102           | 156           | 160           | 189           |
| <sup>(4)</sup> Loss as a percent of billed water     | 17.63%        | 9.43%         | 16.00%        | 16.00%        | 18.77%        |
| <sup>(4)</sup> Average number of water customers     | 11,941        | 10,895        | 11,442        | 12,417        | 11,924        |
| Billed water customers                               | \$ 4,071,768  | \$ 4,425,692  | \$ 4,476,206  | \$3,358,801   | \$5,656,550   |
| <b>Sewer:</b>                                        |               |               |               |               |               |
| <sup>(3)</sup> 3rd Creek treated- average daily MGD  | 0.83          | 0.83          | 0.80          | 1.06          | 0.76          |
| <sup>(3)</sup> 4th Creek treated - average daily MGD | 2.36          | 3.58          | 3.60          | 3.62          | 3.19          |
| <sup>(4)</sup> Average number of sewer customers     | 10,972        | 10,895        | 11,446        | 11,398        | 11,864        |
| Billed sewer customers                               | \$ 6,428,001  | \$ 7,270,989  | \$ 6,904,086  | \$7,375,439   | \$9,002,138   |
| Billed Sewer units in MG                             | 963           | 977           | 10,254        | 986           | 1,009         |
| <b>Civic Center:</b>                                 |               |               |               |               |               |
| Paid Bookings                                        | 725           | 728           | 508           | 641           | 665           |

<sup>(1)</sup> Source: City billings and annual Public Utility Commission report.

<sup>(2)</sup> Kwh is kilowatts per hour.

<sup>(3)</sup> MGD is millions of gallons per day.

<sup>(4)</sup> MG is millions of gallons.

Table 26

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

|                                       | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Function/Program</b>               |           |           |           |           |           |
| <b>General Government Activities;</b> |           |           |           |           |           |
| <b>General government:</b>            |           |           |           |           |           |
| 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         |
| <b>Public Safety:</b>                 |           |           |           |           |           |
| Police                                |           |           |           |           |           |
| (4) Number of police stations         | 3         | 3         | 3         | 2         | 2         |
| Fire                                  |           |           |           |           |           |
| Number of fire stations               | 4         | 4         | 4         | 4         | 4         |
| <b>Transportation:</b>                |           |           |           |           |           |
| Street miles                          | 142.15    | 145.70    | 145.70    | 145.70    | 145.36    |
| Airport - acres                       | 429.4     | 429.4     | 429.4     | 429.4     | 415       |
| Airport - terminals                   | 1         | 1         | 1         | 1         | 1         |
| <b>Environmental protection:</b>      |           |           |           |           |           |
| Sanitation - packers                  |           |           |           |           |           |
| Cemeteries                            | 9         | 9         | 9         | 9         | 9         |
| (2) Number of cemeteries              | 2         | 2         | 2         | 2         | 2         |
| Cemeteries - acreage                  | 60        | 60        | 60        | 60        | 60        |
| <b>Recreation:</b>                    |           |           |           |           |           |
| Parks - acreage                       | 350       | 358       | 358       | 358       | 358       |
| Number of Parks                       | 20        | 20        | 20        | 20        | 20        |
| Greenways/trails-miles                | 6.00      | 12.91     | 12.91     | 12.91     | 12.91     |
| Soccer fields                         | 7         | 7         | 7         | 7         | 7         |
| Recreation Centers & Pool             | 4         | 4         | 4         | 4         | 4         |
| <b>Business-type activities:</b>      |           |           |           |           |           |
| <b>Electric:</b>                      |           |           |           |           |           |
| Miles of distribution lines           | 248.5     | 248.5     | 248.5     | 248.5     | 268       |
| Number of substations                 | 10        | 10        | 10        | 10        | 10        |
| <b>Water:</b>                         |           |           |           |           |           |
| Miles of distribution lines           | 270       | 279       | 279       | 279       | 276       |
| Water treatment plants                | 1         | 1         | 1         | 1         | 1         |
| (3) Water plant capacity-MGD          | 15        | 15        | 15        | 15        | 15        |
| <b>Sewer:</b>                         |           |           |           |           |           |
| Miles of collection lines             | 276       | 291       | 291       | 291       | 285       |
| Sewer treatment plants                | 2         | 2         | 2         | 2         | 2         |
| (3) 3rd Creek plant capacity-MGD      | 4         | 4         | 4         | 6         | 6         |
| (3) 4th Creek plant capacity-MGD      | 6         | 6         | 6         | 6         | 6         |
| <b>Civic Center:</b>                  |           |           |           |           |           |
| 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.

