

**City of Elizabeth City, North Carolina**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2020**

**CITY OF ELIZABETH CITY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2020**

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MAYOR  
BETTIE J. PARKER  
MAYOR PRO-TEM  
JOHNNIE B. WALTON  
CITY MANAGER  
MONTRE'D.FREEMAN  
CITY CLERK  
APRIL ONLEY

CITY COUNCIL MEMBERS  
GABRIEL M. ADKINS  
MICHAEL BROOKS  
BILLY CAUDLE  
DARIUS J. HORTON  
CHRIS RUFFIEUX  
KEM K. SPENCE  
JEANNIE YOUNG



Office of Director of Finance  
302 E Colonial Avenue  
Elizabeth City, North Carolina 27907

July 16, 2021

The Honorable Mayor, Members of City Council, and Citizens  
City of Elizabeth City, North Carolina

It is our pleasure to submit the Basic Financial Statements of the City of Elizabeth City for the fiscal year ended June 30, 2020. This report was prepared by the Department of Finance. State law requires that all general-purpose local governments publish a complete set of 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 licensed certified public accountants.

The Basic Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect city assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by Thompson, Price, Scott, Adams & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended

June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is included as part of the financial section of this report.

GAAP requirements specify that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Some information traditionally reported in the letter of transmittal is now included in the MD&A as required. The City's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE GOVERNMENT

The City of Elizabeth City is located in Northeastern North Carolina on the banks of the Pasquotank River. Elizabeth City's history dates back to 1585 when it was initially explored by those who eventually made up the settlers of the Lost Colony. Because of its ideal geographic location on a navigable river and its shipping, trading and agricultural commerce, Elizabeth City saw early settlement activity. In 1793, the North Carolina General Assembly voted to establish a charter for Elizabeth City. It was established as "Redding" on land donated by a local innkeeper, Elizabeth Tooley. The town's name was changed to Elizabethtown in 1794, in honor of Mrs. Tooley's donation. Seven years later, the name was changed to Elizabeth City.

The City operates under the Council/Manager form of government. The City Council is comprised of the Mayor and eight Council members who serve two-year terms. A Mayor Pro-tem is selected by the Council from its members. The City Council employs a City Manager to handle the everyday operations of the City.

A delightful mix of recreational and cultural opportunities is found in Elizabeth City and Pasquotank County. With its beautiful location on the Pasquotank River, the waterfront provides a predominant resource for recreational activities such as boating, skiing, and fishing that is enjoyed by citizens and visitors.

State and National Parks provide for a unique view of the abundant plant and animal life found in Northeastern North Carolina. These parks include the Great Dismal Swamp National Wildlife Refuge, Wright Brothers National Memorial, Merchants Millpond, and Cape Hatteras National Seashore, all within 60 miles of Elizabeth City.

The City of Elizabeth City provides a full range of services. Services include police and fire protection, street maintenance, environmental protection, recreational and cultural services, and economic and community development. The City also provides electric, storm water, solid waste, water, and sewer services to its citizens and some residents of Pasquotank County. The estimated 2019 population is 17,731. The City encompasses 11.67 square miles and employs 297 staff.

The annual budget serves as the foundation of the City's financial planning and control. The City Manager holds a pre-budget work session with the City Council to determine needs

for the upcoming year. All City departments are required to submit requests for appropriation to the City Manager in February each year. The City Manager presents this proposed budget to the City Council in April. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and funds require approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 17 as part of the basic financial statements for the governmental funds. For other funds with annual and project length budgets detailed budget to actual comparisons are presented in the supplementary information subsection of this report which starts on page 57.

## LOCAL ECONOMY

Northeastern North Carolina continues to experience moderate growth in this region of the state. Elizabeth City continues to serve as a commercial hub for the surrounding counties and smaller towns because of its early development and geographic location. Although its population is approximately 20,000, Elizabeth City's regional trading areas exceed 100,000 people. Retail sales for Elizabeth City remain steady from the prior year. Other retail organizations have announced their plans to locate to the newly opened Tanglewood shopping area. The potential for growth and increased sales tax is very high. The downtown area has experienced the revitalization of several vacant buildings as a result of the City's downtown improvement grant program to encourage businesses to locate downtown and make improvements to existing buildings.

Our community's current unemployment rate has increased to 6.7%, but is lower than the statewide rate of 8.9% and the nationwide rate of 11.2% as a result of the COVID-19 outbreak. Elizabeth City continues to have a diversified economic base spread among small to mid-sized companies including Quality Foods, TCOM, Hoffer Flow, Hockmeyer Equipment, Airship Management Service and DRS.

As the largest employment base in Pasquotank County, Federal, State and Local governments play a significant role in the life and economy of Elizabeth City. In addition to the employment market offered by the City and Pasquotank County, many Federal and State agencies are based in Elizabeth City. Elizabeth City is the home of the United States Coast Guard Air Station which provides over 2,400 military and civilian positions. The Coast Guard was established in Elizabeth City in 1889. In May of 2015, the City of Elizabeth City became the seventeenth city to be officially designated a Coast Guard City. Because of its ideal geographic location, it serves as one of the largest search and rescue commands on the east coast. In addition to its rescue missions, the Coast Guard has a substantial aviation repair facility which is the largest repair facility of all its bases, and an aviation technical training center. The Elizabeth City Aviation Research and Development Commerce Park will take advantage of the City's close proximity to the Coast Guard Base. The Pasquotank Correctional

Institute, which includes a maximum-security facility housing over 1,000 inmates, offers additional employment opportunities employing approximately 410.

Three higher educational institutions are located within the City. Elizabeth City State University, a member of the sixteen campuses of the greater University of North Carolina system, offers a four-year degree and graduate degrees in many disciplines. The College of the Albemarle offers technical courses and college parallel courses and includes a state-of-the-art Technology Center. Mid-Atlantic Christian University (formerly Roanoke Bible College) is a private college offering instruction in theological education.

Elizabeth City is the home of Sentara Albemarle Medical Center, a regional medical center offering the latest technology and equipment. Pasquotank County, in 2014, entered into a long-term lease with Sentara Albemarle Medical Center.

Agriculture has been a mainstay of Elizabeth City's economy with a thriving agribusiness development. The Elizabeth City area has agricultural production sales of over \$55.9 million. Among these products are corn, soybeans, wheat, potatoes, cabbage, small vegetables and lumber products. The rich soil, good rainfall, ideal growing seasons and available transportation to large markets, have continued the productivity of the agricultural business in Elizabeth City.

## MAJOR INITIATIVES

The City completed constructing the Coast Guard Park, a new waterfront park offering boardwalk, kayak launches, and other outdoor amenities. Tanglewood Pavilion which houses Hobby Lobby, T J Maxx, and Ross continues to thrive with additional stores being added that will increase sales tax revenue. Despite the impacts of COVID-19, the city continued to see new investment and construction on the Halstead Boulevard Extended corridor, as well as continued investment downtown. This includes potential redevelopment of a former middle school into market-value apartments.

## LONG-TERM FINANCIAL PLANNING

The fiscal year 2020/2021 budget included a \$15 per vehicle motor vehicle fee as well as a 2% rate increase for water customers and 25% rate increase for sewer customers. Also included were numerous vehicles and street improvements.

## ACKNOWLEDGMENTS

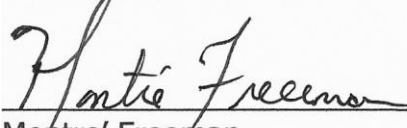
The preparation of this would not have been possible without the efficient and dedicated service rendered by the staff of the Finance Department. We would like to express our sincere appreciation to all members of the department who assisted and contributed to the preparation of this report. Our sincere appreciation is also extended to the staff of the City's independent certified public accountant, Thompson, Price, Scott, Adams & Co., P.A., for



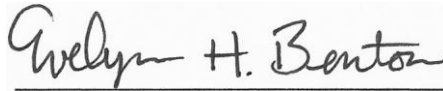
their assistance.

Appreciation is also extended to the Mayor and members of City Council for their interest and support during the fiscal year.

Respectfully submitted,

A handwritten signature in black ink, reading "Montre' Freeman", written over a horizontal line.

