



 **FAYETTEVILLE** N.C.

FY
2021



Annual Comprehensive Financial Report

Fiscal Year Ended
June 30, 2021

City of Fayetteville, North Carolina

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Prepared by the City of Fayetteville Finance Department

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With Special Thanks

Kelly Olivera, Director of Budget and Evaluation

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

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Introductory Section

- Letter of Transmittal
- List of Principal Officials
- Organization Chart



City of Fayetteville, North Carolina

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November 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 Annual Comprehensive Financial Report (ACFR) of the City of Fayetteville, North Carolina for the fiscal year ended June 30, 2021. 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 ACFR 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.

PB Mares, LLP, has issued an unmodified ("clean") opinion on the City of Fayetteville's financial statements for the fiscal year ended June 30, 2021. 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 208,501 in 2020. 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 54,000 military personnel, 14,000 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.



Fayetteville’s annual unemployment rates steadily declined from 2017 to 2019 before increasing 4.3 points at fiscal year ended June 30, 2020 due to the national COVID-19 pandemic. However, a favorable downward trend in unemployment began in the second half of fiscal year 2021, resulting in a 1.0 point decrease from the prior year. 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
2021	9.0	6.0	6.9
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

* NC Department of Commerce, Labor and Economic Analysis Division

Median household income in Cumberland County in 2019 was \$46,292, as compared to nation-wide at \$65,712 and state-wide at \$57,341 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 130,444 people. The largest industries in Cumberland County are health care, retail trade, and accommodation and food services and the highest paying industries are utilities, public administration and professional, and information. This diverse economy has provided economic stability during the COVID-19 pandemic, as growth in some industries has offset contractions in other industries more directly impacted by the COVID-19 pandemic. Fayetteville and Cumberland County is a business community that shows hospitality to new residents and businesses.

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 2021, the City issued building permits for 302 new single-family residential units valued at \$71.3 million and 60 new commercial building permits valued at \$78.1 million. For comparison, during fiscal year 2020, the City issued 229 new single-family residential units valued at \$51.4 million and 77 new commercial building permits valued at \$70.5 million.

Taxable sales in Cumberland County for fiscal year 2021 totaled approximately \$5.2 billion, which represents a 20.96% increase over fiscal year 2020. After a sharp decline in consumer spending during the first half of 2020 because of the COVID-19 pandemic, tax revenues surged in the second half of 2020 and continued in 2021. The turnaround is attributed to improvement in economic conditions as federal stimulus funds boosted personal incomes and spending. Historical sales for Cumberland County are provided in the following table.



TAXABLE SALES*		
Fiscal Year	Cumberland County	Change
2021	5,238,219,221	20.96%
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%

* NC Department of Revenue, Sales and Use Tax Division

The original proposed general fund budget for fiscal year 2021 was \$233,159,310, excluding internal service funds, is \$3,489,701 more than the original budget for fiscal year 2020, an increase of 1.5%. The fiscal year 2021 budget anticipated total real property taxes to grow by 0.6% over the values projected for the adopted fiscal year 2020 budget. These projections reflected tempered growth due to the impacts of the COVID-19 pandemic. 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.fayettevillenc.gov.

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 2021 the City dedicated an amount equivalent to 5.07 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.

As part of the American Rescue Plan Act (ARPA) of 2021, the Coronavirus State and Local Fiscal Recovery Fund provides a major infusion of federal dollars directly to the City of Fayetteville, allowing an opportunity to deliver stabilization and care to our community. The City was awarded \$40.4 million of ARPA funds, with the first distribution of \$20.2 million in May 2021. The second distribution is expected in the Spring of 2022. The grant allows the City broad flexibility to decide how to best use this funding to meet needs.

In 2021, The U.S. Department of Housing and Urban Development awarded a \$450,000 grant to The City of Fayetteville and Fayetteville Metropolitan Housing Authority. The money will be used to create a revitalization plan for a section of the Murchison Road Corridor. Specifically, Murchison Road between Rowan Street and Pamalee Drive/Country Club Drive. The HUD Choice Neighborhood program awarded revitalization grants to 11 cities, including Fayetteville.

During fiscal year 2021 the City accomplished or continued work on significant capital projects, financial and economic development goals including the following:

- \$5.4 million in resurfacing streets, construction of sidewalks, bridge repairs and replacements and other traffic system improvements.
- \$15.4 million was spent for terminal improvements at the City of Fayetteville airport funded by federal grants, state grants and other revenue sources.
- \$2.8 million of Parks and Recreation bond funds were used to construct and renovate parks and recreation facilities. Projects included splash pads, a sports field, a soccer complex, a tennis center and renovations and improvements to existing recreational facilities.
- \$6.9 million in various stormwater drainage system improvement projects throughout the City.

AWARDS AND ACKNOWLEDGEMENTS

The City has submitted an application for a Certificate of Achievement for Excellence in Financial Reporting which is awarded by the Government Finance Officers Association of the United States and Canada (GFOA) based upon a review of the City's annual comprehensive financial report for the fiscal year ended June 30, 2020. The GFOA's efforts to deal with the COVID-19 pandemic have temporarily lengthened the turnaround time for award decisions. 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 annual comprehensive financial report also meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a Certificate of Achievement.

The City received the Distinguished Budget Presentation Award which is awarded by the GFOA based upon a review of the City's annual budget for fiscal year 2021. 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. The fiscal year 2022 budget has been submitted to the GFOA to determine its eligibility for an award.

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 2021, 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 19 North Carolina governments to earn recognition in the North Carolina City & County Communicators' 2021 Excellence in Communications Awards. The City of Fayetteville won first place awards for audio, digital resource, and social media. The City of Fayetteville also won second place awards for print employee newsletter and regular programming.

The City 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.

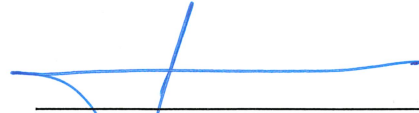
Credit for this report is given to the Mayor and members of the City Council for their unflinching support of the highest standards of professionalism in the management of Fayetteville's finances. The report is the work of dedicated Finance Department staff. We wish to express our appreciation to members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

Respectfully submitted,

Respectfully submitted,



Douglas J. Hewett, ICMA-CM
City Manager



Jay Toland
Asst. City Manager/CFO

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 / Assistant City Manager*

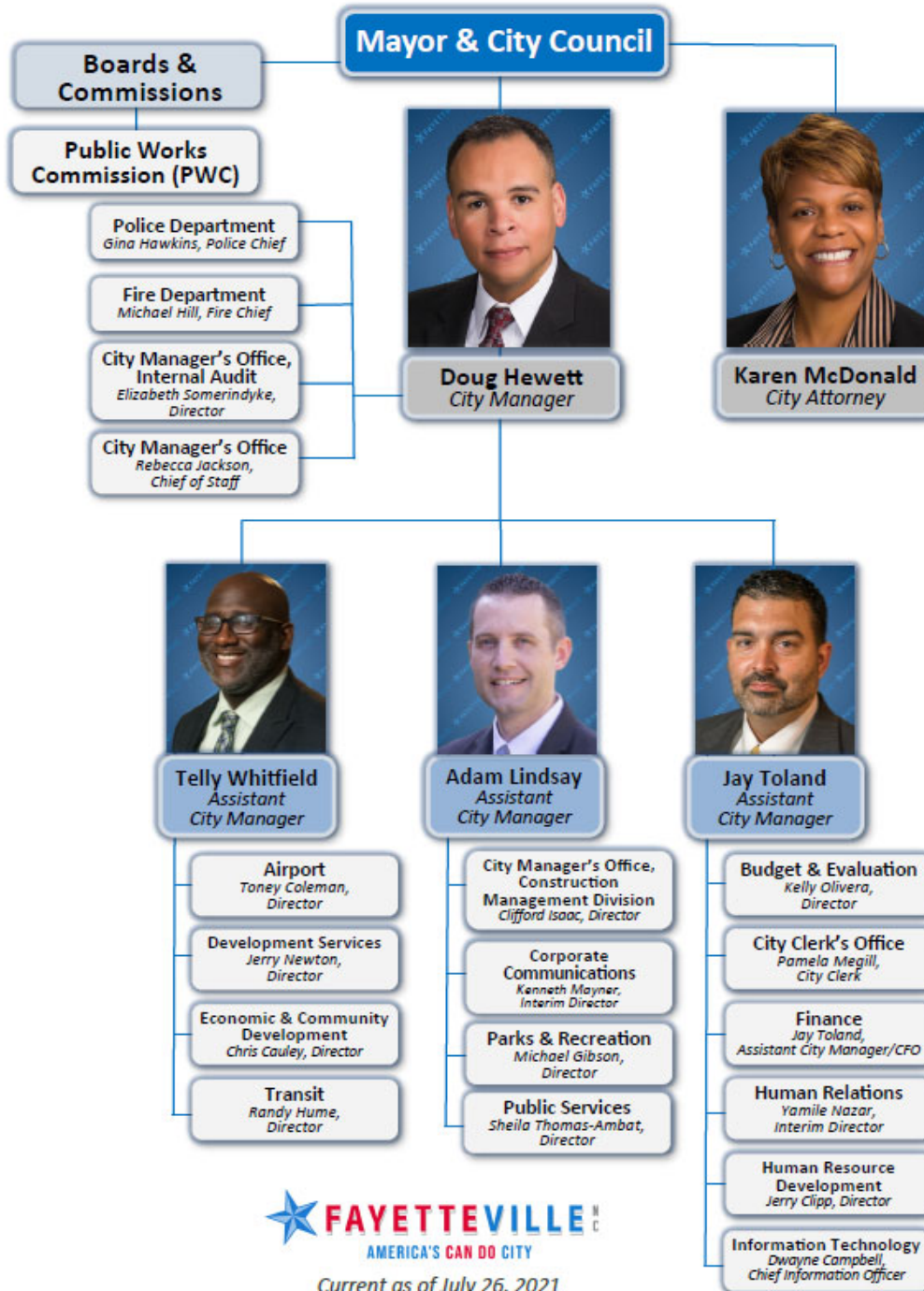
Pamela Megill, *City Clerk*

Karen McDonald, *City Attorney*

City of Fayetteville, North Carolina

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Organization Chart



City of Fayetteville, North Carolina

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Report of Independent Auditor





Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of 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, the aggregate remaining fund information, and the respective budgetary schedules of the City of Fayetteville, North Carolina (City of Fayetteville) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Fayetteville'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 City of Fayetteville'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 City of Fayetteville'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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Auditors

The financial statements of the City of Fayetteville, as of and for the year ended June 30, 2020, were audited by other auditors, whose report, dated January 22, 2021, expressed an unmodified opinion on those statements.

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'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.

The combining and individual fund statements, budgetary schedules and other schedules listed in the table of contents, 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 November 22, 2021 on our consideration of the City of Fayetteville'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's internal control over financial reporting and compliance.

PBMares, LLP

Morehead City, North Carolina
November 22, 2021

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, 2021. 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 \$573.4 million (*net position*). Of this amount, unrestricted net position of \$67.3 million is used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$19.8 million.

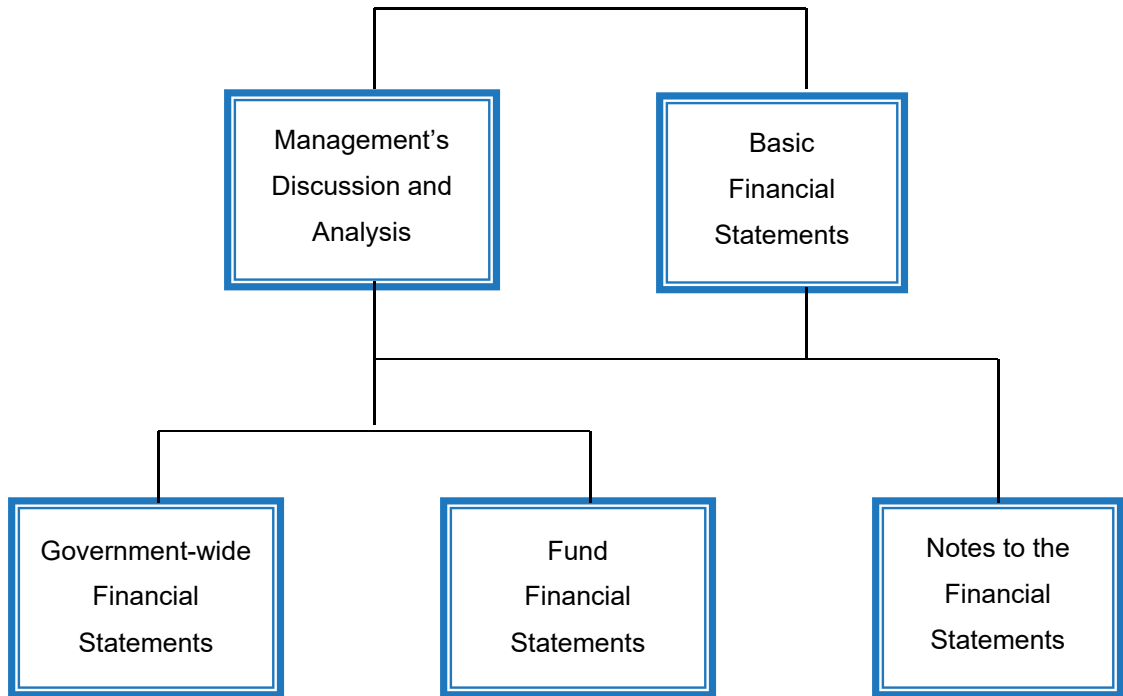
- Net position in the Governmental activities increased \$3.9 million to \$397.5 million in fiscal year 2021, up from \$393.7 million in fiscal year 2020. By far the largest portion of net position, \$335.8 million or 84.5%, reflects the net investment in capital assets less any related debt still outstanding.
- Net position in the Business type activities increased \$15.9 million to \$175.9 million in fiscal year 2021, up from \$160.0 million in 2020. The largest portion of net position, \$138.4 million or 78.6%, 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 2021, the City's governmental funds reported an ending fund balance of \$136.1 million, an increase of \$10.6 million in comparison to the prior year. Approximately 39.3% of total fund balance, or \$53.5 million, is non-spendable or restricted.
- At the end of fiscal year 2021, unassigned fund balance for the General Fund was \$23.6 million or 12.5% of the fiscal year 2022 General Fund original adopted budget of \$188.5 million.
- The City's total debt at fiscal year-end 2021 increased by \$21.6 million. General obligation debt, limited obligation debt, revenue bond debt, installment agreements and notes payable increased .7 million and compensated absences, net pension liabilities and other postemployment benefits increased by \$20.9 million.
- During fiscal year 2021, 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 one in the financial report includes further discussion of the reporting entity and description of funds.

Required Components of Annual Financial Report

Figure 1



Summary \longrightarrow Detail

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 it has 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.

Private Purpose Trust 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.

Custodial Funds – Custodial funds are used to account for assets the City holds on behalf of others. The City maintains one custodial 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- 64 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, 2021 with comparative data for June 30, 2020. The City's combined net position increased \$19.7 million, or 3.5%, from fiscal year 2020. 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	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 179,813	\$ 225,559	\$ 47,437	\$ 57,318	\$ 227,250	\$ 282,877
Capital assets	406,873	407,538	134,075	143,499	540,948	551,037
Total assets	586,686	633,097	181,512	200,817	768,198	833,914
Deferred outflows of resources	23,800	34,530	5,127	5,690	28,927	40,220
Total assets and deferred outflows of resources	610,486	667,627	186,639	206,507	797,125	874,134
Long-term liabilities outstanding	193,689	210,984	19,376	23,466	213,065	234,450
Other liabilities	17,514	53,204	6,696	6,457	24,210	59,661
Total liabilities	211,203	264,188	26,072	29,923	237,275	294,111
Deferred inflows of resources	5,615	5,914	543	665	6,158	6,579
Total liabilities and deferred inflows of resources	216,818	270,102	26,615	30,588	243,433	300,690
Net position:						
Net investment in capital assets	330,864	335,817	127,557	138,353	458,421	474,170
Restricted	46,691	34,354	3,241	3,219	49,932	37,573
Unrestricted	16,113	27,353	29,226	34,347	45,339	61,700
Total net position	\$ 393,668	\$ 397,524	\$ 160,024	\$ 175,919	\$ 553,692	\$ 573,443

The assets and deferred outflows of the City exceeded liabilities and deferred inflows by \$573.4 million as of June 30, 2021. Net position is reported in three categories: net investment in capital assets of \$474.2 million, restricted net position of \$31.9 million, and unrestricted net position of \$61.7 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, 2021, \$61.7 million or 11.7%, of the reported total net position of \$573.4 million, is unrestricted.

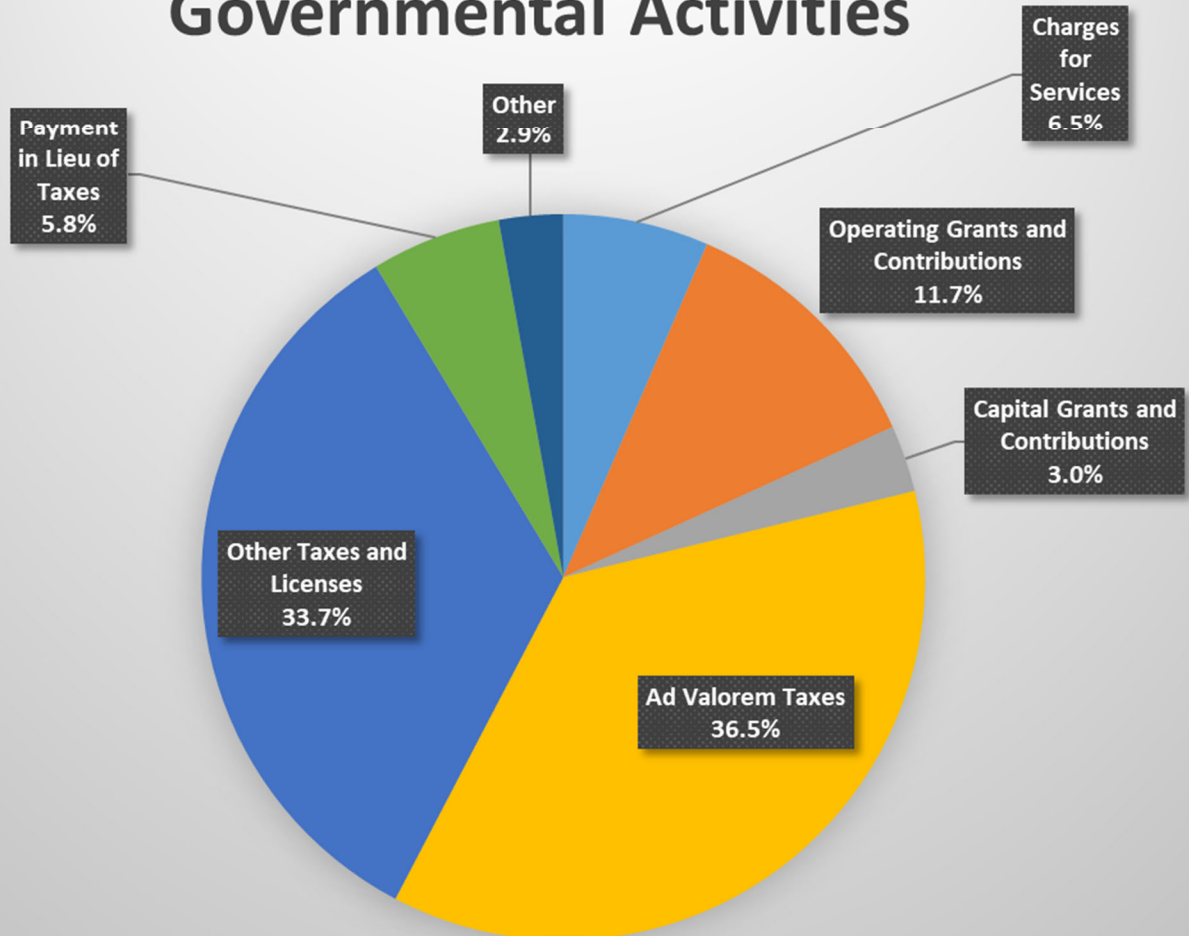
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City of Fayetteville's Changes in Net Position (dollars in thousands)
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues:						
Program revenues:						
Charges for services	\$ 13,220	\$ 12,864	\$ 28,159	\$ 29,184	\$ 41,379	\$ 42,048
Operating grants and contributions	15,048	23,155	9,540	11,462	24,588	34,617
Capital grants and contributions	9,419	5,867	5,830	11,853	15,249	17,720
General revenues:						
Ad valorem taxes	70,904	72,172	-	-	70,904	72,172
Other taxes and licenses	59,592	66,557	631	670	60,223	67,227
Payment in lieu of taxes	11,098	11,451	-	-	11,098	11,451
Other	5,325	5,669	871	787	6,196	6,456
Total revenues	184,606	197,735	45,031	53,956	229,637	251,691
Expenses:						
Administration	33,146	35,374	-	-	33,146	35,374
Public safety	91,791	95,161	-	-	91,791	95,161
Transportation	21,926	20,395	-	-	21,926	20,395
Economic and physical development	7,661	6,170	-	-	7,661	6,170
Recreation and community facilities	17,455	18,294	-	-	17,455	18,294
Environmental protection	544	9,445	-	-	544	9,445
Interest on long-term debt	3,310	3,045	-	-	3,310	3,045
Stormwater management	-	-	7,482	9,292	7,482	9,292
Transit	-	-	12,207	12,375	12,207	12,375
Airport	-	-	8,017	8,694	8,017	8,694
Solid Waste	-	-	13,285	13,695	13,285	13,695
Total expenses	175,833	187,884	40,991	44,056	216,824	231,940
Increase (decrease) in net position						
before transfers	8,773	9,851	4,040	9,900	12,813	19,751
Transfers	(3,402)	(5,995)	3,402	5,995	-	-
Change in net position	5,371	3,856	7,442	15,895	12,813	19,751
Net position, beginning	388,297	393,668	152,582	160,024	540,879	553,692
Net position, ending	\$ 393,668	\$ 397,524	\$ 160,024	\$ 175,919	\$ 553,692	\$ 573,443

Governmental activities: Revenues for the City's governmental activities were \$197.7 million, while total expenses were \$187.9 million in fiscal year 2021.

Revenue By Source - Governmental Activities



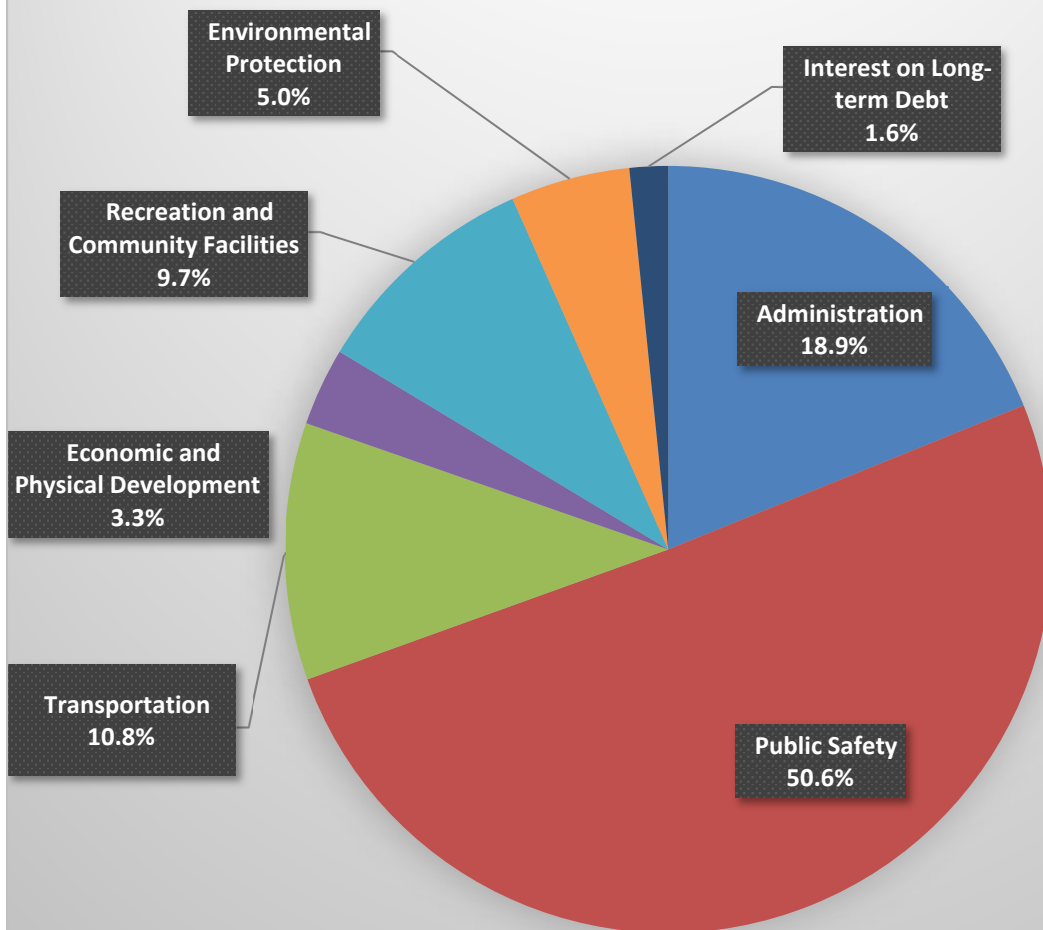
Net position for governmental activities, after transfers out, increased to \$3.9 million. Key elements of this change are as follows:

- Of the total governmental revenues during fiscal year 2021, property taxes represent 36.5%, which was a 1.7% increase from fiscal year 2020. The City's fiscal year 2021 tax collection rate was 99.05%. 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 33.7% of total governmental revenues and is the second largest revenue item. This revenue item increased by 11.7% from fiscal year 2020.

- Capital grants and contributions decreased to \$5.9 million during fiscal year 2021, a decrease of \$3.6 million from 2020. Most of the decrease 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 \$11.5 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 \$187.9 million as compared to \$175.8 million reported in fiscal year 2020. 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 (50.6%), administration (18.9%), transportation (10.8%), and recreation and community facilities (9.7% percent), represent 90.1% of the total governmental activities.

- **Business-type activities:** Revenues for the City's business-type activities were \$54 million, while total expenses were \$44.1 million in fiscal year 2021. Revenues for the City's business-type activities were \$45.0 million, while total expenses were \$41.0 million in fiscal year 2020. Net position increased to \$175.9 million in 2021, compared to \$160.0 million in 2020.

Change in Net Position (in thousands)

	Transit	Airport	Stormwater Management	Solid Waste
2021	\$ 22,985	\$ 92,689	\$ 51,325	\$ 8,920
2020	\$ 23,714	\$ 82,327	\$ 48,258	\$ 5,724
Change	\$ (729)	\$ 10,362	\$ 3,067	\$ 3,196

- **Transit** - The City, federal, and state agencies continue to subsidize transit operations. Net position is \$23.0 million in fiscal year 2021, which represents a 3.1% decrease from 2020. Nearly all of transit's net position was its \$24.7 million net investment in transit assets. Operating revenues declined slightly in fiscal year 2021 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 \$92.7 million, an increase of \$10.4 million. The increase is primarily due to federal and state contributions for airport enhancements. Net investment in capital assets was \$72.0 million.
- **Storm Water Management** - Net position increased in storm water management activities by \$3.1 million, resulting in a net position of \$51.3 million in fiscal year 2021. Net investment in storm water capital assets increased \$1.1 million to \$34.0 million.
- **Solid Waste** - Net position for the environmental services function in fiscal year 2021 was \$8.9 million, which represents a 55.8% increase from 2020. Net investment in capital assets used to provide solid waste services was \$7.6 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 2021, unassigned fund balance of the General Fund was \$23.6 million, while total fund balance was \$93.1 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 13.8% of total General Fund expenditures and transfers out, while total fund balance represents 54.4% 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 \$10.5 million during the current fiscal year. This increase can be primarily attributed to:

- Overall General Fund revenues increased \$8.6 million in fiscal year 2021. Ad valorem taxes increased \$1.6 million, sales tax increased \$7.0 million, interest earnings on investments decreased \$1.1 million, county recreation payments to the City decreased \$0.04 million, and video franchise fees decreased \$0.04million, payments in lieu of taxes increased by \$0.3 million and local other taxes increased \$2.0 million.
- PWC made the fifth of five annual \$1.2 million contribution payments for economic development.
- At \$153.2 million, General Fund expenditures increased \$4.5 million in 2021. Debt service interest payments decreased \$0.2 million, Public Safety capital outlay expenditures for vehicle and equipment purchases decreased \$0.3 million, transportation expenditures for municipal agreement projects, Rowan Street bridge construction, Hurricane Matthew repairs, Sykes Pond road upgrades and other transportation improvements decreased \$5.1 million.
- Net other financing sources and uses during the year:
 - Transfers out increased by \$1.0 million.
 - Transfers in decreased by \$.3 million.
 - Installment financing increased by \$0.5 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, 2021, the governmental funds of the City reported a combined fund balance of \$136.1 million, reflecting an increase in fund balance of \$10.5 million. In addition to the general fund increase of \$10.5 million, described above, the Federal and State Financial Assistance ending fund balance is \$9.8 million reflecting capital projects not yet complete. The non-major governmental fund balance decreased \$0.1 million during the year.

General Fund Budgetary Highlights

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.

During the fiscal year, the City Council approved budget increases of \$11.2 million, or 6.2%, bringing the general fund budget for fiscal year 2021 to \$191.5 million. The budget increases related to appropriations of \$5.1 million for expenditures for which funds were restricted or assigned at June 30, 2020, \$550,000 for the purchase of retail space in the Hay Street Parking Deck, \$1.1 million to meet year-end projections and provide additional budget to ensure statutory compliance, \$783,000 for a transfer to the Fleet Maintenance Internal Service Fund, \$1.8 million for public safety mitigation efforts related to the coronavirus pandemic, \$591,000 for final expenditures for the downtown stadium, \$353,166 to support identified needs for daily operations of the City, \$100,000 for the City's local match for a Choice Neighborhoods grant, \$289,000 for the construction of an additional splash pad and dog park, \$192,000 to support downtown redevelopment efforts on Hay Street. The increases were funded by additional appropriations of \$6.4 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, \$1.8 million in federal CARES Act funding, \$2.1 million of additional sales tax revenues, \$550,000 in increased financing proceeds, and \$159,000 of federal and state funding for hurricane recovery.

Actual revenues and other financing sources for the general fund totaled \$181 million or 1.3% less than the final amended budget. The shortfall largely related to a budgeted fund balance appropriation of \$15.9 million which reflects another financing source not reflected as current year revenue. This variance was offset by ad valorem tax revenues which exceeded budget by \$1.3 million, primarily resulting from increased vehicle and real property tax receipts; unrestricted intergovernmental revenues which exceeded budget by \$6.5 million, primarily consisting of local option sales tax revenues; miscellaneous revenues which exceeded budget by \$161,000, and sales and services revenues which fell short of budget by \$1.7 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 \$800,000.

Actual expenditures and other financing uses totaled \$171.2 million which was \$20.3 million less than the final amended budget. The final expenditure budget also retained appropriations of approximately \$7.2 million 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 \$4 million in expenditures budgeted for fiscal year 2021 for which fund balance was restricted for encumbrances and \$8.8 million in additional funding assigned for special purposes at June 30, 2021 to be re-appropriated in fiscal year 2022. Other expenditure budget variances as compared to year end projections totaled \$5.4 million including combined personnel account expenditures which ended the year \$2.2 million below year end projections and combined contract service account expenditures which ended the year \$3.2 million below projections.

Actual Revenues Compared to Final Budget - General Fund actual revenue was \$176.4 million and final budgeted revenue was \$170.9 million for fiscal year 2021.