Table 26 (cont'd)

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

|                                       | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Function/Program</b>               |           |           |           |           |           |
| <b>General Government Activities;</b> |           |           |           |           |           |
| <b>General government:</b>            |           |           |           |           |           |
| 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         |
| <b>Public Safety:</b>                 |           |           |           |           |           |
| Police                                |           |           |           |           |           |
| (4) Number of police stations         | 2         | 2         | 2         | 2         | 2         |
| Fire                                  |           |           |           |           |           |
| Number of fire stations               | 4         | 4         | 4         | 4         | 4         |
| <b>Transportation:</b>                |           |           |           |           |           |
| Street miles                          | 145.24    | 146.12    | 146.12    | 145.70    | 146.44    |
| Airport - acres                       | 498       | 467       | 467       | 467       | 467       |
| Airport - terminals                   | 1         | 1         | 1         | 1         | 1         |
| <b>Environmental protection:</b>      |           |           |           |           |           |
| Sanitation - packers                  | 9         | 9         | 9         | 9         | 9         |
| Cemeteries                            |           |           |           |           |           |
| (2) Number of cemeteries              | 2         | 2         | 2         | 2         | 2         |
| Cemeteries - acreage                  | 60        | 60        | 60        | 60        | 60        |
| <b>Recreation:</b>                    |           |           |           |           |           |
| 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         |
| <b>Business-type activities:</b>      |           |           |           |           |           |
| <b>Electric:</b>                      |           |           |           |           |           |
| Miles of distribution lines           | 447.3     | 282       | 284.2     | 283.9     | 287.11    |
| Number of substations                 | 10        | 10        | 10        | 11        | 11        |
| <b>Water:</b>                         |           |           |           |           |           |
| Miles of distribution lines           | 266       | 275       | 275       | 279       | 284       |
| Water treatment plants                | 1         | 1         | 1         | 1         | 1         |
| (3) Water plant capacity-MGD          | 15        | 15        | 15        | 15        | 15        |
| <b>Sewer:</b>                         |           |           |           |           |           |
| Miles of collection lines             | 286       | 287       | 267       | 267       | 268       |
| Sewer treatment plants                | 2         | 2         | 2         | 2         | 2         |
| (3) 3rd Creek plant capacity-MGD      | 6         | 6         | 6         | 6         | 6         |
| (3) 4th Creek plant capacity-MGD      | 6         | 6         | 6         | 6         | 6         |
| <b>Civic Center:</b>                  |           |           |           |           |           |
| 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.

