

2019



City of Fayetteville North Carolina



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

City of
Fayetteville
North Carolina

Prepared by the City of Fayetteville Finance Department

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With Special Thanks

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City of Fayetteville, North Carolina

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November 15, 2019

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

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Fayetteville, North Carolina for the fiscal year ended June 30, 2019. State law requires that every local government publish a complete set of audited financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. This report complies with these requirements.

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

RSM US LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Fayetteville's financial statements for the fiscal year ended June 30, 2019. 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.

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Fayetteville, NC 28301-5537
(910) 433-1990 | (910) 433-1948 Fax
www.cityoffayetteville.org

The City of Fayetteville, North Carolina does not discriminate on the basis of race, sex, color, age, national origin, religion, or disability in its employment opportunities, programs, services, or activities.

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 2012, the City celebrated the 250th anniversary of its founding. 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 209,028 in 2019. Encompassing approximately 150 square miles, the City is the second largest by land mass in North Carolina.

The City serves as the cultural and arts center for the region east of Fort Bragg. The City’s cultural and arts venues include the Cape Fear Regional Theatre, Cape Fear Botanical Gardens and 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 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, airport service, and electric, water and wastewater utilities.

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

COMMERCE AND INDUSTRY

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

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

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

In addition to Fort Bragg and the City, substantial employment is also offered in the government sector through Cumberland County Schools, Fayetteville State University, Fayetteville Technical Community College, County of Cumberland and the Veterans Administration. Other major employers in the area include Cape Fear Valley Health Systems, Goodyear Tire & Rubber Inc., with one of the largest tire producing factories in the world, Wal-Mart Associates Inc., through its distribution center and 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 had a significant spurt in 2017 with the opening of Freedom Town Center, a new 450,000-square-foot shopping center including retailers such as Dick's Sporting Goods, Field and Stream, Hobby Lobby and a number of clothing outlets and restaurants.

During the past five years, Fayetteville's annual unemployment rates at fiscal year ended June 30 have steadily improved from a high of 6.5% in 2015 to a low of 5.7% in 2019, according to the Labor and Economic Analysis Division of the North Carolina Department of Commerce. 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
2019	5.7	4.1	3.7
2018	5.9	3.8	3.7
2017	6.2	4.6	4.4
2016	6.8	5.1	4.9
2015	6.5	5.7	5.3

* NC Department of Commerce, Labor and Economic Analysis Division

Per capita personal income in Cumberland County in 2017 was \$37,406, as compared to nation-wide at \$49,282 and state-wide at \$43,303 for the same period. Growth in compensation for military workers has helped to fuel local per capita income growth over the past decade. Total employment in the Cumberland County region in July 2019 was 123,845.

Over the last year the Fayetteville Cumberland County area saw a significant increase in project announcements. Companies including E-N-G Mobile Systems, Eastern Foundry and Sky Management Services, LLC are expanding operations. With an increase in project announcements, Fayetteville Cumberland County has a well-educated workforce with skills to handle the technological advances and business complexity of the new and expanding businesses. This highly educated, trained and motivated workforce has other potential employers taking notice as they look to start, expand or invest in business operations or new facilities.

During fiscal year 2019, the City issued building permits for 223 new single-family residential units valued at \$51.5 million and 53 new commercial building permits valued at \$62.9 million. For fiscal year 2018, the City issued 275 new residential units valued at \$61.1 million and 56 new commercial building permits valued at \$141.9 million.

Taxable sales in Cumberland County for fiscal year 2019 totaled approximately \$4.3 billion, which represents a 6.65% increase over fiscal year 2018. Historical sales for Cumberland County are provided in the following table.

TAXABLE SALES*		
Fiscal Year	Cumberland County	Change
2019	4,318,734,008	6.65%
2018	4,049,332,515	0.22%
2017	4,040,268,838	5.0%
2016	3,848,839,911	4.2%
2015	3,693,046,187	5.2%

* NC Department of Revenue, Sales and Use Tax Division

In 2019, Policom Corporation ranked the Fayetteville Metropolitan Statistical Area as having the 243rd strongest economy of the 383 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 original proposed general fund budget for fiscal year 2019 was \$168,684,327 or an increase of \$1,987,388 of the original adopted budget for fiscal year 2018. The fiscal year 2019 budget anticipated total real property taxes to grow by 0.71% which is less than half the growth in values traditionally experienced. These projections reflected modest increases in real property values and for licensed vehicles. Fayetteville’s strong strategic planning process and conservative fiscal management continue to allow the City to maintain a high priority on both the delivery of quality services and financial stability.

LONG-TERM FINANCIAL PLANNING and MAJOR INITIATIVES

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

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

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

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

In fiscal year 2019 the City dedicated an amount equivalent to 5.43 cents of the 49.95 cent ad valorem tax rate for the capital funding plan. In addition, 1.42 cents was dedicated to fund parks and recreation projects and bond debt service. Also, certain revenues are specifically earmarked for the repayment of principal and interest on installment financing agreements for facilities and equipment, general obligation debt and future cash funding of major capital improvements.

During fiscal year 2019 the City accomplished or continued work on significant capital projects, financial and economic development goals including the following:

- \$7.0 million in the resurfacing of streets, construction of sidewalks, and other traffic system improvements.
- \$12.9 million for part 1 of the City of Fayetteville airport terminal improvement plan funded by federal and state grants.
- \$5.3 million in Limited Obligation bonds were issued. \$2.7 million of the proceeds will finance the construction and equipping of a new swimming pool at the City's Lake Rim Recreation Center of which \$1.5 million was spent in fiscal year 2019. \$2.6 million of bond proceeds will finance certain additional costs relating to the 2018 baseball stadium project.
- \$1.5 million to construct new recreational facilities and to renovate and improve park facilities.
- \$5.2 million in various stormwater drainage system improvement projects throughout the City.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fayetteville, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) also presented an award of Distinguished Budget Presentation to the City of Fayetteville for its annual budget for fiscal year 2018 which began July 1, 2018. The fiscal year 2019 budget has been submitted to GFOA to determine its eligibility for another certificate. In order to receive this award, a governmental unit must publish a budget document that meets specific program criteria as a policy document, an operations guide, a financial plan, and a communications device.

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

The City also received the 2019 Certificate of Excellence in Performance Management awarded by the International City/County Management Association (ICMA). ICMA recognizes communities for their commitment to the principles of performance management and effective communication of their performance data with residents and peer communities. The City of Fayetteville was awarded the certificate on the basis criteria that included public reporting and networking.

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

Respectfully submitted,



Douglas J. Hewett, ICMA-CM
City Manager

Jay Toland
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Fayetteville
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

City of Fayetteville, North Carolina

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Fiscal Year Ended June 30, 2019

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City of
Fayetteville
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City Council Members

As of 6/30/2019



Tisha Waddell, District 3

Johnny Dawkins, District 5

D.J. Haire, District 4

Kathy Jensen, District 1

Ted Mohn, Mayor Pro Tem District 8

Mitch Colvin, Mayor (Center)

Larry Wright, District 7

James William Arp, Jr., District 9

Dan Culliton, District 2

William J.L. Crisp, District 6

City Administrative, Legal, and Financial Staff

Doug Hewett, *City Manager*

Kristoff T. Bauer, *Deputy City Manager*

Telly Whitfield, *Assistant City Manager*

Jay C. Toland, *Chief Financial Officer*

Karen McDonald, *City Attorney*

Angel Wright-Lanier, *Assistant City Manager*

Pamela Megill, *City Clerk*

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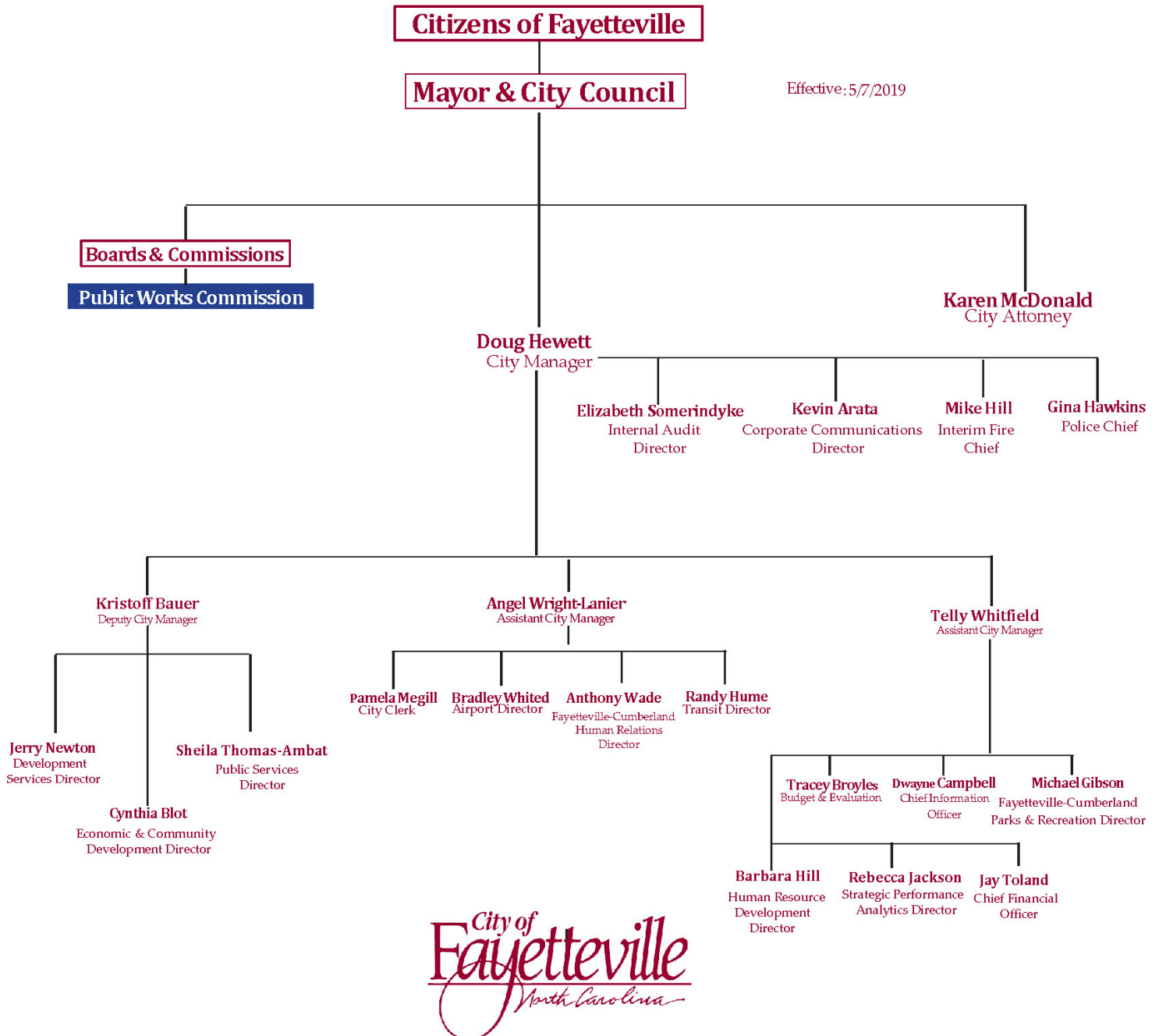
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- **Report of Independent Auditor**
- **Management's Discussion and Analysis (Unaudited)**
- **Basic Financial Statements**
- **Notes to the Financial Statements**

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Report of Independent Auditor

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Independent Auditor's Report

RSM US LLP

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fayetteville, North Carolina (the City or the City of Fayetteville) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fayetteville, North Carolina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 Governmental Employees' Retirement System Schedules of the City's Proportionate Share of Net Pension Liability (Asset) and the City of Fayetteville's Contributions on pages G-1 through G-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Fayetteville, North Carolina as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 4, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The accompanying supplementary information, such as the major governmental and enterprise funds comparative fund statements for the year ended June 30, 2018, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The major governmental and enterprise comparative fund statements have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major governmental and enterprise comparative fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

The Other Supplemental Information and the Schedule of Expenditures of Federal and State Awards and Passenger Facility Charges are the responsibility of management and were derived from and relate directly to 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 15, 2019, on our consideration of the City of Fayetteville, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

RSM US LLP

Morehead City, North Carolina
November 15, 2019

City of Fayetteville, North Carolina

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2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual
Financial Report

City of
Fayetteville
North Carolina

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, 2019. 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 \$540.9 million (*net position*). Of this amount, unrestricted net position of \$35.8 million is used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$27.3 million.

- Net position in the Governmental activities increased \$7.4 million to \$388.3 million in fiscal year 2019, up from \$380.9 million in fiscal year 2018. By far the largest portion of net position, \$333.9 million or 86.0%, reflects the net investment in capital assets less any related debt still outstanding.
- Net position in the Business type activities increased \$19.9 million to \$152.6 million in fiscal year 2019, up from \$132.7 million in 2018. The largest portion of net position, \$122.8 million or 80.5%, 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 2019, the City's governmental funds reported an ending fund balance of \$118.4 million, a decrease of \$18.8 million in comparison to the prior year. Approximately 60.3% of total fund balance, or \$71.4 million, is non-spendable or restricted.
- At the end of fiscal year 2019, unassigned fund balance for the General Fund was \$25.1 million or 14.4% of the fiscal year 2020 General Fund adopted budget of \$173.9 million.
- The City's total debt at fiscal year-end 2019 increased by \$26.0 million.
- During fiscal year 2019, the City maintained its Aa1 and AA+ credit rating for its outstanding general obligation bonds from Moody's and Standard & Poor's, respectively.

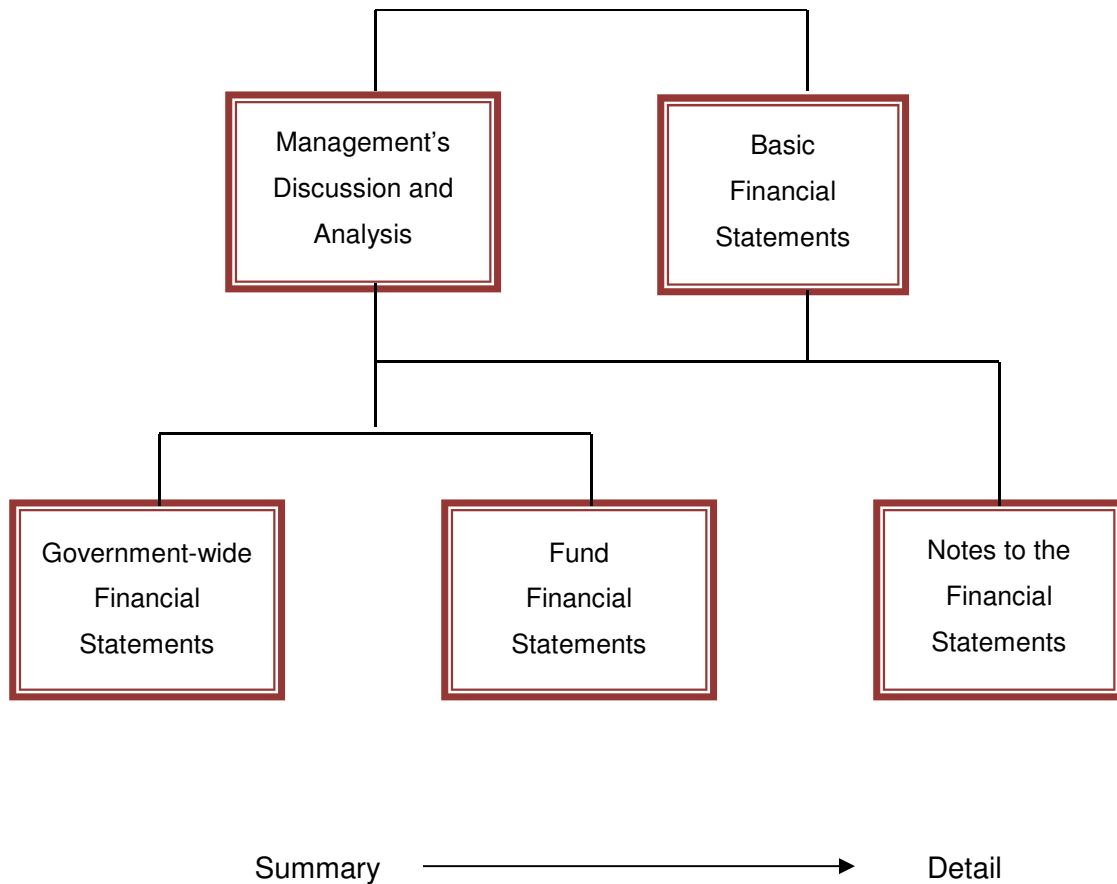
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Fayetteville's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements as shown below. The basic financial statements present two different views of the City, through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other

supplemental information that will enhance the reader's understanding of the financial condition of the City. This report includes all funds of the City of Fayetteville, as well as its component units, which are described in the following pages. Note 1 in the financial report includes further discussion of the reporting entity and description of funds.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City of Fayetteville's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental fund statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplementary information** includes reports concerning the City's progress in funding its obligations to provide Pension Benefits, the Law Enforcement Officers' Special Separation Allowance, and Other Post-Employment Benefits.

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

Government-wide Financial Statements

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

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements include activities for the primary government and its component unit. The primary government function is divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as general administration, public safety, transportation, economic and physical development, and recreation and community facilities. Property and other taxes, and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the storm water, airport, transit and environmental services offered by the City of Fayetteville.

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the City of Fayetteville's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in North Carolina, use fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City of Fayetteville's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash, flow in and out, and what monies are left at year-end that will be available for

spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Fayetteville adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement on page E-5 of this report uses the budgetary basis of accounting, and except for debt service, is presented using the same format as the legally adopted budget. Note A on the bottom of page E-5 provides a reconciliation of differences between expenditure classifications on the budget basis (page E-5) and the modified accrual basis (E-3). The budgetary statement shows four columns: 1) the original budget as adopted by the City Council, 2) the final budget as amended by the City Council, 3) the actual revenues, expenditures and changes in fund balance, and 4) the difference, or variance, in revenues and expenditures between final budget and actual amounts.

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages F-1 through F- 61 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.

Government-wide Financial Analysis

Net Position. The following is a summary of net position for the City of Fayetteville at June 30, 2019 with comparative data for June 30, 2018. The City's combined net position increased \$27.3 million, or 5.3%, from fiscal year 2018. 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	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 187,321	\$ 177,487	\$ 39,502	\$ 44,341	\$ 226,823	\$ 221,828
Capital assets	362,242	404,018	116,662	130,532	478,904	534,550
Total assets	549,563	581,505	156,164	174,873	705,727	756,378
Deferred outflows of resources	14,918	23,188	1,836	2,937	16,754	26,125
Total assets and deferred outflows of resources	564,481	604,693	158,000	177,810	722,481	782,503
Long-term liabilities outstanding	163,406	189,635	16,655	16,411	180,061	206,046
Other liabilities	16,893	22,225	8,209	8,228	25,102	30,453
Total liabilities	180,299	211,860	24,864	24,639	205,163	236,499
Deferred inflows of resources	3,232	4,536	460	588	3,692	5,124
Total liabilities and deferred inflows of resources	183,531	216,396	25,324	25,227	208,855	241,623
Net position:						
Net investment in capital assets	335,025	333,857	109,091	122,814	444,116	456,671
Restricted	43,762	45,668	3,147	2,738	46,909	48,406
Unrestricted	2,162	8,772	20,437	27,030	22,599	35,802
Total net position	\$ 380,949	\$ 388,297	\$ 132,675	\$ 152,582	\$ 513,624	\$ 540,879

The assets and deferred outflows of the City exceeded liabilities and deferred inflows by \$540.9 million as of June 30, 2019. Net position is reported in three categories: net investment in capital assets of \$456.7 million, restricted net position of \$48.4 million, and unrestricted net position of \$35.8 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.

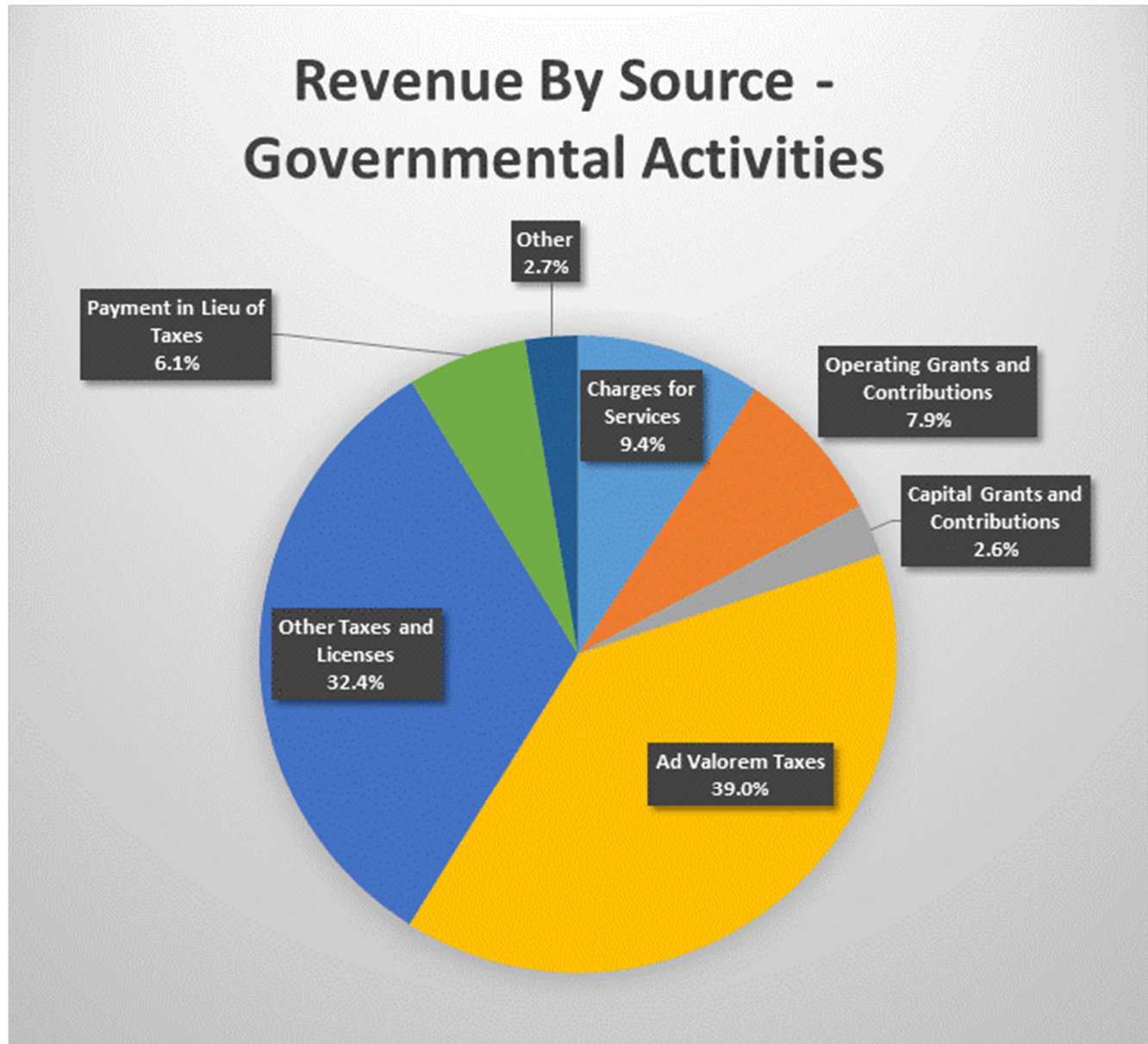
The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2019, \$35.8 million or 7.0%, of the reported total net position of \$540.9 million, is unrestricted.

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

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues:						
Program revenues:						
Charges for services	\$ 14,542	\$ 16,962	\$ 20,566	\$ 29,507	\$ 35,108	\$ 46,469
Operating grants and contributions	15,220	14,245	6,219	9,329	21,439	23,574
Capital grants and contributions	8,300	4,735	4,166	12,550	12,466	17,285
General revenues:						
Ad valorem taxes	69,227	70,312	-	-	69,227	70,312
Other taxes and licenses	56,058	58,467	631	642	56,689	59,109
Payment in lieu of taxes	10,428	10,938	-	-	10,428	10,938
Other	3,420	4,825	955	1,247	4,375	6,072
Total revenues	177,195	180,484	32,537	53,275	209,732	233,759
Expenses:						
Administration	27,725	32,007	-	-	27,725	32,007
Public safety	87,956	88,029	-	-	87,956	88,029
Transportation	21,616	20,211	-	-	21,616	20,211
Economic and physical development	12,018	6,928	-	-	12,018	6,928
Recreation and community facilities	16,081	17,300	-	-	16,081	17,300
Environmental protection	1,969	1,055	-	-	1,969	1,055
Interest on long-term debt	845	2,663	-	-	845	2,663
Stormwater management	-	-	5,098	4,755	5,098	4,755
Transit	-	-	11,297	11,560	11,297	11,560
Airport	-	-	7,723	7,833	7,723	7,833
Environmental Services	-	-	11,354	14,163	11,354	14,163
Total expenses	168,210	168,193	35,472	38,311	203,682	206,504
Increase (decrease) in net position before transfers	8,984	12,291	(2,935)	14,964	6,049	27,255
Transfers	(5,864)	(4,943)	5,864	4,943	-	-
Change in net position	3,120	7,348	2,929	19,907	6,049	27,255
Net position, beginning	391,209	380,949	131,608	132,675	522,817	513,624
Prior year adjustment	(13,380)	-	(1,862)	-	(15,242)	-
Net position, beginning as restated	377,829	380,949	129,746	132,675	507,575	513,624
Net position, ending	\$ 380,949	\$ 388,297	\$ 132,675	\$ 152,582	\$ 513,624	\$ 540,879

Governmental activities: Revenues for the City's governmental activities were \$180.5 million, while total expenses were \$168.2 million in fiscal year 2019.



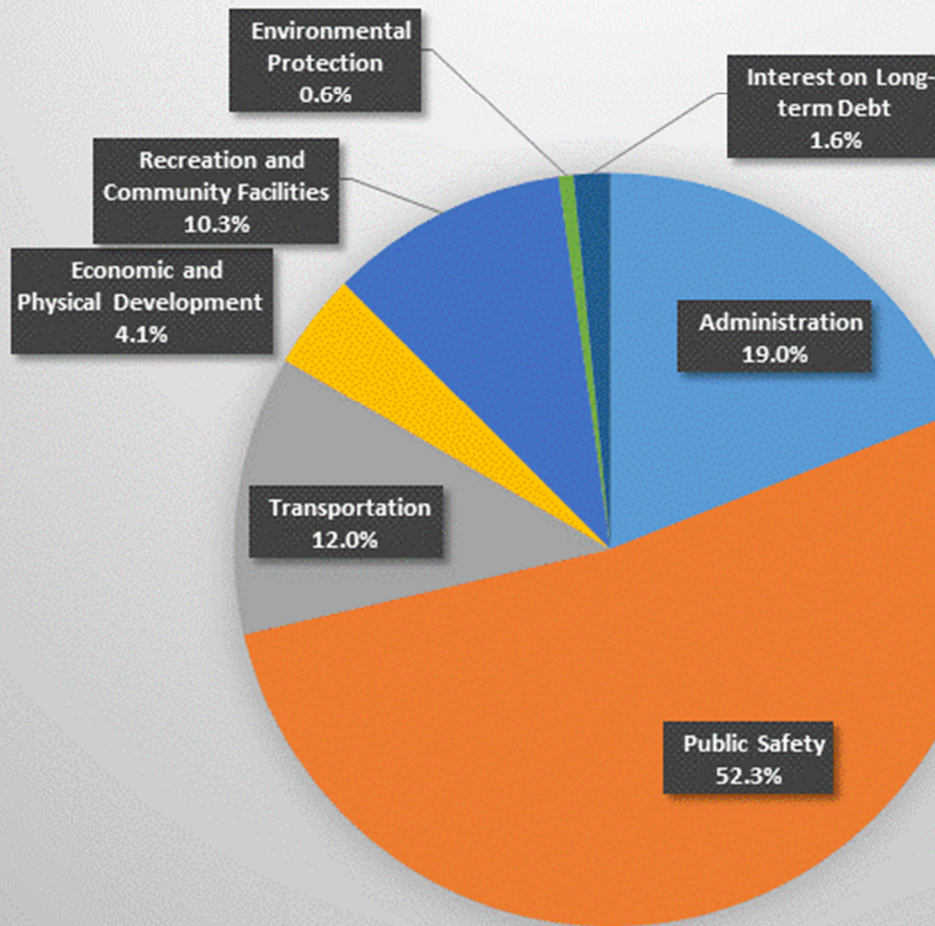
Net position for governmental activities, after transfers out, increased to \$7.3 million. Key elements of this change are as follows:

- Of the total governmental revenues during fiscal year 2019, property taxes represent 39.0% which was a \$1.1 million increase from fiscal year 2018. The City's fiscal year 2019 tax collection rate was 99.36%. The ad valorem tax rate is 49.95 cents of which 1.42 cents is dedicated to supporting Parks and Recreation bond projects approved in a March 2016 bond referendum.

- Other taxes and licenses including sales tax, local sales tax, utilities sales tax, video franchise tax and vehicle license tax is 32.4% of total governmental revenues and is the second largest revenue item. This revenue item increased by 4.3% from fiscal year 2018.
- Capital grants and contributions decreased to \$4.7 million during fiscal year 2019, a decrease of \$3.6 million from 2018. Most of the decrease was related to a reduction in donations of transportation infrastructure including streets, sidewalks and drainage improvements.
- Another large revenue source supporting the governmental activities include \$10.9 million for payments in lieu of taxes from PWC.
- Interest earned on investments increased to \$3.4 million for a \$1.8 million increase in fiscal year 2019.

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Expenses by Function - Governmental Activities



- The cost of all governmental activities this year was \$168.2 million which equaled the \$168.2 million reported in fiscal year 2018. These costs were incurred in order to provide municipal services to the citizens of Fayetteville. These services include, but are not limited to: public safety (police, fire, etc.), administrative (city manager, city attorney, finance, human resources, information technology), transportation (street maintenance), and recreation and community facilities.
- The City's four largest governmental programs – public safety (52.3%), administration (19.0%), transportation (12.0%), and recreation and community facilities (10.3% percent), represent 93.6% of the total governmental activities.

Business-type activities: Revenues for the City's business-type activities were \$53.3 million, while total expenses were \$38.3 million in fiscal year 2019. Revenues for the City's business-type activities

were \$32.5 million, while total expenses were \$35.5 million in fiscal year 2018. Net position increased to \$152.6 million in 2019, compared to \$132.7 million in 2018.

Change in Net Position (in thousands)					
	Transit	Airport	Stormwater Management	Environmental Services	
2019	\$ 23,271	\$ 79,910	\$ 43,930	\$ 5,470	
2018	\$ 23,376	\$ 68,745	\$ 36,519	\$ 4,035	
Change	\$ (105)	\$ 11,165	\$ 7,411	\$ 1,435	

Transit - The City, federal, and state agencies continue to subsidize transit operations. Net position is \$23.3 in fiscal year 2019 which represents a very minimal decrease from 2018. Nearly all of transit's net position was its \$24.6 million net investment in transit assets. Operating revenues and expenses changed very little from 2018.

Airport - Net position of the airport fund at the end of the year amounted to \$79.9 million, an increase of \$11.2 million. The increase is primarily due to \$11.0 million in federal and state contributions for airport enhancements. Net investment in capital assets was \$61.2 million, or 76.5%, of net position.

Storm Water Management - Net position increased in storm water management activities by \$7.4 million, resulting in a net position of \$43.9 million in fiscal year 2019. Net investment in storm water assets, which is capital assets less any related debt still outstanding issued to acquire those assets, increased \$4.9 million to \$31.0 million, or 70.5%, of net position.

Environmental Services - Net position for the environmental services (solid waste removal and recycling) function increased \$1.4 million in fiscal year 2019 to \$5.5 million. Net investment in assets used to provide solid waste services was \$6.1 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 2019, unassigned fund balance of the General Fund was \$25.1 million, while total fund balance was \$75.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 15.2% of total General Fund expenditures and transfers out, while total fund balance represents 46.1% 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. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the fund balance to the established minimum level within two years.

The fund balance of the City's General Fund increased by \$6.8 million during the current fiscal year. This increase can be primarily attributed to:

- Overall General Fund revenues increased \$7.9 million in fiscal year 2019. Ad valorem taxes increased \$1.1 million, sales tax increased \$2.4 million, permits and fees decreased by \$.7 million and county recreation payments to the City increased by \$4.7 million.
- PWC made the third of 5 annual \$1.2 million contribution payments for economic development.
- At \$149.2 million, General Fund expenditures increased \$6.3 million in 2019. Debt service interest payments increased \$2.0 million and Public Safety vehicles and equipment increased \$2.2 million.
- Net other financing sources and uses changed very little from fiscal year 2018. The following transactions occurred during the year:
 - Transfers out decreased by \$4.2 million.
 - Transfers in increased by \$2.4 million.
 - Sales of capital assets decreased by \$5.3 million.
 - Refunding bonds issued of \$2.3 million.
 - A payment of \$2.5 million for refunded bonds.

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, 2019, the governmental funds of the City reported a combined fund balance of \$118.4 million, reflecting a decrease in fund balance of \$18.8 million. In addition to the general fund increase of \$6.8 million, described above, the economic and physical development ending fund balance is \$3.5 million reflecting capital projects not yet complete. The non-major governmental fund balance increased \$15.0 resulting from an issuance of general obligation bonds.

General Fund Budgetary Highlights

The City Council approved a \$169.6 million general fund budget for fiscal year 2019, which represented a \$2.5 million or 1.5% increase from the original budget for fiscal year 2018. The general ad valorem tax rate remained unchanged at 49.95 cents per \$100 value.

Significant appropriation increases in the fiscal year 2019 budget included a net increase of \$2.0 million across personnel services accounts. These increases reflected additional funding for employee pay, medical and retirement benefit cost adjustments and full year staffing impacts for Sunday bus service. It also included a \$2.5 million increase in operating costs including \$645,000 to purchase a second set of turnout gear for firefighters, \$610,000 for projected fleet maintenance and fuel cost increases. Increases

were also used to fund \$520,000 information technology, police maintenance and licensing agreements, a net increase of \$349,000 for a variety of contracted services and \$4.5 million in projected debt service expenditures primarily reflecting recent debt issuances for the downtown baseball stadium and parking deck. An increase of \$503,000 in other charges primarily attributed to a \$250,000 contribution for the North Carolina Civil War and Reconstruction History Center and a projected increase of \$110,000 in reimbursements to Cumberland County and other municipalities for the sales tax and annexation agreements. These appropriation increases were offset by appropriation reductions including a net reduction of \$158,000 in capital expenditures and a net reduction in transfers to other funds of \$7.25 million. Significant items impacting the reduction in transfers included a \$2.5 million reduction in transfers to the environmental services fund due to residential solid waste fee increases, a \$599,000 increase in transfers to support the transit fund, and an \$812,000 reduction in transfers to the risk management fund to repay interfund loans. One other net decrease in transfers to capital project funds included a \$4.6 million transfer reflecting a significant one time project contribution in the prior fiscal year for downtown redevelopment and parking for \$1.5 million, Legend Avenue Extension for \$1.6 million, Sykes Pond Road reconstruction for \$950,000 and the Cape Fear River Trail for \$621,000.