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 \$19.8 less than budget. The following is an analysis of actual expenditures compared to budget by portfolio:

- Community investment portfolio expenditures were \$1.1 million less than budget.
- Operations portfolio expenditures were \$13.2 million less than budget.
- Support services portfolio expenditures were \$2.7 million less than budget.
- Law enforcement officer's separation allowance expenditures were \$0.5 million less than budget.
- Other appropriations, excluding debt service, were \$0.4 million less than budget.
- Debt service expenditures were \$1.7 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, 2021 totals \$551.0 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	
	2020	2021	2020	2021	2020	2021
Land and land rights	\$ 43,110	\$ 43,351	\$ 5,775	\$ 6,141	\$ 48,885	\$ 49,492
Construction in progress	30,830	18,505	28,137	19,314	58,967	37,819
Infrastructure	217,856	216,065	35,002	35,346	252,858	251,411
Buildings and improvements	94,406	110,074	47,476	66,275	141,882	176,349
Equipment, furniture and fixt	6,898	5,584	2,512	2,282	9,410	7,866
Computer software	173	(49)	80	84	253	35
Vehicles	13,599	14,008	15,093	14,057	28,692	28,065
Total	<u>\$ 406,872</u>	<u>\$ 407,538</u>	<u>\$ 134,075</u>	<u>\$ 143,499</u>	<u>\$ 540,947</u>	<u>\$ 551,037</u>

Major capital asset transactions during the year include the following:

- \$5.4 million in resurfacing streets, construction of sidewalks, bridge repairs and replacements and other traffic system improvements.
- \$2.8 million of Parks and Recreation bond funds were used to construct and renovate parks and recreation facilities. Projects included a splash pad, senior centers, a sports field, a soccer complex, a tennis center and renovations and improvements to existing recreational facilities.
- \$15.4 million was spent for terminal improvements at the City of Fayetteville airport funded by federal grants, state grants and other revenue sources.
- \$6.9 million in various stormwater 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, 2021, the City had total outstanding debt of \$95.1 million. General obligation debt, limited obligation debt, revenue bonded debt, installment agreements and notes payable decreased during the year. The City entered into one installment agreement totaling \$11,950,000 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	
	2020	2021	2020	2021	2020	2021
General obligation debt	\$ 17,104,093	\$ 15,905,000	\$ -	\$ -	\$ 17,104,093	\$ 15,905,000
Direct Placement:						
Limited obligation debt	50,550,000	47,740,000	-	-	50,550,000	47,740,000
Revenue Bonds	-	-	5,210,000	4,475,000	5,210,000	4,475,000
Direct Borrowing:						
Installment agreements	19,618,019	23,001,510	1,057,681	3,738,444	20,675,700	26,739,954
Notes payable	-	-	250,299	225,269	250,299	225,269
Total long-term debt	\$ 87,272,112	\$ 86,646,510	\$ 6,517,980	\$ 8,438,713	\$ 93,790,092	\$ 95,085,223

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

- \$40.9 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.
- \$59.4 million net Other Postemployment Benefits (OPEB) liability, which is retiree healthcare benefits for employees hired before July 1, 2014.
- \$22.4 million net Law Enforcement Officers' Special Separation Allowance.
- \$8.2 million compensated absences, a liability for the estimated amount of vacation, compensatory time and banked holiday leave to ultimately be paid.
- \$6.5 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 \$1.1 billion.

The City has \$19 million parks and recreation bonds authorized but unissued at June 30, 2021.

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 \$189.2 million general fund budget for fiscal year 2022, which represented a \$8.9 million or 4.9% increase from the original budget for fiscal year 2021. The general ad valorem tax rate remained unchanged at 49.95 cents per \$100 value.

Significant appropriation increases in the fiscal year 2022 budget included a net increase of \$1.7 million across personnel services accounts, primarily reflecting additional funding for employee pay, medical and retirement benefit cost adjustments. The increases also reflect a \$620,000 increase in capital purchases, primarily reflecting the impact of a fire pumper truck replacement; \$568,000 increase in debt service supporting the capital funding plan; \$3 million increase in transfers to fund capital projects and support transit operations; \$518,000 increase in contract services, \$1.4 million increase for operating expenditures primarily attributed to increased facility, software and fleet maintenance; and an increase of \$1.2 million for annexation payments to the County and other municipalities.

As compared to the original fiscal year 2021 budget, the original fiscal year 2022 budget anticipated the following increases in revenues. A \$1.3 million increase in ad valorem taxes, which reflects expected natural growth in taxes on real and personal property including licensed motor vehicles; a net increase of \$4.1 million in unrestricted intergovernmental revenues primarily reflecting an increase of \$7.4 million in sales tax revenues offset by typically anticipated decreases in utility sales taxes and a non-recurring payment of \$3.0 million in fiscal year 2021 from the Fayetteville Public Works Commission (PWC) through an agreement with the City Council to offset pandemic impacts on the budget; and an expected increase in permitting and fee activity of \$226,000. Revenue reductions anticipated with the original fiscal year 2022 budget included a decline in restricted intergovernmental revenues of \$1.4 million primarily due to the end of an interlocal agreement with PWC that provided \$1.2 million per year for five years from fiscal year 2017 through fiscal year 2021 for economic development purposes, and a \$122,000 decline in investment interest income due to declining rates of return. Miscellaneous revenues and revenues from sales and services were anticipated to be essentially flat as compared to the original fiscal year 2021 budget. Transfers from other funds are anticipated to be \$780,000 higher, reflecting an increase in the anticipated inter-fund loan from the Risk Management Fund for the stadium funding plan. Loan proceeds from planned vehicle and equipment financings are anticipated to be \$201,000 lower than the prior year. The \$13.4 million fund balance appropriation for one-time expenditures for fiscal year 2022 represents a \$4 million increase as compared to the original \$9.4 million fund balance appropriation originally budgeted in fiscal year 2021. The increased fund balance appropriation primarily relates to \$2 million for a one year addition to street preservation funding and \$2.25 million for replacement vehicles and equipment funding in excess of traditional levels of funding.



The City Council has since approved budget increases of \$13.7 million, or 7.3%, bringing the general fund budget for fiscal year 2022 to \$202.9 million. The vast majority of the increases, \$13 million, related to appropriations for expenditures for which funds were restricted or assigned at June 30, 2021. Additional appropriations included \$735,000 for the purchase of land related to economic development initiatives and \$65,000 for a New Year's Eve event. The increases were funded by an additional appropriation of \$13.7 million from fund balance including \$120,000 from fund balance restricted for the County Parks and Recreation District and \$75,000 from fund balance restricted for capital maintenance at the Franklin Street parking deck, and \$129,000 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.

Basic Financial Statements



City of Fayetteville, North Carolina

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Statement of Net Position

June 30, 2021

	Primary Government			Public Works Commission
	Governmental Activities	Business Type Activities	Total Primary Government	
Assets				
Cash and investments	\$ 106,971,087	\$ 41,273,201	\$ 148,244,288	\$ 127,897,937
Taxes receivable	1,824,978	-	1,824,978	-
Accounts receivable	2,917,922	-	2,917,922	69,049,599
Due from component unit	-	1,405,971	1,405,971	-
Assessment receivable	7,235,076	-	7,235,076	-
Due from other governments	39,670,004	-	39,670,004	-
Internal balances	217,137	(217,137)	-	-
Notes Receivable	559,971	-	559,971	-
Inventories	404,703	487,734	892,437	17,597,304
Prepaid expenses	2,333,045	-	2,333,045	-
Noncurrent portion of note receivable	9,482,674	-	9,482,674	-
Restricted asset - cash and investments	53,611,950	7,400,341	61,012,291	140,729,255
Restricted asset - accounts receivable	302,459	6,968,171	7,270,630	11,584,110
Collateral pledged in lieu of deposits	-	-	-	610,580
Property held for resale	27,871	-	27,871	-
Other assets	-	-	-	5,280,544
Capital assets:				
Land and construction in progress	61,855,225	25,454,880	87,310,105	136,277,838
Other capital assets, net of depreciation	345,682,662	118,043,753	463,726,415	980,370,096
Total assets	633,096,764	200,816,914	833,913,678	1,489,397,263
Deferred Outflows of Resources				
Charge on refunding	-	-	-	1,094,462
OPEB deferrals	8,599,905	2,972,333	11,572,238	9,089,233
Pension deferrals	25,929,706	2,717,413	28,647,119	17,285,669
Total deferred outflow of resources	34,529,611	5,689,746	40,219,357	27,469,364
Liabilities				
Accounts payable and accrued expenses	22,086,360	5,283,142	27,369,502	32,878,537
Restricted liabilities - accounts payable	1,822,588	-	1,822,588	19,362,207
Restricted unearned deposits	515,577	1,040,907	1,556,484	-
Unearned deposits	-	-	-	1,700,748
Unearned revenues	28,779,728	132,716	28,912,444	-
Long-term liabilities:				
Due within one year	13,573,235	2,362,545	15,935,780	18,221,490
Due in more than one year	197,410,302	21,103,442	218,513,744	351,635,157
Total liabilities	264,187,790	29,922,752	294,110,542	423,798,139
Deferred Inflows of Resources				
Prepaid taxes	26,269	-	26,269	-
OPEB deferrals	3,678,747	419,736	4,098,483	1,961,179
Pension deferrals	2,209,340	244,907	2,454,247	-
Total deferred inflow of resources	5,914,356	664,643	6,578,999	1,961,179
Net position				
Net investment in capital assets	335,817,031	138,352,976	474,170,007	809,969,118
Restricted for:				
Capital projects	-	3,219,178	3,219,178	7,403,077
Stabilization by State Statute	8,463,770	-	8,463,770	-
Downtown	113,843	-	113,843	-
Recreational and cultural	9,869,611	-	9,869,611	-
Donations	15,319	-	15,319	-
Lake Valley Drive MSD	911	-	911	-
Administration	2,747,551	-	2,747,551	-
Public safety	2,383,210	-	2,383,210	-
Transportation	4,422,976	-	4,422,976	-
Economic and physical development	1,401,471	-	1,401,471	-
Environmental protection	3,964,685	-	3,964,685	-
Powell bill	970,832	-	970,832	-
Renewable energy	-	-	-	6,670,557
Other internal restrictions	-	-	-	118,270,725
Unrestricted	27,353,019	34,347,111	61,700,130	148,793,832
Total net position	\$ 397,524,229	\$ 175,919,265	\$ 573,443,494	\$ 1,091,107,309

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

City of Fayetteville, North Carolina

**Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Public Works Commission
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Administration	\$ 35,374,040	\$ 4,731,668	\$ 711,890	\$ 17,984	\$ (29,912,498)	\$ -	\$ (29,912,498)	\$ -
Public safety	95,161,064	3,239,887	5,397,409	44,878	(86,478,890)	-	(86,478,890)	-
Environmental protection	9,445,358	56,260	106,878	576,073	(8,706,147)	-	(8,706,147)	-
Transportation	20,394,941	882,498	5,035,628	3,202,006	(11,274,809)	-	(11,274,809)	-
Economic and physical development	6,169,848	-	3,677,513	195,400	(2,296,935)	-	(2,296,935)	-
Recreation and community facilities	18,293,574	3,953,219	8,226,114	1,830,180	(4,284,061)	-	(4,284,061)	-
Interest on long-term debt	3,045,343	-	-	-	(3,045,343)	-	(3,045,343)	-
Total governmental activities	187,884,168	12,863,532	23,155,432	5,866,521	(145,998,683)	-	(145,998,683)	-
Business-type activities:								
Storm water management	9,292,133	11,326,022	36,357	-	-	2,070,246	2,070,246	-
Transit	12,375,100	274,435	6,652,266	171,920	-	(5,276,479)	(5,276,479)	-
Airport	8,694,307	3,367,131	4,156,101	11,328,237	-	10,157,162	10,157,162	-
Solid Waste	13,695,011	14,215,982	617,330	353,644	-	1,491,945	1,491,945	-
Total business-type activities	44,056,551	29,183,570	11,462,054	11,853,801	-	8,442,874	8,442,874	-
Total primary government	\$ 231,940,719	\$ 42,047,102	\$ 34,617,486	\$ 17,720,322	(145,998,683)	8,442,874	(137,555,809)	
Component Unit								
Public Works Commission	\$ 329,952,909	\$ 337,060,760	\$ 24,260,084	\$ 23,158,880	\$ -	\$ -	\$ -	\$ 54,526,815
Total component unit	\$ 329,952,909	\$ 337,060,760	\$ 24,260,084	\$ 23,158,880	\$ -	\$ -	\$ -	\$ 54,526,815
General revenues:								
Ad valorem taxes					\$ 72,172,159	\$ -	\$ 72,172,159	\$ -
Other taxes								
Sales tax					52,364,572	-	52,364,572	-
Utilities sales tax					9,549,228	-	9,549,228	-
Telecommunications sales tax					886,570	-	886,570	-
Piped natural gas sales tax					426,548	-	426,548	-
Video franchise tax					1,894,021	-	1,894,021	-
Vehicle license tax					655,281	-	655,281	-
Vehicle gross receipts tax					780,558	669,937	1,450,495	-
Payment in lieu of taxes					11,450,867	-	11,450,867	-
Unrestricted grants and contributions					3,886,429	-	3,886,429	-
Interest earned on investments					764,112	69,047	833,159	504,726
Miscellaneous					428,531	685,629	1,114,160	-
Gain on sale of capital assets					590,232	33,600	623,832	-
Total general revenues not including transfers					155,849,108	1,458,213	157,307,321	504,726
Transfers					(5,994,655)	5,994,655	-	-
Total general revenues and transfers					149,854,453	7,452,868	157,307,321	504,726
Change in net position					3,855,770	15,895,742	19,751,512	55,031,541
Net position - beginning					393,668,459	160,023,523	553,691,982	1,036,075,768
Net position - ending					\$ 397,524,229	\$ 175,919,265	\$ 573,443,494	\$ 1,091,107,309

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

**Balance Sheet
Governmental Funds
June 30, 2021**

	Major Funds				
	General	Federal and	PWC	Nonmajor	Total
		State	Assessment	Governmental	Governmental
	Assistance	Fund	Funds	Funds	
Assets					
Cash and investments	\$ 63,539,864	\$ -	\$ -	\$ 14,188,851	\$ 77,728,715
Taxes receivable	1,640,923	-	-	-	1,640,923
Accounts receivable	4,267,223	361,235	-	658,542	5,287,000
Due from other governments	20,489,742	10,285,599	-	8,852,405	39,627,746
Interfund receivable	13,048,825	-	-	-	13,048,825
Assessments receivable	688,780	-	6,938,336	-	7,627,116
Prepaid items	1,960,985	-	-	-	1,960,985
Inventories	87,105	-	-	-	87,105
Restricted cash and investments	6,152,908	29,448,388	-	18,010,654	53,611,950
Restricted accounts receivable	301,893	253	-	-	302,146
Notes receivable	-	6,950,646	-	-	6,950,646
Property held for resale	-	27,871	-	-	27,871
Total assets	\$ 112,178,248	\$ 47,073,992	\$ 6,938,336	\$ 41,710,452	\$ 207,901,028
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable and accrued expenses	\$ 12,455,981	\$ 889,972	\$ -	\$ 1,646,630	\$ 14,992,583
Interfund payables	-	7,766,826	-	5,064,862	12,831,688
Restricted unearned deposits	515,577	-	-	-	515,577
Unearned revenue	100,972	28,588,568	-	22,337	28,711,877
Restricted accounts payable and accrued expenses	-	13,608	-	1,808,980	1,822,588
Total liabilities	13,072,530	37,258,974	-	8,542,809	58,874,313
Deferred inflows of resources:					
Taxes receivable	1,640,923	-	-	-	1,640,923
Accounts receivable	3,494,879	-	-	-	3,494,879
Assessments receivable	854,777	-	6,938,336	-	7,793,113
Prepaid taxes	26,269	-	-	-	26,269
Total deferred inflows of resources	6,016,848	-	6,938,336	-	12,955,184
Fund balances:					
Nonspendable					
Inventories	87,105	-	-	-	87,105
Prepays	1,960,985	-	-	-	1,960,985
Restricted					
Stabilization by State Statute	25,411,219	-	-	154,037	25,565,256
For streets - Powell Bill	-	-	-	970,832	970,832
For downtown	113,843	-	-	-	113,843
For county recreation	2,936,978	-	-	-	2,936,978
For donations	15,319	-	-	-	15,319
For Lake Valley Drive MSD	913	-	-	-	913
Administration	-	-	-	2,747,551	2,747,551
Public safety	-	1,186,936	-	1,196,274	2,383,210
Transportation	-	-	-	4,422,976	4,422,976
Economic and physical development	9,572	1,331,276	-	60,623	1,401,471
Recreation and community facilities	-	24,908	-	6,907,724	6,932,632
Environmental protection	-	1,301,143	-	2,663,542	3,964,685
Committed					
Administration	-	-	-	5,698,519	5,698,519
Public safety	-	774,614	-	85,829	860,443
Transportation	-	-	-	3,723,243	3,723,243
Economic and physical development	-	8,053,948	-	1,974,284	10,028,232
Recreation and community facilities	-	-	-	6,707,428	6,707,428
Environmental protection	-	8,797,042	-	4,581,363	13,378,405
Law Enforcement Officers' Special Separation	-	-	-	-	-
Allowance	7,250,083	-	-	-	7,250,083
Assigned					
For subsequent year's expenditures	12,687,857	-	-	-	12,687,857
For special purpose	8,898,451	-	-	-	8,898,451
For capital projects	10,142,762	-	-	-	10,142,762
Unassigned (deficit)	23,573,783	(11,654,849)	-	(8,726,582)	3,192,352
Total fund balances	93,088,870	9,815,018	-	33,167,643	136,071,531
Total liabilities, deferred inflows of resources and fund balances	\$ 112,178,248	\$ 47,073,992	\$ 6,938,336	\$ 41,710,452	\$ 207,901,028

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

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position**

June 30, 2021

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

Ending fund balance - governmental funds	\$	136,071,531
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
		407,459,423
Land	\$ 26,705,358	
Right of Way	16,645,224	
Construction in progress	18,504,643	
Infrastructure	520,261,596	
Buildings and improvements	179,675,331	
Furniture and equipment	41,958,751	
Vehicles	41,078,093	
Accumulated depreciation	(437,369,573)	
	\$ 407,459,423	
Deferred inflows of resources for notes receivable.		3,805
Accrued tax penalties receivable are not available to pay for current-period expenditures and, therefore, are not recorded in the funds.		184,055
Deferred inflows of resources for taxes and receivables		12,692,113
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.		23,503,635
Accrued interest payable on long-term debt is not a current expenditure and therefore not recorded in the funds.		(339,047)
Accrued federal subsidy receivable associated with accrued interest payable and therefore not recorded in the funds.		15,915
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:		(210,645,277)
General obligation bonds	\$ (15,905,000)	
Unamortized premium	(2,175,832)	
Limited obligation bonds	(47,740,000)	
Installment agreements	(23,001,508)	
Assessments due PWC	(6,484,396)	
Compensated absences liability	(7,367,747)	
Net pension liability (LGERS)	(35,510,657)	
Net pension liability (LEOSSA)	(22,389,920)	
Total OPEB liability	(50,070,217)	
	\$ (210,645,277)	
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:		8,718,171
LGERS pension plan	\$ 7,151,719	
LEOSSA pension plan	631,105	
OPEB plan	935,347	
	\$ 8,718,171	
Pension (LGERS) related deferrals		10,386,986
Pension (LEOSSA) related deferrals		5,460,098
OPEB related deferrals		4,012,821
Net position of governmental activities	\$	397,524,229

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

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds**

For the Year Ended June 30, 2021

	Major Funds				Total Governmental Funds
	General	Federal and State Financial Assistance Fund	PWC Assessment Fund	Nonmajor Governmental Funds	
Revenues					
Ad valorem taxes	\$ 72,227,582	\$ -	\$ -	\$ -	\$ 72,227,582
Other taxes and fees	1,466,005	-	-	-	1,466,005
Unrestricted intergovernmental	81,337,095	-	-	-	81,337,095
Restricted intergovernmental	12,729,728	12,329,158	-	3,357,152	28,416,038
Assessment revenue	-	-	2,173,775	-	2,173,775
Permits and fees	2,190,060	-	-	-	2,190,060
Sales and services	3,515,432	-	-	-	3,515,432
Miscellaneous	2,832,590	(161,160)	-	133,813	2,805,243
Interest earned on investments	137,861	99,736	354,046	5,147	596,790
Total revenues	<u>176,436,353</u>	<u>12,267,734</u>	<u>2,527,821</u>	<u>3,496,112</u>	<u>194,728,020</u>
Expenditures					
Current:					
Administration	31,431,658	-	2,527,821	-	33,959,479
Public safety	84,537,745	1,265,360	-	872,172	86,675,277
Environmental protection	391,468	8,338,473	-	-	8,729,941
Transportation	8,175,995	-	-	-	8,175,995
Economic and physical development	2,032,571	2,934,525	-	-	4,967,096
Recreation and community facilities	14,177,166	32,946	-	8,768	14,218,880
Debt service:					
Principal	9,272,823	-	-	-	9,272,823
Interest	3,142,133	-	-	-	3,142,133
Debt issuance costs	11,439	-	-	-	11,439
Capital outlay	-	-	-	18,762,136	18,762,136
Total expenditures	<u>153,172,998</u>	<u>12,571,304</u>	<u>2,527,821</u>	<u>19,643,076</u>	<u>187,915,199</u>
Revenues over (under) expenditures	<u>23,263,355</u>	<u>(303,570)</u>	<u>-</u>	<u>(16,146,964)</u>	<u>6,812,821</u>
Other financing sources (uses)					
Sale of capital assets	696,088	-	-	-	696,088
Transfers in	735,000	240,412	-	12,057,109	13,032,521
Transfers out	(18,033,090)	-	-	(614,000)	(18,647,090)
Installment purchase obligations issued	3,850,578	-	-	4,796,644	8,647,222
Total other financing sources (uses)	<u>(12,751,424)</u>	<u>240,412</u>	<u>-</u>	<u>16,239,753</u>	<u>3,728,741</u>
Net change in fund balance	10,511,931	(63,158)	-	92,789	10,541,562
Fund balance					
Beginning	82,576,939	9,878,176	-	33,074,854	125,529,969
Ending	<u>\$ 93,088,870</u>	<u>\$ 9,815,018</u>	<u>\$ -</u>	<u>\$ 33,167,643</u>	<u>\$ 136,071,531</u>

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities

For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$	10,541,562
<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	\$ 21,190,311	
Depreciation expense for governmental assets	<u>(22,940,017)</u>	(1,749,706)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.</p>		
		(124,880)
<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	3,011,826	
Increase in deferred taxes	(500,283)	
Increase in accrued interest receivable	(6,669)	
Increase in accrued tax penalties	1,333	
Other miscellaneous	<u>(859,162)</u>	1,647,045
<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		(8,647,222)
Principal repayments		9,272,823
Change in assessments due PWC		500,283
Change in compensated absences		394,586
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.</p>		
		7,151,719
<p>Benefit payments paid and administrative expense for the LEOSSA are not included in the Statement of Activities.</p>		
		1,142,222
<p>OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities.</p>		
		935,347
<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		(3,677,389)
LGERS pension expense		(11,387,280)
LEOSSA pension expense		(2,373,931)
Change in accrued interest payable		15,459
Amortization of bond premium		85,123
Amortization of bond deferred refunding charge		(431)
<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>		
		<u>130,440</u>
Change in net position of governmental activities	\$	<u>3,855,770</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund and Annually Budgeted Major Special Revenue Fund - Budget and Actual

For the Year Ended June 30, 2021

	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	\$ 70,907,997	\$ 70,910,298	\$ 72,227,582	\$ 1,317,284	\$ -	\$ -	\$ -	\$ -
Other taxes	1,347,200	1,347,200	1,466,005	118,805	-	-	-	-
Unrestricted intergovernmental	72,674,431	74,822,831	81,337,095	6,514,264	-	-	-	-
Restricted intergovernmental	11,416,922	13,375,555	12,729,728	(645,827)	-	-	-	-
Assessment revenue	-	-	-	-	2,561,200	2,561,200	2,173,775	(387,425)
Permits and fees	2,002,250	2,002,250	2,190,060	187,810	-	-	-	-
Sales and services	5,232,323	5,232,323	3,515,432	(1,716,891)	-	-	-	-
Miscellaneous	2,993,678	2,993,678	2,832,590	(161,088)	-	-	-	-
Interest earned on investments	231,770	232,145	137,861	(94,284)	330,000	330,000	354,046	24,046
Total revenues	166,806,571	170,916,280	176,436,353	5,520,073	2,891,200	2,891,200	2,527,821	(363,379)
Expenditures								
Current:								
Community investment	6,274,429	6,379,708	5,323,045	1,056,663	-	-	-	-
Operations	113,053,235	117,713,453	104,504,400	13,209,053	-	-	-	-
Support services and administration	17,062,091	18,032,369	15,349,795	2,682,574	-	-	-	-
Other appropriations	12,005,667	13,656,594	13,285,588	371,006	-	-	-	-
Parking	966,790	1,038,105	810,684	227,421	-	-	-	-
Central business tax district	245,855	249,128	243,601	5,527	-	-	-	-
Law enforcement officers' special	1,726,075	1,726,075	1,229,490	496,585	-	-	-	-
PWC assessment fund	-	-	-	-	2,891,200	2,891,200	2,527,821	363,379
Debt Service:								
Principal	10,737,127	10,733,700	9,272,823	1,460,877	-	-	-	-
Interest	3,404,513	3,404,513	3,142,133	262,380	-	-	-	-
Bond issuance costs	-	14,473	11,439	3,034	-	-	-	-
Total expenditures	165,475,782	172,948,118	153,172,998	19,775,120	2,891,200	2,891,200	2,527,821	363,379
Revenues over (under) expenditures	1,330,789	(2,031,838)	23,263,355	25,295,193	-	-	-	-
Other financing sources (uses)								
Sale of capital assets	120,000	120,000	696,088	576,088	-	-	-	-
Transfers in from other funds	735,000	735,000	735,000	-	-	-	-	-
Transfers out to other funds	(14,866,170)	(18,549,530)	(18,033,090)	516,440	-	-	-	-
Installment purchase obligations issued	3,288,945	3,838,945	3,850,578	11,633	-	-	-	-
Appropriated fund balance	9,391,436	15,887,423	-	(15,887,423)	-	-	-	-
Total other financing sources (uses)	(1,330,789)	2,031,838	(12,751,424)	(14,783,262)	-	-	-	-
Revenues and other financing sources (uses) over expenditures	\$ -	\$ -	10,511,931	\$ 10,511,931	\$ -	\$ -	-	\$ -
Fund balance								
Beginning			82,576,939				-	
Ending			<u>\$ 93,088,870</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:							Total
	Administration	Public Safety	Environmental Protection	Transportation	Economic and Physical Development	Recreation and Community Facilities		
Community investment	\$ 325,207	\$ 3,208,868	\$ -	\$ -	\$ 1,788,970	\$ -	\$ 5,323,045	
Operations	2,471,068	80,099,387	391,468	7,365,311	-	14,177,166	104,504,400	
Support services	15,349,795	-	-	-	-	-	15,349,795	
Other appropriations	13,285,588	-	-	-	-	-	13,285,588	
Parking	-	-	-	810,684	-	-	810,684	
Central business tax district	-	-	-	-	243,601	-	243,601	
Law enforcement officer's special separation allowance	-	1,229,490	-	-	-	-	1,229,490	
Totals by function	\$ 31,431,658	\$ 84,537,745	\$ 391,468	\$ 8,175,995	\$ 2,032,571	\$ 14,177,166	\$ 140,746,603	

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

Statement of Net Position
Proprietary Funds

June 30, 2021

	Enterprise Funds					Internal Service Funds
	Transit Fund	Airport Fund	Storm Water Management Fund	Solid Waste Fund	Total	
Assets						
Current assets						
Cash and investments	\$ -	\$ 18,424,940	\$ 19,470,586	\$ 3,377,675	\$ 41,273,201	\$ 29,025,233
Accounts receivable	183,522	422,762	251,242	548,445	1,405,971	265,487
Inventories	462,647	6,120	-	18,967	487,734	317,598
Prepaid expenses	-	-	-	-	-	372,060
Total unrestricted current assets	646,169	18,853,822	19,721,828	3,945,087	43,166,906	29,980,378
Restricted current assets						
Restricted cash and investments	-	3,066,729	1,040,557	3,293,055	7,400,341	-
Restricted accounts receivable	2,400,230	3,710,727	103,060	754,154	6,968,171	26,342
Total restricted current assets	2,400,230	6,777,456	1,143,617	4,047,209	14,368,512	26,342
Total current assets	3,046,399	25,631,278	20,865,445	7,992,296	57,535,418	30,006,720
Noncurrent assets						
Capital assets	24,696,907	71,978,390	38,794,927	8,028,409	143,498,633	78,464
Total noncurrent assets	24,696,907	71,978,390	38,794,927	8,028,409	143,498,633	78,464
Total assets	27,743,306	97,609,668	59,660,372	16,020,705	201,034,051	30,085,184
Deferred outflows of resources						
OPEB deferrals	779,287	214,486	317,866	1,660,694	2,972,333	24,733
Pension deferrals	1,215,104	331,391	441,855	729,063	2,717,413	99,418
Total deferred outflows of resources	1,994,391	545,877	759,721	2,389,757	5,689,746	124,151
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	496,904	3,581,979	937,677	266,582	5,283,142	6,300,784
Current portion of long term debt	248,246	97,121	914,243	1,102,935	2,362,545	18,419
Interfund payables	217,137	-	-	-	217,137	-
Total current liabilities	962,287	3,679,100	1,851,920	1,369,517	7,862,824	6,319,203
Current liabilities to be paid from restricted assets						
Unearned deposits	-	350	1,040,557	-	1,040,907	-
Total current liabilities to be paid from restricted assets	-	350	1,040,557	-	1,040,907	-
Total current liabilities	962,287	3,679,450	2,892,477	1,369,517	8,903,731	6,319,203
Noncurrent liabilities						
OPEB obligation	3,292,451	974,661	1,337,187	3,619,319	9,223,618	136,690
Net pension liability	2,238,494	610,498	813,998	1,343,096	5,006,086	183,150
Unearned revenues	29	127,484	-	5,203	132,716	5,951
Long-term debt	-	-	3,951,084	2,922,654	6,873,738	-
Total noncurrent liabilities	5,530,974	1,712,643	6,102,269	7,890,272	21,236,158	325,791
Total liabilities	6,493,261	5,392,093	8,994,746	9,259,789	30,139,889	6,644,994
Deferred inflows of resources						
OPEB deferrals	149,828	44,353	60,851	164,704	419,736	51,746
Pension deferrals	109,511	29,867	39,822	65,707	244,907	8,960
Total deferred inflows of resources	259,339	74,220	100,673	230,411	664,643	60,706
Net position						
Net investment in capital assets	24,696,907	71,978,390	34,048,779	7,628,900	138,352,976	78,464
Restricted net position	-	3,219,178	-	-	3,219,178	-
Unrestricted (deficit)	(1,711,810)	17,491,664	17,275,895	1,291,362	34,347,111	23,425,171
Total net position	\$ 22,985,097	\$ 92,689,232	\$ 51,324,674	\$ 8,920,262	\$ 175,919,265	\$ 23,503,635

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

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds**

For the Year Ended June 30, 2021

	Enterprise Funds				Total	Internal Service Funds
	Transit Fund	Airport Fund	Storm Water Management Fund	Solid Waste Fund		
Operating revenues						
Charges for services	\$ 3,514	\$ 3,285,880	\$ 11,260,752	\$ 13,929,166	\$ 28,479,312	\$ -
Other revenue from operations	270,921	81,251	65,270	286,816	704,258	151,810
Interfund charges and employee contributions	-	-	-	-	-	29,239,255
Total operating revenues	<u>274,435</u>	<u>3,367,131</u>	<u>11,326,022</u>	<u>14,215,982</u>	<u>29,183,570</u>	<u>29,391,065</u>
Operating expenses						
Salaries and employee benefits	7,045,684	1,873,758	3,118,683	5,106,333	17,144,458	792,777
Other operating expenses	3,799,126	1,502,683	4,571,663	7,059,533	16,933,005	28,279,243
Depreciation	1,530,294	4,870,022	1,339,077	1,080,634	8,820,027	6,957
Total operating expenses	<u>12,375,104</u>	<u>8,246,463</u>	<u>9,029,423</u>	<u>13,246,500</u>	<u>42,897,490</u>	<u>29,078,977</u>
Operating income (loss)	<u>(12,100,669)</u>	<u>(4,879,332)</u>	<u>2,296,599</u>	<u>969,482</u>	<u>(13,713,920)</u>	<u>312,088</u>
Nonoperating revenues (expenses)						
Interest earned on investments	-	30,853	30,539	7,655	69,047	173,992
Federal and State grants	6,652,266	2,673,638	36,357	314,930	9,677,191	(620)
Passenger Facility Charges	-	639,798	-	-	639,798	-
Customer Facility Charge	-	842,665	-	-	842,665	-
Miscellaneous revenue	-	164,052	467,073	54,504	685,629	25,066
Gain (loss) on disposal of capital assets	23,835	9,775	(114,137)	(405,399)	(485,926)	-
County revenue	-	-	-	302,400	302,400	-
Vehicle fee revenue	669,937	-	-	-	669,937	-
Interest expense	-	-	(148,573)	(39,660)	(188,233)	-
Public safety reimbursements	-	(447,844)	-	-	(447,844)	-
Payments to agencies	-	-	-	(3,455)	(3,455)	-
Total nonoperating revenues	<u>7,346,038</u>	<u>3,912,937</u>	<u>271,259</u>	<u>230,975</u>	<u>11,761,209</u>	<u>198,438</u>
Income (loss) before contributions and transfers	<u>(4,754,631)</u>	<u>(966,395)</u>	<u>2,567,858</u>	<u>1,200,457</u>	<u>(1,952,711)</u>	<u>510,526</u>
Capital contributions	171,920	11,328,237	-	353,641	11,853,798	-
Transfers in	3,853,700	-	665,921	1,758,676	6,278,297	354,914
Transfers out	-	-	(166,821)	(116,821)	(283,642)	(735,000)
Change in net position	<u>(729,011)</u>	<u>10,361,842</u>	<u>3,066,958</u>	<u>3,195,953</u>	<u>15,895,742</u>	<u>130,440</u>
Total net position, beginning	<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>
Total net position, ending	<u>\$ 22,985,097</u>	<u>\$ 92,689,232</u>	<u>\$ 51,324,674</u>	<u>\$ 8,920,262</u>	<u>\$ 175,919,265</u>	<u>\$ 23,503,635</u>