Table 27

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

| Function/Program                  | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-2022 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| <b>Governmental Activities:</b>   |         |         |         |         |         |         |         |         |         |           |
| General Government:               |         |         |         |         |         |         |         |         |         |           |
| Mayor and Council                 | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9         |
| City Manager                      | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 4       | 4       | 5         |
| City Clerk                        | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1         |
| Finance Administration            | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 5       | 6         |
| Customer Service                  | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 6       | 6         |
| Information Technology            | 8       | 8       | 10      | 10      | 11      | 13      | 13      | 13      | 14      | 13        |
| Purchasing                        | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3         |
| Human Resources                   | 3       | 3       | 3       | 3       | 3       | 3       | 4       | 4       | 4       | 4         |
| Planning                          | 8       | 8       | 8       | 8       | 7       | 7       | 8       | 7       | 8       | 10        |
| Public Works                      | 4       | 4       | 4       | 4       | 6       | 5       | 5       | 5       | 4       | 4         |
| Garage                            | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9       | 9         |
| Warehouse                         | -       | -       | -       | -       | -       | -       | -       | -       | -       | -         |
| Subtotal general government       | 59      | 59      | 61      | 61      | 63      | 64      | 66      | 66      | 67      | 70        |
| Public Safety                     |         |         |         |         |         |         |         |         |         |           |
| Police                            | 96      | 96      | 97      | 97      | 100     | 99      | 101     | 103     | 106     | 110       |
| Fire                              | 73      | 73      | 72      | 70      | 71      | 71      | 74      | 83      | 83      | 83        |
| Subtotal Public Safety            | 169     | 169     | 169     | 167     | 171     | 170     | 175     | 186     | 189     | 193       |
| Transportation                    |         |         |         |         |         |         |         |         |         |           |
| Street Department                 | 17      | 17      | 17      | 17      | 16      | 16      | 16      | 16      | 16      | 16        |
| Airport                           | 1       | 1       | 1       | -       | -       | -       | -       | -       | -       | -         |
| Subtotal Transportation           | 18      | 18      | 18      | 17      | 16      | 16      | 16      | 16      | 16      | 16        |
| Environmental protection          |         |         |         |         |         |         |         |         |         |           |
| Sanitation                        | 28      | 28      | 26      | 26      | 24      | 22      | 20      | 22      | 22      | 24        |
| Subtotal environmental protection | 28      | 28      | 26      | 26      | 24      | 22      | 20      | 22      | 22      | 24        |
| Recreation                        |         |         |         |         |         |         |         |         |         |           |
| Recreation Administration         | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3         |
| Athletics                         | 1       | 1       | 1       | 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                             | 12      | 12      | 12      | 12      | 14      | 15      | 15      | 15      | 15      | 15        |
| Urban Forestry                    | -       | -       | -       | -       | -       | -       | -       | -       | -       | -         |
| Public Grounds/Cemeteries         | 5       | 5       | 5       | 5       | 6       | 6       | 6       | 6       | 6       | 7         |
| Subtotal Recreation               | 28      | 28      | 28      | 28      | 31      | 32      | 32      | 32      | 32      | 33        |
| Total Governmental                | 302     | 302     | 302     | 299     | 305     | 304     | 309     | 322     | 326     | 336       |
| <b>Business-type activities</b>   |         |         |         |         |         |         |         |         |         |           |
| Airport Operating                 | -       | -       | -       | 2       | 2       | 2       | 2       | 5       | 5       | 6         |
| Electric                          | 31      | 31      | 32      | 33      | 34      | 33      | 33      | 33      | 33      | 41        |
| Sewer Maintenance                 | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6         |
| Water Maintenance                 | 15      | 15      | 15      | 15      | 15      | 15      | 15      | 15      | 16      | 16        |
| Water Plant                       | 12      | 12      | 12      | 12      | 12      | 12      | 12      | 12      | 12      | 11        |
| Third Creek WWTP                  | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7       | 7         |
| Sewer Treatment Plants            | 15      | 15      | 15      | 15      | 15      | 15      | 14      | 14      | 14      | 15        |
| Stormwater                        | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | 5       | 5       | 7         |
| Civic Center                      | 7       | 7       | 7       | 7       | 7       | 7       | 8       | 8       | 8       | 8         |
| Subtotal Business-type            | 94      | 94      | 94      | 97      | 98      | 97      | 97      | 105     | 106     | 117       |
| Total primary government          | 396     | 396     | 396     | 396     | 403     | 401     | 406     | 427     | 432     | 453       |

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, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, (*Government Auditing Standards*) the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Statesville, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 27, 2023. 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*, and accordingly, this report does not include reporting on internal control over financial reporting or instances or reportable non-compliance associated with the City of Statesville ABC Board or the Statesville Convention and Visitors Bureau.

### **Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 or significant deficiencies may exist that were not identified.

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

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

### **Purpose of this Report**

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 27, 2023

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

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

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

### **Independent Auditor's Report**

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

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

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

We have audited the City of Statesville, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. The City of Statesville's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Statesville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Report on Internal Control over Compliance***

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

compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 27, 2023

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

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

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

### **Independent Auditor's Report**

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

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

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

We have audited the City of Statesville, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Statesville's major state programs for the year ended June 30, 2022. 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.

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, 2022.

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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
January 27, 2023

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# CITY OF STATESVILLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

### 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

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

| <u>Federal Program Name</u>                                                                                  | <u>AL#</u> |
|--------------------------------------------------------------------------------------------------------------|------------|
| Airport Improvement Program, COVID-19 Airports Programs, And Infrastructure Investment and Jobs Act Programs | 20.106     |
| Coronavirus State and Local Fiscal Recovery Funds                                                            | 21.027     |
| Community Development Block Grants/State Program & Non-Entitlement Grants in Hawaii                          | 14.228     |

