



2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended
June 30, 2020



City of Fayetteville, North Carolina

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Prepared by the City of Fayetteville Finance Department

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With Special Thanks

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City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

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Introductory Section

- Letter of Transmittal
- GFOA Certificate of Achievement
- List of Principal Officials
- Organization Chart



City of Fayetteville, North Carolina

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January 22, 2021

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

Dear Mayor, Members of the City Council, and Residents:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Fayetteville, North Carolina for the fiscal year ended June 30, 2020. State law requires that every local government publish a complete set of audited financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. This report complies with these requirements.

The CAFR consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect City assets and to compile information for the preparation of the City's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore, the internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

RSM US LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Fayetteville's financial statements for the fiscal year ended June 30, 2020. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City is the county seat of Cumberland County and covers an area of approximately 150 square miles. The City is situated approximately 60 miles south of Raleigh, the State capital, and 140 miles east of Charlotte, a significant commercial center in the State. The

City is located adjacent to Interstate Highway 95, a major north-south corridor that links the City to Washington, D.C., Baltimore and New York to the north, and to Charleston, Orlando and Miami to the south. State highways also link the City to the beaches along the southeast coast of the State and to the mountains in the west.

Fayetteville has been recognized three times as an “All-America City” by the National Civic League and is known as a community of “History, Heroes and a Hometown Feeling”. In 1762, the town of Campbellton, located on the Cape Fear River, was chartered by the colonial assembly. In 1778, Campbellton united with the neighboring town of Cross Creek to become Upper and Lower Campbellton. In 1783, the North Carolina General Assembly approved the town’s official renaming to Fayetteville in honor of Marquis de Lafayette, the French nobleman who served as a Major General in the Continental Army during the Revolutionary War.

Fort Bragg, located approximately ten miles from the City’s downtown area, is one of the largest and most advanced military complexes in the world, covering nearly 163,000 acres. Fort Bragg has traditionally been known as the home of the Army’s XVIII Airborne Corps and the 82nd Airborne Division, as well as the U.S. Army Special Operations Command and 3rd Special Forces Group. In 2011, Fort Bragg became the headquarters for the Army’s combat-ready conventional forces and Army Reserve following the move of U.S. Army Forces Command and U.S. Army Reserve Command to the base. Fort Bragg also encompasses Pope Army Air Field, which provides fixed wing aviation assets, and Simmons Army Airfield, which provides rotary wing aviation assets required to support Fort Bragg’s missions.

The City is the sixth largest municipality in North Carolina based on population. According to the North Carolina Office of State Budget and Management, the City’s population has grown from approximately 75,850 in 1990 to approximately 208,878 in 2019. Encompassing approximately 150 square miles, the City is the second largest by land mass in North Carolina.

The City serves as the cultural and arts center for the region east of Fort Bragg. The City’s cultural and arts venues include the Cape Fear Regional Theatre, Cape Fear Botanical Gardens, Festival Park, as well as seven museums including the Museum of the Cape Fear Historical Complex and the Airborne and Special Operations Museum.

In April 2019 the City completed construction and opened a new 4,800-seat baseball stadium in the downtown area. The stadium serves as the home of a minor league franchise affiliated with the Houston Astros. The stadium has facilitated more than \$100 million in public and private investment toward downtown development in the City.

The City has a council-manager form of municipal government. Nine members of the City Council are elected from districts and the Mayor is elected at large. Each of the Council Members and the Mayor serve concurrent two-year terms. The City Council has policy making and legislative authority. The Council is responsible for the approval of the budget and appointment of the City Manager, City Attorney, Public Works Commission (PWC) and members of other City boards, committees and commissions. The City Manager is responsible for implementing Council policies and City ordinances, managing daily operations and appointing department directors.

The City provides its citizens with a full range of services, including police and fire protection, solid waste and recycling services, the construction and maintenance of streets, curbs, gutters, sidewalks, stormwater drainage systems and other infrastructure, recreation and cultural activities, fixed-route and demand-response transit service and airport service.

The Council is required to adopt a budget by July 1st of each year. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City's budget ordinance creates a legal limit on spending authorizations, and serves as the foundation for Fayetteville's financial planning and control. The annual budget is authorized at the portfolio level in the General Fund, and at the fund level for the Storm Water Management Fund and all other funds.

COMMERCE AND INDUSTRY

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 operates.

The City serves as the trade, service, health care, learning and transportation center of the Fayetteville Metropolitan Statistical Area.

The economy of Fayetteville is greatly stabilized by the presence of Fort Bragg Army Base. Approximately 57,000 military personnel, 11,000 civilian employees and 23,000 family members are located at Fort Bragg. The military's impact on the local economy varies depending on the number of deployed military personnel, capital projects and appropriation levels. Commercial contracts awarded to local businesses for equipment, material and supplies also influence the local economy. Fort Bragg is a significant source of construction spending in the region.

In addition to Fort Bragg and the City, substantial employment is also offered in the government sector through Cumberland County Schools, Fayetteville State University, Fayetteville Technical Community College, County of Cumberland and the Veterans Administration. Other major employers in the area include Cape Fear Valley Health Systems, Goodyear Tire & Rubber Inc., Walmart stores, retail outlets and Food Lion.

The City is a major regional trade center in the eastern part of the State, with a significant number and variety of shopping plazas, centers and independent retailers being located throughout the City. Evidence of the strong retail sector is reflected by one of the largest shopping areas in the Carolinas, a two square mile area located within the City where shoppers can visit Cross Creek Mall, a more than one million square foot regional shopping mall, five shopping centers, a variety of department stores and specialty, antique and gift shops.

The City's retail sector includes Freedom Town Center, a 450,000-square-foot shopping center including retailers such as Dick's Sporting Goods, Field and Stream, Hobby Lobby and a number of clothing outlets and restaurants.

During the past five years, Fayetteville's annual unemployment rates at fiscal year ended June 30 have steadily improved from a high of 6.8% in 2016 to a low of 5.7% in 2019 before increasing to 10.0% in 2020 due to the national COVID-19 pandemic. Historical

unemployment rates for Fayetteville, North Carolina and the United States are provided in the following table.

UNEMPLOYMENT RATES*			
Fiscal Year	Fayetteville	North Carolina	United States
2020	10.0	7.9	11.2
2019	5.7	4.1	3.7
2018	5.9	3.8	3.7
2017	6.2	4.6	4.4
2016	6.8	5.1	4.9

* NC Department of Commerce, Labor and Economic Analysis Division

Median household income in Cumberland County in 2018 was \$45,716, as compared to nation-wide at \$60,293 and state-wide at \$52,413 for the same period. Growth in compensation for military workers has helped to fuel local per capita income growth over the past decade.

The economy of Cumberland County employs 120,519 people. The largest industries in Cumberland County are health care, retail trade, and public administration and the highest paying industries are utilities, public administration and professional, scientific and services. Fayetteville and Cumberland County is a business community that shows hospitality to new residents and businesses. The manufacturing sector in Cumberland County is expanding as innovative grilling manufacturer Dansons is currently hiring for 118 full-time jobs. Cambridge-Lee Industries LLC, one of the world's largest manufacturers and distributors of copper tubing has openings for assemblers, Nitta Gelatin is hiring maintenance mechanics and Chemours is hiring for electrical and instrumentation engineers, process engineers and mechanical engineers. Shop and electrical technicians are needed for vehicle manufacturer E-N-G and sustainable material manufacturer Clear Path Recycling, LLC.

Fayetteville and Cumberland County has a well-educated workforce with skills to handle the technological advances and business complexity of new and expanding businesses. This highly educated, trained and motivated workforce has potential employers taking notice as they look to start, expand or invest in business operations or new facilities.

During fiscal year 2020, the City issued building permits for 229 new single-family residential units valued at \$51.4 million and 77 new commercial building permits valued at \$70.5 million. For fiscal year 2019, the City issued 223 new single-family residential units valued at \$51.5 million and 53 new commercial building permits valued at \$62.9 million.

Taxable sales in Cumberland County for fiscal year 2020 totaled approximately \$4.3 billion, which represents a 2.75% increase over fiscal year 2019. Historical sales for Cumberland County are provided in the following table.

TAXABLE SALES*		
Fiscal Year	Cumberland County	Change
2020	4,330,602,890	2.75%
2019	4,318,734,008	6.65%
2018	4,049,332,515	0.22%
2017	4,040,268,838	5.0%
2016	3,848,839,911	4.2%

* NC Department of Revenue, Sales and Use Tax Division

The original proposed general fund budget for fiscal year 2020 was \$228,814,977, excluding internal service funds, is \$13,445,607 more than the original budget for fiscal year 2019, an increase of 6.2%. The fiscal year 2020 budget anticipated total real property taxes to grow by 1.6% over the values projected for the adopted fiscal year 2019 budget. These projections reflected a 0.7% increase in real property values than was anticipated when budgeting for fiscal year 2019. Fayetteville's strong strategic planning process and conservative fiscal management continue to allow the City to maintain a high priority on both the delivery of quality services and financial stability.

LONG-TERM FINANCIAL PLANNING and MAJOR INITIATIVES

The City's long-term vision is evident in Fayetteville's strong commitment to neighborhoods, enhancing the local economy, maintaining a vibrant downtown and major corridors, increasing leisure opportunities for its citizens, its diverse culture, rich heritage, and partnership with engaged citizens that have confidence in their local government.

The City Council has committed to key goals and an action agenda consistent with Fayetteville's vision. These goals and targets for action are discussed in the City's strategic plan on the City's website at www.cityoffayetteville.org.

The fund balance policy adopted by City Council establishes a minimum General Fund unassigned fund balance of at least 10 percent of the succeeding year's General Fund expenditure budget, excluding the budget for the County recreation program. The purpose of this policy is to maintain sufficient resources in the General Fund to cover unexpected expenditures and revenue shortfalls. In addition, the City's practice has been to appropriate unassigned fund balance for one-time expenditures or significant capital needs.

Annually, the City adopts a five-year Capital Improvement Plan for functions such as public safety, parks, transportation, stormwater system, airport and transit. The City also prepares a five-year financial forecast for its General Fund. The purpose of the forecast is to enhance the City's financial planning process. The forecast incorporates the Council-adopted strategic plan, five-year capital improvement plan, capital funding plan and adopted budget.

In fiscal year 2020 the City dedicated an amount equivalent to 5.43 cents of the 49.95 cent ad valorem tax rate for the capital funding plan. In addition, 1.42 cents was dedicated to fund parks and recreation projects and bond debt service. Also, certain revenues are

specifically earmarked for the repayment of principal and interest on installment financing agreements for facilities and equipment, general obligation debt and future cash funding of major capital improvements.

During fiscal year 2020 the City accomplished or continued work on significant capital projects, financial and economic development goals including the following:

- \$3.9 million in resurfacing streets, construction of sidewalks, bridge repairs and replacements and other traffic system improvements.
- \$4.2 million was spent for terminal improvements at the City of Fayetteville airport funded by federal grants, state grants and other revenue sources.
- \$1.7 million was spent in fiscal year 2020 to complete and open the Lake Rim Pool.
- \$1.5 million of Parks and Recreation bond funds were used to construct and renovate parks and recreation facilities. Projects included splash pads, senior centers, a sports field, a soccer complex and renovations and improvements to existing recreational facilities.
- \$3.8 million in various stormwater drainage system improvement projects throughout the City.

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 Fayetteville, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current 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 Government Finance Officers Association of the United States and Canada (GFOA) also presented an award of Distinguished Budget Presentation to the City of Fayetteville for its annual budget for fiscal year 2020 which began July 1, 2019. The fiscal year 2021 budget has been submitted to GFOA to determine its eligibility for another certificate. In order to receive this award, a governmental unit must publish a budget document that meets specific program criteria as a policy document, an operations guide, a financial plan, and a communications device.

In 2018, Governing, the nation's leading media platform covering politics, policy and management for state and local government leaders, recognized the City of Fayetteville as the most innovative city in the country. The City was among the top six cities in all but one of the report's seven criteria. The City's use of data and analytics to guide City management and long-term planning along with the City's TRACStat system were key factors in the selection.

In 2020, Policom Corporation ranked the Fayetteville Metropolitan Statistical Area as having the 252nd strongest economy of the 384 Metropolitan Statistical Areas nationwide. Policom addresses the condition of an economy from the viewpoint of its impact upon the “standard of living” of the people who live and work in an area.

The City of Fayetteville was among 22 North Carolina governments to earn recognition in the North Carolina City & County Communicators’ 2020 Excellence in Communications Awards. The City of Fayetteville won a first place award for crisis communication. The City of Fayetteville also won two second place awards for multi-platform campaign and for digital technology.

The City also received the 2020 Certificate of Excellence in Performance Management awarded by the International City/County Management Association (ICMA). ICMA awards certificates each year to recognize programs that instill a culture of performance management, pursue comparative analysis and data-informed decision-making, and promote transparency. The certificates are awarded on the basis of criteria that include data collection and verification, training and support, public reporting, accountability and process improvement, networking, and leadership.

Credit for this report is given to the Mayor and members of the City Council for their unfailing support of the highest standards of professionalism in the management of Fayetteville’s finances. The report is the work of dedicated Finance Department staff. We wish to express our appreciation to members of the department, as well as the entire City staff for their cooperation and assistance.

Respectfully submitted,



Douglas J. Hewett, ICMA-CM
City Manager



Jay Toland
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fayetteville
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Fayetteville, North Carolina

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City Council Members



Tisha Waddell, District 3

Yvonne Kinston, District 9

D.J. Haire, District 4

Shakeyla Ingram, District 2

Kathy Jensen, Mayor Pro Tem, District 1

Mitch Colvin, Mayor (Center)

Larry Wright, District 7

Courtney Banks-McLaughlin, District 8

Johnny Dawkins, District 5

Christopher Davis, District 6

City Administrative, Legal, and Financial Staff

Doug Hewett, *City Manager*

Telly Whitfield, *Assistant City Manager*

Jay C. Toland, *Chief Financial Officer / Interim Assistant City Manager*

Pamela Megill, *City Clerk*

Karen McDonald, *City Attorney*

City of Fayetteville, North Carolina

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Organization Chart



City of Fayetteville, North Carolina

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Financial Section

- Report of Independent Auditor
- Management's Discussion and Analysis (Unaudited)
- Basic Financial Statements
- Notes to the Financial Statements

City of Fayetteville, North Carolina

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Report of Independent Auditor



City of Fayetteville, North Carolina

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Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fayetteville, North Carolina (the City or the City of Fayetteville) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fayetteville, North Carolina as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis beginning on page C-1, the Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability, the Law Enforcement Officers' Special Separation Allowance – Schedule of Total Pension Liability as a Percentage of Covered Payroll, the Other Postemployment Benefits Retiree Health Plan Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the city's Proportionate Share of Net Pension Liability (Asset) and the City of Fayetteville's Contributions on pages G-1 through G-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fayetteville, North Carolina's basic financial statements. The combining and individual fund financial statements and schedules, budgetary schedules and other supplementary data listed in the table of contents as Other Supplemental Information, the Schedule of Expenditures of Federal and State Awards, and Passenger Facility Charges, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the State Single Audit Implementation Act and the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Fayetteville, North Carolina as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated November 15, 2019, which contained unmodified opinions on the respective 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. The accompanying supplementary information, such as the major governmental and enterprise funds comparative fund statements for the year ended June 30, 2019, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The major governmental and enterprise comparative fund statements have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major governmental and enterprise comparative fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

The Other Supplemental Information, the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021 on our consideration of the City of Fayetteville, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Fayetteville, North Carolina's internal control over financial reporting and compliance.

RSM US LLP

Morehead City, North Carolina
January 22, 2021

City of Fayetteville, North Carolina

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Management's Discussion & Analysis



City of Fayetteville, North Carolina

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As management of the City of Fayetteville ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the transmittal letter at the front of this report, and the City's financial statements, which follow this narrative.

Financial Highlights

The assets and deferred outflows of resources of the City of Fayetteville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$553.7 million (*net position*). Of this amount, unrestricted net position of \$45.3 million is used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$12.8 million.

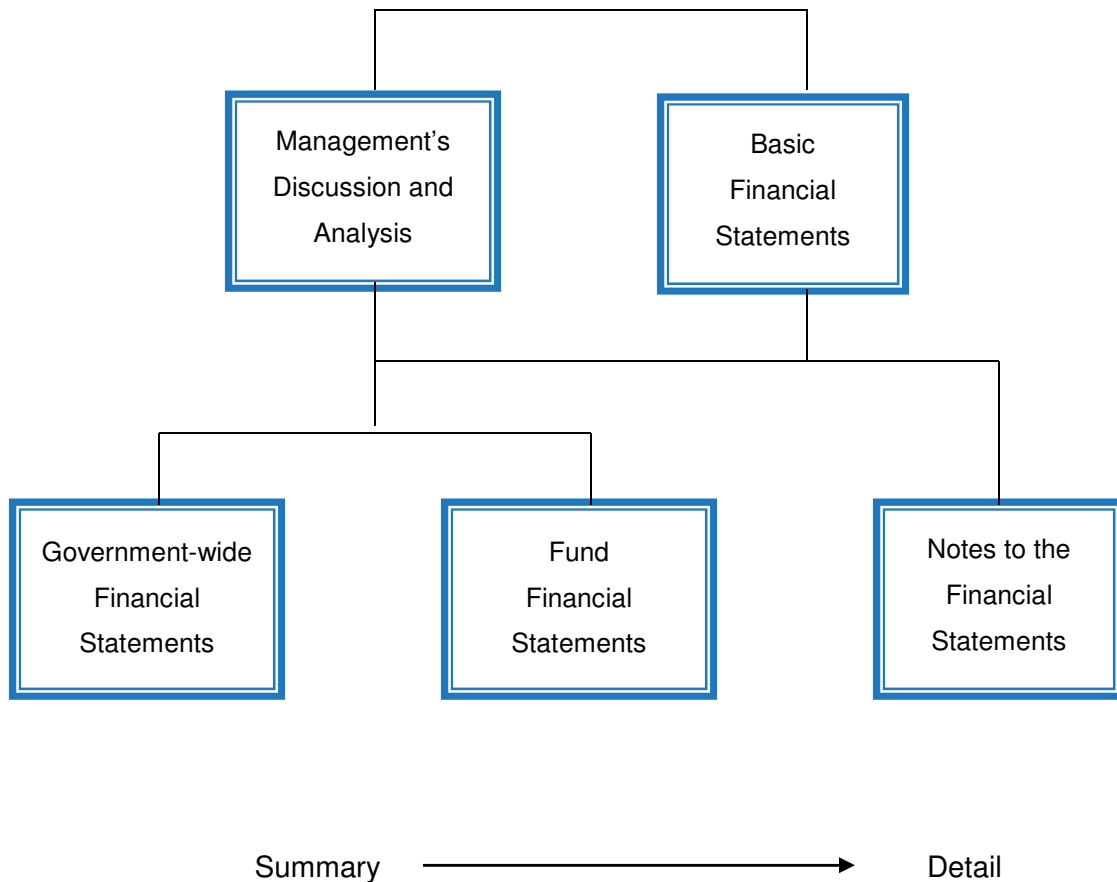
- Net position in the Governmental activities increased \$5.4 million to \$393.7 million in fiscal year 2020, up from \$388.3 million in fiscal year 2019. By far the largest portion of net position, \$330.9 million or 84.0%, reflects the net investment in capital assets less any related debt still outstanding.
- Net position in the Business type activities increased \$7.4 million to \$160.0 million in fiscal year 2020, up from \$152.6 million in 2019. The largest portion of net position, \$127.6 million or 79.7%, reflects the net investment in capital assets less any related debt still outstanding that was issued to acquire assets in the Storm Water Management, Transit, Airport and Environmental Services activities.
- As of the close of fiscal year 2020, the City's governmental funds reported an ending fund balance of \$125.5 million, an increase of \$7.1 million in comparison to the prior year. Approximately 48.0% of total fund balance, or \$60.3 million, is non-spendable or restricted.
- At the end of fiscal year 2020, unassigned fund balance for the General Fund was \$25.2 million or 14.1% of the fiscal year 2021 General Fund original adopted budget of \$179.7 million.
- The City's total debt at fiscal year-end 2020 increased by \$7.0 million. General obligation debt, limited obligation debt, revenue bond debt, installment agreements and notes payable decreased 5.6 million and compensated absences, net pension liabilities and other postemployment benefits increased by \$12.6 million.
- During fiscal year 2020, the City maintained its Aa1 and AA+ credit rating for its outstanding general obligation bonds from Moody's and Standard & Poor's, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Fayetteville's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements as shown below. 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. This report includes all funds of the City of Fayetteville, as well as its component units, which are described in the following pages. Note 1 in the financial report includes further discussion of the reporting entity and description of funds.

Required Components of Annual Financial Report

Figure 1





Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City of Fayetteville's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the City of Fayetteville's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental fund statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary 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, required supplementary information includes reports concerning the City's progress in funding its obligations to provide Pension Benefits, the Law Enforcement Officers' Special Separation Allowance, and Other Post-Employment Benefits.

Additional supplementary information is provided to show details about the City's major and non-major governmental funds, proprietary funds and non-major internal service funds. The governmental and internal service funds are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City of Fayetteville's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and 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 include activities for the primary government and its component unit. The primary government function is divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as general administration, public safety, transportation, economic and physical development, and recreation and community facilities. Property and other 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 storm water, airport, transit and environmental services offered by the City of Fayetteville.

The Public Works Commission (PWC) is a legally separate authority, and is presented as a discretely presented component unit. The City appoints the PWC Commissioners, issues PWC's debt, maintains ownership of the PWC capital assets and must approve certain contracts.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the City of Fayetteville'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, like all other governmental entities in North Carolina, use fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 of Fayetteville'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 current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Fayetteville adopts an annual budget for its General Fund, as required by the North Carolina 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 on page E-5 of this report uses the budgetary basis of accounting, and except for debt service, is presented using the same format as the legally adopted budget. Note A on the bottom of page E-5 provides a reconciliation of differences between expenditure classifications on the budget basis (page E-5) and the modified accrual basis (E-3). The budgetary statement shows four columns: 1) the original budget as adopted by the City Council, 2) the final budget as amended by the City Council, 3) the actual revenues, expenditures and changes in fund balance, and 4) the difference, or variance, in revenues and expenditures between final budget and actual amounts.

Proprietary Funds – The City of Fayetteville has two kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its storm water, transit, airport and environmental services operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the City. The City uses an internal service fund to account for its insurance and risk management and fleet maintenance activities. These services benefit both governmental functions and business type activities. These services have been included within their respective predominant activities in the government-wide financial statements.



Fiduciary Funds – Trust funds are used to account for the activities of funds the City holds in trust for others. The City has two private-purpose trust funds.

Agency Funds – Agency funds are used to account for assets the City holds on behalf of others. The City maintains one agency fund that accounts for collections of Red Light Camera fines and distribution of amounts collected to the Cumberland County Schools.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages F-1 through F- 62 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City’s progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages G-1 through G-5 of this report.

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Government-wide Financial Analysis

Net Position. The following is a summary of net position for the City of Fayetteville at June 30, 2020 with comparative data for June 30, 2019. The City's combined net position increased \$12.8 million, or 2.4%, from fiscal year 2019. Net position may serve over time as one useful indicator of a government's financial condition. The information below provides a more detailed view of the City's net position.

City of Fayetteville's Net Position (dollars in thousands)

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 177,487	\$ 179,813	\$ 44,341	\$ 47,437	\$ 221,828	\$ 227,250
Capital assets	404,018	406,873	130,532	134,075	534,550	540,948
Total assets	581,505	586,686	174,873	181,512	756,378	768,198
Deferred outflows of resources	23,188	23,800	2,937	5,127	26,125	28,927
Total assets and deferred outflows of resources	604,693	610,486	177,810	186,639	782,503	797,125
Long-term liabilities outstanding	189,635	193,689	16,411	19,376	206,046	213,065
Other liabilities	22,225	17,514	8,228	6,696	30,453	24,210
Total liabilities	211,860	211,203	24,639	26,072	236,499	237,275
Deferred inflows of resources	4,536	5,615	588	543	5,124	6,158
Total liabilities and deferred inflows of resources	216,396	216,818	25,227	26,615	241,623	243,433
Net position:						
Net investment in capital assets	333,857	330,864	122,814	127,557	456,671	458,421
Restricted	45,668	46,691	2,738	3,241	48,406	49,932
Unrestricted	8,772	16,113	27,030	29,226	35,802	45,339
Total net position	\$ 388,297	\$ 393,668	\$ 152,582	\$ 160,024	\$ 540,879	\$ 553,692

The assets and deferred outflows of the City exceeded liabilities and deferred inflows by \$553.7 million as of June 30, 2020. Net position is reported in three categories: net investment in capital assets of \$458.4 million, restricted net position of \$49.9 million, and unrestricted net position of \$45.3 million.

The net investment in capital assets category is defined as the City's investment in City owned capital assets (e.g. infrastructure, land, buildings, automobiles, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2020, \$45.3 million or 8.2%, of the reported total net position of \$553.7 million, is unrestricted.

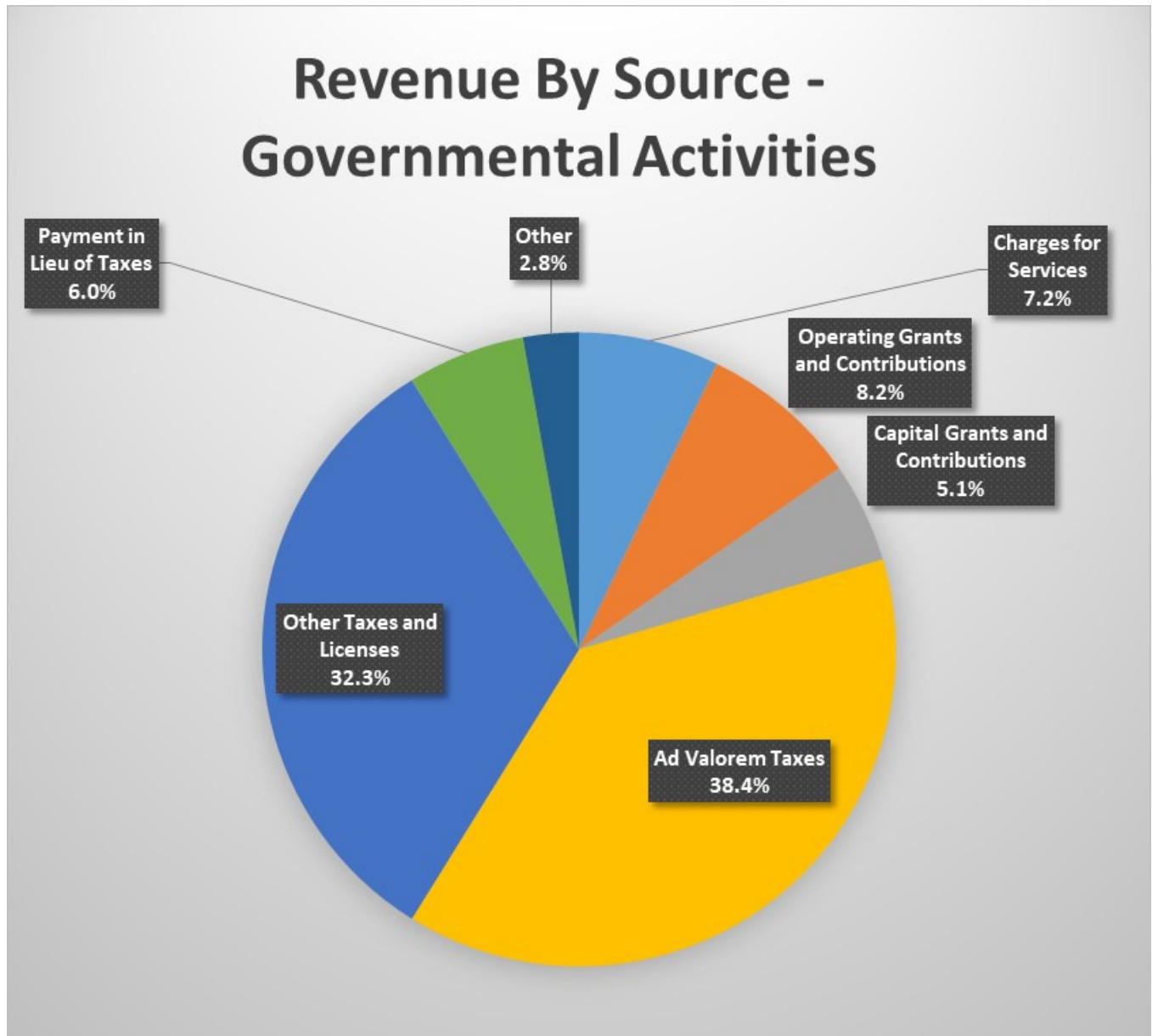
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City of Fayetteville's Changes in Net Position (dollars in thousands)
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Revenues:						
Program revenues:						
Charges for services	\$ 16,962	\$ 13,220	\$ 29,507	\$ 28,159	\$ 46,469	\$ 41,379
Operating grants and contributions	14,245	15,048	9,329	9,540	23,574	24,588
Capital grants and contributions	4,735	9,419	12,550	5,830	17,285	15,249
General revenues:						
Ad valorem taxes	70,312	70,904	-	-	70,312	70,904
Other taxes and licenses	58,467	59,592	642	631	59,109	60,223
Payment in lieu of taxes	10,938	11,098	-	-	10,938	11,098
Other	4,825	5,325	1,247	871	6,072	6,196
Total revenues	180,484	184,606	53,275	45,031	233,759	229,637
Expenses:						
Administration	32,007	33,146	-	-	32,007	33,146
Public safety	88,029	91,791	-	-	88,029	91,791
Transportation	20,211	21,926	-	-	20,211	21,926
Economic and physical development	6,928	7,661	-	-	6,928	7,661
Recreation and community facilities	17,300	17,455	-	-	17,300	17,455
Environmental protection	1,055	544	-	-	1,055	544
Interest on long-term debt	2,663	3,310	-	-	2,663	3,310
Stormwater management	-	-	4,755	7,482	4,755	7,482
Transit	-	-	11,560	12,207	11,560	12,207
Airport	-	-	7,833	8,017	7,833	8,017
Environmental Services	-	-	14,163	13,285	14,163	13,285
Total expenses	168,193	175,833	38,311	40,991	206,504	216,824
Increase (decrease) in net position before transfers	12,291	8,773	14,964	4,040	27,255	12,813
Transfers	(4,943)	(3,402)	4,943	3,402	-	-
Change in net position	7,348	5,371	19,907	7,442	27,255	12,813
Net position, beginning	380,949	388,297	132,675	152,582	513,624	540,879
Net position, beginning as restated	380,949	388,297	132,675	152,582	513,624	540,879
Net position, ending	\$ 388,297	\$ 393,668	\$ 152,582	\$ 160,024	\$ 540,879	\$ 553,692

Governmental activities: Revenues for the City's governmental activities were \$184.6 million, while total expenses were \$175.8 million in fiscal year 2020.



Net position for governmental activities, after transfers out, increased to \$5.4 million. Key elements of this change are as follows:

- Of the total governmental revenues during fiscal year 2020, property taxes represent 38.4% which was a \$0.6 million increase from fiscal year 2019. The City's fiscal year 2020 tax collection rate

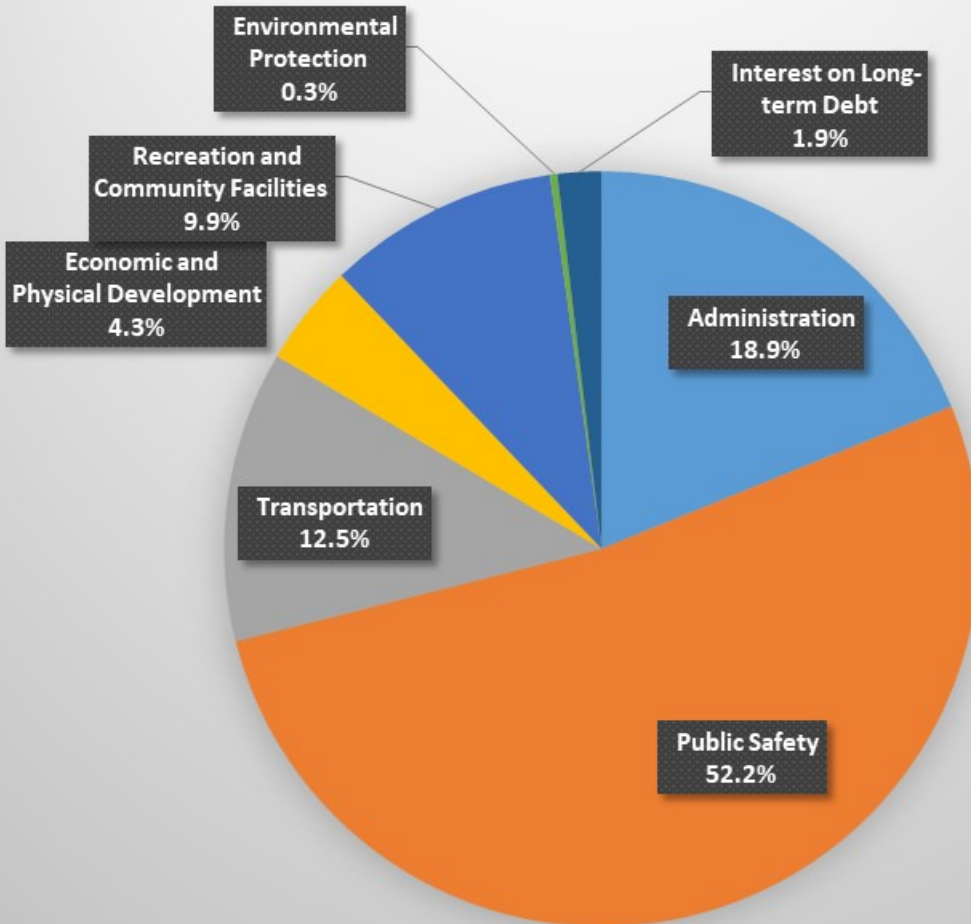


was 99.06%. The ad valorem tax rate is 49.95 cents of which 1.42 cents is dedicated to supporting Parks and Recreation bond projects approved in a March 2016 bond referendum.

- Other taxes and licenses including sales tax, local sales tax, utilities sales tax, video franchise tax and vehicle license tax is 32.3% of total governmental revenues and is the second largest revenue item. This revenue item increased by 1.9% from fiscal year 2019.
- Capital grants and contributions increased to \$9.4 million during fiscal year 2020, an increase of \$4.7 million from 2019. Most of the increase was related to a federal grant for transportation infrastructure including streets, sidewalks and drainage improvements and environmental protection measures.
- Another large revenue source supporting the governmental activities include \$11.1 million for payments in lieu of taxes from PWC.

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Expenses by Function - Governmental Activities



- The cost of all governmental activities this year was \$175.8 million as compared to \$168.2 million reported in fiscal year 2019. These costs were incurred in order to provide municipal services to the citizens of Fayetteville. These services include, but are not limited to: public safety (police, fire, etc.), administrative (city manager, city attorney, finance, human resources, information technology), transportation (street maintenance), and recreation and community facilities.
- The City's four largest governmental programs – public safety (52.2%), administration (18.9%), transportation (12.5%), and recreation and community facilities (9.9% percent), represent 93.5% of the total governmental activities.



Business-type activities: Revenues for the City’s business-type activities were \$45.0 million, while total expenses were \$41.0 million in fiscal year 2020. Revenues for the City’s business-type activities were \$53.3 million, while total expenses were \$38.3 million in fiscal year 2019. Net position increased to \$160.0 million in 2020, compared to \$152.6 million in 2019.

Change in Net Position (in thousands)

	Transit	Airport	Stormwater Management	Environmental Services
2020	\$ 23,714	\$ 82,327	\$ 48,258	\$ 5,724
2019	\$ 23,271	\$ 79,910	\$ 43,930	\$ 5,470
Change	\$ 443	\$ 2,417	\$ 4,328	\$ 254

Transit - The City, federal, and state agencies continue to subsidize transit operations. Net position is \$23.7 in fiscal year 2020 which represents a 1.9% increase from 2019. Nearly all of transit’s net position was its \$26.1 million net investment in transit assets. Operating revenues declined slightly in fiscal year 2020 due to reduced and free service during the Covid-19 pandemic.

Airport - Net position of the airport fund at the end of the year amounted to \$82.3 million, an increase of \$2.4 million. The increase is primarily due to federal and state contributions for airport enhancements. Net investment in capital assets was \$61.5 million.

Storm Water Management - Net position increased in storm water management activities by \$4.3 million, resulting in a net position of \$48.3 million in fiscal year 2020. Net investment in storm water capital assets increased \$1.9 million to \$32.9 million.

Environmental Services - Net position for the environmental services function in fiscal year 2020 was \$5.7 which represents a 4.6% increase from 2019. Net investment in capital assets used to provide solid waste services was \$7.2 million.

Financial Analysis of the City’s Funds

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

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

The General Fund is the chief operating fund of the City. At the end of fiscal year 2020, unassigned fund balance of the General Fund was \$25.2 million, while total fund balance was \$82.6 million. 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 and transfers out. Unassigned fund balance represents 15.2% of total General Fund expenditures and transfers out, while total fund balance represents 49.8% percent of that same amount.

The North Carolina Local Government Commission strongly recommends that local governments maintain an available fund balance of at least 8 percent of annual General Fund expenditures. The City of Fayetteville has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least 10% of the succeeding year's General Fund expenditure budget, excluding the budget for the County Recreation Program. The City's target for unassigned fund balance, however, is at least 12 percent. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the fund balance to the established minimum level within two years.

The fund balance of the City's General Fund increased by \$6.6 million during the current fiscal year. This increase can be primarily attributed to:

- Overall General Fund revenues increased \$1.8 million in fiscal year 2020. Ad valorem taxes increased \$0.6 million, sales tax increased \$1.7 million, interest earnings on investments decreased \$0.3, county recreation payments to the City decreased \$1.9 million, and video franchise fees decreased \$0.7 million, payments in lieu of taxes increased by \$0.2 million and local other taxes increased \$1.0 million.
- PWC made the fourth of 5 annual \$1.2 million contribution payments for economic development.
- At \$148.6 million, General Fund expenditures decreased \$0.5 million in 2020. Debt service interest payments increased \$0.7 million, Public Safety capital outlay expenditures for vehicle and equipment purchases increased \$1.8 million, transportation expenditures for municipal agreement projects, Rowan Street bridge construction, Hurricane Matthew repairs, Sykes Pond road upgrades and other transportation improvements decreased \$2.2 million.
- Net other financing sources and uses during the year:
 - Transfers out increased by \$1.6 million.
 - Transfers in decreased by \$1.4 million.
 - Installment financing increased by \$0.8 million

PWC's charter was amended on June 30, 2016 and PWC became a legally separate authority. The City levies water and sewer assessments for PWC, as PWC does not have the legal authority to levy assessments. PWC administratively handles these assessments throughout the year. Prior to the charter change, the City approved PWC's budget and reported assessments and accounts in a City enterprise fund. However, with the charter change, assessment revenue and intergovernmental expenditures are now being reported in a special revenue fund since the revenue is committed to PWC. As a result a PWC Assessment Fund has been added to the City's financial statements. The PWC Assessment Fund has \$0 fund balance, as all assessment revenues and interest earnings on assessments is retained by PWC.

At June 30, 2020, the governmental funds of the City reported a combined fund balance of \$125.5 million, reflecting an increase in fund balance of \$7.1 million. In addition to the general fund increase of \$6.6 million, described above, the economic and physical development ending fund balance is \$2.6 million reflecting capital projects not yet complete. The non-major governmental fund balance increased \$1.3 million during the year.



General Fund Budgetary Highlights

The City Council approved a \$174.9 million general fund budget for fiscal year 2020, which represented a \$5.3 million or 3.1% increase from the original budget for fiscal year 2019. The general ad valorem tax rate remained unchanged at 49.95 cents per \$100 value.

Significant appropriation increases in the fiscal year 2020 budget included a net increase of \$2.5 million across personnel services accounts, reflecting additional funding for employee pay, medical and retirement benefit cost adjustments and the General Fund impact of added positions including an assistant fire chief, an assistant director for Economic and Community Development, three positions for infrastructure development, two positions to assist with the Enterprise Resource Planning system replacement, and a management fellow, offset by a reduction resulting from freezing an assistant city attorney position; a \$2.4 million increase in transfers to other funds, including a \$1.7 million increase in transfers for capital projects, a \$481,000 increase in operating support for the Transit and Solid Waste Funds, and a \$209,000 transfer for a required transfer for HOME grant funding which had been waived in fiscal year 2019 due to the emergency declaration for Hurricane Matthew; a \$1.1 million increase in funding for capital purchases, primarily reflecting increased funding for fleet replacements; and a net increase of \$351,000 for various contract services, including \$237,000 related to the biennial election process. These appropriation increases were offset by \$1.1 million in appropriation reductions including: a net reduction of \$499,000 in operating expenditures, primarily reflecting a non-recurring expenditure of \$645,000 in fiscal year 2019 to purchase a second set of turnout gear for all firefighters; a net reduction of \$511,000 in projected debt service expenditures, primarily reflecting expenditures for the capital funding plan; and a net reduction of \$69,000 in other expenditures.

As compared to the original fiscal year 2019 budget, the original fiscal year 2020 budget anticipated the following increases in revenues. A \$1.2 million increase in ad valorem taxes, which reflects expected natural growth in taxes on real and personal property, including licensed motor vehicles; an increase of \$2.3 million in unrestricted intergovernmental revenues primarily reflecting an expected increase of \$1.8 million in sales tax revenues; a \$910,000 increase in projected investment income; a \$720,000 increase in transfers from other funds, reflecting an increase in the expected inter-fund loan from the risk management fund for the stadium debt service funding model; a \$513,000 increase in sales and services revenues, primarily reflecting a \$371,000 expected increase from parking services including the opening of the Hay Street parking deck and the implementation of paid on-street parking; a \$355,000 increase in permit and fee revenues, primarily reflecting expected building permit and inspections activity; a \$256,000 increase in loan proceeds from planned vehicle and equipment financings; a \$141,000 increase in miscellaneous revenues mainly reflecting increased indirect cost allocations; and minor increases totaling \$129,000 in other taxes and sales of assets. The increases are offset by an expected decrease of \$431,000 in restricted intergovernmental revenues, primarily reflecting a \$225,000 reduction of funding from Cumberland County for the operations of the joint parks and recreation program and an expected \$88,000 reduction in Powell Bill funding from the State of North Carolina. The \$4.2 million fund balance appropriation for one-time expenditures for fiscal year 2020 represents a \$792,000 decrease as compared to the original \$5.0 million fund balance appropriation originally budgeted in fiscal year 2019.

During the fiscal year, the City Council approved budget increases of \$7.4 million, or 4.2%, bringing the general fund budget for fiscal year 2020 to \$182.3 million. The budget increases related to appropriations of \$3.8 million for expenditures for which funds were restricted or assigned at June 30, 2019, \$2.9 million for capital project funding including \$1.7 million for major downtown redevelopment projects including the

Hay Street parking deck and stadium entry plaza, \$300,000 for Murchison Road redevelopment and \$900,000 for building improvements to the first floor of City Hall to facilitate socially distant service delivery, \$260,000 for an emergency bridge loan program for businesses impacted by the COVID-19 pandemic, \$200,000 for additional expenditures for Hurricane Florence recovery, \$196,000 to support transitions in the downtown parking program and \$25,000 for census awareness marketing. The increases were funded by additional appropriations of \$6.1 million from fund balance including \$129,000 from fund balance restricted for the County Parks and Recreation District and \$28,000 from fund balance restricted for capital maintenance at the Franklin Street parking deck, \$1.2 million in federal and state funding for hurricane and COVID-19 relief and \$500,000 in increased loan proceeds for parking equipment financing, offset by projected parking revenue reductions of \$352,000.