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

**Statement of Cash Flows
Proprietary Funds**

For the Year Ended June 30, 2021

	Enterprise Funds				Total	Internal Service Funds
	Transit Fund	Airport Fund	Storm Water Management Fund	Solid Waste Fund		
Operating activities						
Cash received from customers	\$ 1,969,210	\$ 4,309,277	\$ 12,894,238	\$ 14,495,032	\$ 33,667,757	\$ 29,236,279
Cash received for insurance reimbursements	-	-	-	-	-	151,810
Cash paid to or on behalf of employees for services	(6,499,195)	(961,633)	(2,889,511)	(4,319,967)	(14,670,306)	(769,775)
Cash paid for goods and services	(6,684,367)	-	(4,659,770)	(7,997,347)	(19,341,484)	(26,701,114)
Net cash provided by (used in) operating activities	<u>(11,214,352)</u>	<u>3,347,644</u>	<u>5,344,957</u>	<u>2,177,718</u>	<u>(344,033)</u>	<u>1,917,200</u>
Noncapital financing activities						
Transfers in	3,853,700	-	665,921	1,758,676	6,278,297	354,914
Intergovernmental contributions	6,652,266	2,673,638	36,357	314,930	9,677,191	(620)
Transfers out	-	-	(166,821)	(116,821)	(283,642)	(735,000)
Vehicle revenue fees	669,937	-	-	-	669,937	-
Net cash provided by (used in) noncapital financing activities	<u>11,175,903</u>	<u>2,673,638</u>	<u>535,457</u>	<u>1,956,785</u>	<u>16,341,783</u>	<u>(380,706)</u>
Capital and related financing activities						
Proceeds from sale of capital assets	36,758	9,775	40,868	225,291	312,692	-
Proceeds from debt issuance	-	-	-	3,302,778	3,302,778	-
Contributed capital received	171,920	11,328,237	-	-	11,500,157	-
Acquisition and construction of capital assets	(170,229)	(15,395,657)	(1,893,723)	(1,228,975)	(18,688,584)	(29,923)
Principal paid on debt maturities	-	-	(774,794)	(607,251)	(1,382,045)	-
Interest paid on debt maturities	-	-	(148,573)	(39,660)	(188,233)	-
Net cash provided in (used in) capital and related financing activities	<u>38,449</u>	<u>(4,057,645)</u>	<u>(2,776,222)</u>	<u>1,652,183</u>	<u>(5,143,235)</u>	<u>(29,923)</u>
Investing activities						
Interest and dividends	-	30,853	30,539	7,655	69,047	173,992
Net cash provided by investing activities	<u>-</u>	<u>30,853</u>	<u>30,539</u>	<u>7,655</u>	<u>69,047</u>	<u>173,992</u>
Net increase in cash and cash equivalents	<u>-</u>	<u>1,994,490</u>	<u>3,134,731</u>	<u>5,794,341</u>	<u>10,923,562</u>	<u>1,680,563</u>
Cash and cash equivalents						
Beginning of year	-	19,497,179	17,376,412	876,389	37,749,980	27,344,670
End of year	<u>\$ -</u>	<u>\$ 21,491,669</u>	<u>\$ 20,511,143</u>	<u>\$ 6,670,730</u>	<u>\$ 48,673,542</u>	<u>\$ 29,025,233</u>
Unrestricted cash and cash equivalents	\$ -	\$ 18,424,940	\$ 19,470,586	\$ 3,377,675	\$ 41,273,201	\$ 29,025,233
Restricted cash and cash equivalents	-	3,066,729	1,040,557	3,293,055	7,400,341	-
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ 21,491,669</u>	<u>\$ 20,511,143</u>	<u>\$ 6,670,730</u>	<u>\$ 48,673,542</u>	<u>\$ 29,025,233</u>

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

Statement of Cash Flows (Continued)
Proprietary Funds

For the Year Ended June 30, 2021

	Enterprise Funds				Total	Internal Service Funds
	Transit Fund	Airport Fund	Storm Water Management Fund	Solid Waste Fund		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (12,100,669)	\$ (4,879,332)	\$ 2,296,599	\$ 969,482	\$ (13,713,920)	\$ 312,088
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,530,294	4,870,022	1,339,077	1,080,634	8,820,027	6,957
Nonoperating payments for goods and services	-	(447,844)	-	(3,455)	(451,299)	-
Nonoperating receipts from customers	-	1,646,515	467,073	356,904	2,470,492	25,066
Change in assets, liabilities and deferrals:						
(Increase) decrease in accounts receivable	1,694,721	(676,540)	1,134,757	(83,057)	2,069,881	(31,258)
(Increase) decrease in inventory	(17,523)	(2,833)	-	(8,781)	(29,137)	(271,739)
(Increase) decrease in prepaid items	-	-	-	1,500	1,500	(175,025)
(Increase) decrease in other assets						140,960
Increase (decrease) in unearned revenues	24	(27,829)	(33,614)	5,203	(56,216)	3,216
Increase (decrease) in accounts payable and accrued liabilities	(2,867,688)	2,699,678	(88,107)	(927,078)	(1,183,195)	1,883,933
Increase (decrease) in accrued compensated absences	(16,457)	10,780	11,430	32,825	38,578	6,586
Increase (decrease) LGERS expense	266,998	72,819	97,091	160,197	597,105	21,844
Increase (decrease) Net OPEB expense	295,948	82,208	120,651	593,344	1,092,151	(5,428)
Total adjustments	886,317	8,226,976	3,048,358	1,208,236	13,369,887	1,605,112
Net cash provided by (used in) operating activities	\$ (11,214,352)	\$ 3,347,644	\$ 5,344,957	\$ 2,177,718	\$ (344,033)	\$ 1,917,200
Noncash investing, capital, and financing activities						
Contributed capital assets	\$ -	\$ -	\$ -	\$ 353,641	\$ 353,641	\$ -

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

**Statement of Fiduciary Net Position
Fiduciary Funds**

June 30, 2021

	Private-purpose Trusts	Custodial Funds
Assets		
Cash and cash equivalents	\$ 1,386,826	\$ 162,049
Accounts receivable	-	-
Total assets	\$ 1,386,826	\$ 162,049
Liabilities		
Intergovernmental payable	\$ -	\$ 162,049
Total liabilities	-	162,049
Net position		
Restricted for pension benefits and other purposes	1,386,826	-
Total net position	\$ 1,386,826	\$ -

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

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds**

Year Ended June 30, 2021

	Private-purpose Trusts	Custodial Fund
Additions		
Employer contributions	\$ 131,458	\$ -
Red Light Camera Program	-	2,113,359
Investment earnings	34,395	-
Total additions	<u>165,853</u>	<u>2,113,359</u>
Deductions		
Benefit payments and premiums	164,601	-
Payments to schools	-	2,113,359
Total deductions	<u>164,601</u>	<u>2,113,359</u>
Change in net position	1,252	-
Total net position - beginning	<u>1,385,574</u>	<u>-</u>
Total net position - ending	<u><u>\$ 1,386,826</u></u>	<u><u>\$ -</u></u>

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

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, 2021

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 STATEMENTSJune 30, 2021

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, 2021

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.

Federal and State Financial Assistance Fund. This special revenue fund accounts for the proceeds of special revenue sources as required by the grants.

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 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 Economic and Physical Development Fund accounts for construction, including baseball stadium, parking deck, and other downtown development. 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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.

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are custodial in nature and do not involve the measurement of operating results. Custodial funds are used to account for assets the City holds on behalf of others. The City maintains the Red Light Camera custodial fund which 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.

NOTES TO FINANCIAL STATEMENTSJune 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)**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, 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 Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is 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 Government'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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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, 2020.

Receivables

The receivables in the general fund consist primarily of sales taxes and utility taxes due from the State, which total \$14,133,278 and \$2,728,876, respectively. In addition, motor vehicle ad valorem taxes totaling \$792,085 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 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

The receivables shown on the Statement of Net Position are presented net of the following allowances for doubtful accounts as of June 30, 2021:

General Fund	
Taxes receivable	\$ 619,830
Accounts receivable	621,191
Assessments receivable	824,731
Special Revenue Funds	
Notes receivable	1,458,246
Assessments receivable	375,155
Enterprise Funds	
Transit Fund - Accounts receivable	60,533
Airport Fund - Accounts receivable	177,238
Solid Waste Recycling Fund - Accounts receivable	16,657
Storm Water Management Fund - Accounts receivable	13,720
Total	\$ 4,167,301

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, 2021, are recorded as prepaid items.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

<u>Governmental Activities</u>	<u>Externally Restricted</u>
Restricted Cash and Investments	
General Fund	
For downtown	\$ 113,843
For county recreation	2,936,978
For capital financing	3,101,174
For Lake Valley Drive MSD	913
Federal and State Financial Assistance Fund	
Unexpended grant proceeds	29,448,388
General Government Fund	
Unexpended debt proceeds	3,549,469
Transportation Fund	
For Powell Bill	2,173,666
Economic and Physical Development Fund	
For economic and physical development	369,913
Recreational and Cultural Fund	
Unexpended debt proceeds	10,872,282
Unexpended grant proceeds	1,045,324
Total governmental activities - restricted cash and investments	<u>\$ 53,611,950</u>
 Restricted Receivables	
General Fund	
For county recreation	\$ 302,459
Federal and State Financial Assistance Fund	
For public safety	253
Total governmental activities - restricted accounts receivable	<u>\$ 302,712</u>
 Restricted Unearned Deposits (general fund)	<u>\$ 515,577</u>
 Restricted Accounts Payable - amounts to be paid from restricted assets	
Federal and State Financial Assistance Fund	\$ 13,608
Transportation Fund - for Powell Bill	1,202,833
General Government Fund	236,234
Economic and Physical Development Fund	369,913
Total governmental activities - restricted accounts payable	<u>\$ 1,822,588</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

	<u>Externally Restricted</u>
<u>Business-type Activities</u>	
Restricted Cash and Investments	
Storm Water Fund	
Unearned bond deposits	\$ 1,040,557
Airport Fund	
Unexpended grant proceeds and passenger facility charges	3,066,729
Solid Waste Fund	
Unexpended debt proceeds	3,293,055
Total business-type activities - restricted cash and investments	<u>\$ 7,400,341</u>
Restricted Receivables - amounts due from federal and state granting agencies	
Storm Water Fund	\$ 103,060
Airport Fund	3,710,727
Solid Waste Fund	754,154
Transit Fund	2,400,230
Total business-type activities - restricted accounts receivable	<u>\$ 6,968,171</u>
Restricted unearned deposits	
Storm Water Fund	\$ 1,040,557
Airport Fund	350
Total governmental activities - restricted accounts payable	<u>\$ 1,040,907</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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
Utility plant systems	20 - 45
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.

NOTES TO FINANCIAL STATEMENTSJune 30, 2021

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 two items that meet this criterion, 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, 2021

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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

Restricted for 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 2021 - 2022 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.

NOTES TO FINANCIAL STATEMENTSJune 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

NOTES TO FINANCIAL STATEMENTSJune 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)**G - Upcoming Pronouncements**

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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

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) 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 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021, the City's demand deposits had a carrying amount of \$14,893,607 and a bank balance of \$15,028,173. 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 \$1,377,878.

The City had \$12,000 in the petty cash and change funds.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021, the City investment balances were as follows:

Investments by Type	Valuation Measurement		Maturity	Rating*
	Method	Fair Value at 6/30/2021		
BB&T Capital Markets - Commercial Paper	Fair Value Level 2	\$ 42,954,083	Various	A1/P1
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	151,521,969	NA	AAAm
Total:		<u>\$ 194,476,052</u>		

*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 AAAm-mf by Moody's Investor Service. The City's investment in Commercial Paper has an A1/P1 rating as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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)	\$	194,521,969
Cash (demand deposits)		14,893,607
Firemen's Relief Fund CDs		1,377,878
Petty Cash		12,000
Total cash and investments	\$	210,805,454

Totals per Statement of Net Position:

Cash and investments - unrestricted	\$	148,244,288
Cash and investments - restricted		61,012,291
Custodial		162,049
Private-purpose trust cash and investments		1,386,826
Total cash and investments	\$	210,805,454

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government

	Balance June 30, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Governmental activities:					
Capital assets not being depreciated					
Land and land rights	\$ 43,109,905	\$ 594,318	\$ -	\$ (353,641)	\$ 43,350,582
Construction in progress	30,829,678	13,916,043	(175,900)	(26,065,178)	18,504,643
Total capital assets not being depreciated	<u>73,939,583</u>	<u>14,510,361</u>	<u>(175,900)</u>	<u>(26,418,819)</u>	<u>61,855,225</u>
Capital assets being depreciated:					
Infrastructure	510,463,009	3,392,817	-	6,405,770	520,261,596
Buildings and improvements	158,135,634	2,200,904	(65,707)	19,404,500	179,675,331
Equipment, furniture and fixtures	35,921,427	934,278	(843,686)	218,658	36,230,677
Computer software	6,173,104	44,165	(330,546)	36,250	5,922,973
Vehicles	42,083,219	3,344,433	(4,281,291)	(38,345)	41,108,016
Total capital assets being depreciated	<u>752,776,393</u>	<u>9,916,597</u>	<u>(5,521,230)</u>	<u>26,026,833</u>	<u>783,198,593</u>
Less accumulated depreciation for:					
Infrastructure	(292,606,954)	(11,589,827)	-	-	(304,196,781)
Buildings and improvements	(63,729,723)	(5,907,364)	35,498	-	(69,601,589)
Equipment, furniture and fixtures	(29,023,265)	(2,283,478)	660,347	-	(30,646,396)
Computer software	(5,999,886)	(262,545)	291,624	-	(5,970,807)
Vehicles	(28,483,868)	(2,903,760)	4,248,925	38,345	(27,100,358)
Total accumulated depreciation	<u>(419,843,696)</u>	<u>\$ (22,946,974)</u>	<u>\$ 5,236,394</u>	<u>\$ 38,345</u>	<u>(437,515,931)</u>
Total capital assets being depreciated, net	<u>332,932,697</u>				<u>345,682,662</u>
General governmental activity capital assets, net	<u>\$ 406,872,280</u>				<u>\$ 407,537,887</u>

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

Administration	\$ 457,781
Public safety	4,961,025
Environmental protection	342,303
Transportation	12,460,352
Economic and physical development	855,134
Recreation and community facilities	3,870,379
Total depreciation expense	<u>\$ 22,946,974</u>

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 3 - Capital Assets (continued)

	<u>Balance</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-type activities:					
Capital assets not being depreciated					
Land and land rights	\$ 5,774,524	\$ 12,694	\$ -	\$ 353,641	\$ 6,140,859
Construction in progress	28,137,474	16,558,552	-	(25,382,005)	19,314,021
Total capital assets not being depreciated	<u>33,911,998</u>	<u>16,571,246</u>	<u>-</u>	<u>(25,028,364)</u>	<u>25,454,880</u>
Capital assets being depreciated:					
Buildings and improvements	111,363,291	76,224	-	23,946,721	135,386,236
Equipment, furniture and fixtures	11,011,357	559,365	(865,634)	33,428	10,738,516
Computer software	562,485	-	-	73,876	636,361
Vehicles	31,763,966	1,480,690	(3,239,584)	18,057	30,023,129
Infrastructure	54,913,252	33,028	-	1,309,923	56,256,203
Total capital assets being depreciated	<u>209,614,351</u>	<u>2,149,307</u>	<u>(4,105,218)</u>	<u>25,382,005</u>	<u>233,040,445</u>
Less accumulated depreciation for:					
Buildings and improvements	(63,886,900)	(5,230,505)	-	-	(69,117,405)
Equipment, furniture and fixtures	(8,499,857)	(646,916)	685,039	(20,288)	(8,482,022)
Computer software	(482,228)	(70,146)	-	-	(552,374)
Vehicles	(16,670,573)	(1,874,112)	2,595,960	13,912	(15,934,813)
Infrastructure	(19,911,730)	(998,348)	-	-	(20,910,078)
Total accumulated depreciation	<u>(109,451,288)</u>	<u>\$ (8,820,027)</u>	<u>\$ 3,280,999</u>	<u>\$ (6,376)</u>	<u>(114,996,692)</u>
Total capital assets being depreciated, net	<u>100,163,063</u>				<u>118,043,753</u>
Business-type activity capital assets, net	<u>\$ 134,075,061</u>				<u>\$ 143,498,633</u>

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

Storm water management	\$ 1,339,077
Transportation	1,530,294
Airport	4,870,022
Solid Waste	1,080,634
Total depreciation expense	<u>\$ 8,820,027</u>

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 3 - Capital Assets (continued)

PWC (discretely presented component unit)

	Balance				Balance
	June 30, 2020	Additions	Disposals	Transfers	June 30, 2021
Capital assets not being depreciated:					
Land and land rights	\$ 19,254,958	\$ -	-	\$ 1,566,729	\$ 20,821,687
Construction in progress	154,656,397	96,863,473	(3,008,907)	(132,964,812)	115,546,151
	<u>173,911,355</u>	<u>96,863,473</u>	<u>(3,008,907)</u>	<u>(131,398,083)</u>	<u>136,367,838</u>
Capital assets being depreciated:					
Electric utility system	478,630,835	1,570,960	(6,255,463)	28,399,374	502,345,706
Water system	425,396,294	30,923	(341,576)	14,404,543	439,490,184
Sewer system	598,756,972	7,902	-	77,374,702	676,139,576
Buildings	59,271,570	101,550	-	9,500,058	68,873,178
Equipment and machinery	33,611,453	1,094,814	(792,273)	661,137	34,575,131
Computer Equipment	11,776,014	181,646	(80,721)	792,694	12,669,633
Intangibles	41,472,680	31,616	-	312,774	41,817,070
Vehicles	21,233,673	3,351,471	(2,156,593)	(47,200)	22,381,351
Office equipment	1,753,348	-	(16,515)	-	1,736,833
Total capital assets being depreciated	<u>1,671,902,839</u>	<u>6,370,882</u>	<u>(9,643,141)</u>	<u>131,398,082</u>	<u>1,800,028,662</u>
Less accumulated depreciation for:					
Electric utility system	(268,735,559)	(14,082,639)	4,553,386	-	(278,264,812)
Water system	(167,465,919)	(11,119,700)	207,441	-	(178,378,178)
Sewer system	(231,329,975)	(14,402,533)	-	-	(245,732,508)
Buildings	(32,092,234)	(1,602,595)	-	-	(33,694,829)
Equipment and machinery	(23,677,225)	(1,227,903)	700,490	-	(24,204,638)
Computer Equipment	(10,060,696)	(664,089)	80,721	2,698	(10,641,366)
Intangibles	(32,895,767)	(2,274,172)	-	(2,698)	(35,172,637)
Vehicles	(12,757,498)	(1,380,736)	2,114,431	-	(12,023,803)
Office equipment	(1,624,933)	(27,374)	16,512	-	(1,635,795)
Total accumulated depreciation	<u>(780,639,806)</u>	<u>(46,781,741)</u>	<u>7,672,981</u>	<u>-</u>	<u>(819,748,566)</u>
Total capital assets being depreciated	<u>891,263,033</u>				<u>980,280,096</u>
Water and Sewer capital assets, net	<u>\$ 1,065,174,388</u>				<u>\$ 1,116,647,934</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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 4 - Accounts Payable

Unrestricted and restricted accounts payable and accrued expenses consist of the following as of June 30, 2021:

Governmental activities

	General	Federal and State Financial Assistance	PWC Assessment	Nonmajor Governmental	Internal Service	Subtotal
Accounts payable	\$ 8,497,990	\$ 371,068	\$ -	\$ 2,275,932	\$ 2,979,057	\$ 14,124,047
Incurred but not reported	-	-	-	-	3,308,107	3,308,107
Contracts payable	-	340,533	-	933,928	-	1,274,461
Retainage payable	-	191,979	-	245,750	-	437,729
Salaries and benefits payable	3,957,991	-	-	-	13,620	3,971,611
Total	<u>\$ 12,455,981</u>	<u>\$ 903,580</u>	<u>\$ -</u>	<u>\$ 3,455,610</u>	<u>\$ 6,300,784</u>	<u>23,115,955</u>
Adjustment for interest payable						339,047
						<u>\$ 23,455,002</u>
Reconciliation to accounts payable on the financial statements:						
Unrestricted	\$ 12,455,981	\$ 889,972	\$ -	\$ 1,646,630	\$ 6,300,784	\$ 21,293,367
Restricted	-	13,608	-	1,808,980	-	1,822,588
	<u>\$ 12,455,981</u>	<u>\$ 903,580</u>	<u>\$ -</u>	<u>\$ 3,455,610</u>	<u>\$ 6,300,784</u>	<u>23,115,955</u>
Adjustment for interest payable						339,047
						<u>\$ 23,455,002</u>

Business-type activities

	Transit	Airport	Storm Water Management	Solid Waste	Subtotal
Accounts payable	\$ 326,604	\$ 232,885	\$ 749,153	\$ 152,032	\$ 1,460,674
Contracts payable	-	2,518,973	48,373	-	2,567,346
Interest payable	-	-	58,549	9,764	68,313
Retainage payable	-	784,619	3,071	-	787,690
Salaries and benefits payable	170,300	45,502	78,531	104,786	399,119
Total	<u>\$ 496,904</u>	<u>\$ 3,581,979</u>	<u>\$ 937,677</u>	<u>\$ 266,582</u>	<u>\$ 5,283,142</u>
Reconciliation to accounts payable on the financial statements:					
Unrestricted	\$ 496,904	\$ 3,581,979	\$ 937,677	\$ 266,582	\$ 5,283,142
	<u>\$ 496,904</u>	<u>\$ 3,581,979</u>	<u>\$ 937,677</u>	<u>\$ 266,582</u>	<u>\$ 5,283,142</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021 are as follows:

Governmental activities

\$2,270,000 Refunding Bonds, Series 2019 due in various annual installments through June 1, 2025; interest at 5.0%.	\$ 1,505,000
\$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%.	14,400,000
	15,905,000
Add: Unamortized Premium	1,794,936
Total governmental general obligation bonds and premiums	\$ 17,699,936

Interest expense related to the general obligation bonds totaled \$698,931 for the year ended June 30, 2021.

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, 2021, \$19,000,000 of the bonds were authorized but un-issued.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021 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%.	\$ 42,930,000				
\$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%.	2,345,000				
\$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="margin-left: auto; margin-right: 0;"> <tr><td style="border-top: 1px solid black;">2,465,000</td></tr> <tr><td style="border-top: 1px solid black;">47,740,000</td></tr> <tr><td style="border-top: 1px solid black;">380,896</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 48,120,896</td></tr> </table>	2,465,000	47,740,000	380,896	\$ 48,120,896
2,465,000					
47,740,000					
380,896					
\$ 48,120,896					
Add: Unamortized Premium	380,896				
Total governmental limited obligation bonds and premiums	<table style="margin-left: auto; margin-right: 0;"> <tr><td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 48,120,896</td></tr> </table>	\$ 48,120,896			
\$ 48,120,896					

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, 2021

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, 2021 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>\$ 4,475,000</u>
Total Revenue bonds	<u>\$ 4,475,000</u>

Interest expense related to the direct placement revenue and general obligation bonds totaled \$157,612 for the year ended June 30, 2021.

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Principal	Interest	Totals
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	855,000	33,936	888,936
2027	440,000	6,898	446,898
	<u>\$ 4,475,000</u>	<u>\$ 431,768</u>	<u>\$ 4,906,768</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5 - Long-Term Obligations (continued)

As of June 30, 2021, 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 \$20,511,144 at June 30, 2021.

The total principal and interest remaining to be paid on the outstanding direct placement revenue bonds was \$4,906,768 as of June 30, 2021. 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, 2021) to be 1.2 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, 2021

Note 5 - Long-Term Obligations (continued)

Income Available for Debt Service		
Stormwater fee revenues	\$ 11,260,752	
Other operating revenues	65,270	
Nonoperating revenue (expense)	271,260	
Less/plus adjustments for:		
Investment Income on Escrow Funds	(3)	
Interest expense	148,573	
Total revenues		\$ 11,745,852
Operating expenses	9,029,423	
Less adjustments for:		
Depreciation	(1,339,077)	
Change in OPEB accrual	(120,651)	
Total current expenses		<u>7,569,695</u>
Income available for debt service		<u>4,176,157</u>
Unrestricted cash, 6/30/20 (prior year)	16,302,241	
15% of unrestricted cash		<u>2,445,337</u>
Total resources available for debt service		<u>\$ 6,621,494</u>
Parity Indebtedness Debt Service Requirement		
Series 2011 Revenue Bonds – Principal	\$ 735,000	
Series 2011 Revenue Bonds – Interest	157,612	
		<u>\$ 892,612</u>
Total Available Resources Debt Service Coverage – Parity Indebtedness		7.42
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	735,000	
Series 2011 Revenue Bonds – Interest	157,612	
		<u>\$ 917,642</u>
Income Available for Debt Service Debt Service Coverage – All Indebtedness		4.55
Revenue Bond Covenant Requirement		1.00

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021, in the accompanying financial statements are comprised of the following:

Business-type activities

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

\$232,252 direct borrowing Federal revolving loan due in annual installments through May 1, 2030; non-interest bearing, paid annually on May 1.	\$ 104,513
\$268,346 direct borrowing Federal revolving loan due in annual installments through May 1, 2030; non-interest bearing, paid annually on May 1.	120,756
Total business-type notes payable	225,269
Total notes payable	\$ 225,269

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 \$159,126 in 2022 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>	\$ 472,642
<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 \$241,275 in 2022 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>	2,010,321
<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 \$97,285 in 2022 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>	938,938
<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 \$70,451 in 2022 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>	1,894,943
<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 \$127,125 in 2022 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>	3,710,250

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5 - Long-Term Obligations (continued)

Governmental activities (continued)

<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 2022 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>	\$ 979,497
<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 2022 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>	824,170
<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 \$337,822 in 2022 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>	1,351,660
<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 \$378,305 in 2022 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>	1,133,924
<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 \$426,675 in 2022 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>	2,559,880
<p>In 2021, the City entered into a \$11,950,000 direct borrowing installment purchase to finance vehicles and equipment. The obligations are payable in various semi-annual installments of approximately \$548,004 in 2022 including interest of .63%. 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 and unpaid accrued interest 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>	8,766,578
	24,642,803
<p>Less: amount representing interest</p>	1,641,293
<p>Present value of the minimum lease payments</p>	\$ 23,001,510

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5 - Long-Term Obligations (continued)

Business-type activities

<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 2022 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>	\$ 26,806		
<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 2022 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>	326,605		
<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 \$31,018 in 2022 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>	92,973		
<p>In 2021, the City entered into a \$11,950,000 direct borrowing installment purchase to finance vehicles and equipment. The obligations are payable in various semi-annual installments of approximately \$209,308 in 2022 including interest of .63%. 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 and unpaid accrued interest 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</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black;">3,348,364</td> </tr> <tr> <td style="border-top: 1px solid black;">3,794,748</td> </tr> </table>	3,348,364	3,794,748
3,348,364			
3,794,748			
<p>Less: amount representing interest</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black;">56,302</td> </tr> </table>	56,302	
56,302			
<p>Present value of the minimum lease payments</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black;">3,738,446</td> </tr> </table>	3,738,446	
3,738,446			
<p>Total Capital Lease Obligations</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 26,739,956</td> </tr> </table>	\$ 26,739,956	
\$ 26,739,956			

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, 2021:

Classes of Property	Cost	Depreciation	Net Book Value
Equipment	\$ 4,923,278	\$ 1,853,966	\$ 3,069,312
Vehicles	11,790,292	4,747,463	7,042,829
Buildings and Improvement	17,544,788	4,426,348	13,118,440
	\$ 34,258,358	\$ 11,027,778	\$ 23,230,582

Interest expense related to capital lease obligations totaled \$512,196.48 for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5 - Long-Term Obligations (continued)

Interest expense related to the capital lease obligations totaled \$512,196 for the year ended June 30, 2021.

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, 2021.

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental activities					
General obligation debt	\$ 17,104,093	\$ -	\$ 1,199,093	\$ 15,905,000	\$ 1,185,000
Direct placement:					
Limited obligation debt	50,550,000	-	2,810,000	47,740,000	2,810,000
Plus: Unamortized Premium	2,260,955	-	85,123	2,175,832	-
Direct borrowing:					
Installment agreements	19,618,019	8,647,222	5,263,731	23,001,510	5,814,432
PWC assessment	6,984,679	1,675,518	2,175,801	6,484,396	-
Compensated absences	7,774,165	6,084,077	6,472,077	7,386,165	3,763,802
Net pension liability (LGERS)	29,237,909	6,455,898	-	35,693,807	-
Net pension liability (LEOSSA)	16,619,221	5,770,699	-	22,389,920	-
OPEB Liability	43,539,635	6,667,272	-	50,206,907	-
Total governmental activities	\$ 193,688,676	\$ 35,300,686	\$ 18,005,826	\$ 210,983,537	\$13,573,235

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Business-type activities					
Direct placement:					
Revenue bonds	\$ 5,210,000	\$ -	\$ 735,000	\$ 4,475,000	\$ 755,000
Direct borrowing:					
Notes payable	250,299	-	25,030	225,269	25,030
Installment agreements	1,057,682	3,302,779	622,015	3,738,446	784,947
Compensated absences	758,991	953,796	915,219	797,568	797,568
Net pension liability (LGERS)	4,100,641	905,445	-	5,006,086	-
OPEB Liability	7,998,759	1,224,859	-	9,223,618	-
Total Liability	\$ 19,376,372	\$ 6,386,878	\$ 2,297,264	\$ 23,465,987	\$ 2,362,546

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Business-type activities					
Direct placement:					
General obligation debt	\$ 170,907	\$ -	\$ 170,907	\$ -	\$ -
Revenue bonds*	280,240,000	-	13,685,000	266,555,000	13,750,000
Plus: Unamortized Premium	21,056,316	-	1,159,116	19,897,200	-
Notes payable	20,823,103	3,574,060	1,386,158	23,011,005	1,386,158
Unearned deposits	446,495	20,817	88,289	379,023	-
Compensated absences	4,418,729	4,691,576	4,418,723	4,691,582	3,085,332
Net pension liability (LRS)	15,621,429	4,841,447	-	20,462,876	-
Net OPEB liability	36,150,043	-	1,290,082	34,859,961	-
Total business-type activities	<u>\$ 378,927,022</u>	<u>\$ 13,127,900</u>	<u>\$ 22,198,275</u>	<u>\$ 369,856,647</u>	<u>\$ 18,221,490</u>

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 \$374,932,124. Principal and interest paid for the current year and total customer revenues were \$24,697,500 and \$337,060,760, 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, 2021.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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
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	800,000	404,000	2,795,000	1,491,791
2027-2040	10,400,000	2,272,000	33,725,000	9,167,250
	<u>\$ 15,905,000</u>	<u>\$ 4,876,750</u>	<u>\$ 47,740,000</u>	<u>\$ 17,621,348</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
2022	\$ 1,152,596	\$ 237,927	\$ 4,661,835	\$ 145,138	\$ 9,809,431	\$ 2,906,301
2023	1,000,363	194,281	2,926,820	75,146	7,927,183	2,640,144
2024	849,130	160,136	2,290,832	36,686	7,129,962	2,410,906
2025	849,130	129,148	1,078,913	17,098	5,868,043	2,201,266
2026	648,953	98,208	1,081,807	13,699	5,325,760	2,007,698
2027-2040	3,194,000	513,222	3,267,131	20,605	50,586,131	11,973,077
	<u>\$ 7,694,172</u>	<u>\$ 1,332,922</u>	<u>\$ 15,307,338</u>	<u>\$ 308,372</u>	<u>\$86,646,510</u>	<u>\$24,139,392</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	Notes Payable from Direct Borrowings		Notes Payable from Direct Borrowings		Capitalized Leases from Direct Borrowings		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 755,000	\$ 134,413	\$ 25,030	\$ -	\$ 784,947	\$ 18,098	\$ 1,564,977	\$ 152,511
2023	785,000	110,509	25,030	-	439,180	10,200	1,249,210	120,709
2024	805,000	85,742	25,030	-	441,168	8,373	1,271,198	94,115
2025	835,000	60,270	25,030	-	412,087	6,530	1,272,117	66,801
2026	855,000	33,936	25,030	-	413,193	5,232	1,293,222	39,168
2027-2040	440,000	6,898	100,119	-	1,247,869	7,871	1,787,988	14,769
	<u>\$ 4,475,000</u>	<u>\$ 431,768</u>	<u>\$ 225,268</u>	<u>\$ -</u>	<u>\$ 3,738,445</u>	<u>\$ 56,304</u>	<u>\$ 8,438,713</u>	<u>\$ 488,073</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, 2021, the City's legal debt limit was \$1,1049,811,673. The outstanding debt subject to this limit was \$92,560,786, leaving a legal debt margin of \$1,057,250,887.