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

Auditee qualified as low-risk auditee? Yes

## **CITY OF STATESVILLE, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022**

#### **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:

#### **State Program Name**

State Aid to Airports

## **CITY OF STATESVILLE, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022**

**2. Financial Statement Findings**

None reported

**3. Federal Award Findings and Questioned Costs**

None reported

**4. 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, 2022**

None noted

**CITY OF STATESVILLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2022**

| Grantor/Pass-Through Grantor/Program Title                                                                   | Federal<br>AL<br>Number | Grant/WBS Number   | Federal<br>Direct<br>Pass-Through<br>Expenditures | State<br>Expenditures | Passed-through<br>to<br>Expenditures |
|--------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|---------------------------------------------------|-----------------------|--------------------------------------|
| <b>Federal Grants:</b>                                                                                       |                         |                    |                                                   |                       |                                      |
| <b><u>U.S. Department of Transportation</u></b>                                                              |                         |                    |                                                   |                       |                                      |
| Federal Highway Administration:                                                                              |                         |                    |                                                   |                       |                                      |
| Passed through N.C. Department of Transportation:                                                            |                         |                    |                                                   |                       |                                      |
| Highway Planning, Research & Construction Cluster:                                                           |                         |                    |                                                   |                       |                                      |
| Highway Planning and Construction                                                                            | 20.205                  | STBGDA-1003(155)   | \$ 101,873                                        | \$ -                  | \$ -                                 |
| Total Highway Planning, Research & Construction Cluster                                                      |                         |                    | 101,873                                           | -                     | -                                    |
| Federal Aviation Administration:                                                                             |                         |                    |                                                   |                       |                                      |
| Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs | 20.106                  | 36244.59.10.1      | 20,673                                            |                       |                                      |
| Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs | 20.106                  | 36237.46.17.2      | 205,000                                           | -                     | -                                    |
| Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs | 20.106                  | 36237.46.19.1      | 180,762                                           | -                     | -                                    |
| Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs | 20.106                  | 36237.46.19.2      | 86,324                                            | -                     | -                                    |
| Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs | 20.106                  | 36237.46.18.1      | 4,067,736                                         | -                     | -                                    |
|                                                                                                              |                         |                    | 4,560,495                                         | -                     | -                                    |
| Total U.S. Department of Transportation                                                                      |                         |                    | 4,662,368                                         | -                     | -                                    |
| <b><u>U.S. Department of the Treasury</u></b>                                                                |                         |                    |                                                   |                       |                                      |
| Coronavirus State and Local Fiscal Recovery Funds                                                            | 21.027                  |                    | 1,080,576                                         | -                     | -                                    |
| Total U.S. Department of the Treasury                                                                        |                         |                    | 1,080,576                                         | -                     | -                                    |
| <b><u>U.S. Department of Justice</u></b>                                                                     |                         |                    |                                                   |                       |                                      |
| Office of Community Oriented Policing Services:                                                              |                         |                    |                                                   |                       |                                      |
| Public Safety Partnership & Community Policing Grant                                                         | 16.710                  | AL-21-02-13        | 22,038                                            | -                     | -                                    |
| Public Safety Partnership & Community Policing Grant                                                         | 16.710                  | AL-22-02-08        | 56,693                                            | -                     | -                                    |
|                                                                                                              |                         |                    | 78,731                                            | -                     | -                                    |
| Office of Justice Programs:                                                                                  |                         |                    |                                                   |                       |                                      |
| Bulletproof Vest Partnership Program -2020                                                                   | 16.607                  | 2020               | 5,933                                             | -                     | -                                    |
| Bulletproof Vest Partnership Program -2021                                                                   | 16.607                  | 2021               | 864                                               | -                     | -                                    |
| Passed through the N.C. Department of Public Safety:                                                         |                         |                    |                                                   |                       |                                      |
| Edward Byrne Memorial Justice Assistance Grant Program                                                       | 16.738                  | 2018-GP-BX-0042    | 15,135                                            | -                     | -                                    |
| Edward Byrne Memorial Justice Assistance Grant Program                                                       | 16.738                  | 15PBJA-GG-00278    | 11,399                                            | -                     | -                                    |
|                                                                                                              |                         |                    | 26,534                                            | -                     | -                                    |
| Office of Violence Against Woman:                                                                            |                         |                    |                                                   |                       |                                      |
| Passed through the N.C. Department of Public Safety:                                                         |                         |                    |                                                   |                       |                                      |
| Violence Against Women Formula Grants -GCC DV-INV                                                            | 16.588                  | 15JOVW-21-GG-00533 | 64,586                                            | -                     | -                                    |
| Violence Against Women Formula Grants                                                                        | 16.588                  | 2020-WF-AX-0013    | 29,074                                            | -                     | -                                    |
|                                                                                                              |                         |                    | 93,660                                            | -                     | -                                    |
| Total U.S. Department of Justice                                                                             |                         |                    | 205,722                                           | -                     | -                                    |
| <b><u>U.S. Department of Homeland Security</u></b>                                                           |                         |                    |                                                   |                       |                                      |
| Federal Emergency Management Agency:                                                                         |                         |                    |                                                   |                       |                                      |
| Staffing for Adequate Fire and Emergency Response (SAFER)                                                    | 97.083                  | EMW-2017-FH-00300  | 48,118                                            | -                     | -                                    |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Third Creek Embankment Repair      | 97.036                  | 4588-DR            | 84,460                                            | -                     | -                                    |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Marjorie Road Lift Station Repair  | 97.036                  | 48-0               | 25,000                                            | -                     | -                                    |
| Total U.S. Department of Homeland Security                                                                   |                         |                    | 157,578                                           | -                     | -                                    |
| <b><u>U.S. Department of Housing and Urban Development</u></b>                                               |                         |                    |                                                   |                       |                                      |
| Passed through NC Department of Commerce:                                                                    |                         |                    |                                                   |                       |                                      |
| Community Development Block Grants/State Program & Non-Entitlement Grants in Hawaii                          | 14.228                  | 20-E-3625          | 643,001                                           | -                     | -                                    |
| Total U.S. Department of Housing and Urban Development                                                       |                         |                    | 643,001                                           | -                     | -                                    |