Actual revenues and other financing sources for the general fund totaled \$172.3 million or 5.5% less than the final amended budget. The shortfall largely related to a budgeted fund balance appropriation of \$10.3 million which reflects another financing source not reflected as current year revenue. This variance was offset by unrestricted intergovernmental revenues which exceeded budget by \$1.3 million, primarily resulting from a \$1.0 million contribution from the Fayetteville Public Works Commission to offset anticipated financial impacts of COVID-19; restricted intergovernmental revenues which exceeded budget by \$611,000, primarily reflecting collections of hurricane-related reimbursements; miscellaneous revenues which exceeded budget by \$615,000, primarily reflecting refunds of federal and state motor vehicle fuel taxes paid in error in prior years and sales and services revenues which fell short of budget by \$1.5 million, primarily reflecting shortfalls in parks and recreation program fees and facility rentals due to the impacts of COVID-19. Other revenue and financing sources combined fell short of budget by \$681,000.

Actual expenditures and other financing uses totaled \$165.7 million which was \$16.6 million less than the final amended budget. The expenditure budget included anticipated increases in fund balance assigned to future capital of \$541,000 and committed for future law enforcement special separation allowances of \$614,000 which are not reflected in actual expenditures, and the final expenditure budget also retained appropriations of approximately \$6.9 million or 4.0% beyond department year-end expenditure projections to ensure sufficient budget for unanticipated expenditures through the end of the fiscal year. At the close of the fiscal year there was approximately \$1.7 million in expenditures budgeted for fiscal year 2020 for which fund balance was restricted for encumbrances and \$3.4 million in additional funding assigned for special purposes at June 30, 2020 to be re-appropriated in fiscal year 2021. Other expenditure budget variances as compared to year end projections totaled \$3.4 million including combined personnel account expenditures which ended the year \$1.5 million below year end projections and combined contract service account expenditures which ended the year \$2.1 million below projections.

Actual Revenues Compared to Final Budget - General Fund actual revenue was \$167.8 million and final budgeted revenue was \$167.5 million for fiscal year 2020.

Actual Expenditures Compared to Budgeted Appropriations – The City budgets General Fund appropriations by portfolio. As shown on the General Fund Budget and Actual Statement on page E-5, expenditures in each portfolio are compared to final budgeted appropriations, with overall actuals being \$13.6 less than budget. The following is an analysis of actual expenditures compared to budget by portfolio:

- Community investment portfolio expenditures were \$0.8 million less than budget.
- Operations portfolio expenditures were \$9.0 million less than budget.
- Support services portfolio expenditures were \$1.8 million less than budget.
- Law enforcement officer's separation allowance expenditures were \$0.7 million less than budget.
- Other appropriations, excluding debt service, were \$0.1 million more than budget.
- Debt service expenditures were \$1.2 million less than budget.

Capital Asset and Debt Administration

Capital assets The City's capital assets for its governmental and business-type activities as of June 30, 2020 totals \$540.9 million net of accumulated depreciation. These assets include land, construction in progress, infrastructure, buildings and improvements, equipment, furniture, fixtures, computer software and vehicles.

City of Fayetteville's Capital Assets (dollars in thousands)
(Net of Accumulated Depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Land and land rights	\$ 41,370	\$ 43,110	\$ 5,767	\$ 5,775	\$ 47,137	\$ 48,885
Construction in progress	41,084	30,830	35,673	28,137	76,757	58,967
Infrastructure	205,935	217,856	22,064	35,002	227,999	252,858
Buildings and improvements	95,425	94,406	51,932	47,476	147,357	141,882
Equipment, furniture and fixtures	6,251	6,898	2,777	2,512	9,028	9,410
Computer software	555	173	101	80	656	253
Vehicles	13,399	13,599	12,218	15,093	25,617	28,692
Total	\$ 404,019	\$ 406,872	\$ 130,532	\$ 134,075	\$ 534,551	\$ 540,947

Major capital asset transactions during the year include the following:

- \$3.9 million in resurfacing streets, construction of sidewalks, bridge repairs and replacements and other traffic system improvements.
- \$1.5 million of Parks and Recreation bond funds were used to construct and renovate parks and recreation facilities. Projects included splash pads, senior centers, a sports field, a soccer complex and renovations and improvements to existing recreational facilities.

- \$1.7 million was spent in fiscal year 2020 to complete and open the Lake Rim Recreation Center.
- \$4.2 million was spent for terminal improvements at the City of Fayetteville airport funded by federal grants, state grants and other revenue sources.
- \$3.8 million in various storm water drainage system improvement projects throughout the City.

Additional information on the City's capital assets can be found in Note 3 of this report.

Long-term Debt The City issues debt to finance the acquisition and construction of many of its capital assets. As of June 30, 2020 the City had total outstanding debt of \$93.8 million. General obligation debt, limited obligation debt, revenue bonded debt, installment agreements and notes payable decreased during the year. The City entered into 2 installment agreements totaling \$4,865,000 to purchase vehicles and equipment. A summary of total long-term debt is shown in Figure 5.

Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
General obligation debt	\$ 18,298,186	\$ 17,104,093	\$ -	\$ -	\$ 18,298,186	\$ 17,104,093
Direct Placement:						
Limited obligation debt	53,350,000	50,550,000	-	-	53,350,000	50,550,000
Revenue Bonds	-	-	5,925,000	5,210,000	5,925,000	5,210,000
Direct Borrowing:						
Installment agreements	19,238,150	19,618,019	1,518,798	1,057,681	20,756,948	20,675,700
Notes payable	75,000	-	275,329	250,299	350,329	250,299
Total long-term debt	<u>\$ 90,961,336</u>	<u>\$ 87,272,112</u>	<u>\$ 7,719,127</u>	<u>\$ 6,517,980</u>	<u>\$ 98,680,463</u>	<u>\$ 93,790,092</u>

The City's other long-term obligations are as follows:

- \$33.3 million representing the City's portion of the N.C. Local Government Employers' Retirement System net pension liability, which is managed by the N.C. Department of State Treasurer.
- \$51.5 million net Other Postemployment Benefits (OPEB) liability, which is retiree healthcare benefits for employees hired before July 1, 2014.
- \$16.6 million net Law Enforcement Officers' Special Separation Allowance.
- \$8.5 million compensated absences, a liability for the estimated amount of vacation, compensatory time and banked holiday leave to ultimately be paid.
- \$7.0 million PWC Assessments Payable, which is offset by amounts owed to the City.



The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property. The legal debt margin for the City is approximately \$1.0 billion.

The City has \$19 million parks and recreation bonds authorized but unissued at June 30, 2020.

Additional information regarding the City's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budget and Rates

The City Council approved a \$180.3 million general fund budget for fiscal year 2021, which represented a \$5.4 million or 3.1% increase from the original budget for fiscal year 2020. The general ad valorem tax rate remained unchanged at 49.95 cents per \$100 value.

Significant appropriation increases in the fiscal year 2021 budget included a net increase of \$3.6 million across personnel services accounts, primarily reflecting additional funding for public safety employee pay plan adjustments and pay increases, medical and retirement benefit cost adjustments and one-time bonuses for non-public safety employees, \$1.2 million increase in capital purchases, primarily reflecting the impact of a ladder truck replacement, \$1.1 million increase in debt service supporting the capital funding plan, \$434,000 increase in transfers to fund capital projects and a net increase of \$540,000 for operating expenditures and contract services. These appropriation increases were offset by a \$1.0 million reduction in the transfer supporting transit operations due to increased federal grant support related to COVID-19, and a \$373,000 reduction of the transfer supporting solid waste operations due to a user fee increase implemented to return the enterprise fund to self-sufficiency.

As compared to the original fiscal year 2020 budget, the original fiscal year 2021 budget anticipated effectively no growth in ad valorem tax revenues reflecting the net impact of marginal growth of 0.5 percent in real property values, offset by expected declines in values for personal property and motor vehicle taxable values, and a decline in collection rates due to expected economic impacts of the COVID-19 pandemic. Typical unrestricted intergovernmental revenues including sales and utility sales taxes were anticipated to decline \$966,000, however, those reductions were offset by a non-recurring payment of \$3.0 million from the Fayetteville Public Works Commission through an agreement with the City Council to offset pandemic impacts on the budget. Restricted intergovernmental revenues and miscellaneous revenues were anticipated to be essentially flat as compared to the original fiscal year 2020 budget. Revenue reductions anticipated with the original fiscal year 2021 budget included a \$1.1 million in investment interest income due to declining rates of return, \$300,000 in permits and fee revenues, primarily reflecting expected building permit and inspections, \$236,000 in parks and recreation fees, reflecting recent trends in recreation program and facility use revenues, and, \$283,000 in parking revenues reflecting reduced hourly parking rates from those originally anticipated for on-street parking, reduced revenues from the Hay Street parking deck leases due to delays in the hotel and office tower developments and pandemic-related impacts on special event parking revenues. Transfers from other funds are anticipated to be \$315,000 lower, reflecting a decrease in the anticipated inter-fund loan from the Risk Management Fund for the stadium funding plan and loan proceeds from planned vehicle and equipment financings are anticipated to be \$506,000 higher than the prior year. The \$9.4 million fund balance appropriation for one-time expenditures for fiscal year 2021 represents a \$5.1 million increase as compared to the original \$4.2 million fund balance appropriation originally budgeted in fiscal year 2020. The increased fund balance appropriation primarily relates to the use of \$1.1 million to offset



anticipated short term revenue losses due to the COVID-19 pandemic, \$1.1 million to fund non-recurring employee bonuses in lieu of pay increases, \$1.8 million increase to fund capital and technology improvement plan projects and \$1.3 million for a ladder truck replacement.

The City Council has since approved budget increases of \$5.7 million, or 3.2%, bringing the general fund budget for fiscal year 2021 to \$186.0 million. The vast majority of the increases, \$5.1 million, related to appropriations for expenditures for which funds were restricted or assigned at June 30, 2020. Additional appropriations included \$550,000 for the purchase of retail space in the Hay Street Parking Deck. The increases were funded by an additional appropriation of \$5.0 million from fund balance including \$47,000 from fund balance restricted for the County Parks and Recreation District and \$46,000 from fund balance restricted for capital maintenance at the Franklin Street parking deck, \$550,000 in increased financing proceeds and \$159,000 in federal and state intergovernmental revenues related to hurricane recovery.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, City of Fayetteville, 433 Hay Street, Fayetteville, NC 28301. You can also call (910) 433-1682, visit our website www.cityoffayetteville.org/finance or send an email to jtoland@ci.fay.nc.us for more information.

City of Fayetteville, North Carolina

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Basic Financial Statements



City of Fayetteville, North Carolina

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Statement of Net Position
June 30, 2020

	Primary Government			Public Works Commission
	Governmental Activities	Business Type Activities	Total Primary Government	
Assets				
Cash and investments	\$ 107,141,613	\$ 33,496,331	\$ 140,637,944	\$ 119,548,136
Taxes receivable	1,896,524	-	1,896,524	-
Accounts receivable	2,923,032	1,137,890	4,060,922	51,708,063
Assessment receivable	8,075,700	-	8,075,700	-
Due from other governments	27,465,737	-	27,465,737	-
Notes Receivable	600,448	-	600,448	-
Inventories	110,197	458,595	568,792	18,262,377
Prepaid expenses	218,487	1,500	219,987	-
Noncurrent portion of note receivable	9,688,961	-	9,688,961	-
Restricted asset - cash and investments	21,042,225	4,253,649	25,295,874	169,021,756
Restricted asset - accounts receivable	622,604	8,088,882	8,711,486	10,595,113
Collateral pledged in lieu of deposits	-	-	-	656,676
Property held for resale	27,871	-	27,871	-
Other assets	-	-	-	3,892,492
Capital assets:				
Land and construction in progress	73,939,583	33,911,998	107,851,581	173,911,355
Other capital assets, net of depreciation	332,932,697	100,163,063	433,095,760	891,263,033
Total assets	586,685,679	181,511,908	768,197,587	1,438,859,001
Deferred Outflows of Resources				
Charge on refunding	431	-	431	1,331,406
OPEB deferrals	5,102,502	2,793,964	7,896,466	10,199,634
Pension deferrals	18,696,837	2,333,334	21,030,171	16,463,944
Total deferred outflow of resources	23,799,770	5,127,298	28,927,068	27,994,984
Liabilities				
Accounts payable and accrued expenses	16,042,468	5,466,228	21,508,696	26,373,003
Restricted liabilities - accounts payable	508,746	-	508,746	24,121,913
Restricted unearned deposits	583,025	1,075,152	1,658,177	-
Unearned deposits	-	-	-	446,495
Unearned revenues	379,305	154,687	533,992	-
Long-term liabilities:				
Due within one year	13,441,892	2,141,036	15,582,928	18,031,906
Due in more than one year	180,246,784	17,235,337	197,482,121	360,565,674
Total liabilities	211,202,220	26,072,440	237,274,660	429,538,991
Deferred Inflows of Resources				
Prepaid taxes	5,961	-	5,961	-
OPEB deferrals	3,894,857	374,075	4,268,932	1,239,226
Pension deferrals	1,713,952	169,168	1,883,120	-
Total deferred inflow of resources	5,614,770	543,243	6,158,013	1,239,226
Net position				
Net investment in capital assets	330,863,790	127,557,082	458,420,872	762,751,285
Restricted for:				
Capital projects	-	3,240,358	3,240,358	16,229,194
Stabilization by State Statute	8,102,998	-	8,102,998	-
Downtown	132,332	-	132,332	-
Recreational and cultural	19,955,498	-	19,955,498	-
Donations	13,254	-	13,254	-
Lake Valley Drive MSD	935	-	935	-
Administration	618,340	-	618,340	-
Public safety	1,784,470	-	1,784,470	-
Transportation	4,415,602	-	4,415,602	-
Economic and physical development	1,547,162	-	1,547,162	-
Environmental protection	8,772,060	-	8,772,060	-
Powell bill	1,349,198	-	1,349,198	-
Renewable energy	-	-	-	5,688,332
Other internal restrictions	-	-	-	118,981,006
Unrestricted	16,112,820	29,226,083	45,338,903	132,425,951
Total net position	\$ 393,668,459	\$ 160,023,523	\$ 553,691,982	\$ 1,036,075,768

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

**Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Public Works Commission
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Administration	\$ 33,146,241	\$ 4,276,174	\$ 809,180	\$ 181,520	\$ (27,879,367)	\$ -	\$ (27,879,367)	\$ -
Public safety	91,791,490	3,334,167	4,494,475	199,172	(83,763,676)	-	(83,763,676)	-
Environmental protection	543,604	72,505	107,560	3,539,088	3,175,549	-	3,175,549	-
Transportation	21,926,105	924,635	5,184,685	4,535,676	(11,281,109)	-	(11,281,109)	-
Economic and physical development	7,660,987	-	3,996,716	430,109	(3,234,162)	-	(3,234,162)	-
Recreation and community facilities	17,454,989	4,613,071	454,957	533,430	(11,853,531)	-	(11,853,531)	-
Interest on long-term debt	3,309,552	-	-	-	(3,309,552)	-	(3,309,552)	-
Total governmental activities	175,832,968	13,220,552	15,047,573	9,418,995	(138,145,848)	-	(138,145,848)	-
Business-type activities:								
Storm water management	7,481,723	11,251,367	10,572	488,542	-	4,268,758	4,268,758	-
Transit	12,206,930	1,080,959	5,656,620	2,604,204	-	(2,865,147)	(2,865,147)	-
Airport	8,016,695	3,821,146	3,366,372	2,737,016	-	1,907,839	1,907,839	-
Environmental services	13,285,435	12,005,824	506,300	-	-	(773,311)	(773,311)	-
Total business-type activities	40,990,783	28,159,296	9,539,864	5,829,762	-	2,538,139	2,538,139	-
Total primary government	\$ 216,823,751	\$ 41,379,848	\$ 24,587,437	\$ 15,248,757	(138,145,848)	2,538,139	(135,607,709)	-
Component Unit								
Public Works Commission	\$ 326,231,318	\$ 342,487,020	\$ 1,676,853	\$ 20,939,985	\$ -	\$ -	\$ -	\$ 38,872,540
Total component unit	\$ 326,231,318	\$ 342,487,020	\$ 1,676,853	\$ 20,939,985	\$ -	\$ -	\$ -	\$ 38,872,540
General revenues:								
Ad valorem taxes					70,904,252	-	70,904,252	-
Other taxes								
Sales tax					45,332,265	-	45,332,265	-
Utilities sales tax					9,739,746	-	9,739,746	-
Telecommunications sales tax					892,341	-	892,341	-
Piped natural gas sales tax					330,563	-	330,563	-
Video franchise tax					1,937,184	-	1,937,184	-
Vehicle license tax					617,765	630,563	1,248,328	-
Vehicle gross receipts tax					742,141	-	742,141	-
Payment in lieu of taxes					11,098,087	-	11,098,087	-
Unrestricted grants and contributions					1,899,042	-	1,899,042	-
Interest earned on investments					2,503,187	587,796	3,090,983	5,991,103
Miscellaneous					922,672	282,493	1,205,165	-
Gain on sale of capital assets					-	419	419	-
Total general revenues not including transfers					146,919,245	1,501,271	148,420,516	5,991,103
Transfers					(3,402,244)	3,402,244	-	-
Total general revenues and transfers					143,517,001	4,903,515	148,420,516	5,991,103
Change in net position					5,371,153	7,441,654	12,812,807	44,863,643
Net position - beginning					388,297,306	152,581,869	540,879,175	991,212,125
Net position - ending					\$ 393,668,459	\$ 160,023,523	\$ 553,691,982	\$ 1,036,075,768

City of Fayetteville, North Carolina

**Balance Sheet
Governmental Funds
June 30, 2020**

	Major Funds				Total Governmental Funds
	General	Economic and Physical Development Fund	PWC Assessment Fund	Nonmajor Governmental Funds	
Assets					
Cash and investments	\$ 67,752,524	\$ 3,135,525	\$ -	\$ 8,908,894	\$ 79,796,943
Taxes receivable	1,713,801	-	-	-	1,713,801
Accounts receivable	4,011,835	538,632	-	864,346	5,414,813
Due from other governments	18,980,544	78,931	-	8,358,458	27,417,933
Interfund receivable	-	-	-	4,061,127	4,061,127
Assessments receivable	1,029,601	-	7,367,458	-	8,397,059
Prepaid items	21,452	-	-	-	21,452
Inventories	64,338	-	-	-	64,338
Restricted cash and investments	4,449,665	369,842	-	16,222,718	21,042,225
Restricted accounts receivable	620,954	-	-	744	621,698
Notes receivable	-	-	-	7,167,886	7,167,886
Property held for resale	-	-	-	27,871	27,871
Total assets	\$ 98,644,714	\$ 4,122,930	\$ 7,367,458	\$ 45,612,044	\$ 155,747,146
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable and accrued expenses	\$ 8,888,577	\$ 1,164,104	\$ -	\$ 835,652	\$ 10,888,333
Interfund payables	-	-	-	4,061,127	4,061,127
Restricted unearned deposits	583,025	-	-	-	583,025
Unearned revenue	102,834	-	-	212,315	315,149
Restricted accounts payable and accrued expenses	-	369,842	-	138,904	508,746
Total liabilities	9,574,436	1,533,946	-	5,247,998	16,356,380
Deferred inflows of resources:					
Taxes receivable	1,713,802	-	-	-	1,713,802
Accounts receivable	3,497,125	-	-	-	3,497,125
Assessments receivable	1,276,451	-	7,367,458	-	8,643,909
Prepaid taxes	5,961	-	-	-	5,961
Total deferred inflows of resources	6,493,339	-	7,367,458	-	13,860,797
Fund balances:					
Nonspendable					
Inventories	64,338	-	-	-	64,338
Prepays	21,452	-	-	-	21,452
Restricted					
Stabilization by State Statute	21,550,479	-	-	76,665	21,627,144
For streets - Powell Bill	-	-	-	1,349,198	1,349,198
For downtown	132,332	-	-	-	132,332
For county recreation	3,045,504	-	-	-	3,045,504
For donations	13,254	-	-	-	13,254
For Lake Valley Drive MSD	935	-	-	-	935
Administration	-	-	-	618,340	618,340
Public safety	-	-	-	1,784,470	1,784,470
Transportation	-	-	-	4,415,602	4,415,602
Economic and physical development	56,622	690,802	-	799,738	1,547,162
Recreation and community facilities	-	-	-	16,909,994	16,909,994
Environmental protection	-	-	-	8,772,060	8,772,060
Committed					
Administration	-	-	-	2,941,832	2,941,832
Public safety	-	-	-	368,018	368,018
Transportation	-	-	-	3,803,909	3,803,909
Economic and physical development	-	1,898,182	-	7,675,137	9,573,319
Recreation and community facilities	-	-	-	1,096,230	1,096,230
Environmental protection	-	-	-	4,338,401	4,338,401
Law Enforcement Officers' Special Separation Allowance	6,789,253	-	-	-	6,789,253
Assigned					
For subsequent year's expenditures	9,153,519	-	-	-	9,153,519
For special purpose	5,251,113	-	-	-	5,251,113
For capital projects	11,301,421	-	-	-	11,301,421
Unassigned (deficit)	25,196,717	-	-	(14,585,548)	10,611,169
Total fund balances	82,576,939	2,588,984	-	40,364,046	125,529,969
Total liabilities, deferred inflows of resources and fund balances	\$ 98,644,714	\$ 4,122,930	\$ 7,367,458	\$ 45,612,044	\$ 155,747,146

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2020**

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds		\$	125,529,969
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
			406,872,280
Land	\$	26,485,622	
Right of Way		16,624,283	
Construction in progress		30,829,678	
Infrastructure		510,463,009	
Buildings and improvements		158,135,634	
Furniture and equipment		42,094,531	
Vehicles		42,083,219	
Accumulated depreciation		(419,843,696)	
		<u>\$ 406,872,280</u>	
Deferred inflows of resources for taxes and receivables.			13,472,057
Deferred inflows of resources for notes receivable.			14,261
Costs of bond issuance are current-period expenditures in the funds, but will be deferred in the statement of net position and amortized over the life of the outstanding debt.			431
Accrued tax penalties receivable are not available to pay for current-period expenditures and, therefore, are not recorded in the funds.			182,722
Internal service funds are used by management to charge insurance expenses and fleet maintenance expenses to individual funds. The assets and liabilities of the internal service funds are included in governmental activities.			23,176,737
Accrued interest payable on long-term debt is not a current expenditure and therefore not recorded in the funds.			(354,506)
Accrued federal subsidy receivable associated with accrued interest payable and therefore not recorded in the funds.			20,845
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:			(193,408,281)
General obligation bonds	\$	(17,104,093)	
Unamortized premium		(2,260,955)	
Limited obligation bonds		(50,550,000)	
Obligations under capital leases		(19,618,019)	
Assessments due PWC		(6,984,679)	
Compensated absences liability		(7,762,332)	
Net pension liability (LGERS)		(29,087,885)	
Net pension liability (LEOSSA)		(16,619,221)	
Total OPEB liability		(43,421,097)	
		<u>\$ (193,408,281)</u>	
Contributions to various benefit plans in the current fiscal year that are deferred outflows of resources on the statement of net position. Those plans are:			7,451,554
LGERS pension plan	\$	6,120,569	
LEOSSA pension plan		543,182	
OPEB plan		787,803	
		<u>\$ 7,451,554</u>	
Pension (LGERS) related deferrals			9,230,925
Pension (LEOSSA) related deferrals			1,009,032
OPEB related deferrals			470,433
Net position of governmental activities		\$	<u>393,668,459</u>

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 For the Year Ended June 30, 2020

	Major Funds				Total Governmental Funds
	General	Economic and Physical Development Fund	PWC Assessment Fund	Nonmajor Governmental Funds	
Revenues					
Ad valorem taxes	\$ 70,643,946	\$ -	\$ -	\$ -	\$ 70,643,946
Other taxes and fees	1,386,447	-	-	-	1,386,447
Unrestricted intergovernmental	71,922,612	-	-	-	71,922,612
Restricted intergovernmental	13,163,906	27,400	-	10,243,279	23,434,585
Assessment revenue	-	-	1,287,214	-	1,287,214
Permits and fees	1,946,372	-	-	-	1,946,372
Sales and services	3,945,921	-	-	-	3,945,921
Miscellaneous	3,551,942	386,609	-	789,093	4,727,644
Interest earned on investments	1,284,468	29,504	401,853	314,191	2,030,016
Total revenues	167,845,614	443,513	1,689,067	11,346,563	181,324,757
Expenditures					
Current:					
Administration	28,945,265	-	1,689,067	-	30,634,332
Public safety	82,489,977	-	-	1,471,609	83,961,586
Environmental protection	371,656	-	-	316,466	688,122
Transportation	7,942,977	-	-	-	7,942,977
Economic and physical development	2,280,574	-	-	3,580,917	5,861,491
Recreation and community facilities	14,712,861	-	-	24,575	14,737,436
Debt service:					
Principal	8,511,864	-	-	75,000	8,586,864
Interest	3,351,635	-	-	769	3,352,404
Debt issuance costs	27,884	-	-	-	27,884
Capital outlay	-	4,024,267	-	16,561,102	20,585,369
Total expenditures	148,634,693	4,024,267	1,689,067	22,030,438	176,378,465
Revenues over (under) expenditures	19,210,921	(3,580,754)	-	(10,683,875)	4,946,292
Other financing sources (uses)					
Sale of capital assets	115,312	-	-	-	115,312
Transfers in	1,061,349	2,694,364	-	10,592,717	14,348,430
Transfers out	(17,047,333)	-	-	(9,581)	(17,056,914)
Installment purchase obligations issued	3,300,000	-	-	-	3,300,000
Capital lease obligations issued	-	-	-	1,446,405	1,446,405
Total other financing sources (uses)	(12,570,672)	2,694,364	-	12,029,541	2,153,233
Net change in fund balance	6,640,249	(886,390)	-	1,345,666	7,099,525
Fund balance					
Beginning	75,936,690	3,475,374	-	39,018,380	118,430,444
Ending	\$ 82,576,939	\$ 2,588,984	\$ -	\$ 40,364,046	\$ 125,529,969

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020**

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

Net change in fund balances - total governmental funds	\$	7,099,525
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:</p>		
Capital outlay expenditures which were capitalized		24,447,823
Depreciation expense for governmental assets		(24,838,724)
		(390,901)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.</p>		
		(79,916)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Amount of donated assets		3,131,615
Increase in deferred taxes		(427,928)
Increase in accrued interest receivable		33,280
Increase in accrued tax penalties		26,201
Other miscellaneous		(641,839)
		2,121,329
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of government funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Proceeds from installment purchase agreements		(4,746,404)
Principal repayments		8,435,628
Change in assessments due PWC		649,552
Change in compensated absences		190,126
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.</p>		
		6,120,569
<p>Benefit payments paid and administrative expense for the LEOSSA are not included in the Statement of Activities.</p>		
		1,010,722
<p>OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities.</p>		
		787,802
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
OPEB expense		(2,847,848)
LGERS pension expense		(12,671,793)
LEOSSA pension expense		(1,444,080)
Change in accrued interest payable		1,673
Amortization of bond premium		41,743
Amortization of bond deferred refunding charge		(564)
<p>Internal service funds are used by management to charge the costs of risk management and fleet maintenance to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities.</p>		
		1,093,990
Change in net position of governmental activities	\$	5,371,153

City of Fayetteville, North Carolina

**Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund and Annually Budgeted Major Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2020**

	General Fund				PWC Special Assessment Fund			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget - Positive (Negative)
Revenues								
Ad valorem taxes	\$ 70,873,130	\$ 70,873,130	\$ 70,643,946	\$ (229,184)	\$ -	\$ -	\$ -	\$ -
Other taxes	1,390,945	1,390,945	1,386,447	(4,498)	-	-	-	-
Unrestricted intergovernmental	70,639,995	70,639,995	71,922,612	1,282,617	-	-	-	-
Restricted intergovernmental	11,398,849	12,552,821	13,163,906	611,085	-	-	-	-
Assessment revenue	-	-	-	-	1,883,500	1,883,500	1,287,214	(596,286)
Permits and fees	2,302,324	2,302,324	1,946,372	(355,952)	-	-	-	-
Sales and services	5,751,597	5,399,228	3,945,921	(1,453,307)	-	-	-	-
Miscellaneous	2,937,239	2,937,239	3,551,942	614,703	-	-	-	-
Interest earned on investments	1,375,900	1,375,900	1,284,468	(91,432)	334,700	334,700	401,853	67,153
Total revenues	166,669,979	167,471,582	167,845,614	374,032	2,218,200	2,218,200	1,689,067	(529,133)
Expenditures								
Current:								
Community investment	6,180,866	6,136,356	5,302,151	834,205	-	-	-	-
Operations	109,719,834	111,874,444	102,916,237	8,958,207	-	-	-	-
Support services and administration	15,180,061	15,981,395	14,164,779	1,816,616	-	-	-	-
Other appropriations	11,949,124	11,925,405	12,027,317	(101,912)	-	-	-	-
Parking	968,507	1,220,444	999,148	221,296	-	-	-	-
Central business tax district	253,132	253,132	245,697	7,435	-	-	-	-
Law enforcement officers' special separation allowance	1,746,601	1,746,601	1,087,981	658,620	-	-	-	-
PWC assessment fund	-	-	-	-	2,218,200	2,218,200	1,689,067	529,133
Debt Service:								
Principal	9,672,494	9,666,898	8,511,864	1,155,034	-	-	-	-
Interest	3,367,333	3,364,882	3,351,635	13,247	-	-	-	-
Bond issuance costs	-	27,886	27,884	2	-	-	-	-
Total expenditures	159,037,952	162,197,443	148,634,693	13,562,750	2,218,200	2,218,200	1,689,067	529,133
Revenues over (under) expenditures	7,632,027	5,274,139	19,210,921	13,936,782	-	-	-	-
Other financing sources (uses)								
Sale of capital assets	162,500	162,500	115,312	(47,188)	-	-	-	-
Transfers in from other funds	1,050,000	1,050,000	1,061,349	11,349	-	-	-	-
Transfers out to other funds	(15,870,031)	(20,073,120)	(17,047,333)	3,025,787	-	-	-	-
Installment purchase obligations issued	2,783,052	3,283,193	3,300,000	16,807	-	-	-	-
Appropriated fund balance	4,242,452	10,303,288	-	(10,303,288)	-	-	-	-
Total other financing sources (uses)	(7,632,027)	(5,274,139)	(12,570,672)	(7,296,533)	-	-	-	-
Revenues and other financing sources (uses) over (under) financing (uses)	\$ -	\$ -	6,640,249	\$ 6,640,249	\$ -	\$ -	-	\$ -
Fund balance								
Beginning			75,936,690				-	
Ending			<u>\$ 82,576,939</u>				<u>\$ -</u>	

Note A - Reconciliation of the difference between actual expenditure classifications on a budgetary basis and on a GAAP basis are shown below.

Portfolio:	Function:						
	Administration	Public Safety	Environmental Protection	Transportation	Economic and Physical Development	Recreation and Community Facilities	Total
Community investment	\$ 353,525	\$ 2,913,749	\$ -	\$ -	\$ 2,034,877	\$ -	\$ 5,302,151
Operations	2,399,644	78,488,247	371,656	6,943,829	-	14,712,861	102,916,237
Support services	14,164,779	-	-	-	-	-	14,164,779
Other appropriations	12,027,317	-	-	-	-	-	12,027,317
Parking	-	-	-	999,148	-	-	999,148
Central business tax district	-	-	-	-	245,697	-	245,697
Law enforcement officer's special separation allowance	-	1,087,981	-	-	-	-	1,087,981
Totals by function	\$ 28,945,265	\$ 82,489,977	\$ 371,656	\$ 7,942,977	\$ 2,280,574	\$ 14,712,861	\$ 136,743,310

Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds				Total	Internal Service Funds
	Transit Fund	Airport Fund	Storm Water Management Fund	Environmental Services Fund		
Assets						
Current assets						
Cash and investments	\$ -	\$ 16,317,701	\$ 16,302,241	\$ 876,389	\$ 33,496,331	\$ 27,344,670
Accounts receivable	192,536	464,454	207,394	273,506	1,137,890	233,609
Inventories	445,124	3,285	-	10,186	458,595	45,859
Prepaid expenses	-	-	-	1,500	1,500	197,034
Interfund receivable	-	-	1,217,283	-	1,217,283	-
Total unrestricted current assets	637,660	16,785,440	17,726,918	1,161,581	36,311,599	27,821,172
Restricted current assets						
Restricted cash and investments	-	3,179,478	1,074,171	-	4,253,649	-
Restricted accounts receivable	4,085,967	2,992,495	64,379	946,041	8,088,882	26,962
Total restricted current assets	4,085,967	6,171,973	1,138,550	946,041	12,342,531	26,962
Total current assets	4,723,627	22,957,413	18,865,468	2,107,622	48,654,130	27,848,134
Noncurrent assets						
Capital assets	26,069,905	61,452,754	38,395,287	8,157,115	134,075,061	196,458
Total noncurrent assets	26,069,905	61,452,754	38,395,287	8,157,115	134,075,061	196,458
Total assets	30,793,532	84,410,167	57,260,755	10,264,737	182,729,191	28,044,592
Deferred outflows of resources						
OPEB deferrals	621,712	162,438	254,325	1,755,489	2,793,964	15,650
Pension deferrals	1,043,361	284,553	379,404	626,016	2,333,334	85,365
Total deferred outflows of resources	1,665,073	446,991	633,729	2,381,505	5,127,298	101,015
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	2,364,486	882,298	1,025,781	1,193,663	5,466,228	4,416,850
Current portion of long term debt	264,703	86,341	882,543	907,449	2,141,036	11,833
Interfund payables	1,217,283	-	-	-	1,217,283	-
Total current liabilities	3,846,472	968,639	1,908,324	2,101,112	8,824,547	4,428,683
Current liabilities to be paid from restricted assets						
Unearned deposits	-	981	1,074,171	-	1,075,152	-
Total current liabilities to be paid from restricted assets	-	981	1,074,171	-	1,075,152	-
Total current liabilities	3,846,472	969,620	2,982,495	2,101,112	9,899,699	4,428,683
Noncurrent liabilities						
OPEB obligation	2,855,227	845,230	1,159,614	3,138,688	7,998,759	118,538
Net pension liability	1,833,620	500,078	666,771	1,100,172	4,100,641	150,024
Unearned revenues	5	154,682	-	-	154,687	2,735
Long-term debt	-	-	4,746,149	389,788	5,135,937	-
Total noncurrent liabilities	4,688,852	1,499,990	6,572,534	4,628,648	17,390,024	271,297
Total liabilities	8,535,324	2,469,610	9,555,029	6,729,760	27,289,723	4,699,980
Deferred inflows of resources						
OPEB deferrals	133,529	39,528	54,232	146,786	374,075	66,243
Pension deferrals	75,644	20,630	27,507	45,387	169,168	6,189
Total deferred inflows of resources	209,173	60,158	81,739	192,173	543,243	72,432
Net position						
Net investment in capital assets	26,069,905	61,452,757	32,874,344	7,160,076	127,557,082	196,458
Restricted net position						
Capital projects	-	3,240,358	-	-	3,240,358	-
Operating projects	-	-	-	-	-	-
Unrestricted (deficit)	(2,355,797)	17,634,275	15,383,372	(1,435,767)	29,226,083	23,176,737
Total net position	\$ 23,714,108	\$ 82,327,390	\$ 48,257,716	\$ 5,724,309	\$ 160,023,523	\$ 23,373,195

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020**

	Enterprise Funds				Total	Internal Service Funds
	Transit Fund	Airport Fund	Storm Water Management Fund	Environmental Services Fund		
Operating revenues						
Charges for services	\$ 781,000	\$ 3,693,201	\$ 11,214,252	\$ 11,744,956	\$ 27,433,409	\$ -
Other revenue from operations	299,959	127,945	37,115	260,868	725,887	89,584
Interfund charges and employee contributions	-	-	-	-	-	28,186,777
Total operating revenues	<u>1,080,959</u>	<u>3,821,146</u>	<u>11,251,367</u>	<u>12,005,824</u>	<u>28,159,296</u>	<u>28,276,361</u>
Operating expenses						
Salaries and employee benefits	7,233,528	1,902,709	2,546,806	4,831,854	16,514,897	592,002
Other operating expenses	3,427,190	1,553,364	3,647,209	7,193,907	15,821,670	26,451,556
Depreciation	1,539,382	4,117,240	1,115,756	1,187,630	7,960,008	-
Total operating expenses	<u>12,200,100</u>	<u>7,573,313</u>	<u>7,309,771</u>	<u>13,213,391</u>	<u>40,296,575</u>	<u>27,043,558</u>
Operating income (loss)	<u>(11,119,141)</u>	<u>(3,752,167)</u>	<u>3,941,596</u>	<u>(1,207,567)</u>	<u>(12,137,279)</u>	<u>1,232,803</u>
Nonoperating revenues (expenses)						
Interest earned on investments	-	297,906	279,323	10,567	587,796	439,892
Federal and State grants	5,656,620	1,718,492	10,572	198,795	7,584,479	26,962
Passenger Facility Charges	-	705,524	-	-	705,524	-
Customer Facility Charge	-	942,356	-	-	942,356	-
Miscellaneous revenue	-	211,181	34,250	37,062	282,493	32,595
Gain (loss) on disposal of capital assets	(6,830)	-	419	(34,528)	(40,939)	-
County revenue	-	-	-	307,505	307,505	-
Vehicle fee revenue	630,563	-	-	-	630,563	-
Interest expense	-	-	(171,952)	(33,934)	(205,886)	-
Miscellaneous expense	-	(443,382)	-	(3,582)	(446,964)	-
Total nonoperating revenues (expenses)	<u>6,280,353</u>	<u>3,432,077</u>	<u>152,612</u>	<u>481,885</u>	<u>10,346,927</u>	<u>499,449</u>
Income (loss) before contributions and transfers	<u>(4,838,788)</u>	<u>(320,090)</u>	<u>4,094,208</u>	<u>(725,682)</u>	<u>(1,790,352)</u>	<u>1,732,252</u>
Capital contributions	2,604,204	2,737,016	488,542	-	5,829,762	55,498
Transfers in	2,677,250	-	222,746	979,748	3,879,744	358,008
Transfers out	-	-	(477,500)	-	(477,500)	(1,051,768)
Change in net position	<u>442,666</u>	<u>2,416,926</u>	<u>4,327,996</u>	<u>254,066</u>	<u>7,441,654</u>	<u>1,093,990</u>
Total net position, beginning	<u>23,271,442</u>	<u>79,910,464</u>	<u>43,929,720</u>	<u>5,470,243</u>	<u>152,581,869</u>	<u>22,279,205</u>
Total net position, ending	<u>\$ 23,714,108</u>	<u>\$ 82,327,390</u>	<u>\$ 48,257,716</u>	<u>\$ 5,724,309</u>	<u>\$ 160,023,523</u>	<u>\$ 23,373,195</u>

City of Fayetteville, North Carolina

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020**

	Enterprise Funds				Total	Internal Service Funds
	Transit Fund	Airport Fund	Storm Water Management Fund	Environmental Services Fund		
Operating activities						
Cash received from customers	\$ 1,084,267	\$ 6,183,838	\$ 12,649,234	\$ 14,775,758	\$ 34,693,097	\$ 28,468,290
Cash received for insurance reimbursements	-	-	-	-	-	89,584
Cash paid to or on behalf of employees for services	(6,559,668)	(1,730,839)	(2,279,867)	(4,013,554)	(14,583,928)	(551,618)
Cash paid for goods and services	(937,364)	(4,053,410)	(3,638,187)	(8,710,828)	(17,339,789)	(24,089,278)
Net cash provided by (used in) operating activities	<u>(6,412,765)</u>	<u>399,589</u>	<u>6,731,180</u>	<u>2,051,376</u>	<u>2,769,380</u>	<u>3,916,978</u>
Noncapital financing activities						
Transfers in	2,677,250	-	222,746	979,748	3,879,744	358,008
Intergovernmental contributions	2,389,819	1,718,492	10,572	198,795	4,317,678	26,962
Transfers out	-	-	(477,500)	-	(477,500)	(1,051,768)
Vehicle revenue fees	630,563	-	-	-	630,563	-
Net cash provided (used) by noncapital financing activities	<u>5,697,632</u>	<u>1,718,492</u>	<u>(244,182)</u>	<u>1,178,543</u>	<u>8,350,485</u>	<u>(666,798)</u>
Capital and related financing activities						
Proceeds from sale of capital assets	21,326	-	12,960	22,723	57,009	-
Proceeds from debt issuance	-	-	60,644	57,951	118,595	-
Contributed capital received	2,604,204	2,737,016	488,542	-	5,829,762	-
Acquisition and construction of capital assets	(2,997,425)	(4,412,126)	(2,331,956)	(1,831,126)	(11,572,633)	(137,140)
Principal paid on debt maturities	-	-	(740,030)	(579,711)	(1,319,741)	-
Interest paid on debt maturities	-	-	(171,952)	(33,934)	(205,886)	-
Net cash provided (used) by capital and related financing activities	<u>(371,895)</u>	<u>(1,675,110)</u>	<u>(2,681,792)</u>	<u>(2,364,097)</u>	<u>(7,092,894)</u>	<u>(137,140)</u>
Investing activities						
Interest and dividends	-	297,906	279,323	10,567	587,796	439,892
Net cash provided by investing activities	<u>-</u>	<u>297,906</u>	<u>279,323</u>	<u>10,567</u>	<u>587,796</u>	<u>439,892</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,087,028)</u>	<u>740,877</u>	<u>4,084,529</u>	<u>876,389</u>	<u>4,614,767</u>	<u>3,552,932</u>
Cash and cash equivalents						
Beginning of year	<u>1,087,028</u>	<u>18,756,302</u>	<u>13,291,883</u>	<u>-</u>	<u>33,135,213</u>	<u>23,791,738</u>
End of year	<u>\$ -</u>	<u>\$ 19,497,179</u>	<u>\$ 17,376,412</u>	<u>\$ 876,389</u>	<u>\$ 37,749,980</u>	<u>\$ 27,344,670</u>
Unrestricted cash and cash equivalents	\$ -	\$ 16,317,701	\$ 16,302,241	\$ 876,389	\$ 33,496,331	\$ 27,344,670
Restricted cash and cash equivalents	-	3,179,478	1,074,171	-	4,253,649	-
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ 19,497,179</u>	<u>\$ 17,376,412</u>	<u>\$ 876,389</u>	<u>\$ 37,749,980</u>	<u>\$ 27,344,670</u>

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended June 30, 2020

	Enterprise Funds				Total	Internal Service Funds
	Transit Fund	Airport Fund	Storm Water Management Fund	Environmental Services Fund		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (11,119,141)	\$ (3,752,167)	\$ 3,941,596	\$ (1,207,567)	\$ (12,137,279)	\$ 1,232,803
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,539,382	4,117,240	1,115,756	1,187,630	7,960,008	-
Nonoperating payments for goods and services	-	(443,382)	-	(3,582)	(446,964)	-
Nonoperating receipts from customers	-	1,859,061	34,250	344,567	2,237,878	32,595
Change in assets, liabilities and deferrals:						
(Increase) decrease in accounts receivable	3,303	1,708,724	1,482,050	2,425,367	5,619,444	251,610
(Increase) decrease in inventory	(20,082)	1,898	-	2,399	(15,785)	25,902
(Increase) decrease in prepaid items	-	-	-	(1,500)	(1,500)	87,899
Increase (decrease) in unearned revenues	5	(1,205,093)	(118,433)	-	(1,323,521)	(2,691)
Increase (decrease) in accounts payable and accrued liabilities	2,509,908	(2,058,562)	9,022	(1,514,238)	(1,053,870)	2,248,476
Increase (decrease) in accrued compensated absences	12,076	(9,252)	22,296	56,341	81,461	8,410
Increase (decrease) LGERS expense	424,961	116,417	148,004	233,610	922,992	39,857
Increase (decrease) Net OPEB expense	236,823	64,705	96,639	528,349	926,516	(7,883)
Total adjustments	<u>4,706,376</u>	<u>4,151,756</u>	<u>2,789,584</u>	<u>3,258,943</u>	<u>14,906,659</u>	<u>2,684,175</u>
Net cash provided by (used in) operating activities	<u>\$ (6,412,765)</u>	<u>\$ 399,589</u>	<u>\$ 6,731,180</u>	<u>\$ 2,051,376</u>	<u>\$ 2,769,380</u>	<u>\$ 3,916,978</u>
Noncash investing, capital, and financing activities						
Contributed capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,498

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

	Private-purpose Trusts	Agency Fund
Assets		
Cash and cash equivalents	\$ 1,385,574	\$ 229,970
Accounts receivable	-	-
Total assets	1,385,574	\$ 229,970
Liabilities		
Intergovernmental payable	-	\$ 229,970
Total liabilities	-	\$ 229,970
Net position		
Restricted for pension benefits and other purposes	1,385,574	
Total net position	\$ 1,385,574	

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020**

	Private-purpose Trusts
Additions	
Other contributions	\$ 119,791
Investment earnings	36,002
Total additions	155,793
Deductions	
Benefit payments and premiums	153,916
Total deductions	153,916
Change in net position	1,877
Total net position - beginning	1,383,697
Total net position - ending	\$ 1,385,574

City of Fayetteville, North Carolina

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Notes to Financial Statements



City of Fayetteville, North Carolina

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The City of Fayetteville, North Carolina (the "City") was established in 1783. The City operates under a council-manager form of government and provides the following services: administration, public safety, environmental protection, transportation, economic and physical development, recreation and community facilities, wastewater and storm water utilities, transit, airport, and solid waste collection and recycling. The City receives substantial revenues from Federal and State sources. Ad valorem taxes on the City of Fayetteville's citizens represent a significant portion of the general government revenues.