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

At June 30, 2021, the City had \$19,000,000 Parks and Recreation bonds authorized but un-issued.

At June 30, 2021, the City has no unused lines of credit.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 5 - Long-Term Obligations (continued)

J - Net Investment in Capital Assets

	City		
	Government Activities	Business-Type Activities	PWC
Capital Assets, net	\$ 407,537,887	\$ 143,498,633	\$ 1,065,174,390
Less: Long-term debt related to capital assets	(86,646,510)	(8,438,712)	(301,234,010)
Less: Unamortized bond premium	(2,175,832)	-	(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	17,101,486	3,293,055	21,133,579
Total net investment in capital assets	\$ 335,817,031	\$ 138,352,976	\$ 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)	\$ 100,972
Unearned grant receipts (Federal & State Financial Assistance)	28,588,568
Unearned assessments (Special Revenue)	61,900
Unearned grant receipts (Capital Projects)	22,337
Prepaid retiree insurance premiums (Internal Service)	5,951
Unearned revenue (Enterprise)	132,716
Total	\$ 28,912,444

In addition, the City had \$515,577 and \$1,040,907 of restricted unearned deposits in the general fund and enterprise funds, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021.

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.

City pension plan and OPEB contributions subsequent to the measurement date and changes in proportion and differences between City contributions and other pension and OPEB related deferrals were also reported as deferred outflows of resources on the statement of net position at June 30, 2021. The amounts reported totaled \$19,275,954 and \$2,717,413 for governmental activities and business-type activities, respectively, for LGERS.

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

	Outflows	Inflows
Pension deferrals LGERS	\$ 22,092,785	\$ 1,991,116
Pension deferrals LEOSSA	6,554,334	463,131
OPEB deferrals	11,572,238	4,098,483
	\$ 40,219,357	\$ 6,552,730

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

	Unavailable Revenue
Prepaid taxes (General)	\$ 26,269
Taxes receivable, net (General)	1,640,923
Accounts and notes receivable (General)	3,494,879
Special assessments receivable, net (General)	854,777
PWC assessments receivable, net (Special Revenue)	6,484,396
	\$ 12,501,244

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 \$14,760,719 for all employees for the policy period ending June 30, 2021), 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, 2021, a liability for incurred but not reported claims of \$4,206,572 is included in accounts payable and accrued expenses on the accompanying financial statements. An analysis of claims activity for the City is presented below:

	2021	2020
Liability, beginning	\$ 2,977,612	\$ 1,876,642
Current year claims and changes in estimate	17,447,583	16,477,439
Actual claim payments	(16,218,623)	(15,376,469)
Liability, ending	\$ 4,206,572	\$ 2,977,612

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, 2021

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 \$342 million for capital additions and construction of various administration, public safety, recreation, transportation, economic development, environmental protection, Linear Park, storm water, transit, airport, and solid waste projects. At June 30, 2021, cumulative expenditures to date totaled approximately \$110.9 million leaving an unexpended balance of \$231.1 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021, was 10.84% of compensation for law enforcement officers and 10.211% 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 \$8,196,313 for the year ended June 30, 2021.

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, 2021

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, 2021, the City reported a liability of \$40,699,893 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, 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, 2020 (measurement date), the City's proportion was 1.13896%, which was a decrease of 0.08182% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$13,051,324. At June 30, 2021, 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	\$ 5,139,682	\$ -
Changes of assumptions	3,028,870	-
Net difference between projected and actual earnings on pension plans investments	5,727,420	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,991,116
City contributions subsequent to the measurement date	8,196,813	-
Total	\$ 22,092,785	\$ 1,991,116

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 10 - Employee Retirement Systems (continued)

The City reported \$8,196,313 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, 2022. 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	
2022	\$ 3,131,403
2023	4,546,623
2024	2,531,808
2025	1,695,022
	\$ 11,904,856

Actuarial Assumptions. The total pension liability in the December 31, 2019, 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, 2019, 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, 2021

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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 2019 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)	\$ 82,575,648	\$ 40,699,893	\$ 5,898,195

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	57
Active plan members	<u>415</u>
Total	<u>472</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, 2019, valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25 to 7.75%, including inflation and productivity factor
Discount Rate	1.93%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 10 - Employee Retirement Systems (continued)

Mortality rates are based on the RP-2010 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 \$1,054,299 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, 2021, the City reported a total pension liability of \$22,389,920. The total pension liability was based on an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of December 31, 2020, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$2,373,932.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 502,552	\$ 106,407
Changes of assumptions	5,420,677	356,724
expense made subsequent to the measurement date	631,105	-
Total	\$ 6,554,334	\$ 463,131

\$631,105 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, 2021.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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
2022	\$ 1,342,391	\$ 172,369	\$ 1,170,022
2023	1,342,391	133,319	1,209,072
2024	1,185,289	115,009	1,070,280
2025	1,103,019	21,324	1,081,695
2026	950,139	21,110	929,029
	<u>\$ 5,923,229</u>	<u>\$ 463,131</u>	<u>\$ 5,460,098</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 1.93%, 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 (.93%) or 1-percentage-point higher (1.93%) than the current rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 24,265,566	\$ 22,389,920	\$ 20,676,117

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2019, 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

	2021
Beginning balance	\$ 16,619,221
Service cost	679,308
Interest on the total pension liability	524,602
Differences between expected and actual experience in the measurement of the total pension liability	(127,731)
Changes of assumptions or other inputs	5,748,819
Benefit payments	(1,054,299)
Ending balance of the total pension liability	\$ 22,389,920

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	\$ 13,051,324	\$ 2,373,932	\$ 15,425,256
Pension Liability	40,699,893	22,389,920	63,089,813
Proportionate Share of the Net Pension Liability	1.22078%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	5,139,682	502,552	5,642,234
Changes of assumptions	3,028,870	5,420,677	8,449,547
Net difference between projected and actual earnings on plan investments	5,727,420	-	5,727,420
Benefit payments and administrative costs paid subsequent to the measurement date	8,196,813	631,105	8,827,918
 Deferred Inflows of Resources			
Differences between expected and actual experience	-	106,407	106,407
Changes of assumptions	-	356,724	356,724
Changes in proportion and differences between contributions and proportionate share of contributions	1,991,116	-	1,991,116

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 Annual Comprehensive Financial Report for the State of North Carolina. The state’s Annual Comprehensive Financial Report 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 \$1,127,252 for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 \$526,766 for the year ended June 30, 2021.

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for 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, 2021, the State contributed \$18,302,000 to the plan. The City's proportionate share of the State's contribution is \$134,055.

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, 2021

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, 2021, 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 \$69,100. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, 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, 2021, and at June 30, 2020, was 0%.

For the year ended June 30, 2021, the City recognized pension expense of \$53,662 and revenue of \$53,662 for support provided by the State. At June 30, 2021, 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, 2019, 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 Annual Comprehensive Financial Report for the State of North Carolina.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 Enforcement Officers	Firefighters	General Employees	Total
Retirees and dependents receiving benefits	135	60	522	717
Active plan members	266	227	433	926
				1,643

Total OPEB Liability

The City’s total OPEB liability of \$59,430,525 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
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	3.50%
Measurement date	2.21%
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, 2021

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 51,538,394
Changes for the year:	
Service cost at the end of the year*	1,704,683
Interest	1,847,285
Difference between expected and actual experience	(1,226,681)
Changes of assumptions or other inputs	6,501,921
Benefit payments	(935,077)
Net changes	7,892,131
Balance at June 30, 2021	\$ 59,430,525

*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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 65,165,352	\$ 59,430,525	\$ 54,309,153

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	\$ 52,898,236	\$ 59,430,525	\$ 67,124,717

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021, the City recognized OPEB expense of \$5,156,110. At June 30, 2021, 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	\$ 3,135,206	\$ 1,247,999
Changes of assumptions	5,932,836	1,456,491
City benefit payments and administrative costs made subsequent to the measurement date	1,110,203	-
Total	\$ 10,178,245	\$ 2,704,490

\$1,110,203 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, 2022. 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:			
2022	\$	1,604,142	
2023		1,604,142	
2024		1,928,667	
2025		1,133,329	
2026		93,272	
Total	\$	6,363,552	

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	\$ 8,598,584	\$ 1,321	\$ 8,599,905
Stormwater fund	229,010	88,856	317,866
Transit fund	563,874	215,413	779,287
Airport fund	166,922	47,564	214,486
Solid Waste fund	619,855	1,040,839	1,660,694
	<u>\$ 10,178,245</u>	<u>\$ 1,393,993</u>	<u>\$ 11,572,238</u>

Deferred Inflows Reconciliation-OPEB	Per Actuary	Change in Fund Allocation	Total Deferred Inflows
Governmental activities	\$ 2,284,754	\$ 1,393,993	\$ 3,678,747
Stormwater fund	60,851	-	60,851
Transit fund	149,828	-	149,828
Airport fund	44,353	-	44,353
Solid Waste fund	164,704	-	164,704
	<u>\$ 2,704,490</u>	<u>\$ 1,393,993</u>	<u>\$ 4,098,483</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	Stormwater Fund	Transit Fund	Airport Fund	Solid Waste	
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>\$ (1,392,672)</u>	<u>\$ 88,856</u>	<u>\$ 215,413</u>	<u>\$ 47,564</u>	<u>\$ 1,040,839</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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

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 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, 2021 as follows:

Interfund Receivables/Payables

Receivable Fund	Payable Fun	Amount
General Fund	Transit Fund	\$ 217,137
Total Nonmajor Governmental Interfund Receivables and Payables		\$ 217,137

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 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, 2021, consist of the following:

Transfer out	Transfer in:							Total
	General	Federal and State Financial Assistance Fund	Nonmajor Governmental	Transit	Stormw ater	Solid Waste	Internal Service	
General	\$ -	\$ 240,412	\$ 11,773,467	\$ 3,853,700	\$ 51,921	\$ 1,758,676	\$ 354,914	\$ 18,033,090
Nonmajor Governmental	-	-	-	-	614,000	-	-	614,000
Stormw ater	-	-	166,819	-	-	-	-	166,819
Solid Wate	-	-	116,821	-	-	-	-	116,821
Internal Service	735,000	-	-	-	-	-	-	735,000
Totals	\$ 735,000	\$ 240,412	\$ 12,057,107	\$ 3,853,700	\$ 665,921	\$ 1,758,676	\$ 354,914	\$ 19,665,730

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 \$12,013,879 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: \$240,412 transfers to special revenue funds which included funds for commercial corridor revitalization programs and for local match required for Federal and State funded programs; \$5,607,862 for transportation projects including street resurfacing and improvements, and sidewalk and intersection improvements; \$3,652,659 for general government projects including major facility maintenance projects, computer replacements and technology enhancements and upgrades; \$370,187 for recreation and cultural projects including parks and trails; \$200,000 for the relocation of Fire Station #4; and \$225,000 for projects in the Parks and Recreation Bond Fund. Additionally, transfers to the economic development fund totaled \$1,717,759 to fund capital 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.

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 \$3,853,700; joint stormwater and infrastructure capital projects in the amount of \$665,921 which includes \$614,000 to fund transportation related projects and \$51,921 for stormwater improvements; and solid waste operations in the amount of \$1,758,676.

Transfers from the stormwater enterprise fund to nonmajor capital project and special revenue funds consisted of \$50,000 to fund dam preservation projects and \$116,821 for the funding of an automated truck wash facility.

Transfers from internal service funds to the general fund in the amount of \$735,000 and transfers from the general fund to internal service funds in the amount of \$354,914 represent interfund loans and repayments.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	\$	93,088,870
Less:		
Nonspendable		
Inventories		87,105
Prepays		1,960,985
Restricted		
Stabilization by State Statute		25,411,219
Central Business Tax District		113,843
Cumberland County Recreation District		2,936,978
Economic and Community Development		9,572
Donations		15,319
Lake Valley Drive MSD		913
Committed		
Law Enforcement Officer's Separation Allowance		7,250,083
Assigned		
Subsequent years expenditures		12,687,857
Specific purpose assignments		8,898,451
Capital funding plan		10,142,762
Unassigned fund balance		23,573,783
Working capital/fund balance policy		18,445,916
Undesignated/Unassigned fund balance	\$	5,127,867

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	General Fund	Other Major	Non-Major Funds
Encumbrances	Funds	Funds	Funds
\$ 21,333,070	\$ 4,039,507	\$ -	\$ 17,293,565

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 \$1,836,090 in 2021. In addition, intergovernmental transactions are made in amounts as determined by the respective governing Boards. Net intergovernmental transactions with PWC amounted to \$13,621,303 in 2021. Balances due to/from PWC at June 30, 2021, were as follows:

Receivables (due from PWC)	<u>\$ 248,963</u>
Payables (due to PWC)	\$ 41,269
Assessments (due to PWC)	6,484,396
Assessments interest (due to PWC)	453,942
	<u>\$6,979,607</u>

Note 16 - Change in Accounting Principle

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

Note 17 - Subsequent Events

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

City of Fayetteville, North Carolina

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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**

	2021	2020	2019	2018	2017
Beginning balance	\$ 16,619,221	\$ 15,458,716	\$ 15,352,794	\$ 13,966,229	\$ 13,773,620
Service cost	679,308	667,499	718,542	636,795	663,903
Interest on the total pension liability	524,602	544,971	471,047	524,852	480,452
Differences between expected and actual experience in the measurement of the total pension liability	(127,731)	430,533	400,850	56,460	-
Changes of assumptions or other inputs	5,748,819	491,465	(592,010)	906,489	(320,609)
Benefit payments	(1,054,299)	(973,963)	(892,507)	(738,031)	(631,137)
Ending balance of the total pension liability	<u>\$ 22,389,920</u>	<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 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 22,389,920	\$ 16,619,221	\$ 15,458,716	\$ 15,352,794	\$ 13,966,229
Covered payroll	23,720,289	24,819,535	24,646,632	24,885,304	25,442,283
Total pension liability as a percentage of covered payroll	94.39%	66.96%	62.72%	61.69%	54.89%

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 displayed as it becomes available.

City of Fayetteville, North Carolina

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

	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	1.13896%	1.22078%	1.26649%	1.30809%	1.36508%	1.37320%	1.91929%	1.86080%
City's proportion of the net pension liability (asset) (\$)	\$40,699,893	\$ 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	\$76,891,064	\$ 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	52.93%	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**	89.40%	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.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,196,813	\$ 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	<u>8,196,813</u>	<u>7,014,979</u>	<u>6,446,996</u>	<u>5,265,753</u>	<u>6,365,576</u>	<u>5,145,668</u>	<u>9,552,218</u>	<u>7,417,597</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 79,589,030	\$ 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	10.30%	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, 2021**

Total OPEB Liability	2021	2020	2019	2018*
Service cost	\$ 1,704,683	\$ 1,686,605	\$ 1,739,025	\$ 1,871,877
Interest	1,847,285	1,659,402	1,511,364	1,287,302
Differences between expected and actual experience	(1,226,681)	5,012,551	(521,183)	273,055
Changes of assumption or other inputs	6,501,921	1,166,756	(1,340,403)	(2,314,880)
Benefit payments	(935,077)	(1,277,933)	(1,094,114)	(1,764,005)
Net change in total OPEB liability	7,892,131	8,247,381	294,689	(646,651)
Total OPEB liability - beginning	51,538,394	43,291,013	42,996,324	43,642,975
Total OPEB liability - ending	\$ 59,430,525	\$ 51,538,394	\$ 43,291,013	\$ 42,996,324
Covered payroll	\$ 50,949,158	\$ 50,949,158	\$ 55,195,292	\$ 55,195,292
Total OPEB liability as a percentage of covered payroll	116.65%	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>
2021	2.21%
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
- Federal and State Financial Assistance 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, 2021 and June 30, 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 63,539,864	\$ 67,752,524
Taxes receivable	1,640,923	1,713,801
Accounts receivable	4,267,223	4,011,835
Due from other governments	20,489,742	18,980,544
Assessments receivable	688,780	1,029,601
Interfund receivable	13,048,825	-
Inventories	87,105	64,338
Prepaid items	1,960,985	21,452
Restricted accounts receivable	301,893	620,954
Restricted cash and investments	6,152,908	4,449,665
	<u>6,152,908</u>	<u>4,449,665</u>
Total assets	\$ 112,178,248	\$ 98,644,714
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable and accrued expenses	\$ 12,455,981	\$ 8,888,577
Restricted unearned deposits	515,577	583,025
Unearned revenue	100,972	102,834
Total liabilities	<u>13,072,530</u>	<u>9,574,436</u>
Deferred inflows of resources		
Taxes receivable	1,640,923	1,713,802
Prepaid taxes	26,269	5,961
Accounts receivable	3,494,879	3,497,125
Assessment receivable	854,777	1,276,451
Total deferred inflows of resources	<u>6,016,848</u>	<u>6,493,339</u>
Fund balance		
Nonspendable		
For inventories	87,105	64,338
For prepaids	1,960,985	21,452
Restricted		
Stabilization by State Statute	25,411,219	21,550,479
For downtown	113,843	132,332
For Lake Valley Drive MSD	913	935
For economic and physical development	9,572	56,622
For county recreation	2,936,978	3,045,504
For donations	15,319	13,254
Committed		
Law Enforcement Officers' Special Separation Allowance	7,250,083	6,789,253
Assigned		
For subsequent year's expenditures	12,687,857	9,153,519
For special purpose	8,898,451	5,251,113
For capital projects	10,142,762	11,301,421
Unassigned	23,573,783	25,196,717
Total fund balance	<u>93,088,870</u>	<u>82,576,939</u>
Total liabilities, deferred inflows of resources and fund balance	\$ 112,178,248	\$ 98,644,714

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2021 Actuals</u>	<u>2020 Actuals</u>
Revenues				
Ad valorem taxes				
Current year	\$ 70,384,494	\$ 1,032,879	\$ 71,417,373	\$ 70,107,355
Prior years	315,354	227,421	542,775	301,004
Interest and penalties	210,450	56,984	267,434	235,587
Total ad valorem taxes	70,910,298	1,317,284	72,227,582	70,643,946
Other taxes				
Vehicle license tax	637,900	33,506	671,406	630,246
Privilege license	17,600	(3,559)	14,041	14,060
Gross receipts tax on rental property	691,700	88,858	780,558	742,141
Total other taxes	1,347,200	118,805	1,466,005	1,386,447
Unrestricted intergovernmental				
Local option sales tax	45,354,554	7,010,018	52,364,572	45,332,265
Payment in lieu of taxes	11,450,867	-	11,450,867	11,098,087
Telecommunications sales tax	891,400	(4,830)	886,570	892,341
Utilities sales tax	10,011,100	(461,872)	9,549,228	9,739,746
Piped natural gas sales tax	351,600	74,948	426,548	330,563
Video franchise fee	1,949,800	(55,779)	1,894,021	1,937,184
Beer and wine tax	907,700	(35,311)	872,389	899,042
County - other	541,268	49,033	590,301	354,565
Local - public safety	346,920	(64,844)	282,076	315,080
Local - other	3,017,622	2,901	3,020,523	1,023,739
Total unrestricted intergovernmental	74,822,831	6,514,264	81,337,095	71,922,612
Restricted intergovernmental				
Federal - public safety	155,040	217,104	372,144	842,436
Federal - other	1,941,360	(77,193)	1,864,167	1,141,364
Powell Bill allocation	5,171,153	(192,232)	4,978,921	5,228,789
State - other	40,731	(17,203)	23,528	93,133
State - public safety	111,500	(18,799)	92,701	321,118
County recreation	3,594,500	(226,104)	3,368,396	3,411,186
County - other	1,161,271	(331,400)	829,871	925,880
Local - other	1,200,000	-	1,200,000	1,200,000
Total restricted intergovernmental	13,375,555	(645,827)	12,729,728	13,163,906
Permits and fees				
	2,002,250	187,810	2,190,060	1,946,372
Sales and services				
Property leases	900,435	(229,441)	670,994	675,247
Engineering/planning services	461,340	59,646	520,986	469,001
Public safety services	1,306,447	(114,410)	1,192,037	1,217,397
Recreation and cultural services	1,992,606	(1,337,927)	654,679	1,086,108
Parking revenues	193,039	(42,979)	150,060	134,245
Other fees and services	378,456	(51,780)	326,676	363,923
Total sales and services	5,232,323	(1,716,891)	3,515,432	3,945,921
Miscellaneous				
Refunds and sundry	334,728	8,120	342,848	863,391
Indirect cost allocation	2,531,500	(135,576)	2,395,924	2,378,917
Special use assessment	127,450	(33,632)	93,818	309,634
Total miscellaneous	2,993,678	(161,088)	2,832,590	3,551,942
Interest earned on investments				
	232,145	(94,284)	137,861	1,284,468
Total revenues	170,916,280	5,520,073	176,436,353	167,845,614

(continued)

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2021 Actuals</u>	<u>2020 Actuals</u>
Expenditures				
Current				
Community Investment				
Economic and community development				
Salaries and employee benefits	\$ 337,313	\$ 139,999	\$ 197,314	\$ 357,128
Other operating expenditures	647,732	222,394	425,338	591,208
Payments to agencies	270,353	118,096	152,257	132,353
	<u>1,255,398</u>	<u>480,489</u>	<u>774,909</u>	<u>1,080,689</u>
Development services				
Salaries and employee benefits	3,988,279	210,037	3,778,242	3,443,400
Other operating expenditures	730,064	285,377	444,687	424,537
Capital outlay	52,611	52,611	-	-
Payments to agencies	2,000	2,000	-	-
	<u>4,772,954</u>	<u>550,025</u>	<u>4,222,929</u>	<u>3,867,937</u>
Human relations				
Salaries and employee benefits	303,618	4,743	298,875	311,751
Other operating expenditures	33,080	10,873	22,207	27,654
Payments to agencies	14,658	10,533	4,125	14,120
	<u>351,356</u>	<u>26,149</u>	<u>325,207</u>	<u>353,525</u>
Total Community Investment	<u>6,379,708</u>	<u>1,056,663</u>	<u>5,323,045</u>	<u>5,302,151</u>
Support Services and Administration				
Budget and evaluation				
Salaries and employee benefits	513,171	89	513,082	507,060
Other operating expenditures	15,147	2,357	12,790	11,919
	<u>528,318</u>	<u>2,446</u>	<u>525,872</u>	<u>518,979</u>
Corporate communications				
Salaries and employee benefits	710,860	197	710,663	669,902
Other operating expenditures	349,603	61,354	288,249	188,056
Capital outlay	58,830	-	58,829	-
Inventory	83,808	18,426	65,382	78,742
Cost redistribution	(107,400)	(35,901)	(71,499)	(101,243)
	<u>1,095,701</u>	<u>44,076</u>	<u>1,051,624</u>	<u>835,457</u>
City Manager's office				
Salaries and employee benefits	2,112,267	2,957	2,109,310	2,101,616
Other operating expenditures	293,560	92,276	201,284	234,309
Capital outlay	29,541	29,541	-	50,305
	<u>2,435,368</u>	<u>124,774</u>	<u>2,310,594</u>	<u>2,386,230</u>
City Attorney's office				
Salaries and employee benefits	951,676	11	951,665	880,971
Other operating expenditures	637,703	41,558	596,145	274,379
	<u>1,589,379</u>	<u>41,569</u>	<u>1,547,810</u>	<u>1,155,350</u>
Finance				
Salaries and employee benefits	1,952,063	86,027	1,866,036	1,785,072
Other operating expenditures	1,124,530	495,038	629,492	623,633
	<u>3,076,593</u>	<u>581,065</u>	<u>2,495,528</u>	<u>2,408,705</u>
Human resources development				
Salaries and employee benefits	1,068,007	159,112	908,895	943,617
Other operating expenditures	262,436	62,511	199,925	184,820
	<u>1,330,443</u>	<u>221,623</u>	<u>1,108,820</u>	<u>1,128,437</u>
Information technology				
Salaries and employee benefits	2,461,303	155,783	2,305,520	2,245,441
Other operating expenditures	4,295,754	1,179,944	3,115,810	2,641,484
Cost redistribution	-	-	-	(72,560)
	<u>6,757,057</u>	<u>1,335,727</u>	<u>5,421,330</u>	<u>4,814,365</u>

(continued)

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Budget	Variance Positive (Negative)	2021 Actuals	2020 Actuals
Expenditures (continued)				
Current (continued)				
Mayor, Council and City Clerk				
Salaries and employee benefits	\$ 583,485	\$ 42,541	\$ 540,944	\$ 501,910
Other operating expenditures	636,025	288,752	347,273	415,346
	<u>1,219,510</u>	<u>331,293</u>	<u>888,217</u>	<u>917,256</u>
Total Support Services and Administration	<u>18,032,369</u>	<u>2,682,573</u>	<u>15,349,795</u>	<u>14,164,779</u>
Operations				
Fire				
Salaries and employee benefits	24,761,416	557,435	24,203,981	23,395,070
Other operating expenditures	5,358,134	911,884	4,446,250	4,120,396
Capital outlay	2,430,363	1,994,483	435,880	1,469,445
Cost redistribution	(75,000)	-	(75,000)	(75,000)
	<u>32,474,913</u>	<u>3,463,802</u>	<u>29,011,111</u>	<u>28,909,911</u>
Parks, Recreation and Maintenance				
Parks and recreation				
Salaries and employee benefits	8,900,443	889,799	8,010,644	8,056,734
Other operating expenditures	5,311,372	1,689,267	3,622,105	4,257,273
Capital outlay	1,097,663	243,304	854,359	602,230
Payments to agencies	179,250	-	179,250	179,250
Cost redistribution	(90,000)	(90,000)	-	-
	<u>15,398,728</u>	<u>2,732,370</u>	<u>12,666,358</u>	<u>13,095,487</u>
Cemeteries				
Salaries and employee benefits	129,401	848	128,553	132,775
Other operating expenditures	27,609	6,596	21,013	20,025
	<u>157,010</u>	<u>7,444</u>	<u>149,566</u>	<u>152,800</u>
Urban forestry				
Salaries and employee benefits	208,306	193	208,113	190,336
Other operating expenditures	37,787	3,998	33,789	28,520
	<u>246,093</u>	<u>4,191</u>	<u>241,902</u>	<u>218,856</u>
Public buildings				
Salaries and employee benefits	1,079,612	19,596	1,060,016	897,404
Other operating expenditures	1,263,054	180,469	1,082,585	1,101,797
Capital outlay	80,850	18,675	62,175	145,682
	<u>2,423,516</u>	<u>218,740</u>	<u>2,204,776</u>	<u>2,144,883</u>
Right of way maintenance				
Salaries and employee benefits	976,578	101,012	875,566	938,731
Other operating expenditures	557,769	97,912	459,857	356,590
Capital outlay	240,967	65,582	175,385	322,053
	<u>1,775,314</u>	<u>264,506</u>	<u>1,510,808</u>	<u>1,617,374</u>
Total Parks, Recreation and Maintenance	<u>20,000,661</u>	<u>3,227,251</u>	<u>16,773,410</u>	<u>17,229,400</u>
Police				
Salaries and employee benefits	43,943,657	2,368,736	41,574,921	41,154,126
Other operating expenditures	7,992,809	838,841	7,153,968	6,875,965
Capital outlay	3,586,403	1,230,015	2,356,388	1,545,245
Payments to agencies	3,000	-	3,000	3,000
	<u>55,525,869</u>	<u>4,437,592</u>	<u>51,088,277</u>	<u>49,578,336</u>
Public Services				
Engineering and construction management				
Salaries and employee benefits	1,604,558	852	1,603,706	1,372,820
Other operating expenditures	894,610	732,022	162,588	264,321
Capital outlay	54,320	54,320	-	23,079
	<u>2,553,488</u>	<u>787,194</u>	<u>1,766,294</u>	<u>1,660,220</u>
Streets				
Salaries and employee benefits	2,852,839	568	2,852,271	2,643,805
Other operating expenditures	3,185,705	722,895	2,462,810	2,450,921
Capital outlay	844,867	560,927	283,940	188,883
	<u>6,883,411</u>	<u>1,284,390</u>	<u>5,599,021</u>	<u>5,283,609</u>

(continued)

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Budget	Variance Positive (Negative)	2021 Actuals	2020 Actuals
Expenditures (continued)				
Current (continued)				
Real estate				
Salaries and employee benefits	\$ 242,116	\$ 39	\$ 242,077	\$ 223,033
Other operating expenditures	32,811	8,784	24,027	31,572
Capital outlay	184	1	183	156
	<u>275,111</u>	<u>8,824</u>	<u>266,287</u>	<u>254,761</u>
Total Public Services	<u>9,712,010</u>	<u>2,080,408</u>	<u>7,631,602</u>	<u>7,198,590</u>
Total Operations	<u>117,713,453</u>	<u>13,209,053</u>	<u>104,504,400</u>	<u>102,916,237</u>
Other Appropriations				
General government				
Salaries and employee benefits	2,020,878	18,578	2,002,300	1,835,001
Other operating expenditures	1,822,261	160,258	1,662,003	1,276,694
Inventory	1,184,000	295,308	888,692	975,934
Capital outlay	768,025	184,697	583,328	8,643
Payments to agencies	9,108,130	1	9,108,129	8,913,274
Cost redistribution	(1,246,700)	(287,836)	(958,864)	(982,229)
	<u>13,656,594</u>	<u>371,006</u>	<u>13,285,588</u>	<u>12,027,317</u>
Total Other Appropriations	<u>13,656,594</u>	<u>371,006</u>	<u>13,285,588</u>	<u>12,027,317</u>
Parking				
Salaries and employee benefits	54,870	9,018	45,852	-
Other operating expenditures	839,300	131,690	707,610	565,367
Capital outlay	143,935	86,713	57,222	433,781
	<u>1,038,105</u>	<u>227,421</u>	<u>810,684</u>	<u>999,148</u>
Total Parking	<u>1,038,105</u>	<u>227,421</u>	<u>810,684</u>	<u>999,148</u>
Central Business Tax District				
Other operating expenditures	249,128	5,527	243,601	245,697
	<u>249,128</u>	<u>5,527</u>	<u>243,601</u>	<u>245,697</u>
Law Enforcement Officers' Special Separation Allowance				
Salaries and employee benefits	1,726,075	496,585	1,229,490	1,087,981
	<u>1,726,075</u>	<u>496,585</u>	<u>1,229,490</u>	<u>1,087,981</u>
Debt Service				
Operations				
Principal	1,385,007	585,007	800,000	800,000
Interest	604,000	-	604,000	645,789
	<u>1,989,007</u>	<u>585,007</u>	<u>1,404,000</u>	<u>1,445,789</u>
Total debt service - operations	<u>1,989,007</u>	<u>585,007</u>	<u>1,404,000</u>	<u>1,445,789</u>
Other appropriations				
Principal	9,348,693	875,870	8,472,823	7,711,864
Interest	2,800,513	262,380	2,538,133	2,705,846
Issuance cost	14,473	3,034	11,439	27,884
	<u>12,163,679</u>	<u>1,141,284</u>	<u>11,022,395</u>	<u>10,445,594</u>
Total debt service - other appropriations	<u>12,163,679</u>	<u>1,141,284</u>	<u>11,022,395</u>	<u>10,445,594</u>
Total Debt Service	<u>14,152,686</u>	<u>1,726,291</u>	<u>12,426,395</u>	<u>11,891,383</u>
Total Expenditures	<u>172,948,118</u>	<u>19,775,119</u>	<u>153,172,998</u>	<u>148,634,693</u>
Revenues over (under) expenditures	<u>(2,031,838)</u>	<u>25,295,192</u>	<u>23,263,355</u>	<u>19,210,921</u>
Other Financing Sources (Uses)				
Sale of assets	120,000	576,088	696,088	115,312
Appropriated fund balance	15,887,423	(15,887,423)	-	-
Transfers in from other funds	735,000	-	735,000	1,061,349
Transfers (out) - Community Investment	(712,750)	-	(712,750)	(1,442,478)
Transfers (out) - Support Services & Administration	(2,663,722)	-	(2,663,722)	(1,175,659)
Transfers (out) - Operations	(7,758,556)	436,786	(7,321,770)	(7,569,830)
Transfers (out) - Other Appropriations	(7,414,502)	79,654	(7,334,848)	(6,859,366)
Proceeds from installment agreements	3,838,945	11,633	3,850,578	3,300,000
	<u>2,031,838</u>	<u>(14,783,262)</u>	<u>(12,751,424)</u>	<u>(12,570,672)</u>
Total Other Financing Sources (Uses)	<u>2,031,838</u>	<u>(14,783,262)</u>	<u>(12,751,424)</u>	<u>(12,570,672)</u>

(continued)

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2021 Actuals</u>	<u>2020 Actuals</u>
Revenues and Other Financing Sources (Uses)				
Over (Under) Expenditures	\$ -	\$ 10,511,931	\$ 10,511,931	\$ 6,640,249
Fund Balance				
Beginning			82,576,939	75,936,690
Ending			\$ 93,088,870	\$ 82,576,939

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, 2021 and June 30, 2020

	2021	2020
Assets		
Assessments receivable	\$ 6,938,336	\$ 7,367,458
Total assets	\$ 6,938,336	\$ 7,367,458
Liabilities, deferred inflows of resources and fund balances		
Liabilities	\$ -	\$ -
Total liabilities	-	-
Deferred inflows of resources		
Assessments receivable	6,938,336	7,367,458
Total deferred inflows of resources	6,938,336	7,367,458
Fund balances	-	-
Total fund balances	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ 6,938,336	\$ 7,367,458

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts For Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2021 Actual</u>	<u>2020 Actual</u>
Revenues				
Assessment revenue	\$ 2,561,200	\$ (387,425)	\$ 2,173,775	\$ 1,287,214
Interest earned on investments	330,000	24,046	354,046	401,853
Total revenues	<u>2,891,200</u>	<u>(363,379)</u>	<u>2,527,821</u>	<u>1,689,067</u>
Expenditures				
Current				
Administration				
Intergovernmental expense - assessment	2,891,200	363,379	2,527,821	1,689,067
Total expenditures	<u>2,891,200</u>	<u>363,379</u>	<u>2,527,821</u>	<u>1,689,067</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance				
Beginning			-	-
Ending			<u>\$ -</u>	<u>\$ -</u>

Federal and State Financial Assistance Fund

The Federal and State Financial Assistance Fund is a Special Revenue Fund used to account for the proceeds of special revenue sources or to finance specific activities as required by law or administrative regulation.