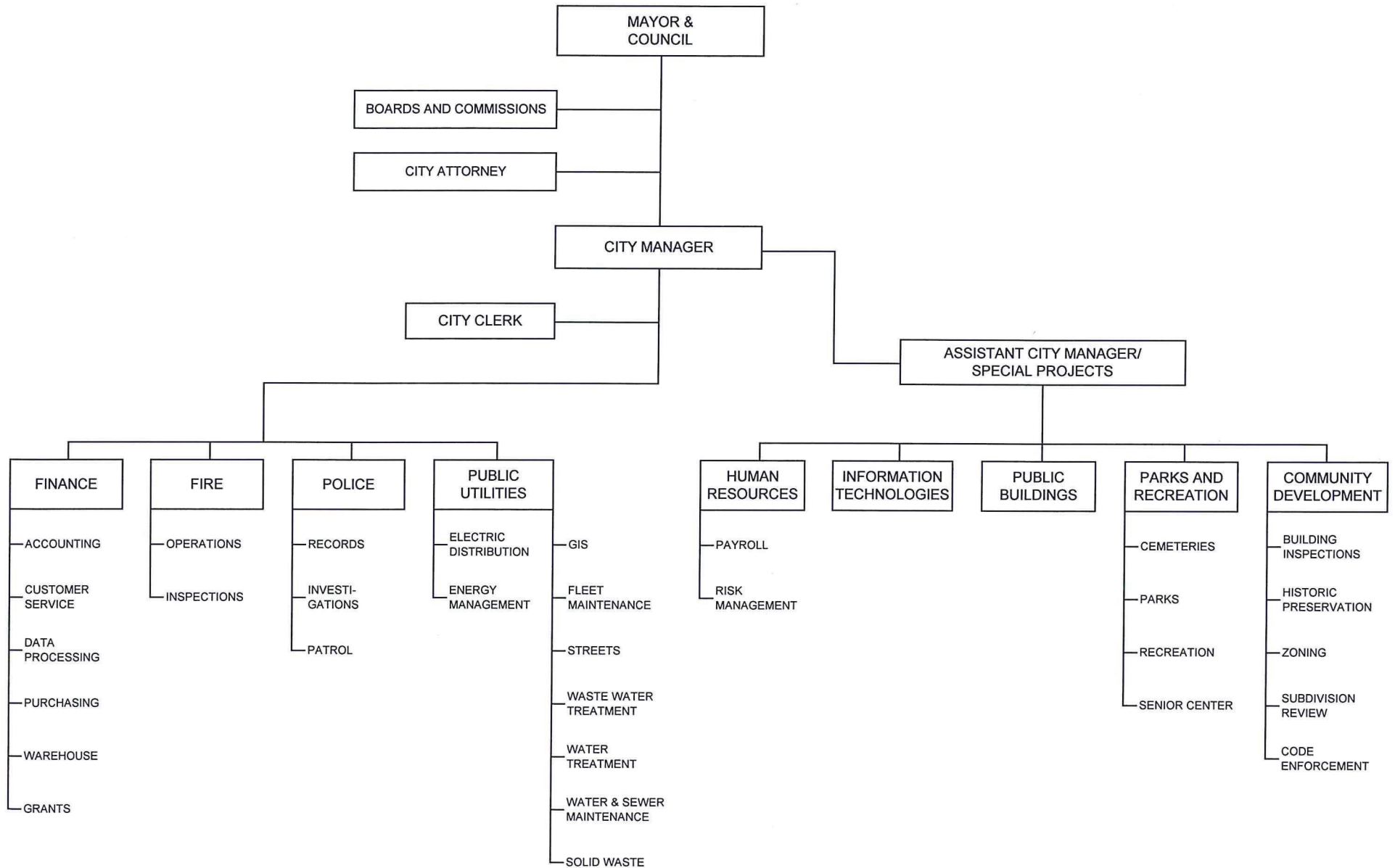
Montre' Freeman  
City Manager

A handwritten signature in black ink, reading "Evelyn H. Benton", written over a horizontal line.

Evelyn H Benton  
Finance Director

# CITY OF ELIZABETH CITY

## ORGANIZATIONAL CHART



**CITY OF ELIZABETH CITY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICIALS**

**City of Elizabeth City Council Members**

Bettie J Parker, Mayor

Johnnie B Walton, May Pro-Tem

Gabriel Atkins

Billy Caudle

Darius J Horton

Chris Ruffieux

Kem K Spence

Jeannie Young

Michael Brooks

**City Officials**

Eddie M Buffaloe, Jr

Evelyn Benton

William H Morgan, Jr

April Onley

Chris Carver

Alvin Roundtree

Sean Clark

Montique McClary

Debbie Malenfant

Eddie M Buffaloe, Jr

Amanda Boone

Matthew Simpson

Interim City Manager

Finance Director

City Attorney

City Clerk

Fire Chief

Inspections Director

Parks & Recreation Director

Human Resources Director

Interim Planning Director

Police Chief

Public Utilities Director

Information Technologies Director

## FINANCIAL SECTION



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 103  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elizabeth City, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Elizabeth 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elizabeth City, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Elizabeth City, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2021, on our consideration of the City of Elizabeth City'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 the 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 Elizabeth City's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., PA*

*Wilmington, North Carolina*

*August 13, 2021*

## MANAGEMENT'S DISCUSSION AND ANALYSIS



## **Management's Discussion and Analysis**

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

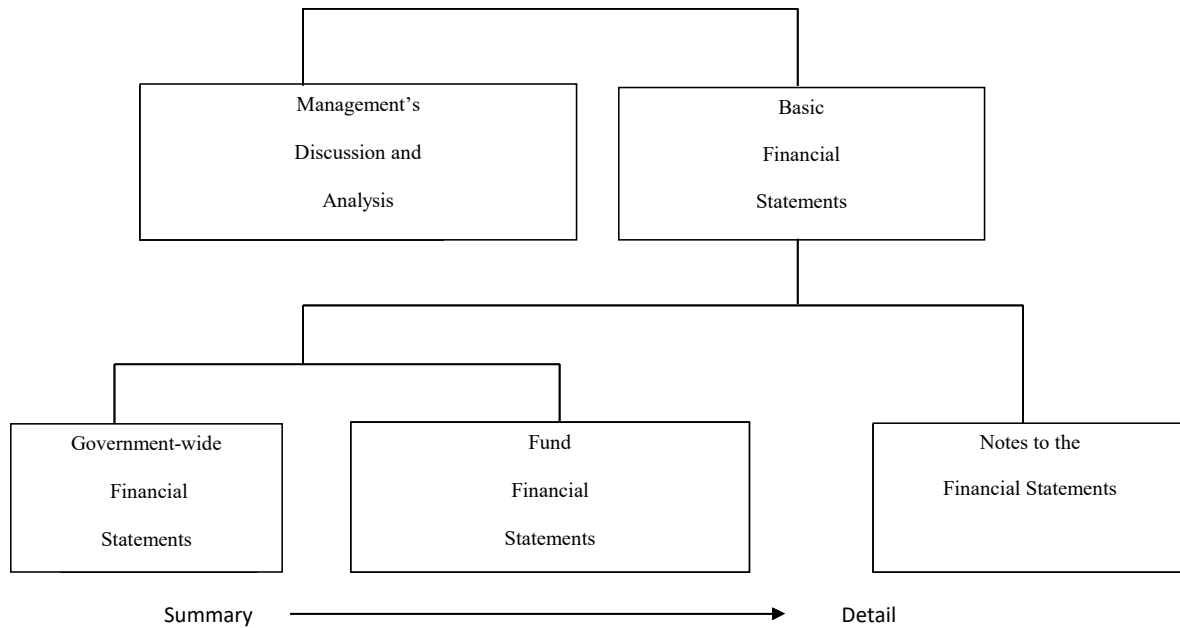
### **Financial Highlights**

- The assets and deferred outflows of resources of the City of Elizabeth City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$102,669,902 (net position).
- The government's total net position decreased by \$218,310 due to decreased net position in the governmental activities.
- As of the close of the current fiscal year, the City of Elizabeth City's governmental funds reported combined ending fund balances of \$6,840,242, after a net decrease in fund balance of \$1,702,447. Approximately 29% of this total amount, or \$1,979,366, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,485,601, or 11% of total General Fund expenditures and transfers to other funds for the fiscal year.
- The General Fund budget for the fiscal year ended June 30, 2020 was adopted with a \$0.655 per \$100 assessed valuation property tax rate.
- The City of Elizabeth City's total debt increased by \$5,822,263 during the current fiscal year. The key factor in this increase was the addition of the installment purchases in the Business-type funds.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to City of Elizabeth City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Elizabeth City.

**Required Components of Annual Financial Report**  
**Figure 1**



#### **Basic Financial Statements**

The first two statements (Exhibits 1&2) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits 3-8) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the government fund statements; 2) the budgetary comparison statements; and 3) the proprietary governmental funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's major and non-major governmental funds, all of which 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's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those where services are provided and customers are charged for those services. The business-type activities are those that the City charges customers to provide. These include the water and sewer, electric, and airport services offered by the City.

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

## **Fund Financial Statements**

The Fund Financial Statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Elizabeth City, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in the 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 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 government 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 Elizabeth City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** - The City has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Elizabeth City uses enterprise fund to account for its electric, water, sewer, stormwater, and solid waste 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.