The financial statements of the City of Fayetteville, North Carolina have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A - Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units. GASB Statements number 14, 39 and 61 define component units as legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and a) it is able to impose its will on that organization or b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens upon, the primary government.

These statements provide two methods for reporting component units in the financial statements of the primary government: discrete presentation and blending. Discrete presentation means that data will be presented in one or more separate columns to the right of the primary government data columns. Blending means that the component unit's financial data is reported as though the unit is part of the primary government. If the units provide services or benefits exclusively, or almost exclusively, to the primary government, or if the component units and the primary government have "substantively identical boards," the legally separate component units should be incorporated by blending. If the units do not meet these criteria, their data should be incorporated by discrete presentation.

Based on evaluating these characteristics, the following is a brief review of the component units in the City's reporting entity:

Fayetteville Public Works Commission

The Fayetteville Public Works Commission was chartered by the North Carolina General Assembly in 1905. The charter has been amended by the General Assembly since then, most recently on June 30, 2016. As a result of these actions, PWC is presented as a discretely presented component unit because it is a legally separate authority, but it would be misleading to exclude it from the City's financial statements; the City owns the PWC capital assets, approves certain contracts, issues debt for PWC and appoints the Board of Commissioners.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

City of Fayetteville Linear Park, Inc.

The City of Fayetteville Linear Park, Inc., is a non-profit corporation formed for the purpose of assisting in the development of the Linear Park downtown. Linear Park, Inc., is shown in a blended presentation as it provides services exclusively to the City. Its operating fund is presented in the accompanying financial statements as a non-major special revenue fund.

B - Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities, however, interfund services provided and used are not eliminated during the consolidation process. 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, including all taxes, are presented as general revenues.

The Government-wide Statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Fiduciary funds are not included in these statements.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary are presented, even though the fiduciary is excluded from the government-wide financial statements. 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for administration, public safety, parks and recreation, street maintenance, and environmental protection.

Economic and Physical Development Fund. This capital project fund accounts for construction and improvement of various public facilities of the City including a baseball stadium, parking deck, and other downtown development. This fund is being reported as major for consistency with prior year reporting.

PWC Assessment Fund. The PWC Assessment Fund accounts for the fees assessed by the City for PWC since PWC does not have the power to assess the citizens.

The City reports the following non-major governmental funds:

Special Revenue Funds. Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The Emergency Telephone System Fund accounts for the City's share of the State tax charged to telephone customers to fund the 911 system. The Federal and State Financial Assistance Fund accounts for federal and state grants. The Linear Park Fund accounts for projects associated with development of the Linear Park downtown.

Capital Project Funds. Capital Project Funds account for financial resources to be used for the acquisition or construction of governmental capital assets. The General Government Fund accounts for information technology and other projects supporting the entire government. The Public Safety Fund accounts for projects supporting the public safety services provided by the City. The Transportation Fund accounts for projects to improve transportation and related services throughout the City. The Recreational and Cultural Fund accounts for resources used for the acquisition and construction of facilities, such as parks, recreation centers and museums. The Environmental Protection Fund accounts for projects related to dam restoration and improvements in the City. Resources are provided through intergovernmental revenues, facility financing proceeds and transfers from other funds.

The City reports the following major enterprise funds:

Transit Fund. This fund accounts for operation of the municipal transit system, including capital asset acquisition, construction of transit facilities, and related improvements.

Airport Fund. This fund accounts for the operation and capital asset acquisition of the Fayetteville Regional Airport.

Storm Water Management Fund. This fund accounts for the operation and maintenance of storm water facilities for the customers within the City of Fayetteville.

Environmental Services Fund. This fund accounts for residential solid waste collection and recycling services operations and capital asset acquisition.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

The City reports the following fund types:

Internal Service Funds. Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis. The Insurance Fund is used to account for the accumulation and allocation of costs associated with health, workers compensation, and liability claims. The Fleet Maintenance Fund is used to account for the accumulation and allocation of costs associated with repair and maintenance of City vehicles and equipment.

Private-Purpose Trust Funds. These funds are used to account for resources legally held in trust for use by others. The Police Benefit and Firefighter’s Benefit Trust Funds account for resources held in trust for these two groups of individuals. All resources of the funds, including any earnings on invested resources, may be used to support the organizations’ activities. There is no requirement that any portion of these resources be preserved as capital.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the City holds on behalf of others. The City maintains the Red Light Camera agency fund with accounts for collections of “red light camera” fines in excess of City expenses for the program by agreement with Cumberland County School Board on a monthly basis.

C - Measurement Focus and Basis of Accounting

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

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

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

The City’s 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 the funds’ principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. Operating expenses for the City’s enterprise funds include the costs of sales and services, general and administrative services and

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

depreciation of 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 a revenue because the amount is not susceptible to accrual at June 30, since taxes receivable 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 all 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 in North Carolina on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 a shared revenue for the City because the tax is levied by Cumberland County and then remitted to and distributed by the State. 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. Grant revenues which are unearned at year-end are recorded as unearned revenues.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

D – Budgetary Data

Budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, selected special revenue, and enterprise funds, including the PWC Assessment fund. All annual appropriations lapse at fiscal year-end. Project and grant ordinances are adopted for the Federal and State Financial Assistance special revenue fund, Linear Park special revenue fund and capital project funds. Enterprise capital project funds are consolidated with the operating funds for reporting purposes. The City's internal service funds are intra-governmental service funds, which operate under financial plans that were adopted by the governing board at the time the City's budget ordinance was approved,

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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 portfolio level for the general fund, at the fund level for selected special revenue and proprietary funds, and at the project level for selected special revenue and capital project funds. Any revisions that alter total appropriations at the portfolio, fund or project level, as appropriate, of any fund must be approved by the City Council. During the year, several amendments to the original budget were necessary. 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 are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

The City's investments with maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund maintains an AAAM rating from S&P. The NCCMT Term Portfolio is not rated. Both the NCCMT Government and Term Portfolio's securities are measured at fair value with Level 1 inputs. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

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 fair market hierarchy.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-136(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2019.

Receivables

The receivables in the general fund consist primarily of sales taxes and utility taxes due from the State, which total \$11,809,714 and \$2,607,854, respectively. In addition, motor vehicle ad valorem taxes totaling \$638,230 were also due from the State.

The receivables in the enterprise funds consist primarily of customer receivables for services.

Allowance for Uncollectible Receivables

The City recorded an allowance for uncollectible receivables of \$1,460,202 in the federal and state financial assistance fund related to loans associated with grants or other financial assistance that have been awarded.

The City operates enterprise funds that provide credit in the normal course of business to customers primarily located in Fayetteville, North Carolina. The City performs on-going credit evaluations of its customers and maintains allowances for doubtful accounts by using the experience method to estimate collection losses to be incurred. Credit losses, when realized, have been within the range of the City's estimations and historically have not been significant. Other receivables that historically experience uncollectible accounts are also 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.

The receivables shown on the Statement of Net Position are presented net of the following allowances for doubtful accounts as of June 30, 2020:

General Fund	
Taxes receivable	\$ 698,214
Accounts receivable	586,448
Assessments receivable	449,762
Special Revenue Funds	
Notes receivable	1,460,202
Assessments receivable	375,155
Enterprise Funds	
Transit Fund - Accounts receivable	73,566
Airport Fund - Accounts receivable	82,682
Solid Waste Recycling Fund - Accounts receivable	68,991
Storm Water Management Fund - Accounts receivable	28,303
Total	\$ 3,823,323

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “Interfund receivable” or “Interfund payable” on the balance sheet in the fund financial statements and as “internal balances” on the statement of net position in the government-wide financial statements.

Inventories

Governmental inventories of supplies are valued at cost. Other inventories are valued at the lower of average cost or net realizable value. The costs of governmental fund-type inventories, which consist of materials and supplies, are recorded as expenditures when they are consumed rather than when they are purchased. The costs of enterprise fund-type inventories, which consist of fuel, materials and spare parts, are expensed when used rather than when purchased.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items.

Restricted Assets, Restricted Liabilities and Restricted Net Position

In the general, special revenue, capital project and enterprise funds, the City has classified as restricted the assets representing deposits, reserves, capital project appropriations, advance grant funding and unexpended financing proceeds because their use is completely restricted to the purpose for which the financing proceeds were issued or the purpose for which the financing proceeds were set aside. Liabilities due to be repaid from restricted assets are classified as restricted liabilities. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through state statute reduced by liabilities and deferred inflows of resources related to those assets.

The purposes of the restrictions are the same as the corresponding descriptions of restricted fund balance on pages F-13 through F-15. The restriction for “Recreational and Cultural” incorporates restrictions for county recreation and other recreation and community facilities. Restrictions for Downtown and Lake Valley Drive MSD are created by enabling legislation. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening local streets per G.S. 136-41.1 through 136-41.4.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

<u>Governmental Activities</u>	<u>Externally Restricted</u>
Restricted Cash and Investments	
General Fund	
For downtown	\$ 132,332
For county recreation	3,045,504
For capital financing	664,418
Unexpended debt proceeds	606,476
For Lake Valley Drive MSD	935
Federal and State Financial Assistance Fund	
Unexpended grant proceeds	998,702
Public Safety Fund	
Unexpended grant proceeds	15,038
Transportation Fund	
For Powell Bill	1,487,566
Economic and Physical Development Fund	
Unexpended debt proceeds	369,842
Recreational and Cultural Fund	
Unexpended debt proceeds	12,547,828
Unexpended grant proceeds	1,173,584
	<u>21,042,225</u>
Total governmental activities - restricted cash and investments	\$ <u>21,042,225</u>
Restricted Receivables	
General Fund	
For county recreation	\$ 620,954
Federal and State Financial Assistance Fund	
For public safety	744
	<u>621,698</u>
Total governmental activities - restricted accounts receivable	\$ <u>621,698</u>
Restricted Unearned Deposits (general fund)	<u>\$ 583,025</u>
Restricted Accounts Payable - amounts to be paid from restricted assets	
Federal and State Financial Assistance Fund	\$ 536
Transportation Fund - for Powell Bill	138,368
Economic and Physical Development Fund	369,842
	<u>508,746</u>
Total governmental activities - restricted accounts payable	\$ <u>508,746</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

<u>Business-type Activities</u>	<u>Externally Restricted</u>
Restricted Cash and Investments	
Storm Water Fund	
Unearned bond deposits	\$ 1,074,171
Airport Fund	
Unexpended grant proceeds and passenger facility charges	3,179,478
Total business-type activities - restricted cash and investments	<u>\$ 4,253,649</u>
 Restricted Accounts Receivable - amounts due from federal and state granting agencies:	
Storm Water Fund	\$ 64,379
Airport Fund	2,992,495
Environmental Services Fund	946,041
Transit Fund	4,085,967
Total business-type activities - restricted accounts receivable	<u>\$ 8,088,882</u>
 Restricted unearned deposits	
Airport Fund	\$ 981
Storm Water Fund	1,074,171
Total restricted unearned deposits	<u>\$ 1,075,152</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 2001 and storm water network assets acquired prior to July 1, 2004 are reported at estimated historical cost using deflated current 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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Gains and losses on dispositions of capital assets are credited or charged to operations.

The City holds title to certain PWC capital assets in accordance with PWC's charter. These assets have been reported separately in Note 3. PWC has full use of the assets, and full responsibility for maintenance thereof. The assets are reflected as capital assets in PWC's financial statements.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (Years)
Infrastructure	15 - 60
Buildings	40
Improvements	5 - 15
Vehicles	5 - 20
Furniture and equipment	5 - 10
Computer software	3
Computer equipment	3

Depreciation includes amortization of intangible assets.

PWC's capital assets purchased or constructed since 1958 are recorded at cost. Contributed utility assets are recorded at estimated value at the date of acquisition. Utility assets acquired prior to 1958 are carried on an estimated cost basis. The Utility Plant Systems are depreciated over the estimated useful lives of 20 to 45 years. Other property and equipment are depreciated over estimated useful lives ranging from 5 to 15 years. All capital assets are depreciated using the straight-line method.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has three items that meet this criterion, unamortized bond refunding charges, other post-employment deferrals (OPEB) and pension deferrals. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has three items that meet the criterion for this category on the statement of net position – prepaid taxes, OPEB and pension deferrals. The City’s governmental funds balance sheet has four items that meet the criterion for this category - taxes receivable, accounts receivable, assessments receivable and prepaid taxes.

Compensated Absences

The vacation policy of the City provides for the accumulation of up to seven (7) weeks earned vacation leave with such leave being fully vested when earned. For the City’s government-wide and proprietary funds, an expense and a liability for compensated absences, including compensatory time and holiday pay, and the salary-related payments are recorded as the leave is earned.

The City's sick leave policy provides for unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for that sick leave has been made.

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 governmental 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position

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

Fund Balances

In 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:

Nonspendable Fund Balance - consists of funds that cannot be spent due to their form (e.g. inventories and prepaid amounts) or funds that legally or contractually must be maintained intact.

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

Prepays – portion of fund balance that is not an available resource because it represents future expenses paid in advance, which are not spendable resources.

Restricted Fund Balance - consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Restricted for downtown - portion of fund balance available for appropriation for projects in the Central Business District.

Restricted for Lake Valley Drive MSD - portion of fund balance available to pay for drainage improvements in the Lake Valley Drive Municipal Service District.

Restricted for county recreation – portion of fund balance available to pay for the recreational activities of Cumberland County.

Restricted for donations - portion of fund balance that is not available for appropriation because it represents donor-imposed restrictions.

Restricted for administration – portion of fund balance restricted for encumbrances related to administration activities outstanding at the end of the fiscal year.

Restricted for public safety – portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures and external grantors, and encumbrances related to public safety activities outstanding at the end of the fiscal year.

Restricted for transportation – portion of fund balance restricted for encumbrances related to transportation activities outstanding at the end of the fiscal year.

Restricted for economic and physical development – portion of fund balance restricted for major economic and physical development activities including the downtown baseball stadium and parking deck, and encumbrances related to economic and physical development activities outstanding at the end of the fiscal year.

Restricted for recreation and community facilities – portion of fund balance restricted for parks and recreation facilities and improvements and other restrictions imposed by granting agencies for the Veterans Park project, and encumbrances related to public safety activities outstanding at the end of the fiscal year.

Restricted for environmental protection – portion of fund balance restricted for encumbrances related to environmental protection activities outstanding at the end of the fiscal year.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Law Enforcement Officer’s Separation Allowance – portion of fund balance that will be used for Law Enforcement Officer’s Separation Allowance obligations.

Committed for administration – portion of fund balance committed by City Council for the construction of specific assets that support the entire government held in the capital project funds.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Committed for public safety – portion of fund balance committed by City Council for the construction of specific assets for public safety held in the capital project funds.

Committed for transportation – portion of fund balance committed by City Council for the construction of specific assets for transportation held in the capital project funds.

Committed for economic and physical development – portion of fund balance committed by City Council for the construction of specific assets for economic development held in the capital project funds.

Committed for recreational and community facilities – portion of fund balance committed by City Council for the construction of specific assets for recreational facilities held in the capital project funds.

Committed for environmental protection – portion of fund balance committed by City Council for the construction of specific assets for environmental protection held in the capital project funds.

Assigned Fund Balance - consists of funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision-making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. The City's fund balance policy delegates the authority to assign funds to the City Manager.

Subsequent year's expenditures - portion of fund balance that is appropriated in the adopted 2020 - 2021 budget ordinance that is not already classified as restricted or committed.

Special purpose - portion of fund balance identified for specific uses in the general fund and special revenue funds. The amount reflects Council assigned funding for future transportation and technology projects, police operations and equipment, a revolving loan fund, and transit and parks and recreation activities; and, City Manager and Council assigned funding for initiatives to be completed in future years.

Capital projects - portion of fund balance that is assigned to capital related projects.

Unassigned Fund Balance - consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The general fund is the only fund that reports a positive unassigned fund balance amount.

Fund Balance Policy

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

The City of Fayetteville has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least 10% of the succeeding year's general fund expenditure budget, excluding the budget for the County Recreation Program. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the fund balance to the established minimum level within two years.

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's employer contributions are recognized when due and the City 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.

F - Use of Estimates

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

G - Upcoming Pronouncements

GASB Statement No. 84, "Fiduciary Activities." This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

GASB Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

GASB Statement No. 90, "Majority Equity Interests, an Amendment of GASB Statements No. 14 and No. 61." The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquired a 100 percent equity interest. Those provisions should be applied on a prospective basis.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

GASB Statement No. 91, "Conduit Debt Obligations." The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

GASB Statement No. 92, "Omnibus 2020." The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement will take effect for financial reporting periods beginning after June 15, 2020.

GASB Statement No. 93, "Replacement of Interbank Offered Rates." The primary objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR, most notably the London Interbank Offered Rate. This Statement is effective for reporting periods ending after December 31, 2021.

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPP's consistently and disclose important information about PPP transactions. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32." The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2)

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Earlier application of these statements is encouraged. For original pronouncements, please visit the GASB's website, www.gasb.org.

Management is in the process of determining what impact, if any, implementation of the above statements may have on the financial statements of the City.

H – Pronouncements Implemented

GASB Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on this guidance.

GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period." The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 2 - Cash, Cash Equivalents and Investments

A – Deposits

All of the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the Federal Depository Insurance coverage level are collateralized with securities held by the City's agents in the City's name. 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, these deposits are considered to be held by the City's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The City relies on the State Treasurer to monitor those financial institutions for compliance. The City analyzes the financial soundness of any other financial institution used by the City. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The City's policy for custodial credit risk associated with deposits is to comply with the applicable North Carolina General Statutes.

The City places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The City from time to time may have amounts on deposit in excess of the insured amounts.

At June 30, 2020, the City's demand deposits had a carrying amount of \$23,177,707 and a bank balance of \$23,928,613. Of the bank balance, Federal Deposit Insurance covered \$250,000 and the remainder was covered by collateral under the Pooling Method.

The Firefighter's Fund had deposits totaling \$1,375,369.

The City had \$12,075 in the petty cash and change funds.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 2 - Cash, Cash Equivalents and Investments (continued)

B – Investments

The funds of the City of Fayetteville are invested in compliance with the provisions of North Carolina General Statutes 159-30 and 159-31. The City’s Investment Policy is a board-approved policy.

At June 30, 2020, the City investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Rating*
BB&T Capital Markets - Commercial Paper	Fair Value Level 2	\$ 32,391,345	Various	A1/P1
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	81,355,840	0.15 Years	Unrated
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	29,237,026	NA	AAAm
Total:		\$142,984,211		

*Standard & Poors

All investments valued at fair value 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. Fair Value Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Fair Value 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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy provides for structuring the investment portfolio so that securities mature to meet cash requirements for the ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Also the City’s investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities other than Treasuries, Agencies, and North Carolina State and local bonds to a final maturity of no more than three years.

Credit Risk. The City has no formal policy regarding credit risk; however, the State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City minimizes credit risk by limiting investments to the types allowed by North Carolina General Statutes 159-30. The City diversifies the investment portfolio to minimize the impact of potential losses from any one security or from any one individual issuer. Also, the City pre-qualifies the financial institutions’ brokers/dealers and requires them to meet specific financial and registration conditions. The City’s investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor’s and the NC Capital Management Trust Term Portfolio was unrated as of June 30, 2020. The City’s investment in Commercial Paper has an A1/P1 rating as of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 2 - Cash, Cash Equivalents and Investments (continued)

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires that investment securities are in the name of the City of Fayetteville and are held by a centralized independent third-party custodian. The City requires that the independent third-party custodian issue a safekeeping receipt to the Chief Financial Officer listing the specific instrument, rate, maturity, and other pertinent information as evidence. All investment security purchases and sales are on a delivery versus payment basis and are made through the independent third-party custodian by written instruction.

Reconciliation to cash and investments:

Totals per footnote:

Total investments (including escrow)	\$	142,984,211
Cash (demand deposits)		23,177,707
Firemen's Relief Fund CDs		1,375,369
Petty Cash		12,075
Total cash and investments	\$	167,549,362

Totals per Statement of Net Position

Cash and investments - unrestricted	\$	140,637,944
Cash and investments - restricted		25,295,874
Agency		229,970
Private-purpose trust cash and investments		1,385,574
Total cash and investments	\$	167,549,362

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

Primary Government

	Balance June 30, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
Governmental activities:					
Capital assets not being depreciated					
Land and land rights	\$ 41,370,393	\$ 1,321,175	\$ (64,063)	\$ 482,400	\$ 43,109,905
Construction in progress	41,083,871	15,422,547	-	(25,676,740)	30,829,678
Total capital assets not being depreciated	<u>82,454,264</u>	<u>16,743,722</u>	<u>(64,063)</u>	<u>(25,194,340)</u>	<u>73,939,583</u>
Capital assets being depreciated:					
Infrastructure	484,898,592	3,971,193	-	21,593,224	510,463,009
Buildings and improvements	153,633,636	975,982	-	3,526,016	158,135,634
Equipment, furniture and fixtures	33,194,398	2,971,772	(319,843)	75,100	35,921,427
Computer software	6,217,015	22,214	(66,125)	-	6,173,104
Vehicles	41,149,820	3,170,765	(2,218,349)	(19,017)	42,083,219
Total capital assets being depreciated	<u>719,093,461</u>	<u>11,111,926</u>	<u>(2,604,317)</u>	<u>25,175,323</u>	<u>752,776,393</u>
Less accumulated depreciation for:					
Infrastructure	(278,963,495)	(13,643,459)	-	-	(292,606,954)
Buildings and improvements	(58,209,473)	(5,520,250)	-	-	(63,729,723)
Equipment, furniture and fixtures	(26,942,890)	(2,396,645)	316,270	-	(29,023,265)
Computer software	(5,662,380)	(403,631)	66,125	-	(5,999,886)
Vehicles	(27,750,643)	(2,958,311)	2,206,069	19,017	(28,483,868)
Total accumulated depreciation	<u>(397,528,881)</u>	<u>\$ (24,922,296)</u>	<u>\$ 2,588,464</u>	<u>\$ 19,017</u>	<u>(419,843,696)</u>
Total capital assets being depreciated, net	<u>321,564,580</u>				<u>332,932,697</u>
General governmental activity capital assets, net	<u>\$ 404,018,844</u>				<u>\$ 406,872,280</u>

Depreciation expense was charged to functions/programs of the governmental activities of the primary government as follows:

Administration	\$ 625,558
Public safety	5,201,961
Environmental protection	273,928
Transportation	14,254,371
Economic and physical development	1,862,624
Recreation and community facilities	2,703,854
Total depreciation expense	<u>\$ 24,922,296</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 3 - Capital Assets (continued)

	Balance June 30, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
Business-type activities:					
Capital assets not being depreciated					
Land and land rights	\$ 5,766,630	\$ 7,894	\$ -	\$ -	\$ 5,774,524
Construction in progress	35,672,663	6,229,809	-	(13,764,998)	28,137,474
Total capital assets not being depreciated	41,439,293	6,237,703	-	(13,764,998)	33,911,998
Capital assets being depreciated:					
Buildings and improvements	111,276,641	86,650	-	-	111,363,291
Equipment, furniture and fixtures	10,502,324	406,983	-	102,050	11,011,357
Computer software	562,485	-	-	-	562,485
Vehicles	28,603,887	4,782,561	(1,641,499)	19,017	31,763,966
Infrastructure	41,191,568	58,736	-	13,662,948	54,913,252
Total capital assets being depreciated	192,136,905	5,334,930	(1,641,499)	13,784,015	209,614,351
Less accumulated depreciation for:					
Buildings and improvements	(59,344,230)	(4,542,670)	-	-	(63,886,900)
Equipment, furniture and fixtures	(7,724,751)	(775,106)	-	-	(8,499,857)
Computer software	(460,833)	(21,395)	-	-	(482,228)
Vehicles	(16,385,728)	(1,837,533)	1,571,705	(19,017)	(16,670,573)
Infrastructure	(19,128,426)	(783,304)	-	-	(19,911,730)
Total accumulated depreciation	(103,043,968)	\$ (7,960,008)	\$ 1,571,705	\$ (19,017)	(109,451,288)
Total capital assets being depreciated, net	89,092,937				100,163,063
Business-type activity capital assets, net	\$ 130,532,230				\$ 134,075,061

Depreciation expense was charged to functions/programs of business-type activities of the primary government as follows:

Storm water management	\$ 1,115,756
Transportation	1,539,382
Airport	4,117,240
Environmental services	1,187,630
Total depreciation expense	\$ 7,960,008

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 3 - Capital Assets (continued)

PWC (discretely presented component unit)

	Balance June 30, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
PWC:					
Capital assets not being depreciated:					
Land and land rights	\$ 18,673,558	\$ 504	\$ (29)	\$ 580,925	\$ 19,254,958
Construction in progress	115,006,376	114,471,553	(2,788,348)	(72,033,184)	154,656,397
Total capital assets not being depreciated	<u>133,679,934</u>	<u>114,472,057</u>	<u>(2,788,377)</u>	<u>(71,452,259)</u>	<u>173,911,355</u>
Capital assets being depreciated:					
Electric utility system	475,297,395	1,733,392	(24,788,022)	26,388,070	478,630,835
Water system	408,046,005	276,599	(265,000)	17,338,690	425,396,294
Sewer system	572,629,881	58,430	-	26,068,661	598,756,972
Buildings	57,480,791	392,009	-	1,398,770	59,271,570
Equipment and machinery	32,930,649	975,419	(415,927)	121,312	33,611,453
Intangibles	27,425,789	619,167	-	434,911	28,479,867
Computer equipment	24,526,131	588,049	-	(345,353)	24,768,827
Vehicles	19,677,297	2,203,015	(693,836)	47,197	21,233,673
Office equipment	1,754,378	-	(1,030)	-	1,753,348
Total capital assets being depreciated	<u>1,619,768,316</u>	<u>6,846,080</u>	<u>(26,163,815)</u>	<u>71,452,258</u>	<u>1,671,902,839</u>
Less accumulated depreciation for:					
Electric utility system	(279,380,266)	(13,255,310)	23,900,513	(496)	(268,735,559)
Water system	(156,963,435)	(10,645,278)	142,794	-	(167,465,919)
Sewer system	(218,855,320)	(12,474,655)	-	-	(231,329,975)
Buildings	(30,589,556)	(1,503,173)	-	495	(32,092,234)
Equipment and machinery	(22,913,499)	(1,168,173)	404,053	394	(23,677,225)
Intangibles	(20,524,298)	(1,651,430)	-	(167,608)	(22,343,336)
Computer equipment	(19,339,446)	(1,441,288)	-	167,607	(20,613,127)
Vehicles	(12,029,029)	(1,406,683)	678,605	(391)	(12,757,498)
Office equipment	(1,595,981)	(29,982)	1,030	-	(1,624,933)
Total accumulated depreciation:	<u>(762,190,830)</u>	<u>\$ (43,575,972)</u>	<u>\$ 25,126,995</u>	<u>\$ 1</u>	<u>(780,639,806)</u>
Total capital assets being depreciated, net	<u>857,577,486</u>				<u>891,263,033</u>
PWC capital assets, net	<u>\$ 991,257,420</u>				<u>\$ 1,065,174,388</u>

As disclosed in Note 1, the City holds title to certain PWC capital assets in accordance with PWC's charter. PWC has full use of the assets, and full responsibility for maintenance thereof. The assets are reflected as capital assets in PWC's financial statements.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 4 – Accounts Payable

Unrestricted and restricted accounts payable and accrued expenses consist of the following as of June 30, 2020:

Governmental activities

	General	Economic and Physical Development	PWC Assessment	Nonmajor Governmental	Internal Service	Subtotal
Accounts payable	\$ 5,444,992	\$ 405,816	\$ -	\$ 860,018	\$ 2,238,690	\$ 8,949,515
Incurring but not reported	-	-	-	-	2,176,489	2,176,489
Contracts payable	-	-	-	12,877	-	12,877
Retainage payable	-	1,128,130	-	101,661	-	1,229,791
Salaries and benefits payable	3,443,585	-	-	-	1,671	3,445,256
Total	\$ 8,888,577	\$ 1,533,946	\$ -	\$ 974,556	\$ 4,416,850	15,813,929

Adjustment for interest payable						354,506
						<u>\$ 16,168,435</u>

Reconciliation to accounts payable on the financial statements:

Unrestricted	\$ 8,888,577	\$ 1,164,104	\$ -	\$ 835,652	\$ 4,416,850	\$ 15,305,183
Restricted	-	369,842	-	138,904	-	508,746
	<u>\$ 8,888,577</u>	<u>\$ 1,533,946</u>	<u>\$ -</u>	<u>\$ 974,556</u>	<u>\$ 4,416,850</u>	<u>15,813,929</u>

Adjustment for interest payable						354,506
						<u>\$ 16,168,435</u>

Business-type activities

	Transit	Airport	Storm Water Management	Environmental Services	Subtotal
Accounts payable	\$ 2,209,651	\$ 74,581	\$ 895,209	\$ 1,086,138	\$ 4,265,579
Contracts payable	-	688,021	-	-	688,021
Interest payable	-	-	68,647	1,141	69,788
Retainage payable	-	82,986	-	-	82,986
Salaries and benefits payable	154,835	36,710	61,925	106,384	359,854
Total	\$ 2,364,486	\$ 882,298	\$ 1,025,781	\$ 1,193,663	\$ 5,466,228

Reconciliation to accounts payable on the financial statements:

Unrestricted	\$ 2,364,486	\$ 882,298	\$ 1,025,781	\$ 1,193,663	\$ 5,466,228
	<u>\$ 2,364,486</u>	<u>\$ 882,298</u>	<u>\$ 1,025,781</u>	<u>\$ 1,193,663</u>	<u>\$ 5,466,228</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations

A - General Obligation Indebtedness

The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are collateralized by the full faith, credit, and taxing power of the City. They are serviced by the general fund. Principal and interest payments are appropriated when due. General obligation bonds outstanding for the year ended June 30, 2020 are as follows:

Governmental activities

\$7,896,115 Refunding Bonds, Series 2009 due in various annual installments through March 1, 2021; interest at various rates between 4.0% and 5.0%.	\$ 14,093
\$2,270,000 Refunding Bonds, Series 2019 due in various annual installments through June 1, 2025; interest at 5.0%.	1,890,000
\$16,000,000 Parks and Recreation Bonds, Series 2019 due in various annual installments through June 1, 2039; interest at various rates between 2.0% and 5.0%.	15,200,000
	17,104,093
Add: Unamortized Premium	1,870,742
Total governmental general obligation bonds and premiums	\$ 18,974,835

Interest expense related to the general obligation bonds totaled \$760,732 for the year ended June 30, 2020.

In March 2016, voters approved a \$35,000,000 parks and recreation bond referendum. In May 2019, \$16,000,000 of general obligation bonds representing the first tranche of bonds were issued. At June 30, 2020, \$19,000,000 of the bonds were authorized but un-issued.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

B – Limited Obligation Indebtedness

The City has issued direct placement limited obligation bonds to provide funds for the construction of capital facilities. The bonds are limited obligations of the City and payments thereon shall be limited to funds appropriated for that purpose by the City Council of the City in its sole discretion. Direct placement limited obligation bonds outstanding for the year ended June 30, 2020 are as follows:

Governmental activities

\$50,520,000 direct placement taxable limited obligation bonds Series 2018 due in annual installments through June 1, 2038; interest at various rates between 2.87% and 4.24%.	\$ 45,460,000				
\$2,620,000 direct placement taxable limited obligation bonds Series 2019A due in annual installments through June 1, 2038; interest at various rates between 2.63% and 3.93%.	2,485,000				
\$2,740,000 direct placement tax-exempt limited obligation bonds Series 2019B due in annual installments through June 1, 2039; interest at various rates between 4.0% and 5.0%.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; text-align: right;">2,605,000</td> </tr> <tr> <td style="text-align: right;">50,550,000</td> </tr> <tr> <td style="border-top: 1px solid black; text-align: right;">390,213</td> </tr> <tr> <td style="border-top: 3px double black; text-align: right;">\$ 50,940,213</td> </tr> </table>	2,605,000	50,550,000	390,213	\$ 50,940,213
2,605,000					
50,550,000					
390,213					
\$ 50,940,213					
Add: Unamortized Premium	390,213				
Total governmental limited obligation bonds and premiums	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; text-align: right;">\$ 50,940,213</td> </tr> </table>	\$ 50,940,213			
\$ 50,940,213					

Default events include not paying interest or principal when due, and failure to appropriate funds for payment of interest and principal. In the event of a default under the Trust Agreements, the Trustee may declare the unpaid interest and principal of the bonds outstanding due and payable immediately or exercise the Trustee’s rights under the Deed of Trust on mortgaged property. The City is in compliance with all requirements of the Trust Agreements.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

C - Revenue Bonds (City)

The City has issued direct placement revenue bonds, which have been used to finance the construction of facilities used in the City's operations. Resources generated by the facilities' operations are retiring the bonds.

In 2011, the City entered into a \$10,595,000 direct placement storm water revenue bond due in various annual installments through August 1, 2026; interest at 3.135%. The City issued the bonds in August 2011, to acquire, construct and equip various improvements to the City's natural and structural water and drainage system. In the event of default the trustee may require that the aggregate principal amount of parity indebtedness then outstanding, require the City to endorse all checks and other negotiable instruments representing receipts to the order of the trustee, require the City to deliver to the trustee all money and investment obligations held by the City and notify all account debtors of the City to pay any amounts representing receipts owed to the trustee. As collateral, the City grants the trustee a pledge charge and lien upon the net receipts and a lien upon the money and investment obligations in all of the related accounts of the bond fund.

Direct placement revenue bonds outstanding for the year ended June 30, 2020 are as follows:

Business-type activities

\$10,595,000 direct placement Storm Water Revenue Bonds, Series 2011 due in various annual installments through August 1, 2026; interest at 3.135%.	<u>\$ 5,210,000</u>
Total revenue bonds	<u>\$ 5,210,000</u>

Interest expense related to the direct placement revenue and general obligation bonds totaled \$180,184 for the year ended June 30, 2020.

Revenue bond debt service requirements to maturity are as follows:

Storm water revenue bonds

Year Ended	Principal	Interest	Totals
2021	\$ 735,000	\$ 157,612	\$ 892,612
2022	755,000	134,413	889,413
2023	785,000	110,509	895,509
2024	805,000	85,742	890,742
2025	835,000	60,270	895,270
2026-2027	1,295,000	40,833	1,335,833
	<u>\$ 5,210,000</u>	<u>\$ 589,379</u>	<u>\$ 5,799,379</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

As of June 30, 2020, deposits under the Trust Agreement for the direct placement Storm Water Revenue Bonds are held by the City in institutions designated by the City as an official depository. The deposits total \$18,896,641 at June 30, 2020.

The total principal and interest remaining to be paid on the outstanding direct placement revenue bonds was \$5,799,380 as of June 30, 2020. These revenue bonds are secured by a covenant to budget and collect revenues in the storm water system sufficient enough to pay the principal and interest requirements. The City is in compliance with the covenants for the bonds, which require the debt service coverage for parity indebtedness (revenue bonds only, as of June 30, 2020) to be 1.20 and for all indebtedness to be 1.00. Financial information below is from the Storm Water Management Enterprise Fund.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

Income Available for Debt Service		
Stormwater fee revenues	\$ 11,214,252	
Other operating revenues	37,115	
Nonoperating revenue (expense)	152,612	
Less/plus adjustments for:		
Investment Income on Escrow Funds	(56)	
Interest expense	171,952	
Unrealized gain/(loss on investments)	(419)	
Total revenues	\$ 11,575,456	
Operating expenses	7,309,771	
Less adjustments for:		
Depreciation	(1,115,756)	
Change in OPEB accrual	(96,639)	
Total current expenses	6,097,376	
Income Available for Debt Service	5,478,080	
Unrestricted Cash, 6/30/19 (prior year)	12,098,632	
15% of unrestricted cash	1,814,795	
Total resources available for debt service	\$ 7,292,875	
Parity Indebtedness Debt Service Requirement		
Series 2011 Revenue Bonds – Principal	\$ 715,000	
Series 2011 Revenue Bonds – Interest	180,184	
	\$ 895,184	
Total Available Resources Debt Service Coverage – Parity Indebtedness		8.15
Revenue Bond Covenant Requirement		1.20
Parity, Subordinated, and System G.O. Debt Service Requirement		
NC Stormwater Note Payable 0196	\$ 11,613	
NC Stormwater Note Payable 0231	13,417	
Series 2011 Revenue Bonds – Principal	715,000	
Series 2011 Revenue Bonds – Interest	180,184	
	\$ 920,214	
Income Available for Debt Service Debt Service Coverage – All Indebtedness		5.95
Revenue Bond Covenant Requirement		1.00

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

D - Notes Payable (City)

In 2010, the City completed two storm water projects which were financed through two direct borrowing federal revolving loans for \$464,503 and \$536,692 administered through the State of North Carolina, Department of Environment and Natural Resources. As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the unpaid principal was immediately reduced by one half of the loan amount to \$232,252 and \$268,346 as "Principal Forgiveness." These notes are reported as business-type activities in the Storm Water Management Enterprise Fund. These notes payable are subordinate to the Storm Water Revenue Bonds of the City of Fayetteville.

Direct placement and direct borrowing notes payable for the year ending June 30, 2020, in the accompanying financial statements are comprised of the following:

Business-type activities

\$232,252 direct borrowing Federal revolving loan due in annual installments through May 1, 2030; non-interest bearing, paid annually on May 1.	\$ 116,126
\$268,346 direct borrowing Federal revolving loan due in annual installments through May 1, 2030; non-interest bearing, paid annually on May 1.	<u>134,173</u>
Total business-type notes payable	<u>250,299</u>
Total notes payable	<u>\$ 250,299</u>

The City is in compliance with all repayment requirements for all direct borrowing notes payable.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

E - Lease Agreements (City)

The City has entered into various installment agreements as lessee for financing certain equipment, vehicles, and fixtures. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the minimum lease payments as of the date of their inception. Capital lease obligations are comprised of the following:

Governmental activities

<p>In 2007, the City entered into a \$4,537,000 direct borrowing installment purchase to finance construction of a recreation center and fire station 15. The obligations are payable in various semi-annual installments of approximately \$165,439.37 in 2021 including fixed interest rate of 4.19%. The City executed and delivered a Deed of Trust and granted a security interest in that portion of the mortgaged property deemed to be goods, equipment, or other tangible personal property that is not a fixture. In case of default, all payments under the agreement shall, at the option of the beneficiary, become at once due and payable, regardless of the maturity date or other due date thereof.</p>	<p>\$ 803,520</p>
<p>In 2019 the City entered into a \$2,550,000 direct borrowing installment purchase to finance vehicles. The obligations are payable in various annual installments of approximately \$675,908 in 2021 including interest of 2.43%. The City executed a security agreement granting the lender a security interest in the vehicles as collateral. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action.</p>	<p>2,027,569</p>
<p>In 2010, the City entered into a \$5,950,000 direct borrowing installment purchase to finance construction of a downtown parking deck. The obligations are payable in various semi-annual installments of approximately \$251,390 in 2021 including interest at 5.1%. The City receives a subsidy from the Federal Government reducing the effective interest rate. The City executed and delivered a Deed of Trust creating a lien on the mortgaged property as collateral. In case of default, the lender may declare the unpaid principal of the installment immediately due and payable, proceed to appropriate court action to enforce the City's performance of the applicable covenants or avail itself of all available remedies under the agreement.</p>	<p>2,513,102</p>
<p>In 2020, the City entered into a \$3,300,000 direct borrowing installment purchase to finance vehicles and parking equipment. The obligations are payable in various semi-annual installments of approximately \$426,521 in 2021 including interest of 1.5%. The City executed a security agreement granting the lender a security interest in the vehicles and equipment. In the event of default the lender may require the entire principal component of installment payments to be immediately due and payable, the lender may exercise all remedies available at law, in equity or under the security agreement or the lender may proceed by appropriate court action to enforce performance by the City of applicable covenants of the agreement.</p>	<p>3,412,923</p>
<p>In 2011, the City entered into a \$2,676,943 direct borrowing installment purchase to finance construction of Fire Station 19. The obligations are payable in various semi-annual installments of approximately \$98,722 in 2021 including interest of 1.90%. The City executed and delivered a Deed of Trust creating a lien on the mortgaged property as collateral. In case of default, the entire amount of principal and accrued interest will be immediately due and payable, the lender may exercise all remedies available at law or under the Deed of Trust including the sale of the mortgaged property or proceed by appropriate court Acton to enforce performance by the City.</p>	<p>1,136,381</p>
<p>In 2017, the City entered into a \$1,885,000 direct placement installment to renovate City Hall. The obligations are payable in various semiannual installments of approximately \$71,900 in 2021 including fixed rate interest of 3.05%. The City delivered the Deed of Trust creating a lien on the mortgaged property and hereby granting to the Trustee a security interest in all money and securities held by or on behalf of the Trustee as collateral. In the event of default the Trustee may, by a notice in writing to the City, declare the principal of all the bonds then outstanding to be due and payable immediately.</p>	<p>2,038,743</p>

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5 - Long-Term Obligations (continued)

Governmental activities (continued)

<p>In 2017, the City entered into a \$3,359,977 direct borrowing installment purchase to finance vehicles. The obligations are payable in various semi-annual installments of \$304,995 in 2021 including fixed rate interest of 1.57%. The City executed a security agreement granting the lender a security interest in the vehicles as collateral. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action.</p>	609,990
<p>In 2017, the City entered into a \$3,600,000 direct borrowing to construct Fire Station 12. The obligations are payable in various semi-annual installments of approximately \$129,375 in 2021 including fixed rate interest estimated at 2.50%. The City executed a Deed of Trust as collateral for the debt. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action.</p>	3,969,000
<p>In 2018, the City entered into a \$4,898,812 direct borrowing installment purchase to finance vehicles. The obligations are payable in various semi-annual installments of approximately \$489,749 in 2021 including fixed rate interest of 2.91%. The City executed a security agreement granting the lender a security interest in the vehicles as collateral. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action.</p>	1,958,995
<p>In 2020, the City entered into a \$1,565,000 direct borrowing installment purchase to finance radio equipment. The obligations are payable in annual installments of approximately \$377,381 in 2021 including interest of 1.80%. The City executed and delivered a security agreement simultaneously with the execution and delivery of the agreement granting to the lender a security interest in the equipment. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action.</p>	1,511,305
<p>In 2018, the City entered into a \$3,223,745 direct borrowing installment purchase to finance radio equipment. The obligations are payable in various semi-annual installments of approximately \$412,085 in 2021 including interest of 2.45%. The City granted equipment licenses and other rights or privileges as collateral for the debt. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action.</p>	1,648,340
	21,629,868
Less: amount representing interest	2,011,849
Present value of the minimum lease payments	\$ 19,618,019

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

Business-type activities

<p>In 2017, the City entered into a \$3,359,977 direct borrowing installment purchase to finance vehicles. The obligations are payable in various semi-annual installments of approximately \$129,974 in 2021 including interest of 1.57%. The City executed a security agreement granting the lender a security interest in the vehicles as collateral. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed</p>	\$ 259,947
<p>In 2018, the City entered into a \$4,898,812 direct borrowing installment purchase to finance vehicles. The obligations are payable in various semi-annual installments of approximately \$163,302 in 2021 including fixed rate interest of 2.91%. The City executed a security agreement granting the lender a security interest in the vehicles as collateral. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or</p>	653,209
<p>In 2020, the City entered into a \$1,565,000 direct borrowing installment purchase to finance radio equipment. The obligations are payable in annual installments of approximately \$30,942 in 2021 including interest of 1.80%. The City executed and delivered a security agreement simultaneously with the execution and delivery of the agreement granting to the lender a security interest in the equipment. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court</p>	123,917
<p>In 2018, the City entered into a \$3,223,745 direct borrowing installment purchase to finance radio equipment. The obligations are payable in semi-annual installments of approximately \$13,403 in 2021 including interest of 2.45%. The City granted equipment licenses and other rights or privileges as collateral for the debt. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate</p>	53,611
	1,090,684
Less: amount representing interest	33,002
Present value of the minimum lease payments	1,057,682
Total Capital Lease Obligations	\$ 20,675,701

The City is in full compliance of all repayment requirements for all direct borrowing installment agreements.