Compared to the original fiscal year 2018 budget the original fiscal year 2019 budget anticipated the following increases in revenues. A \$110,000 increase in ad valorem taxes, which reflects the expected net impact of reduced taxes on licensed motor vehicles offsetting expected increases in taxes on other real and personal property, an increase of \$825,000 in unrestricted intergovernmental revenues primarily reflecting expected increases of \$812,000 in sales tax revenues and \$510,000 in the payment in lieu of taxes from the Public Works Commission which is offset by an expected reduction of \$491,000 in utility tax revenues. Other anticipated revenue increases included \$2.7 million in restricted intergovernmental revenues due to an increase in funding from Cumberland County for the operations of the joint parks and recreation program, a \$946,000 increase in sales and services revenues primarily reflecting additions of \$250,000 for the first lease payment from the Fayetteville Woodpeckers for the stadium operating agreement, \$278,000 for parking revenue increases related to special event parking and additional leased parking and \$371,000 for recreation and cultural program expansions and fee increases. Additional anticipated increases included \$101,000 in miscellaneous revenues mainly reflecting increased indirect cost allocations, \$71,000 increase in projected interest on investments and a \$330,000 increase in transfers from other funds reflecting an interfund loan from the risk management fund for the stadium debt service funding model. The increases are offset by the following projected decreases in revenues as compared to the fiscal year 2018 budget. A decrease of \$48,000 in other tax revenue largely reflecting lower expected receipts on taxes on vehicle and equipment rentals, a \$645,000 decline in permit and fee revenues primarily reflecting lower building permit and inspections activity and a \$1.1 million decrease in loan proceeds from planned vehicle and equipment financings. The \$5.0 million fund balance appropriation for one-time expenditures for fiscal year 2019 represents a \$719,000 decrease as compared to the original \$5.8 million fund balance appropriation originally budgeted in fiscal year 2018.

During the fiscal year the City Council approved budget increases of \$13.8 million or 8.1%, bringing the general fund budget for fiscal year 2019 to \$183.4 million. The budget increase is primarily related to appropriations of \$5.9 million for expenditures for which funds were restricted or assigned at June 30, 2018 and included \$3.0 million for increased contributions for major downtown redevelopment projects including the stadium, parking deck and the stadium entry plaza. Also included was \$2.5 million in expenditures to refund general obligation bonds, \$1.1 million for expenditures for recovery from the impact of Hurricane Florence, \$798,000 for other capital improvement projects and \$454,000 for other items. The increases were funded by an additional appropriation of \$10.1 million from fund balance, \$2.5 million in refunding bond proceeds and \$1.1 million in federal and state intergovernmental revenues related to hurricane Matthew recovery.

Actual revenues and other financing sources for the general fund totaled \$173.9 million which is \$9.5 million or 5.2% less than the final amended budget. The shortfall largely related to a budgeted fund balance appropriation of \$15.2 million which is another financing source that is not reflected as current year revenue. This variance was offset by transfers in from other funds that exceeded budget by \$2.1 million and primarily reflecting funds returned from capital project funds due to completed or cancelled projects, interest earned on investments that exceeded the budget by \$1.1 million, unrestricted intergovernmental revenues which exceeded budget by \$1.3 million primarily resulting from distributions of sales tax proceeds of \$1.0 million, utility sales taxes of \$219,000 and ad valorem taxes which exceeded budget by \$770,000. Other revenue and financing sources combined exceeded budget by \$407,000.

Actual expenditures and other financing uses totaled \$167.1 million which is \$16.3 million or 8.98% less than the final amended budget. The expenditure budget included an anticipated increase in fund balance assigned to future capital of \$5.5 million which is not reflected in actual expenditures. The final expenditure budget also retained appropriations of approximately \$3.2 million or 1.8% beyond department year-end expenditure projections to ensure sufficient budget for unanticipated expenditures through the end of the fiscal year. At the close of the fiscal year there was approximately \$1.5 million in expenditures budgeted for fiscal year 2019 for which fund balance was restricted for encumbrances and \$3.3 million in additional funding assigned for special purposes at June 30, 2019 to be reappropriated in fiscal year 2020. Other expenditure budget variances as compared to year end projections totaled \$2.8 million including combined personnel account expenditures which ended the year \$897,000 below year end projections.

Actual Revenues Compared to Final Budget - General Fund actual revenues was \$166.1 million and final budgeted revenues was \$162.7 million for fiscal year 2019.

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 were less than or equal to final budgeted appropriations, with overall actuals being \$13.2 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 \$6.0 million less than budget.
- Support services portfolio expenditures were \$2.1 million less than budget.
- Law enforcement officer's separation allowance expenditures were \$0.6 million less than budget.
- Other appropriations, excluding debt service, were \$1.1 million less than budget.
- Debt service expenditures were \$2.3 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, 2019 totals \$535.0 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	
	2018	2019	2018	2019	2018	2019
Land and land rights	\$ 41,401	\$ 41,370	\$ 5,724	\$ 5,767	\$ 47,125	\$ 47,137
Construction in progress	26,555	41,084	19,355	35,673	45,910	76,757
Infrastructure	214,571	205,935	21,317	22,064	235,888	227,999
Buildings and improvements	60,186	95,425	55,483	51,932	115,669	147,357
Equipment, furniture and fixtures	7,732	6,251	2,532	2,777	10,264	9,028
Computer software	673	555	-	101	673	656
Vehicles	11,124	13,399	12,251	12,218	23,375	25,617
Total	\$ 362,242	\$ 404,019	\$ 116,662	\$ 130,532	\$ 478,904	\$ 534,551

Major capital asset transactions during the year include the following:

- \$7.0 million in the resurfacing of streets, construction of sidewalks, and other traffic system improvements.
- \$16 million of the \$35 million parks and recreation bonds approved by voters in 2016 were issued. Of the \$16 million issued, \$1.5 million was used to construct and renovate parks and recreation facilities around the City during the year. Projects included splash pads, a skate park, senior centers, a sports field, a soccer complex and renovations and improvements to existing recreational facilities.
- \$5.3 million in limited obligation bonds were issued to finance the following:
 - \$2.7 million of proceeds will finance the construction and equipping of a new swimming pool at the City's Lake Rim Recreation Center. \$1.5 million was spent in fiscal year 2019.
 - \$2.6 million of proceeds will finance certain additional costs relating to the 2018 baseball stadium project.
- \$12.9 million for part 1 of the City of Fayetteville airport terminal improvement plan funded by federal and state grants.
- \$5.2 million in various storm water drainage system improvement projects throughout the City.

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

Long-term Debt. The City issues debt to finance the acquisition and construction of many of its capital assets. As of June 30, 2019 the City had total outstanding debt of \$98.7 million. General obligation bonded debt and limited obligation bonded debt increased and installment agreements and notes payable decreased. During the year the City issued \$16.0 million in general obligation bonds to renovate and construct new parks and recreational facilities. \$5.3 million in limited obligation bonds were issued to construct a pool and finance additional costs for the baseball stadium. An installment agreement was signed 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	
	2018	2019	2018	2019	2018	2019
Direct Placement:						
General obligation debt	\$ 2,967,659	\$ 18,298,186	\$ 6,615,000	\$ 5,925,000	\$ 9,582,659	\$ 24,223,186
Limited obligation debt	50,520,000	53,350,000	-	-	50,520,000	53,350,000
Direct Borrowing:						
Installment agreements	22,579,714	19,238,150	2,232,018	1,518,799	24,811,732	20,756,948
Notes payable	150,000	75,000	300,359	275,329	450,359	350,329
Total long-term debt	<u>\$ 76,217,373</u>	<u>\$ 90,961,336</u>	<u>\$ 9,147,377</u>	<u>\$ 7,719,128</u>	<u>\$ 85,364,750</u>	<u>\$ 98,680,463</u>

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

- \$30.0 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.
- \$43.3 million total Other Postemployment Benefits (OPEB) liability, which is retiree healthcare benefits for employees hired before July 1, 2014.
- \$15.5 million net Law Enforcement Officers' Special Separation Allowance.
- \$8.6 million compensated absences, a liability for the estimated amount of vacation, compensatory time and banked holiday leave to ultimately be paid.
- \$7.9 million PWC Assessments Payable, which is offset by amounts owed to the City.

The City's general obligation bond credit ratings are Aa1 (Moody's Investor Services) and AA+ (Standard & Poor's).

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

The City has \$19 million parks and recreation bonds authorized but unissued at June 30, 2019.

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

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

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

The City Council has since approved budget increases of \$4.0 million or 2.3% bringing the general fund budget for fiscal year 2020 to \$178.9 million. The vast majority of the increases included \$3.8 million related to appropriations for expenditures for which funds were restricted or assigned at June 30, 2019. Additional appropriations included \$200,000 for additional expenditures for Hurricane Florence recovery. The increases were funded by an additional appropriation of \$3.7 million from fund balance including \$31,000 from fund balance restricted for the County Parks and Recreation District and \$28,000 from fund balance restricted for capital maintenance at the Franklin Street parking deck and \$254,000 in federal and state intergovernmental revenues related to hurricane recovery.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, City of Fayetteville, 433 Hay Street, Fayetteville, NC

28301. You can also call (910) 433-1682, visit our website www.cityoffayetteville.org/finance or send an email to jtoland@ci.fay.nc.us for more information.

City of Fayetteville, North Carolina

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2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual
Financial Report

City of
Fayetteville
North Carolina

Basic Financial Statements

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

**Statement of Net Position
June 30, 2019**

	Primary Government			
	Governmental Activities	Business Type Activities	Total Primary Government	Public Works Commission
Assets				
Cash and investments	\$ 99,184,223	\$ 27,846,857	\$ 127,031,080	\$ 126,339,670
Taxes receivable	1,648,701	-	1,648,701	-
Accounts receivable	4,183,889	2,037,048	6,220,937	54,465,500
Assessment receivable	8,776,754	-	8,776,754	-
Due from other governments	23,568,047	-	23,568,047	-
Notes Receivable	215,522	-	215,522	-
Inventories	143,393	442,808	586,201	16,081,834
Prepaid expenses	313,938	-	313,938	-
Noncurrent portion of note receivable	10,151,341	-	10,151,341	-
Restricted asset - cash and investments	29,265,447	5,288,356	34,553,803	214,266,574
Restricted asset - accounts receivable	6,693	8,725,876	8,732,569	5,079,535
Collateral pledged in lieu of deposits	-	-	-	630,117
Property held for resale	27,871	-	27,871	-
Other assets	-	-	-	3,459,845
Capital assets:				
Land and construction in progress	82,454,264	41,439,293	123,893,557	133,679,934
Other capital assets, net of depreciation	321,564,580	89,092,937	410,657,517	857,577,486
Total assets	581,504,663	174,873,175	756,377,838	1,411,580,495
Deferred Outflows of Resources				
Charge on refunding	996	-	996	1,570,651
Regulatory asset - coal ash	-	-	-	3,065,199
OPEB deferrals	1,272,860	187,712	1,460,572	4,369,477
Pension deferrals	21,914,627	2,748,812	24,663,439	16,980,581
Total deferred outflow of resources	23,188,483	2,936,524	26,125,007	25,985,908
Liabilities				
Accounts payable and accrued expenses	15,850,027	3,132,066	18,982,093	30,840,528
Restricted liabilities - accounts payable	5,200,261	2,543,388	7,743,649	25,881,495
Restricted unearned deposits	506,531	1,193,585	1,700,116	-
Unearned deposits	-	-	-	571,055
Unearned revenues	667,748	1,359,775	2,027,523	-
Long-term liabilities:				
Due within one year	13,590,673	1,997,269	15,587,942	20,310,315
Due in more than one year	176,044,682	14,413,385	190,458,067	366,692,330
Total liabilities	211,859,922	24,639,468	236,499,390	444,295,723
Deferred Inflows of Resources				
OPEB deferrals	2,703,818	397,922	3,101,740	1,619,334
Pension deferrals	1,832,100	190,440	2,022,540	68,464
Refunding deferral	-	-	-	370,757
Total deferred inflow of resources	4,535,918	588,362	5,124,280	2,058,555
Net position				
Net investment in capital assets	333,857,014	122,813,747	456,670,761	709,101,507
Restricted for:				
Capital projects	-	2,736,638	2,736,638	9,564,920
Debt service	-	-	-	-
Operating projects	-	1,020	1,020	-
Stabilization by State Statute	26,143,211	-	26,143,211	-
Downtown	128,191	-	128,191	-
Recreational and cultural	17,866,912	-	17,866,912	-
Donations	22,493	-	22,493	-
Lake Valley Drive MSD	292	-	292	-
Administration	-	-	-	-
Public safety	1,492,843	-	1,492,843	-
Economic and physical development	13,884	-	13,884	-
Renewable energy	-	-	-	8,081,798
Other internal restrictions	-	-	-	127,327,412
Unrestricted	8,772,466	27,030,464	35,802,930	137,136,488
Total net position	\$ 388,297,306	\$ 152,581,869	\$ 540,879,175	\$ 991,212,125

City of Fayetteville, North Carolina

**Statement of Activities
Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Public Works Commission
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Administration	\$ 32,006,971	\$ 5,028,557	\$ 695,832	\$ 39,380	\$ (26,243,202)	\$ -	\$ (26,243,202)	\$ -
Public safety	88,029,051	3,280,798	4,466,823	99,114	(80,182,316)	-	(80,182,316)	-
Environmental protection	1,055,261	57,560	319,733	1,607,220	929,252	-	929,252	-
Transportation	20,211,384	1,338,267	5,283,529	1,953,068	(11,636,520)	-	(11,636,520)	-
Economic and physical development	6,927,799	-	2,809,201	779,753	(3,338,845)	-	(3,338,845)	-
Recreation and community facilities	17,299,901	7,256,828	669,909	256,490	(9,116,674)	-	(9,116,674)	-
Interest on long-term debt	2,662,901	-	-	-	(2,662,901)	-	(2,662,901)	-
Total governmental activities	168,193,268	16,962,010	14,245,027	4,735,025	(132,251,206)	-	(132,251,206)	-
Business-type activities:								
Storm water managememt	4,755,536	11,191,384	68,169	409,530	-	6,913,547	6,913,547	-
Transit	11,560,359	1,280,317	3,613,076	1,106,100	-	(5,560,866)	(5,560,866)	-
Airport	7,833,020	5,077,961	2,271,723	11,034,310	-	10,550,974	10,550,974	-
Environmental services	14,162,893	11,957,664	3,376,440	-	-	1,171,211	1,171,211	-
Total business-type activities	38,311,808	29,507,326	9,329,408	12,549,940	-	13,074,866	13,074,866	-
Total primary government	\$ 206,505,076	\$ 46,469,336	\$ 23,574,435	\$ 17,284,965	(132,251,206)	13,074,866	(119,176,340)	
Component Unit								
Public Works Commission	\$ 328,301,655	\$ 346,715,456	\$ 2,897,079	\$ 21,439,003	\$ -	\$ -	\$ -	\$ 42,749,883
Total component unit	\$ 328,301,655	\$ 346,715,456	\$ 2,897,079	\$ 21,439,003	\$ -	\$ -	\$ -	\$ 42,749,883
General revenues:								
Ad valorem taxes					70,312,277	-	70,312,277	-
Other taxes								
Sales tax					43,633,583	-	43,633,583	-
Utilities sales tax					9,963,371	-	9,963,371	-
Telecommunications sales tax					1,105,800	-	1,105,800	-
Piped natural gas sales tax					404,323	-	404,323	-
Video franchise tax					2,002,772	-	2,002,772	-
Vehicle license tax					629,650	642,073	1,271,723	-
Vehicle gross receipts tax					727,239	-	727,239	-
Payment in lieu of taxes					10,938,256	-	10,938,256	-
Unrestricted grants and contributions					896,930	-	896,930	-
Interest earned on investments					3,364,326	771,987	4,136,313	7,233,761
Miscellaneous					563,803	377,556	941,359	-
Gain on sale of capital assets					-	96,922	96,922	-
Total general revenues not including transfers					144,542,330	1,888,538	146,430,868	7,233,761
Transfers					(4,943,280)	4,943,280	-	-
Total general revenues and transfers					139,599,050	6,831,818	146,430,868	7,233,761
Change in net position					7,347,844	19,906,684	27,254,528	49,983,644
Net position - beginning					380,949,462	132,675,185	513,624,647	941,228,481
Net position - ending					\$ 388,297,306	\$ 152,581,869	\$ 540,879,175	\$ 991,212,125

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

City of Fayetteville, North Carolina

**Balance Sheet
Governmental Funds
June 30, 2019**

	Major Funds				
	General	Economic and Physical Development Fund	PWC Assessment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 64,267,389	\$ 1,997,011	\$ -	\$ 9,124,086	\$ 75,388,486
Taxes receivable	1,492,179	-	-	-	1,492,179
Accounts receivable	4,539,232	646,888	-	1,281,948	6,468,068
Due from other governments	17,581,517	505,106	-	5,458,427	23,545,050
Interfund receivable	-	-	-	2,394,272	2,394,272
Assessments receivable	1,064,522	-	7,950,221	-	9,014,743
Prepaid items	202,337	-	-	-	202,337
Inventories	71,632	-	-	-	71,632
Restricted cash and investments	4,545,982	5,774,550	-	18,944,915	29,265,447
Restricted accounts receivable	5,439	-	-	1,254	6,693
Notes receivable	-	-	-	7,240,247	7,240,247
Property held for resale	-	-	-	27,871	27,871
Total assets	\$ 93,770,229	\$ 8,923,555	\$ 7,950,221	\$ 44,473,020	\$ 155,117,025
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable and accrued expenses	\$ 10,304,646	\$ 250,975	\$ -	\$ 2,475,961	\$ 13,031,582
Interfund payables	-	-	-	2,394,272	2,394,272
Restricted unearned deposits	506,531	-	-	-	506,531
Unearned revenue	2,970	-	-	581,352	584,322
Restricted accounts payable and accrued expenses	-	5,197,206	-	3,055	5,200,261
Total liabilities	10,814,147	5,448,181	-	5,454,640	21,716,968
Deferred inflows of resources:					
Taxes receivable	1,492,179	-	-	-	1,492,179
Accounts receivable	4,179,794	-	-	-	4,179,794
Assessments receivable	1,347,419	-	7,950,221	-	9,297,640
Total deferred inflows of resources	7,019,392	-	7,950,221	-	14,969,613
Fund balances:					
Nonspendable					
Inventories	71,632	-	-	-	71,632
Prepays	202,337	-	-	-	202,337
Restricted					
Stabilization by State Statute	19,162,377	2,657,769	-	29,743,545	51,563,691
For downtown	128,191	-	-	-	128,191
For county recreation	3,694,273	-	-	-	3,694,273
For donations	22,493	-	-	-	22,493
For Lake Valley Drive MSD	292	-	-	-	292
Public safety	-	-	-	1,492,843	1,492,843
Economic and physical development	-	-	-	13,884	13,884
Recreation and community facilities	-	-	-	14,172,639	14,172,639
Committed					
Public safety	-	-	-	438,638	438,638
Transportation	-	-	-	37,173	37,173
Economic and physical development	-	817,605	-	-	817,605
Recreation and community facilities	-	-	-	1,915,632	1,915,632
Law Enforcement Officers' Special Separation Allowance	6,164,494	-	-	-	6,164,494
Assigned					
For subsequent year's expenditures	4,242,452	-	-	-	4,242,452
For special purpose	4,840,895	-	-	-	4,840,895
For capital projects	12,304,037	-	-	-	12,304,037
Unassigned	25,103,217	-	-	(8,795,974)	16,307,243
Total fund balances	75,936,690	3,475,374	-	39,018,380	118,430,444
Total liabilities, deferred inflows of resources and fund balances	\$ 93,770,229	\$ 8,923,555	\$ 7,950,221	\$ 44,473,020	\$ 155,117,025

City of Fayetteville, North Carolina

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2019**

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

Ending fund balance - governmental funds	\$	118,430,444
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		404,018,844
Land	\$	24,760,539
Right of Way		16,609,854
Construction in progress		41,083,871
Infrastructure		484,898,592
Buildings and improvements		153,633,636
Furniture and equipment		39,411,413
Vehicles		41,149,820
Accumulated depreciation		(397,528,881)
	<u>\$</u>	<u>404,018,844</u>
Deferred inflows of resources for taxes and receivables.		14,653,624
Deferred inflows of resources for notes receivable.		18,261
Costs of bond issuance are current-period expenditures in the funds, but will be deferred in the statement of net position and amortized over the life of the outstanding debt.		996
Prepaid expenses are current-period expenditures in the funds, but are assets not available to pay current-period expenditures and, therefore, are capitalized.		(173,332)
Accrued tax penalties receivable are not available to pay for current-period expenditures and, therefore, are not recorded in the funds.		156,522
Internal service funds are used by management to charge insurance expenses to individual funds. The assets and liabilities of the internal service funds are included in governmental activities.		22,275,385
Accrued interest payable on long-term debt is not a current expenditure and therefore not recorded in the funds.		(334,080)
Accrued federal subsidy receivable associated with accrued interest payable and therefore not recorded in the funds.		22,995
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:		(189,357,141)
General obligation bonds	\$	(18,298,186)
Unamortized premium		(2,302,698)
Limited obligation bonds		(53,350,000)
Notes payable		(75,000)
Obligations under capital leases		(19,238,150)
Assessments due PWC		(7,634,232)
Compensated absences liability		(7,952,458)
Net pension liability (LGRS)		(26,369,373)
Net pension liability (LEOSSA)		(15,458,716)
Total OPEB liability		(38,678,328)
	<u>\$</u>	<u>(189,357,141)</u>
Contributions to various benefit plans in the current fiscal year that are deferred outflows of resources on the statement of net position. Those plans are:		7,249,900
LGRS pension plan	\$	5,634,764
LEOSSA pension plan		506,423
OPEB plan		1,108,713
	<u>\$</u>	<u>7,249,900</u>
Pension (LGRS) related deferrals		13,549,443
Pension (LEOSSA) related deferrals		318,644
OPEB related deferrals		(2,533,198)
Net position of governmental activities	<u>\$</u>	<u>388,297,306</u>

City of Fayetteville, North Carolina

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2019**

	Major Funds				
	General	Economic and Physical Development Fund	PWC Assessment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem taxes	\$ 70,447,225	\$ -	\$ -	\$ -	\$ 70,447,225
Other taxes and fees	1,381,888	-	-	-	1,381,888
Unrestricted intergovernmental	69,618,821	-	-	-	69,618,821
Restricted intergovernmental	13,120,228	138,570	-	7,329,686	20,588,484
Assessment revenue	-	-	2,573,170	-	2,573,170
Permits and fees	2,002,660	-	-	-	2,002,660
Sales and services	4,959,379	-	-	-	4,959,379
Miscellaneous	2,956,636	641,183	-	191,973	3,789,792
Interest earned on investments	1,589,911	574,017	351,322	196,801	2,712,051
Total revenues	<u>166,076,748</u>	<u>1,353,770</u>	<u>2,924,492</u>	<u>7,718,460</u>	<u>178,073,470</u>
Expenditures					
Current:					
Administration	27,172,430	-	2,924,492	-	30,096,922
Public safety	86,369,213	-	-	1,582,186	87,951,399
Environmental protection	364,197	-	-	512,136	876,333
Transportation	6,891,512	-	-	-	6,891,512
Economic and physical development	2,202,129	-	-	3,086,437	5,288,566
Recreation and community facilities	14,890,041	-	-	69,195	14,959,236
Debt service:					
Principal	8,614,129	-	-	170,676	8,784,805
Interest	2,621,541	-	-	3,896	2,625,437
Bond issuance costs	29,471	-	-	-	29,471
Capital outlay	-	45,438,850	-	15,301,206	60,740,056
Total expenditures	<u>149,154,663</u>	<u>45,438,850</u>	<u>2,924,492</u>	<u>20,725,732</u>	<u>218,243,737</u>
Revenues over (under) expenditures	<u>16,922,085</u>	<u>(44,085,080)</u>	<u>-</u>	<u>(13,007,272)</u>	<u>(40,170,267)</u>
Other financing sources (uses)					
Sale of capital assets	306,689	-	-	-	306,689
Transfers in	2,422,442	834,876	-	9,318,419	12,575,737
Transfers out	(15,457,677)	-	-	(2,059,055)	(17,516,732)
General obligation bonds issued	-	-	-	16,000,000	16,000,000
Limited obligation bonds issued	-	2,620,000	-	2,740,000	5,360,000
Installment purchase obligations issued	2,550,000	-	-	-	2,550,000
Refunding bonds issued	2,270,000	-	-	-	2,270,000
Premium on bonds issued	254,673	-	-	2,045,436	2,300,109
Payment to refunded bond escrow agent	(2,500,000)	-	-	-	(2,500,000)
Total other financing sources (uses)	<u>(10,153,873)</u>	<u>3,454,876</u>	<u>-</u>	<u>28,044,800</u>	<u>21,345,803</u>
Net change in fund balances	<u>6,768,212</u>	<u>(40,630,204)</u>	<u>-</u>	<u>15,037,528</u>	<u>(18,824,464)</u>
Fund balances					
Beginning	69,168,478	44,105,578	-	23,980,852	137,254,908
Ending	<u>\$ 75,936,690</u>	<u>\$ 3,475,374</u>	<u>\$ -</u>	<u>\$ 39,018,380</u>	<u>\$ 118,430,444</u>

City of Fayetteville, North Carolina

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds \$ (18,824,464)

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:

Capital outlay expenditures which were capitalized	64,924,053	
Depreciation expense for governmental assets	<u>(23,833,642)</u>	41,090,411

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. (1,257,101)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Amount of donated assets	1,943,477	
Decrease in deferred taxes	509,610	
Increase in accrued interest receivable	15,441	
Increase in accrued tax penalties	2,248	
Other miscellaneous	<u>(430,324)</u>	2,040,452

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.

Proceeds from installment purchase agreements		(2,550,000)
New issuance - general obligation debt		(16,000,000)
Refunded bonds		(2,270,000)
Proceeds from limited obligation bonds		(5,360,000)
Bond premium		(2,300,108)
Principal repayments		11,436,038
Change in assessments due PWC		(408,530)
Change in total OPEB liability		64,702
Change in compensated absences		112,900

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 5,646,904

Benefit payments paid and administrative expense for the LEOSA are not included in the Statement of Activities. 954,517

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities. 1,109,589

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:

Net OPEB expense		(1,982,805)
Net LGERS pension expense		(6,379,678)
Net LEOSA pension expense		(310,938)
Change in accrued interest payable		(16,269)
Amortization of bond premium		1,468
Amortization of bond issuance costs		(564)

Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities 2,551,320

Change in net position of governmental activities \$ 7,347,844

City of Fayetteville, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balance General Fund and Annually Budgeted Major Special Revenue Fund - Budget and Actual Year Ended June 30, 2019

	General Fund				PWC Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues								
Ad valorem taxes	\$ 69,676,981	\$ 69,676,981	\$ 70,447,225	\$ 770,244	\$ -	\$ -	\$ -	\$ -
Other taxes	1,304,300	1,304,300	1,381,888	77,588	-	-	-	-
Unrestricted intergovernmental	68,337,340	68,337,340	69,618,821	1,281,481	-	-	-	-
Restricted intergovernmental	11,829,856	12,928,379	13,120,228	191,849	-	-	-	-
Assessment revenue	-	-	-	-	2,647,200	2,647,200	2,573,170	(74,030)
Permits and fees	1,947,600	1,947,600	2,002,660	55,060	-	-	-	-
Sales and services	5,238,991	5,238,991	4,959,379	(279,612)	-	-	-	-
Miscellaneous	2,796,728	2,796,728	2,956,636	159,908	-	-	-	-
Interest earned on investments	466,025	466,025	1,589,911	1,123,886	388,800	388,800	351,322	(37,478)
Total revenues	161,597,821	162,696,344	166,076,748	3,380,404	3,036,000	3,036,000	2,924,492	(111,508)
Expenditures								
Current:								
Community investment	5,695,524	6,358,873	5,223,649	1,135,224	-	-	-	-
Operations	107,531,427	112,207,660	106,213,912	5,993,748	-	-	-	-
Support services and administration	15,170,158	15,818,840	13,700,836	2,118,004	-	-	-	-
Other appropriations	11,894,512	12,150,916	11,073,398	1,077,518	-	-	-	-
Parking	453,619	453,619	405,050	48,569	-	-	-	-
Central business tax district	246,135	246,135	245,223	912	-	-	-	-
Lake Valley Drive MSD	-	-	-	-	-	-	-	-
Law enforcement officers' special separation allowance	1,594,254	1,594,254	1,027,454	566,800	-	-	-	-
PWC assessment fund	-	-	-	-	3,036,000	3,036,000	2,924,492	111,508
Debt Service:								
Principal	10,932,624	10,932,624	8,614,129	2,318,495	-	-	-	-
Interest	2,621,541	2,621,541	2,621,541	-	-	-	-	-
Bond issuance costs	-	31,739	29,471	2,268	-	-	-	-
Total expenditures	156,139,794	162,416,201	149,154,663	13,261,538	3,036,000	3,036,000	2,924,492	111,508
Revenues over (under) expenditures	5,458,027	280,143	16,922,085	16,641,942	-	-	-	-
Other financing sources (uses)								
Sale of capital assets	120,000	120,000	306,689	186,689	-	-	-	-
Transfers in from other funds	330,000	330,000	2,422,442	2,092,442	-	-	-	-
Transfers out to other funds	(13,469,604)	(18,449,807)	(15,457,677)	2,992,130	-	-	-	-
Installment purchase obligations issued	2,527,258	2,527,258	2,550,000	22,742	-	-	-	-
Refunding bonds issued	-	2,270,000	2,270,000	-	-	-	-	-
Premium on bonds issued	-	261,739	254,673	(7,066)	-	-	-	-
Payment to refunded bond escrow agent	-	(2,500,000)	(2,500,000)	-	-	-	-	-
Appropriated fund balance	5,034,319	15,160,667	-	(15,160,667)	-	-	-	-
Total other financing sources (uses)	(5,458,027)	(280,143)	(10,153,873)	(9,873,730)	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ -	6,768,212	\$ 6,768,212	\$ -	\$ -	-	\$ -
Fund balance								
Beginning			69,168,478				-	
Ending			<u>\$ 75,936,690</u>				<u>\$ -</u>	

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

Portfolio:	Function:						
	Administration	Public Safety	Environmental Protection	Transportation	Economic and Physical Development	Recreation and Community Facilities	Total
Community investment	\$ 354,648	\$ 2,912,095	\$ -	\$ -	\$ 1,956,906	\$ -	\$ 5,223,649
Operations	2,043,548	82,429,664	364,197	6,486,462	-	14,890,041	106,213,912
Support services	13,700,836	-	-	-	-	-	13,700,836
Other appropriations	11,073,398	-	-	-	-	-	11,073,398
Parking	-	-	-	405,050	-	-	405,050
Central business tax district	-	-	-	-	245,223	-	245,223
Law Enforcement officer's special separation allowance	-	1,027,454	-	-	-	-	1,027,454
Totals by function	<u>\$ 27,172,430</u>	<u>\$ 86,369,213</u>	<u>\$ 364,197</u>	<u>\$ 6,891,512</u>	<u>\$ 2,202,129</u>	<u>\$ 14,890,041</u>	<u>\$ 137,889,522</u>

City of Fayetteville, North Carolina

**Statement of Net Position
Proprietary Funds
June 30, 2019**

	Enterprise Funds				Total	Internal Service Funds
	Transit Funds	Airport Funds	Storm Water Management Fund	Environmental Services Funds		
Assets						
Current assets						
Cash and investments	\$ 1,087,028	\$ 14,661,197	\$ 12,098,632	\$ -	\$ 27,846,857	\$ 23,791,738
Accounts receivable	195,839	807,302	816,267	217,640	2,037,048	512,181
Inventories	425,042	5,181	-	12,585	442,808	71,761
Prepaid expenses	-	-	-	-	-	284,933
Interfund receivable	-	-	2,033,774	-	2,033,774	-
Total unrestricted current assets	1,707,909	15,473,680	14,948,673	230,225	32,360,487	24,660,613
Restricted current assets						
Restricted cash and investments	-	4,095,105	1,193,251	-	5,288,356	-
Restricted accounts receivable	819,166	4,358,371	121,065	3,427,274	8,725,876	-
Total restricted current assets	819,166	8,453,476	1,314,316	3,427,274	14,014,232	-
Total current assets	2,527,075	23,927,156	16,262,989	3,657,499	46,374,719	24,660,613
Noncurrent assets						
Capital assets	24,611,860	61,157,872	37,191,628	7,570,870	130,532,230	3,820
Total noncurrent assets	24,611,860	61,157,872	37,191,628	7,570,870	130,532,230	3,820
Total assets	27,138,935	85,085,028	53,454,617	11,228,369	176,906,949	24,664,433
Deferred outflows of resources						
OPEB deferrals	83,484	22,124	30,311	51,793	187,712	5,751
Pension deferrals	1,198,013	336,887	442,971	770,941	2,748,812	81,988
Total deferred outflows of resources	1,281,497	359,011	473,282	822,734	2,936,524	87,739
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	1,043,703	397,477	1,016,759	674,127	3,132,066	2,168,374
Current portion of long term debt	252,627	95,592	825,483	823,567	1,997,269	3,423
Interfund payables	-	-	-	2,033,774	2,033,774	-
Total current liabilities	1,296,330	493,069	1,842,242	3,531,468	7,163,109	2,171,797
Current liabilities to be paid from restricted assets						
Accounts payable and accrued expenses	-	2,543,388	-	-	2,543,388	-
Unearned deposits	-	981	1,192,604	-	1,193,585	-
Total current liabilities to be paid from restricted assets	-	2,544,369	1,192,604	-	3,736,973	-
Total current liabilities	1,296,330	3,037,438	3,034,846	3,531,468	10,900,082	2,171,797
Noncurrent liabilities						
Net OPEB obligation	2,035,600	632,475	829,749	944,318	4,442,142	170,542
Net pension liability	1,554,932	435,206	577,352	1,004,365	3,571,855	104,245
Unearned revenues	-	1,359,775	-	-	1,359,775	5,426
Long-term debt	-	-	5,460,299	939,089	6,399,388	-
Total noncurrent liabilities	3,590,532	2,427,456	6,867,400	2,887,772	15,773,160	280,213
Total liabilities	4,886,862	5,464,894	9,902,246	6,419,240	26,673,242	2,452,010
Deferred inflows of resources						
OPEB deferrals	178,105	47,262	63,444	109,111	397,922	12,223
Pension deferrals	84,023	21,419	32,489	52,509	190,440	8,734
Total deferred inflows of resources	262,128	68,681	95,933	161,620	588,362	20,957
Net position						
Net investment in capital assets	24,611,860	61,157,872	30,991,945	6,052,070	122,813,747	3,820
Restricted net position						
Capital projects	-	2,736,638	-	-	2,736,638	-
Operating projects	-	-	1,020	-	1,020	-
Unrestricted (deficit)	(1,340,418)	16,015,954	12,936,755	(581,827)	27,030,464	22,275,385
Total net position	\$ 23,271,442	\$ 79,910,464	\$ 43,929,720	\$ 5,470,243	\$ 152,581,869	\$ 22,279,205