**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.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Elizabeth City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

**Interdependence with Other Entities** - The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

#### Government-Wide Financial Analysis

**The City of Elizabeth City's Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 8,443,598	\$ 10,759,289	\$ 24,131,809	\$ 19,806,008	\$ 32,575,407	\$ 30,565,297
Capital assets	34,104,399	31,753,836	73,960,020	72,677,727	108,064,419	104,431,563
Total assets	42,547,997	42,513,125	98,091,829	92,483,735	140,639,826	134,996,860
Total deferred outflows of resources	2,588,196	3,005,804	1,203,207	1,377,019	3,791,403	4,382,823
Long-term liabilities outstanding	20,143,862	20,489,031	13,146,891	14,247,261	33,290,753	34,736,292
Other liabilities	1,670,811	2,171,904	5,290,905	4,670,665	6,961,716	6,842,569
Total liabilities	21,814,673	22,660,935	18,437,796	18,917,926	40,252,469	41,578,861
Total deferred inflows of resources	1,033,844	1,215,887	475,012	539,292	1,508,856	1,755,179
Net Position:						
Net investment in capital assets	29,591,549	28,262,683	66,930,524	69,454,469	96,522,073	97,717,152
Restricted	4,354,641	2,822,162	-	-	4,354,641	2,822,162
Unrestricted	(11,658,516)	(7,270,834)	13,451,704	9,619,732	1,793,188	2,348,898
Total net position	\$ 22,287,674	\$ 23,814,011	\$ 80,382,228	\$ 79,074,201	\$ 102,669,902	\$ 102,888,212

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. For the City of Elizabeth City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$103,272,254 as of June 30, 2020. The City's net position increased by \$384,042 in the same period. However, the largest portion \$97,124,426 (94%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Elizabeth City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Elizabeth City's net 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.

At the end of the current fiscal year, an additional portion of the City of Elizabeth City's net position \$4,354,641 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,793,188 (2%) is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total government net position:

- Increased in local option sales tax
- Increased charges for services
- Overall increase Grant funding

The City's net position decreased by \$218,310. The following table summarizes the changes in net position:

**The City of Elizabeth City  
Changes in Net Position  
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 1,426,381	\$ 1,731,165	\$ 42,115,298	\$ 41,932,369	\$ 43,541,679	\$ 43,663,534
Operating grants and contributions	805,474	2,423,720	-	-	805,474	2,423,720
Capital grants and contributions	-	183,454	496,680	700,564	496,680	884,018
General revenues:						
Property taxes	8,898,294	8,219,690	-	-	8,898,294	8,219,690
Local option sales tax	3,998,804	3,674,595	-	-	3,998,804	3,674,595
Other Taxes	120,141	104,561	-	-	120,141	104,561
Grants and contributions not restricted to specific programs	3,477,052	1,995,383	-	-	3,477,052	1,995,383
Other	847,027	564,714	883,977	88,138	1,731,004	652,852
<b>Total revenues</b>	<b>19,573,173</b>	<b>18,897,282</b>	<b>43,495,955</b>	<b>42,721,071</b>	<b>63,069,128</b>	<b>61,618,353</b>
<b>Expenses:</b>						
General government	4,099,768	3,227,094	-	-	4,099,768	3,227,094
Public Safety	11,892,424	11,644,482	-	-	11,892,424	11,644,482
Transportation	1,771,965	1,941,135	-	-	1,771,965	1,941,135
Environmental protection	42,202	49,222	-	-	42,202	49,222
Cultural and recreation	3,728,806	2,439,070	-	-	3,728,806	2,439,070
Economic and physical development	393,199	10,321	-	-	393,199	10,321
Interest on long-term debt	96,146	67,523	-	-	96,146	67,523
Electric	-	-	30,491,128	30,902,808	30,491,128	30,902,808
Water and sewer	-	-	8,821,169	7,740,613	8,821,169	7,740,613
Stormwater utility	-	-	278,220	239,779	278,220	239,779
Solid waste	-	-	1,672,411	1,532,828	1,672,411	1,532,828
<b>Total expenses</b>	<b>22,024,510</b>	<b>19,378,847</b>	<b>41,262,928</b>	<b>40,416,028</b>	<b>63,287,438</b>	<b>59,794,875</b>
Increase (decrease) in net position before transfers and special items	(2,451,337)	(481,565)	2,233,027	2,305,043	(218,310)	1,823,478
Transfers	925,000	925,000	(925,000)	(925,000)	-	-
Increase (decrease) in net position	(1,526,337)	443,435	1,308,027	3,685,086	(218,310)	3,646,956
Net position, beginning, previously reported	23,814,011	23,370,576	79,074,201	77,694,158	102,888,212	101,064,734
Net position, ending	\$ 22,287,674	\$ 23,814,011	\$ 80,382,228	\$ 81,379,244	\$ 102,669,902	\$ 104,711,690

**Governmental activities:** Governmental activities decreased the City's net position by \$1,526,337 due to increase in overall expenditures.

**Business-type activities:** Business-type activities increased the City of Elizabeth City's net position by \$1,308,027. Water and Sewer Fund had the biggest increase in net position at \$956,378.

## 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 of Elizabeth City's financing requirements. Specifically, fund balance available for appropriation 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 the current fiscal year, the City's fund balance available in the General Fund was \$2,485,601 while total fund balance reached \$6,177,368. The City currently has an unassigned fund balance of 11% of General Fund expenditures while total fund balance represents 28% of the same amount.

At June 30, 2020, the governmental funds of the City reported a combined fund balance of \$6,840,242, a \$1,702,447 decrease over last year.

### General Fund Budgetary Highlights:

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$9,404,737; the Water and Sewer Fund amounted to \$2,600,141; the Stormwater Utility Fund amounted to \$1,559,327, and the Solid Waste Fund amounted to (\$112,502).

### Capital Asset and Debt Administration

**Capital assets.** The City of Elizabeth City's net investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$108,064,419 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital assets transactions during the year include:

- Coast Guard Park
- Purchased 50 Ton Chiller
- Purchased land for Aviation Fund part II
- Purchase of Fire Truck
- Construction in progress for Electric Fund
- Purchased Bucket Truck for Electrical Fund

**City of Elizabeth City's Capital Assets**  
**(net of depreciation and amortization)**  
**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 9,041,928	\$ 7,590,432	\$ 786,394	\$ 712,354	\$ 9,828,322	\$ 8,302,786
Buildings and utility systems	11,081,368	9,708,774	67,841,821	68,422,517	78,923,189	78,131,291
Machinery and equipment	721,079	955,905	3,093,069	2,713,114	3,814,148	3,669,019
Streets and sidewalks	11,782,252	11,989,441	-	-	11,782,252	11,989,441
Vehicles & motorized equipment	1,477,772	1,273,750	1,059,194	770,581	2,536,966	2,044,331
Construction in progress	-	235,535	1,179,542	59,161	1,179,542	294,696
Total	\$ 34,104,399	\$ 31,753,837	\$ 73,960,020	\$ 72,677,727	\$ 108,064,419	\$ 104,431,564

Additional information on the City of Elizabeth City's capital assets can be found in the notes to the financial statements.

**Long-Term Debt.** As of June 30, 2020, the City of Elizabeth City installment financing agreements and loans outstanding of \$11,542,347. This debt represents installment financing agreements and loans secured by specified revenue sources and property.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment financing agreement	\$ 4,512,850	\$ 4,093,888	\$ 6,437,937	\$ 2,551,556	\$ 10,950,787	\$ 6,645,444
Water and Wastewater Loans	-	-	-	-	-	-
American Recovery Reinvestment Act	-	-	591,560	650,716	591,560	650,716
OPEB	11,295,571	10,557,410	6,095,085	5,763,447	17,390,656	16,320,857
Pension related debt (LEO)	1,444,342	1,357,547	-	-	1,444,342	1,357,547
Pension related debt (LERS)	3,406,274	3,126,104	1,608,518	1,482,645	5,014,792	4,608,749
Compensated absences	602,352	594,211	210,833	205,535	813,185	799,746
Total	\$ 21,261,389	\$ 19,729,160	\$ 14,943,933	\$ 10,653,899	\$ 36,205,322	\$ 30,383,059

The City of Elizabeth City's total debt increased by \$5,822,263 (19%) during the past fiscal year.

The City of Elizabeth City's bond rating is A3.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Elizabeth City is \$100,341,105. Additional information regarding the City of Elizabeth City's long-term debt can be found in Note III.B.6. of the Basic Financial Statements.

#### Economic Factors and Next Year's Budgets and Rates

The City of Elizabeth City's unemployment rate of 6.7% increased 2.7% from the prior year.

Building permits issued have increased 25% from last year.

Retail sales increased 9% from the prior year.

#### Governmental Activities

Included in the fiscal year 2020/2021 budget are police vehicles and surveillance cameras, an asphalt truck, equipment for parks and recreation as well as a new playground surface and shade structure.