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

City of Fayetteville, North Carolina

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**Comparative Balance Sheets
Federal and State Financial Assistance Fund**

June 30, 2021 and June 30, 2020

	2021	2020
Assets		
Cash and investments	\$ -	\$ 580,763
Accounts receivable	361,235	484,042
Due from other governments	10,285,599	906,709
Restricted cash and investments	29,448,388	998,701
Restricted accounts receivable	253	744
Notes receivable	6,950,646	7,167,886
Property held for resale	27,871	27,871
Total assets	\$ 47,073,992	\$ 10,166,716
Liabilities and fund balances		
Liabilities:		
Accounts payable and accrued expenses	\$ 889,972	\$ 185,511
Unearned revenue	28,588,568	102,493
Interfund payables	7,766,826	-
Restricted accounts payable and accrued expenses	13,608	536
Total liabilities	37,258,974	288,540
Fund balances:		
Restricted		
Public safety	1,186,936	1,050,588
Recreation and community facilities	24,908	284,515
Economic and physical development	1,331,276	799,738
Environmental protection	1,301,143	8,557,023
Committed		
Recreation and community facilities	774,614	7,675,137
Public safety	-	230,289
Economic and physical development	8,053,948	60,972
Recreation and community facilities	8,797,042	620,853
Unassigned	(11,654,849)	(9,400,939)
Total fund balances	9,815,018	9,878,176
Total liabilities and fund balances	\$ 47,073,992	\$ 10,166,716

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

From Inception and for the Year Ended June 30, 2021

	<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	\$ 64,678,621	\$ 13,631,888	\$ (1,967,567)	\$ 10,102,486	\$ 21,766,807
State grants and contributions	8,402,932	1,837,016	(83,900)	2,215,012	3,968,128
Local	36,456	45,900	-	11,660	57,560
Total restricted intergovernmental	<u>73,118,009</u>	<u>15,514,804</u>	<u>(2,051,467)</u>	<u>12,329,158</u>	<u>25,792,495</u>
Miscellaneous	<u>4,784,953</u>	<u>965,184</u>	<u>(422,007)</u>	<u>(161,160)</u>	<u>382,017</u>
Interest earned on investments	<u>47,987</u>	<u>728,287</u>	<u>-</u>	<u>99,736</u>	<u>828,023</u>
Total revenues	<u>77,950,949</u>	<u>17,208,275</u>	<u>(2,473,474)</u>	<u>12,267,734</u>	<u>27,002,535</u>
Expenditures					
Current					
Public safety	9,034,476	2,595,707	(106,100)	1,265,360	3,754,967
Economic and physical development	53,584,153	13,137,999	(2,260,593)	2,934,525	13,811,931
Environmental protection	15,420,687	862,793	-	8,338,473	9,201,266
Recreation and community facilities	1,439,560	996,769	(36,691)	32,946	993,024
Total expenditures	<u>79,478,876</u>	<u>17,593,268</u>	<u>(2,403,384)</u>	<u>12,571,304</u>	<u>27,761,188</u>
Debt service	<u>310,890</u>	<u>391,174</u>	<u>(80,284)</u>	<u>-</u>	<u>310,890</u>
Total expenditures	<u>79,789,766</u>	<u>17,984,442</u>	<u>(2,483,668)</u>	<u>12,571,304</u>	<u>28,072,078</u>
Revenues over (under) expenditures	<u>(1,838,817)</u>	<u>(776,167)</u>	<u>10,194</u>	<u>(303,570)</u>	<u>(1,069,543)</u>
Other financing sources (uses)					
Transfers in	1,846,033	1,744,837	(10,194)	240,412	1,975,055
Transfers out	(7,216)	(9,582)	-	-	(9,582)
Total other financing sources (uses)	<u>1,838,817</u>	<u>1,735,255</u>	<u>(10,194)</u>	<u>240,412</u>	<u>1,965,473</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 959,088</u>	<u>\$ -</u>	<u>(63,158)</u>	<u>\$ 895,930</u>
Fund balance					
Beginning				9,878,176	
Ending				<u>\$ 9,815,018</u>	

**Schedule of Expenditures by Project
Federal and State Financial Assistance Fund**

**From Inception and for Year Ended June 30, 2021
(With Comparative Actual Amounts for Year Ended June 30, 2020)**

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Expenditures					
Public safety					
Federal and State Forfeiture	\$ 2,160,524	\$ 1,100,971	\$ -	\$ 250,811	\$ 1,351,782
Juvenile Restitution	233,413	137,978	-	74,589	212,567
Fire - USAR Equipment/Training	-	44,937	(44,937)	-	-
Fire - USAR Equipment	-	29,879	(29,879)	-	-
Fire - Safety Awareness	10,000	10,000	-	-	10,000
Fire - Homeland Security	2,957,466	41,500	-	492,971	534,471
Governor's Crime Comm - EKG 2017	-	24,153	(24,153)	-	-
Governor's Crime Comm - Interactive Policing	-	7,131	(7,131)	-	-
FY14 Violent Gang and Gun Crime Reduction	298,132	281,462	-	-	281,462
2015 National Sexual Assault Initiative	363,090	302,394	-	1	302,395
2016 National Sexual Assault Initiative	793,372	554,550	-	13,871	568,421
Project Safe Neighborhood	117,865	13,967	-	67,775	81,742
Byrne FY19 Justice Assistance	126,701	-	-	51,976	51,976
Coronavirus emergency supplement funding	408,226	46,785	-	147,226	194,011
Worth court program	11,232	-	-	-	-
Racial equity institute	50,000	-	-	46,423	46,423
FY19 School safety preparedness	35,000	-	-	-	-
FY20 FPD Block Grant	24,000	-	-	-	-
2020 National Sexual Assault Initiative	1,000,000	-	-	33,814	33,814
Peer support project	125,000	-	-	-	-
Byrne FY20 Justice Assistance	129,635	-	-	-	-
FY20 Project Safe Neighborhood	40,820	-	-	-	-
Assistant Firefighter	150,000	-	-	85,903	85,903
Total public safety	9,034,476	2,595,707	(106,100)	1,265,360	3,754,967
Economic and physical development					
Community Development Block Grant	9,314,060	5,994,364	(2,176,693)	2,816,727	6,634,398
HOME	9,014,236	5,148,335	-	(101,515)	5,046,820
Downtown public art project	34,500	20,811	-	-	20,811
Downtown parking management plan	-	83,900	(83,900)	-	-
CDBG - disaster recovery grant	105,000	99,263	-	-	99,263
Rural economic development grants	590,000	52,500	-	-	52,500
Hazard mitigation grant program	4,554,593	1,409,195	-	-	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	-	-	-	-
Commerical corridor revitalization	200,000	-	-	110,868	110,868
Choice neighborhoods	711,500	-	-	32,704	32,704
Emergency rental assistance	6,383,864	-	-	75,741	75,741
Building reuse program	110,000	-	-	-	-
Coronavirus State and local fiscal recovery	20,213,769	-	-	-	-
Total economic and physical development	53,584,153	13,137,999	(2,260,593)	2,934,525	13,811,931
Environmental protection					
Cross Creek bank stabilization	11,235,175	576,690	-	8,058,889	8,635,579
Cross Creek grave relocation	573,745	225,131	-	-	225,131
Emergency watershed protection	3,165,533	-	-	233,183	233,183
Locks Creek debris removal	446,234	60,972	-	46,401	107,373
Total environmental protection	15,420,687	862,793	-	8,338,473	9,201,266
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	-	21,691	(21,691)	-	-
Adaptive sports	20,000	32,718	(15,000)	2,120	19,838
Healthy out of school time meals programs	25,000	24,988	-	12	25,000
Cumberland Community Foundation	974	75	-	897	972
Historic preservation	28,000	-	-	12,475	12,475
Cross Creek cemetery conservation restoration	65,000	14,000	-	17,442	31,442
Total environmental protection	1,439,560	996,769	(36,691)	32,946	993,024
Total expenditures by project	\$ 79,478,876	\$ 17,593,268	\$ (2,403,384)	\$ 12,571,304	\$ 27,761,188

City of Fayetteville, North Carolina

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Nonmajor Governmental Funds



City of Fayetteville, North Carolina

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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
- 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 Governmental Funds**

June 30, 2021

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 863,121	\$ 13,325,730	\$ 14,188,851
Accounts receivable	80,261	578,281	658,542
Due from other governments	537	8,851,868	8,852,405
Restricted cash and investments	-	18,010,654	18,010,654
Total assets	\$ 943,919	\$ 40,766,533	\$ 41,710,452
Liabilities and fund balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 51,951	\$ 1,594,679	\$ 1,646,630
Unearned revenue	-	22,337	22,337
Restricted accounts payable and accrued expenses	-	1,808,980	1,808,980
Interfund payable	-	5,064,862	5,064,862
Total liabilities	51,951	8,490,858	8,542,809
Fund balances:			
Restricted:			
Stabilization by State Statute	154,037	-	154,037
Administration	-	2,747,551	2,747,551
Public safety	778,363	417,911	1,196,274
For streets - Powell Bill	-	970,832	970,832
Transportation	-	4,422,976	4,422,976
Recreation and community facilities	-	6,907,724	6,907,724
Economic and physical development	-	60,623	60,623
Environmental protection	-	2,663,542	2,663,542
Committed:			
Administration	-	5,698,519	5,698,519
Public safety	-	85,829	85,829
Transportation	-	3,723,243	3,723,243
Economic and physical development	-	1,974,284	1,974,284
Recreation and community facilities	26,267	6,681,161	6,707,428
Environmental protection	-	4,581,363	4,581,363
Unassigned	(66,699)	(8,659,883)	(8,726,582)
Total fund balances	891,968	32,275,675	33,167,643
Total liabilities and fund balances	\$ 943,919	\$ 40,766,533	\$ 41,710,452

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

For the Year Ended June 30, 2021

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues			
Restricted intergovernmental	\$ 963,133	\$ 2,394,019	\$ 3,357,152
Miscellaneous	7,500	126,313	133,813
Interest earned on investments	1,074	4,073	5,147
Total revenues	971,707	2,524,405	3,496,112
Expenditures			
Current:			
Public safety	872,172	-	872,172
Recreation and community facilities	8,768	-	8,768
Capital outlay	-	18,762,136	18,762,136
Total expenditures	880,940	18,762,136	19,643,076
Revenues over (under) expenditures	90,767	(16,237,731)	(16,146,964)
Other financing sources (uses)			
Capital lease proceeds	-	4,796,644	4,796,644
Transfers in	-	12,057,109	12,057,109
Transfers out	-	(614,000)	(614,000)
Total other financing sources	-	16,239,753	16,239,753
Net change in fund balances	90,767	2,022	92,789
Fund balances			
Beginning	801,201	32,273,653	33,074,854
Ending	\$ 891,968	\$ 32,275,675	\$ 33,167,643

**Combining Balance Sheet
Nonmajor Special Revenue Funds**

June 30, 2021

	Emergency Telephone System Fund	Linear Park Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash and investments	\$ 830,314	\$ 32,807	\$ 863,121
Accounts receivable	80,261	-	80,261
Due from other governments	-	537	537
Total assets	\$ 910,575	\$ 33,344	\$ 943,919
Liabilities and fund balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 51,951	\$ -	\$ 51,951
Total liabilities	51,951	-	51,951
Fund balances:			
Restricted:			
Stabilization by State Statute	146,960	7,077	154,037
Public safety	778,363	-	778,363
Committed:			
Recreation and community facilities	-	26,267	26,267
Unassigned	(66,699)	-	(66,699)
Total fund balances	858,624	33,344	891,968
Total liabilities and fund balances	\$ 910,575	\$ 33,344	\$ 943,919

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

For the Year Ended June 30, 2021

	Emergency Telephone System Fund	Linear Park Fund	Total Nonmajor Special Revenue Funds
Revenues			
Restricted intergovernmental	\$ 963,133	\$ -	\$ 963,133
Miscellaneous	-	7,500	7,500
Interest earned on investments	1,038	36	1,074
Total revenues	<u>964,171</u>	<u>7,536</u>	<u>971,707</u>
Expenditures			
Current			
Public safety	872,172	-	872,172
Recreation and community facilities	-	8,768	8,768
Total expenditures	<u>872,172</u>	<u>8,768</u>	<u>880,940</u>
Revenues over (under) expenditures	<u>91,999</u>	<u>(1,232)</u>	<u>90,767</u>
Fund balances			
Beginning	766,625	34,576	801,201
Ending	<u>\$ 858,624</u>	<u>\$ 33,344</u>	<u>\$ 891,968</u>

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts For Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2021 Actual</u>	<u>2020 Actual</u>
Revenues				
Restricted intergovernmental	\$ 963,133	\$ -	\$ 963,133	\$ 919,978
Interest earned on investments	1,339	(301)	1,038	10,684
Total revenues	<u>964,472</u>	<u>(301)</u>	<u>964,171</u>	<u>930,662</u>
Expenditures				
Current				
Public safety				
Other operating expenditures	964,472	92,300	872,172	840,965
Total expenditures	<u>964,472</u>	<u>92,300</u>	<u>872,172</u>	<u>840,965</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 91,999</u>	91,999	89,697
Fund balance				
Beginning			766,625	676,928
Ending			<u>\$ 858,624</u>	<u>\$ 766,625</u>

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

From Inception and for the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental:					
County	\$ 135,560	\$ 130,000	\$ -	\$ -	\$ 130,000
Total restricted intergovernmental	135,560	130,000	-	-	130,000
Miscellaneous					
Donations	1,944,094	1,936,594	-	7,500	1,944,094
Interest earned on investments	49,337	49,368	-	36	49,404
Total revenues	<u>2,128,991</u>	<u>2,115,962</u>	<u>-</u>	<u>7,536</u>	<u>2,123,498</u>
Expenditures					
Current					
Recreation and community facilities:					
Linear Park	2,179,070	2,131,465	-	8,768	2,140,233
Total expenditures	<u>2,179,070</u>	<u>2,131,465</u>	<u>-</u>	<u>8,768</u>	<u>2,140,233</u>
Revenues under expenditures	<u>(50,079)</u>	<u>(15,503)</u>	<u>-</u>	<u>(1,232)</u>	<u>(16,735)</u>
Other financing sources					
Transfers in	50,079	50,079	-	-	50,079
Total other financing sources	<u>50,079</u>	<u>50,079</u>	<u>-</u>	<u>-</u>	<u>50,079</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 34,576</u>	<u>\$ -</u>	<u>(1,232)</u>	<u>\$ 33,344</u>
Fund balance					
Beginning				34,576	
Ending				<u>\$ 33,344</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
- Economic and Physical Development 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, 2021

	General Government Fund	Public Safety Fund	Transportation Fund	Economic and Physical Development Fund	Recreational and Cultural Fund	Recreational and Cultural Bond Fund	Environmental Protection Fund	Total Nonmajor Capital Project Funds
Assets								
Cash and investments	\$ 5,298,970	\$ 103,669	\$ 6,387,540	\$ 1,501,511	\$ -	\$ 34,040	\$ -	\$ 13,325,730
Accounts receivable	10,000	-	2,000	525,150	-	36,900	4,231	578,281
Due from other governments	42,433	30,296	2,214,547	111,392	1,860,494	15,575	4,577,131	8,851,868
Restricted cash and investments	3,549,469	-	2,173,666	369,913	1,045,324	10,872,282	-	18,010,654
Total assets	\$ 8,900,872	\$ 133,965	\$ 10,777,753	\$ 2,507,966	\$ 2,905,818	\$ 10,958,797	\$ 4,581,362	\$ 40,766,533
Liabilities and fund balances								
Liabilities:								
Accounts payable and accrued expenses	\$ 218,568	\$ 47,681	\$ 457,869	\$ 103,146	\$ 222,048	\$ 532,420	\$ 12,947	\$ 1,594,679
Unearned revenue	-	455	-	-	21,882	-	-	22,337
Restricted accounts payable and accrued expenses	236,234	-	1,202,833	369,913	-	-	-	1,808,980
Interfund payables	-	-	-	-	591,766	-	4,473,096	5,064,862
Total liabilities	454,802	48,136	1,660,702	473,059	835,696	532,420	4,486,043	8,490,858
Fund balances:								
Restricted:								
Administration	2,747,551	-	-	-	-	-	-	2,747,551
Public safety	-	417,911	-	-	-	-	-	417,911
For streets - Powell bill	-	-	970,832	-	-	-	-	970,832
Transportation	-	-	4,422,976	-	-	-	-	4,422,976
Recreation and community facilities	-	-	-	-	369,208	6,538,516	-	6,907,724
Environmental protection	-	-	-	-	-	-	2,663,542	2,663,542
Economic and physical development	-	-	-	60,623	-	-	-	60,623
Committed:								
Administration	5,698,519	-	-	-	-	-	-	5,698,519
Public safety	-	85,829	-	-	-	-	-	85,829
Transportation	-	-	3,723,243	-	-	-	-	3,723,243
Recreation and community facilities	-	-	-	-	2,793,300	3,887,861	-	6,681,161
Environmental protection	-	-	-	-	-	-	4,581,363	4,581,363
Economic and physical development	-	-	-	1,974,284	-	-	-	1,974,284
Unassigned	-	(417,911)	-	-	(1,092,386)	-	(7,149,586)	(8,659,883)
Total fund balances	8,446,070	85,829	9,117,051	2,034,907	2,070,122	10,426,377	95,319	32,275,675
Total liabilities and fund balances	\$ 8,900,872	\$ 133,965	\$ 10,777,753	\$ 2,507,966	\$ 2,905,818	\$ 10,958,797	\$ 4,581,362	\$ 40,766,533

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

For the Year Ended June 30, 2021

	General Government Fund	Public Safety Fund	Transportation Fund	Economic and Physical Development Fund	Recreational and Cultural Fund	Recreational and Cultural Bond Fund	Environmental Protection Fund	Total Nonmajor Capital Project Funds
Revenues								
Restricted intergovernmental	\$ 10,000	\$ 30,295	\$ 142,082	\$ 87,134	\$ 1,750,439	\$ -	\$ 374,069	\$ 2,394,019
Miscellaneous	-	14,584	39,487	-	72,242	-	-	126,313
Interest earned on investments	119	-	-	71	1,522	2,361	-	4,073
Total revenues	<u>10,119</u>	<u>44,879</u>	<u>181,569</u>	<u>87,205</u>	<u>1,824,203</u>	<u>2,361</u>	<u>374,069</u>	<u>2,524,405</u>
Expenditures								
Capital outlay	3,807,166	340,701	5,627,089	2,359,041	3,499,160	2,750,229	378,750	18,762,136
Total expenditures	<u>3,807,166</u>	<u>340,701</u>	<u>5,627,089</u>	<u>2,359,041</u>	<u>3,499,160</u>	<u>2,750,229</u>	<u>378,750</u>	<u>18,762,136</u>
Revenues over (under) expenditures	<u>(3,797,047)</u>	<u>(295,822)</u>	<u>(5,445,520)</u>	<u>(2,271,836)</u>	<u>(1,674,957)</u>	<u>(2,747,868)</u>	<u>(4,681)</u>	<u>(16,237,731)</u>
Other financing sources (uses)								
Issuance of debt	4,796,644	-	-	-	-	-	-	4,796,644
Transfers in	3,886,301	200,000	5,607,862	1,717,759	370,187	225,000	50,000	12,057,109
Transfers out	-	-	(614,000)	-	-	-	-	(614,000)
Total other financing sources	<u>8,682,945</u>	<u>200,000</u>	<u>4,993,862</u>	<u>1,717,759</u>	<u>370,187</u>	<u>225,000</u>	<u>50,000</u>	<u>16,239,753</u>
Revenues and other financing sources (uses) over (under) expenditures	4,885,898	(95,822)	(451,658)	(554,077)	(1,304,770)	(2,522,868)	45,319	2,022
Fund balance								
Beginning	3,560,172	181,651	9,568,709	2,588,984	3,374,892	12,949,245	50,000	32,273,653
Ending	<u>\$ 8,446,070</u>	<u>\$ 85,829</u>	<u>\$ 9,117,051</u>	<u>\$ 2,034,907</u>	<u>\$ 2,070,122</u>	<u>\$ 10,426,377</u>	<u>\$ 95,319</u>	<u>\$ 32,275,675</u>

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

From Inception and for Year Ended June 30, 2021

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental:					
Federal grants	\$ 342,702	\$ 179,080	\$ -	\$ 17,540	\$ 196,620
State grants	390,056	259,078	-	(17,540)	241,538
Local	10,000	-	-	10,000	10,000
Total restricted intergovernmental	<u>742,758</u>	<u>438,158</u>	<u>-</u>	<u>10,000</u>	<u>448,158</u>
Miscellaneous:					
Other	142,812	142,812	-	-	142,812
Interest earned on investments	-	1,391	-	119	1,510
Total revenues	<u>885,570</u>	<u>582,361</u>	<u>-</u>	<u>10,119</u>	<u>592,480</u>
Expenditures					
Capital outlay:					
Cross Creek/280 Lam St. Hurricane Matthew repairs	312,633	149,180	-	63,629	212,809
Computer replacements	5,532,728	4,811,446	-	108,837	4,920,283
Enterprise-wide GIS	542,162	457,645	-	10,014	467,659
Disaster recovery system	1,607,033	832,112	-	480,561	1,312,673
Uninterruptible power supply	61,650	37,878	-	9,586	47,464
Virtual server expansion	352,034	186,260	-	59,183	245,443
Wireless network expansion	442,104	266,943	-	-	266,943
Building maintenance projects	8,234,404	5,615,595	(286,921)	379,908	5,708,582
City Hall 1st floor renovations	1,049,803	-	-	99,322	99,322
Parking lot maintenance projects	337,109	254,091	-	74,796	328,887
Emergency generator connection	137,300	-	-	-	-
Internet telephone system	513,038	419,616	-	6,093	425,709
Time and attendance system	741,191	623,925	-	64,311	688,236
E-mail system upgrade	410,052	255,736	-	35,226	290,962
External website for the City	200,000	198,424	-	1,500	199,924
Org Performance Mgmt System	-	99,188	(99,188)	-	-
Revenue management system	246,625	-	-	-	-
Plans review software	-	108,500	(108,500)	-	-
JDE/Laserfiche integration	-	15,000	(15,000)	-	-
Laserfiche quickfields	-	16,080	(16,080)	-	-
LSDBE tracking software	64,500	-	-	-	-
Centralized data warehouse	115,000	13,500	-	-	13,500
Direct fiber connection	260,496	-	-	-	-
Single internet domain	780,000	49,845	-	566,533	616,378
Server replacement	42,000	41,463	-	-	41,463
Access control system	34,000	21,657	-	2,343	24,000
ERP system	5,064,152	-	-	1,531,618	1,531,618
Alexander Street facility repairs	940,125	371,460	-	233,652	605,112
App packaging factory system	85,000	-	-	-	-
Time and attendance upgrades	79,980	-	-	79,977	79,977
Asset management system	250,000	-	-	-	-
Automatic truck wash	467,284	-	-	77	77
Total expenditures	<u>28,902,403</u>	<u>14,845,544</u>	<u>(525,689)</u>	<u>3,807,166</u>	<u>18,127,021</u>
Revenues over (under) expenditures	<u>(28,016,833)</u>	<u>(14,263,183)</u>	<u>525,689</u>	<u>(3,797,047)</u>	<u>(17,534,541)</u>
Other financing sources (uses)					
Issuance of debt	7,926,152	1,800,000	-	4,796,644	6,596,644
Transfers in	20,756,463	16,689,137	(525,689)	3,886,301	20,049,749
Transfer out	(665,782)	(665,782)	-	-	(665,782)
Total other financing sources (uses)	<u>28,016,833</u>	<u>17,823,355</u>	<u>(525,689)</u>	<u>8,682,945</u>	<u>25,980,611</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>\$ 3,560,172</u>	<u>\$ -</u>	<u>4,885,898</u>	<u>\$ 8,446,070</u>
Fund balance					
Beginning				3,560,172	
Ending				<u>\$ 8,446,070</u>	

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

From Inception and for Year Ended June 30, 2021

	<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	\$ 428,258	\$ 932,834	\$ (583,968)	\$ 30,295	\$ 379,161
Local	-	529,811	(529,811)	-	-
Total restricted intergovernmental	428,258	1,462,645	(1,113,779)	30,295	379,161
Miscellaneous:					
Other	35,000	19,962	-	14,584	34,546
Interest earned on investments	-	15,745	-	-	15,745
Total revenues	<u>463,258</u>	<u>1,498,352</u>	<u>(1,113,779)</u>	<u>44,879</u>	<u>429,452</u>
Expenditures					
Capital outlay:					
Fire station #12	4,100,000	3,829,021	-	-	3,829,021
Police department CAD and RMS	3,209,917	3,134,326	-	-	3,134,326
Police department 800mhz radios	8,175,694	7,719,493	-	20,956	7,740,449
Justice assistance grants	332,358	288,782	-	32,640	321,422
NC Governors Crime Commission	22,000	22,000	-	-	22,000
Homeland security grants	-	54,157	(54,157)	-	-
FPD Glassdoor Initiative	-	1,059,622	(1,059,622)	-	-
NIBRS transition process	73,900	37,046	-	-	37,046
Enhanced security systems	271,851	205,107	-	22,250	227,357
Automated alarm	27,260	26,060	-	-	26,060
Terrain modeling software	16,750	9,990	-	-	9,990
Fire station 4 relocation	8,313,284	419,694	-	250,270	669,964
Duke Energy Foundation grant	35,000	19,962	-	14,585	34,547
Fire station 1 generator	62,330	58,918	-	-	58,918
Total expenditures	<u>24,640,344</u>	<u>16,884,178</u>	<u>(1,113,779)</u>	<u>340,701</u>	<u>16,111,100</u>
Revenues under expenditures	<u>(24,177,086)</u>	<u>(15,385,826)</u>	<u>-</u>	<u>(295,822)</u>	<u>(15,681,648)</u>
Other financing sources (uses)					
Issuance of debt	21,713,364	13,647,682	-	-	13,647,682
Transfers in	4,785,822	4,241,895	-	200,000	4,441,895
Transfers out	(2,322,100)	(2,322,100)	-	-	(2,322,100)
Total other financing sources	<u>24,177,086</u>	<u>15,567,477</u>	<u>-</u>	<u>200,000</u>	<u>15,767,477</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 181,651</u>	<u>\$ -</u>	<u>(95,822)</u>	<u>\$ 85,829</u>
Fund balance					
Beginning				181,651	
Ending				<u>\$ 85,829</u>	

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

From Inception and for Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental:					
Federal grants	\$ 6,160,547	\$ 3,869,839	\$ (60,035)	\$ 106,561	\$ 3,916,365
State grants	1,414,683	2,044,759	(920,491)	35,521	1,159,789
Total restricted intergovernmental	<u>7,575,230</u>	<u>5,914,598</u>	<u>(980,526)</u>	<u>142,082</u>	<u>5,076,154</u>
Miscellaneous:					
Owner contributions	232,058	260,551	-	39,487	300,038
Other	10,204	10,204	-	-	10,204
Total miscellaneous	<u>242,262</u>	<u>270,755</u>	<u>-</u>	<u>39,487</u>	<u>310,242</u>
Interest earned on investments	6,524	6,589	-	-	6,589
Total revenues	<u>7,824,016</u>	<u>6,191,942</u>	<u>(980,526)</u>	<u>181,569</u>	<u>5,392,985</u>
Expenditures					
Capital outlay:					
Thoroughfare streetlights	325,000	82,384	-	11,960	94,344
Sidewalks	4,636,787	703,149	(254,792)	416,928	865,285
Municipal agreement projects	1,531,867	1,707,174	(1,016,136)	10,094	701,132
Comprehensive bicycle plan	95,000	95,000	-	(15,382)	79,618
Transportation improvements	22,715,582	22,584,639	(9,445,460)	4,091,992	17,231,171
Rowan Street bridge	403,601	403,601	-	-	403,601
Other bridge replacements	2,186,848	2,273,686	-	(86,838)	2,186,848
Hurricane Matthew repairs	5,847,430	4,689,867	-	142,082	4,831,949
Sykes Pond Road flood damage	1,950,000	208,808	-	1,056,253	1,265,061
Total expenditures	<u>39,692,115</u>	<u>32,748,308</u>	<u>(10,716,388)</u>	<u>5,627,089</u>	<u>27,659,009</u>
Revenues (over) under expenditures	<u>(31,868,099)</u>	<u>(26,556,366)</u>	<u>9,735,862</u>	<u>(5,445,520)</u>	<u>(22,266,024)</u>
Other financing sources (uses)					
Transfers in	32,964,717	36,607,692	(9,735,862)	5,607,862	32,479,692
Transfers out	(1,096,618)	(482,617)	-	(614,000)	(1,096,617)
Total other financing sources (uses)	<u>31,868,099</u>	<u>36,125,075</u>	<u>(9,735,862)</u>	<u>4,993,862</u>	<u>31,383,075</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 9,568,709</u>	<u>\$ -</u>	<u>(451,658)</u>	<u>\$ 9,117,051</u>
Fund balance					
Beginning				9,568,709	
Ending				<u>\$ 9,117,051</u>	