City of Fayetteville, North Carolina

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019**

	Enterprise Funds					Internal Service Funds
	Transit Funds	Airport Funds	Storm Water Management Fund	Environmental Services Funds	Total	
Operating revenues						
Charges for services	\$ 1,082,327	\$ 4,960,841	\$ 11,160,120	\$ 11,722,558	\$ 28,925,846	\$ -
Other revenue from operations	197,990	117,120	31,264	235,106	581,480	64,275
Interfund charges and employee contributions	-	-	-	-	-	20,859,804
Total operating revenues	<u>1,280,317</u>	<u>5,077,961</u>	<u>11,191,384</u>	<u>11,957,664</u>	<u>29,507,326</u>	<u>20,924,079</u>
Operating expenses						
Salaries and employee benefits	6,480,562	1,710,721	2,189,892	4,014,732	14,395,907	446,730
Other operating expenses	3,467,950	1,539,866	1,481,155	8,986,350	15,475,321	18,642,609
Depreciation	1,611,847	4,141,408	891,391	1,111,236	7,755,882	-
Total operating expenses	<u>11,560,359</u>	<u>7,391,995</u>	<u>4,562,438</u>	<u>14,112,318</u>	<u>37,627,110</u>	<u>19,089,339</u>
Operating income (loss)	<u>(10,280,042)</u>	<u>(2,314,034)</u>	<u>6,628,946</u>	<u>(2,154,654)</u>	<u>(8,119,784)</u>	<u>1,834,740</u>
Nonoperating revenues (expenses)						
Interest earned on investments	-	397,089	345,888	29,010	771,987	636,832
Federal and State grants	3,613,076	121,416	68,169	3,069,395	6,872,056	-
Passenger Facility Charges	-	886,684	-	-	886,684	-
Customer Facility Charge	-	1,263,623	-	-	1,263,623	-
Miscellaneous revenue	-	201,846	136,130	39,580	377,556	82,033
Gain (loss) on disposal of capital assets	-	15,211	15,588	66,123	96,922	-
County revenue	-	-	-	307,045	307,045	-
Vehicle fee revenue	642,073	-	-	-	642,073	-
Interest expense	-	-	(193,098)	(47,403)	(240,501)	-
Miscellaneous expense	-	(441,025)	-	(3,172)	(444,197)	-
Total nonoperating revenues (expenses)	<u>4,255,149</u>	<u>2,444,844</u>	<u>372,677</u>	<u>3,460,578</u>	<u>10,533,248</u>	<u>718,865</u>
Capital contributions	<u>1,106,100</u>	<u>11,034,310</u>	<u>409,530</u>	<u>-</u>	<u>12,549,940</u>	<u>-</u>
Income (loss) before transfers	<u>(4,918,793)</u>	<u>11,165,120</u>	<u>7,411,153</u>	<u>1,305,924</u>	<u>14,963,404</u>	<u>2,553,605</u>
Other financing sources (uses)						
Transfers in	4,813,994	-	-	129,286	4,943,280	361,102
Transfers out	-	-	-	-	-	(363,387)
Total other financing sources (uses)	<u>4,813,994</u>	<u>-</u>	<u>-</u>	<u>129,286</u>	<u>4,943,280</u>	<u>(2,285)</u>
Change in net position	<u>(104,799)</u>	<u>11,165,120</u>	<u>7,411,153</u>	<u>1,435,210</u>	<u>19,906,684</u>	<u>2,551,320</u>
Total net position, beginning	<u>23,376,241</u>	<u>68,745,344</u>	<u>36,518,567</u>	<u>4,035,033</u>	<u>132,675,185</u>	<u>19,727,885</u>
Total net position, ending	<u>\$ 23,271,442</u>	<u>\$ 79,910,464</u>	<u>\$ 43,929,720</u>	<u>\$ 5,470,243</u>	<u>\$ 152,581,869</u>	<u>\$ 22,279,205</u>

City of Fayetteville, North Carolina

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2019

	Enterprise Funds					
	Transit Funds	Airport Funds	Storm Water Management Funds	Environmental Services Funds	Total	Internal Service Funds
Operating activities						
Cash received from customers	\$ 3,819,534	\$ 7,737,970	\$ 9,114,393	\$ 9,316,182	\$ 29,988,079	\$ 20,649,557
Cash received for insurance reimbursements	-	-	-	-	-	64,275
Cash paid to or on behalf of employees for services	(6,368,502)	(1,687,450)	(2,139,968)	(3,988,384)	(14,184,304)	(439,624)
Cash paid for goods and services	(5,045,144)	(844,391)	(1,728,240)	(7,844,770)	(15,462,545)	(18,950,902)
Net cash provided by (used in) operating activities	(7,594,112)	5,206,129	5,246,185	(2,516,972)	341,230	1,323,306
Noncapital financing activities						
Transfers in	4,813,994	-	-	129,286	4,943,280	361,102
Intergovernmental contributions	3,613,076	121,416	68,169	3,069,395	6,872,056	-
Transfers out	-	-	-	-	-	(363,387)
Vehicle revenue fees	642,073	-	-	-	642,073	-
Net cash provided (used) by noncapital financing activities	9,069,143	121,416	68,169	3,198,681	12,457,409	(2,285)
Capital and related financing activities						
Proceeds from sale of capital assets	-	15,211	15,588	117,820	148,619	-
Contributed capital received	1,106,100	11,034,310	409,530	-	12,549,940	-
Acquisition and construction of capital assets	(1,494,103)	(13,486,633)	(5,052,739)	(1,644,646)	(21,678,121)	(3,820)
Principal paid on debt maturities	-	-	(715,030)	(713,218)	(1,428,248)	-
Interest paid on debt maturities	-	-	(193,098)	(47,403)	(240,501)	-
Net cash provided (used) by capital and related financing activities	(388,003)	(2,437,112)	(5,535,749)	(2,287,447)	(10,648,311)	(3,820)
Investing activities						
Interest and dividends	-	397,089	345,888	29,010	771,987	636,832
Net cash provided by investing activities	-	397,089	345,888	29,010	771,987	636,832
Net increase (decrease) in cash and cash equivalents	1,087,028	3,287,522	124,493	(1,576,728)	2,922,315	1,954,033
Cash and cash equivalents						
Beginning of year	-	15,468,780	13,167,390	1,576,728	30,212,898	21,837,705
End of year	\$ 1,087,028	\$ 18,756,302	\$ 13,291,883	\$ -	\$ 33,135,213	\$ 23,791,738
Unrestricted cash and cash equivalents	\$ 1,087,028	\$ 14,661,197	\$ 12,098,632	\$ -	\$ 27,846,857	\$ 23,791,738
Restricted cash and cash equivalents	-	4,095,105	1,193,251	-	5,288,356	-
Total cash and cash equivalents	\$ 1,087,028	\$ 18,756,302	\$ 13,291,883	\$ -	\$ 33,135,213	\$ 23,791,738

City of Fayetteville, North Carolina

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2019

	Enterprise Funds					Internal Service Funds
	Transit Funds	Airport Funds	Storm Water Management Funds	Environmental Services Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (10,280,042)	\$ (2,314,034)	\$ 6,628,946	\$ (2,154,654)	\$ (8,119,784)	\$ 1,834,740
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,611,847	4,141,408	891,391	1,111,236	7,755,882	-
Nonoperating payments for goods and services	-	(441,025)	-	(3,172)	(444,197)	-
Nonoperating receipts from customers	-	2,352,153	136,130	346,625	2,834,908	82,033
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	2,539,217	1,270,425	(2,182,050)	(2,988,107)	(1,360,515)	(294,126)
(Increase) decrease in inventory	(90,569)	(3,088)	-	8,129	(85,528)	(71,761)
(Increase) decrease in prepaid items	-	-	-	-	-	(100,341)
Increase (decrease) in unearned revenues	-	(962,569)	(31,071)	-	(993,640)	1,847
Increase (decrease) in accounts payable and accrued liabilities	(1,486,625)	1,139,588	(247,085)	1,136,623	542,501	(136,191)
Increase (decrease) in accrued compensated absences	7,737	(4,520)	14,758	(35,297)	(17,322)	22
Increase (decrease) LGERS expense	45,712	12,170	15,602	27,228	100,712	3,111
Increase (decrease) Net OPEB expense	58,611	15,621	19,564	34,417	128,213	3,972
Total adjustments	2,685,930	7,520,163	(1,382,761)	(362,318)	8,461,014	(511,434)
Net cash provided by (used in) operating activities	\$ (7,594,112)	\$ 5,206,129	\$ 5,246,185	\$ (2,516,972)	\$ 341,230	\$ 1,323,306

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019**

	Private-purpose Trusts	Agency Fund
Assets		
Cash and cash equivalents	\$ 1,383,697	\$ 126,753
Accounts receivable	-	-
Total assets	<u>1,383,697</u>	<u>\$ 126,753</u>
Liabilities		
Intergovernmental payable	-	\$ 126,753
Total liabilities	<u>-</u>	<u>\$ 126,753</u>
Net position		
Restricted for pension benefits and other purposes	<u>1,383,697</u>	
Total net position	<u>\$ 1,383,697</u>	

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019**

	Private-purpose Trusts
Additions	
Other contributions	\$ 132,380
Investment earnings	39,035
Total additions	<u>171,415</u>
Deductions	
Benefit payments and premiums	<u>159,140</u>
Total deductions	<u>159,140</u>
Change in net position	12,275
Total net position - beginning	<u>1,371,422</u>
Total net position - ending	<u><u>\$ 1,383,697</u></u>

City of Fayetteville, North Carolina

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2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual
Financial Report

City of
Fayetteville
North Carolina

Notes to Financial Statements

City of Fayetteville, North Carolina

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 now presented as a discretely presented component unit because it is a legally separate authority, but it would be misleading to exclude it from the City's financial statements; the City owns the PWC capital assets, approves certain contracts, issues debt for PWC and appoints the Board of Commissioners.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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. 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, 2019

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 economic and physical development.

Economic and Physical Development Fund. This capital project fund accounts for construction and improvement of various public facilities of the City including a baseball stadium, parking deck, and other downtown development.

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

The City reports the following non-major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

The City reports the following fund types:

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

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

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

C - Measurement Focus and Basis of Accounting

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

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

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

The City's proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the City's enterprise funds include the costs of sales and services, general and administrative services and

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual at June 30, since taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on all registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles in North Carolina on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Cumberland County and then remitted to and distributed by the State. Sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes including those dedicated for specific purposes are reported as general revenues. Grant revenues which are unearned at year-end are recorded as unearned revenues.

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

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

D – Budgetary Data

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the portfolio level for the general fund, at the fund level for selected special revenue and proprietary funds, and at the project level for selected special revenue and capital project funds. Any revisions that alter total appropriations at the portfolio, fund or project level, as appropriate, of any fund must be approved by the City Council. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

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

Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-136(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on

September 1 (lien date); however, interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2018.

Receivables

The receivables in the general fund consist primarily of sales taxes and utility taxes due from the State, which total \$11,498,315 and \$2,799,888, respectively. In addition, motor vehicle ad valorem taxes totaling \$668,556 were also due from the State.

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

Allowance for Uncollectible Receivables

The City recorded an allowance for uncollectible receivables of \$1,461,580 in the federal and state financial assistance fund related to loans associated with grants or other financial assistance that have been awarded.

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

The receivables shown on the Statement of Net Position are presented net of the following allowances for doubtful accounts as of June 30, 2019:

General Fund	
Taxes receivable	\$ 783,068
Accounts receivable	728,628
Assessments receivable	568,148
Special Revenue Funds	
Notes receivable	1,461,580
Assessments receivable	375,155
Enterprise Funds	
Transit Fund - Accounts receivable	88,192
Airport Fund - Accounts receivable	105,030
Solid Waste Recycling Fund - Accounts receivable	128,459
Storm Water Management Fund - Accounts receivable	18,216
Total	<u>\$ 4,256,476</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Receivables and Payables

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

Inventories

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

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items.

Restricted Assets, Restricted Liabilities and Restricted Net Position

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

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

<u>Governmental Activities</u>	<u>Externally Restricted</u>
Restricted Cash and Investments	
General Fund	
For downtown	\$ 128,191
For county recreation	3,694,273
For capital financing	714,969
For Lake Valley Drive MSD	8,549
Federal and State Financial Assistance Fund	
Unexpended grant proceeds	1,074,327
Economic and Physical Development Fund	
Unexpended debt proceeds	5,774,550
Recreational and Cultural Fund	
Unexpended debt proceeds	14,420,788
Unexpended grant proceeds	3,449,800
	<u> </u>
Total governmental activities - restricted cash and investments	<u>\$ 29,265,447</u>
Restricted Receivables	
General Fund	
For county recreation	\$ 5,439
Recreational and Cultural Fund	
For recreation and community facilities	1,254
	<u> </u>
Total governmental activities - restricted accounts receivable	<u>\$ 6,693</u>
Restricted Unearned Deposits (general fund)	<u>\$ 506,531</u>
Restricted Accounts Payable - amounts to be paid from restricted assets	
Federal and State Financial Assistance Fund	\$ 3,055
Economic and Physical Development Fund	5,197,206
	<u> </u>
Total governmental activities - restricted accounts payable	<u>\$ 5,200,261</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

<u>Business-type Activities</u>	<u>Externally Restricted</u>
Restricted Cash and Investments	
Storm Water Fund	
Unearned bond deposits	\$ 1,193,251
Airport Fund	
Unexpended grant proceeds and passenger facility charges	4,095,105
Total business-type activities - restricted cash and investments	<u>\$ 5,288,356</u>
 Restricted Accounts Receivable - amounts due from federal and state granting agencies	
Storm Water Fund	\$ 121,065
Airport Fund	4,358,371
Environmental Services Fund	3,427,274
Transit Fund	819,166
Total business-type activities - restricted accounts receivable	<u>\$ 8,725,876</u>
 Restricted unearned deposits	
Airport Fund	\$ 981
Storm Water Fund	1,192,604
Total restricted unearned deposits	<u>\$ 1,193,585</u>
 Restricted Accounts Payable - to be paid from restricted assets (Airport Fund)	<u>\$ 2,543,388</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 2001 and storm water network assets acquired prior to July 1, 2004 are reported at estimated historical cost using deflated current cost. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Gains and losses on dispositions of capital assets are credited or charged to operations.

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

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

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

Depreciation includes amortization of intangible assets.

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

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

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, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

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

Restricted for public safety – portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures and external grantors.

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.

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.

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

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

Committed for 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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 2019 - 2020 budget ordinance that is not already classified as restricted or committed.

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

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

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

Fund Balance Policy

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

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

F - Use of Estimates

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

G - Upcoming Pronouncements

GASB Statement No. 84, "Fiduciary Activities." This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2019.

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 December 31, 2020.

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, 2019. 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, 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

H – Pronouncements Implemented

GASB Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on this guidance. The requirements of this Statement take effect for financial statements starting with the fiscal year that ends June 30, 2019.

GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." The primary objective of this Statement is to improve the information that is disclosed in notes to government financials statements related to debt, including direct borrowings and direct placements. This Statement also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement take effect for financial statements starting with the fiscal year that ends June 30, 2019.

GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period." The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019, the City's demand deposits had a carrying amount of \$15,836,002 and a bank balance of \$16,512,327. Of the bank balance, Federal Deposit Insurance covered \$250,000 and the remainder was covered by collateral under the Pooling Method.

At June 30, 2019, the City had certificates of deposit totaling \$5,000,000. The entire amount was covered by collateral under the Pooling Method.

The Firefighter's Fund had deposits totaling \$1,373,312.

The City had \$12,275 in the petty cash and change funds.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019, the City investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2019	Maturity	Rating*
BB & T Capital Markets - Commercial Paper	Fair Value Level 2	\$ 25,769,968	Various	A1/P1
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	82,125,723	0.11 Years	Unrated
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	32,978,053	NA	AAAm
Total:		\$140,873,744		

*Standard & Poors

All investments valued at fair value are measured using the market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Fair Value Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Fair Value Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides for structuring the investment portfolio so that securities mature to meet cash requirements for the ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Also the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities other than Treasuries, Agencies, and North Carolina State and local bonds to a final maturity of no more than three years.

Credit Risk. The City has no formal policy regarding credit risk; however, the State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City minimizes credit risk by limiting investments to the types allowed by North Carolina General Statutes 159-30. The City diversifies the investment portfolio to minimize the impact of potential losses from any one security or from any one individual issuer. Also, the City pre-qualifies the financial institutions' brokers/dealers and requires them to meet specific financial and registration conditions. The City's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and the NC Capital Management Trust Term Portfolio was unrated as of June 30, 2019. The City's investment in Commercial Paper has an A1/P1 rating as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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)	\$ 140,873,744
Cash (demand deposits)	15,836,002
Certificates of Deposit	5,000,000
Firemen's Relief Fund CDs	1,373,312
Petty Cash	12,275
Total cash and investments	<u>\$ 163,095,333</u>

Totals per Statement of Net Position

Cash and investments - unrestricted	\$ 127,031,080
Cash and investments - restricted	34,553,803
Agency	126,753
Private-purpose trust cash and investments	1,383,697
Total cash and investments	<u>\$ 163,095,333</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 3 - Capital Assets

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

Primary Government

	Balance June 30, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Governmental activities:					
Capital assets not being depreciated					
Land and land rights	\$ 41,400,875	\$ 190,881	\$ (221,363)	\$ -	\$ 41,370,393
Construction in progress	26,554,592	58,520,510	(783,631)	(43,207,600)	41,083,871
Total capital assets not being depreciated	<u>67,955,467</u>	<u>58,711,391</u>	<u>(1,004,994)</u>	<u>(43,207,600)</u>	<u>82,454,264</u>
Capital assets being depreciated:					
Infrastructure	480,298,566	1,289,119	(27,783)	3,338,690	484,898,592
Buildings and improvements	113,752,468	613,363	(328,964)	39,596,769	153,633,636
Equipment, furniture and fixtures	34,058,053	790,957	(1,654,612)	-	33,194,398
Computer software	5,845,659	183,723	(84,508)	272,141	6,217,015
Vehicles	38,712,083	5,278,977	(2,841,240)	-	41,149,820
Total capital assets being depreciated	<u>672,666,829</u>	<u>8,156,139</u>	<u>(4,937,107)</u>	<u>43,207,600</u>	<u>719,093,461</u>
Less accumulated depreciation for:					
Infrastructure	(265,728,177)	(13,235,318)	-	-	(278,963,495)
Buildings and improvements	(53,565,792)	(4,859,381)	215,700	-	(58,209,473)
Equipment, furniture and fixtures	(26,325,492)	(2,271,465)	1,654,067	-	(26,942,890)
Computer software	(5,172,863)	(574,025)	84,508	-	(5,662,380)
Vehicles	(27,587,915)	(2,893,453)	2,730,725	-	(27,750,643)
Total accumulated depreciation	<u>(378,380,239)</u>	<u>\$ (23,833,642)</u>	<u>\$ 4,685,000</u>	<u>\$ -</u>	<u>(397,528,881)</u>
Total capital assets being depreciated, net	<u>294,286,590</u>				<u>321,564,580</u>
General governmental activity capital assets, net	<u>\$ 362,242,057</u>				<u>\$ 404,018,844</u>

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

Administration	\$ 699,779
Public safety	5,141,860
Environmental protection	228,457
Transportation	13,817,104
Economic and physical development	1,375,470
Recreation and community facilities	2,570,972
Total depreciation expense	<u>\$ 23,833,642</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 3 - Capital Assets (continued)

	Balance June 30, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Business-type activities:					
Capital assets not being depreciated					
Land and land rights	\$ 5,723,502	\$ 43,128	\$ -	\$ -	\$ 5,766,630
Construction in progress	19,354,761	18,486,309	(10,624)	(2,157,783)	35,672,663
Total capital assets not being depreciated	<u>25,078,263</u>	<u>18,529,437</u>	<u>(10,624)</u>	<u>(2,157,783)</u>	<u>41,439,293</u>
Capital assets being depreciated:					
Buildings and improvements	110,292,001	122,927	-	861,713	111,276,641
Equipment, furniture and fixtures	9,650,119	1,017,016	(164,811)	-	10,502,324
Computer software	440,503	121,982	-	-	562,485
Vehicles	27,351,099	1,878,194	(625,406)	-	28,603,887
Infrastructure	39,876,312	19,186	-	1,296,070	41,191,568
Total capital assets being depreciated	<u>187,610,034</u>	<u>3,159,305</u>	<u>(790,217)</u>	<u>2,157,783</u>	<u>192,136,905</u>
Less accumulated depreciation for:					
Buildings and improvements	(54,808,648)	(4,535,582)	-	-	(59,344,230)
Equipment, furniture and fixtures	(7,117,768)	(771,795)	164,812	-	(7,724,751)
Computer software	(440,503)	(20,330)	-	-	(460,833)
Vehicles	(15,100,077)	(1,859,362)	573,711	-	(16,385,728)
Infrastructure	(18,559,613)	(568,813)	-	-	(19,128,426)
Total accumulated depreciation	<u>(96,026,609)</u>	<u>\$ (7,755,882)</u>	<u>\$ 738,523</u>	<u>\$ -</u>	<u>(103,043,968)</u>
Total capital assets being depreciated, net	<u>91,583,425</u>				<u>89,092,937</u>
Business-type activity capital assets, net	<u>\$ 116,661,688</u>				<u>\$ 130,532,230</u>

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

Stormwater management	\$ 891,391
Transportation	1,611,847
Airport	4,141,408
Environmental services	1,111,236
Total depreciation expense	<u>\$ 7,755,882</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 3 - Capital Assets (continued)

PWC (discretely presented component unit)

	Balance June 30, 2018	Additions	Disposals	Transfers	Balance June 30, 2019
PWC:					
Capital assets not being depreciated:					
Land and land rights	\$ 18,019,247	\$ -	\$ -	\$ 654,311	\$ 18,673,558
Construction in progress	70,631,161	102,503,740	(1,562,216)	(56,566,309)	115,006,376
Total capital assets not being depreciated	88,650,408	102,503,740	(1,562,216)	(55,911,998)	133,679,934
Capital assets being depreciated:					
Electric utility system	464,053,206	1,362,947	(2,772,189)	12,653,431	475,297,395
Water system	388,709,674	36,495	(475,663)	19,775,499	408,046,005
Sewer system	550,628,971	172,100	(1,050)	21,829,860	572,629,881
Buildings	55,881,239	235,419	-	1,364,133	57,480,791
Equipment and machinery	32,317,542	528,443	(110,877)	195,541	32,930,649
Intangibles	27,169,270	214,103	-	42,416	27,425,789
Computer equipment	24,241,245	245,507	-	39,379	24,526,131
Vehicles	18,128,009	1,596,815	(59,266)	11,739	19,677,297
Office equipment	1,797,274	-	(42,896)	-	1,754,378
Total capital assets being depreciated	1,562,926,430	4,391,829	(3,461,941)	55,911,998	1,619,768,316
Less accumulated depreciation for:					
Electric utility system	(269,112,466)	(12,476,018)	2,208,218	-	(279,380,266)
Water system	(146,848,316)	(10,328,112)	212,993	-	(156,963,435)
Sewer system	(206,923,472)	(11,931,848)	-	-	(218,855,320)
Buildings	(29,131,466)	(1,458,090)	-	-	(30,589,556)
Equipment and machinery	(21,816,525)	(1,166,050)	69,076	-	(22,913,499)
Intangibles	(18,811,700)	(1,712,598)	-	-	(20,524,298)
Computer equipment	(17,759,027)	(1,580,419)	-	-	(19,339,446)
Vehicles	(10,688,423)	(1,398,072)	57,466	-	(12,029,029)
Office equipment	(1,589,152)	(34,650)	27,821	-	(1,595,981)
Total accumulated depreciation:	(722,680,547)	\$ (42,085,857)	\$ 2,575,574	\$ -	(762,190,830)
Total capital assets being depreciated, net	840,245,883				857,577,486
PWC capital assets, net	\$ 928,896,291				\$ 991,257,420

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 4 – Accounts Payable

Unrestricted and restricted accounts payable and accrued expenses consist of the following as of June 30, 2019:

Governmental activities

	General	Economic and Physical Development	PWC Assessment	Nonmajor Governmental	Internal Service	Subtotal
Accounts payable	\$ 7,508,053	\$ 5,209,195	\$ 315,989	\$ 1,545,608	\$ 919,709	\$ 15,498,554
Incurred but not reported	-	-	-	-	1,248,415	1,248,415
Contracts payable	-	201,409	-	818,686	-	1,020,095
Retainage payable	-	37,577	-	114,722	-	152,299
Salaries and benefits payable	2,796,593	-	-	-	250	2,796,843
Total	\$ 10,304,646	\$ 5,448,181	\$ 315,989	\$ 2,479,016	\$ 2,168,374	20,716,206
Adjustment for interest payable						334,082
						<u><u>\$ 21,050,288</u></u>

Reconciliation to accounts payable on the financial statements:						
Unrestricted	\$ 10,304,646	\$ 250,975	\$ 315,989	\$ 2,475,961	\$ 2,168,374	\$ 15,515,945
Restricted	-	5,197,206	-	3,055	-	5,200,261
	<u>\$ 10,304,646</u>	<u>\$ 5,448,181</u>	<u>\$ 315,989</u>	<u>\$ 2,479,016</u>	<u>\$ 2,168,374</u>	<u>20,716,206</u>
Adjustment for interest payable						334,082
						<u><u>\$ 21,050,288</u></u>

Business-type activities

	Transit	Airport	Storm Water Management	Environmental Services	Subtotal
Accounts payable	\$ 528,221	\$ 2,918,222	\$ 283,049	\$ 603,545	\$ 4,333,037
Contracts payable	-	(8,269)	540,342	-	532,073
Interest payable	-	-	76,879	854	77,733
Retainage payable	396,018	-	77,619	-	473,637
Salaries and benefits payable	119,464	30,912	38,870	69,728	258,974
Total	\$ 1,043,703	\$ 2,940,865	\$ 1,016,759	\$ 674,127	\$ 5,675,454

Reconciliation to accounts payable on the financial statements:					
Unrestricted	\$ 1,043,703	\$ 397,477	\$ 1,016,759	\$ 674,127	\$ 3,132,066
Restricted	-	2,543,388	-	-	2,543,388
	<u>\$ 1,043,703</u>	<u>\$ 2,940,865</u>	<u>\$ 1,016,759</u>	<u>\$ 674,127</u>	<u>\$ 5,675,454</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations

A - General Obligation Indebtedness

The City has issued direct placement 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, 2019 are as follows:

Governmental activities

\$7,896,115 direct placement Refunding Bonds, Series 2009 due in various annual installments through March 1, 2021; interest at various rates between 4.0% and 5.0%.	\$ 28,186
\$2,270,000 direct placement Refunding Bonds, Series 2019 due in various annual installments through June 1, 2025;	2,270,000
\$16,000,000 direct placement 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%.	16,000,000
	18,298,186
Add: Unamortized Premium	1,907,983
Total governmental general obligation bonds	<u>\$ 20,206,168</u>

Interest expense related to the direct placement general obligation bonds totaled \$123,043 for the year ended June 30, 2019.

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

In May 2019, the City issued \$2,270,000 in direct placement general obligation refunding bonds, Series 2019 with an interest rate of 1.63%. The proceeds of the refunding together with City funds on hand were used to refund \$2,500,000 of outstanding fixed rate Series 2005 general obligation public improvement bonds. The direct placement refunding bonds are collateralized by the full faith, credit, and taxing power of the City. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$230,000. The City completed the refunding to reduce the total debt service payments over a period of 6 years by \$200,522 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$188,590.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, including a baseball stadium and a downtown parking garage. 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, 2019 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%.	\$ 47,990,000
\$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%.	2,620,000
\$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%.	2,740,000
	53,350,000
Add: Unamortized Premium	394,715
	<u>\$ 53,744,715</u>

In June 2019, the City issued \$2,620,000 in direct placement limited obligation bonds to finance additional costs related to the 2018 baseball stadium project. In June 2019, the City also issued \$2,740,000 in direct placement limited obligation bonds for the purpose of financing the costs of constructing and equipping a new swimming pool at the City's Lake Rim Recreation Center.

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, 2019

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, 2019 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%.

\$ 5,925,000

Total revenue bonds

\$ 5,925,000

Interest expense related to the direct placement revenue and general obligation bonds totaled \$202,051 for the year ended June 30, 2019.

Revenue bond debt service requirements to maturity are as follows:

Storm water revenue bonds

Year Ended	Principal	Interest	Totals
2020	\$ 715,000	\$ 180,184	\$ 895,184
2021	735,000	157,612	892,612
2022	755,000	134,413	889,413
2023	785,000	110,509	895,509
2024	805,000	85,742	890,742
2025-2027	<u>2,130,000</u>	<u>101,104</u>	<u>2,231,104</u>
	<u><u>\$ 5,925,000</u></u>	<u><u>\$ 769,564</u></u>	<u><u>\$ 6,694,564</u></u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

As of June 30, 2019, deposits under the Trust Agreement for the direct placement Storm Water Revenue Bonds are held by the Trustee and the City in institutions designated by the City as an official depository. The deposits are held as follows:

City of Fayetteville	\$ 15,325,010
Trustee – NCCMT	<u>647</u>
Total	<u>\$ 15,325,657</u>

The total principal and interest remaining to be paid on the outstanding direct placement revenue bonds was \$6,694,564 as of June 30, 2019. 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, 2019) to be 1.20 and for all indebtedness to be 1.00. Financial information below is from the Storm Water Management Enterprise Fund.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

Income Available for Debt Service		
Stormwater fee revenues	\$ 11,160,120	
Other operating revenues	31,264	
Nonoperating revenue (expense)	<u>482,018</u>	
Total revenues		11,673,402
Operating expenses	4,562,438	
Less adjustments for:		
Depreciation	(891,391)	
Change in OPEB accrual	<u>(19,564)</u>	
Total current expenses		<u>3,651,483</u>
Income Available for Debt Service		8,021,919
Unrestricted Cash, 6/30/18 (prior year)	11,942,377	
15% of unrestricted cash		<u>1,791,357</u>
Total resources available for debt service		<u><u>\$ 9,813,276</u></u>
Parity Indebtedness Debt Service Requirement		
Series 2011 Revenue Bonds – Principal	\$ 690,000	
Series 2011 Revenue Bonds – Interest	<u>202,051</u>	
		<u><u>\$ 892,051</u></u>
Total Available Resources Debt Service Coverage – Parity Indebtedness		11.00
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	690,000	
Series 2011 Revenue Bonds – Interest	<u>202,051</u>	
		<u><u>\$ 917,081</u></u>
Income Available for Debt Service Debt Service Coverage – All Indebtedness		8.75
Revenue Bond Covenant Requirement		1.00

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

D - Notes Payable (City)

In 2009, the City entered into a \$750,000 direct placement note payable with U.S. Housing and Urban Development (HUD). The note is payable in various annual installments of \$75,000 through August 1, 2019; interest rate between .31% to 2.05% paid semi-annually. The City assigned to HUD its right, title and interest in the obligor note, obligor loan agreement, membership pledge, security agreement and a personal guaranty as collateral. This assignment is a collateral assignment only and shall not be effective to transfer and assign to HUD any of the rights, title and interests of the City unless and until the occurrence of a default by the City.

Additionally, 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, 2019, in the accompanying financial statements are comprised of the following:

Governmental activities

\$750,000 direct placement HUD Note Payable due in various annual installments of \$75,000 through August 1, 2019; interest rate between .31% to 2.05% paid semi-annually.	\$ <u>75,000</u>
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Business-type activities

\$232,252 direct borrowing Federal revolving loan due in annual installments through May 1, 2030; non-interest bearing, paid annually on May 1.	127,739
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\$268,346 direct borrowing Federal revolving loan due in annual installments through May 1, 2030; non-interest bearing, paid annually on May 1.	<u>147,590</u>
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Total business-type notes payable	<u>275,329</u>
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Total notes payable	<u>\$ 350,329</u>
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Interest expense related to the direct borrowing notes payable obligations totaled \$2,201 for the year ended June 30, 2019.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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 \$171,753 in 2020 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.

\$ 973,695

In 2019 the City entered into a \$2,550,000 direct borrowing installment purchase to finance vehicles. The obligations are payable in various annual installments of approximately \$675,443 in 2020 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.

2,703,012

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 \$261,505 in 2020 including interest at 5.1%. The City receives a subsidy of 45% of interest cost from the Federal Government reducing the effective interest rate to 3.07%. 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.

3,036,112

In 2016, the City entered into a \$1,878,677 direct borrowing installment purchase to finance vehicles. The obligations are payable in various semi-annual installments of approximately \$241,875 in 2020 including interest of 1.32%. 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 all payments under the agreement to become due and payable or the secured party may proceed against the collateral as provided in and in accordance with the applicable provisions of the UCC.

483,749

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

Governmental activities (continued)

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 \$106,276 in 2020 including variable rate interest estimated at 1.41%. 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 action to enforce performance by the City.

1,381,557

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 \$73,349 in 2020 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.

2,185,440

In 2017, the City entered into a \$3,359,977 direct borrowing installment purchase to finance vehicles. The obligations are payable in various semi-annual installments of \$304,995 including fixed rate interest of 1.57%. The City executed a security agreement granting the lender a security interest in the vehicles as collateral. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action.

1,219,981

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 \$131,625 in 2020 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.

4,232,250

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 2020 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.

2,938,492

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

Governmental activities (continued)

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 2020 including interest of 2.45%. The City granted equipment licenses, 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.

2,472,510

21,626,798

Less: amount representing interest

2,388,648

Present value of the minimum lease payments

\$ 19,238,150

Business-type activities

In 2017, the City entered into a \$3,359,977 direct borrowing installment purchase to finance vehicles. The obligations are payable in various semi-annual installments of approximately \$129,974 in 2020 including interest of 1.57%. The City executed a security agreement granting the lender a security interest in the vehicles as collateral. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action.

\$ 519,895

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 2020 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.

979,814

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

Business-type activities (continued)

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 \$13,402 in 2020 including interest of 2.45%. The City granted equipment licenses, 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.

	80,417
	<u>1,580,126</u>
Less: amount representing interest	<u>61,327</u>
Present value of the minimum lease payments	<u>1,518,799</u>
Total Capital Lease Obligations	<u><u>\$ 20,756,949</u></u>

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, 2019:

Classes of Property	Cost	Depreciation	Net Book Value
Equipment	\$ 7,372,940	\$ 3,221,530	\$ 4,151,411
Vehicles	17,090,571	7,373,984	9,716,587
Buildings and Improvement	17,536,045	3,799,570	13,736,474
	<u>\$ 41,999,556</u>	<u>\$ 14,395,084</u>	<u>\$ 27,604,472</u>

Interest expense related to the capital lease obligations totaled \$657,659 for the year ended June 30, 2019.

In May 2019, the City entered into a \$2,550,000 Installment Financing Agreement to finance vehicles and other equipment. The City executed a Security Agreement for the benefit of the lender, pursuant to which the City will grant the lender a security interest in the vehicles and equipment. The financing requires principal payments beginning in fiscal year 2020 with an interest rate of 2.4 percent.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

F - Changes in Long-Term Obligations (City)

The following is a summary of changes in the City's long-term obligations for the fiscal year ended June 30, 2019.