The following is an analysis of leased property under capital leases as of June 30, 2020:

Classes of Property	Cost	Depreciation	Net Book Value
Equipment	\$ 8,917,130	\$ 4,397,912	\$ 4,519,218
Vehicles	15,747,686	5,306,428	10,441,258
Buildings and Improvement	17,544,788	3,744,694	13,800,094
	\$42,209,604	\$ 13,449,034	\$ 28,760,570

Interest expense related to the capital lease obligations totaled \$570,716 for the year ended June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

F - Changes in Long-Term Obligations (City)

The following is a summary of changes in the City's long-term obligations for the fiscal year ended June 30, 2020.

Governmental compensated absences and pension liabilities typically have been liquidated in the general fund.

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental activities					
General obligation debt	\$ 18,298,186	\$ -	\$ 1,194,093	\$ 17,104,093	\$ 1,199,093
Direct placement:					
Limited obligation debt	53,350,000	-	2,800,000	50,550,000	2,810,000
Plus: Unamortized Premium	2,302,698	-	41,743	2,260,955	-
Direct borrowing:					
Notes payable	75,000	-	75,000	-	-
Installment agreements	19,238,150	4,746,404	4,366,535	19,618,019	5,263,731
PWC assessment	7,634,232	637,661	1,287,214	6,984,679	-
Compensated absences	7,955,883	6,383,154	6,564,872	7,774,165	4,169,068
Net pension liability (LGERS)	26,473,619	2,764,290	-	29,237,909	-
Net pension liability (LEOSSA)	15,458,716	1,160,505	-	16,619,221	-
OPEB Liability	38,848,871	4,690,764	-	43,539,635	-
Total governmental activities	\$ 189,635,355	\$ 20,382,778	\$ 16,329,457	\$ 193,688,676	\$13,441,892

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Business-type activities					
Direct placement:					
Revenue bonds	\$ 5,925,000	\$ -	\$ 715,000	\$ 5,210,000	\$ 735,000
Direct borrowing:					
Notes payable	275,329	-	25,030	250,299	25,030
Installment agreements	1,518,799	118,594	579,711	1,057,682	622,015
Compensated absences	677,529	932,797	851,335	758,991	758,991
Net pension liability (LGERS)	3,571,855	528,786	-	4,100,641	-
OPEB Liability	4,442,142	3,556,617	-	7,998,759	-
Total Liability	\$ 16,410,654	\$ 5,136,793	\$ 2,171,076	\$ 19,376,372	\$ 2,141,036

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5 - Long-Term Obligations (continued)

F - Changes in Long-Term Obligations (PWC)

The following is a summary of changes in the PWC's long-term obligations for the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Business-type activities					
Direct placement:					
General obligation debt	\$ 341,814	\$ -	\$ 170,907	\$ 170,907	\$ 170,907
Revenue bonds*	296,710,000	5,475	16,475,475	280,240,000	13,685,000
Plus: Unamortized Premium	22,291,623	-	1,235,307	21,056,316	-
Notes payable	22,209,261	-	1,386,158	20,823,103	1,386,158
Unearned deposits	571,055	81,538	206,098	446,495	-
Compensated absences	3,973,939	6,690,657	6,245,867	4,418,729	2,789,841
Net pension liability (LRS)	13,227,476	3,422,991	1,029,038	15,621,429	-
Net OPEB liability	28,248,531	12,197,189	4,295,677	36,150,043	-
Total business-type activities	<u>\$ 387,573,699</u>	<u>\$ 22,397,850</u>	<u>\$ 31,044,527</u>	<u>\$ 378,927,022</u>	<u>\$ 18,031,906</u>

* Revenue bond increase is a result of previously issued debt being reallocated from Electric to Water.

PWC has pledged future utility revenues, net of specified operating expenses to repay \$309,505,000 in direct placement revenue and revenue refunding bonds issued at various times from 2014 through 2018. Proceeds from the bonds provided financing for extensions, additions, and capital improvements to or the renewal and replacement of capital assets, or purchasing and installing new equipment for the electric, water, and wastewater systems. The bonds are payable solely from electric, water, and wastewater customer net revenues and are payable through 2041. The total principal and interest remaining to be paid on the bonds is \$399,629,624. Principal and interest paid for the current year and total customer revenues were \$28,306,000 and \$339,147,114, respectively.

The revenue bond order contains significant covenants respecting annual debt service requirements, use of the system, and minimum revenue bond coverage. PWC is in compliance with all such significant covenants at June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

G - Maturities of Long-Term Obligations (City)

The following table summarizes the annual requirements to amortize all general long-term debt outstanding (excluding compensated absences, pension liabilities, and net OPEB liability).

Governmental activities

Year Ended	General Obligation Bonds		Limited Obligation Bonds from Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 1,199,093	\$ 699,064	\$ 2,810,000	\$ 1,974,503
2022	1,185,000	639,250	2,810,000	1,883,986
2023	1,190,000	580,000	2,810,000	1,790,717
2024	1,190,000	520,500	2,800,000	1,693,584
2025	1,140,000	461,000	2,800,000	1,594,020
2026-2039	11,200,000	2,676,000	36,520,000	10,659,041
	<u>\$ 17,104,093</u>	<u>\$ 5,575,814</u>	<u>\$ 50,550,000</u>	<u>\$ 19,595,851</u>

Year Ended	Construction and Improvement Installment Obligations from Direct Borrowings		Vehicles and Equipment Installment Obligations from Direct Borrowings		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,152,596	\$ 281,056	\$ 4,111,135	\$ 208,854	\$ 9,272,824	\$ 3,163,477
2022	1,152,596	237,927	3,589,435	121,531	8,737,031	2,882,694
2023	1,000,363	194,281	1,855,143	51,285	6,855,506	2,616,283
2024	849,131	160,136	1,215,537	16,201	6,054,668	2,390,421
2025	849,130	129,148	-	-	4,789,130	2,184,168
2026-2038	3,842,953	611,430	-	-	51,562,953	13,946,471
	<u>\$ 8,846,769</u>	<u>\$ 1,613,978</u>	<u>\$ 10,771,250</u>	<u>\$ 397,871</u>	<u>\$ 87,272,112</u>	<u>\$ 27,183,514</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 5 - Long-Term Obligations (continued)

The following table includes the City's expected estimated schedule of maturity for the business-type activities noted above, as well as the annual requirements to amortize all business-type long-term debt outstanding (excluding compensated absences, pension liabilities, and net OPEB liability).

Business-type activities

Year Ended	Revenue Bonds from Direct Placements		Notes Payable from Direct Borrowings		Capitalized Leases from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 735,000	\$ 157,612	\$ 25,030	\$ -	\$ 622,015	\$ 22,286
2022	755,000	134,413	25,030	-	375,347	9,081
2023	785,000	110,509	25,030	-	29,857	1,086
2024	805,000	85,742	25,030	-	30,463	549
2025	835,000	60,270	25,030	-	-	-
2026-2038	1,295,000	40,833	125,149	-	-	-
	<u>\$ 5,210,000</u>	<u>\$ 589,379</u>	<u>\$ 250,299</u>	<u>\$ -</u>	<u>\$ 1,057,682</u>	<u>\$ 33,002</u>

Year Ended	Total Debt Due	
	Principal	Interest
2021	\$ 1,382,045	\$ 179,898
2022	1,155,377	143,494
2023	839,887	111,595
2024	860,493	86,291
2025	860,030	60,270
2026-2038	1,420,149	40,833
	<u>\$ 6,517,981</u>	<u>\$ 622,381</u>

H - Legal Debt Margin (City)

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on eight percent of the total assessed value of real and personal property. As of June 30, 2020, the City's legal debt limit was \$1,128,437,883. The outstanding debt subject to this limit was \$88,329,793, leaving a legal debt margin of \$1,040,108,090.

I - Authorized but Un-issued Debt and Unused Lines of Credit (City)

At June 30, 2020, the City had \$19,000,000 Parks and Recreation bonds authorized but un-issued.

At June 30, 2020, the City has no unused lines of credit.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5 - Long-Term Obligations (continued)

J – Net Investment in Capital Assets

	City		
	Government Activities	Business-Type Activities	PWC
Capital Assets, Net	\$ 406,872,280	\$ 134,075,062	\$ 1,065,174,390
Less: Long Term Debt related to capital assets	(87,272,112)	(6,517,980)	(301,234,010)
Less: Unamortized bond premium	(2,260,955)	-	(21,056,316)
Less: Deferred loss related to unspent bond proceeds	-	-	(140,119)
Less: Retainage related to capital assets	-	-	(2,457,645)
Add: Deferred loss on bond refunding	-	-	1,331,406
Add: Unspent bond/lease proceeds	13,524,146	-	21,133,579
Add: Unamortized bond refunding charges	431	-	-
Total Net Investment in Capital Assets	\$ 330,863,790	\$ 127,557,082	\$ 762,751,285

Note 6 – Unearned Revenue

The governmental and proprietary funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the government-wide financial statement were as follows:

	Unearned Revenue
Amounts arising from cash:	
Unearned revenue (General)	\$ 102,834
Unearned grant receipts (Special Revenue)	102,493
Unearned assessments (Special Revenue)	61,420
Unearned grant receipts (Capital Projects)	109,823
Prepaid retiree insurance premiums (Internal Service)	2,735
Unearned revenue (Enterprise)	154,687
Total	\$ 533,992

In addition, the City had \$583,025 and \$1,075,152 of restricted unearned deposits in the general fund and enterprise funds respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 7 – Deferred Outflows and Inflows of Resources

In the government-wide financial statements, deferred outflows of resources is the deferred amount for unamortized refunding charges and the contribution to the pension plan at June 30, 2020.

Gains and losses from debt refunding must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to debt refunding are to be used in determining the carrying value of the new debt issued to finance debt refunding.

For the City, refunding and defeasance losses of \$431 (net of amortization) from the 2002 and 2009 General Obligation Refunding Bonds and the 2005 Revenue Refunding Bonds are also reported as unamortized bond refunding charges in the statement of net position.

City pension plan contributions subsequent to the measurement date and changes in proportion and differences between City contributions and other pension related deferrals were also reported as deferred outflows of resources on the statement of net position at June 30, 2020. The amounts reported totaled \$16,636,854 and \$2,333,334 for governmental activities and business-type activities, respectively, for LGERS.

Deferred inflows of resources in the fund financial statements at year-end are comprised of the following:

	Unavailable Revenue
Prepaid taxes (General)	\$ 5,961
Taxes receivable, net (General)	1,713,802
Accounts and notes receivable (General)	3,497,125
Special assessments receivable, net (General)	1,276,451
PWC assessments receivable, net (Special revenue)	7,367,459
	\$13,860,797

Deferred outflows and inflows of resources in the government-wide financial statements are:

	Outflows	Inflows
Deferred charge on refunding	\$ 431	\$ -
Pension deferrals LGERS	18,970,188	1,375,351
Pension deferrals LEOSSA	2,059,983	507,769
OPEB deferrals	7,896,466	4,268,932
	\$28,927,068	\$ 6,152,052

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 8 - Risk Management

The City is self-insured (self-funded) with respect to insurance claims as follows: health insurance (up to \$175,000 per individual and approximately \$14,069,536 for all employees for the policy period ending June 30, 2020), general liability (up to \$500,000 per occurrence), workers' compensation (\$750,000 per occurrence), public officials liability (up to \$500,000 per occurrence), law enforcement liability (\$500,000 per occurrence), and automobile liability (up to \$500,000 per occurrence). The City maintains excess liability insurance (\$10,000,000) to cover catastrophic losses. Property insurance on City buildings is for replacement value (less \$100,000 self-funded retention). The health insurance coverage for individual large claims also includes a second deductible, known as an Aggregating Specific. If one or more claims exceeds the \$175,000, the claims over that amount are applied to the Aggregating Specific deductible of \$161,835. Once that amount has been exhausted, the stop loss policy will reimburse eligible claims in excess of the individual deductible at 100%. Also, the health insurance plan's excess coverage allows expenditures by the City up to 125% of expected claims adjusted for industry standard trend adjustments, and for expenditures by the City of up to \$175,000 per individual. Losses from asserted claims and from un-asserted claims identified under the City's incident reporting system are accrued based on estimates that incorporate the City's past experience, as well as other considerations including the nature of each claim and relevant trend factors.

The City carries commercial coverage for all other risks of loss. Within the last three fiscal years, the City had no general liability claims that exceeded the City's retention of \$500,000.

At June 30, 2020, a liability for incurred but not reported claims of \$2,977,612 is included in accounts payable and accrued expenses on the accompanying financial statements. An analysis of claims activity for the City is presented below.

	2020	2019
Liability, beginning	\$ 1,876,642	\$ 1,924,296
Current year claims and changes in estimate	16,477,439	16,018,346
Actual claim payments	(15,376,469)	(16,066,000)
Liability, ending	\$ 2,977,612	\$ 1,876,642

The City carries commercial flood insurance on three properties located at 671 North Eastern Blvd., 225 Ray Avenue, and 300 Bragg Blvd. These properties are covered by separate insurance policies with damage limits of \$500,000 for each building and contents coverage ranging from \$300,000 to \$500,000 per facility, with deductibles ranging from \$1,000 to \$15,000.

In accordance with G.S. 159-29, City employees who have access to \$100 or more of the City's funds at any given time are performance bonded through commercial surety bonds. The City's Chief Financial Officer is individually bonded for \$100,000. The remaining employees who have access to funds are bonded under a blanket bond for \$100,000 per theft coverage, with a \$1,000 per occurrence deductible.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 9 - Commitments and Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. No provision has been made in the accompanying financial statements for the refund of grant money.

The City is a defendant in various lawsuits. Although the outcome of these proceedings is not presently determinable, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is subject to laws and regulations relating to the protection of the environment. While it is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly any future remediation and other compliance efforts, in the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial position, results of operations or cash flows of the City.

The City's bond issues are subject to Federal arbitrage regulations, and the City has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. Although the actual amount to be paid is not presently determinable, the City believes that an adequate provision for arbitrage payables has been provided for in the accompanying financial statements.

The City has authorized expenditures totaling approximately \$323.8 million for capital additions and construction of various administration, public safety, recreation, transportation, economic development, environmental protection, Linear Park, storm water, transit, airport, and environmental services projects. At June 30, 2020, cumulative expenditures to date totaled approximately \$221.5 million leaving an unexpended balance of \$102.3 million for projects that are expected to be completed at various dates in future fiscal years.

Note 10 - Employee Retirement Systems

A – Local Governmental Employees' Retirement System

Plan Description. The City is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The City's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.01% for general employees and firefighters. Contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were \$7,014,979 for the year ended June 30, 2020.

Refunds of Contributions. 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

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

At June 30, 2020, the City reported a liability of \$33,338,550 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019, 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, 2019 (measurement date), the City's proportion was 1.22078%, which was a decrease of 0.04571% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$14,529,046. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,708,404	\$ -
Changes of assumptions	5,433,631	-
Net difference between projected and actual earnings on pension plans investments	813,174	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,375,351
City contributions subsequent to the measurement date	7,014,979	-
Total	\$ 18,970,188	\$ 1,375,351

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

The City reported \$7,014,979 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		
2020	\$	5,439,266
2021		1,431,113
2022		2,939,487
2023		769,992
2024		-
Thereafter		-
		\$ 10,579,858

Actuarial Assumptions. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2018, valuation were based on the results of an actuarial experience study as of December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.00%	1.40%
Global Equity	42.00%	5.30%
Real Estate	8.00%	4.30%
Alternatives	8.00%	8.90%
Credit	7.00%	6.00%
Inflation Protection	6.00%	4.00%
Total	100.00%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability/(asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability (asset)	\$ 76,251,359	\$ 33,338,550	\$ (2,330,689)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

B - Law Enforcement Officers' Special Separation Allowance

Plan Description

The City administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service, or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time City law enforcement officers. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	52
Active plan members	<u>437</u>
Total	<u>489</u>

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The Entry Age Normal actuarial cost method was used in the December 31, 2018, valuation. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary Increases	3.50 to 7.35%, including inflation and productivity factor	
Discount Rate	3.26%	

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

Mortality rates are based on the RP-2014 Healthy Annuitant Mortality tables with adjustments for mortality improvements.

Contributions

The City is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$973,963 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, 2020, the City reported a total pension liability of \$16,619,221. The total pension liability was measured as of December 31, 2019, based on a December 31, 2018, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$1,444,080.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 652,108	\$ -
Changes of assumptions	864,693	507,769
City benefit payments and plan administrative expense made subsequent to the measurement date	543,182	-
Total	\$ 2,059,983	\$ 507,769

\$543,182 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount Recognized as an Increase to Pension Expense
2021	\$ 382,655	\$ 151,045	\$ 231,610
2022	382,655	151,045	231,610
2023	382,655	111,994	270,661
2024	225,553	93,685	131,868
2025	143,283	-	143,283
Thereafter	-	-	-
	<u>\$ 1,516,801</u>	<u>\$ 507,769</u>	<u>\$ 1,009,032</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 3.26%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total pension liability	\$ 17,997,968	\$ 16,619,221	\$ 15,362,665

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

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

	2020
Beginning balance	\$ 15,458,716
Service cost	667,499
Interest on the total pension liability	544,971
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	430,533
Changes of assumptions or other inputs	491,465
Benefit payments	(973,963)
Other changes	-
Ending balance of the total pension liability	\$ 16,619,221

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 14,529,046	\$ 1,444,080	\$ 15,973,126
Pension Liability	33,338,550	16,619,221	49,957,771
Proportionate share of the net pension liability	1.22078%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	5,708,404	652,108	6,360,512
Changes of assumptions	5,433,631	864,693	6,298,324
Net difference between projected and actual earnings on plan investments	813,174	-	813,174
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	7,014,979	543,182	7,558,161
Deferred Inflows of Resources			
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	507,769	507,769
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,375,351	-	1,375,351

C - Supplemental Retirement Income Plan for Law Enforcement Officers

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

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

The City contributed \$1,146,394 for the year ended June 30, 2020.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

D – NC 401(k) Plan

The City contributes to the NC 401(k) Plan (401(k)), a defined contribution plan administered by the North Carolina Total Retirement Plans. The City contributes 1% of employee base pay to the 401(k) on behalf of eligible employees. This plan is available to all non-law enforcement employees that are eligible for the NC Retirement System. The City contributed \$501,080 for the year ended June 30, 2020.

E – Firefighters’ and Rescue Squad Workers’ Pension Fund

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

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

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2020, the State contributed \$18,302,000 to the plan. The City’s proportionate share of the State’s contribution is \$131,283.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 10 - Employee Retirement Systems (continued)

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

At June 30, 2020, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$66,222. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2020, and at June 30, 2019, was 0%.

For the year ended June 30, 2020, the City recognized pension expense of \$69,117 and revenue of \$69,117 for support provided by the State. At June 30, 2020, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary Increases	Not applicable
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11 - Other Postemployment Benefits (OPEB)

A - Healthcare Benefits

Plan description. Under the terms of a City resolution, the City (excluding the City's Public Works Commission) administers the Other Post Employment Benefit Retiree Healthcare Plan, a single-employer defined benefit healthcare plan. The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. For employees hired on or after February 1, 2008, this plan provides postemployment healthcare benefits to retirees of the City, up to the age of 65 or until they are eligible to receive Medicare benefits, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the City. For employees hired prior to February 1, 2008, employees qualified for similar level benefits after at least five years of creditable service with the City and 10 years of service credit with the System. Employees hired on or after July 1, 2014 are not eligible for this benefit. The City and retirees contribute to the cost of coverage for these benefits through a self-insured plan. Also, the City's retirees can purchase coverage for their eligible dependents at the City's group rates. The City also provides a death benefit through the plan based on the number of years of service at retirement. Retirees that retired prior to June 1, 1988 are provided with a \$1,000 life insurance policy. Retirees that retire on or after June 1, 1988 under NCLGERS and have at least 5 years of service with the City, are provided a life insurance policy based on years of service. The life insurance policy is \$100 per year of service (or fraction thereof) up to a maximum amount of \$3,000. The City may amend the benefit provisions. A separate report was not issued for the plan.

Membership in the healthcare and life insurance benefit plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	Law		General	Total
	Enforcement	Firefighters		
	Officers			
Retirees and dependents receiving benefits	135	60	522	717
Active plan members	266	227	433	926
				1643

Total OPEB Liability

The City's total OPEB liability of \$51,538,394 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11 - Other Postemployment Benefits (OPEB) (continued)

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019, 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%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Municipal bond index rate	
Prior measurement date	3.89%
Measurement date	3.50%
Healthcare cost trends	
Pre-medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

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 discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11 - Other Postemployment Benefits (OPEB) (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 43,291,013
Changes for the year:	
Service cost at the end of the year*	1,686,605
Interest	1,659,402
Change in benefit terms	-
Difference between expected and actual experience	5,012,551
Changes of assumptions or other inputs	1,166,756
Benefit payments	(1,277,933)
Other	-
Net changes	8,247,381
Balance at June 30, 2020	\$ 51,538,394

*The service cost includes interest for the year.

There are no changes in benefit terms since the Prior Measurement Date.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	\$ 56,493,509	\$ 51,538,394	\$ 47,118,464

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 a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

Healthcare Cost Trend Rate Sensitivity			
	1% Decrease 6.00%	Current Pre-medicare Rate 7.00%	1% Increase 8.00%
Total OPEB liability	\$ 46,392,828	\$ 51,538,394	\$ 57,554,582

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11 - Other Postemployment Benefits (OPEB) (continued)

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$3,913,756. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,165,198	\$ 348,605
Changes of assumptions	937,531	2,061,667
City benefit payments and administrative costs made subsequent to the measurement date	935,077	-
Total	\$ 6,037,806	\$ 2,410,272

\$935,077 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 567,749
2021	567,749
2022	567,749
2023	892,274
2024	96,936
Thereafter	-
Total	\$ 2,692,457

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11 - Other Postemployment Benefits (OPEB) (continued)

Reconciliation for deferred outflows and deferred inflows for OPEB due to change in fund allocations:

Deferred Outflows Reconciliation-OPEB	Per Actuary	Change in Fund Allocation	Total Deferred Outflows
Governmental activities	\$ 5,100,740	\$ 1,762	\$ 5,102,502
Stormwater fund	135,850	118,475	254,325
Transit fund	334,494	287,218	621,712
Airport fund	99,019	63,419	162,438
Solid Waste fund	367,703	1,387,786	1,755,489
	<u>\$ 6,037,806</u>	<u>\$ 1,858,660</u>	<u>\$ 7,896,466</u>

Deferred Inflows Reconciliation-OPEB	Per Actuary	Change in Fund	Total Deferred
Governmental activities	\$ 2,036,197	\$ 1,858,660	\$ 3,894,857
Stormwater fund	54,232	-	54,232
Transit fund	133,529	-	133,529
Airport fund	39,528	-	39,528
Solid Waste fund	146,786	-	146,786
	<u>\$ 2,410,272</u>	<u>\$ 1,858,660</u>	<u>\$ 4,268,932</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to the change in fund allocations for OPEB will be recognized in OPEB Expense in the funds as follows:

Year ended June 30:	Deferred Outflows/(Inflows) of Resources					Total
	Governmental Activities	Stormwater Fund	Transit Fund	Airport Fund	Solid Waste Fund	
2021	(464,226)	29,619	71,805	15,855	346,947	-
2022	(464,226)	29,619	71,805	15,855	346,947	-
2023	(464,226)	29,619	71,805	15,855	346,947	-
2024	(464,220)	29,618	71,803	15,854	346,945	-
Thereafter	-	-	-	-	-	-
	<u>\$ (1,856,898)</u>	<u>\$ 118,475</u>	<u>\$ 287,218</u>	<u>\$ 63,419</u>	<u>\$ 1,387,786</u>	<u>\$ -</u>

B – Death Benefits

The City provides regular full-time and part-time employees with a \$3,000 death benefit during their first year of employment, unless the employee already has one year of membership in the North Carolina Retirement System. The benefit is effective on the first day of the month following 30 days of service. If eligible, the death benefit is discontinued after one year of employment, when the employee becomes qualified for the State Death Benefit Plan. The City considers these benefit payments to be immaterial.

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 11 - Other Postemployment Benefits (OPEB) (continued)

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. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

Note 12 – Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

The following schedule makes up the interfund balances at June 30, 2020 as follows:

Interfund Receivables/Payables

Receivable Fund	Payable Fund	Amount
Nonmajor Capital Projects Fund	Nonmajor Capital Projects Fund	\$ 4,061,127
Total Nonmajor Governmental Interfund Receivables and Payables		\$ 4,061,127
Stormwater Management Fund	Transit Fund	\$ 1,217,283
Total Enterprise Interfund Receivables and Payables		\$ 1,217,283

Interfund receivables and payables were recorded due to timing differences in the receipt of funds from intergovernmental payments due to the City from federal and state sources for Hurricane Matthew and Hurricane Florence related expenditures and other grant related expenditures. These balances represent overnight loans at fiscal year end from the receivable fund to the payable fund to cover cash deficits in the payable fund. The amounts are reversed on the first day of the next fiscal year. The fund with the cash deficit then has a liability to the pooled cash and investments.

Transfers to/from Other Funds

Transfers to/from other funds at June 30, 2020, consist of the following:

Transfer out:	Transfer in:							Total
	General	Economic and Physical Development	Nonmajor Governmental	Transit	Stormwater	Environmental Services	Internal Service	
General		\$ 2,694,364	\$ 10,115,217	\$ 2,677,250	\$ 222,746	\$ 979,748	\$ 358,008	\$ 17,047,333
Nonmajor Governmental	9,581	-	-	-	-	-	-	9,581
Stormwater	-	-	477,500	-	-	-	-	477,500
Internal Service	1,051,768	-	-	-	-	-	-	1,051,768
Totals	\$ 1,061,349	\$ 2,694,364	\$ 10,592,717	\$ 2,677,250	\$ 222,746	\$ 979,748	\$ 358,008	\$ 18,586,182

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 12 – Interfund Receivables, Payables and Transfers (continued)

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, and include amounts provided as matching funds for various grant programs.

Transfers totaling \$12,809,581 were made during the fiscal year from the general fund to major and non-major governmental funds. Of this total, transfers to capital projects consisted of: \$2,694,364 for economic development projects including Murchison Road and Hope VI redevelopment sites as well as additional funding for the Hay Street parking garage and downtown redevelopment infrastructure support; \$6,388,903 for transportation projects including street resurfacing and improvements, and sidewalk and intersection improvements; \$2,597,159 for general government projects including major facility maintenance projects, computer replacements and technology enhancements and upgrades; \$292,196 for recreation and cultural projects including parks and trails; \$82,330 for public safety projects including enhanced security systems for public safety; and \$50,000 for an environmental safety program. Additionally, transfers to special revenue funds totaled \$704,629 which included funds for commercial corridor revitalization programs and for local match required for Federal and State funded programs.

Transfers from nonmajor governmental funds to the general fund consisted of general funds transferred in prior years that were remaining in capital projects that had been completed in prior years, or projects that had been cancelled.

The general fund made transfers to enterprise funds to support transit system operations, planning functions and capital purchases in the amount of \$2,677,250; joint stormwater and infrastructure capital projects in the amount of \$222,746; and environmental services operations in the amount of \$979,748.

Transfers from the stormwater enterprise fund to nonmajor capital project and special revenue funds consisted of \$305,000 as local match for a federal and state funded watershed restoration grant and \$172,500 for the funding of repairs at the stormwater maintenance facility.

Transfers from internal service funds to the general fund in the amount of \$1,051,768 and transfers from the general fund to internal service funds in the amount of \$358,008 represent interfund loans and repayments.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 13 – 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	\$ 82,576,939
Less:	
Nonspendable	
Inventories	64,338
Prepays	21,452
Restricted	
Stabilization by State Statute	21,550,479
Central Business Tax District	132,332
Cumberland County Recreation District	3,045,504
Economic and Community Development	56,622
Donations	13,254
Lake Valley Drive MSD	935
Committed	
Law Enforcement Officer's Separation Allowance	6,789,253
Assigned	
Subsequent years expenditures	9,153,519
Specific purpose assignments	5,251,113
Capital funding plan	11,301,421
Working capital/fund balance policy	17,583,309
Unassigned fund balance	\$ 7,613,408

The City's fund balance policy is discussed in Note 1.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end.

Total Encumbrances	General Fund	Other Major Funds	Non-Major Funds
\$ 20,678,135	\$ 1,687,083	\$ 690,802	\$ 18,300,250

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 14 - Related Party Transactions

PWC operates as a discretely presented component unit of the City of Fayetteville, North Carolina. As such, the Commission provides electric and water/wastewater services to the City. Services, which are billed and paid monthly, totaled \$1,980,155 in 2020. In addition, intergovernmental transactions are made in amounts as determined by the respective governing Boards. Net intergovernmental transactions with PWC amounted to \$11,621,234 in 2020. Balances due to/from PWC at June 30, 2020, were as follows:

Receivables (due from PWC)	\$	<u>184,415</u>
Payables (due to PWC)	\$	45,257
Assessments (due to PWC)		6,984,679
Assessments interest (due to PWC)		<u>382,779</u>
Total due to PWC	\$	<u>7,412,715</u>

Note 15 – Impact of Coronavirus and State Mandates

On March 10, 2020, the governor of North Carolina issued Executive Order 116 and declared a state of emergency in response to the COVID-19 pandemic. Additional orders followed that restricted travel and business operations to essential only and on March 25th the City closed all public building access. It is expected that actions taken to slow the spread of coronavirus will continue to impact the local economy. The City estimates that lost service revenue due to COVID-19 was approximately \$2.7 million, primarily in parks and recreation, airport and transit services for the fiscal year ended June 30. The City has planned for reduced revenue during the 2021 fiscal year from the continuing effects of the coronavirus pandemic and applied for funding made available through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) enacted on March 27, 2020. After careful consideration, the City believes the financial affects are manageable and the overall effect on the financial statements immaterial.

Note 16 – Subsequent Events

Management has evaluated subsequent events through January 22, 2021, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Required Supplementary Information (unaudited)

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

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

- Law Enforcement Officers' Special Separation Allowance
 - Schedule of Total Pension Liability as a Percentage of Covered Payroll

- Local Government Employees' Retirement System
 - Proportionate Share of Net Pension Liability (Asset)

- Local Government Employees' Retirement System
 - City of Fayetteville's Contributions

- Other Post-Employment Benefit Retiree Healthcare Plan
 - Schedule of Changes in the Total OPEB Liability and Related Ratios

City of Fayetteville, North Carolina

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**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
(unaudited)
Schedule of Changes in Total Pension Liability**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 15,458,716	\$ 15,352,794	\$ 13,966,229	\$ 13,773,620
Service cost	667,499	718,542	636,795	663,903
Interest on the total pension liability	544,971	471,047	524,852	480,452
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	430,533	400,850	56,460	-
Changes of assumptions or other inputs	491,465	(592,010)	906,489	(320,609)
Benefit payments	(973,963)	(892,507)	(738,031)	(631,137)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 16,619,221</u>	<u>\$ 15,458,716</u>	<u>\$ 15,352,794</u>	<u>\$ 13,966,229</u>

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

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

**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
(unaudited)
Schedule of Total Pension Liability as a Percentage of Covered Payroll**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 16,619,221	\$ 15,458,716	\$ 15,352,794	\$ 13,966,229
Covered payroll	24,819,535	24,646,632	24,885,304	25,442,283
Total pension liability as a percentage of covered payroll	67%	63%	62%	55%

Notes to the schedules:

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

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

**Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years *
(unaudited)
Local Government Employees' Retirement System**

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	1.22078%	1.26649%	1.30809%	1.36508%	1.37320%	1.91929%	1.86080%
City's proportion of the net pension liability (asset) (\$)	\$ 33,338,550	\$ 30,045,474	\$ 19,984,020	\$ 28,971,603	\$ 6,162,839	\$ (11,318,942)	\$ 22,429,786
City's covered payroll	\$ 80,645,990	\$ 73,736,914	\$ 85,036,524	\$ 74,606,039	\$ 107,418,002	\$ 104,285,543	\$ 104,285,543
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.34%	40.75%	23.50%	34.07%	5.74%	-10.85%	21.51%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. This schedule is intended to show information for ten years. Additional years will be displayed as it becomes available.

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

City of Fayetteville, North Carolina

**Required Supplementary Information
Last Seven Fiscal Years
(unaudited)
Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,014,979	\$ 6,446,996	\$ 5,265,753	\$ 6,365,576	\$ 5,145,668	\$ 9,552,218	\$ 7,417,597
Contributions in relation to the contractually required contribution	7,014,979	6,446,996	5,265,753	6,365,576	5,145,668	9,552,218	7,417,597
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 76,891,064	\$ 80,645,990	\$ 73,736,914	\$ 85,036,524	\$ 74,606,039	\$ 107,418,002	\$ 104,285,543
Contributions as a percentage of covered payroll	9.12%	7.99%	7.14%	7.49%	6.90%	8.89%	7.11%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
This schedule is intended to show information for ten years, additional years will be displayed as it becomes available.

**Schedule of Changes in the Total OPEB Liability and Related Ratios
(unaudited)
June 30, 2020**

Total OPEB Liability	2020	2019	2018*
Service cost	\$ 1,686,605	\$ 1,739,025	\$ 1,871,877
Interest	1,659,402	1,511,364	1,287,302
Changes of benefit terms	-	-	-
Differences between expected and actual experience	5,012,551	(521,183)	273,055
Changes of assumption or other inputs	1,166,756	(1,340,403)	(2,314,880)
Benefit payments	(1,277,933)	(1,094,114)	(1,764,005)
Other changes	-	-	-
Net change in total OPEB liability	8,247,381	294,689	(646,651)
Total OPEB liability - beginning	43,291,013	42,996,324	43,642,975
Total OPEB liability - ending	\$ 51,538,394	\$ 43,291,013	\$ 42,996,324
Covered payroll	\$ 50,949,158	\$ 55,195,292	\$ 55,195,292
Total OPEB liability as a percentage of covered payroll	101.16%	78.43%	77.90%

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

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

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

* Information reported for 2018 is updated to reflect a corrected valuation report.

City of Fayetteville, North Carolina

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Supplementary Information

Combining and Individual Fund Financial Statements and Schedules

These statements/schedules provide a more detailed view of the “Basic Financial Statements” as presented in the preceding subsection.

Combining statements are presented where there is more than one fund of a given type. Individual fund statements are presented only if one fund exists in a given fund type.

City of Fayetteville, North Carolina

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Governmental Funds

- General Fund
- PWC Assessment Fund
- Economic and Physical Development Fund
- Nonmajor Governmental Funds
 - Special Revenue Funds
 - Capital Project Funds

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than on net income.

City of Fayetteville, North Carolina

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General Fund

The General Fund is the principal fund of the City and is used to account for the receipt and expenditure of resources that are traditionally associated with local governments and that are not required to be accounted for in another fund.

Resources are provided primarily through taxes, intergovernmental revenues and transfers, and are expended for services deemed not susceptible to a user charge financing method.

The fund is accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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**Comparative Balance Sheets
General Fund**

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and investments	\$ 67,752,524	\$ 64,267,389
Taxes receivable	1,713,801	1,492,179
Accounts receivable	4,011,835	4,539,232
Due from other governments	18,980,544	17,581,517
Assessments receivable	1,029,601	1,064,522
Inventories	64,338	71,632
Prepaid items	21,452	202,337
Restricted accounts receivable	620,954	5,439
Restricted cash and investments	4,449,665	4,545,982
Total assets	\$ 98,644,714	\$ 93,770,229
 Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable and accrued expenses	\$ 8,888,577	\$ 10,304,646
Restricted unearned deposits	583,025	506,531
Unearned revenue	102,834	2,970
Total liabilities	9,574,436	10,814,147
 Deferred inflows of resources		
Taxes receivable	1,713,802	1,492,179
Prepaid taxes	5,961	-
Accounts receivable	3,497,125	4,179,794
Assessment receivable	1,276,451	1,347,419
Total deferred inflows of resources	6,493,339	7,019,392
 Fund balance		
Nonspendable		
For inventories	64,338	71,632
For prepaids	21,452	202,337
Restricted		
Stabilization by State Statute	21,550,479	19,162,377
For downtown	132,332	128,191
For Lake Valley Drive MSD	935	292
For economic and physical development	56,622	-
For county recreation	3,045,504	3,694,273
For donations	13,254	22,493
Committed		
Law Enforcement Officers' Special Separation Allowance	6,789,253	6,164,494
Assigned		
For subsequent year's expenditures	9,153,519	4,242,452
For special purpose	5,251,113	4,840,895
For capital projects	11,301,421	12,304,037
Unassigned	25,196,717	25,103,217
Total fund balance	82,576,939	75,936,690
 Total liabilities, deferred inflows of resources and fund balance	\$ 98,644,714	\$ 93,770,229

City of Fayetteville, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund

For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Budget	Variance Positive (Negative)	2020 Actuals	2019 Actuals
Revenues				
Ad Valorem Taxes				
Current year	\$ 70,209,515	\$ (102,160)	\$ 70,107,355	\$ 69,756,699
Prior years	441,115	(140,111)	301,004	462,594
Interest and penalties	222,500	13,087	235,587	227,932
Total ad valorem taxes	70,873,130	(229,184)	70,643,946	70,447,225
Other Taxes				
Vehicle license tax	637,900	(7,654)	630,246	634,397
Privilege license	18,925	(4,865)	14,060	20,252
Gross receipts tax on rental property	734,120	8,021	742,141	727,239
Total Other Taxes	1,390,945	(4,498)	1,386,447	1,381,888
Unrestricted intergovernmental				
Local option sales tax	44,372,275	959,990	45,332,265	43,633,583
Payment in lieu of taxes	11,098,087	-	11,098,087	10,938,256
Telecommunications sales tax	1,089,900	(197,559)	892,341	1,105,800
Utilities sales tax	10,074,700	(334,954)	9,739,746	9,963,371
Piped natural gas sales tax	388,700	(58,137)	330,563	404,323
Video franchise fee	2,012,600	(75,416)	1,937,184	2,002,772
Beer and wine tax	927,159	(28,117)	899,042	896,930
County - other	323,349	31,216	354,565	314,643
Local - public safety	334,740	(19,660)	315,080	341,187
Local - other	18,485	1,005,254	1,023,739	17,956
Total unrestricted intergovernmental	70,639,995	1,282,617	71,922,612	69,618,821
Restricted intergovernmental				
Federal - public safety	150,396	692,040	842,436	197,754
Federal - other	1,143,848	(2,484)	1,141,364	72,809
Powell Bill allocation	5,196,602	32,187	5,228,789	5,249,417
State - other	84,057	9,076	93,133	24,176
State - public safety	104,000	217,118	321,118	238,103
County recreation	3,509,185	(97,999)	3,411,186	5,284,817
County - other	1,164,733	(238,853)	925,880	853,152
Local - other	1,200,000	-	1,200,000	1,200,000
Total restricted intergovernmental	12,552,821	611,085	13,163,906	13,120,228
Permits and Fees				
	2,302,324	(355,952)	1,946,372	2,002,658
Sales and Services				
Property leases	855,934	(180,687)	675,247	822,624
Engineering/planning services	493,624	(24,623)	469,001	453,416
Public safety services	1,274,201	(56,804)	1,217,397	1,233,790
Recreation and cultural services	2,228,723	(1,142,615)	1,086,108	1,934,477
Parking revenues	171,390	(37,145)	134,245	157,656
Other fees and services	375,356	(11,433)	363,923	357,418
Total sales and services	5,399,228	(1,453,307)	3,945,921	4,959,381
Miscellaneous				
Refunds and sundry	322,539	540,852	863,391	549,447
Indirect cost allocation	2,512,000	(133,083)	2,378,917	2,306,976
Special use assessment	102,700	206,934	309,634	100,213
Total miscellaneous	2,937,239	614,703	3,551,942	2,956,636
Interest earned on investments				
	1,375,900	(91,432)	1,284,468	1,589,911
Total revenues	167,471,582	374,032	167,845,614	166,076,748

(continued)

City of Fayetteville, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund

For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Budget	Variance Positive (Negative)	2020 Actuals	2019 Actuals
Expenditures				
Current				
Community Investment				
Economic and Community Development				
Salaries and employee benefits	366,355	9,227	357,128	284,904
Other operating expenditures	755,124	163,916	591,208	396,234
Payments to agencies	149,978	17,625	132,353	132,353
	<u>1,271,457</u>	<u>190,768</u>	<u>1,080,689</u>	<u>813,491</u>
Development Services				
Salaries and employee benefits	3,816,759	373,359	3,443,400	3,585,196
Other operating expenditures	692,609	268,072	424,537	470,314
Payments to agencies	2,000	2,000	-	-
	<u>4,511,368</u>	<u>643,431</u>	<u>3,867,937</u>	<u>4,055,510</u>
Human relations				
Salaries and employee benefits	311,755	4	311,751	301,265
Other operating expenditures	27,656	2	27,654	43,408
Payments to agencies	14,120	-	14,120	9,975
	<u>353,531</u>	<u>6</u>	<u>353,525</u>	<u>354,648</u>
Total Community Investment	<u>6,136,356</u>	<u>834,205</u>	<u>5,302,151</u>	<u>5,223,649</u>
Support Services and Administration				
Budget and Evaluation				
Salaries and employee benefits	507,064	4	507,060	489,728
Other operating expenditures	12,054	135	11,919	12,812
	<u>519,118</u>	<u>139</u>	<u>518,979</u>	<u>502,540</u>
Corporate Communications				
Salaries and employee benefits	698,332	28,430	669,902	682,155
Other operating expenditures	272,672	84,616	188,056	213,314
Inventory	100,400	21,658	78,742	83,859
Cost redistribution	(123,400)	(22,157)	(101,243)	(104,760)
	<u>948,004</u>	<u>112,547</u>	<u>835,457</u>	<u>874,568</u>
City Manager's Office				
Salaries and employee benefits	2,133,564	31,948	2,101,616	1,899,096
Other operating expenditures	331,367	97,058	234,309	261,692
Capital outlay	52,000	1,695	50,305	-
	<u>2,516,931</u>	<u>130,701</u>	<u>2,386,230</u>	<u>2,160,788</u>
City Attorney's Office				
Salaries and employee benefits	910,524	29,553	880,971	999,640
Other operating expenditures	423,176	148,797	274,379	395,957
	<u>1,333,700</u>	<u>178,350</u>	<u>1,155,350</u>	<u>1,395,597</u>
Finance				
Salaries and employee benefits	1,787,262	2,190	1,785,072	1,729,138
Other operating expenditures	790,705	167,072	623,633	720,307
	<u>2,577,967</u>	<u>169,262</u>	<u>2,408,705</u>	<u>2,449,445</u>
Human Resources Development				
Salaries and employee benefits	1,039,225	95,608	943,617	1,004,579
Other operating expenditures	228,868	44,048	184,820	184,534
	<u>1,268,093</u>	<u>139,656</u>	<u>1,128,437</u>	<u>1,189,113</u>
Information Technology				
Salaries and employee benefits	2,372,040	126,599	2,245,441	2,088,622
Other operating expenditures	3,434,610	793,126	2,641,484	2,421,154
Cost redistribution	(72,561)	(1)	(72,560)	(72,560)
	<u>5,734,089</u>	<u>919,724</u>	<u>4,814,365</u>	<u>4,437,216</u>