**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, 2021

	<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	\$ -	\$ 83,004	\$ 110,404
State grants	250,000	250,000	-	-	250,000
County	250,243	250,242	-	-	250,242
Local	92,105	69,161	-	4,130	73,291
Total restricted intergovernmental	<u>4,582,348</u>	<u>596,803</u>	<u>-</u>	<u>87,134</u>	<u>683,937</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>1,027,792</u>	<u>-</u>	<u>-</u>	<u>1,027,792</u>
Interest earned on investments	<u>661,788</u>	<u>663,148</u>	<u>-</u>	<u>71</u>	<u>663,219</u>
Total revenues	<u>6,392,653</u>	<u>2,287,743</u>	<u>-</u>	<u>87,205</u>	<u>2,374,948</u>
Expenditures					
Capital outlay:					
Economic and physical development:					
Texfi Project	895,724	829,336	-	10,259	839,595
HOPE VI	6,601,000	6,131,279	-	13,248	6,144,527
Murchison Road redevelopment	2,300,000	1,622,646	-	537,920	2,160,566
Dr. EE Smith House restoration	275,600	262,492	-	12,358	274,850
Affordable Housing	160,000	100,756	-	-	100,756
Downtown baseball stadium	41,368,102	40,279,096	-	1,048,698	41,327,794
Downtown redevelopment site	2,602,123	1,773,443	-	517,694	2,291,137
Downtown parking	935,983	627,317	-	30,383	657,700
Hay Street parking and mixed use	17,931,095	17,806,401	-	105,477	17,911,878
Hurley Plaza memorial	150,000	-	-	-	-
Homeless day center and emergency shelter	3,990,000	27,400	-	83,004	110,404
Rental to homeownership	500,000	-	-	-	-
Segra Stadium capital maintenance & improve.	180,000	17,809	-	-	17,809
Total expenditures	<u>77,889,627</u>	<u>69,477,975</u>	<u>-</u>	<u>2,359,041</u>	<u>71,837,016</u>
Revenue under expenditures	<u>(71,496,974)</u>	<u>(67,190,232)</u>	<u>-</u>	<u>(2,271,836)</u>	<u>(69,462,068)</u>
Other financing sources (uses)					
Issuance of debt	53,140,000	53,140,000	-	-	53,140,000
Transfers in	18,396,974	16,679,216	-	1,717,759	18,396,975
Transfers out	(40,000)	(40,000)	-	-	(40,000)
Total other financing sources	<u>71,496,974</u>	<u>69,779,216</u>	<u>-</u>	<u>1,717,759</u>	<u>71,496,975</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 2,588,984</u>	<u>\$ -</u>	<u>(554,077)</u>	<u>\$ 2,034,907</u>
Fund balance					
Beginning				2,588,984	
Ending				<u>\$ 2,034,907</u>	

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

From Inception and for the Year Ended June 30, 2021

	<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	\$ 508,531	\$ -	\$ 774,334	\$ 1,282,865
State grants and contributions	4,059,412	3,035,614	-	976,102	4,011,716
Local	18,750	33,995	(30,000)	-	3,995
Total restricted intergovernmental	5,492,791	3,578,140	(30,000)	1,750,436	5,298,576
Miscellaneous:					
Other	659,385	774,934	-	44,526	819,460
Donations	375,671	335,671	-	27,717	363,388
Total miscellaneous	1,035,056	1,110,605	-	72,243	1,182,848
Interest earned on investments	462,453	515,720	-	1,522	517,242
Total revenues	6,990,300	5,204,465	(30,000)	1,824,201	6,998,666
Expenditures					
Capital outlay:					
Freedom Park	592,341	577,338	-	(9,889)	567,449
NC State Veterans Park Phase II	1,142,470	26,745	-	114,349	141,094
Playground equipment and improvements	1,159,834	846,868	-	266,463	1,113,331
Rec Trac Software	78,353	56,711	-	-	56,711
Cape Fear River Trail Phase 2	7,147,452	4,110,493	-	2,830,415	6,940,908
Cape Fear River Trail Connector	185,000	155,043	-	12,266	167,309
Tree Project	412,070	115,939	-	139,517	255,456
Lafayette Park pedestrian bridge	216,907	209,332	-	-	209,332
Mazarick Park play area	55,000	28,219	-	25,479	53,698
Linear Park path, steps and overlook	79,593	45,402	-	16,047	61,449
Cross Creek/Union St. bridge	26,149	10,430	-	-	10,430
Reid Ross track resurfacing	-	93,279	(93,279)	-	-
Land Acquisition Big Cross Creek	52,000	-	-	-	-
Hurricane Matthew repairs	328,452	151,584	-	-	151,584
Playground equipment - Honeycutt	40,000	-	-	40,000	40,000
Blount's Creek Trail III	93,750	5,675	-	-	5,675
Lake Rim aquatic center	3,139,414	3,132,304	-	-	3,132,304
Little Cross Creek	20,000	-	-	-	-
Western area dog park	198,000	-	-	24,899	24,899
Park improvements	115,000	50,810	-	39,612	90,422
Total expenditures	15,081,785	9,616,172	(93,279)	3,499,158	13,022,051
Revenues over (under) expenditures	(8,091,485)	(4,411,707)	63,279	(1,674,957)	(6,023,385)
Other financing sources (uses)					
Issuance of debt	3,139,414	3,134,715	-	-	3,134,715
Sale of capital assets	712,600	712,600	-	-	712,600
Transfers in	4,270,626	3,970,439	(63,279)	370,187	4,277,347
Transfers out	(31,155)	(31,155)	-	-	(31,155)
Total other financing sources (uses)	8,091,485	7,786,599	(63,279)	370,187	8,093,507
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 3,374,892	\$ -	(1,304,770)	\$ 2,070,122
Fund balance					
Beginning				3,374,892	
Ending				<u>\$ 2,070,122</u>	

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

From Inception and for the Year Ended June 30, 2021

	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	350,000	250,000	-	-	250,000
Miscellaneous:					
Other	67,900	67,900	-	-	67,900
Interest earned on investments	-	223,240	-	2,361	225,601
Total revenues	417,900	541,140	-	2,361	543,501
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	85,538	85,537	-	-	85,537
D. Gilmore Therapeutic Rec Center	400,000	28,660	-	-	28,660
Massey Hill Recreation Center	352,940	352,940	-	-	352,940
Kiwanis splash pad	428,087	428,087	-	-	428,087
Massey Hill splash pad	428,125	428,125	-	-	428,125
Western Senior Center	8,300,337	1,173,015	-	1,535,870	2,708,885
Downtown skate park	981,767	976,877	-	4,890	981,767
Gilmore splash pad	335,902	335,902	-	-	335,902
Myers Rec splash pad	427,281	427,281	-	-	427,281
Downtown stadium splash pad	380,000	238,375	-	-	238,375
Senior/Wellness feasibility study	55,800	55,800	-	-	55,800
Senior Center East	6,197,900	120,139	-	275,050	395,189
Sports field complex	3,677,663	90,983	-	15,968	106,951
Jordan soccer complex	1,835,241	35,241	-	127,489	162,730
Tennis center	6,000,000	329	-	216,570	216,899
Mable C. Smith Park	1,513,320	-	-	-	-
Cape Fear River Park	2,380,815	-	-	-	-
Martin Luther King Park	100,000	-	-	-	-
Honeycutt Splashpad/Park	450,000	-	-	375,008	375,008
Montclair Playground	300,000	-	-	199,384	199,384
Lake Rim School Splash Pad	455,448	-	-	-	-
P&R Bond Fund Contingency	131,736	-	-	-	-
Total expenditures	35,887,900	5,242,615	-	2,750,229	7,992,844
Revenues under expenditures	(35,470,000)	(4,701,475)	-	(2,747,868)	(7,449,343)
Other financing sources					
Issuance of debt	35,245,000	17,650,720	-	-	17,650,720
Transfers in	225,000	-	-	225,000	225,000
Total other financing sources	35,470,000	17,650,720	-	225,000	17,875,720
Revenues and other financing sources over (under) expenditures	\$ -	\$ 12,949,245	\$ -	(2,522,868)	\$ 10,426,377
Fund balance					
Beginning				12,949,245	
Ending				<u>\$ 10,426,377</u>	

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

From Inception and for the Year Ended June 30, 2021

	<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	\$ 4,211,428	\$ -	\$ 280,552	\$ 4,491,980
State grants and contributions	2,154,268	1,403,809	-	93,517	1,497,326
Total restricted intergovernmental	<u>8,617,072</u>	<u>5,615,237</u>	<u>-</u>	<u>374,069</u>	<u>5,989,306</u>
Total revenues	<u>8,617,072</u>	<u>5,615,237</u>	<u>-</u>	<u>374,069</u>	<u>5,989,306</u>
Expenditures					
Capital outlay:					
Mirror Lake Dam Restoration	5,656,861	5,303,049	-	291,500	5,594,549
Devonwood Lower Dam Restoration	3,279,200	312,188	-	82,569	394,757
Dam safety and preservation	100,000	-	-	4,681	4,681
Total expenditures	<u>9,036,061</u>	<u>5,615,237</u>	<u>-</u>	<u>378,750</u>	<u>5,993,987</u>
Revenues over (under) expenditures	<u>(418,989)</u>	<u>-</u>	<u>-</u>	<u>(4,681)</u>	<u>(4,681)</u>
Other financing sources					
Transfers in	418,989	50,000	-	50,000	100,000
Total other financing sources	<u>418,989</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>100,000</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>45,319</u>	<u>\$ 95,319</u>
Fund balance					
Beginning				50,000	
Ending				<u>\$ 95,319</u>	

City of Fayetteville, North Carolina

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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
- Solid Waste Fund

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)**

	Budget	Variance Positive (Negative)	2021 Actual	2020 Actual
Operating revenues				
Charges for services	\$ 11,318,400	\$ (64,360)	\$ 11,254,040	\$ 11,148,143
Other revenue from operations	27,810	37,460	65,270	37,115
Total operating revenues	<u>11,346,210</u>	<u>(26,900)</u>	<u>11,319,310</u>	<u>11,185,258</u>
Operating expenditures				
Salaries and employee benefits	3,623,708	734,197	2,889,511	2,279,867
Other operating expenditures	7,922,305	6,094,468	1,827,837	2,059,425
Capital outlay	-	(75,000)	75,000	75,000
Total operating expenditures	<u>11,546,013</u>	<u>6,753,665</u>	<u>4,792,348</u>	<u>4,414,292</u>
Operating income (loss)	<u>(199,803)</u>	<u>6,726,765</u>	<u>6,526,962</u>	<u>6,770,966</u>
Nonoperating revenues (expenditures)				
Federal grants	-	36,357	36,357	8,260
State grants	-	-	-	2,312
Miscellaneous	5,500	461,573	467,073	34,250
Interest earned on investments	2,810	(4,469)	(1,659)	37,492
Debt service - principal payment	(774,794)	-	(774,794)	(740,030)
Interest expense	(158,671)	20,196	(138,475)	(180,185)
Nonoperating revenues (expenditures)	<u>(925,155)</u>	<u>513,657</u>	<u>(411,498)</u>	<u>(837,901)</u>
Revenues over (under) expenditures	<u>(1,124,958)</u>	<u>7,240,422</u>	<u>6,115,464</u>	<u>5,933,065</u>
Other financing sources (uses)				
Sale of capital assets	60,065	(19,197)	40,868	12,960
Transfers out	-	(6,064,781)	(6,064,781)	(7,307,267)
Appropriated fund balance	1,064,893	(1,064,893)	-	-
Total other financing sources (uses)	<u>1,124,958</u>	<u>(7,148,871)</u>	<u>(6,023,913)</u>	<u>(7,294,307)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 91,551</u>	<u>\$ 91,551</u>	<u>\$ (1,361,242)</u>
Reconciliation of change in net position				
Total revenues			\$ 11,087,155	\$ 11,280,532
Total expenditures			<u>10,995,604</u>	<u>12,641,774</u>
Subtotal			<u>91,551</u>	<u>(1,361,242)</u>
Depreciation			(1,339,077)	(1,115,756)
Increase in accrued vacation			(11,430)	(22,296)
Net OPEB expense			(120,651)	(96,639)
LGERS expense			(97,091)	(148,004)
Proceeds from sale of assets			(40,868)	(12,960)
Gain (loss) on disposal of assets			(114,137)	419
Unearned revenue			6,712	66,109
Debt principal payment			774,794	740,030
Bad debt expense			(2,704)	(1,728)
Accrued interest			(10,098)	8,233
Subtotal			<u>(954,550)</u>	<u>(582,592)</u>
Change in net position			<u>\$ (862,999)</u>	<u>\$ (1,943,834)</u>

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

From Inception and for the Year Ended June 30, 2021

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental:					
State grants	\$ 309,500	\$ 1,207,572	\$ (898,072)	\$ -	\$ 309,500
Total restricted intergovernmental	309,500	1,207,572	(898,072)	-	309,500
Interest earned on investments	207,325	928,931	(160,123)	32,198	801,006
Total revenues	516,825	2,136,503	(1,058,195)	32,198	1,110,506
Expenditures					
Current:					
Environmental Protection:					
Yadkin Road	-	4,036,293	(4,036,293)	-	-
Regiment	-	54,773	(54,773)	-	-
Spruce St - phase II	-	509,881	(509,881)	-	-
Godfrey Outfall	-	988,052	(988,052)	-	-
Buckhead Creek watershed	-	885,377	(888,121)	2,744	-
Roxie Ave phase I	147,950	394,949	(269,351)	21,952	147,550
Buckhead Kingsford	-	1,726,841	(1,726,841)	-	-
Bonnie Doone (west outfall 3)	-	527,394	(527,394)	-	-
Coventry Road culvert stream imp	-	1,385,306	(1,385,306)	-	-
Boonie Doone area 12	-	127,895	(127,895)	-	-
Boonie Doone area 5	122,248	111,911	-	10,337	122,248
Godfrey Outfall phase II	-	689,623	(689,623)	-	-
Ferncreek Norwood	-	88,114	(88,114)	-	-
Emergency repair at Mcgilvary Street	-	247,108	(247,108)	-	-
Spot repair program	1,198,673	1,404,004	(858,514)	342,965	888,455
Person St innovative stormwater greenscape	515,673	581,813	(66,140)	-	515,673
Broyhill Drive drainage improvements	82,216	69,109	-	13,107	82,216
Bonnie Doone, area 2	103,780	77,540	-	26,240	103,780
Neville Street stormwater improvements	613,344	109,403	-	3,181	112,584
North Street stormwater improvements	2,840,293	167,408	-	54,504	221,912
Shoreline Drive culvert	-	830,504	(830,504)	-	-
Liberty Hills subdivision	844,372	740,970	-	-	740,970
Market House Square	254,075	254,075	-	-	254,075
Watershed studies	7,785,439	1,869,621	-	2,551,343	4,420,964
Sunbury Drive drainage improvements	596,519	127,990	-	131,905	259,895
Spruce Street Acorn phase III	679,735	93,890	-	24,155	118,045
Breezewood drainage improvements	159,719	82,669	-	6,154	88,823
Raeferd Rd sidewalk drainage improvements	78,313	-	-	-	-
Spruce Street - Golden Leaf	-	873,872	(873,872)	-	-
Ray Ave stormwater/drainage improvements	1,333,000	9,215	-	97,774	106,989
Drainage assistance program	2,080,000	89,741	-	472,875	562,616
Stormwater miscellaneous and other capital	5,562,573	3,034,802	(1,370,251)	800,610	2,465,161
Total expenditures	24,997,922	22,190,143	(15,538,033)	4,559,846	11,211,956
Revenues over (under) expenditures	(24,481,097)	(20,053,640)	14,479,838	(4,527,648)	(10,101,450)
Other financing sources (uses)					
Bond proceeds	-	2,859,312	(2,859,312)	-	-
Transfers in	24,420,097	31,706,222	(11,620,526)	6,563,881	26,649,577
Capital leases	61,000	60,644	-	-	60,644
Total other financing sources (uses)	24,481,097	34,626,178	(14,479,838)	6,563,881	26,710,221
Revenues and other financing sources (uses) over expenditures	\$ -	\$ 14,572,538	\$ -	\$ 2,036,233	\$ 16,608,771
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues and other financing sources (uses) over expenditures				\$ 2,036,233	
Capital outlay				4,559,846	
Non-capitalizable items				(2,666,122)	
Change in net position				\$ 3,929,957	

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

**For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)**

	Budget	Variance Positive (Negative)	2021 Actual	2020 Actual
Operating revenues				
Charges for services	\$ 1,069,045	\$ (1,065,531)	\$ 3,514	\$ 781,000
Other revenue from operations	300,881	(29,960)	270,921	299,959
Total operating revenues	<u>1,369,926</u>	<u>(1,095,491)</u>	<u>274,435</u>	<u>1,080,959</u>
Operating expenditures				
Salaries and employee benefits	7,324,282	825,087	6,499,195	6,559,668
Other operating expenditures	3,756,479	690,826	3,065,653	3,181,740
Capital outlay	36,367	22,141	14,226	23,873
Total operating expenditures	<u>11,117,128</u>	<u>1,538,054</u>	<u>9,579,074</u>	<u>9,765,281</u>
Operating income (loss)	<u>(9,747,202)</u>	<u>442,563</u>	<u>(9,304,639)</u>	<u>(8,684,322)</u>
Nonoperating revenues (expenditures)				
Federal grants	4,761,819	1,230,266	5,992,085	4,731,791
State grants	730,118	(730,118)	-	731,622
Vehicle fee revenue	640,505	29,432	669,937	-
Miscellaneous	-	-	-	647,269
Nonoperating revenues	<u>6,132,442</u>	<u>529,580</u>	<u>6,662,022</u>	<u>6,110,682</u>
Revenues over (under) expenditures	<u>(3,614,760)</u>	<u>972,143</u>	<u>(2,642,617)</u>	<u>(2,573,640)</u>
Other financing sources (uses)				
Sale of capital assets	65,565	(28,807)	36,758	21,326
Transfers in	4,529,770	(676,070)	3,853,700	2,677,250
Transfers out	(980,575)	14,950	(965,625)	(85,941)
Total other financing sources (uses)	<u>3,614,760</u>	<u>(689,927)</u>	<u>2,924,833</u>	<u>2,612,635</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>\$ 282,216</u>	<u>\$ 282,216</u>	<u>\$ 38,995</u>
Reconciliation of change in net position				
Total revenues			\$ 10,826,915	\$ 9,890,217
Total expenditures			10,544,699	9,851,222
Subtotal			<u>282,216</u>	<u>38,995</u>
Depreciation			(1,530,294)	(1,539,382)
Change in accrued vacation			16,457	(12,076)
Net OPEB expense			(295,948)	(236,823)
LGERS expense			(266,998)	(424,961)
Change in inventory			17,524	20,082
Proceeds from sale of assets			(36,758)	(21,326)
Gain (loss) on disposal of assets			23,825	(6,830)
Capital outlay			14,226	23,873
Unearned revenue			-	(16,706)
Bad debt expense			(13,704)	(7,256)
Subtotal			<u>(2,071,670)</u>	<u>(2,221,405)</u>
Change in net position			<u>\$ (1,789,454)</u>	<u>\$ (2,182,410)</u>

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

From Inception and for Year Ended June 30, 2021

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Federal grants	\$ 18,607,795	\$ 13,294,289	\$ (1,055,148)	\$ 167,447	\$ 12,406,588
State grants	1,397,772	1,166,872	(32,639)	4,473	1,138,706
Miscellaneous	-	43,000	-	-	43,000
Total revenues	<u>20,005,567</u>	<u>14,504,161</u>	<u>(1,087,787)</u>	<u>171,920</u>	<u>13,588,294</u>
Expenditures					
Improvements & Enhancements (no grant)	426,007	423,581	-	2,426	426,007
FTA 04.0055 Multimodal Transit Center	10,018,750	10,009,148	-	9,601	10,018,749
FTA 04.0054 Veterans Website	-	36,639	(36,639)	-	-
FTA Capital 90.548	-	503,139	(503,139)	-	-
FTA 90.592 FY15 Capital	-	727,582	(727,582)	-	-
FTA NC-2016-030 FY17 MMTc	631,215	558,565	-	25,720	584,285
MMTC Tenant Improvements	358,946	358,946	-	-	358,946
FTA NC-2016-030 FY17	400,822	400,816	-	5	400,821
FTA NC-2016-021 FY17	1,100,000	1,090,345	-	7,464	1,097,809
FTA NC-2017-031 FY17 Capital	854,752	840,046	-	9,420	849,466
FTA NC-2018-045 FY18 Capital	697,647	649,154	-	31,050	680,204
FTA NC-2018-069 FY18 Capital	72,725	-	-	-	-
FTA NC-2019-021 FY19 Capital	764,600	650,878	-	15,521	666,399
FTA NC-2019-022 FY19 Replacement Buses	920,000	917,450	-	2,550	920,000
FTA NC-2020-033 FY21 Capital	2,558,000	-	-	106,159	106,159
Transit ROW and easements	25,000	-	-	1,026	1,026
FTA NC-2021-023 Capital	4,661,125	-	-	163	163
Total expenditures	<u>23,489,589</u>	<u>17,166,289</u>	<u>(1,267,360)</u>	<u>211,105</u>	<u>16,110,034</u>
Revenues under expenditures	<u>(3,484,022)</u>	<u>(2,662,128)</u>	<u>(179,573)</u>	<u>(39,185)</u>	<u>(2,521,740)</u>
Other financing sources (uses)					
Proceeds from the sale of assets	-	6,250	-	-	6,250
Transfers in	4,515,297	3,822,439	213,358	858,428	4,467,509
Transfers out	(1,031,275)	(1,065,060)	(33,785)	-	(1,031,275)
Total other financing sources	<u>3,484,022</u>	<u>2,763,629</u>	<u>179,573</u>	<u>858,428</u>	<u>3,442,484</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 101,501</u>	<u>\$ -</u>	<u>\$ 819,243</u>	<u>\$ 920,744</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues and other financing sources over expenditures				\$ 819,243	
Capital outlay				211,105	
Non-capitalizable items				(52,483)	
Change in net position				<u>\$ 977,865</u>	

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

From Inception and for Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Intergovernmental:					
Federal grants	\$ 2,061,157	\$ 965,558	\$ (595,499)	\$ 660,181	\$ 1,030,240
Total intergovernmental	<u>2,061,157</u>	<u>965,558</u>	<u>(595,499)</u>	<u>660,181</u>	<u>1,030,240</u>
Total revenues	<u>2,061,157</u>	<u>965,558</u>	<u>(595,499)</u>	<u>660,181</u>	<u>1,030,240</u>
Expenditures					
Current:					
Transportation	2,252,094	1,164,365	(740,499)	684,803	1,108,669
Total expenditures	<u>2,252,094</u>	<u>1,164,365</u>	<u>(740,499)</u>	<u>684,803</u>	<u>1,108,669</u>
Revenues over (under) expenditures	<u>(190,937)</u>	<u>(198,807)</u>	<u>145,000</u>	<u>265,378</u>	<u>(78,429)</u>
Other financing sources (uses)					
Transfers in	255,937	297,598	(145,000)	107,200	259,798
Transfers out	(65,000)	(65,000)	-	-	(65,000)
Total other financing sources	<u>190,937</u>	<u>232,598</u>	<u>(145,000)</u>	<u>107,200</u>	<u>194,798</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>\$ 33,791</u>	<u>\$ -</u>	<u>\$ 82,578</u>	<u>\$ 116,369</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues and other financing sources over expenditures				<u>\$ 82,578</u>	
Change in net position				<u>\$ 82,578</u>	

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

From Inception and for Year Ended June 30, 2021

	<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	\$ -	\$ 15,501	\$ (15,501)	\$ -	\$ -
FTA 90.2548	-	349,999	(349,999)	-	-
FTA 90.2592 FY15 Planning	-	374,999	(374,999)	-	-
FTA 16.2011	147,075	122,859	-	-	122,859
FTA 2016-030 FY16 Planning	122,001	122,001	-	-	122,001
FTA 2016-014 Elderly & Disabled	480,612	248	-	-	248
FTA 2018-045 FY18 Planning	180,728	145,558	-	35,169	180,727
FTA 2018-069 FY18 Special Rev	360,000	-	-	320,000	320,000
FTA 2019-021 FY19 Planning	86,000	66,471	-	3,401	69,872
FTA 2019-048 Elderly & Disabled	294,678	-	-	175,972	175,972
FTA 2020-024 CARES Act Planning	110,000	31,729	-	65,995	97,724
FTA 2020-033 FY20 Special Revenue	250,000	-	-	84,266	84,266
FTA 2020-023 FY21 Special Revenue	286,000	-	-	-	-
Total transportation	<u>2,317,094</u>	<u>1,229,365</u>	<u>(740,499)</u>	<u>684,803</u>	<u>1,173,669</u>
Total expenditures by project	<u>\$ 2,317,094</u>	<u>\$ 1,229,365</u>	<u>\$ (740,499)</u>	<u>\$ 684,803</u>	<u>\$ 1,173,669</u>

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

**For the Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Budget	Variance Positive (Negative)	2021 Actual	2020 Actual
Operating revenues				
Charges for services	\$ 3,037,484	\$ 248,396	\$ 3,285,880	\$ 3,693,201
Other revenues from operations	53,300	27,951	81,251	127,945
Total operating revenues	<u>3,090,784</u>	<u>276,347</u>	<u>3,367,131</u>	<u>3,821,146</u>
Operating expenditures				
Salaries and employee benefits	1,925,809	217,858	1,707,951	1,730,839
Other operating expenditures	2,111,321	605,805	1,505,516	1,501,985
Capital outlay	135,600	90,100	45,500	134,503
Total operating expenditures	<u>4,172,730</u>	<u>913,763</u>	<u>3,258,967</u>	<u>3,367,327</u>
Operating income (loss)	<u>(1,081,946)</u>	<u>1,190,110</u>	<u>108,164</u>	<u>453,819</u>
Nonoperating revenues (expenditures)				
Interest earned on investments	5,142	537	5,679	78,353
Miscellaneous	209,115	(45,063)	164,052	211,181
Federal and State grants	1,598,225	1,075,413	2,673,638	1,718,492
Public safety reimbursements	(448,800)	956	(447,844)	(443,382)
Total nonoperating revenues	<u>1,363,682</u>	<u>1,031,843</u>	<u>2,395,525</u>	<u>1,564,644</u>
Revenues over expenditures	<u>281,736</u>	<u>2,221,953</u>	<u>2,503,689</u>	<u>2,018,463</u>
Other financing sources (uses)				
Proceeds from sale of assets	-	9,775	9,775	-
Transfers out	(3,451,371)	3,031,271	(420,100)	(5,880,955)
Appropriated fund balance	3,169,635	(3,169,635)	-	-
Total other financing uses	<u>(281,736)</u>	<u>(128,589)</u>	<u>(410,325)</u>	<u>(5,880,955)</u>
Revenues and other financing uses over (under) expenditures	<u>\$ -</u>	<u>\$ 2,093,364</u>	<u>\$ 2,093,364</u>	<u>\$ (3,862,492)</u>
Reconciliation of change in net position				
Total revenues			\$ 6,220,275	\$ 5,829,172
Total expenditures			4,126,911	9,691,664
Subtotal			<u>2,093,364</u>	<u>(3,862,492)</u>
Depreciation			(4,870,022)	(4,117,240)
Change in accrued vacation			(10,780)	9,252
Net OPEB expense			(82,208)	(64,705)
LGERS expense			(72,819)	(116,417)
Change in inventory			2,833	(1,898)
Capital outlay			45,500	134,503
Proceeds from sale of assets			(9,775)	-
Gain (loss) on disposal of assets			9,775	-
Bad debt expense			-	232
Subtotal			<u>(4,987,496)</u>	<u>(4,156,273)</u>
Change in net position			<u>\$ (2,894,132)</u>	<u>\$ (8,018,765)</u>

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

From Inception and for Year Ended June 30, 2021

	<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	\$ 16,452,002	\$ -	\$ 6,629,189	\$ 23,081,191
State grants	7,679,849	2,958,316	-	4,699,048	7,657,364
Passenger facility charges	5,971,487	4,771,314	-	639,798	5,411,112
Customer facility charges	1,000,000	5,119,067	-	842,665	5,961,732
Investment income	311,091	873,275	-	25,174	898,449
Total revenues	<u>46,545,343</u>	<u>30,173,974</u>	<u>-</u>	<u>12,835,874</u>	<u>43,009,848</u>
Expenditures					
Airport public art	50,000	-	-	-	-
Parking control system	350,000	-	-	-	-
AIP 43 terminal improvements	3,930,603	3,923,355	-	-	3,923,355
Terminal improvements part I	20,254,141	19,563,785	-	547,642	20,111,427
8 Unit t-hangar	800,000	54,742	-	-	54,742
FAR 139 automation software	76,000	73,876	-	-	73,876
Terminal renovation data infrastructure	140,000	36,033	-	41,600	77,633
Airport pavement crack seal	152,658	-	-	136,768	136,768
Terminal improvements part II	33,470,360	2,249,708	-	14,597,706	16,847,414
Hurricane Florence slope repairs	225,350	-	-	26,441	26,441
Total expenditures	<u>59,449,112</u>	<u>25,901,499</u>	<u>-</u>	<u>15,350,157</u>	<u>41,251,656</u>
Revenues over (under) expenditures	<u>(12,903,769)</u>	<u>4,272,475</u>	<u>-</u>	<u>(2,514,283)</u>	<u>1,758,192</u>
Other financing sources					
Transfers in	12,903,769	12,912,133	-	420,100	13,332,233
Proceeds from sale of assets	-	1,934	-	-	1,934
Total other financing sources	<u>12,903,769</u>	<u>12,914,067</u>	<u>-</u>	<u>420,100</u>	<u>13,334,167</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 17,186,542</u>	<u>\$ -</u>	<u>\$ (2,094,183)</u>	<u>\$ 15,092,359</u>
Reconciliation of modified accrual basis to full accrual basis:					
Revenues and other financing sources under expenditures				\$ (2,094,183)	
Capital outlay				<u>15,350,157</u>	
Change in net position				<u>\$ 13,255,974</u>	

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

**For the Year Ended June 30, 2021
(With Comparative Actual Amounts for Year Ended June 30, 2020)**

	Budget	Variance Positive (Negative)	2021 Actual	2020 Actual
Operating revenues				
Charges for services	\$ 13,904,656	\$ 24,487	\$ 13,929,143	\$ 11,629,990
Other revenue from operations	230,461	56,355	286,816	260,868
Total operating revenues	14,135,117	80,842	14,215,959	11,890,858
Operating expenditures				
Personnel	4,663,270	343,303	4,319,967	4,013,554
Other operating expenditures	11,919,308	4,896,974	7,022,334	7,162,952
Capital outlay	1,471,912	242,937	1,228,975	1,775,747
Total operating expenditures	18,054,490	5,483,214	12,571,276	12,952,253
Operating income (loss)	(3,919,373)	5,564,056	1,644,683	(1,061,395)
Nonoperating revenues (expenditures)				
Federal and State grants	159,874	155,056	314,930	198,795
County revenue	308,505	(6,105)	302,400	307,505
Miscellaneous	27,099	2,405	29,504	37,062
Donations	-	25,000	25,000	-
Interest earned on investments	625	7,030	7,655	10,476
Payments to agencies	(3,621)	166	(3,455)	(3,582)
Interest expense	(44,849)	13,811	(31,038)	(33,647)
Debt service - principal payment	(607,424)	173	(607,251)	(579,711)
Nonoperating revenues (expenditures)	(159,791)	197,536	37,745	(63,102)
Revenues over (under) expenditures	(4,079,164)	5,761,592	1,682,428	(1,124,497)
Other financing sources (uses)				
Proceeds from sale of assets	103,000	122,291	225,291	22,723
Transfers in	734,170	1,024,506	1,758,676	979,748
Transfers out	(116,821)	-	(116,821)	-
Proceeds from loans	3,307,800	6,610,578	3,302,778	-
Appropriated fund balance	51,015	(51,015)	-	-
Total other financing sources	4,079,164	7,757,375	5,169,924	1,002,471
Revenues and other financing sources over (under) expenditures	\$ -	\$ 13,518,967	\$ 6,852,352	\$ (122,026)
Reconciliation of change in net position				
Total revenues			\$ 20,182,193	\$ 13,447,167
Total expenditures			13,329,841	13,569,193
Subtotal			6,852,352	(122,026)
Depreciation			(1,080,634)	(1,187,630)
Decrease (increase) in accrued vacation			(32,825)	(56,341)
Net OPEB expense			(593,344)	(528,349)
LGERS expense			(160,197)	(233,610)
Change in inventory			(32,622)	(23,465)
Proceeds from sale of assets			(225,291)	(22,723)
Gain (loss) on disposal of assets			(405,399)	(34,528)
Bad debt expense			(4,577)	(1,705)
Unearned revenue			23	114,966
Capital outlay			1,228,975	1,775,747
Debt principal payment			607,251	579,711
Capital lease proceeds			(3,302,778)	-
Accrued interest			(8,622)	(287)
Capital asset transfer from General Fund			353,641	-
Subtotal			(3,656,399)	381,786
Change in net position			\$ 3,195,953	\$ 259,760