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

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Governmental activities					
Direct placement:					
General obligation debt	\$ 2,967,659	\$ 18,270,000	\$ 2,939,473	\$ 18,298,186	\$ 1,194,093
Limited obligation debt	50,520,000	5,360,000	2,530,000	53,350,000	2,800,000
Direct borrowing:					
Notes payable	150,000	-	75,000	75,000	75,000
Installment agreements	22,579,714	2,550,000	5,891,564	19,238,150	4,366,538
PWC assessments	7,225,701	2,981,700	2,573,169	7,634,232	-
Compensated absences	8,068,739	6,576,781	6,689,637	7,955,883	5,155,042
Net pension liability (LGERS)	17,623,400	8,850,219	-	26,473,619	-
Net pension liability (LEOSSA)	15,352,794	105,922	-	15,458,716	-
Total OPEB liability	38,913,573	-	64,702	38,848,871	-
	<u>163,401,580</u>	<u>\$ 44,694,622</u>	<u>\$ 20,763,545</u>	<u>187,332,657</u>	<u>13,590,673</u>
 Add unamortized premium	 4,058			 2,302,698	
Total governmental activities	<u>\$ 163,405,638</u>			<u>\$ 189,635,355</u>	<u>\$ 13,590,673</u>

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Business-type activities					
Direct placement revenue bonds	\$ 6,615,000	\$ -	\$ 690,000	\$ 5,925,000	\$ 715,000
Direct borrowing:					
Notes payable	300,359	-	25,030	275,329	25,030
Installment agreements	2,232,018	-	713,219	1,518,799	579,711
Compensated absences	694,852	850,539	867,862	677,529	677,528
Net pension liability (LGERS)	2,360,620	1,211,235	-	3,571,855	-
Total OPEB liability	4,451,965	-	9,823	4,442,142	-
	<u>\$ 16,654,814</u>	<u>\$ 2,061,774</u>	<u>\$ 2,305,934</u>	<u>\$ 16,410,654</u>	<u>\$ 1,997,269</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
Business-type activities					
Direct placement:					
General obligation debt	\$ 517,341	\$ -	\$ 175,527	\$ 341,814	\$ 170,907
Revenue bonds	245,355,000	89,572,945	38,217,945	296,710,000	16,470,001
Notes payable	23,704,287	-	1,495,026	22,209,261	1,386,158
Unearned deposits	727,552	198,954	355,451	571,055	-
Arbitrage payable	32,293	-	32,293	-	-
Compensated absences	3,743,695	3,973,939	3,743,695	3,973,939	2,283,249
Net pension liability (LGERS)	8,749,736	4,477,740	-	13,227,476	-
Total OPEB liability	28,768,663	4,496,908	5,017,040	28,248,531	-
	311,598,567	<u>\$ 102,720,486</u>	<u>\$49,036,977</u>	365,282,076	20,310,315
 Add: Unamortized premium	 21,625,887			 22,291,623	
Less: Unamortized discount	(765)			-	-
Total business-type activities	<u>\$ 333,223,689</u>			<u>\$ 387,573,699</u>	<u>\$20,310,315</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 \$427,935,625. Principal and interest paid for the current year and total customer revenues were \$42,719,281 and \$338,180,825, 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, 2019.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 from Direct Placements		Limited Obligation Bonds from Direct Placements		Notes Payable from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,194,093	\$ 760,732	\$ 2,800,000	\$ 2,053,834	\$ 75,000	\$ 769
2021	1,199,093	699,064	2,810,000	1,974,503	-	-
2022	1,185,000	639,250	2,810,000	1,883,986	-	-
2023	1,190,000	580,000	2,810,000	1,790,717	-	-
2024	1,190,000	520,500	2,800,000	1,693,584	-	-
2025-2039	12,340,000	3,137,000	39,320,000	12,253,060	-	-
	18,298,186	6,336,546	53,350,000	21,649,684	75,000	769
Add unamortized premium	1,907,983	-	394,715	-	-	-
	\$ 20,206,169	\$ 6,336,546	\$ 53,744,715	\$ 21,649,684	\$ 75,000	\$ 769

Year Ended	Construction and Improvement Installment Obligations		Vehicles and Equipment Installment Obligations		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,001,363	\$ 314,321	\$ 3,365,176	\$ 207,675	\$ 8,435,632	\$ 3,337,330
2021	1,152,596	291,038	2,953,006	136,559	8,114,695	3,101,164
2022	1,152,596	245,746	2,411,837	67,474	7,559,433	2,836,457
2023	1,000,363	200,455	660,000	16,016	5,660,363	2,587,189
2024	849,130	164,665	-	-	4,839,130	2,378,748
2025-2038	4,692,083	744,699	-	-	56,352,083	16,134,759
	9,848,131	1,960,924	9,390,019	427,724	90,961,336	30,375,647
Add unamortized premium	-	-	-	-	2,302,698	-
	\$ 9,848,131	\$ 1,960,924	\$ 9,390,019	\$ 427,724	\$ 93,264,034	\$ 30,375,647

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

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

Business-type activities

Year Ended	Revenue Bonds from Direct Placements		Notes Payable from Direct Borrowings		Vehicles and Equipment Installment Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 715,000	\$ 180,184	\$ 25,030	\$ -	\$ 579,711	\$ 33,647
2021	735,000	157,612	25,030	-	593,144	20,214
2022	755,000	134,413	25,030	-	345,944	7,465
2023	785,000	110,509	25,030	-	-	-
2024	805,000	85,742	25,030	-	-	-
2025-2038	2,130,000	101,104	150,179	-	-	-
	<u>\$ 5,925,000</u>	<u>\$ 769,564</u>	<u>\$ 275,329</u>	<u>\$ -</u>	<u>\$ 1,518,799</u>	<u>\$ 61,326</u>

Year Ended	Total Debt Due	
	Principal	Interest
2020	\$ 1,319,741	\$ 213,831
2021	1,353,174	177,826
2022	1,125,974	141,878
2023	810,030	110,509
2024	830,030	85,742
2025-2038	2,280,179	101,104
	<u>\$ 7,719,128</u>	<u>\$ 830,890</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, 2019, the City's legal debt limit was \$1,119,988,912. The outstanding debt subject to this limit was \$92,480,134, leaving a legal debt margin of \$1,027,508,778.

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

At June 30, 2019, the City had \$19,000,000 Parks and Recreation bonds authorized but un-issued.

At June 30, 2019, the City has no unused lines of credit.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5 - Long-Term Obligations (continued)

J – Net Investment in Capital Assets

	City		
	Government Activities	Business-type Activities	PWC
Capital Assets, Net	\$ 404,018,844	\$ 130,532,230	\$ 991,257,420
Less: Long term debt related to capital assets	(90,886,336)	(7,719,128)	(319,261,075)
Less: Unamortized bond premium	(2,302,698)	-	(22,291,623)
Less: Deferred loss related to unspent bond proceeds	-	-	(307,133)
Less: Retainage related to capital assets	-	-	(1,454,987)
Add: Refunding premium on unspent bond proceeds	-	-	1,041,737
Add: Deferred loss on bond refunding	-	-	1,570,651
Add: Unspent bond/lease proceeds	23,026,208	645	58,546,517
Add: Unamortized bond refunding charges	996	-	-
Total Net Investment in Capital Assets	<u>\$ 333,857,014</u>	<u>\$ 122,813,747</u>	<u>\$ 709,101,507</u>

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)	\$ 2,970
Unearned grant receipts (Special Revenue)	60,311
Unearned assessments (Special Revenue)	78,000
Unearned grant receipts (Capital Projects)	521,041
Prepaid retiree insurance premiums (Internal Service)	5,426
Unearned revenue (Enterprise)	<u>1,359,775</u>
Total	<u>\$ 2,027,523</u>

In addition, the City had \$506,531 and \$1,193,585 of restricted unearned deposits in the general fund and enterprise funds respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019.

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

For the City, refunding and defeasance losses of \$996 (net of amortization) from the 2002 and 2009 General Obligation Refunding Bonds and the 2005 Revenue Refunding Bonds are also reported as unamortized bond refunding charges in the statement of net position.

City pension plan contributions subsequent to the measurement date and changes in proportion and differences between City contributions and other pension related deferrals were also reported as deferred outflows of resources on the statement of net position at June 30, 2019. The amounts reported totaled \$20,430,747 and \$2,748,811 for governmental activities and business-type activities, respectively, for LGERS.

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

	Unavailable Revenue
Taxes receivable, net (General)	\$ 1,492,179
Accounts and notes receivable (General)	4,179,794
Special assessments receivable, net (General)	1,347,419
PWC assessments receivable, net (Special revenue)	7,634,232
	<u>\$14,653,624</u>

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

	Outflows	Inflows
Deferred charge on refunding	\$ 996	\$ -
Pension deferrals LGERS	23,179,558	1,363,726
Pension deferrals LEOSA	1,483,881	658,814
OPEB deferrals	1,460,572	3,101,740
	<u>\$26,125,007</u>	<u>\$ 5,124,280</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 \$14,954,503 for all employees for the policy period ending June 30, 2019), 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, 2019, a liability for incurred but not reported claims of \$1,876,642 is included in accounts payable and accrued expenses on the accompanying financial statements. An analysis of claims activity for the City is presented below.

	2019	2018
Liability, beginning	\$ 1,924,296	\$ 2,007,032
Current year claims and changes in estimate	16,018,346	15,777,480
Actual claim payments	<u>(16,066,000)</u>	<u>(15,860,216)</u>
Liability, ending	<u>\$ 1,876,642</u>	<u>\$ 1,924,296</u>

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, 2019

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 \$277.6 million for capital additions and construction of various administration, public safety, recreation, transportation, economic development, environmental protection, Linear Park, storm water, transit and airport projects. At June 30, 2019, cumulative expenditures to date totaled approximately \$213.1 million leaving an unexpended balance of \$64.5 million for projects that are expected to be completed at various dates in future fiscal years.

Note 10 - Employee Retirement Systems

A – Local Governmental Employees' Retirement System

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019, was 8.50% of compensation for law enforcement officers and 7.81% 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 \$6,446,996 for the year ended June 30, 2019.

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, 2019

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, 2019, the City reported a liability of \$30,045,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 (measurement date), the City's proportion was 1.26649%, which was a decrease of 0.04160% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$7,283,622. At June 30, 2019, 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	\$ 4,635,303	\$ 155,538
Changes of assumptions	7,972,909	-
Net difference between projected and actual earnings on pension plans investments	4,124,350	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,208,188
City contributions subsequent to the measurement date	6,446,996	-
Total	<u>\$ 23,179,558</u>	<u>\$ 1,363,726</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 10 - Employee Retirement Systems (continued)

The City reported \$6,446,996 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2019	\$ 7,559,771
2020	4,857,716
2021	695,466
2022	2,255,882
2023	-
Thereafter	-
	\$ 15,368,835

Actuarial Assumptions. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
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, 2017, 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, 2019

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, 2018, are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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)	\$ 72,171,832	\$ 30,045,474	\$ (5,155,969)

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Retirees receiving benefits	43
Active plan members	<u>435</u>
Total	<u>478</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, 2017, valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.50 to 7.35%, including inflation and productivity factor
Discount Rate	3.64%

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 10 - Employee Retirement Systems (continued)

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

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 \$892,507 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, 2019, the City reported a total pension liability of \$15,458,716. The total pension liability was measured as of December 31, 2018, based on a December 31, 2017, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$1,265,456.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 371,131	\$ -
Changes of assumptions	606,327	658,814
City benefit payments and plan administrative expense made subsequent to the measurement date	506,423	-
Total	<u>\$ 1,483,881</u>	<u>\$ 658,814</u>

\$506,423 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 or (Decrease) to Pension Expense
2020	\$ 226,912	\$ 151,045	\$ 75,867
2021	\$ 226,912	\$ 151,045	75,867
2022	\$ 226,912	\$ 151,045	75,867
2023	\$ 226,912	\$ 111,994	114,918
2024	\$ 69,810	\$ 93,685	(23,875)
Thereafter	-	-	-
	<u>\$ 977,458</u>	<u>\$ 658,814</u>	<u>\$ 318,644</u>

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.64%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

	1% Decrease 2.64%	Current Discount Rate 3.64%	1% Increase 4.64%
Total pension liability	\$ 16,721,750	\$ 15,458,716	\$ 14,306,412

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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

	2019
Beginning balance	\$ 15,352,794
Service cost	718,542
Interest on the total pension liability	471,047
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	400,850
Changes of assumptions or other inputs	(592,010)
Benefit payments	(892,507)
Other changes	-
Ending balance of the total pension liability	<u>\$ 15,458,716</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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	\$ 7,283,622	\$ 1,265,456	\$ 8,549,078
Pension Liability	30,045,474	15,458,716	45,504,190
Proportionate share of the net pension liability	1.26649%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	4,635,303	\$ 371,131	5,006,434
Changes of assumptions	7,972,909	606,327	8,579,236
Net difference between projected and actual earnings on plan investments	4,124,350	-	4,124,350
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	6,446,996	506,423	6,953,419
Deferred Inflows of Resources			
Differences between expected and actual experience	155,538	-	155,538
Changes of assumptions	-	658,814	658,814
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,208,188	-	1,208,188

C - Supplemental Retirement Income Plan for Law Enforcement Officers

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

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

The City contributed \$1,195,965 for the year ended June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 \$493,653 for the year ended June 30, 2019.

E – Firefighters' and Rescue Squad Workers' Pension Fund

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

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

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2018, the State contributed \$17,952,000 to the plan. The City's proportionate share of the State's contribution is \$175,150.

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, 2019

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, 2019, 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 \$64,379. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of 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, 2018, and at June 30, 2017, was 0%.

For the year ended June 30, 2019, the City recognized pension expense of \$49,809 and revenue of \$49,809 for support provided by the State. At June 30, 2019, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2017, the date of the latest actuarial valuation:

	Law Enforcement Officers	Firefighters	General Employees	Total
Retirees and dependents receiving benefits	114	52	505	671
Active plan members	317	259	533	1109
				<u>1780</u>

Total OPEB Liability

The City's total OPEB liability of \$43,291,013 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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

Inflation	2.50%
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	3.56%
Measurement date	3.89%
Healthcare cost trends	
Pre-medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 42,996,324
Changes for the year:	
Service cost at the end of the year*	1,739,025
Interest	1,511,364
Change in benefit terms	-
Difference between expected and actual experience	(521,183)
Changes of assumptions or other inputs	(1,340,403)
Benefit payments	(1,094,114)
Other	-
Net changes	<u>294,689</u>
Balance at June 30, 2019	<u>\$ 43,291,013</u>

*The service cost includes interest for the year.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017, 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, 2017, valuation were based on a review of recent plan experience done concurrently with the June 30, 2017, valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

Discount Rate Sensitivity

	1% Decrease 2.89%	Current Discount Rate 3.89%	1% Increase 4.89%
Total OPEB liability	\$ 47,515,275	\$ 43,291,013	\$ 39,527,756

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 6.50%	Current Pre-medicare Rate 7.50%	1% Increase 8.50%
Total OPEB liability	\$ 38,542,181	\$ 43,291,013	\$ 48,896,642

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019, the City recognized OPEB expense of \$2,604,129. At June 30, 2019, 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	\$ 182,639	\$ 434,894
Changes of assumptions	-	2,666,846
City benefit payments and administrative costs made subsequent to the measurement date	1,277,933	-
Total	\$ 1,460,572	\$ 3,101,740

\$1,277,933 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (646,260)
2020	(646,260)
2021	(646,260)
2022	(646,260)
2023	(321,735)
Thereafter	(12,326)

B – Death Benefits

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

\$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, 2019 as follows:

Interfund Receivables/Payables

Receivable Fund	Payable Fund	Amount
Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	\$ 546,446
Nonmajor Capital Projects Fund	Nonmajor Capital Projects Fund	1,847,826
Total Nonmajor Governmental Interfund Receivables and Payables		<u>\$2,394,272</u>
Stormwater Management Fund	Environmental Services Fund	\$2,033,774
Total Enterprise Interfund Receivables and Payables		<u>\$2,033,774</u>

Interfund receivables and payables were recorded due to timing differences in the receipt of funds from intergovernmental payments due to the City from federal and state sources for Hurricane Matthew and Hurricane Florence related expenditures. 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 due to/from other funds at June 30, 2019, consist of the following:

Transfer out:	Transfer in:						Total
	General	Economic and Physical Development	Nonmajor Governmental	Transit	Environmental Services	Internal Service	
General		\$ 834,876	\$ 9,318,419	\$ 4,813,994	\$ 129,286	\$ 361,102	\$ 15,457,677
Nonmajor Governmental	2,059,055	-	-	-	-	-	2,059,055
Internal Service	363,387	-	-	-	-	-	363,387
Totals	<u>\$ 2,422,442</u>	<u>\$ 834,876</u>	<u>\$ 9,318,419</u>	<u>\$ 4,813,994</u>	<u>\$ 129,286</u>	<u>\$ 361,102</u>	<u>\$ 17,880,119</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 \$10,153,295 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: \$6,062,609 for transportation projects including street resurfacing and improvements, and sidewalk and intersection improvements; \$2,027,232 for general government projects including major facility maintenance projects, computer replacements and technology enhancements and upgrades; \$589,773 for recreation and cultural projects including parks and trails; \$544,010 for public safety projects including the purchase of land for Fire Station #4 relocation; and \$834,876 for economic development projects. Additionally, transfers to special revenue funds included \$93,900 for local match required for Federal and State funded programs and \$895 to the Emergency Telephone System fund.

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 environmental services operations in the amount of \$129,286, and transit system operations, planning functions and capital purchases in the amount of \$4,813,994.

Transfers from internal service funds to the general fund in the amount of \$363,387 and transfers from the general fund to internal service funds in the amount of \$361,102 represent Interfund loans and repayments.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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	\$ 75,936,690
Less:	
Nonspendable	
Inventories	71,632
Prepays	202,337
Restricted	
Stabilization by State Statute	19,162,377
Central Business Tax District	128,191
Cumberland County Recreation District	3,694,273
Donations	22,493
Lake Valley Drive MSD	292
Committed	
Law Enforcement Officer's Separation Allowance	6,164,494
Assigned	
Subsequent years expenditures	4,242,452
Specific purpose assignments	4,840,895
Capital funding plan	12,304,037
Working capital/fund balance policy	17,050,669
Remaining fund balance	<u><u>\$ 8,052,548</u></u>

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

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

Total Encumbrances	General Fund	Other Major and Non-Major Funds
\$ 16,315,437	\$ 1,498,879	\$ 14,816,558

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 fleet maintenance, electric and water/wastewater services to the City. Services, which are billed and paid monthly, totaled \$1,960,801 in 2019. In addition, intergovernmental transactions are made in amounts as determined by the respective governing Boards. Net intergovernmental transactions with PWC amounted to \$9,241,177 in 2019. Balances due to/from PWC at June 30, 2019, were as follows:

Receivables (due from PWC)	<u>\$ 1,026,025</u>
Payables (due to PWC)	\$ 866,601
Assessments (due to PWC)	7,634,232
Assessments interest (due to PWC)	<u>315,989</u>
Total due to PWC	<u>\$ 8,816,822</u>

As of June 30, 2019 the City has terminated their fleet service agreement with PWC.

Note 15 – Subsequent Events

Management has evaluated subsequent events through November 15, 2019, 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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2019



Fiscal Year Ended June 30, 2019

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Required Supplementary Information

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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City of Fayetteville, North Carolina

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

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

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

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

City of Fayetteville, North Carolina

**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Three Fiscal Years*
(unaudited)**

Schedule of Total Pension Liability as a Percentage of Covered Payroll

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

Notes to the schedules:

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

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

City of Fayetteville, North Carolina

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

	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	1.26649%	1.30809%	1.36508%	1.37320%	1.91929%	1.86080%
City's proportion of the net pension liability (asset) (\$)	\$ 30,045,474	\$ 19,984,020	\$ 28,971,603	\$ 6,162,839	\$ (11,318,942)	\$ 22,429,786
City's covered payroll	\$ 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	40.75%	23.50%	34.07%	5.74%	-10.85%	21.51%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

City of Fayetteville, North Carolina

City of Fayetteville's Contributions Required Supplementary Information Last Six Fiscal Years (unaudited) Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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	6,446,996	5,265,753	6,365,576	5,145,668	9,552,218	7,417,597
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 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	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, 2019

Total OPEB Liability	2019	2018*
Service cost	\$ 1,739,025	\$ 1,871,877
Interest	1,511,364	1,287,302
Changes of benefit terms		-
Differences between expected and actual experience	(521,183)	273,055
Changes of assumption or other inputs	(1,340,403)	(2,314,880)
Benefit payments	(1,094,114)	(1,764,005)
Other changes	-	-
Net change in total OPEB liability	294,689	(646,651)
Total OPEB liability - beginning	42,996,324	43,642,975
Total OPEB liability - ending	\$ 43,291,013	\$ 42,996,324
 Covered payroll	 \$ 55,195,292	 \$ 55,195,292
Total OPEB liability as a percentage of covered payroll	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>
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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2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

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Governmental Funds

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

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

City of Fayetteville, North Carolina

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General Fund

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

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

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

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

**Comparative Balance Sheets
General Fund**

June 30, 2019 and 2018

	2019	2018
Assets		
Cash and investments	\$ 64,267,389	\$ 47,815,154
Taxes receivable	1,492,179	1,634,121
Accounts receivable	4,539,232	4,943,887
Due from other governments	17,581,517	16,563,412
Assessments receivable	1,064,522	851,377
Interfund receivable	-	3,874,302
Inventories	71,632	58,627
Prepaid Items	202,337	1,133,542
Restricted accounts receivable	5,439	13,573
Restricted cash and investments	4,545,982	6,201,476
Total assets	\$ 93,770,229	\$ 83,089,471
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable and accrued expenses	\$ 10,304,646	\$ 7,445,226
Restricted unearned deposits	506,531	382,329
Unearned revenue	2,970	3,435
Total liabilities	10,814,147	7,830,990
Deferred inflows of resources		
Taxes receivable	1,492,179	1,634,121
Accounts receivable	4,179,794	3,351,486
Assessment receivable	1,347,419	1,104,396
Total deferred inflows of resources	7,019,392	6,090,003
Fund balances		
Nonspendable		
For inventories	71,632	58,627
For prepaids	202,337	1,133,542
Restricted		
Stabilization by State Statute	19,162,377	25,672,447
For downtown	128,191	121,772
For Lake Valley Drive MSD	292	759
For county recreation	3,694,273	1,733,754
For donations	22,493	17,508
Committed		
Law Enforcement Officers' Special Separation Allowance	6,164,494	5,433,945
Assigned		
For subsequent year's expenditures	4,242,452	5,033,560
For special purpose	4,840,895	2,271,747
For capital projects	12,304,037	8,124,237
Unassigned	25,103,217	19,566,580
Total fund balances	75,936,690	69,168,478
Total liabilities, deferred inflows of resources and fund balances	\$ 93,770,229	\$ 83,089,471

City of Fayetteville, North Carolina

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

Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Budget	Variance Positive (Negative)	2019 Actuals	2018 Actuals
Revenues				
Ad Valorem Taxes				
Current year	\$ 69,057,076	\$ 699,623	\$ 69,756,699	\$ 68,599,153
Prior years	402,505	60,089	462,594	402,372
Interest and penalties	217,400	10,532	227,932	234,680
Total ad valorem taxes	69,676,981	770,244	70,447,225	69,236,205
Other Taxes				
Vehicle license tax	628,790	5,607	634,397	630,565
Privilege license	18,030	2,222	20,252	25,831
Gross receipts tax on rental property	657,480	69,759	727,239	652,459
Total Other Taxes	1,304,300	77,588	1,381,888	1,308,855
Unrestricted intergovernmental				
Local option sales tax	42,618,815	1,014,768	43,633,583	41,189,439
Payment in lieu of taxes	10,938,255	1	10,938,256	10,428,117
Telecommunications sales tax	1,115,200	(9,400)	1,105,800	1,209,173
Utilities sales tax	9,691,500	271,871	9,963,371	9,801,118
Piped natural gas sales tax	360,100	44,223	404,323	428,346
Video franchise fee	2,090,700	(87,928)	2,002,772	2,157,552
Beer and wine tax	897,400	(470)	896,930	904,062
County - other	291,595	23,048	314,643	299,283
Local - public safety	316,130	25,057	341,187	319,825
Local - other	17,645	311	17,956	12,616
Total unrestricted intergovernmental	68,337,340	1,281,481	69,618,821	66,749,531
Restricted intergovernmental				
Federal - public safety	933,562	(735,808)	197,754	974,915
Federal - other	80,036	(7,227)	72,809	267,431
Powell Bill allocation	5,284,640	(35,223)	5,249,417	5,344,397
State - other	250,028	(225,852)	24,176	90,565
State - public safety	292,000	(53,897)	238,103	307,112
County recreation	3,734,420	1,550,397	5,284,817	561,011
County - other	1,153,693	(300,541)	853,152	905,127
Local - other	1,200,000	-	1,200,000	1,200,000
Total restricted intergovernmental	12,928,379	191,849	13,120,228	9,650,558
Permits and Fees	1,947,600	55,060	2,002,660	2,686,636
Sales and Services				
Property leases	909,702	(87,080)	822,622	698,377
Engineering/planning services	510,450	(57,034)	453,416	461,961
Public safety services	1,112,708	121,082	1,233,790	1,226,804
Recreation and cultural services	2,159,858	(225,381)	1,934,477	1,832,803
Parking revenues	165,847	(8,191)	157,656	158,411
Other fees and services	380,426	(23,008)	357,418	343,978
Total sales and services	5,238,991	(279,612)	4,959,379	4,722,334
Miscellaneous				
Refunds and sundry	310,978	238,469	549,447	343,658
Indirect cost allocation	2,368,300	(61,324)	2,306,976	2,326,081
Special use assessment	117,450	(17,237)	100,213	131,188
Total miscellaneous	2,796,728	159,908	2,956,636	2,800,927
Interest earned on investments	466,025	1,123,886	1,589,911	995,574
Total revenues	162,696,344	3,380,404	166,076,748	158,150,620

(continued)

City of Fayetteville, North Carolina

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

Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Budget	Variance Positive (Negative)	2019 Actuals	2018 Actuals
Expenditures				
Current				
Community Investment				
Economic and Community Development				
Salaries and employee benefits	292,519	7,615	284,904	322,897
Other operating expenditures	563,978	167,744	396,234	3,294,281
Payments to agencies	485,353	353,000	132,353	132,353
	<u>1,341,850</u>	<u>528,359</u>	<u>813,491</u>	<u>3,749,531</u>
Development Services				
Salaries and employee benefits	3,765,732	180,536	3,585,196	3,329,603
Other operating expenditures	895,138	424,824	470,314	519,137
Payments to agencies	1,500	1,500	-	-
	<u>4,662,370</u>	<u>606,860</u>	<u>4,055,510</u>	<u>3,848,740</u>
Human relations				
Salaries and employee benefits	301,268	3	301,265	294,371
Other operating expenditures	43,410	2	43,408	40,570
Payments to agencies	9,975	-	9,975	12,700
	<u>354,653</u>	<u>5</u>	<u>354,648</u>	<u>347,641</u>
Total Community Investment	6,358,873	1,135,224	5,223,649	7,945,912
Support Services and Administration				
Budget and Evaluation				
Salaries and employee benefits	489,737	9	489,728	468,041
Other operating expenditures	16,829	4,017	12,812	12,559
	<u>506,566</u>	<u>4,026</u>	<u>502,540</u>	<u>480,600</u>
Corporate Communications				
Salaries and employee benefits	688,383	6,228	682,155	701,248
Other operating expenditures	271,762	58,448	213,314	186,238
Capital outlay	-	-	-	21,439
Inventory	96,900	13,041	83,859	93,149
Cost redistribution	(126,200)	(21,440)	(104,760)	(116,956)
	<u>930,845</u>	<u>56,277</u>	<u>874,568</u>	<u>885,118</u>
City Manager's Office				
Salaries and employee benefits	1,900,015	919	1,899,096	1,858,764
Other operating expenditures	347,099	85,407	261,692	283,702
Payments to agencies	209,122	209,122	-	-
	<u>2,456,236</u>	<u>295,448</u>	<u>2,160,788</u>	<u>2,142,466</u>
City Attorney's Office				
Salaries and employee benefits	1,003,978	4,338	999,640	999,915
Other operating expenditures	434,005	38,048	395,957	359,429
	<u>1,437,983</u>	<u>42,386</u>	<u>1,395,597</u>	<u>1,359,344</u>
Finance				
Salaries and employee benefits	1,852,782	123,644	1,729,138	1,577,444
Other operating expenditures	885,388	165,081	720,307	641,090
	<u>2,738,170</u>	<u>288,725</u>	<u>2,449,445</u>	<u>2,218,534</u>
Human Resources Development				
Salaries and employee benefits	1,019,645	15,066	1,004,579	963,050
Other operating expenditures	228,474	43,940	184,534	158,877
	<u>1,248,119</u>	<u>59,006</u>	<u>1,189,113</u>	<u>1,121,927</u>
Information Technology				
Salaries and employee benefits	2,325,834	237,212	2,088,622	2,112,778
Other operating expenditures	3,414,917	993,763	2,421,154	2,391,381
Capital outlay	-	-	-	111,750
Cost redistribution	(72,561)	(1)	(72,560)	(72,560)
	<u>5,668,190</u>	<u>1,230,974</u>	<u>4,437,216</u>	<u>4,543,349</u>

(continued)

City of Fayetteville, North Carolina

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

Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Budget	Variance Positive (Negative)	2019 Actuals	2018 Actuals
Expenditures (continued)				
Current (continued)				
Mayor, Council and City Clerk				
Salaries and employee benefits	514,499	37,639	476,860	472,792
Other operating expenditures	318,232	103,523	214,709	442,823
	<u>832,731</u>	<u>141,162</u>	<u>691,569</u>	<u>915,615</u>
Total Support Services and Administration	15,818,840	2,118,004	13,700,836	13,666,953
Operations				
Fire				
Salaries and employee benefits	23,607,215	320	23,606,895	22,236,531
Other operating expenditures	4,701,631	81,756	4,619,875	3,564,903
Capital outlay	2,703,498	-	2,703,498	1,201,583
Cost redistribution	(75,000)	-	(75,000)	(75,000)
	<u>30,937,344</u>	<u>82,076</u>	<u>30,855,268</u>	<u>26,928,017</u>
Parks, Recreation and Maintenance				
Parks and recreation				
Salaries and employee benefits	8,505,127	328,963	8,176,164	8,165,561
Other operating expenditures	5,323,351	875,533	4,447,818	4,429,921
Capital outlay	1,052,747	339,767	712,980	242,754
Payments to agencies	179,250	-	179,250	179,250
	<u>15,060,475</u>	<u>1,544,263</u>	<u>13,516,212</u>	<u>13,017,486</u>
Cemeteries				
Salaries and employee benefits	130,309	3,136	127,173	122,501
Other operating expenditures	48,519	19,848	28,671	14,033
	<u>178,828</u>	<u>22,984</u>	<u>155,844</u>	<u>136,534</u>
Urban forestry				
Salaries and employee benefits	186,642	778	185,864	177,451
Other operating expenditures	47,443	24,954	22,489	29,521
	<u>234,085</u>	<u>25,732</u>	<u>208,353</u>	<u>206,972</u>
Public buildings				
Salaries and employee benefits	810,913	18,242	792,671	830,785
Other operating expenditures	1,145,773	132,199	1,013,574	956,398
Capital outlay	211,891	166,354	45,537	71,039
	<u>2,168,577</u>	<u>316,795</u>	<u>1,851,782</u>	<u>1,858,222</u>
Right of way maintenance				
Salaries and employee benefits	846,776	10,796	835,980	965,734
Other operating expenditures	455,745	73,147	382,598	350,252
Capital outlay	228,961	73,710	155,251	251,169
	<u>1,531,482</u>	<u>157,653</u>	<u>1,373,829</u>	<u>1,567,155</u>
Total parks, recreation and maintenance	19,173,447	2,067,427	17,106,020	16,786,369
Police				
Salaries and employee benefits	42,810,850	1,302,181	41,508,669	41,057,114
Other operating expenditures	8,284,114	899,875	7,384,239	6,969,137
Capital outlay	2,804,637	126,149	2,678,488	1,247,168
Payments to agencies	3,000	-	3,000	3,000
	<u>53,902,601</u>	<u>2,328,205</u>	<u>51,574,396</u>	<u>49,276,419</u>
Public Services				
Engineering and Construction Management				
Salaries and employee benefits	1,533,052	171,541	1,361,511	1,401,994
Other operating expenditures	356,209	180,024	176,185	237,760
Capital outlay	16,221	16,200	21	127,679
	<u>1,905,482</u>	<u>367,765</u>	<u>1,537,717</u>	<u>1,767,433</u>
Streets				
Salaries and employee benefits	2,795,458	285,180	2,510,278	2,650,261
Other operating expenditures	3,040,885	803,483	2,237,402	2,317,970
Capital outlay	201,106	41	201,065	339,836
	<u>6,037,449</u>	<u>1,088,704</u>	<u>4,948,745</u>	<u>5,308,067</u>

(continued)

City of Fayetteville, North Carolina

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

Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Budget	Variance Positive (Negative)	2019 Actuals	2018 Actuals
Expenditures (continued)				
Current (continued)				
Real Estate				
Salaries and employee benefits	211,151	46,082	165,069	160,970
Other operating expenditures	39,186	12,844	26,342	43,448
Capital outlay	1,000	645	355	21,475
	<u>251,337</u>	<u>59,571</u>	<u>191,766</u>	<u>225,893</u>
Total Public Services	8,194,268	1,516,040	6,678,228	7,301,393
Total Operations	112,207,660	5,993,748	106,213,912	100,292,198
Other Appropriations				
General Government				
Salaries and employee benefits	1,809,072	100,131	1,708,941	1,499,825
Other operating expenditures	2,405,421	1,156,186	1,249,235	1,280,317
Inventory	1,563,000	83,701	1,479,299	1,083,428
Capital outlay	74,881	11,262	63,619	49,161
Payments to agencies	7,918,542	(185,366)	8,103,908	7,684,083
Cost redistribution	(1,620,000)	(88,396)	(1,531,604)	(1,116,673)
	<u>12,150,916</u>	<u>1,077,518</u>	<u>11,073,398</u>	<u>10,480,141</u>
Total Other Appropriations	12,150,916	1,077,518	11,073,398	10,480,141
Parking				
Other operating expenditures	453,619	48,569	405,050	349,128
Central business tax district				
Salaries and employee benefits	-	-	-	2,972
Other operating expenditures	246,135	912	245,223	225,267
Capital outlay	-	-	-	5,000
	<u>246,135</u>	<u>912</u>	<u>245,223</u>	<u>233,239</u>
Total central business tax district	246,135	912	245,223	233,239
Law Enforcement Officers' Special Separation Allowance				
Salaries and employee benefits	1,594,254	566,800	1,027,454	866,326
Debt Service				
Operations				
Principal	1,957,697	1,957,697	-	-
Interest	-	-	-	-
	<u>1,957,697</u>	<u>1,957,697</u>	<u>-</u>	<u>-</u>
Total debt service - operations	1,957,697	1,957,697	-	-
Other Appropriations				
Principal	8,974,927	360,798	8,614,129	8,346,080
Interest	2,621,541	-	2,621,541	670,369
Issuance cost	31,739	2,268	29,471	-
	<u>11,628,207</u>	<u>363,066</u>	<u>11,265,141</u>	<u>9,016,449</u>
Total debt service - other appropriations	11,628,207	363,066	11,265,141	9,016,449
Total Debt Service	13,585,904	2,320,763	11,265,141	9,016,449
Total Expenditures	162,416,201	13,261,538	149,154,663	142,850,346
Revenues over (under) expenditures	280,143	16,641,942	16,922,085	15,300,274
Other Financing Sources (Uses)				
Sale of assets	120,000	186,689	306,689	5,564,030
Appropriated fund balance	15,160,667	(15,160,667)	-	-
Transfers in from other funds	330,000	2,092,442	2,422,442	-
Transfers (out) - Community Investment	(74,853)	-	(74,853)	(114,750)
Transfers (out) - Support Services & Administration	(1,565,550)	-	(1,565,550)	(510,149)
Transfers (out) - Operations	(7,969,529)	291,510	(7,678,019)	(9,932,086)
Transfers (out) - Other Appropriations	(8,839,875)	2,700,620	(6,139,255)	(9,120,186)
Proceeds from installment agreements	2,527,258	22,742	2,550,000	3,673,812
Refunding bonds issued	2,270,000	-	2,270,000	-
Premium on refunding bonds issued	261,739	(7,066)	254,673	-
Payment to refunded bond escrow agent	(2,500,000)	-	(2,500,000)	-
	<u>(280,143)</u>	<u>(9,873,730)</u>	<u>(10,153,873)</u>	<u>(10,439,329)</u>
Total Other Financing Sources (Uses)	(280,143)	(9,873,730)	(10,153,873)	(10,439,329)

(continued)

City of Fayetteville, North Carolina

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

Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Budget	Variance Positive (Negative)	2019 Actuals	2018 Actuals
Revenues and Other Financing Sources (Uses)				
Over (Under) Expenditures	\$ -	\$ 6,768,212	6,768,212	4,860,945
Fund Balance				
Beginning			69,168,478	64,307,533
Ending			\$ 75,936,690	\$ 69,168,478

2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

City of
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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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City of Fayetteville, North Carolina

**Comparative Balance Sheets
PWC Assessment Fund**

June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ -	\$ -
Accounts receivable	-	-
Assessments receivable	7,950,221	7,639,513
Total assets	<u>\$ 7,950,221</u>	<u>\$ 7,639,513</u>
Liabilities, deferred inflows of resources and fund balances		
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ -
Unearned revenue	-	-
Restricted accounts payable and accrued expenses	-	-
Total liabilities	<u>-</u>	<u>-</u>
Deferred inflows of resources		
Assessments receivable	7,950,221	7,639,513
Total deferred inflows of resources	<u>7,950,221</u>	<u>7,639,513</u>
Fund balances		
Restricted		
Stabilization by State Statute	-	-
Downtown	-	-
Administration	-	-
Public safety	-	-
Economic and physical development	-	-
Recreation and community facilities	-	-
For streets - Powell bill	-	-
Committed	-	-
Administration	-	-
Public safety	-	-
Transportation	-	-
Economic and physical development	-	-
Recreation and community facilities	-	-
Unassigned	-	-
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,950,221</u>	<u>\$ 7,639,513</u>

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
(With Comparative Actual Amounts For Year Ended June 30, 2018)**