(continued)

City of Fayetteville, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund

For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Budget	Variance Positive (Negative)	2020 Actuals	2019 Actuals
Expenditures (continued)				
Current (continued)				
Mayor, Council and City Clerk				
Salaries and employee benefits	549,021	47,111	501,910	476,860
Other operating expenditures	534,472	119,126	415,346	214,709
	<u>1,083,493</u>	<u>166,237</u>	<u>917,256</u>	<u>691,569</u>
Total Support Services and Administration	15,981,395	1,816,616	14,164,779	13,700,836
Operations				
Fire				
Salaries and employee benefits	23,747,760	352,690	23,395,070	23,606,895
Other operating expenditures	4,330,464	210,068	4,120,396	4,619,875
Capital outlay	1,497,143	27,698	1,469,445	2,703,498
Cost redistribution	(75,000)	-	(75,000)	(75,000)
	<u>29,500,367</u>	<u>590,456</u>	<u>28,909,911</u>	<u>30,855,268</u>
Parks, Recreation and Maintenance				
Parks and recreation				
Salaries and employee benefits	8,508,123	451,389	8,056,734	8,176,164
Other operating expenditures	5,604,589	1,347,316	4,257,273	4,447,818
Capital outlay	906,849	304,619	602,230	712,980
Payments to agencies	179,250	-	179,250	179,250
	<u>15,198,811</u>	<u>2,103,324</u>	<u>13,095,487</u>	<u>13,516,212</u>
Cemeteries				
Salaries and employee benefits	134,136	1,361	132,775	127,173
Other operating expenditures	36,018	15,993	20,025	28,671
	<u>170,154</u>	<u>17,354</u>	<u>152,800</u>	<u>155,844</u>
Urban forestry				
Salaries and employee benefits	190,379	43	190,336	185,864
Other operating expenditures	35,104	6,584	28,520	22,489
	<u>225,483</u>	<u>6,627</u>	<u>218,856</u>	<u>208,353</u>
Public buildings				
Salaries and employee benefits	949,526	52,122	897,404	792,671
Other operating expenditures	1,295,396	193,599	1,101,797	1,013,574
Capital outlay	213,740	68,058	145,682	45,537
	<u>2,458,662</u>	<u>313,779</u>	<u>2,144,883</u>	<u>1,851,782</u>
Right of way maintenance				
Salaries and employee benefits	969,901	31,170	938,731	835,980
Other operating expenditures	490,356	133,766	356,590	382,598
Capital outlay	516,864	194,811	322,053	155,251
	<u>1,977,121</u>	<u>359,747</u>	<u>1,617,374</u>	<u>1,373,829</u>
Total parks, recreation and maintenance	20,030,231	2,800,831	17,229,400	17,106,020
Police				
Salaries and employee benefits	43,160,875	2,006,749	41,154,126	41,508,669
Other operating expenditures	8,005,733	1,129,768	6,875,965	7,384,239
Capital outlay	2,207,529	662,284	1,545,245	2,678,488
Payments to agencies	3,000	-	3,000	3,000
	<u>53,377,137</u>	<u>3,798,801</u>	<u>49,578,336</u>	<u>51,574,396</u>
Public Services				
Engineering and Construction Management				
Salaries and employee benefits	1,624,613	251,793	1,372,820	1,361,511
Other operating expenditures	932,479	668,158	264,321	176,185
Capital outlay	23,584	505	23,079	21
	<u>2,580,676</u>	<u>920,456</u>	<u>1,660,220</u>	<u>1,537,717</u>
Streets				
Salaries and employee benefits	2,798,554	154,749	2,643,805	2,510,278
Other operating expenditures	2,924,267	473,346	2,450,921	2,237,402
Capital outlay	391,741	202,858	188,883	201,065
	<u>6,114,562</u>	<u>830,953</u>	<u>5,283,609</u>	<u>4,948,745</u>

(continued)

City of Fayetteville, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund

For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	Budget	Variance Positive (Negative)	2020 Actuals	2019 Actuals
Expenditures (continued)				
Current (continued)				
Real Estate				
Salaries and employee benefits	223,070	37	223,033	165,069
Other operating expenditures	47,965	16,393	31,572	26,342
Capital outlay	436	280	156	355
	<u>271,471</u>	<u>16,710</u>	<u>254,761</u>	<u>191,766</u>
Total Public Services	8,966,709	1,768,119	7,198,590	6,678,228
Total Operations	111,874,444	8,958,207	102,916,237	106,213,912
Other Appropriations				
General Government				
Salaries and employee benefits	1,835,714	713	1,835,001	1,708,941
Other operating expenditures	1,629,467	352,773	1,276,694	1,249,233
Inventory	1,330,000	354,066	975,934	1,479,299
Capital outlay	8,643	-	8,643	63,619
Payments to agencies	8,508,581	(404,693)	8,913,274	8,103,908
Cost redistribution	(1,387,000)	(404,771)	(982,229)	(1,531,604)
	<u>11,925,405</u>	<u>(101,912)</u>	<u>12,027,317</u>	<u>11,073,396</u>
Total Other Appropriations	11,925,405	(101,912)	12,027,317	11,073,396
Parking				
Other operating expenditures	696,303	130,936	565,367	405,050
Capital outlay	524,141	90,360	433,781	-
	<u>1,220,444</u>	<u>221,296</u>	<u>999,148</u>	<u>405,050</u>
Central business tax district				
Other operating expenditures	253,132	7,435	245,697	245,223
Law Enforcement Officers' Special Separation Allowance				
Salaries and employee benefits	1,746,601	658,620	1,087,981	1,027,454
Debt Service				
Operations				
Principal	1,343,847	543,847	800,000	-
Interest	645,789	-	645,789	-
	<u>1,989,636</u>	<u>543,847</u>	<u>1,445,789</u>	<u>-</u>
Other Appropriations				
Principal	8,323,051	611,187	7,711,864	8,614,129
Interest	2,719,093	13,247	2,705,846	2,621,541
Issuance cost	27,886	2	27,884	29,471
	<u>11,070,030</u>	<u>624,436</u>	<u>10,445,594</u>	<u>11,265,141</u>
Total Debt Service	13,059,666	1,168,283	11,891,383	11,265,141
Total Expenditures	162,197,443	13,562,750	148,634,693	149,154,661
Revenues over (under) expenditures	5,274,139	13,936,782	19,210,921	16,922,087
Other Financing Sources (Uses)				
Sale of assets	162,500	(47,188)	115,312	306,689
Appropriated fund balance	10,303,288	(10,303,288)	-	-
Transfers in from other funds	1,050,000	11,349	1,061,349	2,422,442
Transfers (out) - Community Investment	(1,458,851)	16,373	(1,442,478)	(74,853)
Transfers (out) - Support Services & Administration	(1,175,659)	-	(1,175,659)	(1,565,550)
Transfers (out) - Operations	(8,257,080)	687,250	(7,569,830)	(7,678,019)
Transfers (out) - Other Appropriations	(9,181,530)	2,322,164	(6,859,366)	(6,139,257)
Proceeds from installment agreements	3,283,193	16,807	3,300,000	2,550,000
Refunding bonds issued	-	-	-	2,270,000
Premium on refunding bonds issued	-	-	-	254,673
Payment to refunded bond escrow agent	-	-	-	(2,500,000)
	<u>(5,274,139)</u>	<u>(7,296,533)</u>	<u>(12,570,672)</u>	<u>(10,153,875)</u>
Total Other Financing Sources (Uses)	(5,274,139)	(7,296,533)	(12,570,672)	(10,153,875)

(continued)

City of Fayetteville, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund

For the Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actuals</u>	<u>2019 Actuals</u>
Revenues and Other Financing Sources (Uses)				
Over (Under) Expenditures	\$ -	\$ 6,640,249	6,640,249	6,768,212
Fund Balance				
Beginning			75,936,690	69,168,478
Ending			\$ 82,576,939	\$ 75,936,690

PWC Assessment Fund

The PWC Assessment Fund is a special revenue fund of the City and is used to account for water and sewer fees assessed by the City for PWC since PWC does not have the power to assess the citizens. The revenue is committed to PWC.

The fund is accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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Comparative Balance Sheets
PWC Assessment Fund

June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and investments	\$ -	\$ -
Accounts receivable	-	-
Assessments receivable	7,367,458	7,950,221
Total assets	<u>\$ 7,367,458</u>	<u>\$ 7,950,221</u>
Liabilities, deferred inflows of resources and fund balances		
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ -
Unearned revenue	-	-
Restricted accounts payable and accrued expenses	-	-
Total liabilities	<u>-</u>	<u>-</u>
Deferred inflows of resources		
Assessments receivable	7,367,458	7,950,221
Total deferred inflows of resources	<u>7,367,458</u>	<u>7,950,221</u>
Fund balances		
Restricted		
Stabilization by State Statute	-	-
Downtown	-	-
Administration	-	-
Public safety	-	-
Economic and physical development	-	-
Recreation and community facilities	-	-
For streets - Powell bill	-	-
Committed	-	-
Administration	-	-
Public safety	-	-
Transportation	-	-
Economic and physical development	-	-
Recreation and community facilities	-	-
Unassigned	-	-
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,367,458</u>	<u>\$ 7,950,221</u>

City of Fayetteville, North Carolina

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
PWC Assessment Fund**

Year Ended June 30, 2020
(With Comparative Actual Amounts For Year Ended June 30, 2019)

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Revenues				
Assessment revenue	\$ 1,883,500	\$ (596,286)	\$ 1,287,214	\$ 2,573,170
Interest earned on investments	334,700	67,153	401,853	351,322
Total revenues	<u>2,218,200</u>	<u>(529,133)</u>	<u>1,689,067</u>	<u>2,924,492</u>
Expenditures				
Current				
Administration				
Intergovernmental expense - assessment	2,218,200	529,133	1,689,067	2,924,492
Total expenditures	<u>2,218,200</u>	<u>529,133</u>	<u>1,689,067</u>	<u>2,924,492</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance				
Beginning			-	-
Ending			<u>\$ -</u>	<u>\$ -</u>

Economic & Physical Development Fund

The Economic and Physical Development Fund is a major capital project fund used to account for resources used for the acquisition, construction and improvement of public facilities including a baseball stadium, parking deck and other downtown development.

Resources are provided primarily through facility financing proceeds and transfers from other funds.

The fund is accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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**Comparative Balance Sheets
Economic and Physical Development Fund**

June 30, 2020 and June 30, 2019

	2020	2019
Assets		
Cash and investments	\$ 3,135,525	\$ 1,997,011
Accounts receivable	538,632	646,888
Due from other governments	78,931	505,106
Restricted cash and investments	369,842	5,774,550
Total assets	\$ 4,122,930	\$ 8,923,555
Liabilities, deferred inflows of resources and fund balances		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,164,104	\$ 250,975
Restricted accounts payable and accrued expenses	369,842	5,197,206
Total liabilities	1,533,946	5,448,181
Fund balances:		
Restricted		
Economic and physical development	690,802	1,505,774
Committed		
Economic and physical development	1,898,182	1,969,600
Unassigned	-	-
Total fund balances	2,588,984	3,475,374
Total liabilities, deferred inflows of resources and fund balances	\$ 4,122,930	\$ 8,923,555

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Economic and Physical Development Fund**

From Inception And For Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental					
Federal grants	\$ 3,990,000	\$ -	\$ -	\$ 27,400	\$ 27,400
State grants	250,000	250,000	-	-	250,000
County	250,243	250,242	-	-	250,242
Local	92,105	69,161	-	-	69,161
Total restricted intergovernmental	<u>4,582,348</u>	<u>569,403</u>	<u>-</u>	<u>27,400</u>	<u>596,803</u>
Miscellaneous					
Segra Stadium capital maintenance & improve.	180,000	-	-	386,609	386,609
Contributions and donations - all other	968,517	641,183	-	-	641,183
Total miscellaneous	<u>1,148,517</u>	<u>641,183</u>	<u>-</u>	<u>386,609</u>	<u>1,027,792</u>
Interest earned on investments	<u>661,788</u>	<u>633,644</u>	<u>-</u>	<u>29,504</u>	<u>663,148</u>
Total revenues	<u>6,392,653</u>	<u>1,844,230</u>	<u>-</u>	<u>443,513</u>	<u>2,287,743</u>
Expenditures					
Capital outlay					
Texfi Project	895,724	827,336	-	2,000	829,336
HOPE VI	6,601,000	6,125,285	-	5,994	6,131,279
Murchison Road redevelopment	2,300,000	1,539,550	-	83,096	1,622,646
Dr. EE Smith House restoration	275,600	222,669	-	39,823	262,492
Affordable Housing	160,000	100,756	-	-	100,756
Downtown baseball stadium	40,777,102	39,284,730	-	994,366	40,279,096
Downtown redevelopment site	1,975,364	1,559,596	-	213,847	1,773,443
Downtown parking	935,983	433,935	-	193,382	627,317
Hay Street parking and mixed use	17,931,095	15,359,851	-	2,446,550	17,806,401
Hurley Plaza memorial	150,000	-	-	-	-
Homeless day center and emergency shelter	3,990,000	-	-	27,400	27,400
Segra Stadium capital maintenance & improve.	180,000	-	-	17,809	17,809
Total expenditures	<u>76,171,868</u>	<u>65,453,708</u>	<u>-</u>	<u>4,024,267</u>	<u>69,477,975</u>
Revenues over (under) expenditures	<u>(69,779,215)</u>	<u>(63,609,478)</u>	<u>-</u>	<u>(3,580,754)</u>	<u>(67,190,232)</u>
Other financing sources (uses)					
Issuance of debt	53,140,000	53,140,000	-	-	53,140,000
Transfers in	16,679,215	13,984,852	-	2,694,364	16,679,216
Transfers out	(40,000)	(40,000)	-	-	(40,000)
Total other financing sources (uses)	<u>69,779,215</u>	<u>67,084,852</u>	<u>-</u>	<u>2,694,364</u>	<u>69,779,216</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 3,475,374</u>	<u>\$ -</u>	<u>(886,390)</u>	<u>\$ 2,588,984</u>
Fund balance					
Beginning				3,475,374	
Ending				<u>\$ 2,588,984</u>	

Nonmajor Governmental Funds



City of Fayetteville, North Carolina

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**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 1,354,724	\$ 7,554,170	\$ 8,908,894
Accounts receivable	560,707	303,639	864,346
Due from other governments	906,822	7,451,636	8,358,458
Restricted cash and investments	998,701	15,224,017	16,222,718
Restricted accounts receivable	744	-	744
Notes receivable	7,167,886	-	7,167,886
Property held for resale	27,871	-	27,871
Due from other funds	-	4,061,127	4,061,127
Total assets	\$ 11,017,455	\$ 34,594,589	\$ 45,612,044
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 235,049	\$ 600,603	\$ 835,652
Unearned revenue	102,493	109,822	212,315
Restricted accounts payable and accrued expenses	536	138,368	138,904
Interfund payable	-	4,061,127	4,061,127
Total liabilities	338,078	4,909,920	5,247,998
Fund balances:			
Restricted			
Stabilization by State Statute	76,665	-	76,665
Administration	-	618,340	618,340
Public safety	1,740,548	43,922	1,784,470
For streets - Powell Bill	-	1,349,198	1,349,198
Transportation	-	4,415,602	4,415,602
Recreation and community facilities	293,010	16,616,984	16,909,994
Economic and physical development	799,738	-	799,738
Environmental protection	8,557,023	215,037	8,772,060
Committed			
Administration	-	2,941,832	2,941,832
Public safety	230,289	137,729	368,018
Transportation	-	3,803,909	3,803,909
Economic and physical development	7,675,137	-	7,675,137
Recreation and community facilities	646,934	449,296	1,096,230
Environmental protection	60,972	4,277,429	4,338,401
Unassigned	(9,400,939)	(5,184,609)	(14,585,548)
Total fund balances	10,679,377	29,684,669	40,364,046
Total liabilities, deferred inflows of resources and fund balances	\$ 11,017,455	\$ 34,594,589	\$ 45,612,044

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues			
Restricted intergovernmental	\$ 4,562,341	\$ 5,680,938	\$ 10,243,279
Miscellaneous	621,193	167,900	789,093
Interest earned on investments	75,167	239,024	314,191
Total revenues	<u>5,258,701</u>	<u>6,087,862</u>	<u>11,346,563</u>
Expenditures			
Current			
Public safety	1,471,609	-	1,471,609
Economic and physical development	3,580,917	-	3,580,917
Recreation and community facilities	24,575	-	24,575
Environmental protection	316,466	-	316,466
Debt service:			
Principal	75,000	-	75,000
Interest	769	-	769
Capital Outlay	-	16,561,102	16,561,102
Total expenditures	<u>5,469,336</u>	<u>16,561,102</u>	<u>22,030,438</u>
Revenues over (under) expenditures	<u>(210,635)</u>	<u>(10,473,240)</u>	<u>(10,683,875)</u>
Other financing sources (uses)			
Issuance of debt	-	1,446,405	1,446,405
Transfers in	1,009,629	9,583,088	10,592,717
Transfers out	(9,581)	-	(9,581)
Total other financing sources (uses)	<u>1,000,048</u>	<u>11,029,493</u>	<u>12,029,541</u>
Net change in fund balances	789,413	556,253	1,345,666
Fund balances			
Beginning	9,889,964	29,128,416	39,018,380
Ending	<u>\$ 10,679,377</u>	<u>\$ 29,684,669</u>	<u>\$ 40,364,046</u>

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of special revenue sources or to finance specific activities as required by law or administrative regulation.

The following comprise the City's Special Revenue Funds:

- Emergency Telephone System Fund
- Federal and State Financial Assistance Fund
- Linear Park Fund

All Special Revenue Funds are accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020**

	Emergency Telephone System Fund	Federal and State Financial Assistance Fund	Linear Park Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash and investments	\$ 739,498	\$ 580,763	\$ 34,463	\$ 1,354,724
Accounts receivable	76,665	484,042	-	560,707
Due from other governments	-	906,709	113	906,822
Restricted cash and investments	-	998,701	-	998,701
Restricted accounts receivable	-	744	-	744
Notes receivable	-	7,167,886	-	7,167,886
Property held for resale	-	27,871	-	27,871
Total assets	\$ 816,163	\$ 10,166,716	\$ 34,576	\$ 11,017,455
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable and accrued expenses	\$ 49,538	\$ 185,511	\$ -	\$ 235,049
Unearned revenue	-	102,493	-	102,493
Restricted accounts payable and accrued expenses	-	536	-	536
Total liabilities	49,538	288,540	-	338,078
Fund balances:				
Restricted				
Stabilization by State Statute	76,665	-	-	76,665
Public safety	689,960	1,050,588	-	1,740,548
Recreation and community facilities	-	284,515	8,495	293,010
Economic and physical development	-	799,738	-	799,738
Environmental protection	-	8,557,023	-	8,557,023
Committed				
Economic and physical development	-	7,675,137	-	7,675,137
Public safety	-	230,289	-	230,289
Environmental protection	-	60,972	-	60,972
Recreation and community facilities	-	620,853	26,081	646,934
Unassigned	-	(9,400,939)	-	(9,400,939)
Total fund balances	766,625	9,878,176	34,576	10,679,377
Total liabilities, deferred inflows of resources and fund balances	\$ 816,163	\$ 10,166,716	\$ 34,576	\$ 11,017,455

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds**

For the Year Ended June 30, 2020

	Emergency Telephone System Fund	Federal and State Financial Assistance Fund	Linear Park Fund	Total Nonmajor Special Revenue Funds
Revenues				
Restricted intergovernmental	\$ 919,978	\$ 3,642,363	\$ -	\$ 4,562,341
Miscellaneous	-	621,193	-	621,193
Interest earned on investments	10,684	63,885	598	75,167
Total revenues	<u>930,662</u>	<u>4,327,441</u>	<u>598</u>	<u>5,258,701</u>
Expenditures				
Current:				
Public safety	840,965	630,644	-	1,471,609
Economic and physical development	-	3,580,917	-	3,580,917
Environmental protection	-	316,466	-	316,466
Recreation and community facilities	-	19,056	5,519	24,575
Debt Service:				
Principal	-	75,000	-	75,000
Interest	-	769	-	769
Total expenditures	<u>840,965</u>	<u>4,622,852</u>	<u>5,519</u>	<u>5,469,336</u>
Revenues over (under) expenditures	<u>89,697</u>	<u>(295,411)</u>	<u>(4,921)</u>	<u>(210,635)</u>
Other financing sources (uses)				
Transfers in	-	1,009,629	-	1,009,629
Transfers out	-	(9,581)	-	(9,581)
Total other financing sources (uses)	<u>-</u>	<u>1,000,048</u>	<u>-</u>	<u>1,000,048</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>89,697</u>	<u>704,637</u>	<u>(4,921)</u>	<u>789,413</u>
Fund balances				
Beginning	676,928	9,173,539	39,497	9,889,964
Ending	<u>\$ 766,625</u>	<u>\$ 9,878,176</u>	<u>\$ 34,576</u>	<u>\$ 10,679,377</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Emergency Telephone System Fund**

**Year Ended June 30, 2020
(With Comparative Actual Amounts For Year Ended June 30, 2019)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Revenues				
Restricted intergovernmental	\$ 919,978	\$ -	\$ 919,978	\$ 891,636
Interest earned on investments	7,667	3,017	10,684	15,321
Total revenues	<u>927,645</u>	<u>3,017</u>	<u>930,662</u>	<u>906,957</u>
Expenditures				
Current				
Public safety				
Other operating expenditures	946,977	106,012	840,965	943,991
Capital outlay	304,886	304,886	-	-
Total public safety	<u>1,251,863</u>	<u>410,898</u>	<u>840,965</u>	<u>943,991</u>
Debt service				
Principal	-	-	-	95,676
Interest	-	-	-	1,695
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,371</u>
Total expenditures	<u>1,251,863</u>	<u>410,898</u>	<u>840,965</u>	<u>1,041,362</u>
Revenues over (under) expenditures	<u>(324,218)</u>	<u>413,915</u>	<u>89,697</u>	<u>(134,405)</u>
Other financing sources (uses)				
Appropriated fund balance	324,218	(324,218)	-	-
Transfers in	-	-	-	895
Total other financing sources (uses)	<u>324,218</u>	<u>(324,218)</u>	<u>-</u>	<u>895</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 89,697</u>	89,697	(133,510)
Fund balance				
Beginning			676,928	810,438
Ending			<u>\$ 766,625</u>	<u>\$ 676,928</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Federal and State Financial Assistance Fund**

From Inception And For Year Ended June 30, 2020

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
Federal grants	\$ 31,571,023	\$ 11,101,235	\$ (265,420)	\$ 2,796,073	\$ 13,631,888
State grants	8,175,275	2,301,395	(1,299,770)	835,391	1,837,016
County	24,304	35,001	-	10,899	45,900
Total restricted intergovernmental	<u>39,770,602</u>	<u>13,437,631</u>	<u>(1,565,190)</u>	<u>3,642,363</u>	<u>15,514,804</u>
Miscellaneous	<u>4,141,436</u>	<u>343,991</u>	<u>-</u>	<u>621,193</u>	<u>965,184</u>
Interest earned on investments	<u>13,991</u>	<u>664,402</u>	<u>-</u>	<u>63,885</u>	<u>728,287</u>
Total revenues	<u>43,926,029</u>	<u>14,446,024</u>	<u>(1,565,190)</u>	<u>4,327,441</u>	<u>17,208,275</u>
Expenditures					
Current					
Public safety	4,113,924	1,965,063	-	630,644	2,595,707
Economic and physical development	24,150,080	10,023,075	(465,993)	3,580,917	13,137,999
Environmental protection	15,485,687	1,996,552	(1,436,225)	316,466	876,793
Recreation and community facilities	1,391,561	963,713	-	19,056	982,769
Total current	<u>45,141,252</u>	<u>14,948,403</u>	<u>(1,902,218)</u>	<u>4,547,083</u>	<u>17,593,268</u>
Debt service	<u>391,175</u>	<u>315,405</u>	<u>-</u>	<u>75,769</u>	<u>391,174</u>
Total expenditures	<u>45,532,427</u>	<u>15,263,808</u>	<u>(1,902,218)</u>	<u>4,622,852</u>	<u>17,984,442</u>
Revenues over (under) expenditures	<u>(1,606,398)</u>	<u>(817,784)</u>	<u>337,028</u>	<u>(295,411)</u>	<u>(776,167)</u>
Other financing sources (uses)					
Transfers in	1,613,614	1,155,092	(419,884)	1,009,629	1,744,837
Transfers out	(7,216)	(82,857)	82,856	(9,581)	(9,582)
Total other financing sources (uses)	<u>1,606,398</u>	<u>1,072,235</u>	<u>(337,028)</u>	<u>1,000,048</u>	<u>1,735,255</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 254,451</u>	<u>\$ -</u>	<u>704,637</u>	<u>\$ 959,088</u>
Fund balance					
Beginning				9,173,539	
Ending				<u>\$ 9,878,176</u>	

Schedule of Expenditures by Project
Budget and Actual - Federal and State Financial Assistance Fund

From Inception And For Year Ended June 30, 2020

	Project Authorization	Prior Years	Closed Projects	Current Year	Total to Date
Expenditures by project:					
Public safety					
Federal and State Forfeiture	\$ 1,649,317	\$ 681,318	\$ -	\$ 419,653	\$ 1,100,971
Juvenile Restitution	155,699	68,322	-	69,656	137,978
Fire - USAR Equipment/Training	45,000	44,937	-	-	44,937
Fire - USAR Equipment	30,000	29,879	-	-	29,879
Fire - Safety Awareness	10,000	10,000	-	-	10,000
Fire - Homeland Security	75,000	30,000	-	11,500	41,500
Governor's Crime Comm. - EKG 2017	27,578	20,774	-	3,379	24,153
Governor's Crime Comm. - Interactive Policing	13,944	-	-	7,131	7,131
FY14 Violent Gang and Gun Crime Reduction	298,132	281,462	-	-	281,462
2015 National Sexual Assault Initiative	363,090	297,708	-	4,687	302,395
2016 National Sexual Assault Initiative	793,372	500,663	-	53,886	554,549
Project Safe Neighborhood	117,865	-	-	13,967	13,967
Byrne FY19 Justice Assistance	126,701	-	-	-	-
Coronavirus emergency supplemental funding	408,226	-	-	46,785	46,785
Total public safety	4,113,924	1,965,063	-	630,644	2,595,707
Economic and physical development					
Community Development Block Grant	8,905,354	5,003,520	-	990,844	5,994,364
HOME	7,408,002	3,539,612	-	1,608,723	5,148,335
Fort Bragg Force Reduction	-	265,420	(265,420)	-	-
Downtown Public Art Project	34,500	20,811	-	-	20,811
Disaster recovery program	-	100,573	(100,573)	-	-
Downtown urban design plan	-	100,000	(100,000)	-	-
Downtown parking management plan	100,000	83,900	-	-	83,900
CDBG - Disaster recovery grant	105,000	87,913	-	11,350	99,263
Rural economic development grants	590,000	52,500	-	-	52,500
Hazard mitigation grant program	4,554,593	768,826	-	640,369	1,409,195
State Acquisition and Relocation Funds (SARF)	1,573,000	-	-	-	-
Rural Housing Recovery grant	329,631	-	-	329,631	329,631
Good Neighbor homebuyer loan program	450,000	-	-	-	-
Commercial corridor revitalization	100,000	-	-	-	-
Total economic and physical development	24,150,080	10,023,075	(465,993)	3,580,917	13,137,999
Environmental protection					
Cross Creek debris removal	-	637,028	(637,028)	-	-
Multi-Creek debris removal	-	685,000	(685,000)	-	-
Bones & Beaver Creek debris removal	-	114,197	(114,197)	-	-
Cross Creek bank stabilization	11,235,175	518,516	-	58,174	576,690
Cross Creek grave relocation	573,745	41,811	-	183,320	225,131
Emergency watershed protection	3,165,533	-	-	-	-
Locks Creek debris removal	446,234	-	-	60,972	60,972
Cross Creek cemetery conservation restoration	65,000	-	-	14,000	14,000
Total environmental protection	15,485,687	1,996,552	(1,436,225)	316,466	876,793
Recreation and community facilities					
Wayfinding signage	500,586	403,272	-	-	403,272
Big Cross Creek Multiuse Trail	800,000	500,025	-	-	500,025
Tree Inventory Phase II	30,001	21,691	-	-	21,691
Adaptive sports	35,000	13,737	-	18,981	32,718
Healthy out of school time meals programs	25,000	24,988	-	-	24,988
Cumberland Community Foundation	974	-	-	75	75
Total recreation and community facilities	1,391,561	963,713	-	19,056	982,769
Total expenditures by project	\$ 45,141,252	\$ 14,948,403	\$ (1,902,218)	\$ 4,547,083	\$ 17,593,268

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Linear Park Fund**

From Inception And For Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental					
County grants and contributions	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ 130,000
Total restricted intergovernmental	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
Miscellaneous					
Other (donations)	1,936,394	1,936,594	-	-	1,936,594
Total miscellaneous	<u>1,936,394</u>	<u>1,936,594</u>	<u>-</u>	<u>-</u>	<u>1,936,594</u>
Interest earned on investments	<u>47,490</u>	<u>48,770</u>	<u>-</u>	<u>598</u>	<u>49,368</u>
Total revenues	<u>2,113,884</u>	<u>2,115,364</u>	<u>-</u>	<u>598</u>	<u>2,115,962</u>
Expenditures					
Current					
Recreational and community facilities					
Linear Park	2,163,963	2,125,946	-	5,519	2,131,465
Total expenditures	<u>2,163,963</u>	<u>2,125,946</u>	<u>-</u>	<u>5,519</u>	<u>2,131,465</u>
Revenues over (under) expenditures	<u>(50,079)</u>	<u>(10,582)</u>	<u>-</u>	<u>(4,921)</u>	<u>(15,503)</u>
Other financing sources (uses)					
Transfers in (out)	50,079	50,079	-	-	50,079
Total other financing sources (uses)	<u>50,079</u>	<u>50,079</u>	<u>-</u>	<u>-</u>	<u>50,079</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 39,497</u>	<u>\$ -</u>	<u>(4,921)</u>	<u>\$ 34,576</u>
Fund balance					
Beginning				39,497	
Ending				<u>\$ 34,576</u>	

Capital Project Funds

Capital Project Funds account for all resources used for the acquisition and construction of major capital facilities other than those financed by the Proprietary Funds.

The following comprise the City's Capital Project Funds:

- General Government Fund
- Public Safety Fund
- Transportation Fund
- Recreational and Cultural Fund
- Recreational and Cultural Bond Fund
- Environmental Protection Fund

All Capital Project Funds are accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

**Combining Balance Sheet
Nonmajor Capital Project Funds**

June 30, 2020

	General Government Fund	Public Safety Fund	Transportation Fund	Recreational and Cultural Fund	Recreational and Cultural Bond Fund	Environmental Protection Fund	Total Nonmajor Capital Project Funds
Assets							
Cash and investments	\$ 3,619,738	\$ 160,135	\$ 1,500,006	\$ 2,164,695	\$ 109,596	\$ -	\$ 7,554,170
Accounts receivable	-	-	16,308	-	286,900	431	303,639
Due from other governments	85,256	22,093	2,904,891	143,203	19,194	4,276,999	7,451,636
Restricted cash and investments	-	15,038	1,487,566	1,173,585	12,547,828	-	15,224,017
Interfund receivable	-	-	4,061,127	-	-	-	4,061,127
Total assets	<u>\$ 3,704,994</u>	<u>\$ 197,266</u>	<u>\$ 9,969,898</u>	<u>\$ 3,481,483</u>	<u>\$ 12,963,518</u>	<u>\$ 4,277,430</u>	<u>\$ 34,594,589</u>
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable and accrued expenses	\$ 144,822	\$ 577	\$ 205,966	\$ 68,662	\$ 14,273	\$ 166,303	\$ 600,603
Unearned revenue	-	15,038	56,855	37,929	-	-	109,822
Restricted accounts payable and accrued expenses	-	-	138,368	-	-	-	138,368
Interfund payables	-	-	-	-	-	4,061,127	4,061,127
Total liabilities	<u>144,822</u>	<u>15,615</u>	<u>401,189</u>	<u>106,591</u>	<u>14,273</u>	<u>4,227,430</u>	<u>4,909,920</u>
Fund balances:							
Restricted							
Administration	618,340	-	-	-	-	-	618,340
Public safety	-	43,922	-	-	-	-	43,922
For streets - Powell bill	-	-	1,349,198	-	-	-	1,349,198
Transportation	-	-	4,415,602	-	-	-	4,415,602
Recreation and community facilities	-	-	-	3,973,832	12,643,152	-	16,616,984
Environmental protection	-	-	-	-	-	215,037	215,037
Committed							
Administration	2,941,832	-	-	-	-	-	2,941,832
Public safety	-	137,729	-	-	-	-	137,729
Transportation	-	-	3,803,909	-	-	-	3,803,909
Recreation and community facilities	-	-	-	143,203	306,093	-	449,296
Environmental protection	-	-	-	-	-	4,277,429	4,277,429
Unassigned	-	-	-	(742,143)	-	(4,442,466)	(5,184,609)
Total fund balances	<u>3,560,172</u>	<u>181,651</u>	<u>9,568,709</u>	<u>3,374,892</u>	<u>12,949,245</u>	<u>50,000</u>	<u>29,684,669</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,704,994</u>	<u>\$ 197,266</u>	<u>\$ 9,969,898</u>	<u>\$ 3,481,483</u>	<u>\$ 12,963,518</u>	<u>\$ 4,277,430</u>	<u>\$ 34,594,589</u>

City of Fayetteville, North Carolina

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds**

For the Year Ended June 30, 2020

	General Government Fund	Public Safety Fund	Transportation Fund	Recreational and Cultural Fund	Recreational and Cultural Bond Fund	Environmental Protection Fund	Total Nonmajor Capital Project Funds
Revenues							
Restricted intergovernmental	\$ 181,520	\$ 179,210	\$ 1,276,568	\$ 504,552	\$ -	\$ 3,539,088	\$ 5,680,938
Miscellaneous	-	19,962	119,052	28,886	-	-	167,900
Interest earned on investments	-	2,683	-	47,263	189,078	-	239,024
Total revenues	<u>181,520</u>	<u>201,855</u>	<u>1,395,620</u>	<u>580,701</u>	<u>189,078</u>	<u>3,539,088</u>	<u>6,087,862</u>
Expenditures							
Capital outlay	1,834,091	2,139,937	5,596,171	1,973,813	1,478,002	3,539,088	16,561,102
Total expenditures	<u>1,834,091</u>	<u>2,139,937</u>	<u>5,596,171</u>	<u>1,973,813</u>	<u>1,478,002</u>	<u>3,539,088</u>	<u>16,561,102</u>
Revenues over (under) expenditures	<u>(1,652,571)</u>	<u>(1,938,082)</u>	<u>(4,200,551)</u>	<u>(1,393,112)</u>	<u>(1,288,924)</u>	<u>-</u>	<u>(10,473,240)</u>
Other financing sources (uses)							
Issuance of debt	-	1,446,405	-	-	-	-	1,446,405
Transfers in	2,769,659	82,330	6,388,903	292,196	-	50,000	9,583,088
Total other financing sources (uses)	<u>2,769,659</u>	<u>1,528,735</u>	<u>6,388,903</u>	<u>292,196</u>	<u>-</u>	<u>50,000</u>	<u>11,029,493</u>
Revenues and other financing sources (uses) over (under) expenditures	1,117,088	(409,347)	2,188,352	(1,100,916)	(1,288,924)	50,000	556,253
Fund balance							
Beginning	2,443,084	590,998	7,380,357	4,475,808	14,238,169	-	29,128,416
Ending	<u>\$ 3,560,172</u>	<u>\$ 181,651</u>	<u>\$ 9,568,709</u>	<u>\$ 3,374,892</u>	<u>\$ 12,949,245</u>	<u>\$ 50,000</u>	<u>\$ 29,684,669</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Government Fund

From Inception And For Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental					
Federal grants	\$ 342,702	\$ 169,011	\$ -	\$ 10,069	\$ 179,080
State grants	390,056	77,627	-	181,451	259,078
Local	10,000	10,000	-	(10,000)	-
Total restricted intergovernmental	<u>742,758</u>	<u>256,638</u>	<u>-</u>	<u>181,520</u>	<u>438,158</u>
Miscellaneous					
Other	142,812	142,812	-	-	142,812
Interest earned on investments					
	-	1,391	-	-	1,391
Total revenues	<u>885,570</u>	<u>400,841</u>	<u>-</u>	<u>181,520</u>	<u>582,361</u>
Expenditures					
Capital outlay					
Computer replacements	4,895,788	4,054,495	-	756,951	4,811,446
Enterprise-wide GIS	542,162	341,995	-	115,650	457,645
Disaster recovery system	927,318	666,606	-	165,506	832,112
Uninterruptible power supply	58,650	37,878	-	-	37,878
Virtual server expansion	192,034	186,260	-	-	186,260
Wireless network expansion	416,622	266,279	-	664	266,943
Building maintenance projects	8,043,461	5,232,108	-	383,487	5,615,595
City Hall 1st floor renovations	900,000	-	-	-	-
Parking lot maintenance projects	286,609	185,379	-	68,712	254,091
Emergency generator connection	137,300	-	-	-	-
Internet telephone system	435,000	419,616	-	-	419,616
Time and attendance system	686,573	562,338	-	61,587	623,925
E-mail system upgrade	330,052	216,925	-	38,811	255,736
External website for the City	200,000	170,644	-	27,780	198,424
Org Performance Mgmt System	102,980	86,938	-	12,250	99,188
Plans review software	108,500	108,500	-	-	108,500
JDE/Laserfiche integration	15,000	15,000	-	-	15,000
Laserfiche quickfields	16,410	16,080	-	-	16,080
LSDBE tracking software	64,500	-	-	-	-
Centralized data warehouse	115,000	13,500	-	-	13,500
Direct fiber connection	176,172	-	-	-	-
Single internet domain	515,000	-	-	49,845	49,845
Server replacement	42,000	41,463	-	-	41,463
Access control system	24,000	-	-	21,657	21,657
ERP system	57,000	-	-	-	-
Alexander Street facility repairs	865,125	368,160	-	3,300	371,460
Cross Creek / 280 Lamon St. Hurr Matthew repairs	312,633	21,289	-	127,891	149,180
Council chamber upgrades	-	53,350	(53,350)	-	-
Asset management system	250,000	-	-	-	-
Total expenditures	<u>20,715,889</u>	<u>13,064,803</u>	<u>(53,350)</u>	<u>1,834,091</u>	<u>14,845,544</u>
Revenues over (under) expenditures	<u>(19,830,319)</u>	<u>(12,663,962)</u>	<u>53,350</u>	<u>(1,652,571)</u>	<u>(14,263,183)</u>
Other financing sources (uses)					
Issuance of debt	3,094,000	1,800,000	-	-	1,800,000
Transfers in	17,402,101	14,953,740	(1,034,262)	2,769,659	16,689,137
Transfer out	(665,782)	(1,646,694)	980,912	-	(665,782)
Total other financing sources (uses)	<u>19,830,319</u>	<u>15,107,046</u>	<u>(53,350)</u>	<u>2,769,659</u>	<u>17,823,355</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 2,443,084</u>	<u>\$ -</u>	<u>1,117,088</u>	<u>\$ 3,560,172</u>
Fund balance					
Beginning				2,443,084	
Ending				<u>\$ 3,560,172</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Public Safety Fund**

From Inception And For Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental					
Federal grants and contributions	\$ 1,017,958	\$ 753,624	\$ -	\$ 179,210	\$ 932,834
Local	530,000	529,811	-	-	529,811
Total restricted intergovernmental	<u>1,547,958</u>	<u>1,283,435</u>	<u>-</u>	<u>179,210</u>	<u>1,462,645</u>
Miscellaneous					
Other	35,000	-	-	19,962	19,962
Total miscellaneous	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>19,962</u>	<u>19,962</u>
Interest earned on investments	<u>-</u>	<u>13,062</u>	<u>-</u>	<u>2,683</u>	<u>15,745</u>
Total revenues	<u>1,582,958</u>	<u>1,296,497</u>	<u>-</u>	<u>201,855</u>	<u>1,498,352</u>
Expenditures					
Capital outlay					
Fire station #12	4,100,000	3,828,361	-	660	3,829,021
Police department CAD and RMS	3,209,917	3,134,326	-	-	3,134,326
Police department 800mhz radios	8,175,694	6,274,013	-	1,445,480	7,719,493
Justice assistance grants	332,358	163,619	-	125,163	288,782
NC Governors Crime Commission	22,000	-	-	22,000	22,000
Homeland security grants	59,700	54,157	-	-	54,157
FPD Glasdoor Initiative	1,060,000	1,059,622	-	-	1,059,622
NIBRS transition process	73,900	6,036	-	31,010	37,046
Enhanced security systems	271,851	192,857	-	12,250	205,107
Automated alarm	27,260	21,260	-	4,800	26,060
Terrain modeling software	16,750	9,990	-	-	9,990
Fire station 4 relocation	500,000	-	-	419,694	419,694
Duke Energy Foundation grant	35,000	-	-	19,962	19,962
Fire station 1 generator	62,330	-	-	58,918	58,918
Total expenditures	<u>17,946,760</u>	<u>14,744,241</u>	<u>-</u>	<u>2,139,937</u>	<u>16,884,178</u>
Revenues over (under) expenditures	<u>(16,363,802)</u>	<u>(13,447,744)</u>	<u>-</u>	<u>(1,938,082)</u>	<u>(15,385,826)</u>
Other financing sources (uses)					
Issuance of debt	14,100,080	12,201,277	-	1,446,405	13,647,682
Transfers in	4,585,822	4,467,765	(308,200)	82,330	4,241,895
Transfers out	(2,322,100)	(2,630,300)	308,200	-	(2,322,100)
Total other financing sources (uses)	<u>16,363,802</u>	<u>14,038,742</u>	<u>-</u>	<u>1,528,735</u>	<u>15,567,477</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 590,998</u>	<u>\$ -</u>	<u>(409,347)</u>	<u>\$ 181,651</u>
Fund balance					
Beginning				590,998	
Ending				<u>\$ 181,651</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Transportation Fund**