Trucks have been included for the fire department, fleet maintenance, and street divisions. Health insurance is provided by Blue Cross and Blue Shield of North Carolina.

Budgeted expenses in the General Fund are expected to decrease by 3% to \$21,864,635 as a result of the uncertainty associated with Covid 19 and it's impact on sales tax revenue.

#### Business-type Activities

Total budgeted expenses for the Electric Fund will decrease 8% to 33,019,800.

Water and Sewer Fund expenses decreased by 13% to 11,482,677.

The Stormwater Utility Fund expenditures will increase by 8% to \$590,000 for Providence Road Bridge improvements. The Solid Waste budget will decrease 9% to \$1,722,000.

There were no solid waste fee adjustments.

#### 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 addressed to the: Office of the Finance Director, City of Elizabeth City, 306 East Colonial Avenue, Elizabeth City, NC 27909, (252) 337-6861.



## BASIC FINANCIAL STATEMENTS

**City of Elizabeth City, North Carolina**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,347,152	\$ 11,761,954	\$ 17,109,106
Taxes receivable, net	808,301	-	808,301
Accounts receivable, net	524,308	6,524,181	7,048,489
Due from other governmental agencies	1,567,935	163,135	1,731,070
Internal balances	(62,589)	62,589	-
Inventories	6,122	2,205,150	2,211,272
Prepaid items	-	-	-
Restricted cash and cash equivalents	410,340	3,414,800	3,825,140
Capital assets:			
Land, non-depreciable improvements, and construction in progress	9,041,928	1,965,936	11,007,864
Other capital assets, net of depreciation	25,062,471	71,994,084	97,056,555
Total assets	<u>42,705,968</u>	<u>98,091,829</u>	<u>140,797,797</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB deferrals	413,163	239,230	652,393
Pension deferrals	2,175,033	963,977	3,139,010
Total deferred outflows of resources	<u>2,588,196</u>	<u>1,203,207</u>	<u>3,791,403</u>
<b>LIABILITIES</b>			
Accounts payable	711,255	2,632,280	3,343,535
Customer deposits payable	-	823,905	823,905
Unearned revenue	-	37,679	37,679
Current-portion of long-term liabilities	1,117,527	1,797,041	2,914,568
Long-term liabilities			
Compensated absences	602,352	210,833	813,185
Net OPEB Liability	11,295,571	6,095,085	17,390,656
Net pension liability	3,406,274	1,608,518	5,014,792
Total pension liability	1,444,342	-	1,444,342
Due in more than one year	3,395,323	5,232,455	8,627,778
Total liabilities	<u>21,972,644</u>	<u>18,437,796</u>	<u>40,410,440</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	91,327	-	91,327
OPEB deferrals	751,776	435,301	1,187,077
Pension deferrals	190,743	39,711	230,454
Total deferred inflows of resources	<u>1,033,846</u>	<u>475,012</u>	<u>1,508,858</u>
<b>NET POSITION</b>			
Net investment in capital assets	29,591,549	66,930,524	96,522,073
Stabilization by State Statute	3,275,305	-	3,275,305
Transportation	410,340	-	410,340
Cultural and recreational	662,874	-	662,874
General government	6,122	-	6,122
Unrestricted	(11,658,516)	13,451,704	1,793,188
Total net position	<u>\$ 22,287,674</u>	<u>\$ 80,382,228</u>	<u>\$ 102,669,902</u>

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

**City of Elizabeth City, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 4,099,768	\$ 945,602	\$ -	\$ -	\$ (3,154,166)	\$ -	\$ (3,154,166)
Public safety	11,892,424	147,481	128,638	-	(11,616,305)	-	(11,616,305)
Transportation	1,771,965	-	459,141	-	(1,312,824)	-	(1,312,824)
Environmental protection	42,202	267,729	193,080	-	418,607	-	418,607
Cultural and recreation	3,728,806	65,569	24,615	-	(3,638,622)	-	(3,638,622)
Economic and physical development	393,199	-	-	-	(393,199)	-	(393,199)
Interest on long-term debt	96,146	-	-	-	(96,146)	-	(96,146)
Total governmental activities	<u>22,024,510</u>	<u>1,426,381</u>	<u>805,474</u>	<u>-</u>	<u>(19,792,655)</u>	<u>-</u>	<u>(19,792,655)</u>
Business-type activities:							
Electric	30,491,128	30,942,753	-	-	-	451,625	451,625
Water and sewer	8,821,169	8,860,359	-	496,680	-	535,870	535,870
Stormwater utility	278,220	578,015	-	-	-	299,795	299,795
Solid waste	1,672,411	1,734,171	-	-	-	61,760	61,760
Total business-type activities	<u>41,262,928</u>	<u>42,115,298</u>	<u>-</u>	<u>496,680</u>	<u>-</u>	<u>1,349,050</u>	<u>1,349,050</u>
	<u>\$ 63,287,438</u>	<u>\$ 43,541,679</u>	<u>\$ 805,474</u>	<u>\$ 496,680</u>	<u>\$ (19,792,655)</u>	<u>\$ 1,349,050</u>	<u>\$ (18,443,605)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					8,898,294	-	8,898,294
Local option sales tax					3,998,804	-	3,998,804
Other taxes					120,141	-	120,141
Grants and contributions not restricted to specific programs					3,477,052	-	3,477,052
Unrestricted investment earnings					274,158	44,991	319,149
Miscellaneous					572,869	838,986	1,411,855
Transfers					925,000	(925,000)	-
Total general revenues, special items, and transfers					<u>18,266,318</u>	<u>(41,023)</u>	<u>18,225,295</u>
Change in net position					<u>(1,526,337)</u>	<u>1,308,027</u>	<u>(218,310)</u>
Net position, beginning					<u>23,814,011</u>	<u>79,074,201</u>	<u>102,888,212</u>
Net position, ending					<u>\$ 22,287,674</u>	<u>\$ 80,382,228</u>	<u>\$ 102,669,902</u>

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

**City of Elizabeth City, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,526,307	\$ 820,845	\$ 5,347,152
Taxes receivable, net	808,301	-	808,301
Accounts receivable, net	524,308	-	524,308
Due from other governments	1,567,935	-	1,567,935
Due from other funds	1,558,485	-	1,558,485
Inventories	6,122	-	6,122
Restricted cash and cash equivalents	410,340	-	410,340
Total assets	<u>\$ 9,401,798</u>	<u>\$ 820,845</u>	<u>\$ 10,222,643</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable and accrued liabilities	328,305	157,971	486,276
Due to other funds	<u>1,621,074</u>	<u>-</u>	<u>1,621,074</u>
Total liabilities	<u>1,949,379</u>	<u>157,971</u>	<u>486,276</u>

**DEFERRED INFLOWS OF RESOURCES**

Property taxes receivable	808,301	-	808,301
Special assessments receivable	375,423	-	375,423
Prepaid taxes	<u>91,327</u>	<u>-</u>	<u>91,327</u>
Total deferred inflows of resources	<u>1,275,051</u>	<u>-</u>	<u>1,275,051</u>

Fund balances:

Nonspendable			
Inventories	6,122	-	6,122
Restricted			
Stabilization by state statute	3,275,305	-	3,275,305
Transportation	410,340	-	410,340
Committed			
Special revenue funds	-	662,874	662,874
Unassigned	<u>2,485,601</u>	<u>-</u>	<u>2,485,601</u>
Total fund balances	<u>6,177,368</u>	<u>662,874</u>	<u>6,840,242</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,401,798</u>	<u>\$ 820,845</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	34,104,399
Deferred outflows of resources related to pensions are not reported in the funds	2,175,033
Deferred outflows of resources related to OPEB are not reported in the funds	413,163
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	(224,981)
Earned revenues considered deferred inflows of resources in fund statements	1,183,724
Long-term liabilities such as notes payable and accrued interest are not due and payable and therefore are not reported in the funds	(4,512,850)
Compensated absences	(602,352)
Total pension liability	(1,444,342)
Net pension liability	(3,406,274)
OPEB liability	(11,295,571)
Deferred inflows of resources related to OPEB are not reported in the funds	(751,776)
Deferred inflows of resources related to pensions are not reported in the funds	(190,741)
Net position of governmental activities	<u>\$ 22,287,674</u>