	Budget	Variance Positive (Negative)	2019 Actual	2018 Actual
Revenues				
Assessment revenue	\$ 2,647,200	\$ (74,030)	\$ 2,573,170	\$ 2,086,287
Interest earned on investments	388,800	(37,478)	351,322	302,552
Total revenues	<u>3,036,000</u>	<u>(111,508)</u>	<u>2,924,492</u>	<u>2,388,839</u>
Expenditures				
Current				
Administration				
Intergovernmental expense - assessment	3,036,000	111,508	2,924,492	2,388,839
Total expenditures	<u>3,036,000</u>	<u>111,508</u>	<u>2,924,492</u>	<u>2,388,839</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance				
Beginning			-	-
Ending			<u>\$ -</u>	<u>\$ -</u>

2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

City of
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Economic & Physical Development Fund

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

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

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

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

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

June 30, 2019 and June 30, 2018

	2019	2018
Assets		
Cash and investments	\$ 1,997,011	\$ 4,487,236
Accounts receivable	646,888	1,306
Due from other governments	505,106	85,910
Restricted cash and investments	5,774,550	42,283,036
Total assets	\$ 8,923,555	\$ 46,857,488
Liabilities, deferred inflows of resources and fund balances		
Liabilities:		
Accounts payable and accrued expenses	\$ 250,975	\$ 19,765
Unearned revenue	-	132,448
Restricted accounts payable and accrued expenses	5,197,206	2,599,697
Total liabilities	5,448,181	2,751,910
Fund balances:		
Restricted		
Stabilization by State Statute	2,657,769	39,607,666
Economic and physical development	-	30,441
Committed		
Economic and physical development	817,605	4,467,471
Unassigned	-	-
Total fund balances	3,475,374	44,105,578
Total liabilities, deferred inflows of resources and fund balances	\$ 8,923,555	\$ 46,857,488

City of Fayetteville, North Carolina

**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, 2019

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	250,000	117,552	-	132,448	250,000
County	250,243	250,242	-	-	250,242
Local	92,105	63,039	-	6,122	69,161
Total restricted intergovernmental	592,348	430,833	-	138,570	569,403
Miscellaneous					
Donations	968,517	-	-	641,183	641,183
Total miscellaneous	968,517	-	-	641,183	641,183
Interest earned on investments	472,725	59,627	-	574,017	633,644
Total revenues	2,033,590	490,460	-	1,353,770	1,844,230
Expenditures					
Capital outlay					
Texfi Project	895,724	814,665	-	12,671	827,336
HOPE VI	6,526,000	6,118,394	-	6,891	6,125,285
Murchison Road redevelopment	1,625,000	1,042,486	-	497,064	1,539,550
Dr. EE Smith House restoration	275,600	218,107	-	4,562	222,669
Affordable Housing	160,000	100,756	-	-	100,756
Downtown baseball stadium	40,777,102	9,941,959	-	29,342,771	39,284,730
Downtown redevelopment site	1,695,000	124,203	-	1,435,393	1,559,596
Downtown parking	671,983	201,983	-	231,952	433,935
Hay Street parking and mixed use	16,345,000	1,452,305	-	13,907,546	15,359,851
Hurley Plaza memorial	150,000	-	-	-	-
Total expenditures	69,121,409	20,014,858	-	45,438,850	65,453,708
Revenues over (under) expenditures	(67,087,819)	(19,524,398)	-	(44,085,080)	(63,609,478)
Other financing sources (uses)					
Issuance of debt	53,142,968	50,520,000	-	2,620,000	53,140,000
Transfers in	13,984,851	13,149,976	-	834,876	13,984,852
Transfers out	(40,000)	(40,000)	-	-	(40,000)
Total other financing sources (uses)	67,087,819	63,629,976	-	3,454,876	67,084,852
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 44,105,578	\$ -	(40,630,204)	\$ 3,475,374
Fund balance					
Beginning				44,105,578	
Ending				<u>\$ 3,475,374</u>	

2019



Fiscal Year Ended June 30, 2019

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North Carolina

Nonmajor Governmental Funds

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 701,899	\$ 8,422,187	\$ 9,124,086
Accounts receivable	377,041	904,907	1,281,948
Due from other governments	1,451,792	4,006,635	5,458,427
Restricted cash and investments	1,074,327	17,870,588	18,944,915
Restricted accounts receivable	-	1,254	1,254
Notes receivable	7,240,247	-	7,240,247
Property held for resale	27,871	-	27,871
Due from other funds	-	2,394,272	2,394,272
Total assets	\$ 10,873,177	\$ 33,599,843	\$ 44,473,020
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 373,401	\$ 2,102,560	\$ 2,475,961
Unearned revenue	60,311	521,041	581,352
Restricted accounts payable and accrued expenses	3,055	-	3,055
Interfund payable	546,446	1,847,826	2,394,272
Total liabilities	983,213	4,471,427	5,454,640
Fund balances:			
Restricted			
Stabilization by State Statute	12,056,827	17,686,718	29,743,545
Public safety	1,492,843	-	1,492,843
Recreation and community facilities	9,453	14,163,186	14,172,639
Economic and physical development	13,884	-	13,884
Committed			
Public safety	-	438,638	438,638
Transportation	-	37,173	37,173
Recreation and community facilities	39,456	1,876,176	1,915,632
Unassigned	(3,722,499)	(5,073,475)	(8,795,974)
Total fund balances	9,889,964	29,128,416	39,018,380
Total liabilities, deferred inflows of resources and fund balances	\$ 10,873,177	\$ 33,599,843	\$ 44,473,020

City of Fayetteville, North Carolina

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues			
Restricted intergovernmental	\$ 4,617,430	\$ 2,712,256	\$ 7,329,686
Miscellaneous	150,591	41,382	191,973
Interest earned on investments	135,853	60,948	196,801
Total revenues	<u>4,903,874</u>	<u>2,814,586</u>	<u>7,718,460</u>
Expenditures			
Current			
Administration	-	-	-
Public safety	1,582,186	-	1,582,186
Transportation	-	-	-
Economic and physical development	3,086,437	-	3,086,437
Recreation and community facilities	69,195	-	69,195
Environmental protection	512,136	-	512,136
Debt service:			
Principal	170,676	-	170,676
Interest	3,896	-	3,896
Capital Outlay	-	15,301,206	15,301,206
Total expenditures	<u>5,424,526</u>	<u>15,301,206</u>	<u>20,725,732</u>
Revenues over (under) expenditures	<u>(520,652)</u>	<u>(12,486,620)</u>	<u>(13,007,272)</u>
Other financing sources (uses)			
Issuance of debt	-	20,785,436	20,785,436
Transfers in	94,795	9,223,624	9,318,419
Transfers out	(78,568)	(1,980,487)	(2,059,055)
Total other financing sources (uses)	<u>16,227</u>	<u>28,028,573</u>	<u>28,044,800</u>
Net change in fund balances	(504,425)	15,541,953	15,037,528
Fund balances			
Beginning	10,394,389	13,586,463	23,980,852
Ending	<u>\$ 9,889,964</u>	<u>\$ 29,128,416</u>	<u>\$ 39,018,380</u>

2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

City of
Fayetteville
North Carolina

Special Revenue Funds

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

The following comprise the City's Special Revenue Funds:

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

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

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	Emergency Telephone System Fund	Federal and State Financial Assistance Fund	Linear Park Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash and investments	\$ 662,443	\$ -	\$ 39,456	\$ 701,899
Accounts receivable	75,055	301,945	41	377,041
Due from other governments	-	1,451,792	-	1,451,792
Restricted cash and investments	-	1,074,327	-	1,074,327
Notes receivable	-	7,240,247	-	7,240,247
Property held for resale	-	27,871	-	27,871
Total assets	\$ 737,498	\$ 10,096,182	\$ 39,497	\$ 10,873,177
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable and accrued expenses	\$ 60,570	\$ 312,831	\$ -	\$ 373,401
Interfund payables	-	546,446	-	546,446
Unearned revenue	-	60,311	-	60,311
Restricted accounts payable and accrued expenses	-	3,055	-	3,055
Total liabilities	60,570	922,643	-	983,213
Fund balances:				
Restricted				
Stabilization by State Statute	75,055	11,981,731	41	12,056,827
Public safety	601,873	890,970	-	1,492,843
Recreation and community facilities	-	9,453	-	9,453
Economic and physical development	-	13,884	-	13,884
Committed				
Recreation and community facilities	-	-	39,456	39,456
Unassigned	-	(3,722,499)	-	(3,722,499)
Total fund balances	676,928	9,173,539	39,497	9,889,964
Total liabilities, deferred inflows of resources and fund balances	\$ 737,498	\$ 10,096,182	\$ 39,497	\$ 10,873,177

City of Fayetteville, North Carolina

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

Year Ended June 30, 2019

	Emergency Telephone System Fund	Federal and State Financial Assistance Fund	Linear Park Fund	Total Nonmajor Special Revenue Funds
Revenues				
Restricted intergovernmental	\$ 891,636	\$ 3,725,794	\$ -	\$ 4,617,430
Miscellaneous	-	148,641	1,950	150,591
Interest earned on investments	15,321	119,667	865	135,853
Total revenues	<u>906,957</u>	<u>3,994,102</u>	<u>2,815</u>	<u>4,903,874</u>
Expenditures				
Current:				
Public safety	943,991	638,195	-	1,582,186
Economic and physical development	-	3,086,437	-	3,086,437
Environmental protection	-	512,136	-	512,136
Recreation and community facilities	-	69,195	-	69,195
Debt Service:				
Principal	95,676	75,000	-	170,676
Interest	1,695	2,201	-	3,896
Total expenditures	<u>1,041,362</u>	<u>4,383,164</u>	<u>-</u>	<u>5,424,526</u>
Revenues over (under) expenditures	<u>(134,405)</u>	<u>(389,062)</u>	<u>2,815</u>	<u>(520,652)</u>
Other financing sources (uses)				
Transfers in	895	93,900	-	94,795
Transfers out	-	(78,568)	-	(78,568)
Total other financing sources (uses)	<u>895</u>	<u>15,332</u>	<u>-</u>	<u>16,227</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>(133,510)</u>	<u>(373,730)</u>	<u>2,815</u>	<u>(504,425)</u>
Fund balances				
Beginning	810,438	9,547,269	36,682	10,394,389
Ending	<u>\$ 676,928</u>	<u>\$ 9,173,539</u>	<u>\$ 39,497</u>	<u>\$ 9,889,964</u>

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
(With Comparative Actual Amounts For Year Ended June 30, 2018)**

	Budget	Variance Positive (Negative)	2019 Actual	2018 Actual
Revenues				
Restricted intergovernmental	\$ 891,636	\$ -	\$ 891,636	\$ 799,302
Interest earned on investments	3,704	11,617	15,321	11,188
Total revenues	<u>895,340</u>	<u>11,617</u>	<u>906,957</u>	<u>810,490</u>
Expenditures				
Current				
Public safety				
Other operating expenditures	1,038,040	94,049	943,991	924,072
Total public safety	<u>1,038,040</u>	<u>94,049</u>	<u>943,991</u>	<u>924,072</u>
Debt service				
Principal	95,676	-	95,676	94,010
Interest	1,695	-	1,695	3,360
Total debt service	<u>97,371</u>	<u>-</u>	<u>97,371</u>	<u>97,370</u>
Total expenditures	<u>1,135,411</u>	<u>94,049</u>	<u>1,041,362</u>	<u>1,021,442</u>
Revenues over (under) expenditures	<u>(240,071)</u>	<u>105,666</u>	<u>(134,405)</u>	<u>(210,952)</u>
Other financing sources (uses)				
Appropriated fund balance	240,071	(240,071)	-	-
Transfers in	-	895	895	-
Total other financing sources (uses)	<u>240,071</u>	<u>(239,176)</u>	<u>895</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (133,510)</u>	<u>(133,510)</u>	<u>(210,952)</u>
Fund balance				
Beginning			810,438	1,021,390
Ending			<u>\$ 676,928</u>	<u>\$ 810,438</u>

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
Federal grants	\$ 33,640,631	\$ 8,496,972	\$ (173,124)	\$ 2,777,387	\$ 11,101,235
State grants	6,678,110	1,782,079	(418,443)	937,759	2,301,395
County	12,152	72,550	(48,194)	10,648	35,004
Total restricted intergovernmental	40,330,893	10,351,601	(639,761)	3,725,794	13,437,634
Miscellaneous	3,149,525	195,346	-	148,641	343,987
Interest earned on investments	3,763	544,735	-	119,667	664,402
Total revenues	43,484,181	11,091,682	(639,761)	3,994,102	14,446,023
Expenditures					
Current					
Public safety	2,899,480	2,023,915	(697,047)	638,195	1,965,063
Economic and physical development	35,259,855	6,936,638	-	3,086,437	10,023,075
Environmental protection	4,727,250	1,484,416	-	512,136	1,996,552
Recreation and community facilities	1,378,777	894,518	-	69,195	963,713
Total current	44,265,362	11,339,487	(697,047)	4,305,963	14,948,403
Debt service	315,225	238,204	-	77,201	315,405
Total expenditures	44,580,587	11,577,691	(697,047)	4,383,164	15,263,808
Revenues over (under) expenditures	(1,096,406)	(486,009)	57,286	(389,062)	(817,785)
Other financing sources (uses)					
Transfers in	1,179,263	1,118,478	(57,286)	93,900	1,155,092
Transfers out	(82,857)	(4,289)	-	(78,568)	(82,857)
Total other financing sources (uses)	1,096,406	1,114,189	(57,286)	15,332	1,072,235
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 628,180	\$ -	(373,730)	\$ 254,450
Fund balance					
Beginning				9,547,269	
Ending				<u>\$ 9,173,539</u>	

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	Project Authorization	Prior Years	Closed Projects	Current Year	Total to Date
Expenditures by project:					
Public safety					
Federal and State Forfeiture	\$ 1,210,379	\$ 489,886	\$ -	\$ 191,432	\$ 681,318
Juvenile Restitution	77,985	421,390	(421,390)	68,322	68,322
Cumberland County STARS Drug Treatment Court	-	237,900	(237,900)	-	-
Fire - USAR Equipment/Training	45,000	44,937	-	-	44,937
Fire - USAR Equipment	30,000	29,879	-	-	29,879
Fire - Safety Awareness	10,000	5,250	-	4,750	10,000
Fire - Homeland Security	30,000	5,960	-	24,040	30,000
Fayetteville Cyber Crime Project	-	37,757	(37,757)	-	-
Governor's Crime Comm. - EKG 2017	27,578	-	-	20,774	20,774
Governor's Crime Comm. - Interactive Policing	13,944	-	-	-	-
FY14 Violent Gang and Gun Crime Reduction	298,132	281,462	-	-	281,462
2015 National Sexual Assault Initiative	363,090	246,098	-	51,610	297,708
2016 National Sexual Assault Initiative	793,372	223,396	-	277,267	500,663
Total public safety	2,899,480	2,023,915	(697,047)	638,195	1,965,063
Economic and physical development					
Community Development Block Grant	6,486,561	4,004,512	-	999,008	5,003,520
HOME	5,717,007	2,633,159	-	906,453	3,539,612
Fort Bragg Force Reduction	299,563	265,420	-	-	265,420
Downtown Public Art Project	34,500	20,811	-	-	20,811
Disaster recovery program	150,000	1,200	-	99,373	100,573
Downtown urban design plan	100,000	-	-	100,000	100,000
Downtown parking management plan	100,000	-	-	83,900	83,900
CDBG - Disaster recovery grant	15,325,000	10,717	-	77,196	87,913
Rural economic development grants	590,000	-	-	52,500	52,500
Hazard mitigation grant program	4,554,593	819	-	768,007	768,826
State Acquisition and Relocation Funds (SARF)	1,573,000	-	-	-	-
Rural Housing Recovery Grant	329,631	-	-	-	-
Total economic and physical development	35,259,855	6,936,638	-	3,086,437	10,023,075
Environmental protection					
Cross Creek debris removal	713,853	637,028	-	-	637,028
Multi-Creek debris removal	993,000	685,000	-	-	685,000
Cross Creek cemetery bank	345,697	-	-	-	-
Bones & Beaver Creek debris removal	786,510	-	-	114,197	114,197
Cross Creek bank stabilization	1,314,445	149,577	-	368,939	518,516
Cross Creek grave relocation	573,745	12,811	-	29,000	41,811
Total environmental protection	4,727,250	1,484,416	-	512,136	1,996,552
Recreation and community facilities					
Wayfinding signage	500,586	398,812	-	4,460	403,272
Big Cross Creek Multiuse Trail	800,000	474,015	-	26,010	500,025
Tree Inventory Phase II	30,001	21,691	-	-	21,691
Adaptive sports for disabled veterans	15,000	-	-	13,737	13,737
Healthy out of school time meals programs	25,000	-	-	24,988	24,988
Cumberland Community Foundation	8,190	-	-	-	-
Total recreation and community facilities	1,378,777	894,518	-	69,195	963,713
Total expenditures by project	\$ 44,265,362	\$ 11,339,487	\$ (697,047)	\$ 4,305,963	\$ 14,948,403

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental					
County grants and contributions	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ 130,000
Total restricted intergovernmental	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
Miscellaneous					
Other (donations)	1,936,394	1,934,644	-	1,950	1,936,594
Total miscellaneous	<u>1,936,394</u>	<u>1,934,644</u>	<u>-</u>	<u>1,950</u>	<u>1,936,594</u>
Interest earned on investments	<u>47,490</u>	<u>47,905</u>	<u>-</u>	<u>865</u>	<u>48,770</u>
Total revenues	<u>2,113,884</u>	<u>2,112,549</u>	<u>-</u>	<u>2,815</u>	<u>2,115,364</u>
Expenditures					
Current					
Recreational and community facilities					
Linear Park	2,163,963	2,125,946	-	-	2,125,946
Total expenditures	<u>2,163,963</u>	<u>2,125,946</u>	<u>-</u>	<u>-</u>	<u>2,125,946</u>
Revenues over (under) expenditures	<u>(50,079)</u>	<u>(13,397)</u>	<u>-</u>	<u>2,815</u>	<u>(10,582)</u>
Other financing sources (uses)					
Transfers in (out)	50,079	50,079	-	-	50,079
Total other financing sources (uses)	<u>50,079</u>	<u>50,079</u>	<u>-</u>	<u>-</u>	<u>50,079</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 36,682</u>	<u>\$ -</u>	<u>2,815</u>	<u>\$ 39,497</u>
Fund balance					
Beginning				36,682	
Ending				<u>\$ 39,497</u>	

2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

City of
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Capital Project Funds

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

The following comprise the City's Capital Project Funds:

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

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

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

Combining Balance Sheet Nonmajor Capital Project Funds

June 30, 2019

	General Government Fund	Public Safety Fund	Transportation Fund	Recreational and Cultural Fund	Recreational and Cultural Bond Fund	Environmental Protection Fund	Total Nonmajor Capital Project Funds
Assets							
Cash and investments	\$ 948,263	\$ 560,753	\$ 4,996,809	\$ 1,916,362	\$ -	\$ -	\$ 8,422,187
Accounts receivable	-	-	565,978	17,283	286,899	34,747	904,907
Due from other governments	11,561	48,311	1,859,808	127,174	19,785	1,939,996	4,006,635
Restricted cash and investments	-	-	-	3,449,800	14,420,788	-	17,870,588
Restricted accounts receivable	-	-	-	1,254	-	-	1,254
Interfund receivable	1,698,750	-	695,522	-	-	-	2,394,272
Total assets	<u>\$ 2,658,574</u>	<u>\$ 609,064</u>	<u>\$ 8,118,117</u>	<u>\$ 5,511,873</u>	<u>\$ 14,727,472</u>	<u>\$ 1,974,743</u>	<u>\$ 33,599,843</u>
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable and accrued expenses	\$ 215,490	\$ 18,066	\$ 669,425	\$ 583,359	\$ 117,226	\$ 498,994	\$ 2,102,560
Unearned revenue	-	-	68,335	452,706	-	-	521,041
Interfund payables	-	-	-	-	372,077	1,475,749	1,847,826
Total liabilities	<u>215,490</u>	<u>18,066</u>	<u>737,760</u>	<u>1,036,065</u>	<u>489,303</u>	<u>1,974,743</u>	<u>4,471,427</u>
Fund balances:							
Restricted							
Stabilization by State Statute	2,443,084	152,360	7,343,184	1,816,423	858,192	5,073,475	17,686,718
Recreation and community facilities	-	-	-	783,209	13,379,977	-	14,163,186
Committed							
Administration	-	-	-	-	-	-	-
Public safety	-	438,638	-	-	-	-	438,638
Transportation	-	-	37,173	-	-	-	37,173
Recreation and community facilities	-	-	-	1,876,176	-	-	1,876,176
Unassigned	-	-	-	-	-	(5,073,475)	(5,073,475)
Total fund balances	<u>2,443,084</u>	<u>590,998</u>	<u>7,380,357</u>	<u>4,475,808</u>	<u>14,238,169</u>	<u>-</u>	<u>29,128,416</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,658,574</u>	<u>\$ 609,064</u>	<u>\$ 8,118,117</u>	<u>\$ 5,511,873</u>	<u>\$ 14,727,472</u>	<u>\$ 1,974,743</u>	<u>\$ 33,599,843</u>

City of Fayetteville, North Carolina

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

Year Ended June 30, 2019

	General Government Fund	Public Safety Fund	Transportation Fund	Recreational and Cultural Fund	Recreational and Cultural Bond Fund	Environmental Protection Fund	Total Nonmajor Capital Project Funds
Revenues							
Restricted intergovernmental	\$ 39,381	\$ 99,114	\$ 748,064	\$ 218,477	\$ -	\$ 1,607,220	\$ 2,712,256
Miscellaneous	-	-	5,319	34,668	1,395	-	41,382
Interest earned on investments	515	442	-	25,829	34,162	-	60,948
Total revenues	<u>39,896</u>	<u>99,556</u>	<u>753,383</u>	<u>278,974</u>	<u>35,557</u>	<u>1,607,220</u>	<u>2,814,586</u>
Expenditures							
Capital outlay	2,009,203	304,853	7,786,952	2,060,267	1,532,711	1,607,220	15,301,206
Total expenditures	<u>2,009,203</u>	<u>304,853</u>	<u>7,786,952</u>	<u>2,060,267</u>	<u>1,532,711</u>	<u>1,607,220</u>	<u>15,301,206</u>
Revenues over (under) expenditures	<u>(1,969,307)</u>	<u>(205,297)</u>	<u>(7,033,569)</u>	<u>(1,781,293)</u>	<u>(1,497,154)</u>	<u>-</u>	<u>(12,486,620)</u>
Other financing sources (uses)							
Issuance of debt	-	-	-	3,134,716	17,650,720	-	20,785,436
Transfers in	2,027,232	544,010	6,062,609	589,773	-	-	9,223,624
Transfers out	(980,912)	(308,200)	(332,617)	(39,769)	-	(318,989)	(1,980,487)
Total other financing sources (uses)	<u>1,046,320</u>	<u>235,810</u>	<u>5,729,992</u>	<u>3,684,720</u>	<u>17,650,720</u>	<u>(318,989)</u>	<u>28,028,573</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>(922,987)</u>	<u>30,513</u>	<u>(1,303,577)</u>	<u>1,903,427</u>	<u>16,153,566</u>	<u>(318,989)</u>	<u>15,541,953</u>
Fund balance							
Beginning	3,366,071	560,485	8,683,934	2,572,381	(1,915,397)	318,989	13,586,463
Ending	<u>\$ 2,443,084</u>	<u>\$ 590,998</u>	<u>\$ 7,380,357</u>	<u>\$ 4,475,808</u>	<u>\$ 14,238,169</u>	<u>\$ -</u>	<u>\$ 29,128,416</u>

City of Fayetteville, North Carolina

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Government Fund
From Inception And For Year Ended June 30, 2019**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Restricted intergovernmental					
Federal grants	\$ 342,702	\$ 1,672,384	\$ (1,519,776)	\$ 16,403	\$ 169,011
State grants	390,056	64,649	-	12,978	77,627
Local	10,000	-	-	10,000	10,000
Total restricted intergovernmental	<u>742,758</u>	<u>1,737,033</u>	<u>(1,519,776)</u>	<u>39,381</u>	<u>256,638</u>
Miscellaneous					
Other	142,812	142,812	-	-	142,812
Interest earned on investments	-	876	-	515	1,391
Total revenues	<u>885,570</u>	<u>1,880,721</u>	<u>(1,519,776)</u>	<u>39,896</u>	<u>400,841</u>
Expenditures					
Capital outlay					
Computer replacements	4,486,129	3,066,481	-	988,014	4,054,495
Enterprise-wide GIS	477,162	274,194	-	67,801	341,995
Disaster recovery system	927,318	648,011	-	18,595	666,606
Laserfiche Rio System	-	161,711	(161,711)	-	-
Uninterruptible power supply	58,650	37,878	-	-	37,878
Virtual server expansion	192,034	136,835	-	49,425	186,260
Wireless network expansion	266,622	259,388	-	6,891	266,279
Building maintenance projects	7,903,461	4,680,285	-	551,823	5,232,108
Parking lot maintenance projects	192,609	86,805	-	98,574	185,379
Emergency generator connection	137,300	-	-	-	-
Energy Efficiency Conservation Block Grant (ARRA)	-	1,512,276	(1,512,276)	-	-
Internet telephone system	435,000	386,305	-	33,311	419,616
Time and attendance system	641,573	562,111	-	227	562,338
E-mail system upgrade	330,052	216,925	-	-	216,925
External website for the City	200,000	151,124	-	19,520	170,644
Org Performance Mgmt System	102,980	80,688	-	6,250	86,938
Plans review software	108,500	108,500	-	-	108,500
JDE/Laserfiche integration	15,000	-	-	15,000	15,000
Laserfiche quickfields	16,410	-	-	16,080	16,080
LSDBE tracking software	64,500	-	-	-	-
Centralized data warehouse	15,000	-	-	13,500	13,500
Direct fiber connection	176,172	-	-	-	-
Single internet domain	210,000	-	-	-	-
Server replacement	42,000	-	-	41,463	41,463
Alexander Street facility Hurr Matthew repairs	635,125	346,290	-	21,870	368,160
Cross Creek / 280 Lamon St. Hurr Matthew repairs	312,633	13,780	-	7,509	21,289
Council chamber upgrades	53,485	-	-	53,350	53,350
Total expenditures	<u>17,999,715</u>	<u>12,729,587</u>	<u>(1,673,987)</u>	<u>2,009,203</u>	<u>13,064,803</u>
Revenues over (under) expenditures	<u>(17,114,145)</u>	<u>(10,848,866)</u>	<u>154,211</u>	<u>(1,969,307)</u>	<u>(12,663,962)</u>
Other financing sources (uses)					
Issuance of debt	3,094,000	1,800,000	-	-	1,800,000
Transfers in	15,666,839	13,159,204	(232,696)	2,027,232	14,953,740
Transfer out	(1,646,694)	(744,267)	78,485	(980,912)	(1,646,694)
Total other financing sources (uses)	<u>17,114,145</u>	<u>14,214,937</u>	<u>(154,211)</u>	<u>1,046,320</u>	<u>15,107,046</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 3,366,071</u>	<u>\$ -</u>	<u>(922,987)</u>	<u>\$ 2,443,084</u>
Fund balance					
Beginning				3,366,071	
Ending				<u>\$ 2,443,084</u>	

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
Federal grants and contributions	\$ 995,958	\$ 804,552	\$ (150,042)	\$ 99,114	\$ 753,624
Local	530,000	529,811	-	-	529,811
Total restricted intergovernmental	1,525,958	1,334,363	(150,042)	99,114	1,283,435
Interest earned on investments	-	12,620	-	442	13,062
Total revenues	1,525,958	1,346,983	(150,042)	99,556	1,296,497
Expenditures					
Capital outlay					
Fire station #12	4,100,000	3,779,507	-	48,854	3,828,361
Police department CAD and RMS	3,209,917	3,134,326	-	-	3,134,326
Police department 800mhz radios	6,726,694	6,271,384	-	2,629	6,274,013
Justice assistance grants	332,358	180,591	(80,350)	63,378	163,619
Homeland security grants	59,700	54,447	(29,990)	29,700	54,157
FPD Glassdoor Initiative	1,060,000	1,059,622	-	-	1,059,622
NIBRS transition process	73,900	-	-	6,036	6,036
Enhanced security systems	251,851	69,851	-	123,006	192,857
Automated alarm	27,260	-	-	21,260	21,260
Terrain modeling software	16,750	-	-	9,990	9,990
Police 800MHz radio lease	-	3,510,922	(3,510,922)	-	-
Fire hazardous materials response equipment	-	27,373	(27,373)	-	-
Fire call notification and paging system	-	94,527	(94,527)	-	-
Fire Homeland Security mobile command	-	12,329	(12,329)	-	-
Fire station 4 relocation	500,000	-	-	-	-
Total expenditures	16,358,430	18,194,879	(3,755,491)	304,853	14,744,241
Revenues over (under) expenditures	(14,832,472)	(16,847,896)	3,605,449	(205,297)	(13,447,744)
Other financing sources (uses)					
Issuance of debt	12,651,080	15,652,122	(3,450,845)	-	12,201,277
Transfers in	4,811,692	4,107,943	(184,188)	544,010	4,467,765
Transfers out	(2,630,300)	(2,351,684)	29,584	(308,200)	(2,630,300)
Total other financing sources (uses)	14,832,472	17,408,381	(3,605,449)	235,810	14,038,742
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 560,485	\$ -	30,513	\$ 590,998
Fund balance					
Beginning				560,485	
Ending				<u>\$ 590,998</u>	

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
Federal grants	\$ 5,881,547	\$ 2,239,064	\$ -	\$ 564,099	\$ 2,803,163
State grants	2,210,174	1,650,902	-	183,965	1,834,867
Total restricted intergovernmental	<u>8,091,721</u>	<u>3,889,966</u>	<u>-</u>	<u>748,064</u>	<u>4,638,030</u>
Miscellaneous					
Owner contributions	138,740	136,180	-	5,319	141,499
Other	10,204	10,204	-	-	10,204
Total miscellaneous	<u>148,944</u>	<u>146,384</u>	<u>-</u>	<u>5,319</u>	<u>151,703</u>
Interest earned on investments	<u>6,524</u>	<u>6,589</u>	<u>-</u>	<u>-</u>	<u>6,589</u>
Total revenues	<u>8,247,189</u>	<u>4,042,939</u>	<u>-</u>	<u>753,383</u>	<u>4,796,322</u>
Expenditures					
Capital outlay					
Thoroughfare streetlights	225,000	68,881	-	13,503	82,384
Sidewalks	4,346,805	779,931	(244,839)	240,559	775,651
Municipal agreement projects	1,783,097	897,865	-	17,290	915,155
Comprehensive pedestrian plan	55,000	55,000	-	(1,645)	53,355
Comprehensive bicycle plan	95,000	95,000	-	-	95,000
Transportation improvements	22,454,886	14,801,386	(505,664)	5,101,460	19,397,182
Rowan Street bridge	382,655	-	-	-	-
Other bridge replacements	2,503,140	390,781	-	1,676,383	2,067,164
Railroad cabinet relocation	-	90,763	(90,763)	-	-
Hurricane Matthew repairs	5,347,430	3,127,808	-	722,491	3,850,299
Sykes Pond Road flood damage	950,000	58,690	-	16,911	75,601
Total expenditures	<u>38,143,013</u>	<u>20,366,105</u>	<u>(841,266)</u>	<u>7,786,952</u>	<u>27,311,791</u>
Revenues (over) under expenditures	<u>(29,895,824)</u>	<u>(16,323,166)</u>	<u>841,266</u>	<u>(7,033,569)</u>	<u>(22,515,469)</u>
Other financing sources (uses)					
Transfers in	30,378,442	25,240,160	(924,326)	6,062,609	30,378,443
Transfers out	(482,618)	(233,060)	83,060	(332,617)	(482,617)
Total other financing sources (uses)	<u>29,895,824</u>	<u>25,007,100</u>	<u>(841,266)</u>	<u>5,729,992</u>	<u>29,895,826</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 8,683,934</u>	<u>\$ -</u>	<u>(1,303,577)</u>	<u>\$ 7,380,357</u>
Fund balance					
Beginning				8,683,934	
Ending				<u>\$ 7,380,357</u>	

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
Federal grants and contributions	\$ 1,414,629	\$ 353,019	\$ (14,091)	\$ 108,918	\$ 447,846
State grants and contributions	20,009,412	18,466,184	-	92,272	18,558,456
Local	48,750	101,265	(101,265)	17,287	17,287
Total restricted intergovernmental	21,472,791	18,920,468	(115,356)	218,477	19,023,589
Miscellaneous					
Other	323,278	737,337	-	34,668	772,005
Donations	309,715	309,715	-	-	309,715
Total miscellaneous	632,993	1,047,052	-	34,668	1,081,720
Interest earned on investments	529,871	580,876	-	25,829	606,705
Total revenues	22,635,655	20,548,396	(115,356)	278,974	20,712,014
Expenditures					
Capital outlay					
Freedom Park	566,385	564,291	-	169	564,460
NC State Veterans Park	3,092,641	2,326,095	-	-	2,326,095
NC State Veterans Park #2	14,050,000	13,788,248	-	-	13,788,248
Playground equipment and improvements	823,784	658,541	-	161,277	819,818
Reid Ross track facility	-	174,346	(174,346)	-	-
Rec Trac Software	61,153	49,243	-	7,468	56,711
Cape Fear River Trail Phase 2	6,986,060	4,011,945	-	21,630	4,033,575
Cape Fear River Trail Connector	286,392	72,341	-	13,070	85,411
NCFS Forestry Program	-	28,182	(28,182)	-	-
Aquatic Center at Westover	-	2,083,236	(2,083,236)	-	-
Tree Project	159,826	83,437	-	16,562	99,999
Lafayette Park pedestrian bridge	216,907	48,141	-	161,191	209,332
Mazarick Park play area	55,000	18,645	-	-	18,645
Douglas Byrd concession stand	-	-	-	-	-
Linear Park path, steps and overlook	79,593	3,693	-	34,424	38,117
Cross Creek/Union St. bridge	26,149	10,430	-	-	10,430
Reid Ross track resurfacing	100,000	-	-	87,286	87,286
Land Acquisition Big Cross Creek	52,000	-	-	-	-
College Lakes Aquatic Center	-	2,762,122	(2,762,122)	-	-
Hurricane Matthew repairs	328,452	61,385	-	89,255	150,640
Blount's Creek Trail III	93,750	-	-	-	-
Lake Rim aquatic center	3,139,414	-	-	1,467,935	1,467,935
Total expenditures	30,117,506	26,744,321	(5,047,886)	2,060,267	23,756,702
Revenues over (under) expenditures	(7,481,851)	(6,195,925)	4,932,530	(1,781,293)	(3,044,688)
Other financing sources (uses)					
Issuance of debt	3,141,769	2,356	-	3,134,716	3,137,072
Sale of capital assets	695,353	738,695	-	-	738,695
Transfers in	3,715,653	8,058,410	(4,932,530)	589,773	3,715,653
Transfers out	(70,924)	(31,155)	-	(39,769)	(70,924)
Total other financing sources (uses)	7,481,851	8,768,306	(4,932,530)	3,684,720	7,520,496
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 2,572,381	\$ -	1,903,427	\$ 4,475,808
Fund balance					
Beginning				2,572,381	
Ending				<u>4,475,808</u>	