From Inception And For Year Ended June 30, 2020

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
Federal grants	\$ 6,256,547	\$ 2,803,163	\$ -	\$ 1,066,676	\$ 3,869,839
State grants	2,335,174	1,834,867	-	209,892	2,044,759
Total restricted intergovernmental	<u>8,591,721</u>	<u>4,638,030</u>	<u>-</u>	<u>1,276,568</u>	<u>5,914,598</u>
Miscellaneous					
Owner contributions	138,740	141,499	-	119,052	260,551
Other	10,204	10,204	-	-	10,204
Total miscellaneous	<u>148,944</u>	<u>151,703</u>	<u>-</u>	<u>119,052</u>	<u>270,755</u>
Interest earned on investments	<u>6,524</u>	<u>6,589</u>	<u>-</u>	<u>-</u>	<u>6,589</u>
Total revenues	<u>8,747,189</u>	<u>4,796,322</u>	<u>-</u>	<u>1,395,620</u>	<u>6,191,942</u>
Expenditures					
Capital outlay					
Thoroughfare streetlights	275,000	82,384	-	-	82,384
Sidewalks	4,127,835	663,361	-	39,788	703,149
Municipal agreement projects	2,555,234	934,207	-	772,967	1,707,174
Comprehensive pedestrian plan	-	53,355	(53,355)	-	-
Comprehensive bicycle plan	95,000	95,000	-	-	95,000
Transportation improvements	27,089,887	19,490,420	(106,299)	3,200,518	22,584,639
Rowan Street bridge	403,602	-	-	403,601	403,601
Other bridge replacements	2,503,140	2,067,164	-	206,522	2,273,686
Hurricane Matthew repairs	5,847,430	3,850,299	-	839,568	4,689,867
Sykes Pond Road flood damage	1,950,000	75,601	-	133,207	208,808
Total expenditures	<u>44,847,128</u>	<u>27,311,791</u>	<u>(159,654)</u>	<u>5,596,171</u>	<u>32,748,308</u>
Revenues (over) under expenditures	<u>(36,099,939)</u>	<u>(22,515,469)</u>	<u>159,654</u>	<u>(4,200,551)</u>	<u>(26,556,366)</u>
Other financing sources (uses)					
Transfers in	36,582,557	30,378,443	(159,654)	6,388,903	36,607,692
Transfers out	(482,618)	(482,617)	-	-	(482,617)
Total other financing sources (uses)	<u>36,099,939</u>	<u>29,895,826</u>	<u>(159,654)</u>	<u>6,388,903</u>	<u>36,125,075</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 7,380,357</u>	<u>\$ -</u>	<u>2,188,352</u>	<u>\$ 9,568,709</u>
Fund balance					
Beginning				7,380,357	
Ending				<u>\$ 9,568,709</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Recreational and Cultural Fund**

From Inception And For Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental					
Federal grants and contributions	\$ 1,414,629	\$ 447,846	\$ -	\$ 60,685	\$ 508,531
State grants and contributions	4,059,412	18,558,456	(15,950,000)	427,158	3,035,614
Local	48,750	17,287	-	16,709	33,996
Total restricted intergovernmental	<u>5,522,791</u>	<u>19,023,589</u>	<u>(15,950,000)</u>	<u>504,552</u>	<u>3,578,141</u>
Miscellaneous					
Other	575,522	772,005	-	2,930	774,935
Donations	335,671	309,715	-	25,956	335,671
Total miscellaneous	<u>911,193</u>	<u>1,081,720</u>	<u>-</u>	<u>28,886</u>	<u>1,110,606</u>
Interest earned on investments	<u>462,453</u>	<u>606,705</u>	<u>(138,248)</u>	<u>47,263</u>	<u>515,720</u>
Total revenues	<u>6,896,437</u>	<u>20,712,014</u>	<u>(16,088,248)</u>	<u>580,701</u>	<u>5,204,467</u>
Expenditures					
Capital outlay					
Freedom Park	592,341	564,460	-	12,878	577,338
NC State Veterans Park	-	2,326,095	(2,326,095)	-	-
NC State Veterans Park #2	-	13,788,248	(13,788,248)	-	-
NC State Veterans Park Phase II	1,142,470	-	-	26,745	26,745
Playground equipment and improvements	923,784	819,818	-	27,050	846,868
Rec Trac Software	78,353	56,711	-	-	56,711
Cape Fear River Trail Phase 2	7,147,452	4,033,575	-	76,918	4,110,493
Cape Fear River Trail Connector	185,000	85,411	-	69,632	155,043
Tree Project	412,070	99,999	-	15,940	115,939
Lafayette Park pedestrian bridge	216,907	209,332	-	-	209,332
Mazarick Park play area	55,000	18,645	-	9,574	28,219
Linear Park path, steps and overlook	79,593	38,117	-	7,285	45,402
Cross Creek/Union St. bridge	26,149	10,430	-	-	10,430
Reid Ross track resurfacing	100,000	87,286	-	5,993	93,279
Land Acquisition Big Cross Creek	52,000	-	-	-	-
Hurricane Matthew repairs	328,452	150,640	-	944	151,584
Blount's Creek Trail III	93,750	-	-	5,675	5,675
Lake Rim aquatic center	3,139,414	1,467,935	-	1,664,369	3,132,304
Park improvements	115,000	-	-	50,810	50,810
Total expenditures	<u>14,687,735</u>	<u>23,756,702</u>	<u>(16,114,343)</u>	<u>1,973,813</u>	<u>9,616,172</u>
Revenues over (under) expenditures	<u>(7,791,298)</u>	<u>(3,044,688)</u>	<u>26,095</u>	<u>(1,393,112)</u>	<u>(4,411,705)</u>
Other financing sources (uses)					
Issuance of debt	3,139,414	3,137,072	(2,359)	-	3,134,713
Sale of capital assets	712,600	738,695	(26,095)	-	712,600
Transfers in	3,970,439	3,715,653	(37,410)	292,196	3,970,439
Transfers out	(31,155)	(70,924)	39,769	-	(31,155)
Total other financing sources (uses)	<u>7,791,298</u>	<u>7,520,496</u>	<u>(26,095)</u>	<u>292,196</u>	<u>7,786,597</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 4,475,808</u>	<u>\$ -</u>	<u>(1,100,916)</u>	<u>\$ 3,374,892</u>
Fund balance					
Beginning				4,475,808	
Ending				<u>\$ 3,374,892</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Recreational and Cultural Bond Fund**

From Inception And For Year Ended June 30, 2020

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
State grants and contributions	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ 250,000
Local	100,000	-	-	-	-
Total restricted intergovernmental	<u>350,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Miscellaneous					
Other	70,000	67,900	-	-	67,900
Total miscellaneous	<u>70,000</u>	<u>67,900</u>	<u>-</u>	<u>-</u>	<u>67,900</u>
Interest earned on investments	<u>34,162</u>	<u>34,162</u>	<u>-</u>	<u>189,078</u>	<u>223,240</u>
Total revenues	<u>454,162</u>	<u>352,062</u>	<u>-</u>	<u>189,078</u>	<u>541,140</u>
Expenditures					
Capital outlay					
Bond program implementation	345,000	264,415	-	-	264,415
Brentwood School Park	100,000	78,450	-	-	78,450
Clark Park improvements	175,000	101,117	-	-	101,117
Mazarick Park improvements	50,000	21,342	-	-	21,342
Seabrook Park improvements	100,000	85,374	-	163	85,537
D. Gilmore Therapeutic Rec Center	300,000	22,285	-	6,375	28,660
Massey Hill Recreation Center	365,000	352,940	-	-	352,940
Kiwanis splash pad	428,125	428,087	-	-	428,087
Massey Hill splash pad	428,125	420,586	-	7,539	428,125
Western Senior Center	7,000,000	1,020,425	-	152,590	1,173,015
Downtown skate park	1,000,000	67,155	-	909,722	976,877
Gilmore splash pad	429,167	110,608	-	225,294	335,902
Myers Rec splash pad	429,167	410,741	-	16,540	427,281
Downtown stadium splash pad	380,000	233,692	-	4,683	238,375
Senior/Wellness feasibility study	60,000	55,800	-	-	55,800
Senior Center East	2,690,000	91,596	-	28,543	120,139
Sports field complex	600,000	-	-	90,983	90,983
Jordan soccer complex	3,500,000	-	-	35,241	35,241
Tennis center	6,000,000	-	-	329	329
Total expenditures	<u>24,379,584</u>	<u>3,764,613</u>	<u>-</u>	<u>1,478,002</u>	<u>5,242,615</u>
Revenues over (under) expenditures	<u>(23,925,422)</u>	<u>(3,412,551)</u>	<u>-</u>	<u>(1,288,924)</u>	<u>(4,701,475)</u>
Other financing sources (uses)					
Issuance of debt	23,925,422	17,650,720	-	-	17,650,720
Total other financing sources (uses)	<u>23,925,422</u>	<u>17,650,720</u>	<u>-</u>	<u>-</u>	<u>17,650,720</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 14,238,169</u>	<u>\$ -</u>	<u>(1,288,924)</u>	<u>\$ 12,949,245</u>
Fund balance					
Beginning				14,238,169	
Ending				<u>\$ 12,949,245</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Environmental Protection Fund**

From Inception And For Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental					
Federal grants and contributions	\$ 6,462,804	\$ 1,557,112	\$ -	\$ 2,654,316	\$ 4,211,428
State grants and contributions	2,154,268	519,037	-	884,772	1,403,809
Total restricted intergovernmental	<u>8,617,072</u>	<u>2,076,149</u>	<u>-</u>	<u>3,539,088</u>	<u>5,615,237</u>
Total revenues	<u>8,617,072</u>	<u>2,076,149</u>	<u>-</u>	<u>3,539,088</u>	<u>5,615,237</u>
Expenditures					
Capital outlay					
Mirror Lake Dam Restoration	5,656,861	1,850,251	-	3,452,798	5,303,049
Devonwood Lower Dam Restoration	3,279,200	225,898	-	86,290	312,188
Dam safety and preservation	50,000	-	-	-	-
Total expenditures	<u>8,986,061</u>	<u>2,076,149</u>	<u>-</u>	<u>3,539,088</u>	<u>5,615,237</u>
Revenues over (under) expenditures	<u>(368,989)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	368,989	318,989	(318,989)	50,000	50,000
Transfers out	-	(318,989)	318,989	-	-
Total other financing sources (uses)	<u>368,989</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>50,000</u>	<u>\$ 50,000</u>
Fund balance					
Beginning				-	
Ending				<u>\$ 50,000</u>	

Proprietary Funds

- Enterprise Funds
- Internal Service Funds

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

City of Fayetteville, North Carolina

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Enterprise Funds

Enterprise Funds account for operations that are either financed or operated in a manner similar to private businesses or for operations that the City has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy, or other purposes.

The following comprise the City's Enterprise Funds:

- Storm Water Management Fund
- Transit Fund
- Airport Fund
- Environmental Services Fund

City of Fayetteville, North Carolina

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**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Storm Water Management Fund**

**For the Year Ended June 30, 2020
(With Comparative Actual Amounts for Year Ended June 30, 2019)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Operating revenues				
Charges for services	\$ 11,193,190	\$ (45,047)	\$ 11,148,143	\$ 11,155,165
Other revenue from operations	26,710	10,405	37,115	31,264
Total operating revenues	<u>11,219,900</u>	<u>(34,642)</u>	<u>11,185,258</u>	<u>11,186,429</u>
Operating expenditures				
Salaries and employee benefits	2,454,059	174,192	2,279,867	2,139,968
Other operating expenditures	2,497,612	438,187	2,059,425	1,279,744
Cost redistribution	75,000	-	75,000	75,000
Total operating expenditures	<u>5,026,671</u>	<u>612,379</u>	<u>4,414,292</u>	<u>3,494,712</u>
Operating income (loss)	<u>6,193,229</u>	<u>577,737</u>	<u>6,770,966</u>	<u>7,691,717</u>
Nonoperating revenues (expenditures)				
Federal grants	-	8,260	8,260	51,127
State grants	-	2,312	2,312	17,042
Miscellaneous	123,522	(89,272)	34,250	136,130
Interest earned on investments	18,800	18,692	37,492	66,262
Debt service - principal payment	(740,890)	860	(740,030)	(715,030)
Interest expense	(180,204)	19	(180,185)	(202,051)
Nonoperating revenues (expenditures)	<u>(778,772)</u>	<u>(59,129)</u>	<u>(837,901)</u>	<u>(646,520)</u>
Revenues over (under) expenditures	<u>5,414,457</u>	<u>518,608</u>	<u>5,933,065</u>	<u>7,045,197</u>
Other financing sources (uses)				
Sale of capital assets	-	12,960	12,960	15,588
Transfers out	(7,307,267)	-	(7,307,267)	(4,714,989)
Appropriated fund balance	1,892,810	(1,892,810)	-	-
Total other financing sources (uses)	<u>(5,414,457)</u>	<u>(1,879,850)</u>	<u>(7,294,307)</u>	<u>(4,699,401)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (1,361,242)</u>	<u>\$ (1,361,242)</u>	<u>\$ 2,345,796</u>
Reconciliation of change in net position				
Total revenues			\$ 11,280,532	\$ 11,472,578
Total expenditures			12,641,774	9,126,782
Subtotal			<u>(1,361,242)</u>	<u>2,345,796</u>
Depreciation			(1,115,756)	(891,391)
Change in accrued vacation			(22,296)	(14,758)
Net OPEB expense			(96,639)	(19,564)
LGERS expense			(148,004)	(15,602)
Proceeds from sale of assets			(12,960)	(15,588)
Gain (loss) on disposal of assets			419	15,588
Principal payment			740,030	715,030
Unearned revenue			66,109	4,955
Bad debt expense			(1,728)	(1,708)
Accrued interest			8,233	8,953
Subtotal			<u>(582,592)</u>	<u>(214,085)</u>
Change in net position			<u>\$ (1,943,834)</u>	<u>\$ 2,131,711</u>

City of Fayetteville, North Carolina

**Schedule of Changes in the Status of
Storm Water Management Capital Project Fund**

From Inception And For Year Ended June 30, 2020

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
State grants	\$ 1,207,572	\$ 719,030	\$ -	\$ 488,542	\$ 1,207,572
Total restricted intergovernmental	<u>1,207,572</u>	<u>719,030</u>	<u>-</u>	<u>488,542</u>	<u>1,207,572</u>
Interest earned on investments	<u>391,264</u>	<u>687,100</u>	<u>-</u>	<u>241,831</u>	<u>928,931</u>
Total revenues	<u>1,598,836</u>	<u>1,406,130</u>	<u>-</u>	<u>730,373</u>	<u>2,136,503</u>
Expenditures					
Current					
Environmental Protection					
Yadkin Road	4,068,507	3,485,877	-	550,416	4,036,293
Regiment	54,773	54,773	-	-	54,773
Spruce St - phase II	509,883	361,338	-	148,543	509,881
Godfrey Outfall	988,052	988,052	-	-	988,052
Buckhead Creek watershed	888,121	882,226	-	3,151	885,377
Roxie Ave phase I	1,481,331	288,059	-	106,890	394,949
Buckhead Kingsford	1,726,841	1,726,841	-	-	1,726,841
Bonnie Doone (west outfall 3)	527,395	527,394	-	-	527,394
Coventry Road culvert stream imp	1,385,308	1,385,306	-	-	1,385,306
Boonie Doone area 12	127,895	127,895	-	-	127,895
Boonie Doone area 5	1,567,103	58,198	-	53,713	111,911
Godfrey Outfall phase II	689,625	689,623	-	-	689,623
Ferncreek Norwood	88,115	88,114	-	-	88,114
Emergency repair at Mcgilvary Street	247,109	247,108	-	-	247,108
Spot repair program	1,765,533	1,153,968	-	250,036	1,404,004
Person St innovative stormwater greenscape	581,814	581,813	-	-	581,813
Broyhill Drive drainage improvements	574,817	35,311	-	33,798	69,109
Bonnie Doone, area 2	668,000	35,087	-	42,453	77,540
Neville Street stormwater improvements	613,344	87,361	-	22,042	109,403
North Street stormwater improvements	2,840,293	138,365	-	29,043	167,408
Shoreline Drive culvert	830,506	830,504	-	-	830,504
Liberty Hills subdivision	844,372	716,839	-	24,131	740,970
Market House Square	254,075	254,075	-	-	254,075
Watershed studies	4,393,222	642,154	-	1,227,467	1,869,621
Sunbury Drive drainage improvements	198,519	88,222	-	39,768	127,990
Louise Street drainage improvements	470,000	-	-	-	-
Spruce Street Acorn phase III	541,330	44,143	-	49,747	93,890
Breezewood drainage improvements	159,719	51,409	-	31,260	82,669
Raeferd Rd sidewalk drainage improvements	78,313	-	-	-	-
Spruce Street - Golden Leaf	873,872	385,330	-	488,542	873,872
Ray Ave stormwater/drainage improvements	334,119	-	-	9,215	9,215
Drainage assistance program	1,566,152	-	-	89,741	89,741
Stormwater miscellaneous and other capital	4,420,716	2,391,746	-	643,056	3,034,802
Total expenditures	<u>36,358,774</u>	<u>18,347,131</u>	<u>-</u>	<u>3,843,012</u>	<u>22,190,143</u>
Revenues over (under) expenditures	<u>(34,759,938)</u>	<u>(16,941,001)</u>	<u>-</u>	<u>(3,112,639)</u>	<u>(20,053,640)</u>
Other financing sources (uses)					
Bond proceeds	2,859,309	2,859,312	-	-	2,859,312
Transfers in	31,839,629	24,653,709	-	7,052,513	31,706,222
Capital leases	61,000	-	-	60,644	60,644
Total other financing sources (uses)	<u>34,759,938</u>	<u>27,513,021</u>	<u>-</u>	<u>7,113,157</u>	<u>34,626,178</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 10,572,020</u>	<u>\$ -</u>	<u>\$ 4,000,518</u>	<u>\$ 14,572,538</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over (under) expenditures				\$ 4,000,518	
Capital lease proceeds				(60,644)	
Capital outlay				3,843,012	
Non-capitalizable items				(1,511,056)	
Change in net position				<u>\$ 6,271,830</u>	

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Transit Fund**

**For the Year Ended June 30, 2020
(With Comparative Actual Amounts for Year Ended June 30, 2019)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Operating revenues				
Charges for services	\$ 1,070,353	\$ (289,353)	\$ 781,000	\$ 1,082,327
Other revenues from operations	299,713	246	299,959	197,990
Total operating revenues	<u>1,370,066</u>	<u>(289,107)</u>	<u>1,080,959</u>	<u>1,280,317</u>
Operating expenditures				
Salaries and employee benefits	6,887,821	328,153	6,559,668	6,368,502
Other operating expenditures	3,623,582	441,842	3,181,740	3,144,154
Capital outlay	26,595	2,722	23,873	-
Total operating expenditures	<u>10,537,998</u>	<u>772,717</u>	<u>9,765,281</u>	<u>9,512,656</u>
Operating loss	<u>(9,167,932)</u>	<u>483,610</u>	<u>(8,684,322)</u>	<u>(8,232,339)</u>
Nonoperating revenues (expenditures)				
Federal grants	2,913,597	1,818,194	4,731,791	2,627,227
State grants	771,629	(40,007)	731,622	779,705
Vehicle fee revenue	632,020	15,249	647,269	636,185
Total nonoperating revenues (expenditures)	<u>4,317,246</u>	<u>1,793,436</u>	<u>6,110,682</u>	<u>4,043,117</u>
Revenues over (under) expenditures	<u>(4,850,686)</u>	<u>2,277,046</u>	<u>(2,573,640)</u>	<u>(4,189,222)</u>
Other financing sources (uses)				
Transfers in	5,133,138	(2,455,888)	2,677,250	4,813,994
Transfers out	(339,200)	253,259	(85,941)	(354,973)
Proceeds from sale of assets	30,000	(8,674)	21,326	-
Fund balance appropriation	26,748	(26,748)	-	-
Total other financing sources (uses)	<u>4,850,686</u>	<u>(2,238,051)</u>	<u>2,612,635</u>	<u>4,459,021</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 38,995</u>	<u>\$ 38,995</u>	<u>\$ 269,799</u>
Reconciliation of change in net position:				
Total revenues			\$ 9,890,217	\$ 10,137,428
Total expenditures			9,851,222	9,867,629
Subtotal			<u>38,995</u>	<u>269,799</u>
Depreciation			(1,539,382)	(1,611,847)
Net OPEB expense			(236,823)	(58,611)
LGERS expense			(424,961)	(45,712)
Change in inventory			20,082	(3,809)
Decrease (increase) in accrued vacation			(12,076)	(7,737)
Bad debt expense			(7,256)	1,491
Unearned revenue			(16,706)	5,888
Capital outlay			23,873	-
Proceeds from sale of assets			(21,326)	-
Gain (loss) on disposal of assets			(6,830)	-
Subtotal			<u>(2,221,405)</u>	<u>(1,720,337)</u>
Change in net position			<u>\$ (2,182,410)</u>	<u>\$ (1,450,538)</u>

**Schedule of Changes in the Status of
Transit Capital Project Fund**

From Inception and for Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Federal grants	\$ 13,559,554	\$ 12,574,841	\$ 1,791,100	\$ 2,510,548	\$ 13,294,289
State grants	1,174,911	1,286,341	213,125	93,656	1,166,872
Miscellaneous	-	43,000	-	-	43,000
Total revenues	<u>14,734,465</u>	<u>13,904,182</u>	<u>2,004,225</u>	<u>2,604,204</u>	<u>14,504,161</u>
Expenditures					
Improvements & Enhancements (no grant)	426,863	423,581	-	-	423,581
FTA 04.0055 Multimodal Transit Center	10,018,750	10,007,520	-	1,628	10,009,148
FTA 04.0054 Veterans Website	38,900	26,200	-	10,438	36,638
FTA Capital 90.548	503,140	500,264	-	2,875	503,139
FTA 90.567 MMTc Downtown	-	2,279,374	2,279,374	-	-
FTA 90.567 Other Capital	-	105,037	105,037	-	-
FTA 90.592 FY15 Capital	727,583	727,582	-	-	727,582
FTA NC-2016-030 FY17 MMTc	645,100	551,591	-	6,974	558,565
MMTc Tenant Improvements	369,205	354,058	-	4,888	358,946
FTA NC-2016-030 FY17	400,822	400,761	-	55	400,816
FTA NC-2016-021 FY17	1,100,000	-	-	1,090,345	1,090,345
FTA NC-2017-031 FY17 Capital	854,752	764,110	-	75,936	840,046
FTA NC-2018-045 FY18 Capital	697,647	424,174	-	224,980	649,154
FTA NC-2018-069 FY18 Capital	72,725	-	-	-	-
FTA NC-2019-021 FY19 Capital	764,600	-	-	650,878	650,878
FTA NC-2019-022 FY19 Replacement Buses	920,000	-	-	917,450	917,450
Total expenditures	<u>17,540,087</u>	<u>16,564,252</u>	<u>2,384,411</u>	<u>2,986,447</u>	<u>17,166,288</u>
Revenues over (under) expenditures	<u>(2,805,622)</u>	<u>(2,660,070)</u>	<u>(380,186)</u>	<u>(382,243)</u>	<u>(2,662,127)</u>
Other financing sources (uses)					
Proceeds from the sale of assets	-	6,250	-	-	6,250
Transfers in	3,870,682	4,143,821	380,186	58,804	3,822,439
Transfers out	(1,065,060)	(1,065,060)	-	-	(1,065,060)
Total other financing sources (uses)	<u>2,805,622</u>	<u>3,085,011</u>	<u>380,186</u>	<u>58,804</u>	<u>2,763,629</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 424,941</u>	<u>\$ -</u>	<u>\$ (323,439)</u>	<u>\$ 101,502</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over (under) expenditures				\$ (323,439)	
Capital outlay				2,986,447	
Non-capitalizable items				(25,047)	
Change in net position				<u>\$ 2,637,961</u>	

**Schedule of Changes in the Status of
Transit II Capital Project Fund**

From Inception and for Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Intergovernmental					
Federal grants	\$ 2,227,917	\$ 772,351	\$ -	\$ 193,207	\$ 965,558
State grants	-	-	-	-	-
Total intergovernmental	<u>2,227,917</u>	<u>772,351</u>	<u>-</u>	<u>193,207</u>	<u>965,558</u>
Total revenues	<u>2,227,917</u>	<u>772,351</u>	<u>-</u>	<u>193,207</u>	<u>965,558</u>
Expenditures					
Current					
Transportation	2,456,654	931,136	-	233,229	1,164,365
Total expenditures	<u>2,456,654</u>	<u>931,136</u>	<u>-</u>	<u>233,229</u>	<u>1,164,365</u>
Revenues over (under) expenditures	<u>(228,737)</u>	<u>(158,785)</u>	<u>-</u>	<u>(40,022)</u>	<u>(198,807)</u>
Other financing sources (uses)					
Transfers in	293,737	270,461	-	27,137	297,598
Transfers out	(65,000)	(65,000)	-	-	(65,000)
Total other financing sources (uses)	<u>228,737</u>	<u>205,461</u>	<u>-</u>	<u>27,137</u>	<u>232,598</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 46,676</u>	<u>\$ -</u>	<u>\$ (12,885)</u>	<u>\$ 33,791</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over expenditures				<u>(12,885)</u>	
Change in net position				<u>\$ (12,885)</u>	

**Schedule of Expenditures by Project
Transit II Capital Project Fund**

From Inception and for Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Expenditures by project:					
Transportation					
FTA 26.0008	\$ 15,560	\$ 14,362	\$ -	\$ 1,139	\$ 15,501
FTA 90.2548	350,000	349,999	-	-	349,999
FTA 90.2592 FY15 Planning	375,000	330,026	-	44,973	374,999
FTA 16.2011	147,075	122,859	-	-	122,859
FTA 2016-030 FY16 Planning	122,000	122,001	-	-	122,001
FTA 2016-014 Elderly & Disabled	480,613	-	-	248	248
FTA 2018-045 FY18 Planning	180,728	46,476	-	99,082	145,558
FTA 2018-069 FY18 Special Rev	360,000	-	-	-	-
FTA 2019-021 FY19 Planning	86,000	10,413	-	56,058	66,471
FTA 2019-048 Elderly & Disabled	294,678	-	-	-	-
FTA 2020-024 CARES Act Planning	110,000	-	-	31,729	31,729
Total transportation	<u>2,521,654</u>	<u>996,136</u>	<u>-</u>	<u>233,229</u>	<u>1,229,365</u>
Total expenditures by project	<u>\$ 2,521,654</u>	<u>\$ 996,136</u>	<u>\$ -</u>	<u>\$ 233,229</u>	<u>\$ 1,229,365</u>

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Airport Fund**

**For the Year Ended June 30, 2020
(With Comparative Actual Amounts for Year Ended June 30, 2019)**

	Budget	Variance Positive (Negative)	2020 Actual	2019 Actual
Operating revenues				
Charges for services	\$ 4,603,048	\$ (909,847)	\$ 3,693,201	\$ 4,960,841
Other revenues from operations	128,800	(855)	127,945	117,120
Total operating revenues	<u>4,731,848</u>	<u>(910,702)</u>	<u>3,821,146</u>	<u>5,077,961</u>
Operating expenditures				
Salaries and employee benefits	1,799,861	69,022	1,730,839	1,687,450
Other operating expenditures	2,150,898	648,913	1,501,985	1,542,954
Capital outlay	217,980	83,477	134,503	109,727
Total operating expenditures	<u>4,168,739</u>	<u>801,412</u>	<u>3,367,327</u>	<u>3,340,131</u>
Operating income (loss)	<u>563,109</u>	<u>(109,290)</u>	<u>453,819</u>	<u>1,737,830</u>
Nonoperating revenues (expenditures)				
Interest earned on investments	60,000	18,353	78,353	191,108
Miscellaneous	209,115	2,066	211,181	201,846
Federal and State grants	109,500	1,608,992	1,718,492	121,416
Public safety reimbursements	(448,600)	5,218	(443,382)	(441,025)
Total nonoperating revenues	<u>(69,985)</u>	<u>1,634,629</u>	<u>1,564,644</u>	<u>73,345</u>
Revenues over (under) expenditures	<u>493,124</u>	<u>1,525,339</u>	<u>2,018,463</u>	<u>1,811,175</u>
Other financing sources (uses)				
Proceeds from sale of assets	-	-	-	15,211
Transfers out	(7,005,929)	1,124,974	(5,880,955)	(3,414,912)
Appropriated fund balance	6,512,805	(6,512,805)	-	-
Total other financing sources (uses)	<u>(493,124)</u>	<u>(5,387,831)</u>	<u>(5,880,955)</u>	<u>(3,399,701)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (3,862,492)</u>	<u>\$ (3,862,492)</u>	<u>\$ (1,588,526)</u>
Reconciliation of change in net position				
Total revenues			\$ 5,829,172	\$ 5,607,542
Total expenditures			9,691,664	7,196,068
Subtotal			<u>(3,862,492)</u>	<u>(1,588,526)</u>
Depreciation			(4,117,240)	(4,141,408)
Change in accrued vacation			9,252	4,520
Net OPEB expense			(64,705)	(15,621)
LGERS expense			(116,417)	(12,170)
Change in inventory			(1,898)	3,088
Capital outlay			134,503	109,727
Proceeds from sale of assets			-	(15,211)
Gain (loss) on disposal of assets			-	15,211
Bad debt expense			232	-
Subtotal			<u>(4,156,273)</u>	<u>(4,051,864)</u>
Change in net position			<u>\$ (8,018,765)</u>	<u>\$ (5,640,390)</u>

**Schedule of Changes in the Status of
Airport Capital Project Fund**

From Inception and for Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Federal grants	\$ 31,582,916	\$ 15,741,298	\$ -	\$ 710,704	\$ 16,452,002
State grants	7,679,849	4,390,740	3,458,736	2,026,312	2,958,316
Passenger facility charges	5,971,487	4,065,790	-	705,524	4,771,314
Customer facility charges	1,000,000	5,014,959	838,248	942,356	5,119,067
Investment income	311,091	678,696	24,974	219,553	873,275
Total revenues	<u>46,545,343</u>	<u>29,891,483</u>	<u>4,321,958</u>	<u>4,604,449</u>	<u>30,173,974</u>
Expenditures					
GA fence replacement	-	92,278	92,278	-	-
North GA parking	-	828,461	828,461	-	-
Rental car facility improvements	-	9,786	9,786	-	-
Rehabilitation runway 10/28	-	3,843,040	3,843,040	-	-
AIP 43 terminal improvements	3,930,603	3,904,500	-	18,855	3,923,355
Terminal improvements part I	20,254,141	17,275,660	-	2,288,125	19,563,785
Aviation fuel farm paving	-	130,808	130,808	-	-
8 Unit t-hangar	800,000	-	-	54,742	54,742
FAR 139 automation software	76,000	52,787	-	21,089	73,876
Terminal renovation data infrastructure	120,000	-	-	36,033	36,033
Airport pavement crack seal	152,658	-	-	-	-
Terminal improvements part II	33,470,260	341,216	-	1,908,492	2,249,708
Hurricane Florence slope repairs	225,350	-	-	-	-
Total expenditures	<u>59,029,012</u>	<u>26,478,536</u>	<u>4,904,373</u>	<u>4,327,336</u>	<u>25,901,499</u>
Revenues over (under) expenditures	<u>(12,483,669)</u>	<u>3,412,947</u>	<u>(582,415)</u>	<u>277,113</u>	<u>4,272,475</u>
Other financing sources (uses)					
Transfers in	12,483,669	7,613,593	582,415	5,880,955	12,912,133
Proceeds from sale of assets	-	1,934	-	-	1,934
Total other financing sources (uses)	<u>12,483,669</u>	<u>7,615,527</u>	<u>582,415</u>	<u>5,880,955</u>	<u>12,914,067</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 11,028,474</u>	<u>\$ -</u>	<u>\$ 6,158,068</u>	<u>\$ 17,186,542</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over expenditures				\$ 6,158,068	
Capital outlay				4,327,336	
Non-capitalizable items				<u>(49,713)</u>	
Change in net position				<u>\$ 10,435,691</u>	

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Environmental Services Fund

For the Year Ended June 30, 2020
(With Comparative Actual Amounts for Year Ended June 30, 2019)

	Budget	Variance Positive (Negative)	2020 Actual	2019 Actual
Operating revenues				
Charges for services	\$ 11,714,856	\$ (84,866)	\$ 11,629,990	\$ 11,671,434
Other revenue from operations	227,289	33,579	260,868	235,106
Total operating revenues	<u>11,942,145</u>	<u>(51,287)</u>	<u>11,890,858</u>	<u>11,906,540</u>
Operating expenditures				
Personnel	4,039,716	26,162	4,013,554	3,988,384
Other operating expenditures	7,796,563	633,611	7,162,952	8,963,601
Capital outlay	1,844,095	68,348	1,775,747	1,644,644
Total operating expenditures	<u>13,680,374</u>	<u>728,121</u>	<u>12,952,253</u>	<u>14,596,629</u>
Operating income (loss)	<u>(1,738,229)</u>	<u>676,834</u>	<u>(1,061,395)</u>	<u>(2,690,089)</u>
Nonoperating revenues (expenditures)				
Federal and State grants	152,772	46,023	198,795	3,069,395
County revenue	307,925	(420)	307,505	307,045
Miscellaneous	37,300	(238)	37,062	39,580
Interest earned on investments	2,500	7,976	10,476	28,853
Payments to agencies	(3,143)	(439)	(3,582)	(3,172)
Interest expense	(33,935)	288	(33,647)	(47,717)
Debt service - principal payment	(587,498)	7,787	(579,711)	(713,218)
Nonoperating revenues (expenditures)	<u>(124,079)</u>	<u>60,977</u>	<u>(63,102)</u>	<u>2,680,766</u>
Revenues over (under) expenditures	<u>(1,862,308)</u>	<u>737,811</u>	<u>(1,124,497)</u>	<u>(9,323)</u>
Other financing sources (uses)				
Proceeds from sale of assets	73,000	(50,277)	22,723	117,820
Transfers in	1,454,028	(474,280)	979,748	129,286
Appropriated fund balance	335,280	(335,280)	-	-
Total other financing sources (uses)	<u>1,862,308</u>	<u>(859,837)</u>	<u>1,002,471</u>	<u>247,106</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (122,026)</u>	<u>\$ (122,026)</u>	<u>\$ 237,783</u>
Reconciliation of change in net position				
Total revenues			\$ 13,447,167	\$ 15,598,519
Total expenditures			13,569,193	15,360,736
Subtotal			<u>(122,026)</u>	<u>237,783</u>
Depreciation			(1,187,630)	(1,111,236)
Decrease (increase) in accrued vacation			(56,341)	35,297
Net OPEB expense			(528,349)	(34,417)
LGERS expense			(233,610)	(27,228)
Change in inventory			(23,465)	(20,496)
Proceeds from sale of assets			(22,723)	(117,820)
Gain (loss) on disposal of assets			(34,528)	66,123
Bad debt expense			(1,705)	(1,238)
Unearned revenue			114,966	51,124
Capital outlay			1,775,747	1,644,644
Debt principal payment			579,711	713,218
Accrued interest			(287)	314
Subtotal			<u>381,786</u>	<u>1,198,285</u>
Change in net position			<u>\$ 259,760</u>	<u>\$ 1,436,068</u>

**Schedule of Changes in the Status of
Environmental Services Capital Project Fund**

From Inception And For Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 2,729	\$ -	\$ 91	\$ 2,820
Total revenues	<u>-</u>	<u>2,729</u>	<u>-</u>	<u>91</u>	<u>2,820</u>
Expenditures					
On Board/On Route Systems	477,848	475,034	-	2,590	477,624
800MHz Radio Lease	160,801	101,066	-	58,575	159,641
Total expenditures	<u>638,649</u>	<u>576,100</u>	<u>-</u>	<u>61,165</u>	<u>637,265</u>
Revenues over (under) expenditures	<u>(638,649)</u>	<u>(573,371)</u>	<u>-</u>	<u>(61,074)</u>	<u>(634,445)</u>
Other financing sources (uses)					
Transfers in	477,848	477,848	-	-	477,848
Capital lease proceeds	160,801	101,548	-	57,951	159,499
Total other financing sources (uses)	<u>638,649</u>	<u>579,396</u>	<u>-</u>	<u>57,951</u>	<u>637,347</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 6,025</u>	<u>\$ -</u>	<u>\$ (3,123)</u>	<u>\$ 2,902</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over expenditures				\$ (3,123)	
Capital lease proceeds				(57,951)	
Capital outlay				61,165	
Non-capitalizable items				<u>(5,785)</u>	
Change in net position				<u>\$ (5,694)</u>	

Internal Service Funds

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

The following comprise the City's Internal Service Funds:

- Risk Management Fund
- Fleet Maintenance Fund

All Internal Service Funds are accounted for using the accrual basis of accounting.

City of Fayetteville, North Carolina

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Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2020

	Risk Management Fund	Fleet Maintenance Fund	Total
Assets			
Current assets			
Cash and investments	\$ 26,077,097	\$ 1,267,573	\$ 27,344,670
Accounts receivable	260,571	-	260,571
Inventories	-	45,859	45,859
Prepaid expenses	197,034	-	197,034
Total current assets	<u>26,534,702</u>	<u>1,313,432</u>	<u>27,848,134</u>
Noncurrent assets			
Capital assets	-	196,458	196,458
Total noncurrent assets	<u>-</u>	<u>196,458</u>	<u>196,458</u>
Total assets	<u>26,534,702</u>	<u>1,509,890</u>	<u>28,044,592</u>
Deferred outflows of resources			
OPEB deferrals	15,650	-	15,650
Pension deferrals	66,395	18,970	85,365
Total deferred outflows of resources	<u>82,045</u>	<u>18,970</u>	<u>101,015</u>
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	3,106,757	1,310,093	4,416,850
Current portion of long term debt	8,732	3,101	11,833
Total current liabilities	<u>3,115,489</u>	<u>1,313,194</u>	<u>4,428,683</u>
Noncurrent liabilities			
OPEB obligation	118,538	-	118,538
Net pension liability	116,685	33,339	150,024
Unearned revenues	2,735	-	2,735
Total noncurrent liabilities	<u>237,958</u>	<u>33,339</u>	<u>271,297</u>
Total liabilities	<u>3,353,447</u>	<u>1,346,533</u>	<u>4,699,980</u>
Deferred inflows of resources			
OPEB deferrals	66,243	-	66,243
Pension deferrals	4,814	1,375	6,189
Total deferred inflows of resources	<u>71,057</u>	<u>1,375</u>	<u>72,432</u>
Net position			
Net investment in capital assets	-	196,458	196,458
Unrestricted	23,192,243	(15,506)	23,176,737
Total net position	<u>\$ 23,192,243</u>	<u>\$ 180,952</u>	<u>\$ 23,373,195</u>

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds**

For the Year Ended June 30, 2020

	Risk Management Fund	Fleet Maintenance Fund	Total
Operating Revenues			
Other revenue from operations	\$ 89,584	\$ -	\$ 89,584
Interfund charges and employee contributions	21,175,301	7,011,476	28,186,777
Total operating revenues	<u>21,264,885</u>	<u>7,011,476</u>	<u>28,276,361</u>
Operating expenses			
Salaries and employee benefits	453,452	138,550	592,002
Other operating expenses	19,694,823	6,756,733	26,451,556
Total operating expenses	<u>20,148,275</u>	<u>6,895,283</u>	<u>27,043,558</u>
Operating income (loss)	<u>1,116,610</u>	<u>116,193</u>	<u>1,232,803</u>
Nonoperating revenues (expenses)			
Federal grants	20,222	-	20,222
State grants	6,740	-	6,740
Interest earned on investments	434,451	5,441	439,892
Miscellaneous revenue	32,595	-	32,595
Total nonoperating revenues (expenses)	<u>494,008</u>	<u>5,441</u>	<u>499,449</u>
Income (loss) before transfers	<u>1,610,618</u>	<u>121,634</u>	<u>1,732,252</u>
Other financing sources (uses)			
Capital contributions	-	55,498	55,498
Transfers in	358,008	-	358,008
Transfers out	(1,051,768)	-	(1,051,768)
Total other financing sources (uses)	<u>(693,760)</u>	<u>55,498</u>	<u>(638,262)</u>
Change in net position	916,858	177,132	1,093,990
Total net position - beginning	<u>22,275,385</u>	<u>3,820</u>	<u>22,279,205</u>
Total net position - ending	<u>\$ 23,192,243</u>	<u>\$ 180,952</u>	<u>\$ 23,373,195</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Internal Service Funds		
	Risk Management Fund	Fleet Maintenance Fund	Total
Operating activities			
Cash received from customers	\$ 21,456,815	\$ 7,011,475	\$ 28,468,290
Cash received for insurance reimbursements	89,584	-	89,584
Cash paid to or on behalf of employees for services	(431,913)	(119,705)	(551,618)
Cash paid for goods and services	(18,549,362)	(5,539,916)	(24,089,278)
Net cash provided by operating activities	<u>2,565,124</u>	<u>1,351,854</u>	<u>3,916,978</u>
Noncapital financing activities			
Transfers in	358,008	-	358,008
Intergovernmental contributions	26,962	-	26,962
Transfers out	(1,051,768)	-	(1,051,768)
Vehicle revenue fees	-	-	-
Net cash provided (used) in noncapital financing activities	<u>(666,798)</u>	<u>-</u>	<u>(666,798)</u>
Capital and related financing activities			
Proceeds from sale of capital assets	-	-	-
Proceeds from debt issuance	-	-	-
Contributed capital received	-	-	-
Acquisition and construction of capital assets	-	(137,140)	(137,140)
Principal paid on debt maturities	-	-	-
Interest paid on debt maturities	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(137,140)</u>	<u>(137,140)</u>
Investing activities			
Interest and dividends	434,451	5,441	439,892
Net cash provided by investing activities	<u>434,451</u>	<u>5,441</u>	<u>439,892</u>
Net increase in cash and cash equivalents	<u>2,332,777</u>	<u>1,220,155</u>	<u>3,552,932</u>
Cash and cash equivalents			
Beginning of year	<u>23,744,320</u>	<u>47,418</u>	<u>23,791,738</u>
End of year	<u>\$ 26,077,097</u>	<u>\$ 1,267,573</u>	<u>\$ 27,344,670</u>
Unrestricted cash and cash equivalents	\$ 26,077,097	\$ 1,267,573	\$ 27,344,670
Restricted cash and cash equivalents	-	-	-
Total cash and cash equivalents	<u>\$ 26,077,097</u>	<u>\$ 1,267,573</u>	<u>\$ 27,344,670</u>

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

Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2020

	Internal Service Funds		
	Risk Management Fund	Fleet Maintenance Fund	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,116,610	\$ 116,193	\$ 1,232,803
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	-	-	-
Nonoperating payments for goods and services	-	-	-
Nonoperating receipts from customers	32,595	-	32,595
Change in assets, liabilities and deferrals:			
(Increase) decrease in accounts receivable	251,610	-	251,610
(Increase) decrease in inventory	-	25,902	25,902
(Increase) decrease in prepaid items	87,899	-	87,899
Increase (decrease) in unearned revenues	(2,691)	-	(2,691)
Increase (decrease) in accounts payable and accrued liabilities	1,057,562	1,190,914	2,248,476
Increase (decrease) in accrued compensated absences	5,309	3,101	8,410
Increase (decrease) LGERS expense	24,113	15,744	39,857
Increase (decrease) Net OPEB expense	(7,883)	-	(7,883)
Total adjustments	<u>1,448,514</u>	<u>1,235,661</u>	<u>2,684,175</u>
Net cash provided by operating activities	<u>\$ 2,565,124</u>	<u>\$ 1,351,854</u>	<u>\$ 3,916,978</u>
Noncash investing, capital, and financing activities			
Contributed capital assets	<u>\$ -</u>	<u>\$ 55,498</u>	<u>\$ 55,498</u>

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

**Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)
Risk Management Internal Service Fund**

**For the Year Ended June 30, 2020
(With Comparative Actual Amounts for Year Ended June 30, 2019)**

	Financial Plan	Variance Positive (Negative)	2020 Actual	2019 Actual
Operating revenues				
Other revenues from operations	\$ 180,000	\$ (90,416)	\$ 89,584	\$ 64,275
Interfund charges and employee contributions	23,186,449	(2,011,148)	21,175,301	20,527,557
Total operating revenues	<u>23,366,449</u>	<u>(2,101,564)</u>	<u>21,264,885</u>	<u>20,591,832</u>
Operating expenditures				
Salaries and employee benefits	467,523	35,610	431,913	419,376
Other operating expenditures	23,191,726	4,424,979	18,766,747	18,484,945
Total operating expenditures	<u>23,659,249</u>	<u>4,460,589</u>	<u>19,198,660</u>	<u>18,904,321</u>
Operating income (loss)	<u>(292,800)</u>	<u>2,359,025</u>	<u>2,066,225</u>	<u>1,687,511</u>
Nonoperating revenues (expenditures)				
Federal grants	-	20,222	20,222	-
State grants	-	6,740	6,740	-
Interest earned on investments	224,250	210,201	434,451	636,832
Miscellaneous	20,000	12,595	32,595	82,033
Total nonoperating revenues (expenditures)	<u>244,250</u>	<u>249,758</u>	<u>494,008</u>	<u>718,865</u>
Revenues over (under) expenditures	<u>(48,550)</u>	<u>2,608,783</u>	<u>2,560,233</u>	<u>2,406,376</u>
Other financing sources (uses)				
Transfers in	358,008	-	358,008	361,102
Transfers out	(1,051,768)	-	(1,051,768)	(363,387)
Appropriated fund balance	742,310	(742,310)	-	-
Total other financing sources (uses)	<u>48,550</u>	<u>(742,310)</u>	<u>(693,760)</u>	<u>(2,285)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 1,866,473</u>	<u>1,866,473</u>	<u>2,404,091</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues			\$ 22,116,901	\$ 21,671,799
Total expenditures			20,250,428	19,267,708
Subtotal			<u>1,866,473</u>	<u>2,404,091</u>
Decrease (increase) in accrued vacation			(5,309)	(22)
Change in net OPEB expense			7,883	(3,972)
Decrease (increase) in insurance liability			(928,076)	150,515
LGERS expense			(24,113)	(3,112)
Subtotal			<u>(949,615)</u>	<u>143,409</u>
Change in net position			<u>\$ 916,858</u>	<u>\$ 2,547,500</u>

**Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)
Fleet Maintenance Internal Service Fund**

**For the Year Ended June 30, 2020
(With Comparative Actual Amounts for Year Ended June 30, 2019)**

	Financial Plan	Variance Positive (Negative)	2020 Actual	2019 Actual
Operating revenues				
Other revenues from operations	\$ -	\$ -	\$ -	\$ -
Interfund charges	7,067,847	(56,371)	7,011,476	332,247
Total operating revenues	<u>7,067,847</u>	<u>(56,371)</u>	<u>7,011,476</u>	<u>332,247</u>
Operating expenditures				
Salaries and employee benefits	119,709	4	119,705	20,248
Other operating expenditures	6,939,495	204,882	6,734,613	308,179
Capital outlay	8,643	(128,497)	137,140	3,820
Total operating expenditures	<u>7,067,847</u>	<u>76,389</u>	<u>6,991,458</u>	<u>332,247</u>
Operating income (loss)	<u>-</u>	<u>20,018</u>	<u>20,018</u>	<u>-</u>
Nonoperating revenues (expenditures)				
Interest earned on investments	-	5,441	5,441	-
Miscellaneous	-	-	-	-
Total nonoperating revenues (expenditures)	<u>-</u>	<u>5,441</u>	<u>5,441</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>25,459</u>	<u>25,459</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 25,459</u>	<u>\$ 25,459</u>	<u>\$ -</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues			\$ 7,016,917	\$ 332,247
Total expenditures			6,991,458	332,247
Subtotal			<u>25,459</u>	<u>-</u>
LGERS expense			(15,744)	-
Change in inventory			(22,120)	-
Decrease (increase) in accrued vacation			(3,101)	-
Capital outlay			137,140	3,820
Donated asset			55,498	-
Subtotal			<u>151,673</u>	<u>3,820</u>
Change in net position			<u>\$ 177,132</u>	<u>\$ 3,820</u>

Fiduciary Funds

The following comprise the City's Fiduciary Funds:

- Private-Purpose Trust Funds
- Agency Fund

The focus of Fiduciary Fund measurement differs among the various types of funds that may be encompassed by this classification.