**City of Elizabeth City, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<b>General Fund</b>	<b>Total Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 8,280,465	\$ -	\$ 8,280,465
Other taxes	4,118,945	-	4,118,945
Licenses and fees	540,587	-	540,587
Intergovernmental, unrestricted	1,709,098	-	1,709,098
Intergovernmental, restricted	2,680,591	436,500	3,117,091
Intergovernmental, payment in lieu of services	683,405	-	683,405
Sales and services	88,050	221,293	309,343
Investment earnings	265,119	9,039	274,158
Miscellaneous	572,869	-	572,869
Total revenues	<u>18,939,129</u>	<u>666,832</u>	<u>19,605,961</u>
<b>EXPENDITURES</b>			
Current:			
General government/non-departmental	4,354,942	-	4,354,942
Public safety	11,568,766	-	11,568,766
Transportation	1,599,301	-	1,599,301
Environmental protection	40,904	-	40,904
Economic and physical development	-	57,555	57,555
Cultural and recreational	2,915,062	1,684,050	4,599,112
Human resources/risk management	335,644	-	335,644
Debt service:			
Principal	944,123	-	944,123
Interest	96,146	-	96,146
Total expenditures	<u>21,854,888</u>	<u>1,741,605</u>	<u>23,596,493</u>
Excess (deficiency) of revenues over expenditures	<u>(2,915,759)</u>	<u>(1,074,773)</u>	<u>(3,990,532)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In (out)	1,011,567	(86,567)	925,000
Installment purchase issuance	453,685	909,400	1,363,085
Total other financing sources and uses	<u>1,465,252</u>	<u>822,833</u>	<u>2,288,085</u>
Net change in fund balance	(1,450,507)	(251,940)	(1,702,447)
Fund balances-beginning	7,627,875	914,814	8,542,689
Fund balances-ending	<u>\$ 6,177,368</u>	<u>\$ 662,874</u>	<u>\$ 6,840,242</u>

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

**City of Elizabeth City, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

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

Net changes in fund balance - total government funds	\$ (1,702,447)
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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 expense in the current period

Capital outlay expenditures which were capitalized	\$ 3,794,943	
Depreciation expense for governmental assets	<u>(1,444,380)</u>	2,350,563

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	445,768
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	41,067
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OPEB benefit payments made in the current fiscal year are not included on the Statement of Activities	108,114
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue for special assessments and miscellaneous revenues	(132,993)
Change in unavailable revenue for tax revenues	100,205

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences.

New long-term debt issued	(1,363,085)	
Principal payment on long-term debt	<u>944,123</u>	(418,962)

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.

Compensated absences	(8,141)
OPEB plan expense	(673,176)
Pension expense	(1,636,335)

Total changes in net position of governmental activities	<u><u>\$ (1,526,337)</u></u>
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The notes to the financial statements are an integral part of this statement.

**City of Elizabeth City, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 8,461,955	\$ 8,715,705	\$ 8,280,465	\$ (435,240)
Other taxes	4,393,992	4,043,992	4,118,945	74,953
Licenses and fees	526,500	484,615	540,587	55,972
Intergovernmental, unrestricted	2,456,000	2,016,000	1,709,098	(306,902)
Intergovernmental, restricted	3,148,559	3,319,986	2,680,591	(639,395)
Intergovernmental, payment in lieu of services	850,000	850,000	683,405	(166,595)
Sales and services	15,000	15,000	88,050	73,050
Investment earnings	245,000	245,000	265,119	20,119
Miscellaneous	498,000	490,500	572,869	82,369
Total revenues	<u>20,595,006</u>	<u>20,180,798</u>	<u>18,939,129</u>	<u>(1,241,669)</u>
Expenditures				
General government	4,873,640	5,389,538	4,354,942	1,034,596
Public safety	12,183,652	12,272,970	11,568,766	704,204
Transportation	1,950,887	2,177,228	1,599,301	577,927
Environmental protection	60,400	60,400	40,904	19,496
Cultural and recreational	4,133,496	4,263,143	2,915,062	1,348,081
Human resources	352,897	352,897	335,644	17,253
Debt service	1,274,052	1,274,052	1,040,269	233,783
Total expenditures	<u>24,829,024</u>	<u>24,516,176</u>	<u>21,854,888</u>	<u>3,935,340</u>
Revenues over (under) expenditures	<u>(4,234,018)</u>	<u>(4,335,378)</u>	<u>(2,915,759)</u>	<u>1,419,619</u>
Other financing sources (Uses)				
Transfers in	2,500,000	2,500,000	1,011,567	(1,488,433)
Installment purchase issuance	1,734,018	1,835,378	453,685	(1,381,693)
Total other financing sources and uses	<u>4,234,018</u>	<u>4,335,378</u>	<u>1,465,252</u>	<u>(2,870,126)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	(1,450,507)	\$ <u>(1,450,507)</u>
Fund Balances - Beginning			7,627,875	
Fund Balances - Ending			<u>\$ 6,177,368</u>	

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

**City of Elizabeth City , North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2020**

Exhibit 6

	Major Funds				
	Electric Fund	Water and Sewer Fund	Stormwater Utility Fund	Solid Waste Fund	Total
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 5,430,192	\$ 4,026,142	\$ 1,495,877	\$ 809,743	\$ 11,761,954
Accounts receivable, net - billed	1,997,288	1,274,737	91,601	554,533	3,918,159
Accounts receivable, net - unbilled	2,083,117	522,905	-	-	2,606,022
Due from other governments	-	160,791	2,344	-	163,135
Due from other funds	2,362,799	476,927	-	7,957	2,847,683
Inventories	1,891,959	313,191	-	-	2,205,150
Restricted cash and cash equivalents	2,282,769	1,111,045	-	20,986	3,414,800
Total Current Assets	16,048,124	7,885,738	1,589,822	1,393,219	26,916,903
Noncurrent assets:					
Advances to other funds	1,204,482	-	-	-	1,204,482
Capital assets:					
Land and construction in progress	1,132,189	759,707	74,040	-	1,965,936
Other capital assets, net of depreciation	17,683,500	48,618,531	5,037,142	654,911	71,994,084
Capital assets (net)	18,815,689	49,378,238	5,111,182	654,911	73,960,020
Total noncurrent assets	20,020,171	49,378,238	5,111,182	654,911	75,164,502
Total Assets	36,068,295	57,263,976	6,701,004	2,048,130	102,081,405
Deferred Outflows of Resources					
OPEB deferrals	86,763	88,373	-	64,094	239,230
Pension deferrals	380,602	409,697	1,977	171,701	963,977
Total deferred outflows of resources	467,365	498,070	1,977	235,795	1,203,207
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable & accrued liabilities	2,441,927	130,600	17,910	41,843	2,632,280
Customer deposits payable	775,441	48,464	-	-	823,905
Due to other funds	1,592,016	1,170,086	-	22,992	2,785,094
Unearned revenue	-	37,679	-	-	37,679
Notes and bonds payable - current	848,112	658,583	137,545	152,801	1,797,041
Total current liabilities	5,657,496	2,045,412	155,455	217,636	8,075,999
Noncurrent liabilities:					
Compensated absences	101,242	84,463	-	25,128	210,833
Notes and bonds payable	2,110,303	2,319,821	482,119	320,212	5,232,455
Advances from other funds	-	1,204,482	-	-	1,204,482
Net pension liability	655,160	681,633	13,979	257,746	1,608,518
Total OPEB liability	2,561,254	2,253,484	-	1,280,347	6,095,085
Total noncurrent liabilities	5,427,959	6,543,883	496,098	1,883,433	14,351,373
Total Liabilities	11,085,455	8,589,295	651,553	2,101,069	22,427,372
Deferred Inflows of Resources					
OPEB deferrals	171,571	155,992	-	107,738	435,301
Pension deferrals	16,622	16,784	583	5,722	39,711
Total deferred inflows of resources	188,193	172,776	583	113,460	475,012
<b>Net Position</b>					
Net investment in capital assets	15,857,274	46,399,834	4,491,518	181,898	66,930,524
Unrestricted	9,404,738	2,600,141	1,559,327	(112,502)	13,451,704
Total Net Position	\$ 25,262,012	\$ 48,999,975	\$ 6,050,845	\$ 69,396	\$ 80,382,228

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



**City of Elizabeth City, North Carolina**  
**Statement of Revenues and Expenditures and**  
**Changes in Fund Net Position**  
**Proprietary Fund**  
**For The Year Ended June 30, 2020**