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	<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	\$ -	\$ -	\$ -	\$ -	\$ -
State grants and contributions	250,000	250,000	-	-	250,000
Local	100,000	-	-	-	-
Total restricted intergovernmental	<u>350,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Miscellaneous					
Other	70,000	66,505	-	1,395	67,900
Total miscellaneous	<u>70,000</u>	<u>66,505</u>	<u>-</u>	<u>1,395</u>	<u>67,900</u>
Interest earned on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,162</u>	<u>34,162</u>
Total revenues	<u>420,000</u>	<u>316,505</u>	<u>-</u>	<u>35,557</u>	<u>352,062</u>
Expenditures					
Capital outlay					
Bond program implementation	345,000	96,615	-	167,800	264,415
Brentwood School Park	100,000	78,450	-	-	78,450
Clark Park improvements	175,000	42,620	-	58,497	101,117
Mazarick Park improvements	50,000	19,944	-	1,398	21,342
Seabrook Park improvements	100,000	68,594	-	16,780	85,374
D. Gilmore Therapeutic Rec Center	300,000	1,952	-	20,333	22,285
Massey Hill Recreation Center	365,000	349,815	-	3,125	352,940
Kiwanis splash pad	428,125	428,049	-	38	428,087
Cliffdale splash pad	-	3,061	-	(3,061)	-
E.E. Miller splash pad	-	161,682	-	(161,682)	-
Massey Hill splash pad	428,125	419,071	-	1,515	420,586
Western Senior Center	7,000,000	129,315	-	891,110	1,020,425
Downtown skate park	1,000,000	38,194	-	28,961	67,155
Gilmore splash pad	429,167	-	-	110,608	110,608
Myers Rec splash pad	429,167	341,530	-	69,211	410,741
Downtown stadium splash pad	380,000	-	-	233,692	233,692
Senior/Wellness feasibility study	60,000	53,010	-	2,790	55,800
Senior Center East	2,100,000	-	-	91,596	91,596
Sports field complex	600,000	-	-	-	-
Jordan soccer complex	250,000	-	-	-	-
Total expenditures	<u>14,539,584</u>	<u>2,231,902</u>	<u>-</u>	<u>1,532,711</u>	<u>3,764,613</u>
Revenues over (under) expenditures	<u>(14,119,584)</u>	<u>(1,915,397)</u>	<u>-</u>	<u>(1,497,154)</u>	<u>(3,412,551)</u>
Other financing sources (uses)					
Issuance of debt	14,119,584	-	-	17,650,720	17,650,720
Total other financing sources (uses)	<u>14,119,584</u>	<u>-</u>	<u>-</u>	<u>17,650,720</u>	<u>17,650,720</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (1,915,397)</u>	<u>\$ -</u>	<u>16,153,566</u>	<u>\$ 14,238,169</u>
Fund balance					
Beginning				(1,915,397)	
Ending				<u>\$ 14,238,169</u>	

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	<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	\$ 6,149,304	\$ 351,697	\$ -	\$ 1,205,415	\$ 1,557,112
State grants and contributions	2,049,768	117,232	-	401,805	519,037
Total restricted intergovernmental	<u>8,199,072</u>	<u>468,929</u>	<u>-</u>	<u>1,607,220</u>	<u>2,076,149</u>
Total revenues	<u>8,199,072</u>	<u>468,929</u>	<u>-</u>	<u>1,607,220</u>	<u>2,076,149</u>
Expenditures					
Capital outlay					
Mirror Lake Dam Restoration	5,238,861	421,654	-	1,428,597	1,850,251
Brentwood Lower Dam Restoration	3,279,200	47,275	-	178,623	225,898
Total expenditures	<u>8,518,061</u>	<u>468,929</u>	<u>-</u>	<u>1,607,220</u>	<u>2,076,149</u>
Revenues over (under) expenditures	<u>(318,989)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	637,978	318,989	-	-	318,989
Transfers out	(318,989)	-	-	(318,989)	(318,989)
Total other financing sources (uses)	<u>318,989</u>	<u>318,989</u>	<u>-</u>	<u>(318,989)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 318,989</u>	<u>\$ -</u>	<u>(318,989)</u>	<u>\$ -</u>
Fund balance					
Beginning				318,989	
Ending				<u>\$ -</u>	

2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

City of
Fayetteville
North Carolina

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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2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

City of
Fayetteville
North Carolina

Enterprise Funds

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

The following comprise the City's Enterprise Funds:

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

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
(With Comparative Actual Amounts for Year Ended June 30, 2018)**

	Budget	Variance Positive (Negative)	2019 Actual	2018 Actual
Operating revenues				
Charges for services	\$ 11,061,170	\$ 93,995	\$ 11,155,165	\$ 7,832,101
Other revenue from operations	22,440	8,824	31,264	29,348
Total operating revenues	<u>11,083,610</u>	<u>102,819</u>	<u>11,186,429</u>	<u>7,861,449</u>
Operating expenditures				
Salaries and employee benefits	2,489,799	349,831	2,139,968	2,210,238
Other operating expenditures	3,063,048	1,783,304	1,279,744	1,572,334
Capital outlay	4,185	4,185	-	57,734
Cost redistribution	75,000	-	75,000	75,000
Total operating expenditures	<u>5,632,032</u>	<u>2,137,320</u>	<u>3,494,712</u>	<u>3,915,306</u>
Operating income (loss)	<u>5,451,578</u>	<u>2,240,139</u>	<u>7,691,717</u>	<u>3,946,143</u>
Nonoperating revenues (expenditures)				
Federal grants	37,500	13,627	51,127	25,088
State grants	12,500	4,542	17,042	8,363
Miscellaneous	123,522	12,608	136,130	130,101
Interest earned on investments	6,970	59,292	66,262	30,038
Debt service - principal payment	(715,030)	-	(715,030)	(690,030)
Interest expense	(202,051)	-	(202,051)	(223,056)
Nonoperating revenues (expenditures)	<u>(736,589)</u>	<u>90,069</u>	<u>(646,520)</u>	<u>(719,496)</u>
Revenues over (under) expenditures	<u>4,714,989</u>	<u>2,330,208</u>	<u>7,045,197</u>	<u>3,226,647</u>
Other financing sources (uses)				
Sale of capital assets	-	15,588	15,588	35,158
Transfers out	(4,714,989)	-	(4,714,989)	(3,855,451)
Total other financing sources (uses)	<u>(4,714,989)</u>	<u>15,588</u>	<u>(4,699,401)</u>	<u>(3,820,293)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 2,345,796</u>	<u>\$ 2,345,796</u>	<u>\$ (593,646)</u>
Reconciliation of change in net position				
Total revenues			\$ 11,472,578	\$ 8,090,197
Total expenditures			9,126,782	8,683,843
Subtotal			<u>2,345,796</u>	<u>(593,646)</u>
Depreciation			(891,391)	(823,771)
Change in accrued vacation			(14,758)	5,161
Net OPEB expense			(19,564)	(65,219)
LGERS expense			(15,602)	(32,889)
Proceeds from sale of assets			(15,588)	(35,158)
Gain (loss) on disposal of assets			15,588	35,158
Principal payment			715,030	690,030
Capital outlay			-	57,734
Unearned revenue			4,955	12,349
Bad debt expense			(1,708)	(1,112)
Accrued interest			8,953	9,263
Subtotal			<u>(214,085)</u>	<u>(148,454)</u>
Change in net position			<u>\$ 2,131,711</u>	<u>\$ (742,100)</u>

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Restricted intergovernmental					
State grants	\$ 1,207,572	\$ 309,500	\$ -	\$ 409,530	\$ 719,030
Total restricted intergovernmental	<u>1,207,572</u>	<u>309,500</u>	<u>-</u>	<u>409,530</u>	<u>719,030</u>
Interest earned on investments	233,658	407,474	-	279,626	687,100
Total revenues	<u>1,441,230</u>	<u>716,974</u>	<u>-</u>	<u>689,156</u>	<u>1,406,130</u>
Expenditures					
Current					
Environmental Protection					
Yadkin Road	3,975,528	1,664,861	-	1,821,016	3,485,877
Regiment	65,000	49,068	-	5,705	54,773
Spruce St - phase II	527,182	134,611	-	226,727	361,338
Godfrey Outfall	1,001,545	988,052	-	-	988,052
Buckhead Creek watershed	888,121	838,569	-	43,657	882,226
Roxie Ave phase I	1,400,230	270,659	-	17,400	288,059
Buckhead Kingsford	1,726,841	1,726,841	-	-	1,726,841
Bonnie Doone (west outfall 3)	527,395	538,019	-	(10,625)	527,394
Coventry Road culvert stream imp	1,385,308	1,559,975	-	(174,669)	1,385,306
Boonie Doone area 12	142,350	127,894	-	1	127,895
Boonie Doone area 5	1,539,272	53,923	-	4,275	58,198
Godfrey Outfall phase II	689,625	697,232	-	(7,609)	689,623
Ferncreek Norwood	112,350	88,114	-	-	88,114
Emergency repair at Mcgilvary Street	255,534	247,108	-	-	247,108
Spot repair program	1,536,083	887,256	-	266,712	1,153,968
Person St innovative stormwater greenscape	581,814	581,813	-	-	581,813
Beaver Creek watershed study	550,000	235,242	-	297,267	532,509
Broyhill Drive drainage improvements	192,490	12,092	-	23,219	35,311
Bonnie Doone, area 2	589,050	23,326	-	11,761	35,087
Dry detention Sycamore Dairy Road	28,000	-	-	-	-
Neville Street stormwater improvements	613,344	56,495	-	30,866	87,361
North Street stormwater improvements	1,155,043	65,929	-	72,436	138,365
Shoreline Drive culvert	861,577	48,928	-	781,576	830,504
Liberty Hills subdivision	844,372	153,031	-	563,808	716,839
Market House Square	322,000	-	-	254,075	254,075
Beaver Creek 1 watershed study	490,091	-	-	-	-
Beaver Creek 3 watershed study	187,000	-	-	-	-
Cape Fear 1 watershed study	319,000	-	-	-	-
Caper Fear 2 watershed study	170,500	-	-	-	-
FY19 program management watershed study	920,659	-	-	109,645	109,645
Sunbury Drive	142,128	-	-	88,222	88,222
Louise Street	470,000	-	-	-	-
Spruce Sreet Acorn	520,000	-	-	44,143	44,143
Breezewood	101,094	-	-	51,409	51,409
Raeford Road sidewalk drainage improvements	78,313	-	-	-	-
Stormwater drainage miscellaneous	4,178,816	2,120,659	-	656,417	2,777,076
Total expenditures	<u>29,087,655</u>	<u>13,169,697</u>	<u>-</u>	<u>5,177,434</u>	<u>18,347,131</u>
Revenues over (under) expenditures	<u>(27,646,425)</u>	<u>(12,452,723)</u>	<u>-</u>	<u>(4,488,278)</u>	<u>(16,941,001)</u>
Other financing sources (uses)					
Bond proceeds	2,859,309	2,859,312	-	-	2,859,312
Transfers in	24,787,116	19,938,720	-	4,714,989	24,653,709
Total other financing sources (uses)	<u>27,646,425</u>	<u>22,798,032</u>	<u>-</u>	<u>4,714,989</u>	<u>27,513,021</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 10,345,309</u>	<u>\$ -</u>	<u>\$ 226,711</u>	<u>\$ 10,572,020</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over (under) expenditures				\$ 226,711	
Capital outlay				5,177,434	
Non-capitalizable items				(124,703)	
Change in net position				<u>\$ 5,279,442</u>	

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
(With Comparative Actual Amounts for Year Ended June 30, 2018)**

	Budget	Variance Positive (Negative)	2019 Actual	2018 Actual
Operating revenues				
Charges for services	\$ 1,115,145	\$ (32,818)	\$ 1,082,327	\$ 1,162,788
Other revenues from operations	241,624	(43,634)	197,990	141,032
Total operating revenues	<u>1,356,769</u>	<u>(76,452)</u>	<u>1,280,317</u>	<u>1,303,820</u>
Operating expenditures				
Salaries and employee benefits	6,546,711	178,209	6,368,502	6,159,429
Other operating expenditures	3,474,554	330,400	3,144,154	2,967,279
Capital outlay	15,580	15,580	-	-
Total operating expenditures	<u>10,036,845</u>	<u>524,189</u>	<u>9,512,656</u>	<u>9,126,708</u>
Operating loss	<u>(8,680,076)</u>	<u>447,737</u>	<u>(8,232,339)</u>	<u>(7,822,888)</u>
Nonoperating revenues (expenditures)				
Interest earned on investments	-	-	-	19
Federal grants	2,708,139	(80,912)	2,627,227	2,452,000
State grants	784,128	(4,423)	779,705	771,629
Vehicle fee revenue	628,290	7,895	636,185	630,716
Total nonoperating revenues (expenditures)	<u>4,120,557</u>	<u>(77,440)</u>	<u>4,043,117</u>	<u>3,854,364</u>
Revenues over (under) expenditures	<u>(4,559,519)</u>	<u>370,297</u>	<u>(4,189,222)</u>	<u>(3,968,524)</u>
Other financing sources (uses)				
Transfers in	4,886,213	(72,219)	4,813,994	3,842,362
Transfers out	(354,974)	1	(354,973)	-
Proceeds from sale of assets	6,000	(6,000)	-	26,021
Fund balance appropriation	22,280	(22,280)	-	-
Total other financing sources (uses)	<u>4,559,519</u>	<u>(100,498)</u>	<u>4,459,021</u>	<u>3,868,383</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 269,799</u>	<u>\$ 269,799</u>	<u>\$ (100,141)</u>
Reconciliation of change in net position:				
Total revenues			\$ 10,137,428	\$ 9,026,567
Total expenditures			9,867,629	9,126,708
Subtotal			<u>269,799</u>	<u>(100,141)</u>
Depreciation			(1,611,847)	(1,550,704)
Net OPEB expense			(58,611)	(178,488)
LGERS expense			(45,712)	(90,268)
Change in inventory			(3,809)	1,660
Decrease (increase) in accrued vacation			(7,737)	(9,100)
Bad debt expense			1,491	1,267
Unearned revenue			5,888	90
Proceeds from sale of assets			-	(26,021)
Gain (loss) on disposal of assets			-	14,844
Subtotal			<u>(1,720,337)</u>	<u>(1,836,720)</u>
Change in net position			<u>\$ (1,450,538)</u>	<u>\$ (1,936,861)</u>

City of Fayetteville, North Carolina

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

From Inception and for Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Federal grants	\$ 14,601,181	\$ 13,904,624	\$ 2,435,889	\$ 1,106,106	\$ 12,574,841
State grants	1,317,316	1,488,145	201,798	(6)	1,286,341
Miscellaneous	-	43,000	-	-	43,000
Total revenues	<u>15,918,497</u>	<u>15,435,769</u>	<u>2,637,687</u>	<u>1,106,100</u>	<u>13,904,182</u>
Expenditures					
Improvements & Enhancements (no grant)	426,863	423,581	-	-	423,581
FTA Capital 90.514	-	2,874,237	2,874,237	-	-
FTA 04.0055 Multimodal Transit Center	10,018,750	10,007,520	-	-	10,007,520
FTA 04.0054 Veterans Website	38,900	24,224	-	1,976	26,200
FTA Capital 90.548	503,140	444,542	-	55,722	500,264
FTA 57.x022 Sidewalk New Freedom	-	121,300	121,300	-	-
FTA 90.567 MMTC Downtown	2,279,375	2,279,374	-	-	2,279,374
FTA 90.567 Other Capital	105,038	93,031	-	12,006	105,037
FTA 90.592 FY15 Capital	727,583	696,922	-	30,660	727,582
FTA NC-2016-030 FY17 MMTC	645,100	416,696	-	134,895	551,591
MMTC Tenant Improvements	369,205	159,540	-	194,518	354,058
FTA NC-2016-030 FY17	400,822	369,112	-	31,649	400,761
FTA NC-2016-021 FY17	1,100,000	-	-	-	-
FTA NC-2017-031 FY17 Capital	854,752	88,479	-	675,631	764,110
FTA NC-2018-045 FY18 Capital	738,650	-	-	424,174	424,174
FTA NC-2018-069 FY18 Capital	72,725	-	-	-	-
FTA NC-2019-021 FY19 Capital	764,600	-	-	-	-
Total expenditures	<u>19,045,503</u>	<u>17,998,558</u>	<u>2,995,537</u>	<u>1,561,231</u>	<u>16,564,252</u>
Revenues over (under) expenditures	<u>(3,127,006)</u>	<u>(2,562,789)</u>	<u>(357,850)</u>	<u>(455,131)</u>	<u>(2,660,070)</u>
Other financing sources (uses)					
Proceeds from the sale of assets	-	6,250	-	-	6,250
Transfers in	4,192,066	4,191,898	357,850	309,773	4,143,821
Transfers out	(1,065,060)	(1,065,060)	-	-	(1,065,060)
Total other financing sources (uses)	<u>3,127,006</u>	<u>3,133,088</u>	<u>357,850</u>	<u>309,773</u>	<u>3,085,011</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 570,299</u>	<u>\$ -</u>	<u>\$ (145,358)</u>	<u>\$ 424,941</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over (under) expenditures				\$ (145,358)	
Capital outlay				1,561,231	
Non-capitalizable items				(67,126)	
Change in net position				<u>\$ 1,348,747</u>	

City of Fayetteville, North Carolina

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

From Inception and for Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Intergovernmental					
Federal grants	\$ 1,809,648	\$ 900,607	\$ 334,400	\$ 206,144	\$ 772,351
State grants	-	41,793	41,793	-	-
Total intergovernmental	<u>1,809,648</u>	<u>942,400</u>	<u>376,193</u>	<u>206,144</u>	<u>772,351</u>
Total revenues	<u>1,809,648</u>	<u>942,400</u>	<u>376,193</u>	<u>206,144</u>	<u>772,351</u>
Expenditures					
Current					
Transportation	2,011,248	1,094,784	418,000	254,352	931,136
Total expenditures	<u>2,011,248</u>	<u>1,094,784</u>	<u>418,000</u>	<u>254,352</u>	<u>931,136</u>
Revenues over (under) expenditures	<u>(201,600)</u>	<u>(152,384)</u>	<u>(41,807)</u>	<u>(48,208)</u>	<u>(158,785)</u>
Other financing sources (uses)					
Transfers in	266,600	267,068	41,807	45,200	270,461
Transfers out	(65,000)	(65,000)	-	-	(65,000)
Total other financing sources (uses)	<u>201,600</u>	<u>202,068</u>	<u>41,807</u>	<u>45,200</u>	<u>205,461</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 49,684</u>	<u>\$ -</u>	<u>\$ (3,008)</u>	<u>\$ 46,676</u>
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over expenditures				<u>(3,008)</u>	
Change in net position				<u>\$ (3,008)</u>	

City of Fayetteville, North Carolina

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

From Inception and for Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Expenditures by project:					
Transportation					
FTA 90.2514	\$ -	\$ 418,000	\$ 418,000	\$ -	\$ -
FTA 26.0008	15,560	1,051	-	13,311	14,362
FTA 90.2548	350,000	344,171	-	5,828	349,999
FTA 90.2592 FY15 Planning	375,000	181,041	-	148,985	330,026
FTA 16.2011	147,075	122,859	-	-	122,859
FTA 2016-030 FY16 Planning	122,000	92,662	-	29,339	122,001
FTA 2016-014 Elderly & Disabled	480,613	-	-	-	-
FTA 2018-045 FY18 Planning	140,000	-	-	46,476	46,476
FTA 2018-069 FY18 Special Rev	360,000	-	-	-	-
FTA 2019-021	86,000	-	-	10,413	10,413
Total transportation	<u>2,076,248</u>	<u>1,159,784</u>	<u>418,000</u>	<u>254,352</u>	<u>996,136</u>
Total expenditures by project	<u>\$ 2,076,248</u>	<u>\$ 1,159,784</u>	<u>\$ 418,000</u>	<u>\$ 254,352</u>	<u>\$ 996,136</u>

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
(With Comparative Actual Amounts for Year Ended June 30, 2018)**

	Budget	Variance Positive (Negative)	2019 Actual	2018 Actual
Operating revenues				
Charges for services	\$ 4,604,272	\$ 356,569	\$ 4,960,841	\$ 4,364,950
Other revenues from operations	140,388	(23,268)	117,120	139,597
Total operating revenues	<u>4,744,660</u>	<u>333,301</u>	<u>5,077,961</u>	<u>4,504,547</u>
Operating expenditures				
Salaries and employee benefits	1,873,244	185,794	1,687,450	1,631,089
Other operating expenditures	1,807,144	264,190	1,542,954	1,546,715
Capital outlay	201,369	91,642	109,727	364,460
Total operating expenditures	<u>3,881,757</u>	<u>541,626</u>	<u>3,340,131</u>	<u>3,542,264</u>
Operating income (loss)	<u>862,903</u>	<u>874,927</u>	<u>1,737,830</u>	<u>962,283</u>
Nonoperating revenues (expenditures)				
Interest earned on investments	21,754	169,354	191,108	125,484
Miscellaneous	209,115	(7,269)	201,846	196,752
Federal and State grants	112,900	8,516	121,416	211,792
Public safety reimbursements	(445,500)	4,475	(441,025)	(444,181)
Total nonoperating revenues	<u>(101,731)</u>	<u>175,076</u>	<u>73,345</u>	<u>89,847</u>
Revenues over (under) expenditures	<u>761,172</u>	<u>1,050,003</u>	<u>1,811,175</u>	<u>1,052,130</u>
Other financing sources (uses)				
Proceeds from sale of assets	-	15,211	15,211	-
Transfers in	-	-	-	-
Transfers out	(3,414,912)	-	(3,414,912)	-
Appropriated fund balance	2,653,740	(2,653,740)	-	-
Total other financing sources (uses)	<u>(761,172)</u>	<u>(2,638,529)</u>	<u>(3,399,701)</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (1,588,526)</u>	<u>\$ (1,588,526)</u>	<u>\$ 1,052,130</u>
Reconciliation of change in net position				
Total revenues			\$ 5,607,542	\$ 5,038,575
Total expenditures			7,196,068	3,986,445
Subtotal			<u>(1,588,526)</u>	<u>1,052,130</u>
Depreciation			(4,141,408)	(4,033,217)
Change in accrued vacation			4,520	4,489
Net OPEB expense			(15,621)	(47,279)
LGERS expense			(12,170)	(23,858)
Change in inventory			3,088	(1,410)
Capital outlay			109,727	364,460
Proceeds from sale of assets			(15,211)	-
Gain (loss) on disposal of assets			15,211	-
Subtotal			<u>(4,051,864)</u>	<u>(3,736,815)</u>
Change in net position			<u>\$ (5,640,390)</u>	<u>\$ (2,684,685)</u>

City of Fayetteville, North Carolina

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

From Inception and for Year Ended June 30, 2019

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
Revenues					
Federal grants	\$ 15,954,624	\$ 5,638,992	\$ -	\$ 10,102,306	\$ 15,741,298
State grants	5,997,953	3,458,736	-	932,004	4,390,740
Passenger facility charges	1,544,893	3,179,106	-	886,684	4,065,790
Customer facility charges	425,000	3,751,336	-	1,263,623	5,014,959
Investment income	336,065	472,715	-	205,981	678,696
Total revenues	24,258,535	16,500,885	-	13,390,598	29,891,483
Expenditures					
GA fence replacement	175,000	92,278	-	-	92,278
North GA parking	847,426	828,461	-	-	828,461
Rental car facility improvements	25,000	9,786	-	-	9,786
Rehabilitation runway 10/28	4,131,793	3,843,040	-	-	3,843,040
AIP 43 terminal improvements	3,930,603	3,841,645	-	62,855	3,904,500
Terminal improvements part I	20,254,141	4,355,614	-	12,920,046	17,275,660
Aviation fuel farm paving	162,400	130,808	-	-	130,808
8 Unit t-hangar	800,000	-	-	-	-
FAR 139 automation software	76,000	-	-	52,787	52,787
Terminal renovation data infrastructure	75,000	-	-	-	-
Airport pavement crack seal	152,658	-	-	-	-
Terminal improvements part II	1,404,260	-	-	341,216	341,216
Total expenditures	32,034,281	13,101,632	-	13,376,904	26,478,536
Revenues over (under) expenditures	(7,775,746)	3,399,253	-	13,694	3,412,947
Other financing sources (uses)					
Transfers in	7,775,746	4,198,681	-	3,414,912	7,613,593
Proceeds from sale of assets	-	1,934	-	-	1,934
Total other financing sources (uses)	7,775,746	4,200,615	-	3,414,912	7,615,527
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 7,599,868	\$ -	\$ 3,428,606	\$ 11,028,474
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over expenditures				\$ 3,428,606	
Capital outlay				13,376,904	
Change in net position				\$ 16,805,510	

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
(With Comparative Actual Amounts for Year Ended June 30, 2018)**

	<u>Budget</u>	<u>Variance Positive (Negative)</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Operating revenues				
Charges for services	\$ 11,611,374	\$ 60,060	\$ 11,671,434	\$ 6,607,890
Other revenue from operations	212,886	22,220	235,106	225,777
Total operating revenues	<u>11,824,260</u>	<u>82,280</u>	<u>11,906,540</u>	<u>6,833,667</u>
Operating expenditures				
Personnel	4,226,486	238,102	3,988,384	4,059,909
Other operating expenditures	9,462,218	498,617	8,963,601	6,061,189
Capital outlay	1,901,281	256,637	1,644,644	1,081,151
Total operating expenditures	<u>15,589,985</u>	<u>993,356</u>	<u>14,596,629</u>	<u>11,202,249</u>
Operating income (loss)	<u>(3,765,725)</u>	<u>1,075,636</u>	<u>(2,690,089)</u>	<u>(4,368,582)</u>
Nonoperating revenues (expenditures)				
Federal and State grants	3,105,065	(35,670)	3,069,395	138,670
County revenue	306,625	420	307,045	306,170
Miscellaneous	38,400	1,180	39,580	59,671
Interest earned on investments	2,000	26,853	28,853	252
Payments to agencies	(5,912)	2,740	(3,172)	(2,787)
Interest expense	(48,820)	1,103	(47,717)	(18,347)
Debt service - principal payment	(713,219)	1	(713,218)	(389,990)
Nonoperating revenues (expenditures)	<u>2,684,139</u>	<u>(3,373)</u>	<u>2,680,766</u>	<u>93,639</u>
Revenues over (under) expenditures	<u>(1,081,586)</u>	<u>1,072,263</u>	<u>(9,323)</u>	<u>(4,274,943)</u>
Other financing sources (uses)				
Proceeds from sale of assets	62,300	55,520	117,820	128,759
Transfers in	811,679	(682,393)	129,286	2,023,967
Proceeds from loans	-	-	-	1,225,000
Appropriated fund balance	207,607	(207,607)	-	-
Total other financing sources (uses)	<u>1,081,586</u>	<u>(834,480)</u>	<u>247,106</u>	<u>3,377,726</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 237,783</u>	<u>\$ 237,783</u>	<u>\$ (897,217)</u>
Reconciliation of change in net position				
Total revenues			\$ 15,598,519	\$ 10,713,369
Total expenditures			15,360,736	11,610,586
Subtotal			<u>237,783</u>	<u>(897,217)</u>
Depreciation			(1,111,236)	(1,017,526)
Decrease (increase) in accrued vacation			35,297	(2,993)
Net OPEB expense			(34,417)	(111,202)
LGERS expense			(27,228)	(55,988)
Change in inventory			(20,496)	(17,490)
Proceeds from sale of assets			(117,820)	(128,759)
Gain (loss) on disposal of assets			66,123	104,041
Bad debt expense			(1,238)	(502)
Unearned revenue			51,124	50,170
Capital outlay			1,644,644	1,081,151
Debt principal payment			713,218	389,990
Capital lease proceeds			-	(1,225,000)
Accrued interest			314	-
Subtotal			<u>1,198,285</u>	<u>(934,108)</u>
Change in net position			<u>\$ 1,436,068</u>	<u>\$ (1,831,325)</u>

City of Fayetteville, North Carolina

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

From Inception And For Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on investments	\$ -	\$ 2,572	\$ -	\$ 157	\$ 2,729
Total revenues	-	2,572	-	157	2,729
Expenditures					
On Board/On Route Systems	477,848	474,104	-	930	475,034
800MHz Radio Lease	101,801	100,981	-	85	101,066
Total expenditures	579,649	575,085	-	1,015	576,100
Revenues over (under) expenditures	(579,649)	(572,513)	-	(858)	(573,371)
Other financing sources (uses)					
Transfers in	477,848	477,848	-	-	477,848
Capital lease proceeds	101,801	101,548	-	-	101,548
Total other financing sources (uses)	579,649	579,396	-	-	579,396
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ 6,883	\$ -	\$ (858)	\$ 6,025
Reconciliation of modified accrual basis to full accrual basis:					
Excess of revenues over expenditures				\$ (858)	
Capital lease proceeds				-	
Capital outlay				1,015	
Non-capitalizable items				(1,015)	
Change in net position				<u>\$ (858)</u>	

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Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

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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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City of Fayetteville, North Carolina

**Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2019**

	Risk Management Fund	Fleet Maintenance Fund	Total
Assets			
Current assets			
Cash and investments	\$ 23,744,320	\$ 47,418	\$ 23,791,738
Accounts receivable	512,181	-	512,181
Inventories	-	71,761	71,761
Prepaid expenses	284,933	-	284,933
Total current assets	<u>24,541,434</u>	<u>119,179</u>	<u>24,660,613</u>
Noncurrent assets			
Capital assets	-	3,820	3,820
Total noncurrent assets	<u>-</u>	<u>3,820</u>	<u>3,820</u>
Total assets	<u>24,541,434</u>	<u>122,999</u>	<u>24,664,433</u>
Deferred outflows of resources			
OPEB deferrals	5,751	-	5,751
Pension deferrals	81,988	-	81,988
Total deferred outflows of resources	<u>87,739</u>	<u>-</u>	<u>87,739</u>
Liabilities and net position			
Current liabilities			
Accounts payable and accrued expenses	2,049,195	119,179	2,168,374
Current portion of long term debt	3,423	-	3,423
Total current liabilities	<u>2,052,618</u>	<u>119,179</u>	<u>2,171,797</u>
Noncurrent liabilities			
Net OPEB obligation	170,542	-	170,542
Net pension liability	104,245	-	104,245
Unearned revenues	5,426	-	5,426
Long-term debt	-	-	-
Total noncurrent liabilities	<u>280,213</u>	<u>-</u>	<u>280,213</u>
Total liabilities	<u>2,332,831</u>	<u>119,179</u>	<u>2,452,010</u>
Deferred inflows of resources			
OPEB deferrals	12,223	-	12,223
Pension deferrals	8,734	-	8,734
Total deferred inflows of resources	<u>20,957</u>	<u>-</u>	<u>20,957</u>
Net position			
Net investment in capital assets	-	3,820	3,820
Unrestricted	<u>22,275,385</u>	<u>-</u>	<u>22,275,385</u>
Total net position	<u>\$ 22,275,385</u>	<u>\$ 3,820</u>	<u>\$ 22,279,205</u>

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

For the Year Ended June 30, 2019

	Risk Management Fund	Fleet Maintenance Fund	Total
Operating Revenues			
Other revenue from operations	\$ 64,275	\$ -	\$ 64,275
Interfund charges and employee contributions	20,527,557	332,247	20,859,804
Total operating revenues	<u>20,591,832</u>	<u>332,247</u>	<u>20,924,079</u>
Operating expenses			
Salaries and employee benefits	426,482	20,248	446,730
Other operating expenses	18,334,430	308,179	18,642,609
Total operating expenses	<u>18,760,912</u>	<u>328,427</u>	<u>19,089,339</u>
Operating income (loss)	<u>1,830,920</u>	<u>3,820</u>	<u>1,834,740</u>
Nonoperating revenues (expenses)			
Interest earned on investments	636,832	-	636,832
Miscellaneous revenue	82,033	-	82,033
Total nonoperating revenues (expenses)	<u>718,865</u>	<u>-</u>	<u>718,865</u>
Income (loss) before transfers	<u>2,549,785</u>	<u>3,820</u>	<u>2,553,605</u>
Other financing sources (uses)			
Transfers in	361,102	-	361,102
Transfers out	(363,387)	-	(363,387)
Total other financing sources (uses)	<u>(2,285)</u>	<u>-</u>	<u>(2,285)</u>
Change in net position	2,547,500	3,820	2,551,320
Total net position - beginning	<u>19,727,885</u>	<u>-</u>	<u>19,727,885</u>
Total net position - ending	<u><u>\$ 22,275,385</u></u>	<u><u>\$ 3,820</u></u>	<u><u>\$ 22,279,205</u></u>

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
(With Comparative Actual Amounts for Year Ended June 30, 2018)**

	Financial Plan	Variance Positive (Negative)	2019 Actual	2018 Actual
Operating revenues				
Other revenues from operations	\$ 208,750	\$ (144,475)	\$ 64,275	\$ 568,224
Interfund charges and employee contributions	22,231,871	(1,704,314)	20,527,557	19,420,148
Total operating revenues	<u>22,440,621</u>	<u>(1,848,789)</u>	<u>20,591,832</u>	<u>19,988,372</u>
Operating expenditures				
Salaries and employee benefits	464,119	44,743	419,376	407,682
Other operating expenditures	22,343,664	3,858,719	18,484,945	19,062,170
Total operating expenditures	<u>22,807,783</u>	<u>3,903,462</u>	<u>18,904,321</u>	<u>19,469,852</u>
Operating income (loss)	<u>(367,162)</u>	<u>2,054,673</u>	<u>1,687,511</u>	<u>518,520</u>
Nonoperating revenues (expenditures)				
Interest earned on investments	127,700	509,132	636,832	267,124
Miscellaneous	20,000	62,033	82,033	27,693
Total nonoperating revenues (expenditures)	<u>147,700</u>	<u>571,165</u>	<u>718,865</u>	<u>294,817</u>
Revenues over (under) expenditures	<u>(219,462)</u>	<u>2,625,838</u>	<u>2,406,376</u>	<u>813,337</u>
Other financing sources (uses)				
Transfers in	361,102	-	361,102	1,396,256
Transfers out	(330,000)	(33,387)	(363,387)	-
Appropriated fund balance	188,360	(188,360)	-	-
Total other financing sources (uses)	<u>219,462</u>	<u>(221,747)</u>	<u>(2,285)</u>	<u>1,396,256</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 2,404,091</u>	<u>2,404,091</u>	<u>2,209,593</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues			\$ 21,671,799	\$ 21,679,445
Total expenditures			19,267,708	19,469,852
Subtotal			<u>2,404,091</u>	<u>2,209,593</u>
Decrease (increase) in accrued vacation			(22)	950
Change in net OPEB expense			(3,972)	(12,311)
Decrease (increase) in insurance liability			150,515	41,648
LGERS expense			(3,112)	(6,167)
Subtotal			<u>143,409</u>	<u>24,120</u>
Change in net position			<u>\$ 2,547,500</u>	<u>\$ 2,233,713</u>

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
(With Comparative Actual Amounts for Year Ended June 30, 2018)**

	Financial Plan	Variance Positive (Negative)	2019 Actual	2018 Actual
Operating revenues				
Other revenues from operations	\$ -	\$ -	\$ -	\$ -
Interfund charges and employee contributions	370,000	(37,753)	332,247	-
Total operating revenues	<u>370,000</u>	<u>(37,753)</u>	<u>332,247</u>	<u>-</u>
Operating expenditures				
Salaries and employee benefits	31,155	10,907	20,248	-
Other operating expenditures	338,845	30,666	308,179	-
Total operating expenditures	<u>370,000</u>	<u>41,573</u>	<u>328,427</u>	<u>-</u>
Operating income (loss)	<u>-</u>	<u>3,820</u>	<u>3,820</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>3,820</u>	<u>3,820</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 3,820</u>	<u>\$ 3,820</u>	<u>\$ -</u>
Reconciliation from financial plan basis (modified accrual) to full accrual:				
Total revenues			\$ 332,247	\$ -
Total expenditures			328,427	-
Subtotal			<u>3,820</u>	<u>-</u>
Change in net position			<u>\$ 3,820</u>	<u>\$ -</u>

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Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

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Fiduciary Funds

The following comprise the City's Fiduciary Funds:

- **Private-Purpose Trust Funds**
- **Agency Fund**

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

City of Fayetteville, North Carolina

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Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

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Trust & Agency Funds

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

The following comprise the City's Trust Funds:

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

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

**Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2019**

	Police Benefit Trust Fund	Firefighters' Benefit Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 639	\$ 1,383,058	\$ 1,383,697
Accounts receivable	-	-	-
Total assets	<u>639</u>	<u>1,383,058</u>	<u>1,383,697</u>
Net position			
Restricted for benefits and other purposes	<u>639</u>	<u>1,383,058</u>	<u>1,383,697</u>
Total net position	<u>\$ 639</u>	<u>\$ 1,383,058</u>	<u>\$ 1,383,697</u>