**Schedule of Changes in the Status of
Solid Waste Capital Project Fund**

From Inception and for Year Ended June 30, 2021

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on investments	\$ -	\$ 2,820	\$ -	\$ -	\$ 2,820
Total revenues	-	2,820	-	-	2,820
Expenditures					
On Board/On Route Systems	477,848	477,624	-	-	477,624
800MHz Radio Lease	160,801	159,641	-	-	159,641
Total expenditures	638,649	637,265	-	-	637,265
Revenues under expenditures	(638,649)	(634,445)	-	-	(634,445)
Other financing sources					
Transfers in	477,848	477,848	-	-	477,848
Capital lease proceeds	160,801	159,499	-	-	159,499
Total other financing sources	638,649	637,347	-	-	637,347
Revenues and other financing sources over expenditures	\$ -	\$ 2,902	\$ -	\$ -	\$ 2,902

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, 2021

	Risk Management Fund	Fleet Maintenance Fund	Total
Assets			
Current assets			
Cash and investments	\$ 27,601,051	\$ 1,424,182	\$ 29,025,233
Accounts receivable	291,829	-	291,829
Inventories	-	317,598	317,598
Prepaid expenses	356,060	16,000	372,060
Total current assets	28,248,940	1,757,780	30,006,720
Noncurrent assets			
Capital assets	-	78,464	78,464
Total noncurrent assets	-	78,464	78,464
Total assets	28,248,940	1,836,244	30,085,184
Deferred outflows of resources			
OPEB deferrals	24,733	-	24,733
Pension deferrals	77,325	22,093	99,418
Total deferred outflows of resources	102,058	22,093	124,151
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	4,532,970	1,767,814	6,300,784
Current portion of long term debt	10,341	8,078	18,419
Total current liabilities	4,543,311	1,775,892	6,319,203
Noncurrent liabilities			
OPEB obligation	136,690	-	136,690
Net pension liability	142,450	40,700	183,150
Unearned revenues	5,951	-	5,951
Total noncurrent liabilities	285,091	40,700	325,791
Total liabilities	4,828,402	1,816,592	6,644,994
Deferred inflows of resources			
OPEB deferrals	51,746	-	51,746
Pension deferrals	6,969	1,991	8,960
Total deferred inflows of resources	58,715	1,991	60,706
Net position			
Net investment in capital assets	-	78,464	78,464
Unrestricted	23,463,881	(38,710)	23,425,171
Total net position	\$ 23,463,881	\$ 39,754	\$ 23,503,635

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

For the Year Ended June 30, 2021

	Risk Management Fund	Fleet Maintenance Fund	Total
Operating Revenues			
Other revenue from operations	\$ 151,810	\$ -	\$ 151,810
Interfund charges and employee contributions	21,705,732	7,533,523	29,239,255
Total operating revenues	21,857,542	7,533,523	29,391,065
Operating expenses			
Salaries and employee benefits	464,703	328,073	792,776
Other operating expenses	20,939,610	7,339,634	28,279,244
Depreciation	-	6,957	6,957
Total operating expenses	21,404,313	7,674,664	29,078,977
Operating income (loss)	453,229	(141,141)	312,088
Nonoperating revenues (expenses)			
Federal grants	(620)	-	(620)
Interest earned on investments	174,049	(57)	173,992
Miscellaneous revenue	25,066	-	25,066
Total nonoperating revenues (expenses)	198,495	(57)	198,438
Income (loss) before transfers	651,724	(141,198)	510,526
Other financing sources (uses)			
Transfers in	354,914	-	354,914
Transfers out	(735,000)	-	(735,000)
Total other financing uses	(380,086)	-	(380,086)
Change in net position	271,638	(141,198)	130,440
Total net position - beginning	23,192,243	180,952	23,373,195
Total net position - ending	\$ 23,463,881	\$ 39,754	\$ 23,503,635

**Combining Statement of Cash Flows
Internal Service Funds**

For the Year Ended June 30, 2021

	Risk Management Fund	Fleet Maintenance Fund	Total
Operating activities			
Cash received from customers	\$ 21,702,756	\$ 7,533,523	\$ 29,236,279
Cash received for insurance reimbursements	151,810	-	151,810
Cash paid to or on behalf of employees for services	(451,532)	(318,242)	(769,774)
Cash paid for goods and services	(19,672,423)	(7,028,692)	(26,701,115)
Net cash provided by operating activities	1,730,611	186,589	1,917,200
Noncapital financing activities			
Transfers in	354,914	-	354,914
Intergovernmental contributions	(620)	-	(620)
Transfers out	(735,000)	-	(735,000)
Net cash used in noncapital financing activities	(380,706)	-	(380,706)
Capital and related financing activities			
Acquisition and construction of capital assets	-	(29,923)	(29,923)
Net cash used in capital and related financing activities	-	(29,923)	(29,923)
Investing activities			
Interest and dividends	174,049	(57)	173,992
Net cash provided by (used in) investing activities	174,049	(57)	173,992
Net increase in cash and cash equivalents	1,523,954	156,609	1,680,563
Cash and cash equivalents			
Beginning of year	26,077,097	1,267,573	27,344,670
End of year	\$ 27,601,051	\$ 1,424,182	\$ 29,025,233
Unrestricted cash and cash equivalents	\$ 27,601,051	\$ 1,424,182	\$ 29,025,233
Total cash and cash equivalents	\$ 27,601,051	\$ 1,424,182	\$ 29,025,233
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 453,229	\$ (141,141)	\$ 312,088
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	6,957	6,957
Nonoperating payments for goods and services	25,066	-	25,066
Change in assets, liabilities and deferrals:			
(Increase) decrease in accounts receivable	(31,258)	-	(31,258)
(Increase) decrease in inventory	-	(271,739)	(271,739)
(Increase) decrease in prepaid items	(159,026)	(16,000)	(175,026)
(Increase) decrease in other assets	-	140,960	140,960
Increase (decrease) in unearned revenues	3,216	-	3,216
Increase (decrease) in accounts payable and accrued liabilities	1,426,212	457,720	1,883,932
Increase (decrease) in accrued compensated absences	1,609	4,977	6,586
Increase (decrease) LGERS expense	16,990	4,855	21,845
Increase (decrease) Net OPEB expense	(5,427)	-	(5,427)
Total adjustments	1,277,382	327,730	1,605,112
Net cash provided by operating activities	\$ 1,730,611	\$ 186,589	\$ 1,917,200

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts for Year Ended June 30, 2020)**

	Financial Plan	Variance Positive (Negative)	2021 Actual	2020 Actual
Operating revenues				
Other revenues from operations	\$ 168,540	\$ (16,730)	\$ 151,810	\$ 89,584
Interfund charges and employee contributions	23,466,872	(1,761,140)	21,705,732	21,175,301
Total operating revenues	<u>23,635,412</u>	<u>(1,777,870)</u>	<u>21,857,542</u>	<u>21,264,885</u>
Operating expenditures				
Salaries and employee benefits	471,552	20,020	451,532	431,913
Other operating expenditures	23,556,550	3,748,558	19,807,992	18,766,747
Total operating expenditures	<u>24,028,102</u>	<u>3,768,578</u>	<u>20,259,524</u>	<u>19,198,660</u>
Operating income (loss)	<u>(392,690)</u>	<u>1,990,708</u>	<u>1,598,018</u>	<u>2,066,225</u>
Nonoperating revenues (expenditures)				
Federal grants	-	(620)	(620)	20,222
State grants	-	-	-	6,740
Interest earned on investments	200,000	(25,951)	174,049	434,451
Miscellaneous	20,000	5,066	25,066	32,595
Total nonoperating revenues (expenditures)	<u>220,000</u>	<u>(21,505)</u>	<u>198,495</u>	<u>494,008</u>
Revenues over (under) expenditures	<u>(172,690)</u>	<u>1,969,203</u>	<u>1,796,513</u>	<u>2,560,233</u>
Other financing sources (uses)				
Transfers in	354,914	-	354,914	358,008
Transfers out	(735,000)	-	(735,000)	(1,051,768)
Appropriated fund balance	552,776	(552,776)	-	-
Total other financing sources (uses)	<u>172,690</u>	<u>(552,776)</u>	<u>(380,086)</u>	<u>(693,760)</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>\$ 1,416,427</u>	<u>1,416,427</u>	<u>1,866,473</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues			\$ 22,410,951	\$ 22,116,901
Total expenditures			20,994,524	20,250,428
Subtotal			<u>1,416,427</u>	<u>1,866,473</u>
Decrease (increase) in accrued vacation			(1,609)	(5,309)
Change in net OPEB expense			5,428	7,883
Decrease (increase) in insurance liability			(1,131,618)	(928,076)
LGERS expense			(16,990)	(24,113)
Subtotal			<u>(1,144,789)</u>	<u>(949,615)</u>
Change in net position			<u>\$ 271,638</u>	<u>\$ 916,858</u>

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Financial Plan</u>	<u>Variance Positive (Negative)</u>	<u>2021 Actual</u>	<u>2020 Actual</u>
Operating revenues				
Interfund charges	\$ 8,408,017	\$ (874,494)	\$ 7,533,523	\$ 7,011,476
Total operating revenues	<u>8,408,017</u>	<u>(874,494)</u>	<u>7,533,523</u>	<u>7,011,476</u>
Operating expenditures				
Salaries and employee benefits	328,087	9,845	318,242	119,705
Other operating expenditures	7,496,490	26,077	7,470,413	6,734,613
Capital outlay	583,440	553,517	29,923	137,140
Total operating expenditures	<u>8,408,017</u>	<u>589,439</u>	<u>7,818,578</u>	<u>6,991,458</u>
Operating income (loss)	<u>-</u>	<u>(285,055)</u>	<u>(285,055)</u>	<u>20,018</u>
Nonoperating revenues (expenditures)				
Interest earned on investments	-	(57)	(57)	5,441
Total nonoperating revenues (expenditures)	<u>-</u>	<u>(57)</u>	<u>(57)</u>	<u>5,441</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (285,112)</u>	<u>\$ (285,112)</u>	<u>\$ 25,459</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues			\$ 7,533,466	\$ 7,016,917
Total expenditures			<u>7,818,578</u>	<u>6,991,458</u>
Subtotal			<u>(285,112)</u>	<u>25,459</u>
Depreciation			(6,957)	-
LGERS expense			(4,854)	(15,744)
Change in inventory			271,739	(22,120)
Decrease (increase) in accrued vacation			(4,977)	(3,101)
Capital outlay			29,923	137,140
Donated asset			-	55,498
Loss on disposal of assets			(140,960)	-
Subtotal			<u>143,914</u>	<u>151,673</u>
Change in net position			<u>\$ (141,198)</u>	<u>\$ 177,132</u>

City of Fayetteville, North Carolina

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Fiduciary Funds

The following comprise the City's Fiduciary Funds:

- Private-Purpose Trust Funds
- Custodial 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 & Custodial 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

- Custodial 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, 2021

	Police Benefit Trust Fund	Firefighters' Benefit Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 642	\$ 1,386,184	\$ 1,386,826
Total assets	<u>642</u>	<u>1,386,184</u>	<u>1,386,826</u>
Net position			
Restricted for benefits and other purposes	<u>642</u>	<u>1,386,184</u>	<u>1,386,826</u>
Total net position	<u>\$ 642</u>	<u>\$ 1,386,184</u>	<u>\$ 1,386,826</u>

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

Year Ended June 30, 2021

	Police Benefit Trust Fund	Firefighters' Benefit Trust Fund	Total
Additions			
Contributions	\$ -	\$ 131,458	\$ 131,458
Investment earnings	-	34,395	34,395
Total additions	<u>-</u>	<u>165,853</u>	<u>165,853</u>
Deductions			
Benefit payments and premiums	-	164,601	164,601
Total deductions	<u>-</u>	<u>164,601</u>	<u>164,601</u>
Change in net position	-	1,252	1,252
Total net position - beginning	<u>642</u>	<u>1,384,932</u>	<u>1,385,574</u>
Total net position - ending	<u>\$ 642</u>	<u>\$ 1,386,184</u>	<u>\$ 1,386,826</u>

Statement of Fiduciary Net Position
Red Light Camera Custodial Fund

June 30, 2021

Assets

Cash and cash equivalents	\$ 162,049
Total assets	<u>162,049</u>

Liabilities

Intergovernmental payable	<u>162,049</u>
Total liabilities	<u>\$ 162,049</u>

**Statement of Changes in Fiduciary Net Position
Red Light Camera Custodial Fund**

Year Ended June 30, 2021

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Additions	
Red Light Program Revenue	\$ 2,113,359
Total additions	<u>2,113,359</u>
Deductions	
Payments to school	<u>2,113,359</u>
Total deductions	<u>2,113,359</u>
Change in net position	-
Total net position - beginning	<u>-</u>
Total net position - ending	<u><u>\$ -</u></u>

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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Schedule of Current Tax Levy

Year Ended June 30, 2021

	<u>Total Property Valuation</u>	<u>Rate Per \$100</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
General Fund (Including VTS)	\$ 14,385,727,632	\$ 0.4995	\$ 71,856,710	\$ 63,846,095	\$ 8,010,615
Late Listing Penalties:					
General Fund			2,974	2,974	-
Subtotal			<u>71,859,684</u>	<u>63,849,069</u>	<u>8,010,615</u>
Discoveries:					
General Fund	1,687,805,069	0.4995	8,430,586	8,430,586	-
Late Listing Penalties:					
General Fund			37,973	37,973	-
Subtotal			<u>8,468,559</u>	<u>8,468,559</u>	<u>-</u>
Releases					
General Fund	(1,700,886,791)	0.4995	(8,495,930)	(8,495,930)	-
Late Listing Penalties:					
General Fund			(239)	(239)	-
Subtotal			<u>(8,496,169)</u>	<u>(8,496,169)</u>	<u>-</u>
Adjusted Tax Levy			<u>71,832,074</u>	<u>63,821,459</u>	<u>8,010,615</u>
Uncollected Current Year Taxes at 6/30/2021			<u>(605,996)</u>	<u>(605,996)</u>	<u>-</u>
City-wide Current Year's Taxes Collected			<u>\$ 71,226,078</u>	<u>\$ 63,215,463</u>	<u>\$ 8,010,615</u>
City-wide Current Levy Collection Percentage			<u>99.16%</u>	<u>99.05%</u>	<u>100.00%</u>

Schedule of Taxes Receivable

June 30, 2021

<u>Fiscal Year Ended</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions & Releases</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2021</u>
2021	\$ -	\$ 71,832,074	\$ 71,226,078	\$ 605,996
2020	659,665	(4,018)	446,222	209,425
2019	234,045	(2,544)	54,748	176,753
All Prior	1,354,526	(196,992)	41,012	1,116,522
	2,248,236	\$ 71,628,520	\$ 71,768,060	2,108,696
Less: Allowance for Uncollectible Taxes				
General Fund	(707,842)			(636,596)
	\$ 1,540,394			\$ 1,472,100
General Fund Taxes Receivable per the fund financial statements				\$ 1,562,539
Less: CBTD Taxes Receivable				(21,084)
Less: Vehicle License Fee Receivable				(69,355)
General Fund Ad Valorem Taxes Receivable				\$ 1,472,100
Reconciliations of collections and credit with revenues				
Ad Valorem Taxes per the fund financial statements			\$ 72,227,582	
Less Penalties & Interest			(275,965)	
Less Taxes - CBTD			(145,030)	
Less collection of amounts not reported by County			(6,010)	
Less Taxes - Lake Valley Dr MSD			(32,517)	
General Fund Ad Valorem Taxes			\$ 71,768,060	

**Emergency Telephone System Unspent Fund
PSAP Reconciliation**

June 30, 2021

Net Change in Fund Balance, reported on Budget to Actual	\$ 92,000
Beginning Balance, PSAP Revenue-Expenditure Report	<u>766,625</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u><u>\$ 858,625</u></u>

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

**Year Ended June 30, 2021
(With Comparative Actual Amounts For Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2021 Actual</u>	<u>2020 Actual</u>
Revenues				
Restricted intergovernmental	\$ 963,133	\$ -	\$ 963,133	\$ 919,978
Interest earned on investments	1,339	(301)	1,038	10,684
Total revenues	<u>964,472</u>	<u>(301)</u>	<u>964,171</u>	<u>930,662</u>
Expenditures				
Current:				
Public safety:				
Other operating expenditures	964,472	92,301	872,171	840,965
Total expenditures	<u>964,472</u>	<u>92,301</u>	<u>872,171</u>	<u>840,965</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 92,000</u>	92,000	89,697
Fund balance				
Beginning			766,625	676,928
Ending			<u>\$ 858,625</u>	<u>\$ 766,625</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

	<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>	<u>2021</u>
Governmental activities										
Investment in capital assets	\$ 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	\$ 335,817,031
Restricted for:										
Other purposes	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	34,354,179
Grant compliance	-	-	162,574	1,930,863	801,855	349,930	-	-	-	-
Unrestricted	<u>43,633,514</u>	<u>40,944,759</u>	<u>39,561,009</u>	<u>26,744,127</u>	<u>27,543,627</u>	<u>6,879,303</u>	<u>2,162,493</u>	<u>8,772,466</u>	<u>16,112,820</u>	<u>27,353,019</u>
Total governmental activities net position	<u>\$ 416,099,103</u>	<u>\$ 416,822,092</u>	<u>\$ 407,307,620</u>	<u>\$ 403,056,715</u>	<u>\$ 407,640,484</u>	<u>\$ 391,209,055</u>	<u>\$ 380,949,462</u>	<u>\$ 388,297,306</u>	<u>\$ 393,668,459</u>	<u>\$ 397,524,229</u>
Business-type activities										
Investment in capital assets	\$ 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	\$ 138,352,976
Restricted for:										
Capital projects	1,958,397	1,824,246	1,081,334	63,903,304	1,336,609	-	3,146,639	2,736,638	3,240,358	3,219,178
Debt service	40,952	60,723	108,014	1,920,080	-	-	-	-	-	-
Other purposes	-	-	1,020	1,020	1,020	-	1,020	1,020	-	-
Unrestricted	<u>259,366,012</u>	<u>248,376,752</u>	<u>231,097,540</u>	<u>256,367,823</u>	<u>23,900,354</u>	<u>29,904,548</u>	<u>20,436,378</u>	<u>27,030,464</u>	<u>29,226,083</u>	<u>34,347,111</u>
Total business-type activities net position	<u>\$ 896,609,379</u>	<u>\$ 919,428,268</u>	<u>\$ 941,731,817</u>	<u>\$ 964,741,089</u>	<u>\$ 121,250,411</u>	<u>\$ 131,607,730</u>	<u>\$ 132,675,185</u>	<u>\$ 152,581,869</u>	<u>\$ 160,023,523</u>	<u>\$ 175,919,265</u>
Primary government										
Investment in capital assets	\$ 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	\$ 474,170,007
Restricted for:										
Capital projects	1,958,397	1,824,246	1,081,334	63,903,304	1,336,609	-	3,146,639	2,736,638	3,240,358	3,219,178
Debt service	40,952	60,723	108,014	1,920,080	-	-	-	-	-	-
Other purposes	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	34,354,179
Grant compliance	-	-	162,574	1,930,863	801,855	349,930	-	-	-	-
Unrestricted	<u>302,999,526</u>	<u>289,321,511</u>	<u>270,658,549</u>	<u>283,111,950</u>	<u>51,443,981</u>	<u>36,783,851</u>	<u>22,598,871</u>	<u>35,802,930</u>	<u>45,338,903</u>	<u>61,700,130</u>
Total primary government net position	<u>\$ 1,312,708,482</u>	<u>\$ 1,336,250,360</u>	<u>\$ 1,349,039,437</u>	<u>\$ 1,367,797,804</u>	<u>\$ 528,890,895</u>	<u>\$ 522,816,785</u>	<u>\$ 513,624,647</u>	<u>\$ 540,879,175</u>	<u>\$ 553,691,982</u>	<u>\$ 573,443,494</u>

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>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>	<u>2021</u>
Expenses										
Governmental activities										
Administration	\$ 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	\$ 35,374,040
Public safety	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	95,161,064
Environmental protection	8,369,933	8,100,683	477,470	458,342	536,121	757,612	1,968,606	1,055,261	543,604	9,445,358
Transportation	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	20,387,941
Economic and physical development	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	6,169,848
Recreation and community facilities	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	18,293,574
Debt service:										
Interest and fees	1,464,554	1,157,838	960,294	811,174	708,588	604,659	845,337	2,662,901	3,309,552	3,052,343
Total governmental activities	142,637,575	144,770,042	143,425,333	143,751,077	156,533,946	159,820,321	168,208,978	168,193,268	175,832,968	187,884,168
Business type activities										
Electric	146,116,831	197,553,706	212,158,021	203,441,960	-	-	-	-	-	-
Water and wastewater	65,169,196	68,876,623	70,015,544	75,205,401	-	-	-	-	-	-
Storm water management ¹	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	9,292,133
Transit	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	12,375,100
Airport	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	8,694,307
Environmental services	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	13,695,011
Total business-type activities	229,247,158	285,653,143	311,172,349	308,658,779	31,659,702	34,412,092	35,469,236	38,311,808	40,990,783	44,056,551
Total primary government	\$ 371,884,733	\$ 430,423,185	\$ 454,597,682	\$ 452,409,856	\$ 188,193,648	\$ 194,232,413	\$ 203,678,214	\$ 206,505,076	\$ 216,823,751	\$ 231,940,719
Program Revenues										
Governmental activities										
<i>Administration</i>										
Charges for services	\$ 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	\$ 4,731,668
Operating grants and contributions	3,585	16,374	32,545	8,485	4,610	5,893,754	804,547	695,832	809,180	711,890
Capital grants and contributions	-	-	-	-	-	-	50,869	39,380	181,520	17,984
<i>Public Safety</i>										
Charges for services	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	3,239,887
Operating grants and contributions	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	5,397,409
Capital grants and contributions	27,563	62,112	79,929	302,007	649,569	1,583,563	225,345	99,114	199,172	44,878
<i>Environmental Protection</i>										
Charges for services	192,595	202,215	59,335	36,020	45,075	-	36,165	57,560	72,505	56,260
Operating grants and contributions	272,362	24,198	-	6,098	-	-	854,225	319,733	107,560	106,878
Capital grants and contributions	593,228	758,309	-	-	-	-	483,445	1,607,220	3,539,088	576,073
<i>Transportation</i>										
Charges for services	1,266,686	1,130,521	1,276,526	1,337,933	907,196	150,317	1,115,587	1,338,267	924,635	882,498
Operating grants and contributions	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	5,035,628
Capital grants and contributions	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	3,202,006
<i>Economic and physical development</i>										
Charges for services	562,138	512,467	422,997	376,160	479,286	510,298	305,422	-	-	-
Operating grants and contributions	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	3,677,513
Capital grants and contributions	847,788	103	-	-	3,114	149,452	199,741	779,753	430,109	195,400
<i>Recreation and community facilities</i>										
Charges for services	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	3,953,219
Operating grants and contributions	140,384	188,446	149,587	218,258	418,295	2,432,942	408,590	669,909	454,957	8,226,114
Capital grants and contributions	2,004,325	695,162	882,480	1,179,024	1,409,404	33,564	577,221	256,490	533,430	1,830,180
<i>Interest and fees</i>										
Operating grants and contributions	185,825	111,724	104,110	88,737	-	-	-	-	-	-
Total governmental activities programs	31,272,282	28,735,664	24,802,534	26,004,579	34,174,679	24,811,136	38,062,139	35,942,062	37,687,120	41,885,485

Business-type activities										
Electric										
Charges for services	\$ 197,656,327	\$ 211,789,791	\$ 217,853,786	\$ 223,663,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	371,766	889,399	1,297,052	96,819	-	-	-	-	-	-
Water and wastewater										
Charges for services	70,930,218	71,403,280	74,492,496	76,820,546	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	10,780,807	2,914,570	8,143,723	7,708,126	-	-	-	-	-	-
Storm water management¹										
Charges for services	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	11,326,022
Operating grants and contributions	-	-	-	-	131,991	42,261	33,451	68,169	10,572	36,357
Capital grants and contributions	-	-	-	-	-	177,509	-	409,530	488,542	-
Transit										
Charges for services	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	274,435
Operating grants and contributions	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	6,652,266
Capital grants and contributions	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	171,920
Airport										
Charges for services	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	3,367,131
Operating grants and contributions	138,131	112,888	108,430	110,580	107,080	2,242,093	2,319,477	2,271,723	3,366,372	4,156,101
Capital grants and contributions	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	11,328,237
Environmental Services										
Charges for services	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	14,215,982
Operating grants and contributions	299,525	301,250	133,637	135,815	135,056	2,560,822	444,840	3,376,440	506,300	617,330
Capital grants and contributions	-	-	-	-	-	-	-	-	-	353,644
Total business-type activities programs	<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>	<u>52,499,425</u>
Total primary government programs	<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>	<u>\$ 94,384,910</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (145,998,683)
Business-type activities	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	8,442,874
Total primary government net expense	<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>	<u>\$ (137,662,414)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Ad valorem taxes	\$ 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	\$ 72,172,159
Other taxes	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	66,556,777
Payment in lieu of taxes	-	-	-	-	9,487,800	9,966,765	10,428,117	10,938,256	11,098,087	11,450,867
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	3,886,429
Interest earned on investments	565,944	8,522	818,792	468,468	514,449	810,961	1,594,656	3,364,326	2,503,187	764,112
Miscellaneous	1,174,240	513,652	541,010	385,836	501,294	3,593,019	920,408	563,803	922,672	428,531
Gain on sale of capital assets	385,076	1,063,285	142,765	178,557	144,204	(133,937)	-	-	-	590,232
Transfers	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)	(5,994,655)
Total governmental activities	<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>	<u>149,854,452</u>
Business-type activities										
Other taxes	649,471	660,193	839,060	638,129	632,073	636,467	630,806	642,073	630,563	669,937
Interest earned on investments	3,089,310	1,445,865	3,070,459	1,600,725	141,069	179,472	414,760	771,987	587,796	69,047
Miscellaneous	252,092	323,661	466,103	466,468	439,571	403,307	386,524	377,556	282,493	685,629
Transfers	(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	5,994,655
Gain on sale of capital assets	240,158	1,975,417	158,907	38,470	1,694	(6,681)	154,043	96,922	419	33,600
Total business-type activities	<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>	<u>7,452,868</u>
Total primary government	<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>	<u>\$ 157,307,320</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 3,855,770
Business-type activities	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	15,895,742
Total primary government	<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>	<u>\$ 19,751,512</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

	<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>	<u>2021</u>
General Fund										
Nonspendable	\$ 170,322	\$ 137,604	\$ 124,837	\$ 117,022	\$ 72,637	\$ 1,173,189	\$ 1,192,169	\$ 273,969	\$ 85,790	\$ 2,048,090
Restricted	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	28,487,844
Committed	-	-	-	-	3,774,601	4,672,755	5,433,945	6,164,494	6,789,253	7,250,083
Assigned	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	31,729,070
Unassigned	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	23,573,783
Total General Fund	<u>\$ 51,895,848</u>	<u>\$ 51,064,358</u>	<u>\$ 52,048,137</u>	<u>\$ 60,536,708</u>	<u>\$ 61,868,417</u>	<u>\$ 64,307,533</u>	<u>\$ 69,168,478</u>	<u>\$ 75,936,690</u>	<u>\$ 82,576,939</u>	<u>\$ 93,088,870</u>
Federal and State Financial Assistance Fund¹										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,844,263
Committed	-	-	-	-	-	-	-	-	-	17,625,604
Unassigned	-	-	-	-	-	-	-	-	-	(11,654,849)
Total Federal and State Financial Assistance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,815,018</u>
Economic and Physical Development Fund¹										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,638,107	\$ 2,657,769	\$ 690,802	\$ -
Committed	-	-	-	-	-	-	4,467,471	817,605	1,898,182	-
Total Economic and Physical Development Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,105,578</u>	<u>\$ 3,475,374</u>	<u>\$ 2,588,984</u>	<u>\$ -</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ 3,937,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	19,123,559
Committed	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	22,770,666
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,055,147)	(595,034)	(876,336)	(1,598,518)	(704,521)	(7,108,571)	(7,586,331)	(8,795,974)	(14,585,548)	(8,726,582)
Total all other governmental funds	<u>\$ 12,651,035</u>	<u>\$ 13,182,674</u>	<u>\$ 19,265,671</u>	<u>\$ 28,667,854</u>	<u>\$ 23,432,048</u>	<u>\$ 26,310,999</u>	<u>\$ 23,980,853</u>	<u>\$ 39,018,380</u>	<u>\$ 40,364,046</u>	<u>\$ 33,167,643</u>

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

² The Federal and State Financial Assistance Fund became a major fund in fiscal year 2021.

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

Schedule 4

	<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>	<u>2021</u>
Revenues										
Ad valorem taxes	\$ 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	\$ 72,227,582
Other taxes	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	1,466,005
Intergovernmental										
Unrestricted intergovernmental	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	81,337,095
Restricted intergovernmental	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	28,416,038
Local	-	-	-	-	2,102	595,893	2,086,287	2,573,170	1,287,214	2,173,775
Other functional										
Permits and fees	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	2,190,060
Sales and services	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	3,515,432
Miscellaneous	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	2,805,243
Interest earned on investments	307,465	(42,273)	494,849	531,400	507,858	512,557	1,517,086	2,712,051	2,030,016	596,790
Total revenues	<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>	<u>194,728,020</u>
Expenditures										
Administration	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	34,804,709
Public safety	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	83,837,521
Environmental protection	6,650,496	6,386,275	32,980	291,281	335,188	524,951	1,737,096	829,058	253,573	9,090,119
Transportation	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	7,534,799
Economic and physical development	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	5,185,449
Recreation and community facilities	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	13,845,901
Capital outlay	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	21,190,305
Debt service										
Principal	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	9,272,824
Interest and fees	1,559,137	1,312,216	1,083,442	975,588	875,040	630,308	677,172	2,625,437	3,352,404	3,142,133
Issuance costs	-	-	-	-	-	70,738	-	29,471	27,884	11,439
Total expenditures	<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>	<u>187,915,199</u>
Excess (deficiency) of revenues over (under) expenditures	(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	6,812,821
Other financing sources (uses)										
Refunding bonds issued	-	-	-	-	-	-	-	2,270,000	-	-
Proceeds from capital leases, bonds and other debt	-	-	3,937,714	4,257,748	1,878,677	4,240,977	60,916,009	23,910,000	4,746,405	8,647,222
Transfers in	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	13,032,521
Transfers out	(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)	(18,647,090)
Sale of capital assets	363,380	1,027,375	114,013	168,430	140,302	169,922	5,564,030	306,689	115,312	696,088
Payment to refund bond escrow agent	-	-	-	-	-	-	-	(2,500,000)	-	-
Proceeds from loans	-	-	-	-	-	-	-	-	-	-
Premium on bonds	-	-	-	-	-	-	-	2,300,109	-	-
Total other financing sources (uses)	<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>	<u>3,728,741</u>
Net change in fund balances	<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>	<u>\$ 10,541,562</u>
Debt service as a percentage of noncapital expenditures	<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>	<u>7.45%</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	Vehicle License Tax	Privilege License	Beer and Wine Tax	Cablevision and Other Franchise Tax	Rental Property Gross Receipts	Total
2021	\$ 72,227,582	\$ 52,364,572	\$ 12,756,367	\$ 671,406	\$ 14,041	\$ 872,389	\$ -	\$ 780,558	\$ 139,686,914
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

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
2021	\$ 14,132,203,402	\$ 2,212,156,883	\$ 194,509,106	\$ 2,166,223,481	\$ 14,372,645,910	\$ 0.4995	\$ 15,104,013,103	94.24%
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	13,999,861,404	0.4995	14,134,456,127	99.54%
2017	12,274,027,723	1,880,707,190	185,334,874	218,086,491	14,121,983,296	0.4860	13,539,149,442	105.08%
2016	12,274,027,723	1,880,707,190	185,334,874	218,086,491	14,121,983,296	0.4860	13,539,149,442	105.22%
2015	12,156,853,512	1,867,670,393	153,629,753	209,378,587	14,121,983,296	0.4560	13,523,883,950	104.43%
2014	11,969,057,704	2,179,120,636	159,501,654	195,745,648	13,968,775,071	0.4560	13,461,954,100	103.73%
2013 ⁴	11,687,657,234	1,822,068,580	166,500,205	192,290,792	14,111,934,346	0.4560	13,688,580,890	100.15%
2012	11,453,552,799	1,705,019,913	167,761,204	187,231,303	13,483,935,226	0.4560	13,466,718,003	100.07%

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 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 June 30	City General Tax Rate	Central Business Tax District Rate	Lake Valley Drive Municipal Service District Rate²	Overlapping Rates ¹
				Cumberland County
				County wide
2021	\$ 0.4995	\$ 0.100	\$ 0.175	\$ 0.799
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

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.