**CITY OF STATESVILLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2022**

| Grantor/Pass-Through Grantor/Program Title                       | Federal<br>AL<br>Number | Grant/WBS Number | Federal<br>Direct<br>Pass-Through<br>Expenditures | State<br>Expenditures | Passed-through<br>to<br>Expenditures |
|------------------------------------------------------------------|-------------------------|------------------|---------------------------------------------------|-----------------------|--------------------------------------|
| <b>State Grants:</b>                                             |                         |                  |                                                   |                       |                                      |
| <b><u>N.C. Department of Transportation</u></b>                  |                         |                  |                                                   |                       |                                      |
| Division of Aviation:                                            |                         |                  |                                                   |                       |                                      |
| State Aid to Airports                                            | DOT-8                   | 36244.59.7.1     | -                                                 | 37,600                | -                                    |
| State Aid to Airports                                            | DOT-8                   | 36244.59.8.2     | -                                                 | 1,116,301             | -                                    |
| State Aid to Airports                                            | DOT-8                   | 36244.59.8.3     | -                                                 | 3,267,737             | -                                    |
| State Aid to Airports                                            | DOT-8                   | 36244.59.9.1     | -                                                 | 209,067               | -                                    |
| State Aid to Airports                                            | DOT-8                   | 36244.59.10.3    | -                                                 | 71,373                | -                                    |
| Division of Highways:                                            |                         |                  |                                                   |                       |                                      |
| State Transportation Improvement Program                         |                         | TIP-U-6153       | -                                                 | 48,329                | -                                    |
| I77 Jane Sowers Interchange                                      |                         |                  | -                                                 | 42,124                | -                                    |
| Powell Bill                                                      | DOT-4                   | 32570            | -                                                 | 358,679               | -                                    |
| Total N.C. Department of Transportation                          |                         |                  | -                                                 | 5,151,210             | -                                    |
| <b><u>N. C. Department of Natural and Cultural Resources</u></b> |                         |                  |                                                   |                       |                                      |
| Division of Land and Water Stewardship                           |                         |                  |                                                   |                       |                                      |
| NC Land and Water Fund - Free Nancy Branch Repairs               |                         | 2021-812         | -                                                 | 6,000                 | -                                    |
| Total N.C. Department of Natural and Cultural Resources          |                         |                  | -                                                 | 6,000                 | -                                    |
| <b><u>N. C. Department of Environmental Quality</u></b>          |                         |                  |                                                   |                       |                                      |
| Division of Water Infrastructure                                 |                         |                  |                                                   |                       |                                      |
| Water Line Replacement Project                                   |                         | SRP-D-ARP-0049   | -                                                 | 110,598               | -                                    |
| Total N.C. Department of Environmental Quality                   |                         |                  | -                                                 | 110,598               | -                                    |
| Total Federal Grants                                             |                         |                  | <u>\$ 6,749,245</u>                               |                       |                                      |
| Total State Grants                                               |                         |                  |                                                   | <u>\$ 5,267,808</u>   | <u>\$ -</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, 2022. 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.

**Note 3: Indirect Cost Rate**

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