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

June 30, 2019

	Police Benefit Trust Fund	Firefighters' Benefit Trust Fund	Total
Additions			
Contributions	\$ -	\$ 132,380	\$ 132,380
Investment earnings	(22)	39,056	39,034
Total additions	(22)	171,436	171,414
Deductions			
Benefit payments and premiums	-	159,139	159,139
Total deductions	-	159,139	159,139
Change in net position	(22)	12,297	12,275
Total net position - beginning	661	1,370,761	1,371,422
Total net position - ending	\$ 639	\$ 1,383,058	\$ 1,383,697

City of Fayetteville, North Carolina

**Statement of Changes in Assets and Liabilities
Red Light Camera Agency Fund
June 30, 2019**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and cash equivalents	<u>\$ 220,026</u>	<u>\$ 1,955,138</u>	<u>\$ 2,048,411</u>	<u>\$ 126,753</u>
Liabilities				
Intergovernmental payable	<u>\$ 220,026</u>	<u>\$ 1,955,138</u>	<u>\$ 2,048,411</u>	<u>\$ 126,753</u>

City of Fayetteville, North Carolina

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Other Supplemental Financial Data

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

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

City of Fayetteville, North Carolina

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City of Fayetteville, North Carolina

Schedule of Current Tax Levy

Year Ended June 30, 2019

	<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)	\$ 14,024,599,446	\$ 0.4995	\$ 70,052,874	\$ 62,909,350	\$ 7,143,524
Late Listing Penalties:					
General Fund			36,504	36,504	-
Subtotal			<u>70,089,378</u>	<u>62,945,854</u>	<u>7,143,524</u>
Discoveries:					
General Fund	30,964,601	0.4995	154,669	152,016	2,653
Late Listing Penalties:					
General Fund			47,633	47,633	-
Subtotal			<u>202,302</u>	<u>199,649</u>	<u>2,653</u>
Releases:					
General Fund	(55,702,643)	0.4995	(278,235)	(267,037)	(11,197)
Late Listing Penalties:					
General Fund			(14,357)	(14,357)	-
Subtotal			<u>(292,591)</u>	<u>(281,394)</u>	<u>(11,197)</u>
Adjusted Tax Levy			<u>69,999,088</u>	<u>62,864,109</u>	<u>7,134,979</u>
Uncollected Current Year Taxes at 6/30/2019			<u>(449,685)</u>	<u>(329,947)</u>	<u>(119,738)</u>
City-wide Current Year's Taxes Collected			<u>\$ 69,549,403</u>	<u>\$ 62,534,162</u>	<u>\$ 7,015,242</u>
City-wide Current Levy Collection Percentage			<u>99.36%</u>	<u>99.48%</u>	<u>98.32%</u>

City of Fayetteville, North Carolina

Schedule of Taxes Receivable

June 30, 2019

Fiscal Year Ended	Uncollected Balance June 30, 2018	Additions & Releases	Collections	Uncollected Balance June 30, 2019
2019	\$ -	\$ 69,999,088	\$ 69,549,403	\$ 449,685
2018	500,462	(5,228)	326,424	168,810
2017	174,786	(1,543)	94,651	78,592
All Prior	1,626,297	(195,256)	41,425	1,389,616
	<u>2,301,545</u>	<u>\$ 69,797,061</u>	<u>\$ 70,011,904</u>	<u>2,086,702</u>
Less: Allowance for Uncollectible Taxes				
General Fund	(869,771)			(694,808)
	<u>\$ 1,431,775</u>			<u>\$ 1,391,894</u>
General Fund Taxes Receivable per the fund financial statements				\$ 1,492,161
Less: CBTD Taxes Receivable				(2,306)
Less: Vehicle License Fee Receivable				(97,960)
General Fund Ad Valorem Taxes Receivable				<u>\$ 1,391,894</u>

**Reconciliations of collections and credit
with revenues**

Ad Valorem Taxes per the fund financial statements	\$ 70,447,224
Less Penalties & Interest	(233,000)
Less Taxes - CBTD	(139,522)
Less Taxes - Lake Valley Dr MSD	(62,799)
General Fund Ad Valorem Taxes	<u>\$ 70,011,904</u>

**Emergency Telephone System Unspent Fund
PSAP Reconciliation**

June 30, 2019

Net Change in Fund Balance, reported on Budget to Actual	\$ (134,406)
Beginning Balance, PSAP Revenue-Expenditure Report	<u>811,334</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 676,928</u>

City of Fayetteville, North Carolina

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

**Year Ended June 30, 2019
With Comparative Actual Statements for the Year Ended June 30, 2018**

	Budget	Variance Positive (Negative)	2019 Actual	2018 Actual
Revenues				
Restricted intergovernmental	\$ 891,636	\$ -	\$ 891,636	\$ 799,302
Interest earned on investments	3,704	11,617	15,321	11,188
Total revenues	<u>895,340</u>	<u>11,617</u>	<u>906,957</u>	<u>810,490</u>
Expenditures				
Current				
Public Safety				
Implemental functions	143,298	-	143,298	131,797
Telephone	664,082	87,386	576,696	47,406
Hosted solutions	-	-	-	567,706
Software maintenance	90,034	-	90,034	89,607
Hardware maintenance	197,977	-	197,977	164,111
Training	40,020	6,663	33,357	20,815
Capital outlay	-	-	-	-
Total public safety	<u>1,135,411</u>	<u>94,049</u>	<u>1,041,362</u>	<u>1,021,442</u>
Total expenditures	<u>1,135,411</u>	<u>94,049</u>	<u>1,041,362</u>	<u>1,021,442</u>
Revenues over (under) expenditures	<u>(240,071)</u>	<u>105,666</u>	<u>(134,405)</u>	<u>(210,952)</u>
Other financing sources (uses)				
Appropriated fund balance	240,071	(240,071)	-	-
Transfers in	-	895	895	-
Transfers out	-	-	-	-
Capital lease proceeds	-	-	-	-
Total other financing sources (uses)	<u>240,071</u>	<u>(239,176)</u>	<u>895</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ (133,510)</u>	<u>(133,510)</u>	<u>(210,952)</u>
Fund balance				
Beginning			810,438	1,021,390
Ending			<u>\$ 676,928</u>	<u>\$ 810,438</u>

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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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Investment in capital assets	\$ 349,628,675	\$ 358,665,197	\$ 346,265,466	\$ 348,741,323	\$ 338,558,257	\$ 330,625,569	\$ 338,293,438	\$ 329,434,958	\$ 335,025,076	\$ 333,857,014
Restricted for:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Other purposes	-	35,832,753	26,200,123	27,136,010	29,025,780	43,756,156	41,001,564	54,544,864	43,761,893	45,667,826
Grant compliance	3,225,781	-	-	-	162,574	1,930,863	801,855	349,930	-	-
Unrestricted	69,873,837	37,909,246	43,633,514	40,944,759	39,561,009	26,744,127	27,543,627	6,879,303	2,162,493	8,772,466
Total governmental activities net position	<u>\$ 422,728,293</u>	<u>\$ 432,407,196</u>	<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>
Business-type activities										
Investment in capital assets	\$ 572,740,121	\$ 612,211,243	\$ 635,244,018	\$ 669,166,547	\$ 709,443,909	\$ 642,548,862	\$ 96,012,428	\$ 101,703,182	\$ 109,091,148	\$ 122,813,747
Restricted for:										
Capital projects	806,982	1,761,371	1,958,397	1,824,246	1,081,334	63,903,304	1,336,609	-	3,146,639	2,736,638
Debt service	41,258	41,390	40,952	60,723	108,014	1,920,080	-	-	-	-
Other purposes	-	-	-	-	1,020	1,020	1,020	-	1,020	1,020
Grant compliance	-	-	-	-	-	-	-	-	-	-
Unrestricted	162,197,819	186,407,794	259,366,012	248,376,752	231,097,540	256,367,823	23,900,354	29,904,548	20,436,378	27,030,464
Total business-type activities net position	<u>\$ 735,786,180</u>	<u>\$ 800,421,798</u>	<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>
Primary government										
Investment in capital assets	\$ 922,368,796	\$ 970,876,440	\$ 981,509,484	\$ 1,017,907,870	\$ 1,048,002,166	\$ 973,174,431	\$ 434,305,866	\$ 431,138,140	\$ 444,116,224	\$ 456,670,761
Restricted for:										
Capital projects	806,982	1,761,371	1,958,397	1,824,246	1,081,334	63,903,304	1,336,609	-	3,146,639	2,736,638
Debt service	41,258	41,390	40,952	60,723	108,014	1,920,080	-	-	-	-
Other purposes	-	35,832,753	26,200,123	27,136,010	29,026,800	43,757,176	41,002,584	54,544,864	43,762,913	45,668,846
Grant compliance	3,225,781	-	-	-	162,574	1,930,863	801,855	349,930	-	-
Unrestricted	232,071,656	224,317,040	302,999,526	289,321,511	270,658,549	283,111,950	51,443,981	36,783,851	22,598,871	35,802,930
Total primary government net position	<u>\$ 1,158,514,473</u>	<u>\$ 1,232,828,994</u>	<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>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Administration	\$ 19,932,088	\$ 20,762,610	\$ 21,677,385	\$ 22,721,662	\$ 25,568,650	\$ 25,909,939	\$ 28,126,514	\$ 27,154,948	\$ 27,725,160	\$ 32,006,971
Public safety	72,106,589	70,903,587	72,118,645	72,692,847	77,282,295	76,505,137	84,190,564	87,298,393	87,955,537	88,029,051
Environmental protection	11,098,182	14,636,753	8,369,933	8,100,683	477,470	458,342	536,121	757,612	1,968,606	1,055,261
Transportation	20,291,431	19,233,330	19,948,019	20,294,164	20,447,440	20,620,224	21,400,512	22,297,364	21,615,802	20,211,384
Economic and physical development	5,371,176	9,323,817	5,568,559	6,300,683	4,714,803	5,541,090	6,573,922	5,785,839	12,017,640	6,927,799
Recreation and community facilities	13,117,175	12,992,237	13,490,480	13,502,165	13,974,381	13,905,171	14,997,725	15,921,506	16,080,896	17,299,901
Debt service:										
Interest and fees	1,693,633	1,585,197	1,464,554	1,157,838	960,294	811,174	708,588	604,659	845,337	2,662,901
Total governmental activities	143,610,274	149,437,531	142,637,575	144,770,042	143,425,333	143,751,077	156,533,946	159,820,321	168,208,978	168,193,268
Business type activities										
Electric	142,995,626	149,700,921	146,116,831	197,553,706	212,158,021	203,441,960	-	-	-	-
Water and wastewater	69,063,071	60,743,759	65,169,196	68,876,623	70,015,544	75,205,401	-	-	-	-
Storm water management ¹	N/A	N/A	2,891,487	3,225,830	4,588,821	4,569,999	4,755,537	4,662,158	5,098,148	4,755,536
Transit	6,230,449	6,847,471	7,664,911	7,721,977	8,339,679	8,886,160	9,401,907	10,449,142	11,294,000	11,560,359
Airport	4,589,767	4,680,624	5,259,583	6,085,394	6,277,135	6,510,834	7,235,478	7,537,690	7,723,260	7,833,020
Environmental services	1,944,210	1,926,760	2,145,150	2,189,613	9,793,149	10,044,425	10,266,780	11,763,102	11,353,828	14,162,893
Total business-type activities	224,823,123	223,899,535	229,247,158	285,653,143	311,172,349	308,658,779	31,659,702	34,412,092	35,469,236	38,311,808
Total primary government	\$ 368,433,397	\$ 373,337,066	\$ 371,884,733	\$ 430,423,185	\$ 454,597,682	\$ 452,409,856	\$ 188,193,648	\$ 194,232,413	\$ 203,678,214	\$ 206,505,076
Program Revenues										
Governmental activities										
Administration										
Charges for services	\$ 830,793	\$ 996,905	\$ 1,024,970	\$ 994,985	\$ 1,542,466	\$ 1,811,598	\$ 2,087,923	\$ 1,105,173	\$ 6,883,834	\$ 5,028,557
Operating grants and contributions	30,000	31,141	3,585	16,374	32,545	8,485	4,610	5,893,754	804,547	695,832
Capital grants and contributions	-	-	-	-	-	-	-	-	50,869	39,380
Public Safety										
Charges for services	3,648,358	3,906,523	4,473,761	4,837,983	4,095,850	3,423,674	3,652,223	977,480	3,768,313	3,280,798
Operating grants and contributions	2,764,654	3,889,426	3,078,134	2,422,030	1,707,551	3,781,759	3,755,940	1,925,656	3,794,588	4,466,823
Capital grants and contributions	5,408	560,157	27,563	62,112	79,929	302,007	649,569	1,583,563	225,345	99,114
Environmental Protection										
Charges for services	5,321,692	5,313,078	192,595	202,215	59,335	36,020	45,075	-	36,165	57,560
Operating grants and contributions	75,000	2,750,040	272,362	24,198	-	6,098	-	-	854,225	319,733
Capital grants and contributions	520,597	281,056	593,228	758,309	-	-	-	-	483,445	1,607,220
Transportation										
Charges for services	924,384	1,442,076	1,266,686	1,130,521	1,276,526	1,337,933	907,196	150,317	1,115,587	1,338,267
Operating grants and contributions	5,509,654	5,217,073	5,311,546	5,426,591	5,581,480	5,568,092	7,227,243	5,372,792	5,601,534	5,283,529
Capital grants and contributions	96,757	204,583	3,511,719	3,487,233	1,905,111	173,144	6,622,200	1,234,697	6,763,426	1,953,068
Economic and physical development										
Charges for services	70,995	320,748	562,138	512,467	422,997	376,160	479,286	510,298	305,422	-
Operating grants and contributions	2,396,648	3,067,922	3,061,017	2,990,716	1,911,277	2,702,616	2,186,935	1,706,081	3,756,194	2,809,201
Capital grants and contributions	383,277	503,614	847,788	103	-	-	3,114	149,452	199,741	779,753
Recreation and community facilities										
Charges for services	4,428,944	4,557,373	4,714,656	4,874,495	5,051,290	4,990,974	4,725,666	1,735,367	2,433,093	7,256,828
Operating grants and contributions	105,460	123,063	140,384	188,446	149,587	218,258	418,295	2,432,942	408,590	669,909
Capital grants and contributions	2,642,557	10,696,075	2,004,325	695,162	882,480	1,179,024	1,409,404	33,564	577,221	256,490
Interest and fees										
Operating grants and contributions	-	318,310	185,825	111,724	104,110	88,737	-	-	-	-
Total governmental activities programs	29,755,178	44,179,163	31,272,282	28,735,664	24,802,534	26,004,579	34,174,679	24,811,136	38,062,139	35,942,062

Business-type activities										
Electric										
Charges for services	\$ 173,192,801	\$ 194,811,519	\$ 197,656,327	\$ 211,789,791	\$ 217,853,786	\$ 223,663,832	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,407,440	1,535,614	371,766	889,399	1,297,052	96,819	-	-	-	-
Water and wastewater										
Charges for services	75,419,483	68,749,604	70,930,218	71,403,280	74,492,496	76,820,546	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	22,835,906	10,618,542	10,780,807	2,914,570	8,143,723	7,708,126	-	-	-	-
Storm water management ¹										
Charges for services	N/A	N/A	5,183,444	5,247,665	5,283,676	6,224,941	6,792,851	6,866,159	7,873,798	11,191,384
Operating grants and contributions	N/A	N/A	-	-	-	-	131,991	42,261	33,451	68,169
Capital grants and contributions	N/A	N/A	-	-	-	-	-	177,509	-	409,530
Transit										
Charges for services	839,490	891,454	1,025,180	1,118,149	1,245,135	1,349,877	1,394,009	1,373,694	1,303,820	1,280,317
Operating grants and contributions	2,337,806	2,353,263	2,050,348	2,355,194	2,539,161	2,725,732	3,004,558	3,497,224	3,421,241	3,613,076
Capital grants and contributions	1,733,733	3,933,065	3,592,128	1,802,682	2,102,218	2,278,449	5,698,273	5,618,316	480,798	1,106,100
Airport										
Charges for services	3,735,652	4,157,463	4,346,702	4,294,042	4,196,444	4,316,716	4,380,202	4,724,908	4,504,547	5,077,961
Operating grants and contributions	1,040,076	144,153	138,131	112,888	108,430	110,580	107,080	2,242,093	2,319,477	2,271,723
Capital grants and contributions	3,752,977	3,827,485	7,275,532	6,578,773	2,000,263	5,918,190	6,057,017	3,148,014	3,685,139	11,034,310
Environmental Services										
Charges for services	2,258,683	2,274,461	2,285,018	2,304,395	2,824,521	2,949,501	3,211,073	2,938,196	6,883,837	11,957,664
Operating grants and contributions	296,121	298,005	299,525	301,250	133,637	135,815	135,056	2,560,822	444,840	3,376,440
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities programs	288,850,168	293,594,628	305,935,126	311,112,078	322,220,542	334,299,124	30,912,110	33,189,196	30,950,948	51,386,674
Total primary government programs	<u>\$ 318,605,346</u>	<u>\$ 337,773,791</u>	<u>\$ 337,207,408</u>	<u>\$ 339,847,742</u>	<u>\$ 347,023,076</u>	<u>\$ 360,303,703</u>	<u>\$ 65,086,789</u>	<u>\$ 58,000,332</u>	<u>\$ 69,013,087</u>	<u>\$ 87,328,736</u>
Net (expense)/revenue										
Governmental activities	\$ (113,855,096)	\$ (105,258,368)	\$ (111,365,293)	\$ (116,034,378)	\$ (118,622,799)	\$ (117,746,498)	\$ (122,359,267)	\$ (135,009,185)	\$ (130,146,839)	\$ (132,251,206)
Business-type activities	64,027,045	69,695,093	76,687,968	25,458,935	11,048,193	25,640,345	(747,592)	(1,222,896)	(4,518,288)	13,074,866
Total primary government net expense	<u>\$ (49,828,051)</u>	<u>\$ (35,563,275)</u>	<u>\$ (34,677,325)</u>	<u>\$ (90,575,443)</u>	<u>\$ (107,574,606)</u>	<u>\$ (92,106,153)</u>	<u>\$ (123,106,859)</u>	<u>\$ (136,232,081)</u>	<u>\$ (134,665,127)</u>	<u>\$ (119,176,340)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Ad valorem taxes	\$ 58,518,101	\$ 59,016,746	\$ 60,130,081	\$ 62,067,430	\$ 64,702,217	\$ 68,090,990	\$ 68,907,943	\$ 72,112,845	\$ 69,226,879	\$ 70,312,277
Other taxes	44,482,890	45,850,043	47,167,974	48,752,661	48,709,791	53,005,270	53,902,375	54,832,387	56,057,367	58,466,738
Payment in lieu of taxes	-	-	-	-	-	-	9,487,800	9,966,765	10,428,117	10,938,256
Unrestricted grants and contributions	295,870	-	902,467	839,798	914,579	1,003,800	916,625	1,536,981	904,062	896,930
Interest earned on investments	1,157,788	769,192	565,944	8,522	818,792	468,468	514,449	810,961	1,594,656	3,364,326
Miscellaneous	652,055	1,379,722	1,174,240	513,652	541,010	385,836	501,294	3,593,019	920,408	563,803
Gain on sale of capital assets	210,072	343,836	385,076	1,063,285	142,765	178,557	144,204	(133,937)	-	-
Transfers	5,409,378	7,577,732	6,082,634	3,917,802	(6,720,827)	(26,001)	(10,758,599)	(10,367,645)	(5,863,929)	(4,943,280)
Total governmental activities	<u>110,726,154</u>	<u>114,937,271</u>	<u>116,408,416</u>	<u>117,163,150</u>	<u>109,108,327</u>	<u>123,106,920</u>	<u>123,616,091</u>	<u>132,351,376</u>	<u>133,267,560</u>	<u>139,599,050</u>
Business-type activities										
Other taxes	-	-	649,471	660,193	839,060	638,129	632,073	636,467	630,806	642,073
Interest earned on investments	3,133,521	2,196,769	3,089,310	1,445,865	3,070,459	1,600,725	141,069	179,472	414,760	771,987
Miscellaneous	87,444	247,622	252,092	323,661	466,103	466,468	439,571	403,307	386,524	377,556
Transfers	(5,409,378)	(7,577,732)	(6,082,634)	(3,917,802)	6,720,827	26,001	10,758,599	10,367,645	5,863,929	4,943,280
Gain on sale of capital assets	40,942	73,866	240,158	1,975,417	158,907	38,470	1,694	(6,681)	154,043	96,922
Total business-type activities	<u>(2,147,471)</u>	<u>(5,059,475)</u>	<u>(1,851,603)</u>	<u>487,334</u>	<u>11,255,356</u>	<u>2,769,793</u>	<u>11,973,006</u>	<u>11,580,210</u>	<u>7,450,062</u>	<u>6,831,818</u>
Total primary government	<u>\$ 108,578,683</u>	<u>\$ 109,877,796</u>	<u>\$ 114,556,813</u>	<u>\$ 117,650,484</u>	<u>\$ 120,363,683</u>	<u>\$ 125,876,713</u>	<u>\$ 135,589,097</u>	<u>\$ 143,931,586</u>	<u>\$ 140,717,622</u>	<u>\$ 146,430,868</u>
Change in Net Position										
Governmental activities	\$ (3,128,942)	\$ 9,678,903	\$ 5,043,123	\$ 1,128,772	\$ (9,514,472)	\$ 5,360,422	\$ 1,256,824	\$ (2,657,809)	\$ 3,120,721	\$ 7,347,844
Business-type activities	61,879,574	64,635,618	74,836,365	25,946,269	22,303,549	28,410,138	11,225,414	10,357,314	2,931,774	19,906,684
Total primary government	<u>\$ 58,750,632</u>	<u>\$ 74,314,521</u>	<u>\$ 79,879,488</u>	<u>\$ 27,075,041</u>	<u>\$ 12,789,077</u>	<u>\$ 33,770,560</u>	<u>\$ 12,482,238</u>	<u>\$ 7,699,505</u>	<u>\$ 6,052,495</u>	<u>\$ 27,254,528</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 17,972,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	28,616,050	-	-	-	-	-	-	-	-	-
Nonspendable	-	160,391	170,322	137,604	124,837	117,022	72,637	1,173,189	1,192,169	273,969
Restricted	-	18,160,858	18,018,110	19,370,822	20,994,163	24,408,566	24,304,919	27,898,312	27,546,240	23,007,626
Committed	-	-	-	-	-	-	3,774,601	4,672,755	5,433,945	6,164,494
Assigned	-	13,578,711	13,545,829	14,004,183	11,560,730	14,381,101	10,645,774	8,914,212	15,429,544	21,387,384
Unassigned	-	16,807,431	20,161,587	17,551,749	19,368,407	21,630,019	23,070,485	21,649,065	19,566,580	25,103,217
Total General Fund	<u>\$ 46,588,578</u>	<u>\$ 48,707,391</u>	<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>
Economic and Physical Development Fund²										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,638,107	\$ 2,657,769
Committed	-	-	-	-	-	-	-	-	4,467,471	817,605
Total Recreational and Cultural Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,105,578</u>	<u>\$ 3,475,374</u>
Recreational and Cultural Fund¹										
Reserved	\$ 633,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Capital Projects	702,865	-	-	-	-	-	-	-	-	-
Total Recreational and Cultural Fund	<u>\$ 1,336,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds										
Reserved	\$ 17,707,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in nonmajor:										
Special Revenue	3,526,252	-	-	-	-	-	-	-	-	-
Capital Projects	2,510,568	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	3,937,714	-	-	-	-	-
Restricted	-	17,671,895	8,182,013	7,765,188	8,697,672	22,959,252	17,498,500	26,996,482	25,430,435	45,422,911
Committed	-	9,788,921	5,524,169	6,012,520	7,506,621	7,307,120	6,638,069	6,423,088	6,136,749	2,391,443
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(1,411,539)	(1,055,147)	(595,034)	(876,336)	(1,598,518)	(704,521)	(7,108,571)	(7,586,331)	(8,795,974)
Total all other governmental funds	<u>\$ 23,743,874</u>	<u>\$ 26,049,277</u>	<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>

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

¹ The Recreational and Cultural Fund was reported as a non-major fund in all fiscal years except 2010.

² The Economic and Physical Development Fund was reported as a non-major fund in all fiscal years except 2018 and 2019.

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

Schedule 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad valorem taxes	\$ 58,699,957	\$ 58,987,439	\$ 60,089,099	\$ 61,873,098	\$ 65,328,949	\$ 68,573,807	\$ 69,176,547	\$ 71,974,910	\$ 69,236,205	\$ 70,447,225
Other taxes	8,637,309	9,089,228	4,804,643	4,523,204	3,403,333	2,185,731	1,310,019	1,354,312	1,308,855	1,381,888
Intergovernmental										
Unrestricted intergovernmental	41,927,788	43,347,718	44,355,628	46,363,857	47,695,920	52,471,036	63,665,595	64,981,821	66,749,531	69,618,821
Restricted intergovernmental	16,964,952	26,722,238	19,874,277	16,113,807	13,173,189	16,134,374	17,377,544	16,374,101	18,825,639	20,588,484
Local	-	-	-	-	-	-	2,102	595,893	2,086,287	2,573,170
Other functional										
Permits and fees	1,880,274	2,824,584	2,757,155	2,933,818	2,347,930	2,324,735	2,377,031	2,200,113	2,686,636	2,002,660
Sales and services	3,182,815	3,561,896	4,424,754	4,347,871	3,998,499	4,102,986	4,449,582	4,478,635	4,722,334	4,959,379
Miscellaneous	2,837,133	4,186,300	4,254,636	3,543,069	3,906,564	3,457,945	5,767,858	3,593,019	3,084,122	3,789,792
Interest earned on investments	929,799	538,984	307,465	(42,273)	494,849	531,400	507,858	512,557	1,517,086	2,712,051
Total revenues	<u>135,060,027</u>	<u>149,258,387</u>	<u>140,867,657</u>	<u>139,656,451</u>	<u>140,349,233</u>	<u>149,782,014</u>	<u>164,634,137</u>	<u>166,065,361</u>	<u>170,216,695</u>	<u>178,073,470</u>
Expenditures										
Administration	19,865,248	22,269,092	23,463,776	24,004,298	26,540,551	26,654,879	30,025,265	26,894,226	29,412,602	31,698,800
Public safety	65,840,294	65,408,955	66,478,556	68,000,401	72,254,636	73,986,004	78,695,634	80,141,845	79,243,759	82,643,758
Environmental protection	9,493,404	12,859,355	6,650,496	6,386,275	32,980	291,281	335,188	524,951	1,737,096	829,058
Transportation	7,437,390	6,213,150	6,853,125	6,986,927	10,595,114	7,314,779	8,014,406	8,711,851	3,575,692	6,405,962
Economic and physical development	4,685,441	9,521,505	5,933,527	5,555,167	633,411	4,579,644	5,136,300	4,715,831	8,417,336	5,549,625
Recreation and community facilities	12,025,817	11,863,297	12,097,831	11,892,121	12,225,457	12,194,892	12,829,765	12,903,835	13,174,362	14,752,768
Capital outlay	12,383,988	33,839,406	18,586,780	13,595,726	10,362,652	14,351,276	19,966,233	15,906,532	38,046,963	64,924,053
Debt service										
Principal	9,255,316	6,145,096	6,971,981	6,638,587	5,349,379	5,471,456	6,935,683	4,481,128	8,515,090	11,284,805
Interest and fees	1,528,589	1,487,161	1,559,137	1,312,216	1,083,442	975,588	875,040	630,308	677,172	2,625,437
Issuance costs	131,014	-	-	-	-	-	-	70,738	-	29,471
Total expenditures	<u>142,646,501</u>	<u>169,607,017</u>	<u>148,595,209</u>	<u>144,371,718</u>	<u>139,077,623</u>	<u>145,819,799</u>	<u>162,813,516</u>	<u>154,981,246</u>	<u>182,800,072</u>	<u>220,743,737</u>
Excess (deficiency) of revenues over (under) expenditures	(7,586,474)	(20,348,630)	(7,727,552)	(4,715,267)	1,271,610	3,962,215	1,820,621	11,084,115	(12,583,377)	(42,670,267)
Other financing sources (uses)										
Refunding bonds issued	7,896,115	-	-	-	-	-	-	-	-	2,500,000
Proceeds from capital leases, bonds and other debt	6,550,809	14,857,940	-	-	3,937,714	4,257,748	1,878,677	4,240,977	60,916,009	25,980,109
Transfers in	23,323,681	21,357,058	17,197,216	18,954,192	25,838,734	27,543,908	13,808,925	11,275,323	12,416,885	12,575,737
Transfers out	(17,259,353)	(13,106,802)	(11,614,765)	(15,566,151)	(24,095,295)	(26,960,636)	(24,879,567)	(21,303,731)	(19,677,171)	(17,516,732)
Sale of capital assets	210,072	328,316	363,380	1,027,375	114,013	168,430	140,302	169,922	5,564,030	306,689
Payment to refund bond escrow agent	(8,600,308)	-	-	-	-	-	-	-	-	-
Proceeds from loans	1,250,598	-	-	-	-	-	-	-	-	-
Premium on bonds	863,131	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>14,234,745</u>	<u>23,436,512</u>	<u>5,945,831</u>	<u>4,415,416</u>	<u>5,795,166</u>	<u>5,009,450</u>	<u>(9,051,663)</u>	<u>(5,617,509)</u>	<u>59,219,753</u>	<u>23,845,803</u>
Net change in fund balances	<u>\$ 6,648,271</u>	<u>\$ 3,087,882</u>	<u>\$ (1,781,721)</u>	<u>\$ (299,851)</u>	<u>\$ 7,066,776</u>	<u>\$ 8,971,665</u>	<u>\$ (7,231,042)</u>	<u>\$ 5,466,606</u>	<u>\$ 46,636,376</u>	<u>\$ (18,824,464)</u>
Debt service as a percentage of noncapital expenditures	<u>8.28%</u>	<u>5.62%</u>	<u>6.56%</u>	<u>6.08%</u>	<u>5.00%</u>	<u>4.90%</u>	<u>5.47%</u>	<u>3.68%</u>	<u>6.35%</u>	<u>8.93%</u>

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

Schedule 5

Fiscal Year	Ad Valorem	Sales Tax	Utility Taxes ¹	Vehicle License Tax	Privilege License	Beer and Wine Tax	Cablevision and Other Franchise Tax ¹	Rental Property Gross Receipts	Total
2019	\$ 70,447,224	\$ 43,633,583	\$ 13,476,266	\$ 634,397	\$ 20,252	\$ 896,930	-	\$ 727,239	\$ 129,835,891
2018	69,236,205	41,189,439	13,596,188	630,565	25,831	904,062	-	652,459	126,234,749
2017	71,974,910	39,922,499	13,555,577	639,089	16,989	942,161	-	698,234	127,749,459
2016	69,176,547	38,764,144	13,864,508	635,258	17,118	916,625	-	657,643	124,031,843
2015	68,573,807	37,214,408	13,674,457	669,877	914,705	1,003,800	-	601,149	122,652,203
2014	65,328,949	34,581,531	11,609,581	873,233	1,121,164	914,579	-	603,416	115,032,453
2013	61,873,098	33,838,708	11,042,094	615,393	2,466,929	839,798	71,223	593,907	111,341,150
2012	60,089,099	33,283,642	9,568,985	617,271	2,557,864	902,467	419,653	572,634	108,011,615
2011	58,987,439	31,633,373	10,178,685	624,591	1,226,057	915,803	426,687	562,089	104,554,724
2010	58,699,957	30,789,881	10,035,192	630,853	983,146	295,870	372,226	477,886	102,285,011

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

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

Schedule 6

Fiscal Year Ended June 30	Real Property	Personal Property	Public Services Property ¹	Less: Tax Exempt Real Property ²	Total Assessed Value	City General Tax Rate	Estimated Actual Taxable Value	Sales Assessment Ratio ³
2019	\$ 12,041,300,117	\$ 2,004,752,958	\$ 218,665,782	\$ 264,857,453	\$ 13,999,861,404	0.4995	\$ 14,134,456,127	98.87%
2018 ⁵	11,910,788,026	1,922,225,242	196,690,912	245,808,939	13,783,895,241	0.4995	13,837,802,116	99.54%
2017	12,445,237,310	1,955,171,158	190,188,186	235,523,304	14,355,073,350	0.4995	13,764,805,486	105.08%
2016	12,274,027,723	1,880,707,190	185,334,874	218,086,491	14,121,983,296	0.486	13,523,883,950	105.22%
2015	12,156,853,512	1,867,670,393	153,629,753	209,378,587	13,968,775,071	0.486	13,461,954,100	104.43%
2014	11,969,057,704	2,179,120,636	159,501,654	195,745,648	14,111,934,346	0.456	13,688,580,890	103.73%
2013 ⁴	11,687,657,234	1,822,068,580	166,500,205	192,290,792	13,483,935,226	0.456	13,466,718,003	100.15%
2012	11,453,552,799	1,705,019,913	167,761,204	187,231,303	13,139,102,613	0.456	13,131,221,705	100.07%
2011	11,261,620,799	1,628,238,092	161,145,492	175,051,710	12,875,952,673	0.456	12,893,719,611	99.84%
2010 ⁵	11,041,771,668	1,638,183,540	162,847,740	111,810,830	12,730,992,118	0.456	12,743,028,314	99.89%

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

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

² Exempt real estate only.

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

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

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

Source: Cumberland County Tax Office

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

Schedule 7

Fiscal Year Ended 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
2019	0.4995	0.100	0.394	0.799
2018	0.4995	0.100	0.394	0.799
2017	0.4995	0.100	0.394	0.799
2016	0.486	0.100	0.336	0.740
2015	0.486	0.100	0.245	0.740
2014	0.456	0.100	0.345	0.740
2013	0.456	0.100	0.345	0.740
2012	0.456	0.100	0.345	0.740
2011	0.456	0.100	-	0.740
2010	0.456	0.100	-	0.766

Source: Cumberland County Tax Office

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

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

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

Schedule 8

	2019 ¹			2010 ²		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Taxpayer						
Cross Creek Mall LLC	\$ 157,474,251	1	1.12%	\$ 113,194,500	1	0.89%
Fayetteville VA Co LLC	91,131,583	2	0.65%			
Piedmont Natural Gas	61,082,459	3	0.44%	45,012,673	4	0.35%
Wal-Mart	54,494,558	4	0.39%	40,915,217	5	0.32%
Time Warner Cable Southeast	37,113,789	5	0.27%			
Westlake at Morganton LLC	27,641,500	6	0.20%			
Carolina Telephone	26,778,863	7	0.19%	60,278,482	2	0.47%
Independence Place West Fayetteville	25,913,600	8	0.19%			
DDRM Fayetteville Pavilion LLC	25,790,300	9	0.18%	23,680,399	7	0.19%
Hidden Creek Village	23,707,893	10	0.17%	24,803,500	6	0.19%
Centurion Aviation Service				48,350,000	3	0.38%
Fayetteville Publishing Company				22,942,342	8	0.18%
Eagle Point Village Apartments				22,919,500	9	0.18%
Cross Creek Phase 1 LLC				21,519,399	10	0.17%
	<u>\$ 531,128,796</u>		<u>3.79%</u>	<u>\$ 423,616,012</u>		<u>3.32%</u>

¹ Assessed valuations are as of January 1, 2018 and the associated tax levies were due in the fiscal year ended June 30, 2019.

² Assessed valuations are as of January 1, 2009 and the associated tax levies were due in the fiscal year ended June 30, 2010.