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

Schedule 8

Taxpayer	2021 ¹			2012 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	\$ 157,878,053	1	1.10%	\$ 113,194,500	1	0.86%
Fayetteville VA Co LLC	91,131,583	2	0.63%			
Wal-Mart	54,258,100	3	0.38%	39,027,713	4	0.30%
Piedmont Natural Gas	53,504,543	4	0.37%	51,255,160	3	0.39%
Spectrum Southeast LLC	42,971,575	5	0.30%			
Campbell Soup Supply Co LLC	34,625,006	6	0.24%			
Westlake at Morganton LLC	27,641,498	7	0.19%	28,107,800	6	0.21%
Independence Place West Fayetteville	25,913,599	8	0.18%			
DDRM Fayetteville Pavilion LLC	25,790,299	9	0.18%	23,862,500	8	0.18%
Hidden Creek Village	23,663,799	10	0.16%	24,803,500	7	0.19%
Carolina Telephone				54,806,136	2	0.42%
Centurion Aviation Service				34,600,000	5	0.26%
Fayetteville Publishing Company				21,671,548	10	0.16%
Eagle Point Village Apartments				22,919,500	9	0.17%
	<u>\$ 537,378,054</u>		<u>3.74%</u>	<u>\$ 414,248,357</u>		<u>3.14%</u>

¹ Assessed valuations are as of January 1, 2020 and the associated tax levies were due in the fiscal year ended June 30, 2021.

² Assessed valuations are as of January 1, 2011 and the associated tax levies were due in the fiscal year ended June 30, 2012.

Source: Cumberland County Tax Office

**City of Fayetteville, North Carolina
Property Tax Levies and Collections¹
Last Ten Fiscal Years
(Unaudited)**

Schedule 9

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$ 71,832,074	\$ 71,226,078	99.16%	\$ -	\$ 71,226,078	99.16%
2020	70,544,316	69,884,651	99.06%	-	69,884,651	99.06%
2019	69,999,088	69,549,403	99.36%	446,222	69,995,625	100.00%
2018	68,869,870	68,409,559	99.33%	265,169	68,674,728	99.72%
2017	71,686,530	71,209,890	99.34%	408,562	71,618,452	99.91%
2016	68,695,823	68,299,578	99.42%	413,720	68,713,298	100.03%
2015	67,898,129	67,458,548	99.35%	337,260	67,795,808	99.85%
2014	64,477,068	63,626,991	98.68%	364,508	63,991,500	99.25%
2013	61,869,392	60,343,502	97.53%	631,328	60,974,830	98.55%
2012	59,990,898	58,593,009	97.67%	1,132,528	59,725,536	99.56%

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			
2021 ²	\$ 17,699,936	\$ 48,120,896	\$ 23,001,510	\$ -	N/A	\$ 4,475,000	\$ 225,269	\$ 3,738,444	\$ 97,261,055	N/A	\$ 459
2020 ²	18,974,835	50,940,213	19,618,019.00	-	N/A	5,210,000	250,299	1,057,681	96,051,047	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	0.748%	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

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

Schedule 11

<u>General Bonded Debt Outstanding</u>						
Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Actual Total Assessed Value of Property ¹	Per Capita ²
2021	\$ 17,699,936	\$ 48,120,896	\$ 4,475,000	\$ 70,295,832	0.49%	\$ 332
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

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 ended June 30, 2021
(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	\$ 66,596,350	59.25%	\$ 39,460,744
Subtotal, overlapping debt			39,460,744
City of Fayetteville direct debt			90,998,174
Total direct and overlapping debt			<u>\$ 130,458,918</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 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	\$ 1,149,811,673
Total net debt applicable to limit	59,364,380	58,617,340	60,667,897	66,244,784	24,491,168	25,111,914	78,449,391	92,480,134	88,329,793	92,560,787
Legal debt margin	\$ 991,763,829	\$ 1,024,907,185	\$ 1,068,286,851	\$ 1,051,257,222	\$ 1,105,267,496	\$ 1,123,295,554	\$ 1,023,443,943	\$ 1,027,508,778	\$ 1,040,108,090	\$ 1,057,250,886
Total net debt applicable to the limit as a percentage of debt limit	5.65%	5.41%	5.37%	5.93%	2.17%	2.19%	7.12%	8.26%	7.83%	8.05%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Value	\$ 14,372,645,910
Debt Limit (8% of total assessed value)	1,149,811,673
Debt applicable to limit:	
Bonded debt	17,699,936
Limited obligation bonds	48,120,896
Capitalized leases (Governmental and Business)	26,739,955
Subtotal	<u>92,560,787</u>
Authorized and unissued debt	<u>19,000,000</u>
Total Gross Debt	111,560,787
Less: Statutory deductions	
Bonds authorized but unissued - Parks and Recreation Bonds	<u>(19,000,000)</u>
Total Debt Applicable to Limit	<u>92,560,787</u>
Legal Debt Margin	<u>\$ 1,057,250,886</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 ¹			Coverage ⁴
				Principal	Interest ³	Total	
2021	\$ 11,260,752	\$ 4,532,654	\$ 6,728,098	\$ 735,000	\$ 157,612	\$ 892,612	7.54
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 Debt service includes revenue bonds and excludes notes payable.

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.

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
2021	211,705	6.9%	N/A	N/A	50,879	5.238
2020	208,878	10.1%	N/A	N/A	50,880	4.330
2019	209,028	6.1%	13,498,407,000	40,233	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

Sources:

1. Office of State Budget and Management, Certified Municipal Population Estimates
2. NC Employment Security Commission. Calendar year unemployment statistics for Cumberland County, NC.
3. Bureau of Economic Analysis, US Department of Commerce. Data presented for Cumberland County, NC. 2020 and 2021 data not available.
4. U.S. News Education
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	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Dept. of Defense (Civilian) ¹	12,080	1	10.21%	6,530	2	5.59%
Cape Fear Valley Health System	7,000	2	5.92%	4,990	3	4.27%
Cumberland County Board of Education	6,012	3	5.08%	6,807	1	5.83%
Wal-Mart Associates, Inc.	2,656	4	2.25%	3,018	4	2.58%
Veterans Administration	2,405	5	2.03%	1,187	10	1.02%
Goodyear Tire & Rubber Company	2,350	6	1.99%	2,540	5	2.17%
Cumberland County Government	2,001	7	1.69%	2,360	6	2.02%
City of Fayetteville	1,781	8	1.51%	1,969	7	1.69%
Fayetteville Technical Community College	1,290	9	1.09%	1,200	8	1.03%
Food Lion	1,080	10	0.91%			
State of North Carolina				1,198	9	1.03%
Total Employment (Ten Largest Civilian Employers)	38,655		32.68%	31,799		27.22%

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>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>	<u>2021</u>
Administration	96	105	108	117	125	121	104	133	134	126
Public Safety	851	898	911	930	950	915	951	940	929	897
Environmental Protection¹	85	84	4	5	5	5	5	5	5	5
Transportation	77	78	78	75	79	70	63	71	78	79
Economic and physical development	20	20	20	22	27	13	21	24	21	20
Recreation and community facilities	121	121	117	117	115	170	236	115	115	118
Internal Service	45	46	45	5	4	4	3	2	3	6
Transit	87	92	89	98	113	104	112	112	108	104
Airport	19	19	20	23	23	17	17	23	22	23
Stormwater¹	26	26	36	37	43	47	41	33	36	38
Environmental Services² (Solid Waste & Recycling)	-	1	70	67	70	74	69	67	61	62
Total	<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>	<u>1,478</u>

Source: City Finance Office

¹The Street Sweeping function became a part of the Stormwater enterprise fund effective fiscal year 2014 and is no longer included with Environmental Protection.

²The 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Fire ⁽¹⁾										
Emergency responses	27,843	27,643	30,153 ⁽¹⁾	29,987	29,963	31,443	29,707	30,017	24,536	23,557
Fires extinguished	977	721	671 ⁽¹⁾	682	812	978	831	852	820	913
Fire inspections	6,335	2,761	3349 ⁽¹⁾	4,582	4,516	4,031	5,826	5,460	8,196	9,771
Police ⁽²⁾										
Number of law violations:										
Physical arrests	8,968	7,168	7,406	6,594	7,083 ⁽²⁾	6,524	6,606	6,099	5,001	4,092
Traffic citations	31,054	21,058	22,523	23,630	24,860 ⁽²⁾	17,263	17,443	16,634	12,222	9,534
Warning citations	19,713	17,219	21,788	38,326	53,553 ⁽²⁾	38,389	32,695	28,102	16,460	9,703
Calls for service	230,389	251,891	307,679	272,350	277,688 ⁽²⁾	296,609	288,896	278,560	258,008	238,894
Development Services										
Number of permits issued:										
Residential:										
New single family	548	502	343	308	290	249	275	223	229	302
New multi-family										
Number of units	966	983	111	170	311	64	54	35	148	80
Renovations	1,350	2,098	1,557	1,461	1,382	1,011	924	728	394	413
Commercial:										
New	62	71	51	69	69	52	56	53	77	60
Renovations	611	541	559	509	431	450	371	420	394	350
Other:										
Miscellaneous	19,290	13,132	10,319	12,467	11,825	11,556	9,092	8,891	8,762	9,151
Yard sale	1,114	921	998	727	702	601	572	460	304	278

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

Schedule 18

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cultural and Recreational ⁽³⁾										
Youth Sports participants	10,870	11,805	11,173	11,687	15,209	17,057	15,970	19,182	15,841	1,831
Adult Sports participants	1,036	1,172	1,087	761	944	998	717	778	107	37
Senior participants	102,170	109,503	89,416	90,311	109,289	97,603	92,300	88,842	59,729	23,497
Therapeutic participants	20,048	29,522	22,793	23,021	52,942	57,171	56,955	47,049	29,920	374
Aquatics participants	24,903	22,394	22,123	22,345	38,099	66,446	72,140	73,200	39,668	22,604
Park programs participants	24,074	21,712	28,086	28,367	30,589	30,920	35,609	32,576	19,437	8,286
Special events participants	11,161	11,983	20,727	20,642	22,446	15,692	18,821	8,970	15,336	43,768
Permitted events	64	66	89	81	96	105	110	238	137	34
Mobile stage/bleacher rentals	47	44	49	47	92	137	116	108	104	1
Recreation center participants	524,772	525,848	586,199	592,061	621,664	631,514	816,726	661,301	558,602	99,550
Historical properties participants	134,247	105,126	95,622	63,531	73,109	60,661	60,152	46,641	58,707	8,002
Picnic shelter rentals	50,218	46,839	40,761	38,484	36,687	43,122	57,290	37,802	17,723	10,035
Festival Park										
Tier 1 Events (0 - 500 Attendees)	5	3	1	5	5	9	36	7	4	33
Tier 2 Events (501 - 2,500 Attendees)	11	13	6	15	2	3	2	16	4	0
Tier 3 Events (2,501 - 5,000 Attendees)	14	13	6	16	2	7	6	6	1	1
Tier 4 Events (5,001 - 10,000 Attendees)	N/A	N/A	N/A	N/A	10	8	10	2	1	0
Tier 5 Events (10,001 + Attendees)	N/A	N/A	N/A	N/A	19	15	19	13	4	0
Transportation										
Street Maintenance										
Streets maintained (miles)	730.79	734.13	735.69	735.69	740.69	740.68	743.40	744.13	745.96	747.72
Street resurfacing and cape sealing (miles)	19.52	17.80	14.30	17.50	20.09	13.50	8.31	13.16	11.26	17.87
Number of traffic signals maintained ⁽⁴⁾	225	226	214	214	214	225	230	231	233	239
Engineering										
Driveway permits (residential)	426	429	578	382	388	287	227	214	223	248
Driveway permits (commercial)	42	42	42	28	23	23	27	46	50	36
Airport ⁽¹⁾										
Number of enplaned passengers	253,330	244,345	237,282 ⁽¹⁾	161,635	224,489	229,684	238,178	231,003	167,835	148,577
Number of deplaned passengers	253,575	243,876	236,635 ⁽¹⁾	219,312	221,292	228,562	235,835	230,958	166,761	147,027

(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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Fire										
Number of stations	16	16	16	16	16	17	17	17	17	17
Police										
Number of stations	2	2	2	2	2	3	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)	7	7	7	7	7	7	7	7	7	7
Sports complexes (40 - 80 acres)	3	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	8	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	4
Transportation										
Street Maintenance										
Streets maintained (miles)	730.79	734.13	735.69	735.69 ⁽¹⁾	740.69	740.68	743.40	744.13	745.96	747.72
Number of traffic signals ⁽²⁾	28	29	29	29	29	30	30	31	33	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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**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***

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 as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the year then ended, which collectively comprise the City of Fayetteville's basic financial statements, and have issued our report thereon dated November 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 City of Fayetteville'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.

PBMares, LLP

Morehead City, North Carolina
November 22, 2021



**Independent Auditor's 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**

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 (City of Fayetteville) 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, 2021. The City of Fayetteville's and Fayetteville Public Works Commission's (PWC) major federal 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 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, 2021.

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.

PBMares, LLP

Morehead City, North Carolina
November 22, 2021



**Independent Auditor's Report on Compliance for Each Major State Program
and Report on Internal Control Over Compliance Required
by the State Single Audit Implementation Act**

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, North Carolina's (City of Fayetteville) 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, 2021. 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, 2021.

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.

PBMares, LLP

Morehead City, North Carolina
November 22, 2021

**City of Fayetteville, North Carolina
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2021**

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 reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2021

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

Identification of major federal programs:

Federal Assistance Listing #	Program Name
66.458	Clean Water State Revolving Fund
20.500/20.507	Federal Transit Grant Cluster
20.205	Highway Planning and Construction Cluster
21.019	Coronavirus Aid, Relief and Economic Security Act
20.106	Airport Improvement Program/COVID-19 Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,038,340

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)

**City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2021**

Section 2. Financial Statement Findings

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, 2021**

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, 2021

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.

City of Fayetteville, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title	Federal Assistance Listing	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 AGRICULTURE						
<u>Passed through NC Department of Agriculture and Consumer Services</u>						
Emergency Watershed Restoration Project	10.923	NR204532XXXXC024	\$ 202,003	\$ 31,128	\$ -	\$ 233,131
Total US Department of Agriculture			<u>202,003</u>	<u>31,128</u>	<u>-</u>	<u>233,131</u>
US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT						
<u>Community Development Block Grant Cluster</u>						
CDBG Entitlement Grant FY2018-2019	14.218	B-18-MC-37-0005	9,419	-	-	9,419
CDBG Entitlement Grant FY2019-2020	14.218	B-19-MC-37-0005	930,143	-	321,391	1,251,533
COVID-19 - Community Development Block Grant Program	14.218	B-20-MW-37-0005	1,675,656	-	1,311,421	2,987,078
Total Community Development Block Grant Cluster			<u>2,615,218</u>	<u>-</u>	<u>1,632,812</u>	<u>4,248,030</u>
<u>CDBG Disaster Recovery Grants Cluster</u>						
<u>Passed-through NC Department of Public Safety Office of Recovery and Resiliency</u>						
CDBG Disaster Relief Grant	14.228	B-16-DL-37-0001	83,004	-	-	83,004
Total CDBG Disaster Recovery Grants Cluster			<u>83,004</u>	<u>-</u>	<u>-</u>	<u>83,004</u>
<u>HOME Investment Partnerships Program</u>						
FY2016-2017	14.239	M16-MC370203	59,895	-	-	59,895
FY2019-2020	14.239	M19-MC370203	21,079	-	-	21,079
FY2020-2021	14.239	M20-MC370203	10,361	-	-	10,361
Total HOME Investment Partnerships Program			<u>91,335</u>	<u>-</u>	<u>-</u>	<u>91,335</u>
<u>Office of Public Housing Investments</u>						
FY2020 Choice Neighborhoods Planning	14.892	NC4F533CNP120	32,526	-	-	32,526
Total HOME Investment Partnerships Program			<u>32,526</u>	<u>-</u>	<u>-</u>	<u>32,526</u>
Total US Department of Housing & Urban Development			<u>2,822,084</u>	<u>-</u>	<u>1,632,812</u>	<u>4,454,895</u>
US DEPARTMENT OF INTERIOR						
<u>Passed through NC Department of Natural and Cultural Resources</u>						
FY 2020 Historic Preservation	15.904		7,984	-	-	7,984
Total US Department of Interior			<u>7,984</u>	<u>-</u>	<u>-</u>	<u>7,984</u>

City of Fayetteville, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

CITY OF FAYETTEVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title	Federal Assistance Listing	State/ Pass-through or Other Identifiable Grant Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients	Total Expenditures
<u>US DEPARTMENT OF JUSTICE</u>						
<u>Office of Justice Programs</u>						
2020 Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-333	\$ 147,225	\$ -	\$ -	\$ 147,225
Project Safe Neighborhoods	16.609	2018-GP-BX-0035	67,775	-	-	67,775
National Sexual Assault Initiative	16.833	2016-AK-BX-K017	13,872	-	-	13,872
National Sexual Assault Initiative	16.833	2020-AK-BX-0040	33,814	-	-	33,814
			<u>262,687</u>	-	-	<u>262,687</u>
Equitable Sharing Program	16.922		155,503	-	-	155,503
Total Office of Justice Programs			<u>418,190</u>	-	-	<u>418,190</u>
<u>Edward Byrne Memorial Justice Assistance Grant Program</u>						
<u>Passed through Cumberland County</u>						
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0871	30,295	-	-	30,295
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0501	51,976	-	-	51,976
Total Edward Byrne Memorial Justice Assistance Grant			<u>82,271</u>	-	-	<u>82,271</u>
Program Passed through Cumberland County			<u>82,271</u>	-	-	<u>82,271</u>
<u>US DEPARTMENT OF THE TREASURY</u>						
NC Pandemic Recovery Office Passed-through Cumberland County						
Coronavirus Relief Fund (CRF)	21.019		1,799,803	-	-	1,799,803
Emergency Rental Assistance	21.023	ERA-21010880999	75,741	-	-	75,741
Total US Department of the Treasury			<u>1,875,544</u>	-	-	<u>1,875,544</u>
<u>US DEPARTMENT OF TRANSPORTATION</u>						
<u>Federal Aviation Administration</u>						
<u>Airport Improvement Program</u>						
Terminal Improvements Part II - AIP 46	20.106	FAA-3-37-0021-46-2019	6,609,359	-	-	6,609,359
COVID-19 CARES Act Airport Grant	20.106	3-37-0021-047-2020	1,553,469	-	-	1,553,469
COVID-19 Airport Coronavirus Response Grant	20.106	3-37-0021-049-2021	1,011,117	-	-	1,011,117
Total Airport Improvement Program			<u>9,173,944</u>	-	-	<u>9,173,944</u>
Total Federal Aviation Administration			<u>9,173,944</u>	-	-	<u>9,173,944</u>
<u>Federal Transportation Administration</u>						
<u>Highway Planning and Construction Cluster</u>						
<u>Passed through NC Dept of Transportation</u>						
Cape Fear River Trail, Phase 3	20.205	EB-4539C	761,392	972,090	-	1,733,482
Total Highway Planning and Construction Cluster Passed through the NC Dept of Transportation			<u>761,392</u>	<u>972,090</u>	-	<u>1,733,482</u>

City of Fayetteville, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title	Federal Assistance Listing	State/ Pass-through or Other Identifiable Grant Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients	Total Expenditures
<u>US DEPARTMENT OF TRANSPORTATION (Continued)</u>						
<u>Federal Transportation Administration (Continued)</u>						
<u>Federal Transit Grant Cluster</u>						
	20.500	NC-04-0055	\$ 7,682	\$ 1,405	\$ -	\$ 9,087
Preventive Maintenance & American with Disabilities Act	20.507	NC-2020-24	1,936,000	-	-	1,936,000
Operating Assistance	20.507	NC-2020-24	3,790,411	-	-	3,790,411
	20.507	NC-2021-023	40,000	-	-	40,000
Capital Grants	20.507	NC-90-0548	-	-	-	-
	20.507	NC-2016-021-00	6,345	496	-	6,841
	20.507	NC-2016-030-00	20,576	2,572	-	23,148
	20.507	NC-2016-030-01	4	-	-	4
	20.507	NC-2017-031-00	7,536	-	-	7,536
	20.507	NC-2018-045-00	24,840	-	-	24,840
	20.507	NC-2019-021-00	12,082	-	-	12,082
	20.507	NC-2019-022-00	2,167	-	-	2,167
	20.507	NC-2020-033-00	86,087	-	-	86,087
	20.507	NC-2021-023-00	130	-	-	130
	20.507	NC-2018-045-00	28,080	-	-	28,080
	20.513	NC-2018-069-00	320,000	-	-	320,000
	20.507	NC-2019-021-00	2,720	-	-	2,720
	20.513	NC-2019-048-00	175,972	-	-	175,972
	20.507	NC-2020-024-00	65,995	-	-	65,995
	20.507	NC-2020-033-00	67,414	-	-	67,414
Total Federal Transit Grant Cluster			6,594,041	4,473	-	6,598,514
Total Federal Transportation Administration			7,355,433	976,563	-	8,331,997
Total US Department of Transportation			16,529,378	976,563	-	17,505,941
<u>US DEPARTMENT OF VETERANS AFFAIRS</u>						
Adaptive Sports for Disabled Vets	64.034	SPORTS-19-092	2,120	-	-	2,120
Total US Department of Veterans Affairs			2,120	-	-	2,120
<u>US ENVIRONMENTAL PROTECTION AGENCY</u>						
<u>Clean Water State Revolving Fund</u>						
<u>Passed-through NC Department of Environmental Quality Division of Water Infrastructure</u>						
Clean Water State Revolving Fund						
Capitalization Grants for Drinking Water State Revolving Funds	66.458	CS370434-14	2,859,248	714,812	-	3,574,060
Total Clean Water State Revolving Fund Passed-through the NC Department of Environmental Quality Division of Water Infrastructure			2,859,248	714,812	-	3,574,060

City of Fayetteville, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title	Federal Assistance Listing	State/ Pass-through or Other Identifiable Grant Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients	Total Expenditures
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Aging Cluster						
Passed through NC Department of Health & Human Services						
Special Programs for the Aging- Title III Part B						
Grants for Supporting Services and Senior Centers	93.044	N/A	\$ 10,009	\$ -	\$ -	\$ 10,009
Total Aging Cluster Passed through the NC Department of Health & Human Services			<u>10,009</u>	<u>-</u>	<u>-</u>	<u>10,009</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>						
Direct Programs:						
Assistance to Firefighters	97.044	EMW-2019-FG-01746	78,094	-	-	78,094
Total Direct Programs			<u>78,094</u>	<u>-</u>	<u>-</u>	<u>78,094</u>
Passed-through NC Department of Public Safety						
Disaster Grants - Public Assistance						
(Presidentially Declared Disasters) FEMA						
Hurricane Matthew - FEMA-4285-DR-NC						
City:						
Shawcroft Access Rd Restoration	97.036	PW697	5,160	1,720	-	6,880
Greenoch Drive	97.036	PW1212	101,401	33,801	-	135,202
Passed-through NC Department of Public Safety						
Disaster Grants - Public Assistance						
(Presidentially Declared Disasters) FEMA						
City:						
Hurricane Matthew - FEMA-4285-DR-NC						
Mirror Lake Dam Restoration	97.036	PW1262	218,625	72,875	-	291,500
Linear Park Trail Stairs & Overlook	97.036	PW1392	12,035	4,012	-	16,047
280 Lamon Street	97.036	PW1744	17,540	5,847	-	23,386
Devonwood Lower Dam Restoration	97.036	PW1887	61,927	20,642	-	82,569
PWC:						
Calico Pump Station	97.036	PW1707	101,299	33,766	-	135,065
Water/Sewer Lines	97.036	PW1830	963,990	464,143	-	1,428,133
Hurricane Florence - FEMA-4393-DR-NC:						
City:						
Airport Slope Failure	97.036	PW1255	19,830	6,610	-	26,441
Cross Creek Cemetery Bank Stabilization	97.036	PW2267	6,044,167	2,014,722	-	8,058,889
Management Costs	97.036	PW2628	9,673	-	-	9,673
PWC:						
Utilities	97.036	PW2694	840,111	280,037	-	1,120,148
Cat Z - Management Cost	97.036	PW2726	247,140	82,380	-	329,520
Shadowlawn Aerial	97.036	PW924	115,113	38,371	-	153,484
Distribution Dr. Aerial	97.036	PW2127	271,528	90,509	-	362,037
COVID-19 - FEMA-4487-DR-NC:						
City:						
COVID-19 - General 7.1.20 - 1.19.21	97.036	187454	39,031	-	-	39,031
COVID-19 - General 1.20.21 - 6.30.21	97.036	335311	10,923	-	-	10,923
COVID-19 - General DAC 7.1.20 - 6.30.21	97.036	335314	42,455	-	-	42,455
Total Disaster Grants - Public Assistance Passed-through the NC Department of Public Safety			<u>9,121,947</u>	<u>3,149,435</u>	<u>-</u>	<u>12,271,382</u>

City of Fayetteville, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

<u>GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing</u>	<u>State/ Pass-through or Other Identifiable Grant Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Sub-recipients</u>	<u>Total Expenditures</u>
<u>US DEPARTMENT OF HOMELAND SECURITY (Continued)</u>						
Passed-through NC Department of Public Safety (Continued)						
Homeland Security Grant Program - Training	97.067	EMW-2018-SS-00053	\$ 492,971	\$ -	\$ -	\$ 492,971
Total Homeland Security Grants Passed-through the NC Department of Public Safety			492,971	-	-	492,971
Law Enforcement Officer Reimbursement Agreement Programs	97.090	HSTS0216HSLR733	109,490	-	-	109,490
Total Passed-through NC Department of Public Safety			9,724,408	3,149,435	-	12,873,843
Total U.S. Department of Homeland Security			9,802,502	3,149,435	-	12,951,937
Total Assistance - Federal Programs			34,611,333	4,871,938	1,632,812	41,116,082
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		-	46,401	-	46,401
Total Transportation Improvement Program			-	46,401	-	46,401
<u>NC DEPARTMENT OF TRANSPORTATION</u>						
Powell Bill	N/A	32570	-	5,388,637	-	5,388,637
Division of Aviation						
Aviation State Aid - Airport Improvements and Debt Service	N/A	36244.27.15.1	-	4,692,438	-	4,692,438
Total Division of Aviation			-	4,692,438	-	4,692,438
Total NC Department of Transportation			-	10,127,476	-	10,127,476
<u>NC DEPARTMENT OF PUBLIC SAFETY</u>						
Hazmat (RRT Grant)						
Total Hazmat RRT Grants	N/A	RRT 3 2019	-	59,070	-	59,070
Passed-through from Cumberland County						
Juvenile Restitution FY 2021	N/A	526-10413	-	51,263	-	51,263
Total NC Department of Public Safety			-	110,334	-	110,334
Total Assistance			\$ 34,611,333	\$ 15,109,748	\$ 1,632,812	\$ 51,353,892
See notes to the Schedule of Expenditures of Federal and State Awards.						

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

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, 2021. 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.

Note 4: Loans Outstanding

The City of Fayetteville had the following loan balance outstanding at June 30, 2021 for loan that the grantor/pass-through grantor has still imposed continuing compliance requirements . Loan outstanding at the beginning of the year and loan made during the year are included in the SEFSA. The balance of loan outstanding at June 30, 2021 consists of:

<u>Program Title</u>	Federal Assistance	Pass-through Grantor's	Amount <u>Outstanding</u>
	<u>Listing</u>	<u>Number</u>	
Drinking Water State Revolving Fund	66.458	CS370434-14	\$ 3,574,060

**City of Fayetteville, North Carolina
Schedule of Passenger Facility Charges
Year Ended June 30, 2021**

	Cumulative Receipts June 30, 2020	Receipts Year End June 30, 2021	Cumulative Receipts June 30, 2021	Amount of Collection Approval
PFC Revenue Received	\$ 9,520,336	\$ 545,803	\$ 10,066,139	\$ -
Interest Earned	240,585	61,316	301,901	-
Total PFC Revenue Received	9,760,921	607,119	10,368,040	10,589,938
PFC Revenues Accrued	58,453	93,996	152,449	-
PFC Investment Income Differential	39,299	(56,686)	(17,387)	-
Total PFC Revenues	\$ 9,858,673	\$ 644,429	\$ 10,503,102	\$ 10,589,938

	Cumulative Expenditures June 30, 2020	Expenditures Year End June 30, 2021	Cumulative Expenditures June 30, 2021	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, 2020	Expenditures Year End June 30, 2021	Cumulative Expenditures June 30, 2021	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, 2020	Expenditures Year End June 30, 2021	Cumulative Expenditures June 30, 2021	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, 2021**

	Cumulative Expenditures June 30, 2020	Expenditures Year End June 30, 2021	Cumulative Expenditures June 30, 2021	Amount of Use Approval
Application No. 13-05-C-00-FAY				
Use Approval				
Closed Application	\$ 1,277,433	\$ -	\$ 1,277,433	\$ 1,277,433
Total Use Approval	1,277,433	-	1,277,433	1,277,433
Total Application No. 13-05-C-00-FAY	\$ 1,277,433	\$ -	\$ 1,277,433	\$ 1,277,433

	Cumulative Expenditures June 30, 2020	Expenditures Year End June 30, 2021	Cumulative Expenditures June 30, 2021	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	59,882	-	59,882	60,000
Total Use Approval	655,819	-	655,819	731,306
Total Application No. 15-06-C-00-FAY	\$ 655,819	\$ -	\$ 655,819	\$ 731,306

	Cumulative Expenditures June 30, 2020	Expenditures Year End June 30, 2021	Cumulative Expenditures June 30, 2021	Amount of Use Approval
Application No. 16-07-U-00-FAY				
Use Approval				
Design & Construct-Airline Terminal Improvements	\$ 1,544,893	\$ -	\$ 1,544,893	\$ 2,819,997
Total Use Approval	1,544,893	-	1,544,893	2,819,997
Total Application No. 16-07-U-00-FAY	\$ 1,544,893	\$ -	\$ 1,544,893	\$ 2,819,997

	Cumulative Expenditures June 30, 2020	Expenditures Year End June 30, 2021	Cumulative Expenditures June 30, 2021	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	\$ 665,608	\$ 718,109	\$ 2,674,390
Total Use Approval	52,501	665,608	718,109	2,674,390
Total Application No. 19-08-C-00-FAY	\$ 52,501	\$ 665,608	\$ 718,109	\$ 2,674,390

	Cumulative Totals June 30, 2020	Totals Year End June 30, 2021	Cumulative Totals June 30, 2021	Amount of Use Approval
Total PFC Revenues	\$ 9,858,673	\$ 644,429	\$ 10,503,102	\$ -
Total PFC Expenditures	(6,617,356)	(665,608)	(7,282,964)	-
Total PFC Receivables	-	-	(153,351)	-
Balance of PFC's at June 30,2021	\$ 3,241,317	\$ (21,179)	\$ 3,066,787	\$ 10,589,838

City of Fayetteville, North Carolina
Schedule of Passenger Facility Charges
Year Ended June 30, 2021

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.

City of Fayetteville, North Carolina

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