City of Fayetteville, North Carolina

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Trust & Agency Funds

Trust Funds are used to account for assets held by the City in a trustee capacity.

The following comprise the City's Trust Funds:

- Private-Purpose Trust Funds
 - Police Benefit Trust Fund
 - Firefighters' Benefit Trust Fund
- Agency Fund
 - Red Light Camera Fund

City of Fayetteville, North Carolina

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**Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2020**

	Police Benefit Trust Fund	Firefighters' Benefit Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 642	\$ 1,384,932	\$ 1,385,574
Accounts receivable	-	-	-
Total assets	642	1,384,932	1,385,574
Net position			
Restricted for benefits and other purposes	642	1,384,932	1,385,574
Total net position	\$ 642	\$ 1,384,932	\$ 1,385,574

**Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds**

June 30, 2020

	Police Benefit Trust Fund	Firefighters' Benefit Trust Fund	Total
Additions			
Contributions	\$ -	\$ 119,791	\$ 119,791
Investment earnings	3	35,999	36,002
Total additions	<u>3</u>	<u>155,790</u>	<u>155,793</u>
Deductions			
Benefit payments and premiums	-	153,916	153,916
Total deductions	<u>-</u>	<u>153,916</u>	<u>153,916</u>
Change in net position	3	1,874	1,877
Total net position - beginning	<u>639</u>	<u>1,383,058</u>	<u>1,383,697</u>
Total net position - ending	<u>\$ 642</u>	<u>\$ 1,384,932</u>	<u>\$ 1,385,574</u>

Statement of Changes in Assets and Liabilities
Red Light Camera Agency Fund
June 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and cash equivalents	\$ 126,753	\$ 2,364,553	\$ 2,261,336	\$ 229,970
Liabilities				
Intergovernmental payable	\$ 126,753	\$ 2,364,553	\$ 2,261,336	\$ 229,970

City of Fayetteville, North Carolina

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Other Supplemental Financial Data (unaudited)

The current tax levy and taxes receivable supplemental data is presented to provide a more detailed view. These schedules are not funds and do not measure results of operations.

The Emergency Telephone System Unspent Balance PSAP reconciliation is presented to provide the State 911 board expenditure tracking.

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

Schedule of Current Tax Levy

Year Ended June 30, 2020

	Total Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
General Fund (Including VTS)	\$ 14,112,279,429	\$ 0.4995	\$ 70,490,836	\$ 63,380,109	\$ 7,110,727
Late Listing Penalties:					
General Fund			89,954	89,954	-
Subtotal			<u>70,580,790</u>	<u>63,470,063</u>	<u>7,110,727</u>
Discoveries:					
General Fund	9,338,038	0.4995	46,643	46,643	-
Late Listing Penalties:					
General Fund			3,410	3,410	-
Subtotal			<u>50,053</u>	<u>50,053</u>	<u>-</u>
Releases					
General Fund	(16,143,924)	0.4995	(80,639)	(79,790)	(849)
Late Listing Penalties:					
General Fund			(5,888)	(5,888)	-
Subtotal			<u>(86,527)</u>	<u>(85,678)</u>	<u>(849)</u>
Adjusted Tax Levy			<u>70,544,316</u>	<u>63,434,438</u>	<u>7,109,878</u>
Uncollected Current Year Taxes at 6/30/2020			<u>(659,665)</u>	<u>(617,501)</u>	<u>(42,164)</u>
City-wide Current Year's Taxes Collected			<u>\$ 69,884,651</u>	<u>\$ 62,816,937</u>	<u>\$ 7,067,714</u>
City-wide Current Levy Collection Percentage			<u>99.06%</u>	<u>99.03%</u>	<u>99.41%</u>

Schedule of Taxes Receivable

June 30, 2020

<u>Fiscal Year Ended</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions & Releases</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2020</u>
2020	\$ -	\$ 70,544,316	\$ 69,884,651	\$ 659,665
2019	449,685	(5,220)	210,420	234,045
2018	168,810	(602)	59,586	108,622
All Prior	1,468,208	(191,434)	30,870	1,245,904
	<u>2,086,703</u>	<u>\$ 70,347,060</u>	<u>\$ 70,185,527</u>	<u>2,248,236</u>
Less: Allowance for Uncollectible Taxes				
General Fund	(694,809)			(707,842)
	<u>\$ 1,391,894</u>			<u>\$ 1,540,394</u>
General Fund Taxes Receivable per the fund financial statements				\$ 1,628,948
Less: CBTD Taxes Receivable				(3,075)
Less: Vehicle License Fee Receivable				(85,479)
General Fund Ad Valorem Taxes Receivable				<u>\$ 1,540,394</u>

**Reconciliations of collections and credit
with revenues**

Ad Valorem Taxes per the fund financial statements	\$ 70,643,946
Less Penalties & Interest	(241,816)
Less Taxes - CBTD	(142,241)
Less Taxes - Lake Valley Dr MSD	(74,362)
General Fund Ad Valorem Taxes	<u>\$ 70,185,527</u>

Emergency Telephone System Unspent Fund
PSAP Reconciliation

June 30, 2020

Net Change in Fund Balance, reported on Budget to Actual	\$ 89,697
Beginning Balance, PSAP Revenue-Expenditure Report	<u>676,928</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 766,625</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Emergency Telephone System Fund**

**For the Year Ended June 30, 2020
With Comparative Actual Statements for the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Revenues				
Restricted intergovernmental	\$ 919,978	\$ -	\$ 919,978	\$ 891,636
Interest earned on investments	7,667	3,017	10,684	15,321
Total revenues	<u>927,645</u>	<u>3,017</u>	<u>930,662</u>	<u>906,957</u>
Expenditures				
Current				
Public Safety				
Implemental functions	99,974	13,715	86,259	143,298
Telephone	662,562	85,866	576,696	576,696
Software maintenance	91,274	-	91,274	90,034
Hardware maintenance	61,984	-	61,984	197,977
Training	31,183	6,431	24,752	33,357
Capital outlay	304,886	304,886	-	-
Total public safety	<u>1,251,863</u>	<u>410,898</u>	<u>840,965</u>	<u>1,041,362</u>
Total expenditures	<u>1,251,863</u>	<u>410,898</u>	<u>840,965</u>	<u>1,041,362</u>
Revenues over (under) expenditures	<u>(324,218)</u>	<u>413,915</u>	<u>89,697</u>	<u>(134,405)</u>
Other financing sources (uses)				
Appropriated fund balance	324,218	(324,218)	-	-
Transfers in	-	-	-	895
Total other financing sources (uses)	<u>324,218</u>	<u>(324,218)</u>	<u>-</u>	<u>895</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 89,697</u>	<u>89,697</u>	<u>(133,510)</u>
Fund balance				
Beginning			676,928	810,438
Ending			<u>\$ 766,625</u>	<u>\$ 676,928</u>

Statistical Section



City of Fayetteville, North Carolina

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**STATISTICAL SECTION
(Unaudited)**

This part of the City of Fayetteville's Comprehensive Annual Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures, and required supplementary information depicts the government's overall financial health.

CONTENTS

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance has changed over time.

Revenue Capacity

These schedules contain trend information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules contain trend information to help the reader assess the affordability of the City's

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Schedule 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Investment in capital assets	\$ 358,665,197	\$ 346,265,466	\$ 348,741,323	\$ 338,558,257	\$ 330,625,569	\$ 338,293,438	\$ 329,434,958	\$ 335,025,076	\$ 333,857,014	\$ 330,863,790
Restricted for:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Other purposes	35,832,753	26,200,123	27,136,010	29,025,780	43,756,156	41,001,564	54,544,864	43,761,893	45,667,826	46,691,849
Grant compliance	-	-	-	162,574	1,930,863	801,855	349,930	-	-	-
Unrestricted	37,909,246	43,633,514	40,944,759	39,561,009	26,744,127	27,543,627	6,879,303	2,162,493	8,772,466	16,112,820
Total governmental activities net position	\$ 432,407,196	\$ 416,099,103	\$ 416,822,092	\$ 407,307,620	\$ 403,056,715	\$ 407,640,484	\$ 391,209,055	\$ 380,949,462	\$ 388,297,306	\$ 393,668,459
Business-type activities										
Investment in capital assets	\$ 612,211,243	\$ 635,244,018	\$ 669,166,547	\$ 709,443,909	\$ 642,548,862	\$ 96,012,428	\$ 101,703,182	\$ 109,091,148	\$ 122,813,747	\$ 127,557,082
Restricted for:										
Capital projects	1,761,371	1,958,397	1,824,246	1,081,334	63,903,304	1,336,609	-	3,146,639	2,736,638	3,240,358
Debt service	41,390	40,952	60,723	108,014	1,920,080	-	-	-	-	-
Other purposes	-	-	-	1,020	1,020	1,020	-	1,020	1,020	-
Grant compliance	-	-	-	-	-	-	-	-	-	-
Unrestricted	186,407,794	259,366,012	248,376,752	231,097,540	256,367,823	23,900,354	29,904,548	20,436,378	27,030,464	29,226,083
Total business-type activities net position	\$ 800,421,798	\$ 896,609,379	\$ 919,428,268	\$ 941,731,817	\$ 964,741,089	\$ 121,250,411	\$ 131,607,730	\$ 132,675,185	\$ 152,581,869	\$ 160,023,523
Primary government										
Investment in capital assets	\$ 970,876,440	\$ 981,509,484	\$ 1,017,907,870	\$ 1,048,002,166	\$ 973,174,431	\$ 434,305,866	\$ 431,138,140	\$ 444,116,224	\$ 456,670,761	\$ 458,420,872
Restricted for:										
Capital projects	1,761,371	1,958,397	1,824,246	1,081,334	63,903,304	1,336,609	-	3,146,639	2,736,638	3,240,358
Debt service	41,390	40,952	60,723	108,014	1,920,080	-	-	-	-	-
Other purposes	35,832,753	26,200,123	27,136,010	29,026,800	43,757,176	41,002,584	54,544,864	43,762,913	45,668,846	46,691,849
Grant compliance	-	-	-	162,574	1,930,863	801,855	349,930	-	-	-
Unrestricted	224,317,040	302,999,526	289,321,511	270,658,549	283,111,950	51,443,981	36,783,851	22,598,871	35,802,930	45,338,903
Total primary government net position	\$ 1,232,828,994	\$ 1,312,708,482	\$ 1,336,250,360	\$ 1,349,039,437	\$ 1,367,797,804	\$ 528,890,895	\$ 522,816,785	\$ 513,624,647	\$ 540,879,175	\$ 553,691,982

Note: Due to the City implementing GASB statements 63 and 65 in fiscal year 2013; terminology changes have been updated for compliance.

City of Fayetteville, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Schedule 2

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Governmental activities										
Administration	\$ 20,762,610	\$ 21,677,385	\$ 22,721,662	\$ 25,568,650	\$ 25,909,939	\$ 28,126,514	\$ 27,154,948	\$ 27,725,160	\$ 32,006,971	\$ 33,146,241
Public safety	70,903,587	72,118,645	72,692,847	77,282,295	76,505,137	84,190,564	87,298,393	87,955,537	88,029,051	91,791,490
Environmental protection	14,636,753	8,369,933	8,100,683	477,470	458,342	536,121	757,612	1,968,606	1,055,261	543,604
Transportation	19,233,330	19,948,019	20,294,164	20,447,440	20,620,224	21,400,512	22,297,364	21,615,802	20,211,384	21,926,105
Economic and physical development	9,323,817	5,568,559	6,300,683	4,714,803	5,541,090	6,573,922	5,785,839	12,017,640	6,927,799	7,660,987
Recreation and community facilities	12,992,237	13,490,480	13,502,165	13,974,381	13,905,171	14,997,725	15,921,506	16,080,896	17,299,901	17,454,989
Debt service:										
Interest and fees	1,585,197	1,464,554	1,157,838	960,294	811,174	708,588	604,659	845,337	2,662,901	3,309,552
Total governmental activities	<u>149,437,531</u>	<u>142,637,575</u>	<u>144,770,042</u>	<u>143,425,333</u>	<u>143,751,077</u>	<u>156,533,946</u>	<u>159,820,321</u>	<u>168,208,978</u>	<u>168,193,268</u>	<u>175,832,968</u>
Business type activities										
Electric	149,700,921	146,116,831	197,553,706	212,158,021	203,441,960	-	-	-	-	-
Water and wastewater	60,743,759	65,169,196	68,876,623	70,015,544	75,205,401	-	-	-	-	-
Storm water management ¹	N/A	2,891,487	3,225,830	4,588,821	4,569,999	4,755,537	4,662,158	5,098,148	4,755,536	7,481,723
Transit	6,847,471	7,664,911	7,721,977	8,339,679	8,886,160	9,401,907	10,449,142	11,294,000	11,560,359	12,206,930
Airport	4,680,624	5,259,583	6,085,394	6,277,135	6,510,834	7,235,478	7,537,690	7,723,260	7,833,020	8,016,695
Environmental services	1,926,760	2,145,150	2,189,613	9,793,149	10,044,425	10,266,780	11,763,102	11,353,828	14,162,893	13,285,435
Total business-type activities	<u>223,899,535</u>	<u>229,247,158</u>	<u>285,653,143</u>	<u>311,172,349</u>	<u>308,658,779</u>	<u>31,659,702</u>	<u>34,412,092</u>	<u>35,469,236</u>	<u>38,311,808</u>	<u>40,990,783</u>
Total primary government	<u>\$ 373,337,066</u>	<u>\$ 371,884,733</u>	<u>\$ 430,423,185</u>	<u>\$ 454,597,682</u>	<u>\$ 452,409,856</u>	<u>\$ 188,193,648</u>	<u>\$ 194,232,413</u>	<u>\$ 203,678,214</u>	<u>\$ 206,505,076</u>	<u>\$ 216,823,751</u>
Program Revenues										
Governmental activities										
<i>Administration</i>										
Charges for services	\$ 996,905	\$ 1,024,970	\$ 994,985	\$ 1,542,466	\$ 1,811,598	\$ 2,087,923	\$ 1,105,173	\$ 6,883,834	\$ 5,028,557	\$ 4,276,174
Operating grants and contributions	31,141	3,585	16,374	32,545	8,485	4,610	5,893,754	804,547	695,832	809,180
Capital grants and contributions	-	-	-	-	-	-	-	50,869	39,380	181,520
<i>Public Safety</i>										
Charges for services	3,906,523	4,473,761	4,837,983	4,095,850	3,423,674	3,652,223	977,480	3,768,313	3,280,798	3,334,167
Operating grants and contributions	3,889,426	3,078,134	2,422,030	1,707,551	3,781,759	3,755,940	1,925,656	3,794,588	4,466,823	4,494,475
Capital grants and contributions	560,157	27,563	62,112	79,929	302,007	649,569	1,583,563	225,345	99,114	199,172
<i>Environmental Protection</i>										
Charges for services	5,313,078	192,595	202,215	59,335	36,020	45,075	-	36,165	57,560	72,505
Operating grants and contributions	2,750,040	272,362	24,198	-	6,098	-	-	854,225	319,733	107,560
Capital grants and contributions	281,056	593,228	758,309	-	-	-	-	483,445	1,607,220	3,539,088
<i>Transportation</i>										
Charges for services	1,442,076	1,266,686	1,130,521	1,276,526	1,337,933	907,196	150,317	1,115,587	1,338,267	924,635
Operating grants and contributions	5,217,073	5,311,546	5,426,591	5,581,480	5,568,092	7,227,243	5,372,792	5,601,534	5,283,529	5,184,685
Capital grants and contributions	204,583	3,511,719	3,487,233	1,905,111	173,144	6,622,200	1,234,697	6,763,426	1,953,068	4,535,676
<i>Economic and physical development</i>										
Charges for services	320,748	562,138	512,467	422,997	376,160	479,286	510,298	305,422	-	-
Operating grants and contributions	3,067,922	3,061,017	2,990,716	1,911,277	2,702,616	2,186,935	1,706,081	3,756,194	2,809,201	3,996,716
Capital grants and contributions	503,614	847,788	103	-	-	3,114	149,452	199,741	779,753	430,109
<i>Recreation and community facilities</i>										
Charges for services	4,557,373	4,714,656	4,874,495	5,051,290	4,990,974	4,725,666	1,735,367	2,433,093	7,256,828	4,613,071
Operating grants and contributions	123,063	140,384	188,446	149,587	218,258	418,295	2,432,942	408,590	669,909	454,957
Capital grants and contributions	10,696,075	2,004,325	695,162	882,480	1,179,024	1,409,404	33,564	577,221	256,490	533,430
<i>Interest and fees</i>										
Operating grants and contributions	318,310	185,825	111,724	104,110	88,737	-	-	-	-	-
Total governmental activities programs	<u>44,179,163</u>	<u>31,272,282</u>	<u>28,735,664</u>	<u>24,802,534</u>	<u>26,004,579</u>	<u>34,174,679</u>	<u>24,811,136</u>	<u>38,062,139</u>	<u>35,942,062</u>	<u>37,687,120</u>

Business-type activities										
Electric										
Charges for services	\$ 194,811,519	\$ 197,656,327	\$ 211,789,791	\$ 217,853,786	\$ 223,663,832	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,535,614	371,766	889,399	1,297,052	96,819	-	-	-	-	-
Water and wastewater										
Charges for services	68,749,604	70,930,218	71,403,280	74,492,496	76,820,546	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	10,618,542	10,780,807	2,914,570	8,143,723	7,708,126	-	-	-	-	-
Storm water management¹										
Charges for services	N/A	5,183,444	5,247,665	5,283,676	6,224,941	6,792,851	6,866,159	7,873,798	11,191,384	11,251,367
Operating grants and contributions	N/A	-	-	-	-	131,991	42,261	33,451	68,169	10,572
Capital grants and contributions	N/A	-	-	-	-	-	177,509	-	409,530	488,542
Transit										
Charges for services	891,454	1,025,180	1,118,149	1,245,135	1,349,877	1,394,009	1,373,694	1,303,820	1,280,317	1,080,959
Operating grants and contributions	2,353,263	2,050,348	2,355,194	2,539,161	2,725,732	3,004,558	3,497,224	3,421,241	3,613,076	5,656,620
Capital grants and contributions	3,933,065	3,592,128	1,802,682	2,102,218	2,278,449	5,698,273	5,618,316	480,798	1,106,100	2,604,204
Airport										
Charges for services	4,157,463	4,346,702	4,294,042	4,196,444	4,316,716	4,380,202	4,724,908	4,504,547	5,077,961	3,821,146
Operating grants and contributions	144,153	138,131	112,888	108,430	110,580	107,080	2,242,093	2,319,477	2,271,723	3,366,372
Capital grants and contributions	3,827,485	7,275,532	6,578,773	2,000,263	5,918,190	6,057,017	3,148,014	3,685,139	11,034,310	2,737,016
Environmental Services										
Charges for services	2,274,461	2,285,018	2,304,395	2,824,521	2,949,501	3,211,073	2,938,196	6,883,837	11,957,664	12,005,824
Operating grants and contributions	298,005	299,525	301,250	133,637	135,815	135,056	2,560,822	444,840	3,376,440	506,300
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities programs	<u>293,594,628</u>	<u>305,935,126</u>	<u>311,112,078</u>	<u>322,220,542</u>	<u>334,299,124</u>	<u>30,912,110</u>	<u>33,189,196</u>	<u>30,950,948</u>	<u>51,386,674</u>	<u>43,528,922</u>
Total primary government programs	<u>\$ 337,773,791</u>	<u>\$ 337,207,408</u>	<u>\$ 339,847,742</u>	<u>\$ 347,023,076</u>	<u>\$ 360,303,703</u>	<u>\$ 65,086,789</u>	<u>\$ 58,000,332</u>	<u>\$ 69,013,087</u>	<u>\$ 87,328,736</u>	<u>\$ 81,216,042</u>
Net (expense)/revenue										
Governmental activities	\$ (105,258,368)	\$ (111,365,293)	\$ (116,034,378)	\$ (118,622,799)	\$ (117,746,498)	\$ (122,359,267)	\$ (135,009,185)	\$ (130,146,839)	\$ (132,251,206)	\$ (138,145,848)
Business-type activities	69,695,093	76,687,968	25,458,935	11,048,193	25,640,345	(747,592)	(1,222,896)	(4,518,288)	13,074,866	2,538,139
Total primary government net expense	<u>\$ (35,563,275)</u>	<u>\$ (34,677,325)</u>	<u>\$ (90,575,443)</u>	<u>\$ (107,574,606)</u>	<u>\$ (92,106,153)</u>	<u>\$ (123,106,859)</u>	<u>\$ (136,232,081)</u>	<u>\$ (134,665,127)</u>	<u>\$ (119,176,340)</u>	<u>\$ (135,607,709)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Ad valorem taxes	\$ 59,016,746	\$ 60,130,081	\$ 62,067,430	\$ 64,702,217	\$ 68,090,990	\$ 68,907,943	\$ 72,112,845	\$ 69,226,879	\$ 70,312,277	\$ 70,904,252
Other taxes	45,850,043	47,167,974	48,752,661	48,709,791	53,005,270	53,902,375	54,832,387	56,057,367	58,466,738	59,592,005
Payment in lieu of taxes	-	-	-	-	-	9,487,800	9,966,765	10,428,117	10,938,256	11,098,087
Unrestricted grants and contributions	-	902,467	839,798	914,579	1,003,800	916,625	1,536,981	904,062	896,930	1,899,042
Interest earned on investments	769,192	565,944	8,522	818,792	468,468	514,449	810,961	1,594,656	3,364,326	2,503,187
Miscellaneous	1,379,722	1,174,240	513,652	541,010	385,836	501,294	3,593,019	920,408	563,803	922,672
Gain on sale of capital assets	343,836	385,076	1,063,285	142,765	178,557	144,204	(133,937)	-	-	-
Transfers	7,577,732	6,082,634	3,917,802	(6,720,827)	(26,001)	(10,758,599)	(10,367,645)	(5,863,929)	(4,943,280)	(3,402,244)
Total governmental activities	<u>114,937,271</u>	<u>116,408,416</u>	<u>117,163,150</u>	<u>109,108,327</u>	<u>123,106,920</u>	<u>123,616,091</u>	<u>132,351,376</u>	<u>133,267,560</u>	<u>139,599,050</u>	<u>143,517,001</u>
Business-type activities										
Other taxes	-	649,471	660,193	839,060	638,129	632,073	636,467	630,806	642,073	630,563
Interest earned on investments	2,196,769	3,089,310	1,445,865	3,070,459	1,600,725	141,069	179,472	414,760	771,987	587,796
Miscellaneous	247,622	252,092	323,661	466,103	466,468	439,571	403,307	386,524	377,556	282,493
Transfers	(7,577,732)	(6,082,634)	(3,917,802)	6,720,827	26,001	10,758,599	10,367,645	5,863,929	4,943,280	3,402,244
Gain on sale of capital assets	73,866	240,158	1,975,417	158,907	38,470	1,694	(6,681)	154,043	96,922	419
Total business-type activities	<u>(5,059,475)</u>	<u>(1,851,603)</u>	<u>487,334</u>	<u>11,255,356</u>	<u>2,769,793</u>	<u>11,973,006</u>	<u>11,580,210</u>	<u>7,450,062</u>	<u>6,831,818</u>	<u>4,903,515</u>
Total primary government	<u>\$ 109,877,796</u>	<u>\$ 114,556,813</u>	<u>\$ 117,650,484</u>	<u>\$ 120,363,683</u>	<u>\$ 125,876,713</u>	<u>\$ 135,589,097</u>	<u>\$ 143,931,586</u>	<u>\$ 140,717,622</u>	<u>\$ 146,430,868</u>	<u>\$ 148,420,516</u>
Change in Net Position										
Governmental activities	\$ 9,678,903	\$ 5,043,123	\$ 1,128,772	\$ (9,514,472)	\$ 5,360,422	\$ 1,256,824	\$ (2,657,809)	\$ 3,120,721	\$ 7,347,844	\$ 5,371,153
Business-type activities	64,635,618	74,836,365	25,946,269	22,303,549	28,410,138	11,225,414	10,357,314	2,931,774	19,906,684	7,441,654
Total primary government	<u>\$ 74,314,521</u>	<u>\$ 79,879,488</u>	<u>\$ 27,075,041</u>	<u>\$ 12,789,077</u>	<u>\$ 33,770,560</u>	<u>\$ 12,482,238</u>	<u>\$ 7,699,505</u>	<u>\$ 6,052,495</u>	<u>\$ 27,254,528</u>	<u>\$ 12,812,807</u>

¹The Storm Water management fund became an Enterprise Fund effective with fiscal year 2012.

City of Fayetteville, North Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Schedule 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 160,391	\$ 170,322	\$ 137,604	\$ 124,837	\$ 117,022	\$ 72,637	\$ 1,173,189	\$ 1,192,169	\$ 273,969	\$ 85,790
Restricted	18,160,858	18,018,110	19,370,822	20,994,163	24,408,566	24,304,919	27,898,312	27,546,240	23,007,626	24,799,126
Committed	-	-	-	-	-	3,774,601	4,672,755	5,433,945	6,164,494	6,789,253
Assigned	13,578,711	13,545,829	14,004,183	11,560,730	14,381,101	10,645,774	8,914,212	15,429,544	21,387,384	25,706,053
Unassigned	16,807,431	20,161,587	17,551,749	19,368,407	21,630,019	23,070,485	21,649,065	19,566,580	25,103,217	25,196,717
Total General Fund	\$ 48,707,391	\$ 51,895,848	\$ 51,064,358	\$ 52,048,137	\$ 60,536,708	\$ 61,868,417	\$ 64,307,533	\$ 69,168,478	\$ 75,936,690	\$ 82,576,939
Economic and Physical Development Fund¹										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,638,107	\$ 2,657,769	\$ 690,802
Committed	-	-	-	-	-	-	-	4,467,471	817,605	1,898,182
Total Recreational and Cultural Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,105,578	\$ 3,475,374	\$ 2,588,984
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 3,937,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	17,671,895	8,182,013	7,765,188	8,697,672	22,959,252	17,498,500	26,996,482	25,430,435	45,422,911	34,726,067
Committed	9,788,921	5,524,169	6,012,520	7,506,621	7,307,120	6,638,069	6,423,088	6,136,749	2,391,443	20,223,527
Unassigned	(1,411,539)	(1,055,147)	(595,034)	(876,336)	(1,598,518)	(704,521)	(7,108,571)	(7,586,331)	(8,795,974)	(14,585,548)
Total all other governmental funds	\$ 26,049,277	\$ 12,651,035	\$ 13,182,674	\$ 19,265,671	\$ 28,667,854	\$ 23,432,048	\$ 26,310,999	\$ 23,980,853	\$ 39,018,380	\$ 40,364,046

Note: The City implemented GASB Statement 54 in Fiscal Year 2011; therefore, the new fund balance categories will be reported prospectively.

¹ The Economic and Physical Development Fund was reported as a non-major fund in all fiscal years except 2018, 2019, and 2020.

City of Fayetteville, North Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Schedule 4

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Ad valorem taxes	\$ 58,987,439	\$ 60,089,099	\$ 61,873,098	\$ 65,328,949	\$ 68,573,807	\$ 69,176,547	\$ 71,974,910	\$ 69,236,205	\$ 70,447,225	\$ 70,643,946
Other taxes	9,089,228	4,804,643	4,523,204	3,403,333	2,185,731	1,310,019	1,354,312	1,308,855	1,381,888	1,386,447
Intergovernmental										
Unrestricted intergovernmental	43,347,718	44,355,628	46,363,857	47,695,920	52,471,036	63,665,595	64,981,821	66,749,531	69,618,821	71,922,612
Restricted intergovernmental	26,722,238	19,874,277	16,113,807	13,173,189	16,134,374	17,377,544	16,374,101	18,825,639	20,588,484	23,434,585
Local	-	-	-	-	-	2,102	595,893	2,086,287	2,573,170	1,287,214
Other functional										
Permits and fees	2,824,584	2,757,155	2,933,818	2,347,930	2,324,735	2,377,031	2,200,113	2,686,636	2,002,660	1,946,372
Sales and services	3,561,896	4,424,754	4,347,871	3,998,499	4,102,986	4,449,582	4,478,635	4,722,334	4,959,379	3,945,921
Miscellaneous	4,186,300	4,254,636	3,543,069	3,906,564	3,457,945	5,767,858	3,593,019	3,084,122	3,789,792	4,727,644
Interest earned on investments	538,984	307,465	(42,273)	494,849	531,400	507,858	512,557	1,517,086	2,712,051	2,030,016
Total revenues	<u>149,258,387</u>	<u>140,867,657</u>	<u>139,656,451</u>	<u>140,349,233</u>	<u>149,782,014</u>	<u>164,634,137</u>	<u>166,065,361</u>	<u>170,216,695</u>	<u>178,073,470</u>	<u>181,324,757</u>
Expenditures										
Administration	22,269,092	23,463,776	24,004,298	26,540,551	26,654,879	30,025,265	26,894,226	29,412,602	31,698,800	31,756,835
Public safety	65,408,955	66,478,556	68,000,401	72,254,636	73,986,004	78,695,634	80,141,845	79,243,759	82,643,758	80,848,250
Environmental protection	12,859,355	6,650,496	6,386,275	32,980	291,281	335,188	524,951	1,737,096	829,058	253,573
Transportation	6,213,150	6,853,125	6,986,927	10,595,114	7,314,779	8,014,406	8,711,851	3,575,692	6,405,962	7,279,888
Economic and physical development	9,521,505	5,933,527	5,555,167	633,411	4,579,644	5,136,300	4,715,831	8,417,336	5,549,625	5,602,559
Recreation and community facilities	11,863,297	12,097,831	11,892,121	12,225,457	12,194,892	12,829,765	12,903,835	13,174,362	14,752,768	14,222,385
Capital outlay	33,839,406	18,586,780	13,595,726	10,362,652	14,351,276	19,966,233	15,906,532	38,046,963	64,924,053	24,447,823
Debt service										
Principal	6,145,096	6,971,981	6,638,587	5,349,379	5,471,456	6,935,683	4,481,128	8,515,090	8,784,805	8,586,864
Interest and fees	1,487,161	1,559,137	1,312,216	1,083,442	975,588	875,040	630,308	677,172	2,625,437	3,352,404
Issuance costs	-	-	-	-	-	-	70,738	-	29,471	27,884
Total expenditures	<u>169,607,017</u>	<u>148,595,209</u>	<u>144,371,718</u>	<u>139,077,623</u>	<u>145,819,799</u>	<u>162,813,516</u>	<u>154,981,246</u>	<u>182,800,072</u>	<u>218,243,737</u>	<u>176,378,465</u>
Excess (deficiency) of revenues over (under) expenditures	(20,348,630)	(7,727,552)	(4,715,267)	1,271,610	3,962,215	1,820,621	11,084,115	(12,583,377)	(40,170,267)	4,946,292
Other financing sources (uses)										
Refunding bonds issued	-	-	-	-	-	-	-	-	2,270,000	-
Proceeds from capital leases, bonds and other debt	14,857,940	-	-	3,937,714	4,257,748	1,878,677	4,240,977	60,916,009	23,910,000	4,746,405
Transfers in	21,357,058	17,197,216	18,954,192	25,838,734	27,543,908	13,808,925	11,275,323	12,416,885	12,575,737	14,348,430
Transfers out	(13,106,802)	(11,614,765)	(15,566,151)	(24,095,295)	(26,960,636)	(24,879,567)	(21,303,731)	(19,677,171)	(17,516,732)	(17,056,914)
Sale of capital assets	328,316	363,380	1,027,375	114,013	168,430	140,302	169,922	5,564,030	306,689	115,312
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	(2,500,000)	-
Premium on bonds	-	-	-	-	-	-	-	-	2,300,109	-
Total other financing sources (uses)	<u>23,436,512</u>	<u>5,945,831</u>	<u>4,415,416</u>	<u>5,795,166</u>	<u>5,009,450</u>	<u>(9,051,663)</u>	<u>(5,617,509)</u>	<u>59,219,753</u>	<u>21,345,803</u>	<u>2,153,233</u>
Net change in fund balances	<u>\$ 3,087,882</u>	<u>\$ (1,781,721)</u>	<u>\$ (299,851)</u>	<u>\$ 7,066,776</u>	<u>\$ 8,971,665</u>	<u>\$ (7,231,042)</u>	<u>\$ 5,466,606</u>	<u>\$ 46,636,376</u>	<u>\$ (18,824,464)</u>	<u>\$ 7,099,525</u>
Debt service as a percentage of noncapital expenditures	<u>5.62%</u>	<u>6.56%</u>	<u>6.08%</u>	<u>5.00%</u>	<u>4.90%</u>	<u>5.47%</u>	<u>3.68%</u>	<u>6.35%</u>	<u>7.44%</u>	<u>7.86%</u>

City of Fayetteville, North Carolina
Tax Revenues By Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Schedule 5

Fiscal Year	Ad Valorem	Sales Tax	Utility Taxes ¹	Vehicle License Tax	Privilege License	Beer and Wine Tax	Cablevision and Other Franchise Tax ¹	Rental Property Gross Receipts	Total
2020	\$ 70,643,946	\$ 45,332,265	\$ 12,899,834	\$ 630,246	\$ 14,061	\$ 899,042	-	\$ 742,141	\$ 131,161,535
2019	70,447,224	43,633,583	13,476,266	634,397	20,252	896,930	-	727,239	129,835,891
2018	69,236,205	41,189,439	13,596,188	630,565	25,831	904,062	-	652,459	126,234,749
2017	71,974,910	39,922,499	13,555,577	639,089	16,989	942,161	-	698,234	127,749,459
2016	69,176,547	38,764,144	13,864,508	635,258	17,118	916,625	-	657,643	124,031,843
2015	68,573,807	37,214,408	13,674,457	669,877	914,705	1,003,800	-	601,149	122,652,203
2014	65,328,949	34,581,531	11,609,581	873,233	1,121,164	914,579	-	603,416	115,032,453
2013	61,873,098	33,838,708	11,042,094	615,393	2,466,929	839,798	71,223	593,907	111,341,150
2012	60,089,099	33,283,642	9,568,985	617,271	2,557,864	902,467	419,653	572,634	108,011,615
2011	58,987,439	31,633,373	10,178,685	624,591	1,226,057	915,803	426,687	562,089	104,554,724

¹ Effective January 1, 2007, video programming broadcast services became subject to state sales taxes and proceeds are now reported with Utility Taxes. Only ancillary services remained subject to a local cablevision franchise tax from January 1, 2007 through the August 31, 2012 termination date of the local franchise agreement.

City of Fayetteville, North Carolina
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Schedule 6

Fiscal Year Ended June 30	Real Property	Personal Property	Public Services Property ¹	Less: Tax Exempt Real Property ²	Total Assessed Value	City General Tax Rate	Estimated Actual Taxable Value	Sales Assessment Ratio ³
2020	\$ 12,166,838,362	\$ 2,011,050,731	\$ 213,874,876	\$ 286,290,426	\$ 14,105,473,543	0.4995	\$ 14,601,785,630	95.99%
2019	12,041,300,117	2,004,752,958	218,665,782	264,857,453	13,999,861,404	0.4995	14,134,456,127	98.87%
2018 ⁵	11,910,788,026	1,922,225,242	196,690,912	245,808,939	13,783,895,241	0.4995	13,837,802,116	99.54%
2017	12,445,237,310	1,955,171,158	190,188,186	235,523,304	14,355,073,350	0.4995	13,764,805,486	105.08%
2016	12,274,027,723	1,880,707,190	185,334,874	218,086,491	14,121,983,296	0.486	13,523,883,950	105.22%
2015	12,156,853,512	1,867,670,393	153,629,753	209,378,587	13,968,775,071	0.486	13,461,954,100	104.43%
2014	11,969,057,704	2,179,120,636	159,501,654	195,745,648	14,111,934,346	0.456	13,688,580,890	103.73%
2013 ⁴	11,687,657,234	1,822,068,580	166,500,205	192,290,792	13,483,935,226	0.456	13,466,718,003	100.15%
2012	11,453,552,799	1,705,019,913	167,761,204	187,231,303	13,139,102,613	0.456	13,131,221,705	100.07%
2011	11,261,620,799	1,628,238,092	161,145,492	175,051,710	12,875,952,673	0.456	12,893,719,611	99.84%

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. A County-wide revaluation of real property was effective with the tax levy for fiscal year 2009-2010 and again for fiscal year 2017-2018. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

¹ Public service companies' property includes real and personal property of utilities, railroad and buslines, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

² Exempt real estate only.

³ Estimated actual values and the ratio of total assessed value to total estimated actual value have been adjusted to reflect updated sales assessment ratio percentages from the North Carolina Department of Revenue.

⁴ Excludes values for properties annexed from March 27, 2012 to June 30, 2012, and for which taxes were assessed only for the three-month period of April, May and June 2012.

⁵ Denotes the year in which a revaluation was effective January 1st and reflected in the following fiscal year's property value.

Source: Cumberland County Tax Office

City of Fayetteville, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per \$100 of Assessed Value)
(Unaudited)

Schedule 7

Fiscal Year Ended	City General	Central	Lake Valley Drive	Overlapping Rates ¹
				Business Tax
June 30	Tax Rate	District Rate	District Rate²	County wide
2020	0.4995	0.100	0.394	0.799
2019	0.4995	0.100	0.394	0.799
2018	0.4995	0.100	0.394	0.799
2017	0.4995	0.100	0.394	0.799
2016	0.486	0.100	0.336	0.740
2015	0.486	0.100	0.245	0.740
2014	0.456	0.100	0.345	0.740
2013	0.456	0.100	0.345	0.740
2012	0.456	0.100	0.345	0.740
2011	0.456	0.100	-	0.740

Source: Cumberland County Tax Office

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Fayetteville.

² The Lake Valley Drive Municipal Service District was effective for the first time in fiscal year 2012.

**City of Fayetteville, North Carolina
Principal Property Taxpayers
Ten Year Comparison
(Unaudited)**

Schedule 8

Taxpayer	2020 ¹			2011 ²		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cross Creek Mall LLC	\$ 157,474,251	1	1.12%	\$ 113,194,500	1	0.88%
Fayetteville VA Co LLC	91,131,583	2	0.65%			
Piedmont Natural Gas	66,753,244	3	0.47%	47,161,588	3	0.37%
Wal-Mart	54,494,558	4	0.39%			
Time Warner Cable Southeast	37,113,789	5	0.26%			
Westlake at Morganton LLC	27,641,498	6	0.20%	28,107,800	4	0.22%
Independence Place West Fayetteville	25,913,599	7	0.18%			
DDRM Fayetteville Pavilion LLC	25,790,299	8	0.18%	23,862,500	6	0.19%
Hidden Creek Village	23,663,799	9	0.17%	24,803,500	5	0.19%
Carolina Telephone	22,229,109	10	0.16%	57,504,055	2	0.45%
Centurion Aviation Service				22,895,000	8	0.18%
Fayetteville Publishing Company				21,330,851	10	0.17%
Eagle Point Village Apartments				22,919,500	7	0.18%
Cross Creek Phase 1 LLC				21,519,399	9	0.17%
	<u>\$ 532,205,729</u>		<u>3.77%</u>	<u>\$ 383,298,693</u>		<u>3.00%</u>

¹ Assessed valuations are as of January 1, 2019 and the associated tax levies were due in the fiscal year ended June 30, 2020.

² Assessed valuations are as of January 1, 2010 and the associated tax levies were due in the fiscal year ended June 30, 2011.