Source: Cumberland County Tax Office

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

Schedule 9

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 69,999,088	\$ 69,549,403	99.36%	\$ -	\$ 69,549,403	99.36%
2018	68,869,870	68,409,559	99.33%	326,424	68,735,983	99.81%
2017	71,686,530	71,209,890	99.34%	396,010	71,605,900	99.89%
2016	68,695,823	68,299,578	99.42%	328,248	68,627,826	99.90%
2015	67,898,129	67,458,548	99.35%	359,858	67,818,406	99.88%
2014	64,477,068	63,626,991	98.68%	625,611	64,252,602	99.65%
2013	61,869,392	60,343,502	97.53%	1,127,819	61,471,321	99.36%
2012	59,990,898	58,593,009	97.67%	1,053,275	59,646,284	99.43%
2011	58,795,924	57,406,499	97.64%	1,043,537	58,450,036	99.41%
2010	58,418,406	57,126,777	97.79%	966,922	58,093,699	99.44%

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			
2019	\$ 20,206,168	\$ 53,744,715	\$ 19,238,150	\$ 75,000	N/A	\$ 5,925,000	\$ 275,329	\$ 1,518,799	\$ 100,983,161	N/A	483
2018	2,971,717	50,520,000	22,579,714	150,000	N/A	6,615,000	300,359	2,232,018	85,368,808	N/A	411
2017	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 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	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	14,110,875	N/A	17,927,431	525,000	4,270,372	150,206,030	22,650,444	39,465	209,729,617	1.813%	1,003
2012	15,996,406	N/A	21,998,896	600,000	4,843,594	150,245,000	15,866,039	59,445	209,609,380	1.813%	1,008
2011	19,111,260	N/A	25,781,023	1,150,568	5,648,740	150,480,000	16,683,349	79,018	218,933,958	1.936%	1,051
2010	22,216,115	N/A	13,863,293	1,250,598	6,453,885	169,120,000	17,951,198	98,191	230,953,280	2.135%	1,112

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

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

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

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

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

Schedule 11

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Actual Total Assessed Value of Property¹	Per Capita²
2019	\$ 20,206,168	\$ 53,744,715	\$ 5,925,000	\$ 79,875,883	0.57%	382
2018	2,967,659	50,520,000	6,615,000	60,102,659	0.44%	290
2017	3,517,147	N/A	7,280,000	10,797,147	0.08%	52
2016 ³	4,336,988	N/A	7,925,000	12,261,988	0.09%	59
2015	8,635,000	N/A	227,025,000	235,660,000	1.69%	1,131
2014	11,199,999	N/A	128,965,000	140,164,999	0.99%	666
2013	13,955,000	N/A	141,965,000	155,920,000	1.16%	746
2012	16,720,000	N/A	154,365,000	171,085,000	1.30%	823
2011	19,500,000	N/A	155,740,000	175,240,000	1.36%	841
2010	22,290,000	N/A	175,500,000	197,790,000	1.55%	952

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

¹ See Schedule 6 for property value data.

² Population data can be found in Schedule 15.

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

City of Fayetteville, North Carolina
Direct and Overlapping Governmental Activities Debt
For the fiscal year ending June 30, 2019
(Unaudited)

Schedule 12

Governmental Unit	Debt Outstanding ¹	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Cumberland County	<u>\$ 89,216,096</u>	59.79%	<u>\$ 53,339,603</u>
Subtotal, overlapping debt			53,339,603
City of Fayetteville direct debt			<u>90,961,336</u>
Total direct and overlapping debt			<u><u>\$ 144,300,939</u></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
(amounts expressed in thousands)
(Unaudited)

Schedule 13

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 1,018,479,369	\$ 1,030,076,213	\$ 1,051,128,209	\$ 1,083,524,525	\$ 1,128,954,748	\$ 1,117,502,006	\$ 1,129,758,664	\$ 1,148,407,468	\$ 1,101,893,334	\$ 1,119,988,912
Total net debt applicable to limit	61,833,280	68,453,958	59,364,380	58,617,340	60,667,897	66,244,784	24,491,168	25,111,914	78,449,391	92,480,134
Legal debt margin	<u>\$ 956,646,089</u>	<u>\$ 961,622,255</u>	<u>\$ 991,763,829</u>	<u>\$ 1,024,907,185</u>	<u>\$ 1,068,286,846</u>	<u>\$ 1,051,257,222</u>	<u>\$ 1,105,267,496</u>	<u>\$ 1,105,267,496</u>	<u>\$ 1,023,443,943</u>	<u>\$ 1,027,508,778</u>
Total net debt applicable to the limit as a percentage of debt limit	6.07%	6.65%	5.65%	5.41%	5.37%	5.93%	2.17%	2.17%	7.12%	8.26%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 13,999,861,404
Debt Limit (8% of total assessed value)	1,119,988,912
Debt applicable to limit:	
Bonded debt	18,298,186
Limited obligation bonds	53,350,000
Notes payable	75,000
Capitalized leases	20,756,948
Subtotal	<u>92,480,134</u>
Authorized and unissued debt	<u>19,000,000</u>
Total Gross Debt	111,480,134
Less: Statutory deductions	
Bonds authorized but unissued - Parks and Recreation Bonds	<u>(19,000,000)</u>
Total Debt Applicable to Limit	<u>92,480,134</u>
Legal Debt Margin	\$ 1,027,508,778

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

Schedule 14

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

Notes:

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

² Operating expenses include operating expenses exclusive of depreciation and all other amortization.

³ Interest represents accrual based interest excluding capitalized interest.

⁴ Coverage ratios do not represent coverage calculations as defined in the bond order.

⁵ Debt service includes revenue bonds and excludes notes payable.

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

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

Schedule 15

Year	City		County			
	Population ¹	Unemployment Rate ²	Personal Income ³	Per Capita Personal Income ³	School Enrollment ⁴	Retail Sales in Billions ⁵
2019	209,028	6.1%	N/A	N/A	53,361	4.318
2018	207,583	5.9%	N/A	N/A	50,937	4.049
2017	208,729	6.2%	12,439,189,000	37,406	51,480	4.040
2016	208,158	6.8%	12,376,828,000	37,835	51,846	3.849
2015	208,373	6.6%	12,134,537,000	37,270	50,939	3.693
2014	210,468	6.5%	11,796,771,000	36,146	51,855	3.509
2013	209,080	7.6%	11,567,254,000	35,409	52,729	3.559
2012	208,001	8.2%	11,563,587,000	35,750	53,063	3.532
2011	208,291	8.5%	11,306,461,000	34,909	53,361	3.376
2010	207,779	8.2%	10,818,511,000	33,794	52,187	3.241

Sources:

1. Office of State Budget and Management, Certified Municipal Population Estimates
2. NC Employment Security Commission. Calendar year unemployment statistics for Fayetteville, NC.
3. Bureau of Economic Analysis, US Department of Commerce. Data presented for Cumberland County, NC. 2018 and 2019 data not available.
4. Wikipedia, Cumberland County Schools; https://en.wikipedia.org/wiki/Cumberland_County_Schools edited 8/29/18
5. North Carolina Department of Revenue, Policy Analysis and Statistics Division. State Sales and Use Tax Statistics.

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

Schedule 16

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
U.S. Dept. of Defense (Civilian) ¹	14,157	1	11.61%	5,958	2	5.10%
Cape Fear Valley Health System	7,100	2	5.82%	4,850	3	4.15%
Cumberland County Board of Education	6,800	3	5.57%	6,782	1	5.80%
Wal-Mart Associates, Inc.	3,956	4	3.24%	3,448	4	2.95%
Goodyear Tire & Rubber Company	2,500	5	2.05%	2,650	5	2.27%
Cumberland County Government	2,163	6	1.77%	2,486	6	2.13%
Veterans Administration	2,000	7	1.64%	1,013	10	0.87%
City of Fayetteville	1,761	8	1.44%	1,967	7	1.68%
Fayetteville Technical Community College	1,426	9	1.17%	1,400	8	1.20%
Food Lion	1,196	10	0.98%			
State of North Carolina	-			1,193	9	1.02%
Total Employment (Ten Largest Civilian Employers)	43,059		35.30%	31,747		27.16%

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

Sources: NC Department of Commerce, Fayetteville Cumberland County Economic Development Corporation, Cumberland County, 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	91	93	96	105	108	117	125	121	104	133
Public Safety	829	875	851	898	911	930	950	915	951	940
Environmental Protection ¹	136	124	85	84	4	5	5	5	5	5
Transportation	79	72	77	78	78	75	79	70	63	71
Economic and Physical Development	19	24	20	20	20	22	27	13	21	24
Recreation and Community Facilities	133	114	121	121	117	117	115	170	236	115
Internal Service	52	48	45	46	45	5	4	4	3	2
Transit	61	76	87	92	89	98	113	104	112	112
Airport	18	18	19	19	20	23	23	17	17	23
Stormwater ¹	-	-	26	26	36	37	43	47	41	33
Environmental Services ³ (Solid Waste & Recycling)	-	-	-	1	70	67	70	74	69	67
Total	1,418	1,444	1,427	1,490	1,498	1,496	1,554	1,540	1,622	1,525

Source: City Finance Office

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

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

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

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

Schedule 18

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Fire ⁽¹⁾										
Emergency responses	25,166	25,272	27,843	27,643	30,153 ⁽¹⁾	29,987	29,963	31,443	29,707	30,017
Fires extinguished	1,118	869	977	721	671 ⁽¹⁾	682	812	978	831	852
Fire inspections	5,670	6,900	6,335	2,761	3349 ⁽¹⁾	4,582	4,516	4,031	5,826	5,460
Police ⁽²⁾										
Number of law violations:										
Physical arrests	8,865	10,336	8,968	7,168	7,406	6,594	7,083 ⁽²⁾	6,524	6,606	6,099
Traffic citations	45,982	48,162	31,054	21,058	22,523	23,630	24,860 ⁽²⁾	17,263	17,443	16,634
Warning citations	13,096	21,034	19,713	17,219	21,788	38,326	53,553 ⁽²⁾	38,389	32,695	28,102
Calls for service	219,428	222,136	230,389	251,891	307,679	272,350	277,688 ⁽²⁾	296,609	288,896	278,560
Development Services										
Number of permits issued:										
Residential:										
New single family	401	431	548	502	343	308	290	249	275	223
New multi-family										
Number of units	619	1,165	966	983	111	170	311	64	54	35
Renovations	1,297	1,390	1,350	2,098	1,557	1,461	1,382	1,011	924	728
Commercial:										
New	60	87	62	71	51	69	69	52	56	53
Renovations	294	461	611	541	559	509	431	450	371	420
Other:										
Miscellaneous	16,185	17,598	19,290	13,132	10,319	12,467	11,825	11,556	9,092	8,891
Yard sale	1,186	1,186	1,114	921	998	727	702	601	572	460

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

Schedule 18

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cultural and Recreational ⁽³⁾										
Youth Sports participants	9,871	16,081	10,870	11,805	11,173	11,687	15,209	17,057	15,970	19,182
Adult Sports participants	5,348	6,772	1,036	1,172	1,087	761	944	998	717	778
Senior participants	62,818	92,894	102,170	109,503	89,416	90,311	109,289	97,603	92,300	88,842
Therapeutic participants	2,348	22,192	20,048	29,522	22,793	23,021	52,942	57,171	56,955	47,049
Aquatics participants	N/A	23,811	24,903	22,394	22,123	22,345	38,099	66,446	72,140	73,200
Park programs participants	16,810	24,182	24,074	21,712	28,086	28,367	30,589	30,920	35,609	32,576
Special events participants	2,979	6,567	11,161	11,983	20,727	20,642	22,446	15,692	18,821	8,970
Permitted events	82	81	64	66	89	81	96	105	110	238
Mobile stage/bleacher rentals	49	51	47	44	49	47	92	137	116	108
Recreation center participants	430,654	508,801	524,772	525,848	586,199	592,061	621,664	631,514	816,726	661,301
Historical properties participants	15,401	34,011	134,247	105,126	95,622	63,531	73,109	60,661	60,152	46,641
Picnic shelter rentals	31,772	38,381	50,218	46,839	40,761	38,484	36,687	43,122	57,290	37,802
Festival Park										
Tier 1 Events (0 - 500 Attendees)	6	2	5	3	1	5	5	9	36	7
Tier 2 Events (501 - 2,500 Attendees)	12	7	11	13	6	15	2	3	2	16
Tier 3 Events (2,501 - 5,000 Attendees)	15	13	14	13	6	16	2	7	6	6
Tier 4 Events (5,001 - 10,000 Attendees)	N/A	N/A	N/A	N/A	N/A	N/A	10	8	10	2
Tier 5 Events (10,001 + Attendees)	N/A	N/A	N/A	N/A	N/A	N/A	19	15	19	13
Transportation										
Street Maintenance										
Streets maintained (miles)	724.39	726.51	730.79	734.13	735.69	735.69	740.69	740.68	743.40	744.13
Street resurfacing and cape sealing (miles)	31.77	25.05	19.52	17.80	14.30	17.50	20.09	13.50	32.21	32.58
Number of traffic signals maintained ⁽⁴⁾	225	225	225	226	214	214	214	225	230	231
Engineering										
Driveway permits (residential)	310	378	426	429	578	382	388	287	227	214
Driveway permits (commercial)	40	23	42	42	42	28	23	23	27	46
Airport ⁽¹⁾										
Number of enplaned passengers	259,454	254,134	253,330	244,345	237,282 ⁽¹⁾	161,635	224,489	229,684	238,178	231,003
Number of deplaned passengers	254,891	258,719	253,575	243,876	236,635 ⁽¹⁾	219,312	221,292	228,562	235,835	230,958

(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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Fire										
Number of stations	16	16	16	16	16	16	16	17	17	17
Police										
Number of stations	2	2	2	2	2	2	2	3	3	3
Cultural and Recreational										
Mini parks (.5 - 3 acres)	12	12	12	12	12	12	12	12	12	12
Neighborhood parks (7 - 15 acres)	14	14	14	14	14	14	14	14	14	14
Community parks (30 - 50 acres)	6	6	7	7	7	7	7	7	7	7
Sports complexes (40 - 80 acres)	2	2	3	3	3	3	3	3	3	3
Green spaces	8	8	8	8	8	8	8	8	8	8
Neighborhood school-parks	34	34	34	34	34	34	34	34	34	34
Community school-parks	1	1	1	1	1	1	1	1	1	1
Linear parks	3	3	3	3	3	3	3	3	3	3
Special use parks	7	7	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
Transportation										
Street Maintenance										
Streets maintained (miles)	724.39	726.51	730.79	734.13	735.69	735.69 ⁽¹⁾	740.69	740.68	743.40	744.13
Number of traffic signals ⁽²⁾	28	28	28	29	29	29	29	30	30	31

(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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2019



Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

City of
Fayetteville
North Carolina

Uniform Guidance and State Single Audit Implementation Act 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 and Passenger Facility Charges
- Notes to the Schedule of Expenditures of Federal and State Awards and 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 (the City of Fayetteville), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Fayetteville's basic financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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, North Carolina'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, North Carolina's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering City of Fayetteville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM VS LLP

Morehead City, North Carolina
November 15, 2019

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control Over Compliance
in accordance with the Uniform Guidance and Passenger Facility Charge Program**

RSM US LLP

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

Report on Compliance for Each Major Federal Program

We have audited the City of Fayetteville's, North Carolina and Fayetteville Public Works Commission's (PWC), 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 and PWC's major federal program and the passenger facility charge program for the year ended June 30, 2019. The City of Fayetteville's and PWC's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Fayetteville, North Carolina's and PWC's major federal program 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; 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 and PWC'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 program and the passenger facility charge program. However, our audit does not provide a legal determination of the City of Fayetteville, North Carolina's compliance.

Opinion on its Major Federal Program and Passenger Facility Charge Program

In our opinion, the City of Fayetteville, North Carolina and PWC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on their major federal program and the passenger facility charge program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City of Fayetteville, North Carolina and PWC 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 and PWC'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 and PWC'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 a 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 the internal control over compliance that might be material weaknesses or significant deficiencies. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliances 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 purposes.

RSM US LLP

Morehead City, North Carolina
November 15, 2019

**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**

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 and Fayetteville Public Works Commission's (PWC) 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 and PWC's major State programs for the year ended June 30, 2019. The City of Fayetteville's and PWC's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Fayetteville's and PWC's major State 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; applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, the State 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 and PWC'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 on the City of Fayetteville's and PWC's compliance.

Opinion on Each Major State Program

In our opinion, the City of Fayetteville and PWC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City of Fayetteville and PWC 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 and PWC'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 applicable sections of 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 and PWC'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 a 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 the 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 applicable sections of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purposes.

RSM US LLP

Morehead City, North Carolina
November 15, 2019

City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

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? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency(ies) identified? | <u> </u> | Yes | <u> X </u> | None |

Noncompliance material to financial
statements noted?

<u> </u>	Yes	<u> X </u>	No
-------------------	-----	----------------------	----

Federal Awards

Internal control over major federal programs:

- | | | | | |
|---|-------------------|-----|----------------------|------------------|
| • Material weakness(es) identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency(ies) identified? | <u> </u> | Yes | <u> X </u> | None
Reported |

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

Any audit findings disclosed that are required to be
reported in accordance with
2 CFR 200.516(a)?

<u> </u>	Yes	<u> X </u>	No
-------------------	-----	----------------------	----

(Continued)

City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

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

Identification of major federal programs:

CFDA #	Program Name
20.106	Airport Improvement Program

Dollar threshold used to distinguish

between Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

State Awards

Internal control over State programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies)
identified?

_____ Yes X None Reported

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

Any audit findings disclosed that are required to
be reported in accordance with the State Single

Audit Implementation Act?

_____ Yes X No

Identification of major State programs:

Nonstate System Street Aid Allocation (Powell
Bill)

(Continued)

City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2019

Section 2. Financial Statement Finding

None reported.

Section 3. Findings and Questioned Costs for Federal Awards

None reported.

Section 4. Findings and Questioned Costs for State Awards

None reported.

**City of Fayetteville, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2019**

Section 2. Financial Statement Findings

No corrective action required in current year.

Section 3. Findings and Questioned Costs for Federal Awards

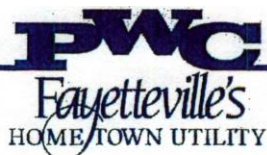
No corrective action required in current year.

Section 4. Findings and Questioned Costs for State Awards

No corrective action required in current year.

**City of Fayetteville, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2019**

DARSWEIL L. ROGERS, COMMISSIONER
WADE R. FOWLER, JR., COMMISSIONER
EVELYN O. SHAW, COMMISSIONER
D. RALPH HUFF, III, COMMISSIONER
DAVID W. TREGO, CEO/GENERAL MANAGER



FAYETTEVILLE PUBLIC WORKS COMMISSION
955 OLD WILMINGTON RD
P.O. BOX 1089
FAYETTEVILLE, NORTH CAROLINA 28302-1089
TELEPHONE (910) 483-1401
WWW.FAYPWC.COM

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2019**

Finding: 2017-002, repeated as 2018-001


Status: Corrected. The full reconciliation between WAM and EBS went into Production in November 2018. The solution is functioning as designed.

Finding: 2018-002

Status: Corrected. PWC's IT and Accounting staff continues to work on the automated bank reconciliation solution within the Oracle System. The Accounting staff uses the solution daily and weekly to reconcile general ledger items to the bank statement but is still in the process of finalizing the solution for the full bank reconciliation process. Until then, PWC's staff has been able to manually reconcile the general ledger to the bank statement in a timely manner. The implementation of reviewing bank statement transactions daily and posting the related manual transactions daily, as well as, reconciling the payroll accrual entries at the fund level has been effective in producing timely bank reconciliations.

Respectfully submitted,

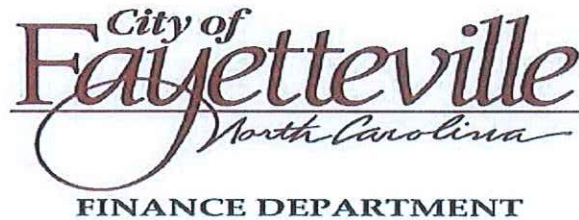

David W. Trego
Chief Executive Officer


Rhonda Haskins, CPA, CGMA
Chief Finance Officer

BUILDING COMMUNITY CONNECTIONS SINCE 1905

(Continued)

City of Fayetteville, North Carolina
Summary Schedule of Prior Audit Findings (Continued)
For the Fiscal Year Ended June 30, 2019



Finding 2018-3 – OPEB overstatement
Corrected



Douglas J. Hewett, ICMA-CM
City Manager



Jay C. Toland, CMA
Chief Financial Officer

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients	Total Expenditures
FEDERAL GRANTS						
<u>US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>						
<u>Community Development Block Grant Cluster</u>						
CDBG Entitlement Grant FY2016-2017	14.218	B-16-MC-37-0005	\$ (14,460)	\$ -	\$ -	\$ (14,460)
CDBG Entitlement Grant FY2017-2018	14.218	B-17-MC-37-0005	500,222	-	-	500,222
CDBG Entitlement Grant FY2018-2019	14.218	B-18-MC-37-0005	391,116	-	268,500	391,116
Total Community Development Block Grant Cluster			876,878	-	268,500	876,878
<u>CDBG Disaster Recovery Grants Cluster</u>						
CDBG Disaster Relief Grants Passed-through NC Department of Public Safety Passed-through Cumberland County CDBG-DR	14.269	17-R-3006	77,197	-	-	77,197
Total CDBG Disaster Recovery Grants Cluster			77,197	-	-	77,197
<u>HOME Investment Partnerships Program</u>						
FY2014-2015	14.239	M14-MC370203	200,000	-	-	200,000
FY2015-2016	14.239	M15-MC370203	3,386	-	-	3,386
FY2018-2019	14.239	M18-MC370203	42,209	-	-	42,209
Total HOME Investment Partnerships Program			245,595	-	-	245,595
Total US Department of Housing & Urban Development			1,199,670	-	268,500	1,199,670
<u>US DEPARTMENT OF JUSTICE</u>						
<u>Office of Justice Programs</u>						
NIBRS Transition Process	16.734	2018-MU-CX-K36	6,036	-	-	6,036
National Sexual Assault Initiative	16.833	2015-AK-BX-K011	51,610	-	-	51,610
National Sexual Assault Initiative	16.833	2016-AK-BX-K017	277,267	-	-	277,267
			334,913	-	-	334,913
Equitable Sharing Program	16.922		129,226	-	-	129,226
Total Office of Justice Programs			464,139	-	-	464,139
<u>Office of Community Oriented Policing Services</u>						
COPS Hiring 2014	16.710	2014-UL-WX-0014	70,733	-	-	70,733
<u>Office of Juvenile Justice & Delinquency Prevention</u>						
Badges for Baseball	16.726	2018-FED-OJJDP	4,500	-	-	4,500
<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	55,000	-	-	55,000
Edward Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-BX-0249	8,378	-	-	8,378
Total Edward Byrne Memorial Justice Assistance Grant Program Passed through Cumberland County			63,378	-	-	63,378
<u>Passed through NC Department of Public Safety</u>						
Governor's Crime Commission - EKG 2017	16.540	PROJ012472	15,580	-	-	15,580
Total Passed through NC Department of Public Safety			15,580	-	-	15,580
Total US Department of Justice			618,330	-	-	618,330
<u>US DEPARTMENT OF THE TREASURY</u>						
Treasury Forfeiture Fund Program	21.000	N/A	-	-	-	-
Total US Department of the Treasury			-	-	-	-
<u>US DEPARTMENT OF TRANSPORTATION</u>						
<u>Federal Aviation Administration</u>						
<u>Airport Improvement Program</u>						
Terminal Improvements Part I - AIP 44	20.106	FAA-3-37-0021-44	8,389,869	-	-	8,389,869
Terminal Improvements Part I - AIP 45	20.106	FAA-3-37-0021-45	1,712,437	-	-	1,712,437
Total Airport Improvement Program			10,102,306	-	-	10,102,306
Total Federal Aviation Administration			10,102,306	-	-	10,102,306
<u>Federal Transportation Administration</u>						
<u>Highway Planning and Construction Cluster</u>						
<u>Passed-through NC Dept of Transportation</u>						
Big Cross Creek	20.205	WBS PE 45550.1.1	20,808	-	-	20,808
Skibo Road Sidewalk	20.205	WBS CON 50078.3.8	12,200	-	-	12,200
Total Highway Planning and Construction Cluster Passed- through the NC Dept of Transportation			33,008	-	-	33,008
<u>Federal Transit Grant Cluster</u>						
Capital Investment Grants	20.500	NC-04-0054	1,581	-	-	1,581
Preventive Maintenance & American with Disabilities Act	20.507	NC-2019-021	1,531,000	-	-	1,531,000
	20.507	NC-2019-021	300,000	-	-	300,000
Operating Assistance	20.507	NC-2019-021	772,000	-	-	772,000
Capital Grants	20.507	NC-90-0548	44,578	-	-	44,578
	20.507	NC-90-0567	9,604	-	-	9,604
	20.507	NC-90-0592	24,529	-	-	24,529
	20.507	NC-2016-030-00	133,233	-	-	133,233
	20.507	NC-2017-031-00	540,505	-	-	540,505
	20.507	NC-2018-045-00	352,076	-	-	352,076

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients	Total Expenditures
<u>Federal Transit Grant Cluster (continued)</u>						
Planning Grants	20.507	NC-90-2548	4,798	-	-	4,798
	20.507	NC-90-2592	119,188	-	-	119,188
	20.507	NC-2016-030-00	23,336	-	-	23,336
	20.507	NC-2016-045-00	37,180	-	-	37,180
	20.507	NC-2019-021-00	8,331	-	-	8,331
Total Federal Transit Grant Cluster			3,901,939	-	-	3,901,939
<u>Federal Transit Services Program Cluster</u>						
Veterans Transportation and Community Living Initiative	20.514	NC-26-0008	13,311	-	-	13,311
Total Federal Transportation Administration			3,948,258	-	-	3,948,258
Total US Department of Transportation			14,050,564	-	-	14,050,564
<u>US DEPARTMENT OF VETERANS AFFAIRS</u>						
Adaptive Sports for Disabled Vets	64.034	N/A	13,737	-	-	13,737
Total US Department of Veterans Affairs			13,737	-	-	13,737
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<u>Aging Cluster</u>						
<u>Passed-through NC Department of Health & Human Services</u>						
Senior Citizens Service Center	93.044	N/A	20,566	-	-	20,566
Total Aging Cluster Passed-through the NC Department of Health & Human Services			20,566	-	-	20,566
Total US Department of Health and Human Services			20,566	-	-	20,566
<u>US DEPARTMENT OF HOMELAND SECURITY</u>						
<u>Passed-through NC Department of Public Safety</u>						
<u>Disaster Grants - Public Assistance</u>						
<u>(Presidentially Declared Disasters) FEMA</u>						
<u>Hurricane Matthew - FEMA-4285-DR-NC</u>						
<u>City:</u>						
Shawcroft Road Permanent Repair	97.036	PW693	118,188	39,396	-	157,584
Debris Removal 31-90	97.036	PW694	17,685	4,421	-	22,106
Shawcroft Access Rd Restoration	97.036	PW697	16,033	5,344	-	21,377
Alexander Street (Incl Hazard Mitigation)	97.036	PW1119	26,002	8,668	-	34,670
Airport Storm Drain/Erosion	97.036	PW1202	8,254	2,751	-	11,005
N. Cool Spring St (Incl Hazard Mitigation)	97.036	PW1252	417,679	139,226	-	556,905
Mirror Lake Dam Restoration	97.036	PW1262	1,071,448	357,149	-	1,428,597
Veteran's Park & MLK Fountain	97.036	PW1263	10,327	3,442	-	13,769
Lafayette Park Pedestrian Bridge	97.036	PW1365	83,100	27,700	-	110,800
Linear Park Trail Stairs & Overlook	97.036	PW1392	25,818	8,606	-	34,424
Cross Creek/Union St.	97.036	PW1403	1,230	410	-	1,640
Fire Emerg. Protective Measures	97.036	PW1487	2,626	875	-	3,501
Cross Creek Graves Relocation	97.036	PW1710	21,750	7,250	-	29,000
Cross Creek Bank Stabilization	97.036	PW1743	276,704	92,235	-	368,938
Devonwood Lower Dam Restoration	97.036	PW1887	133,967	44,656	-	178,623
<u>Hurricane Florence - FEMA-4393-DR-NC:</u>						
<u>City:</u>						
Debris Monitoring & Removal	97.036	206113	2,219,651	739,884	-	2,959,535
Emergency Protective Measures	97.036	206114	25,500	8,500	-	34,000
<u>PWC:</u>						
Mosquito Abatement	97.036	PW00140	3,559	1,186	-	4,745
Damaged Sewer Monitor	97.036	PW00263	5,083	1,694	-	6,777
Sub Station Field Equipment	97.036	PW00610	15,274	5,091	-	20,365
Total Disaster Grants - Public Assistance Passed-through the NC Department of Public Safety			4,499,877	1,498,484	-	5,998,361
<u>Hazard Mitigation Grant Program</u>						
Acquisition	97.039	HMGP 4285-0036-R	565,813	188,604	-	754,417
Reconstruction	97.039	HMGP 4285-0066-R	4,673	1,558	-	6,231
Elevation	97.039	HMGP 4285-0035-R	5,519	1,840	-	7,359
Total Hazard Mitigation Grants Passed-through the NC Department of Public Safety			576,005	192,002	-	768,007
<u>Homeland Security Grant Program - Training</u>						
Homeland Security Grant Program - DLX Hub	97.067	EMW-2017-SS-00085	24,040	-	-	24,040
Total Homeland Security Grants Passed-through the NC Department of Public Safety	97.067	EMW-2018-SS-00053	29,700	-	-	29,700
			53,740	-	-	53,740
<u>Law Enforcement Officer Reimbursement Agreement Programs</u>						
	97.090	HSTS0216HSLR733	55,200	-	-	55,200
	97.090	HSTS0216HSLR733	27,000	-	-	27,000
	97.090	HSTS0216HSLR733	28,210	-	-	28,210
Total US Department of Homeland Security			5,240,032	1,690,486	-	6,930,518
Total Assistance - Federal Programs			21,142,899	1,690,486	268,500	22,833,384

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Sub-recipients	Total Expenditures
STATE GRANTS						
NC DEPARTMENT OF TRANSPORTATION						
Public Transportation Division						
Maintenance Assistance	N/A	36234.8.13.2	-	771,629	-	771,629
Total State Public Transportation Division			-	771,629	-	771,629
Powell Bill	N/A	32570	-	5,249,417	-	5,249,417
Transportation Improvement Program						
Big Cross Creek	N/A	EB-5541	-	2,601	-	2,601
Total Transportation Improvement Program			-	2,601	-	2,601
Division of Aviation						
State Aid for Airport Projects - FAY - SB257 AIRPORT IMPROVI	N/A	36244.27.14.1	-	932,004	-	932,004
Total NC Department of Transportation			-	6,955,651	-	6,955,651
NC DEPARTMENT OF PUBLIC SAFETY						
Hazmat (RRT Grant)	N/A	RRT 3 2019	-	66,275	-	66,275
Total Hazmat RRT Grants			-	66,275	-	66,275
Passed-through from Cumberland County						
Juvenile Restitution FY 2019	N/A	526-10413	-	47,030	-	47,030
Total NC Department of Public Safety			-	113,305	-	113,305
NC HOUSING FINANCE AGENCY						
Essential Single-Family Rehabilitation Loan Pool - Disaster Recovery	N/A	ESFRLPDR34	-	99,373	-	99,373
NC OFFICE OF STATE BUDGET AND MANAGEMENT						
Cape Fear River Trail Connector, Phase I	N/A	2017.45.3	-	12,064	-	12,064
Passed-through Golden LEAF Foundation						
Hurricane Matthew Recovery - Cross Creek Cemetery Bank Stabilization Project	N/A	FY2018-003	-	7,509	-	7,509
Beaver and Bones Creeks Debris Removal	N/A	FY2018-004	-	114,197	-	114,197
Shoreline Drive Emergency Drainage	N/A	FY2019-187	-	24,200	-	24,200
Spruce Street Drainage	N/A	FY2017-210	-	385,330	-	385,330
Total passed-through Golden Leaf Foundation			-	531,236	-	531,236
Total NC Office of State Budget and Management			-	543,300	-	543,300
NC DEPARTMENT OF COMMERCE						
Rural Economic Development Division						
Kinlaws LLC	N/A	2018-121-3201-2587	-	50,000	-	50,000
Downtown Redevelopment Site Grant	N/A	2018-024-1257-1534	-	132,448	-	132,448
Bank Stabilization Cross Creek Linear Park	N/A	2018-027-1257-1534	-	49,890	-	49,890
Downtown Urban Design Plan	N/A	2018-026-1257-1534	-	100,000	-	100,000
Parking Management Plan	N/A	2018-025-1257-1534	-	83,900	-	83,900
Total NC Department of Commerce			-	416,238	-	416,238
Total Assistance - State Programs			-	8,127,867	-	8,127,867
Total Assistance			<u>\$ 21,142,899</u>	<u>\$ 9,818,353</u>	<u>\$ 268,500</u>	<u>\$ 30,961,252</u>

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Passenger Facility Charges
Year Ended June 30, 2019

Project	Impose Effective Date	Use Effective Date	Cumulative Expenditures Actual	Approved Expenditures for PFC's	Amount of Use Approval	PFC Revenue Used in Prior Years	PFC Revenue Used in Current Year	Total PFC Revenues Used
CLOSED APPLICATIONS (00-01-C-04-FAY & 02-02-U-02-FAY)			\$ 22,054,891	\$ 20,989,214	\$ 1,061,391	\$ 1,061,391	-	\$ 1,061,391
CLOSED APPLICATION (#05-03-C-01-FAY)			\$ 4,470,310	\$ 8,497,491	\$ 614,686	\$ 324,231	-	\$ 324,231
CLOSED APPLICATION (#09-04-C-00-FAY)			\$ 19,794,604	\$ 22,436,981	\$ 1,992,908	\$ 1,701,088	-	\$ 1,701,088
CLOSED APPLICATION (#12-05-C-00-FAY)			\$ 12,525,000	\$ 17,761,925	\$ 1,575,744	\$ 1,277,433	\$ -	\$ 1,277,433
APPLICATION (#15-06-C-00-FAY)								
Airport Master Plan (AMP) Update, Part 1, Airline Term Area 10%	5/1/2015	5/1/2015	\$ 348,830	\$ 337,500	\$ 33,750	\$ 33,750	\$ -	\$ 33,750
Air Carrier Apron Rehabilitation Phase II 10%	5/1/2015	5/1/2015	2,283,777	2,779,290	277,929	228,378	-	228,378
Taxiway J&K Rehabilitation 10%	5/1/2015	5/1/2015	3,338,088	3,596,270	359,627	333,809	-	333,809
Airport Master Plan (AMP) Update, Part 2, Incl 18B Mapping and NAVAIDs Planning	5/1/2015	5/1/2015	579,966	600,000	60,000	47,759	10,238	57,997
TOTAL IMPOSE AND USE APPLICATION 6			\$ 6,550,661	\$ 7,313,060	\$ 731,306	\$ 643,696	\$ 10,238	\$ 653,934
APPLICATION (#16-07-U-00-FAY)								
Design & Construct - Airline Terminal Improvements	5/1/2015	5/1/2015	14,441,633	28,199,970	2,819,997	-	1,444,163	1,444,163
TOTAL IMPOSE AND USE APPLICATION 7			\$ 14,441,633	\$ 28,199,970	\$ 2,819,997	\$ -	\$ 1,444,163	\$ 1,444,163
APPLICATION (#19-08-C-00-FAY)								
Airline Terminal Improvements - Phase I (Design, Bidding, etc.)	3/1/2019	3/1/2019	-	2,674,390	2,674,390	-	-	-
TOTAL IMPOSE AND USE APPLICATION 8			\$ -	\$ 2,674,390	\$ 2,674,390	\$ -	\$ -	\$ -
GRAND TOTAL			\$ 79,837,099	\$ 107,873,031	\$ 11,470,422	\$ 5,007,839	\$ 1,454,401	\$ 6,462,240

CITY OF FAYETTEVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2019

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY CHARGES:

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) and Passenger Facility Charges 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, 2019. The information in this SEFSA and Schedule of Expenditures of Passenger Facility Charges is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Fayetteville, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Fayetteville.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

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

City of Fayetteville, North Carolina

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City of Fayetteville

North Carolina



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