Exhibit 7

	Major Funds				
	Electric Fund	Water and Sewer Fund	Stormwater Utility Fund	Solid Waste Fund	Total
Operating revenues:					
Charges for services	\$ 30,942,753	\$ 8,857,672	\$ 578,015	\$ 1,734,171	\$ 42,112,611
Water and sewer taps	-	2,687	-	-	2,687
Other operating revenues	127,460	384,531	34,981	15,809	562,781
Total Operating Revenues	<u>31,070,213</u>	<u>9,244,890</u>	<u>612,996</u>	<u>1,749,980</u>	<u>42,678,079</u>
Operating expenses:					
Electric distribution	3,161,497	-	-	-	3,161,497
Electric power purchased	23,411,938	-	-	-	23,411,938
Water treatment and distribution	-	2,450,063	-	-	2,450,063
Waste treatment	-	1,346,182	-	-	1,346,182
Water and sewer line maintenance	-	2,198,417	-	-	2,198,417
Stormwater	-	-	78,662	-	78,662
Energy management	933,542	-	-	-	933,542
Purchasing	209,276	-	-	-	209,276
Customer service	366,016	357,561	-	-	723,577
Data processing	117,141	120,022	-	-	237,163
Solid waste	-	-	-	1,425,227	1,425,227
Depreciation	1,420,965	1,954,374	183,270	231,022	3,789,631
Other	840,303	117,728	-	-	958,031
Payment in lieu of services	-	250,000	-	-	250,000
Total operating expenses	<u>30,460,678</u>	<u>8,794,347</u>	<u>261,932</u>	<u>1,656,249</u>	<u>41,173,206</u>
Total Operating Income (Loss)	<u>609,535</u>	<u>450,543</u>	<u>351,064</u>	<u>93,731</u>	<u>1,504,873</u>
Nonoperating Revenues(Expenses):					
Interest earned on investments and assessments	32,049	1,230	4,930	182	38,391
Interest earned on fees	-	-	6,600	-	6,600
Insurance damages	25,077	25,102	-	88,321	138,500
Interest expense	(30,450)	(26,822)	(16,288)	(16,162)	(89,722)
Non-departmental and miscellaneous	128,060	9,645	-	-	137,705
Total Nonoperating Revenues (Expenses)	<u>154,736</u>	<u>9,155</u>	<u>(4,758)</u>	<u>72,341</u>	<u>231,474</u>
Capital contributions	-	496,680	-	-	496,680
Transfers out	<u>(925,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(925,000)</u>
Changes in net position	(160,729)	956,378	346,306	166,072	1,308,027
Net position, beginning	<u>25,422,741</u>	<u>48,043,597</u>	<u>5,704,539</u>	<u>(96,676)</u>	<u>79,074,201</u>
Total net position, Ending	<u>\$ 25,262,012</u>	<u>\$ 48,999,975</u>	<u>\$ 6,050,845</u>	<u>\$ 69,396</u>	<u>\$ 80,382,228</u>

**City of Elizabeth City, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For The Year Ended June 30, 2020**

Exhibit 8

	Major Funds				
	Electric Fund	Water and Sewer Fund	Stormwater Utility Fund	Solid Waste Fund	Total
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 30,942,753	\$ 8,860,359	\$ 578,015	\$ 1,734,171	\$ 42,115,298
Cash payments for goods and services	(3,093,586)	(4,246,475)	(32,260)	(701,101)	(8,073,422)
Cash payments to or on behalf of employees for services	(2,373,540)	(2,342,098)	(14,550)	(728,836)	(5,459,024)
Cash payments for purchased power	(23,411,938)	-	-	-	(23,411,938)
Other operating revenues	127,460	384,531	34,981	15,809	562,781
Net cash provided by (used for) operating activities	<u>2,191,149</u>	<u>2,656,317</u>	<u>566,186</u>	<u>320,043</u>	<u>5,733,695</u>
<b>Cash flows from (use by) capital and related financing activities:</b>					
Acquisition and construction of capital assets	(1,183,750)	(3,325,805)	(115,120)	(149,990)	(4,774,665)
Principal payment of installment purchases	(497,401)	(472,557)	(134,353)	(202,158)	(1,306,469)
Gain on sale of capital assets				11,142	11,142
Interest and bond service charges paid	(30,450)	(26,822)	(16,288)	(16,162)	(89,722)
Insurance recovery	25,077	25,102	-	88,321	138,500
Non-departmental revenues	128,060	9,645	-	-	137,705
Proceeds from loans	2,600,000	2,442,850	-	150,000	5,192,850
Net cash flows provided (used) by capital financing activities	<u>1,041,536</u>	<u>(1,347,587)</u>	<u>(265,761)</u>	<u>(118,847)</u>	<u>(690,659)</u>
<b>Cash flows from (used for) noncapital financing activities:</b>					
Decrease (increase) in due from other funds	(1,625,145)	(476,927)	-	(7,957)	(2,110,029)
(Decrease) increase in due to other funds	1,592,016	-	-	8,043	1,600,059
Transfer to general fund in lieu of taxes	(925,000)	-	-	-	(925,000)
Net cash flows provided (used) by noncapital financing activities	<u>(958,129)</u>	<u>(476,927)</u>	<u>-</u>	<u>86</u>	<u>(1,434,970)</u>
<b>Cash flows from investing activities:</b>					
Interest on investments, assessments and fees	32,049	1,230	11,530	182	44,991
Net cash provided by investing activities	<u>32,049</u>	<u>1,230</u>	<u>11,530</u>	<u>182</u>	<u>44,991</u>
Net increase (decrease) in cash and cash equivalents	2,306,605	831,803	311,955	201,464	3,651,827
Cash and cash equivalents, beginning of year	5,406,356	4,305,384	1,183,922	629,265	11,524,927
Cash and cash equivalents, end of year	<u>\$ 7,712,961</u>	<u>\$ 5,137,187</u>	<u>\$ 1,495,877</u>	<u>\$ 830,729</u>	<u>\$ 15,176,754</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 609,535	\$ 450,543	\$ 351,064	\$ 93,731	\$ 1,504,873
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,420,965	1,954,374	183,270	231,022	3,789,631
Payment in lieu of services	-	250,000	-	-	250,000
Changes in assets, deferred outflows for resources, and liabilities:					
(Increase) decrease in accounts receivable	43,807	(79,837)	33,523	(53,029)	(55,536)
Decrease (increase) in inventories	(167,961)	(35,155)	-		(203,116)
(Decrease) increase in OPEB liability	149,772	139,074	-	42,792	331,638
(Increase) decrease in deferred outflows of resources - OPEB	(488)	(454)	-	(140)	(1,082)
(Decrease) increase in deferred inflows of resources - OPEB	(34,633)	(32,160)	-	(9,895)	(76,688)
(Decrease) increase in accrued payable	(4,133)	(124,847)	(11,773)	(10,530)	(151,283)
(Decrease) increase in accrued vacation	13,022	(3,510)	-	(4,215)	5,297
Decrease (increase) in deferred outflows of resources - pensions	78,985	78,343	5,641	16,925	179,894
(Decrease) increase in net pension liability	56,846	52,785	4,061	12,182	125,874
(Decrease) increase in deferred inflows of resources - pensions	5,604	5,204	400	1,200	12,408
Increase (decrease) in customer deposits	19,828	1,957	-	-	21,785
Net cash provided (used) by operating activities	<u>\$ 2,191,149</u>	<u>\$ 2,656,317</u>	<u>\$ 566,186</u>	<u>\$ 320,043</u>	<u>\$ 5,733,695</u>

## NOTES TO THE FINANCIAL STATEMENTS

**City of Elizabeth City, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**I. Summary of Significant Accounting Policies**

The accounting policies of the City of Elizabeth City, North Carolina conform to generally accepted accounting principles as applicable to governments. The City does not have any discretely presented component units. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The City of Elizabeth City (the "City") is a municipal corporation, which is governed by an elected mayor and a eight-member council. As required by generally accepted accounting principles, these financial statements present the City. There are no discretely presented component units.

**B. Basis of Presentation**

*Government-wide Statements* : The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. These statements distinguish between the governmental and business-type activities of the City. Business-type activities are financed in whole or in part of fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues 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 specific 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.

*Fund Financial Statements* : The fund financial statements provide information about the City's funds. The City Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The City reports the following major governmental fund:

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

The City reports the following non-major governmental funds:

**Special Revenue Funds.** Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Included in the Special Revenue Funds are grants from the North Carolina Department of Commerce, the North Carolina Department of Transportation, Pasquotank County Tourism Development Authority, Trillium Health Resources and the North Carolina Department of Agriculture.

**Capital Projects Funds.** Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition of construction of capital facilities and other capital assets. The City has Capital Project Funds to account for capital improvements to the Dawson Street Pump Station, Road Street and Water & Sewer Infrastructure.

The City reports the following major enterprise funds:

**Electric Funds.** This fund is used to account for the City's electric operations.

**Water and Sewer Fund.** This fund is used to account for the City's water and sewer operations.

The City reports the following non-major enterprise funds:

**Stormwater Utility Fund.** This fund is used to account for the City's stormwater operations.

**Solid Waste Fund.** This fund is used to account for the City's sanitation operations.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise 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 of Elizabeth City because the tax is levied by the Pender County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and Enterprise Funds. All annual appropriations lapse at the fiscal-year end. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. Project ordinances are adopted for the Special Revenue, Capital Reserve, and Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The City Manager is authorized to transfer appropriations within each department. Transfers of appropriations between departments or any increase in total appropriations require the approval of the City Council. Budgeted amounts reflected in this report are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original budget.