Source: Cumberland County Tax Office

**City of Fayetteville, North Carolina
Property Tax Levies and Collections'
Last Ten Fiscal Years
(Unaudited)**

Schedule 9

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Fiscal Year of the Levy			Total Collections to Date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy	
2020	\$ 70,544,316	\$ 69,884,651	99.06%	\$ -	\$ 69,884,651	99.06%	
2019	69,999,088	69,549,403	99.36%	210,420	69,759,823	99.66%	
2018	68,869,870	68,409,559	99.33%	386,009	68,795,568	99.89%	
2017	71,686,530	71,209,890	99.34%	406,468	71,616,358	99.90%	
2016	68,695,823	68,299,578	99.42%	344,017	68,643,595	99.92%	
2015	67,898,129	67,458,548	99.35%	363,238	67,821,786	99.89%	
2014	64,477,068	63,626,991	98.68%	628,452	64,255,443	99.66%	
2013	61,869,392	60,343,502	97.53%	1,130,690	61,474,192	99.36%	
2012	59,990,898	58,593,009	97.67%	1,055,430	59,648,439	99.43%	
2011	58,795,924	57,406,499	97.64%	1,045,088	58,451,587	99.41%	

1 Schedule reflects the general tax levy only.

Source: Cumberland County Tax Office

City of Fayetteville, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Schedule 10

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Limited Obligation Bonds	Capitalized Leases	Notes Payable	General Obligation Bonds	Revenue Bonds	Notes Payable	Capitalized Leases			
2020 ²	\$ 18,974,835	\$ 50,940,213	\$ 19,618,019	\$ -	N/A	\$ 5,210,000	\$ 250,299	\$ 1,057,682	\$ 96,051,048	N/A	460
2019 ²	20,206,168	53,744,715	19,238,150	75,000	N/A	5,925,000	275,329	1,518,799	100,983,161	N/A	483
2018 ²	2,971,717	50,520,000	22,579,714	150,000	N/A	6,615,000	300,359	2,232,018	85,368,808	0.662%	411
2017 ²	3,517,147	N/A	20,094,321	225,000	N/A	7,280,000	325,389	1,295,460	32,737,317	0.263%	157
2016 ^{2,3}	4,396,267	N/A	19,419,617	300,000	N/A	7,925,000	350,419	434,563	32,825,866	0.265%	158
2015 ²	8,577,821	N/A	20,606,769	375,000	2,741,682	242,101,959	34,167,522	575,942	309,146,695	2.548%	1,484
2014 ²	11,346,847	N/A	19,165,621	450,000	3,411,254	136,627,576	26,275,105	19,070	197,295,473	1.672%	937
2013 ²	14,110,875	N/A	17,927,431	525,000	4,270,372	150,206,030	22,650,444	39,465	209,729,617	1.813%	1,003
2012	15,996,406	N/A	21,998,896	600,000	4,843,594	150,245,000	15,866,039	59,445	209,609,380	1.813%	1,008
2011	19,111,260	N/A	25,781,023	1,150,568	5,648,740	150,480,000	16,683,349	79,018	218,933,958	1.936%	1,051

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

¹ See schedule 15 Demographic and Economic Statistics for per capita personal income and population data.

² Beginning fiscal year 2013, the outstanding debt presented is net of premiums and discounts as reported in the basic financial statements and the notes to the financial statements.

³ On June 30, 2016 the PWC Charter was amended by the North Carolina Assembly; as a result of these actions PWC is now presented as a discretely presented component unit; fiscal year 2016 reflects these changes.

City of Fayetteville, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Schedule 11

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Actual Total Assessed Value of Property¹	Per Capita²
2020	\$ 18,974,835	\$ 50,940,213	\$ 5,210,000	\$ 75,125,048	0.53%	360
2019	20,206,168	53,744,715	5,925,000	79,875,883	0.57%	382
2018	2,967,659	50,520,000	6,615,000	60,102,659	0.44%	290
2017	3,517,147	N/A	7,280,000	10,797,147	0.08%	52
2016 ³	4,336,988	N/A	7,925,000	12,261,988	0.09%	59
2015	8,635,000	N/A	227,025,000	235,660,000	1.69%	1,131
2014	11,199,999	N/A	128,965,000	140,164,999	0.99%	666
2013	13,955,000	N/A	141,965,000	155,920,000	1.16%	746
2012	16,720,000	N/A	154,365,000	171,085,000	1.30%	823
2011	19,500,000	N/A	155,740,000	175,240,000	1.36%	841

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

¹ See Schedule 6 for property value data.

² Population data can be found in Schedule 15.

³ On June 30, 2016 the PWC Charter was amended by the North Carolina Assembly; as a result of these actions PWC is now presented as a discretely presented component unit; fiscal year 2016 reflects these changes.

City of Fayetteville, North Carolina
Direct and Overlapping Governmental Activities Debt
For the fiscal year ending June 30, 2020
(Unaudited)

Schedule 12

<u>Governmental Unit</u>	<u>Debt Outstanding ¹</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Cumberland County	\$ 55,645,633	59.60%	\$ 33,165,197
Subtotal, overlapping debt			33,165,197
City of Fayetteville direct debt			<u>89,533,067</u>
Total direct and overlapping debt			<u>\$ 122,698,264</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Cumberland County Tax Administrator. Debt outstanding provided by Cumberland County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of The City of Fayetteville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Cumberland County's taxable assessed value that is within the city's boundaries and dividing it by Cumberland County's total taxable assessed value.

City of Fayetteville, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

Schedule 13

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 1,030,076,213	\$ 1,051,128,209	\$ 1,083,524,525	\$ 1,128,954,748	\$ 1,117,502,006	\$ 1,129,758,664	\$ 1,148,407,468	\$ 1,101,893,334	\$ 1,119,988,912	\$ 1,128,437,883
Total net debt applicable to limit	68,453,958	59,364,380	58,617,340	60,667,897	66,244,784	24,491,168	25,111,914	78,449,391	92,480,134	88,329,794
Legal debt margin	\$ 961,622,255	\$ 991,763,829	\$ 1,024,907,185	\$ 1,068,286,846	\$ 1,051,257,222	\$ 1,105,267,496	\$ 1,105,267,496	\$ 1,023,443,943	\$ 1,027,508,778	\$ 1,040,108,089
Total net debt applicable to the limit as a percentage of debt limit	6.65%	5.65%	5.41%	5.37%	5.93%	2.17%	2.17%	7.12%	8.26%	7.83%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Value	\$ 14,105,473,543
Debt Limit (8% of total assessed value)	1,128,437,883
Debt applicable to limit:	
Bonded debt	17,104,093
Limited obligation bonds	50,550,000
Capitalized leases (Governmental and Business)	20,675,701
Subtotal	<u>88,329,794</u>
Authorized and unissued debt	<u>19,000,000</u>
Total Gross Debt	107,329,794
Less: Statutory deductions	
Bonds authorized but unissued - Parks and Recreation Bonds	<u>(19,000,000)</u>
Total Debt Applicable to Limit	<u>88,329,794</u>
Legal Debt Margin	<u>\$ 1,040,108,089</u>

City of Fayetteville, North Carolina
Pledged Revenue Coverage - Stormwater
Last Ten Fiscal Years¹
(Unaudited)

Schedule 14

Fiscal Year Ended June 30	Storm Water Service Charges	Less: Operating Expenses ²	Net Available Revenue	Debt Service Requirements ⁵			Coverage ⁴
				Principal	Interest ³	Total	
2020	\$ 11,214,252	\$ 6,194,015	\$ 5,020,237	\$ 715,000	\$ 180,184	\$ 895,184	5.61
2019	11,160,120	3,671,047	7,489,073	690,000	193,098	883,098	8.48
2018	7,844,450	4,060,584	3,783,866	665,000	233,055	898,055	4.21
2017	6,833,895	3,682,835	3,151,060	645,000	243,432	888,432	3.55
2016	6,769,910	3,609,029	3,160,881	625,000	194,167	819,167	3.86
2015	6,203,349	3,489,698	2,713,651	610,000	208,936	818,936	3.31
2014	5,268,914	3,546,480	1,722,434	595,000	223,380	818,380	2.10
2013	5,233,338	2,384,924	2,848,414	575,000	208,594	783,594	3.64
2012	5,164,229	2,287,316	2,876,913	265,000	38,950	303,950	9.47

Notes:

- ¹ The Storm Water Fund became an Enterprise Fund effective with fiscal year 2012.
- ² Operating expenses include operating expenses exclusive of depreciation and all other amortization.
- ³ Interest represents accrual based interest excluding capitalized interest.
- ⁴ Coverage ratios do not represent coverage calculations as defined in the bond order.
- ⁵ Debt service includes revenue bonds and excludes notes payable.

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

City of Fayetteville, North Carolina
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Schedule 15

Year	City		County			
	Population ¹	Unemployment Rate ²	Personal Income ³	Per Capita Personal Income ³	School Enrollment ⁴	Retail Sales in Billions ⁵
2020	208,878	10.1%	N/A	N/A	50,880	4.330
2019	209,028	6.1%	N/A	N/A	53,361	4.318
2018	207,583	5.9%	12,887,624,000	38,780	50,937	4.049
2017	208,729	6.2%	12,252,634,000	36,990	51,480	4.040
2016	208,158	6.8%	11,983,381,000	35,954	51,846	3.849
2015	208,373	6.6%	11,984,830,000	36,178	50,939	3.693
2014	210,468	6.5%	11,724,155,000	35,273	51,855	3.509
2013	209,080	7.6%	11,482,517,000	34,484	52,729	3.559
2012	208,001	8.2%	11,545,812,000	34,991	53,063	3.532
2011	208,291	8.5%	11,302,912,000	34,203	53,361	3.376

Sources:

1. Office of State Budget and Management, Certified Municipal Population Estimates
2. NC Employment Security Commission. Calendar year unemployment statistics for Fayetteville, NC.
3. Bureau of Economic Analysis, US Department of Commerce. Data presented for Cumberland County, NC. 2019 and 2020 data not available.
4. Wikipedia, Cumberland County Schools; https://en.wikipedia.org/wiki/Cumberland_County_Schools edited 8/29/18
5. North Carolina Department of Revenue, Policy Analysis and Statistics Division. State Sales and Use Tax Statistics.

**City of Fayetteville, North Carolina
Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Schedule 16

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Dept. of Defense (Civilian) ¹	8,757	1	8.03%	6,530	2	5.57%
Cape Fear Valley Health System	6,233	2	5.71%	4,990	3	4.26%
Cumberland County Board of Education	6,012	3	5.51%	6,807	1	5.81%
Wal-Mart Associates, Inc.	2,656	4	2.43%	3,018	4	2.58%
Veterans Administration	2,426	5	2.22%	1,187	10	1.01%
Goodyear Tire & Rubber Company	2,350	6	2.15%	2,540	5	2.17%
Cumberland County Government	1,986	7	1.82%	2,360	6	2.01%
City of Fayetteville	1,762	8	1.62%	1,969	7	1.68%
Fayetteville Technical Community College	1,298	9	1.19%	1,200	8	1.02%
Food Lion	1,080	10	0.99%			
State of North Carolina				1,198	9	1.02%
Total Employment (Ten Largest Civilian Employers)	34,560		31.68%	31,799		27.14%

¹ Only includes Dept. of Defense Civilian Employees. Does not include contract employees or non-appropriated funds employees.

Sources: NC Department of Commerce, MilitaryINSTALLATIONS, Cape Fear Valley Health System, Cumberland County Board of Education, Fayetteville Cumberland County Economic Development Corporation, Cumberland County, FAY NC VA Coastal Health Care System, City of Fayetteville, Fayetteville Technical Community College, Food Lion

City of Fayetteville, North Carolina
Full-time City Government Employees by Function
Last Ten Fiscal Years
(Unaudited)

Schedule 17

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Administration	93	96	105	108	117	125	121	104	133	134
Public Safety	875	851	898	911	930	950	915	951	940	929
Environmental Protection¹	124	85	84	4	5	5	5	5	5	5
Transportation	72	77	78	78	75	79	70	63	71	78
Economic and physical development	24	20	20	20	22	27	13	21	24	21
Recreation and community facilities	114	121	121	117	117	115	170	236	115	115
Internal Service	48	45	46	45	5	4	4	3	2	3
Transit	76	87	92	89	98	113	104	112	112	108
Airport	18	19	19	20	23	23	17	17	23	22
Stormwater¹	-	26	26	36	37	43	47	41	33	36
Environmental Services³	-	-	1	70	67	70	74	69	67	61
(Solid Waste & Recycling)										
Total	<u>1,444</u>	<u>1,427</u>	<u>1,490</u>	<u>1,498</u>	<u>1,496</u>	<u>1,554</u>	<u>1,540</u>	<u>1,622</u>	<u>1,525</u>	<u>1,512</u>

Source: City Finance Office

¹The Stormwater Fund became an Enterprise Fund effective with fiscal year 2012 and is no longer included with Environmental Protection.

²The Street Sweeping function became a part of the Stormwater enterprise fund effective fiscal year 2014 and is no longer included with Environmental Protection.

³The Solid Waste function became a part of the Environmental Services enterprise fund effective fiscal year 2014 and is no longer included with Environmental Protection.

City of Fayetteville, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

Schedule 18

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Fire ⁽¹⁾										
Emergency responses	25,272	27,843	27,643	30,153 ⁽¹⁾	29,987	29,963	31,443	29,707	30,017	24,536
Fires extinguished	869	977	721	671 ⁽¹⁾	682	812	978	831	852	820
Fire inspections	6,900	6,335	2,761	3349 ⁽¹⁾	4,582	4,516	4,031	5,826	5,460	8,196
Police ⁽²⁾										
Number of law violations:										
Physical arrests	10,336	8,968	7,168	7,406	6,594	7,083 ⁽²⁾	6,524	6,606	6,099	5,001
Traffic citations	48,162	31,054	21,058	22,523	23,630	24,860 ⁽²⁾	17,263	17,443	16,634	12,222
Warning citations	21,034	19,713	17,219	21,788	38,326	53,553 ⁽²⁾	38,389	32,695	28,102	16,460
Calls for service	222,136	230,389	251,891	307,679	272,350	277,688 ⁽²⁾	296,609	288,896	278,560	258,008
Development Services										
Number of permits issued:										
Residential:										
New single family	431	548	502	343	308	290	249	275	223	229
New multi-family										
Number of units	1,165	966	983	111	170	311	64	54	35	148
Renovations	1,390	1,350	2,098	1,557	1,461	1,382	1,011	924	728	394
Commercial:										
New	87	62	71	51	69	69	52	56	53	77
Renovations	461	611	541	559	509	431	450	371	420	394
Other:										
Miscellaneous	17,598	19,290	13,132	10,319	12,467	11,825	11,556	9,092	8,891	8,762
Yard sale	1,186	1,114	921	998	727	702	601	572	460	304

City of Fayetteville, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

Schedule 18

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cultural and Recreational ⁽³⁾										
Youth Sports participants	16,081	10,870	11,805	11,173	11,687	15,209	17,057	15,970	19,182	15,841
Adult Sports participants	6,772	1,036	1,172	1,087	761	944	998	717	778	107
Senior participants	92,894	102,170	109,503	89,416	90,311	109,289	97,603	92,300	88,842	59,729
Therapeutic participants	22,192	20,048	29,522	22,793	23,021	52,942	57,171	56,955	47,049	29,920
Aquatics participants	23,811	24,903	22,394	22,123	22,345	38,099	66,446	72,140	73,200	39,668
Park programs participants	24,182	24,074	21,712	28,086	28,367	30,589	30,920	35,609	32,576	19,437
Special events participants	6,567	11,161	11,983	20,727	20,642	22,446	15,692	18,821	8,970	15,336
Permitted events	81	64	66	89	81	96	105	110	238	137
Mobile stage/bleacher rentals	51	47	44	49	47	92	137	116	108	104
Recreation center participants	508,801	524,772	525,848	586,199	592,061	621,664	631,514	816,726	661,301	558,602
Historical properties participants	34,011	134,247	105,126	95,622	63,531	73,109	60,661	60,152	46,641	58,707
Picnic shelter rentals	38,381	50,218	46,839	40,761	38,484	36,687	43,122	57,290	37,802	17,723
Festival Park										
Tier 1 Events (0 - 500 Attendees)	2	5	3	1	5	5	9	36	7	4
Tier 2 Events (501 - 2,500 Attendees)	7	11	13	6	15	2	3	2	16	4
Tier 3 Events (2,501 - 5,000 Attendees)	13	14	13	6	16	2	7	6	6	1
Tier 4 Events (5,001 - 10,000 Attendees)	N/A	N/A	N/A	N/A	N/A	10	8	10	2	1
Tier 5 Events (10,001 + Attendees)	N/A	N/A	N/A	N/A	N/A	19	15	19	13	4
Transportation										
Street Maintenance										
Streets maintained (miles)	726.51	730.79	734.13	735.69	735.69	740.69	740.68	743.40	744.13	745.96
Street resurfacing and cape sealing (miles)	25.05	19.52	17.80	14.30	17.50	20.09	13.50	8.31	13.16	11.26
Number of traffic signals maintained ⁽⁴⁾	225	225	226	214	214	214	225	230	231	233
Engineering										
Driveway permits (residential)	378	426	429	578	382	388	287	227	214	223
Driveway permits (commercial)	23	42	42	42	28	23	23	27	46	50
Airport ⁽¹⁾										
Number of enplaned passengers	254,134	253,330	244,345	237,282 ⁽¹⁾	161,635	224,489	229,684	238,178	231,003	167,835
Number of deplaned passengers	258,719	253,575	243,876	236,635 ⁽¹⁾	219,312	221,292	228,562	235,835	230,958	166,761

(1) Statistics for the Fire Department and Airport reflect fiscal year data starting with year ending June 30, 2014.

(2) Statistics for the Police Department reflect fiscal year data starting with year ending June 30, 2016.

(3) Statistics reflect the merger of Cumberland County and City of Fayetteville Parks and Recreation Departments.

(4) Reflects the number of traffic signals maintained by the City of Fayetteville.

City of Fayetteville, North Carolina
Capital Assets Statistics by Function
Last Ten Fiscal Years
(Unaudited)

Schedule 19

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public Safety										
Fire										
Number of stations	16	16	16	16	16	16	17	17	17	17
Police										
Number of stations	2	2	2	2	2	2	3	3	3	3
Cultural and Recreational										
Mini parks (.5 - 3 acres)	12	12	12	12	12	12	12	12	12	12
Neighborhood parks (7 - 15 acres)	14	14	14	14	14	14	14	14	14	14
Community parks (30 - 50 acres)	6	7	7	7	7	7	7	7	7	7
Sports complexes (40 - 80 acres)	2	3	3	3	3	3	3	3	3	3
Green spaces	8	8	8	8	8	8	8	8	8	8
Neighborhood school-parks	34	34	34	34	34	34	34	34	34	34
Community school-parks	1	1	1	1	1	1	1	1	1	1
Linear parks	3	3	3	3	3	3	3	3	3	3
Special use parks	7	8	8	8	8	8	8	8	8	8
Program sites	8	8	8	8	8	8	8	8	8	8
Regional parks (100 - 250 acres)	3	3	3	3	3	3	3	3	3	3
Community center with gym	16	16	16	16	16	16	16	16	16	16
Pools	-	-	-	-	1	3	3	3	3	4
Transportation										
Street Maintenance										
Streets maintained (miles)	726.51	730.79	734.13	735.69	735.69 ⁽¹⁾	740.69	740.68	743.40	744.13	745.96
Number of traffic signals ⁽²⁾	28	28	29	29	29	29	30	30	31	33

(1) Reflects correction of presentation of previous data

(2) Reflects the number of traffic signals owned by the City of Fayetteville

Source: Information provided by various city departments.

City of Fayetteville, North Carolina

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Compliance Section

- Independent Auditor's 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 on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and the Passenger Facility Charge Program
- Independent Auditor's Report on Compliance for each Major State Program and on Internal Control Over Compliance in Accordance with the State Single Audit Implementation Act
- Schedule of Findings and Questioned Costs
- Corrective Action Plan
- Summary Schedule of Prior Audit Findings
- Schedule of Expenditures of Federal and State Awards
- Notes to the Schedule of Expenditures of Federal and State Awards
- Schedule of Expenditures of Passenger Facility Charges
- Notes to the Schedule of Expenditures of Passenger Facility Charges

City of Fayetteville, North Carolina

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**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 Fayetteville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fayetteville, North Carolina (the City of Fayetteville), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Fayetteville's basic financial statements, and have issued our report thereon dated January 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fayetteville'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 Fayetteville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fayetteville's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fayetteville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 City of Fayetteville's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fayetteville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Morehead City, North Carolina
January 22, 2021

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance Required By The Uniform Guidance; and Report on Compliance and Internal Control Over Compliance with the Passenger Facility Charge Program

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program

We have audited the City of Fayetteville, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*; the *Audit Manual for Governmental Auditors* issued by the North Carolina Local Government Commission; and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that could have a direct and material effect on each of the City of Fayetteville's major federal programs and the passenger facility charge program for the year ended June 30, 2020. The City of Fayetteville's and PWC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and the passenger facility charge program.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal programs and the passenger facility charge program. However, our audit does not provide a legal determination of the City of Fayetteville's compliance.

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

In our opinion, the City of Fayetteville 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 their major federal programs and the passenger facility charge program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or the passenger facility charge 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 noncompliance with a type of compliance requirement of a federal program or the passenger facility charge 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 or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

RSM US LLP

Morehead City, North Carolina
January 22, 2021

Report On Compliance For Each Major State Program and Report On Internal Control Over Compliance Required By The State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Fayetteville's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Fayetteville's major State programs for the year ended June 30, 2020. The City of Fayetteville's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the City of Fayetteville 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

RSM US LLP

Morehead City, North Carolina
January 22, 2021

**City of Fayetteville, North Carolina
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2020**

Section 1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

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

(Continued)

**City of Fayetteville, North Carolina
 Schedule of Findings and Questioned Costs (Continued)
 For the Fiscal Year Ended June 30, 2020**

Section 1. Summary of Auditor's Results (Continued)

Identification of major federal programs:

CFDA #	Program Name
14.218	Community Development Block Grant
21.019	Coronavirus Aid, Relief, and Economic Security Act
97.036	Federal Emergency Management Agency

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

Auditee qualified as low-risk auditee? _____ Yes X No

State Awards

Internal control over State programs:

Material weakness(es) identified? _____ Yes X No
 Significant deficiency(ies)
 identified? _____ Yes X None Reported

Type of auditor's report issued on compliance for major State program: Unmodified

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

Identification of major State programs:
 Nonstate System Street Aid Allocation (Powell
 Bill)
 State Aid for Airport Projects

(Continued)

City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2020

Section 2. Financial Statement Finding

None reported.

Section 3. Findings and Questioned Costs for Federal Awards

None reported.

Section 4. Findings and Questioned Costs for State Awards

None reported.

Section 5. Findings and Questioned Costs for the Passenger Facility Charge Program

None reported.

**City of Fayetteville, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2020**

Section 2. Financial Statement Findings

No corrective action required in current year.

Section 3. Findings and Questioned Costs for Federal Awards

No corrective action required in current year.

Section 4. Findings and Questioned Costs for State Awards

No corrective action required in current year.

**City of Fayetteville, North Carolina
Summary of Prior Audit Findings
For the Fiscal Year Ended June 30, 2020**

None Noted

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020

GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title	Federal CFDA Number	State/ Pass-through or Other Identifiable Grant Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients	Total Expenditures
FEDERAL GRANTS						
US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT						
Community Development Block Grant Cluster						
CDBG Entitlement Grant FY2017-2018	14.218	B-17-MC-37-0005	\$ 441	\$ -	\$ -	\$ 441
CDBG Entitlement Grant FY2018-2019	14.218	B-18-MC-37-0005	1,020,979	-	225,582	1,020,979
Total Community Development Block Grant Cluster			1,021,420	-	225,582	1,021,420
CDBG Disaster Recovery Grants Cluster						
CDBG Disaster Relief Grants Passed-through NC Department of Public Safety Office of Recovery and Resiliency	14.228	B-16-DL-37-0001	27,400	-	-	27,400
CDBG Disaster Relief Grants Passed-through NC Department of Public Safety Passed-through Cumberland County CDBG-DR	14.269	17-R-3006	11,350	-	-	11,350
Total CDBG Disaster Recovery Grants Cluster			38,750	-	-	38,750
HOME Investment Partnerships Program						
FY2014-2015	14.239	M14-MC370203	5,303	-	-	5,303
FY2015-2016	14.239	M15-MC370203	92,997	-	-	92,997
FY2016-2017	14.239	M16-MC370203	391,030	-	-	391,030
FY2017-2018	14.239	M17-MC370203	126,786	-	-	126,786
FY2018-2019	14.239	M18-MC370203	157,953	-	-	157,953
FY2019-2020	14.239	M19-MC370203	55,912	-	-	55,912
Total HOME Investment Partnerships Program			829,981	-	-	829,981
Total US Department of Housing & Urban Development			1,890,151	-	225,582	1,890,151
US DEPARTMENT OF JUSTICE						
Office of Justice Programs						
2020 Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-333	46,785	-	-	46,785
Project Safe Neighborhoods	16.609	2018-GP-BX-0035	13,967	-	-	13,967
NIBRS Transition Process	16.734	2018-MU-CX-K036	31,010	-	-	31,010
National Sexual Assault Initiative	16.833	2015-AK-BX-K011	4,687	-	-	4,687
National Sexual Assault Initiative	16.833	2016-AK-BX-K017	53,886	-	-	53,886
			150,335	-	-	150,335
Equitable Sharing Program	16.922		98,405	-	-	98,405
Total Office of Justice Programs			248,740	-	-	248,740
Office of Juvenile Justice & Delinquency Prevention						
Passed through Cal Ripken, Sr. Foundation						
2018 Badges for Baseball Program	16.726	2018-FED-OJJDP-B4B	4,500	-	-	4,500
2018 Badges for Baseball Program	16.726	2018-PVT-NIAGARA-B	5,000	-	-	5,000
2019 Badges for Baseball Program	16.726	2018-FED-OJJDP-B4B	7,000	-	-	7,000
Total Office of Juvenile Justice & Delinquency Prevention Passed through Cal Ripken, Sr. Foundation			16,500	-	-	16,500
Edward Byrne Memorial Justice Assistance Grant Program						
Passed through Cumberland County						
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0871	18,081	-	-	18,081
Edward Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-BX-0249	108,119	-	-	108,119
Edward Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-BX-0041	22,000	-	-	22,000
Total Edward Byrne Memorial Justice Assistance Grant Program Passed through Cumberland County			148,200	-	-	148,200
Passed through NC Department of Public Safety						
Governor's Crime Commission - EKG 2017	16.540	PROJ012472	2,534	-	-	2,534
Governor's Crime Commission - Interactive Policing	16.540	PROJ012426	7,131	-	-	7,131
Total Passed through NC Department of Public Safety			9,665	-	-	9,665
Total US Department of Justice			423,105	-	-	423,105
US DEPARTMENT OF THE TREASURY						
Treasury Forfeiture Fund Program	21.000	N/A	49,873	-	-	49,873
Coronavirus Relief Fund (CRF) Passed-through NC Pandemic Recovery Office Passed-through Cumberland County	21.019		900,000	-	-	900,000
Total US Department of the Treasury			949,873	-	-	949,873
US DEPARTMENT OF TRANSPORTATION						
Federal Aviation Administration						
Airport Improvement Program						
Terminal Improvements Part I - AIP 45	20.106	FAA-3-37-0021-45	213,326	-	-	213,326
Terminal Improvements Part II - AIP 46	20.106	FAA-3-37-0021-46	497,378	-	-	497,378
CARES Act Airport Grant	20.106	3-37-0021-047-2020	1,415,434	-	-	1,415,434
Total Airport Improvement Program			2,126,138	-	-	2,126,138
Total Federal Aviation Administration			2,126,138	-	-	2,126,138

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020

US DEPARTMENT OF TRANSPORTATION (Continued)

Federal Transportation Administration

Highway Planning and Construction Cluster

Passed through NC Dept of Transportation

Owen Drive Sidewalk	20.205	STP-2251	437,000	-	-	437,000
Total Highway Planning and Construction Cluster Passed through the NC Dept of Transportation			437,000	-	-	437,000

Recreational Trails Program

Passed through NC Department of Natural and Cultural Resources

Blount's Creek Trail	20.219	RTP2015-02P001	1,681	-	-	1,681
Total Recreational Trails Program Passed through NC Department of Natural and Cultural Resources			1,681	-	-	1,681

Total Highway Planning and Construction Cluster			438,681	-	-	438,681
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Federal Transit Grant Cluster

Capital Investment Grants	20.500	NC-04-0054	8,351	-	-	8,351
	20.500	NC-04-0055	1,302	169	-	1,471
Preventive Maintenance & American with Disabilities Act	20.507	NC-2020-24	1,282,113	-	-	1,282,113
	20.507	NC-2020-33	1,320,000	-	-	1,320,000
Operating Assistance	20.507	NC-2020-24	1,624,989	-	-	1,624,989
	20.507	NC-2020-33	500,000	-	-	500,000
Capital Grants	20.507	NC-90-0548	2,300	-	-	2,300
	20.507	NC-2016-021-00	926,793	46,710	-	973,503
	20.507	NC-2016-030-00	5,624	26,757	-	32,381
	20.507	NC-2017-031-00	60,749	-	-	60,749
	20.507	NC-2018-045-00	181,823	20,020	-	201,843
	20.507	NC-2019-021-00	543,772	-	-	543,772
	20.507	NC-2019-022-00	779,833	-	-	779,833
Planning Grants	20.507	NC-90-2592	35,978	-	-	35,978
	20.507	NC-2016-014-00	248	-	-	248
	20.507	NC-2018-045-00	79,267	-	-	79,267
	20.507	NC-2019-021-00	44,846	-	-	44,846
	20.507	NC2020-024-00	31,729	-	-	31,729
Total Federal Transit Grant Cluster			7,429,717	93,656	-	7,523,373

Federal Transit Services Program Cluster

Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	NC-2016-014-00	248	-	-	248
Veterans Transportation and Community Living Initiative	20.514	NC-26-0008	1,139	-	-	1,139
Total Federal Transit Services Program Cluster			1,387	-	-	1,387

Total Federal Transportation Administration			7,869,785	93,656	-	7,963,441
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Total US Department of Transportation			9,995,923	93,656	-	10,089,579
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US DEPARTMENT OF VETERANS AFFAIRS

Adaptive Sports for Disabled Vets	64.034	2019-ASG-24	1,263	-	-	1,263
Adaptive Sports for Disabled Vets	64.034	SPORTS-19-092	17,718	-	-	17,718

Total US Department of Veterans Affairs			18,981	-	-	18,981
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US DEPARTMENT OF HEALTH AND HUMAN SERVICES

Aging Cluster

Passed through NC Department of Health & Human Services

Senior Citizens Service Center	93.044	N/A	21,516	-	-	21,516
Total Aging Cluster Passed through the NC Department of Health & Human Services			21,516	-	-	21,516

Total US Department of Health and Human Services			21,516	-	-	21,516
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US DEPARTMENT OF HOMELAND SECURITY

Passed-through NC Department of Public Safety

Disaster Grants - Public Assistance
(Presidentially Declared Disasters) FEMA
Hurricane Matthew - FEMA-4285-DR-NC
City:

Shawcroft Road Permanent Repair	97.036	PW693	516,964	172,321	-	689,285
Debris Removal 31-90	97.036	PW694	4,043	1,011	-	5,054
Shawcroft Access Rd Restoration	97.036	PW697	61,702	20,567	-	82,269
Airport Storm Drain/Erosion	97.036	PW1202	152,358	50,786	-	203,144
Siple Avenue	97.036	PW1211	6,001	2,001	-	8,002
Greenoch Drive	97.036	PW1212	36,610	12,203	-	48,813
N. Cool Spring St (Incl Hazard Mitigation)	97.036	PW1252	15,150	5,050	-	20,200

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020

US DEPARTMENT OF HOMELAND SECURITY (Continued)

Passed-through NC Department of Public Safety						
Disaster Grants - Public Assistance						
(Presidentially Declared Disasters) FEMA						
Hurricane Matthew - FEMA-4285-DR-NC						
Mirror Lake Dam Restoration	97.036	PW1262	2,589,598	863,199	-	3,452,797
Parking Lot & Pedestrian Pole Repairs	97.036	PW1331	18,393	6,131	-	24,524
Police Emergency Protective Measures	97.036	PW1358	10,882	3,627	-	14,509
Rayconda Temporary Connector Road	97.036	PW1364	3,117	1,039	-	4,156
Linear Park Trail Stairs & Overlook	97.036	PW1392	5,464	1,821	-	7,285
Labor & Debris 0-30	97.036	PW1472	49,794	8,787	-	58,581
Cross Creek Bank Stabilization	97.036	PW1743	11,462	3,821	-	15,283
280 Lamon Street	97.036	PW1744	10,069	3,356	-	13,425
Devonwood Lower Dam Restoration	97.036	PW1887	69,878	23,293	-	93,171
Hurricane Florence - FEMA-4393-DR-NC:						
City:						
Debris Monitoring & Removal	97.036	PW2081	122,140	40,713	-	162,853
Cross Creek Cemetery Bank Stabilization	97.036	PW2267	169,658	56,553	-	226,211
Emergency Protective Measures	97.036	PW2357	652,500	217,500	-	870,000
City Parks	97.036	PW2564	89,091	29,697	-	118,788
Management Costs	97.036	PW2628	1,939	-	-	1,939
PWC:						
Water Mutual Aid & Contractors	97.036	PW1026	436,100	145,367	-	581,467
Electric Mutual Aid & Contractors	97.036	PW1200	460,077	153,359	-	613,436
Electric Resources Permanent Repairs	97.036	PW2577	1,312,743	437,581	-	1,750,324
Debris Removal	97.036	PW2293	437,410	145,803	-	583,213
Emergency Operations Center	97.036	PW2585	313,054	104,351	-	417,405
COVID-19 - FEMA-4487-DR-NC:						
City:						
Emergency Protective Measures - General	97.036	146816	23,184	7,728	-	30,912
Total Disaster Grants - Public Assistance Passed-through the NC Department of Public Safety			7,579,381	2,517,665	-	10,097,046
Hazard Mitigation Grant Program						
Acquisition	97.039	HMGP 4285-0036-R	360,813	120,271	-	481,084
Reconstruction	97.039	HMGP 4285-0066-R	1,417	472	-	1,889
Elevation	97.039	HMGP 4285-0035-R	119,821	39,940	-	159,761
Total Hazard Mitigation Grants Passed-through the NC Department of Public Safety			482,051	160,683	-	642,734
Homeland Security Grant Program - Training						
Total Homeland Security Grants Passed-through the NC Department of Public Safety	97.067	EMW-2018-SS-00053	11,500	-	-	11,500
Law Enforcement Officer Reimbursement Agreement Programs						
Total US Department of Homeland Security	97.090	HSTS0216HSLR733	110,710	-	-	110,710
			8,183,642	2,678,348	-	10,861,990
Total Assistance - Federal Programs			21,483,191	2,772,004	225,582	24,255,195
STATE GRANTS						
<u>NC DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES</u>						
Soil and Water Conservation Division						
Lock's Creek Debris Removal Passed-through Cumberland County	N/A		-	60,972	-	60,972
Total Transportation Improvement Program			-	60,972	-	60,972
<u>NC DEPARTMENT OF TRANSPORTATION</u>						
Public Transportation Division						
Maintenance Assistance	N/A	36234.8.13.2	-	730,118	-	730,118
Total State Public Transportation Division			-	730,118	-	730,118
Powell Bill	N/A	32570	-	3,908,962	-	3,908,962
Division of Aviation						
State Aid for Airport Projects - FAY - SB257 AIRPORT IMPROVEM	N/A	36244.27.14.1	-	1,347,336	-	1,347,336
Aviation State Aid - Airport Improvements and Debt Service	N/A	36244.27.15.1	-	678,976	-	678,976
Total Division of Aviation			-	2,026,312	-	2,026,312
Total NC Department of Transportation			-	6,726,364	-	6,726,364
<u>NC DEPARTMENT OF PUBLIC SAFETY</u>						
Hazmat (RRT Grant)	N/A	RRT 3 2019	-	69,000	-	69,000
Total Hazmat RRT Grants			-	69,000	-	69,000

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020

NC DEPARTMENT OF PUBLIC SAFETY (Continued)

Passed-through from Cumberland County							
Juvenile Restitution FY 2019	N/A	526-10413	-	47,887	-	47,887	
Total NC Department of Public Safety			-	116,887	-	116,887	

NC OFFICE OF STATE BUDGET AND MANAGEMENT

Cape Fear River Trail Connector, Phase I	N/A	2017.45.3	-	41,558	-	41,558	
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Passed-through Golden LEAF Foundation

Hurricane Matthew Recovery - Cross Creek Cemetery Bank Stabilization Project		N/A	FY2018-003	-	178,095	-	178,095
Spruce Street Drainage		N/A	FY2017-210	-	488,542	-	488,542
Total passed-through Golden Leaf Foundation				-	666,637	-	666,637
Total NC Office of State Budget and Management				-	708,195	-	708,195

NC DEPARTMENT OF COMMERCE

Rural Economic Development Division							
Rural Housing Recovery Grant	N/A	2019-132-3215-2545	-	329,631	-	329,631	
Parking Management Plan	N/A	2018-25-1257-1534	-	16,100	-	16,100	
Total NC Department of Commerce			-	345,731	-	345,731	

Total Assistance - State Programs			-	7,897,177	-	7,897,177	
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Total Assistance			\$ 21,483,191	\$ 10,669,181	\$ 225,582	\$ 32,152,372	
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CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2020

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE 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 Fayetteville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Fayetteville, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Fayetteville.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported 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 Fayetteville has elected not to use the 10% de-minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Passenger Facility Charges
Year Ended June 30, 2020

	Cumulative Receipts June 30, 2019	Receipts Year End June 30, 2020	Cumulative Receipts June 30, 2020	Amount of Collection Approval
PFC Revenue Received	\$ 8,803,520	\$ 716,816	\$ 9,520,336	
Interest Earned	186,167	54,418	240,585	
Total PFC Revenue Received	8,989,687	771,234	9,760,921	10,888,149
PFC Revenues Accrued	-	58,453	58,453	
PFC Investment Income Differential	-	39,299	39,299	
Total PFC Revenues	8,989,687	868,986	9,858,673	10,888,149

	Cumulative Expenditures June 30, 2019	Expenditures Year End June 30, 2020	Cumulative Expenditures June 30, 2020	Amount of Use Approval
Application No. 00-01-C-04-FAY & 02-02-U-02-FAY				
Use Approval				
Closed Application	\$ 1,061,391	\$ -	\$ 1,061,391	\$ 1,061,391
Total Use Approval	1,061,391	-	1,061,391	1,061,391
Total Application No. 00-01-C-04-FAY & 02-02-U-02-FAY	\$ 1,061,391	\$ -	\$ 1,061,391	\$ 1,061,391

	Cumulative Expenditures June 30, 2019	Expenditures Year End June 30, 2020	Cumulative Expenditures June 30, 2020	Amount of Use Approval
Application No. 05-03-C-01-FAY				
Use Approval				
Closed Application	\$ 324,231	\$ -	\$ 324,231	\$ 324,232
Total Use Approval	324,231	-	324,231	324,232
Total Application No. 05-03-C-01-FAY	\$ 324,231	\$ -	\$ 324,231	\$ 324,232

	Cumulative Expenditures June 30, 2019	Expenditures Year End June 30, 2020	Cumulative Expenditures June 30, 2020	Amount of Use Approval
Application No. 09-04-C-00-FAY				
Use Approval				
Closed Application	\$ 1,701,088	\$ -	\$ 1,701,088	\$ 1,701,089
Total Use Approval	1,701,088	-	1,701,088	1,701,089
Total Application No. 09-04-C-00-FAY	\$ 1,701,088	\$ -	\$ 1,701,088	\$ 1,701,089

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Passenger Facility Charges
Year Ended June 30, 2020

	Cumulative Expenditures June 30, 2019	Expenditures Year End June 30, 2020	Cumulative Expenditures June 30, 2020	Amount of Use Approval
Application No. 13-05-C-00-FAY				
Use Approval				
Replace B4 Jet Bridge	\$ 470,334	\$ -	\$ 470,334	\$ 485,577
Taxiway A Rehab - Design	28,641	-	28,641	38,586
Construct Taxiway A Rehab	118,383	-	118,383	260,303
Rehab Air Carrier Apron Phase II - Design	10,080	-	10,080	13,580
Air Carrier Apron Rehab Phase I Construction	223,040	-	223,040	225,000
Runway 4 RSA Improvements - Design	5,599	-	5,599	6,250
Taxiway A Extension - Design	12,623	-	12,623	18,750
Runway 4 RSA Improvements - Construction	96,547	-	96,547	110,959
Taxiway a Extension Construction	289,642	-	289,642	317,740
Paved Shoulders - Design and Bidding	16,820	-	16,820	16,820
FAA Reimbursable Agreement MALSR Modification	5,724	-	5,724	7,179
Design and Construct Wildlife/Security Fencing	-	-	-	75,000
Total Use Approval	1,277,433	-	1,277,433	1,575,744
Total Application No. 13-05-C-00-FAY	\$ 1,277,433	\$ -	\$ 1,277,433	\$ 1,575,744

	Cumulative Expenditures June 30, 2019	Expenditures Year End June 30, 2020	Cumulative Expenditures June 30, 2020	Amount of Use Approval
Application No. 15-06-C-00-FAY				
Use Approval				
Airport Master Plan (AMP) Update, Part 1, Airline Term	\$ 33,750	\$ -	\$ 33,750	\$ 33,750
Air Carrier Apron Rehabilitation Phase II	228,378	-	228,378	277,929
Taxiway J&K Rehabilitation	333,809	-	333,809	359,627
Airport Master Plan Update, Part 2, Incl 18B Mapping and NAVAIDs Planning	57,997	1,885	59,882	60,000
Total Use Approval	653,934	1,885	655,819	731,306
Total Application No. 15-06-C-00-FAY	\$ 653,934	\$ 1,885	\$ 655,819	\$ 731,306

	Cumulative Expenditures June 30, 2019	Expenditures Year End June 30, 2020	Cumulative Expenditures June 30, 2020	Amount of Use Approval
Application No. 16-07-U-00-FAY				
Use Approval				
Design & Construct-Airline Terminal Improvements	\$ 1,444,163	\$ 100,730	\$ 1,544,893	\$ 2,819,997
Total Use Approval	1,444,163	100,730	1,544,893	2,819,997
Total Application No. 16-07-U-00-FAY	\$ 1,444,163	\$ 100,730	\$ 1,544,893	\$ 2,819,997

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Passenger Facility Charges
Year Ended June 30, 2020

	Cumulative Expenditures June 30, 2019	Expenditures Year End June 30, 2020	Cumulative Expenditures June 30, 2020	Amount of Use Approval
Application No. 19-08-C-00-FAY				
Use Approval				
Airline Terminal Improvements-Phase 1 (Design, Bidding and Construction Administration)	\$ -	\$ 52,501	\$ 52,501	\$ 2,674,390
Total Use Approval	-	52,501	52,501	2,674,390
Total Application No. 19-08-C-00-FAY	\$ -	\$ 52,501	\$ 52,501	2,674,390

	Cumulative Totals June 30, 2019	Totals Year End June 30, 2020	Cumulative Totals June 30, 2020	Amount of Use Approval
Total PFC Revenues	\$ 8,989,687	\$ 868,986	\$ 9,858,673	
Total PFC Expenditures	(6,462,240)	(155,116)	(6,617,356)	
Balance of PFC's at June 30,2020	\$ 2,527,447	\$ 713,870	\$ 3,241,317	\$ 10,888,149

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Passenger Facility Charges
Year Ended June 30, 2020

Notes to the Schedule of Passenger Facility Charges

Note 1 - Basis of Presentation

The accompanying schedule of passenger facility charges includes the passenger facility charges of the City of Fayetteville, North Carolina and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration.



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