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

1. 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 SuperNOW 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 City's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

The unexpended installment purchase proceeds for the General Fund are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

City of Elizabeth City Restricted Cash

Governmental Activities		
General Fund	Transportation	\$ 410,340
Total Governmental Activities		<u>410,340</u>
Business-type activities:		
Electric Fund	Customer deposits & other	2,282,769
Water and Sewer Fund	Customer deposits & other	1,111,045
Solid Waste Fund	Customer deposits & other	20,986
Total business-type activities		<u>3,414,800</u>
Total Restricted Cash		<u>\$ 3,825,140</u>

#### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

#### 5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

#### 6. Inventory and Prepaid Items

Inventories consist of expendable materials and supplies held for future consumption. Inventories are valued at cost using the moving average method and are recorded as expenditures at the time of use (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

#### 7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one years. Minimum capitalization costs for the City's assets are \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and systems	50
Infrastructure buildings and distribution	33
Streets and sidewalks	25
Office furniture	20
Other equipment	10
Vehicles	6



#### 8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for the category - prepaid taxes, property taxes receivable, special assessments receivable, miscellaneous accounts receivable, OPEB, LGERS and pension related deferrals.

#### 9. 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.

#### 10. Compensated Absences

The vacation policies of the City provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an 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 sick leave has been made.

#### 11. Net Position/Fund Balances

##### 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 represents constraints on resources that are externally imposed either 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** - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Prepaid items - portion of fund balance that reflects payments to vendors for costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Prepaid items for the City's governmental funds are treated using the consumption method.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Restricted for Public Safety - portion of fund balance restricted for unspent installment purchase proceeds.

Restricted for Cultural and Recreational - portion of fund balance restricted for unspent installment purchase proceeds.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Elizabeth 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.

Assigned Fund Balance - portion of fund balance that the City of Elizabeth City intends to use for specific purposes.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

## 12. Defined Benefit Cost-Sharing Plans

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.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## II. Stewardship, Compliance, and Accountability

### A. Significant Violations of Finance-Related Legal and Contractual Provisions

#### 1. Noncompliance with North Carolina General Statutes

Timeliness of audit submission.

#### 2. Contractual Violations

None.

### B. Deficit in Fund Balance or Net Position of Individual Funds

The Capital Project Fund of Coast Guard Park had a deficit fund balance at June 30, 2020 of \$329,919. The deficit was expected at the revenue for the project is from reimbursable grant funds. We cannot request reimbursement until the funds are spent and paid invoices are submitted to the granting agencies. We fully expect to collect reimbursement for the project in these amounts.

### C. Excess of Expenditures over Appropriations

None.

### III. Detail Notes on All Funds

#### A. Assets

##### 1. Deposits

All the deposits of the City 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 this unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agents in their name. 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 City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the City's deposits had a carrying amount of \$587,001 and a bank balance of \$640,050. Of the bank balance, \$640,050 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the City's petty cash fund totaled, \$3,000.

## 2. Investments

At June 30, 2020, The City's investments were as follows:

Investment Type	Valuation Measurement	Fair Value	Less Than Six Months	6-12 Months	1-5+ Years
	Fair Value Level				
US Treasuries	1	\$ 1,804,207	\$ -	\$ 253,908	\$ 1,550,269
	Fair Value Level				
US Government Agency - FHLB	2	520,859	250,740	270,119	-
	Fair Value Level				
US Government Agency - FNMA	2	252,075	252,075	-	-
NC Capital Management Trust -	Fair Value Level				
Term Portfolio*	1	14,046,840	14,046,840	-	-
NC Capital Management Trust -	Fair Value Level				
Government Portfolio	1	3,562,293	3,562,293	-	-
		<u>\$ 20,186,274</u>	<u>\$ 18,111,948</u>	<u>\$ 524,027</u>	<u>\$ 1,550,269</u>

\*As of June 30, 2020 the NCCMT Term Portfolio has a duration of .11 years. Because the NCCMT Government and 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.

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets of identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to 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 limits at least half of the City's investment portfolio to maturities of less than 12 months. Also, the City's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

*Credit Risk.* The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

### 3. Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	Accounts	Taxes & Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 524,876	\$ 899,548	\$ 1,567,935	\$ 2,992,359
Total Receivables	524,876	899,548	1,567,935	2,992,359
Allowance for Doubtful Accounts	(568)	(91,247)	-	(91,815)
Total Governmental Activities	\$ 524,308	\$ 808,301	\$ 1,567,935	\$ 2,900,544
Business-Type Activities:				
Electric	\$ 4,453,244	\$ -	\$ -	\$ 4,453,244
Water and Sewer	2,619,247	-	160,791	2,780,038
Stormwater	91,601	-	2,344	-
Solid Waste	607,530	-	-	-
Total Receivables	7,771,622	-	163,135	7,934,757
Allowance for Doubtful Accounts	(1,247,441)	-	-	(1,247,441)
Total Business-Type Activities	\$ 6,524,181	\$ -	\$ 163,135	\$ 6,687,316

The due from other governments that is owed to the City consists of the following:

NC Department of Revenue- Sales and Use Tax	\$ 1,333,753
Pasquotank County	43,928
NC Interlocal Risk Management Agency	5,000
Interlocal Risk Financing Fund of NC	5,000
Elizabeth City Downtown, Inc.	40,188
NC Department of Motor Vehicles	101,505
US Department of Justice	36,041
NC Department of Commerce	160,791
Camden County	4,864
Total	\$ 1,731,070

#### 4. Capital Assets

##### **Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 7,590,432	\$ 1,451,496	\$ -	\$ 9,041,928
Construction in progress	235,535	-	235,535	-
Total capital assets not being depreciated	7,825,967	1,451,496	235,535	9,041,928
<b>Capital assets being depreciated:</b>				
Buildings	10,787,679	1,516,718	-	12,304,397
Equipment	4,373,327	436,989	-	4,810,316
Vehicles and motorized equipment	7,124,171	462,276	537,854	7,048,593
Infrastructure	21,135,334	162,999	-	21,298,333
Total capital assets being depreciated	43,420,511	2,578,982	537,854	45,461,639
<b>Less accumulated depreciation for:</b>				
Buildings	1,078,905	144,124	-	1,223,029
Equipment	3,417,423	671,814	-	4,089,237
Vehicles and motorized equipment	5,850,421	258,254	537,854	5,570,821
Infrastructure	9,145,893	370,188	-	9,516,081
Total accumulated depreciation	19,492,642	\$ 1,444,380	\$ 537,854	20,399,168
Total capital assets being depreciated, net	23,927,869			25,062,471
<b>Governmental activity capital assets, net</b>	<u>\$ 31,753,836</u>			<u>\$ 34,104,399</u>

Depreciation expense was charged to functions or programs of the governmental activities as follows:

General government	\$ 135,250
Public safety	403,830
Transportation	619,730
Environmental protection	1,298
Cultural and recreational	284,272
Total depreciation expense	<u>\$ 1,444,380</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<b>Electric Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 540,354	\$ -	\$ -	\$ 540,354
Construction in progress	-	591,835	-	591,835
Total capital assets not being depreciated	540,354	591,835	-	1,132,189
<b>Capital assets being depreciated:</b>				
Substantions, lines, and related equipment	40,621,371	249,596	-	40,870,967
Buildings	1,312,844	-	-	1,312,844
Furniture and maintenance equipment	5,479,655	45,254	-	5,524,909
Vehicles	1,426,008	297,065	282,093	1,440,980
Total capital assets being depreciated	48,839,878	591,915	282,093	49,149,700
<b>Less accumulated depreciation for:</b>				
Substantions, lines, and related equipment	24,615,235	1,035,121	-	25,650,356
Buildings	359,749	8,581	-	368,330
Furniture and maintenance equipment	4,005,962	321,545	-	4,327,507
Vehicles	1,319,934	55,718	255,645	1,120,007
Total accumulated depreciation	30,300,880	\$ 1,420,965	\$ 255,645	\$ 31,466,200
Total capital assets being depreciated, net	18,538,998			17,683,500
<b>Electric Fund capital assets, net</b>	<u>\$ 19,079,352</u>			<u>\$ 18,815,689</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities</b>				
<b>Water and Sewer Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 172,000	\$ -	\$ -	\$ 172,000
Construction in progress	59,161	528,546	-	587,707
Total capital assets not being depreciated	231,161	528,546	-	759,707
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	79,826,604	2,144,605	-	81,971,209
Furniture and maintenance equipment	2,248,916	1,080,491	304,886	3,024,521
Vehicles	972,604	29,595	89,261	912,938
Total capital assets being depreciated	83,048,124	3,254,691	394,147	85,908,668
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	33,910,394	1,666,422	-	35,576,816
Furniture and equipment	1,331,672	262,375	304,886	1,289,161
Vehicles	733,005	25,577	89,261	669,321
Total accumulated depreciation	35,975,071	\$ 1,954,374	\$ 394,147	37,535,298
Total capital assets being depreciated, net	47,073,053			48,373,370
Capital assets being amortized:				
Additional water capacity, net	367,744	-	122,583	245,161
<b>Water and Sewer Fund capital assets, net</b>	<u>\$ 47,671,958</u>			<u>\$ 49,378,238</u>



	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities</b>				
<b>Stormwater Utility Fund</b>				
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ -	\$ 74,040	\$ -	\$ 74,040
Total capital assets not being depreciated	-	74,040	-	74,040
<b>Capital assets being depreciated:</b>				
Plant distribution systems	5,998,820	41,080	-	6,039,900
Total capital assets being depreciated	5,998,820	41,080	-	6,039,900
<b>Less accumulated depreciation for:</b>				
Plant distribution systems	819,488	183,270	-	1,002,758
Total accumulated depreciation	819,488	\$ 183,270	\$ -	1,002,758
Total capital assets being depreciated, net	5,179,332			5,037,142
<b>Airport Fund capital assets, net</b>	<u>\$ 5,179,332</u>			<u>\$ 5,111,182</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities</b>				
<b>Solid Waste Fund</b>				
<b>Capital assets being depreciated:</b>				
Furniture and maintenance equipment	\$ 1,535,947	\$ -	\$ -	\$ 1,535,947
Vehicles	1,039,732	149,990	240,546	949,176
Total capital assets not being depreciated	2,575,679	149,990	240,546	2,485,123
<b>Less accumulated depreciation for:</b>				
Furniture and maintenance equipment	1,213,770	161,870	-	1,375,640
Vehicles	614,824	69,152	229,404	454,572
Total accumulated depreciation	1,828,594	\$ 231,022	\$ 229,404	\$ 1,830,212
Total capital assets being depreciated, net	747,085			654,911
<b>Airport Fund capital assets, net</b>	<u>\$ 747,085</u>			<u>\$ 654,911</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Salaries and Benefits	Other	Total
<b>Governmental Activities:</b>				
General	\$ 132,597	\$ 195,708	\$ -	\$ 328,305
Other governmental	-	-	224,979	224,979
Total governmental activities	<u>\$ 132,597</u>	<u>\$ 195,708</u>	<u>\$ 224,979</u>	<u>\$ 553,284</u>
<b>Business-Type Activities:</b>				
Electric	\$ 2,246,240	\$ 195,687	\$ 775,441	\$ 3,217,368
Water and Sewer	67,863	62,737	48,464	179,064
Stormwater	17,609	301	-	17,910
Solid Waste	31,003	10,840	-	41,843
Total business-type activities	<u>\$ 2,362,715</u>	<u>\$ 269,565</u>	<u>\$ 823,905</u>	<u>\$ 3,456,185</u>

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The City of Elizabeth City is a participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. 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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.02% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were \$1,177,660 for the year ended June 30, 2020.

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

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

At June 30, 2020, the City reported a liability of \$5,014,792 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, The City's proportion was 0.18363%, which was an decrease of 0.0106% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, The City recognized pension expense of \$2,187,910. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 858,659	\$ -
Changes of assumptions	817,328	-
Net difference between projected and actual earnings on pension plan investments	122,318	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	124,899
City contributions subsequent to the measurement date	1,177,660	-
Total	<u>\$ 2,975,965</u>	<u>\$ 124,899</u>

\$1,177,660 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2021	848,075
2020	250,568
2023	460,094
2024	114,669
2025	-
Thereafter	-
Total	<u>\$ 1,673,406</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

*Sensitivity of the City's proportionate share of the net pension 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 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1 % Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability (asset)	\$11,469,746	\$5,014,792	(\$350,583)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The City of Elizabeth 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 0.85 percent 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.

All full-time City law enforcement officers are covered by the Separation Allowance. At the December 31, 2019, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	9
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	50
Total	59

2. Summary of Significant Accounting Policies

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

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

### 3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

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

Mortality rates are based on the RP-2000 Mortality tables projected forward generationally from the valuation date using MP-2015.

### 4. Contributions

The City is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The City paid \$00 as benefits came due for the reporting period.

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

At June 30, 2020, The City reported a total pension liability of \$1,444,342. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, The City recognized pension expense of \$126,677.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 82,128	\$ 54,856
Changes of assumptions	80,917	50,699
Benefit payments and administrative expenses subsequent to the measurement date.	-	-
Total	<u>\$ 163,045</u>	<u>\$ 105,555</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	
2021	8,141
2022	8,141
2023	11,409
2024	16,658
2025	13,141
Thereafter	-
	<u>\$ 57,490</u>

*Sensitivity of the City's total pension liability to changes in the discount rate* . The following presents the City's total pension liability calculated using the discount rate of 3.26 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	<b>1% Decrease (2.26%)</b>	<b>Discount Rate (3.26%)</b>	<b>1% Increase (4.26%)</b>
Total pension liability	\$ 1,576,841	\$ 1,444,342	\$ 1,324,180

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

	<b>2020</b>
Beginning balance	\$ 1,357,547
Service Cost	71,085
Interest on the total pension liability	47,451
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	29,073
Changes of assumptions or other inputs	47,073
Benefit payments	(107,887)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,444,342</u>

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



The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

***Total Expense, Liabilities, and Deferred Outflows and 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	\$ 2,187,910	\$ 126,677	\$ 2,314,587
Pension liability	5,014,793	1,444,342	6,459,135
Proportionate share of the net pension liability	0.18363%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual	858,659	82,128	940,787
Changes of assumption	817,328	80,917	898,245
Net difference between projected and actual earnings on plan investments	122,318	-	122,318
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	1,177,660	-	1,177,660
Deferred Inflows of Resources			
Difference between expected and actual experience	-	54,856	54,856
Changes of assumptions	-	50,699	50,699
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	124,899	-	124,899

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by The City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included on 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 officer's salary, and all amounts contributed are vested immediately. The City has elected to contribute that same percentage for all employees. Also, employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2020 were \$850,653 which consisted of \$641,432 from the City and \$209,221 from employees.

e. Other Post Employment Benefits

Healthcare Benefits

*Plan Description* - Under the terms of a City resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The City 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.* Prior to June 11, 1996, retirees qualified for benefits similar to those of active employees provided that they participate in the North Carolina Local Government Employees' Retirement (LGERS). The City pays the full cost of coverage for employees' benefits for health and life insurance premiums.

*Plan Description.* Under the terms of a City resolution, the City administers a single-employer defined benefit plan (The Plan). The City will pay health and life insurance premiums for retirees with a minimum of twenty (20) years of service with the City but at age 65, these employees must secure their supplemental medical insurance from an insurance carrier other than the City's and the City will provide a maximum of \$1,200 annually against their supplementary medical insurance premium based on the Consumer Price Index (CPI) which will periodically change and the City will continue to pay for life. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Employees hired after June 11, 1996 must first meet the full, unreduced retirement benefit of the LGERS before being eligible for paid medical insurance (age 65 or 30 years at any age for regular employees; and age 55 or 30 years at any age for police officers). After 5 years of creditable service with the City of Elizabeth City, if you become totally and permanently disabled for your job, as approved by the Medical Review Board, you become eligible for disability retirement benefits. The City will pay the employee's insurance for as long as the employee remains disabled from performing the essential functions of their job with the City, or any other jobs available with the City, or reaches the age of 65. The City Council may amend the benefit provisions at any time. A separate stand-alone report is not issued.

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of latest actuarial valuation:

	Employees
Inactive members or beneficiaries currently receiving benefits	122
Inactive members entitled to but not yet receiving benefits	-
Active members	314
Total	436

**Total OPEB Liability**

The City's total OPEB liability of \$17,390,656 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50-7.75 percent
Firefighters	3.50-7.75 percent
Law enforcement	3.50-7.75 percent
Municipal bond index rate	
Prior measurement date	3.89 percent
Measurement date	3.50 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drug	
	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare medical and prescription drug	
Dental	4.00 percent
Vision	2.50 percent

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

#### **Changes in the Total OPEB Liability**

<b>Balance at July 1, 2019</b>	<b>\$ 16,320,857</b>
Changes for the year	
Service cost	521,550
Interest	619,362
Changes of benefit terms	-
Differences between expected and actual experience	(27,011)
Changes in assumptions or other inputs	761,489
Benefit payments	(805,591)
<b>Net changes</b>	<b>1,069,799</b>
<b>Balance at June 30, 2020</b>	<b>\$ 17,390,656</b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.86% to 3.50%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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

	<b>1% Decrease (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Total OPEB Liability	\$19,620,374	\$17,390,656	\$15,541,255

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 15,179,689	\$ 17,390,656	\$ 20,138,318

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$975,618. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 196,180
Changes of assumptions	652,393	990,898
Benefit payments and plan administrative expense made subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 652,393</b>	<b>\$ 1,187,077</b>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30**

2021	\$ (165,294)
2022	(165,294)
2023	(165,294)
2024	(156,397)
2025	14,472
Thereafter	103,123
<b>Total</b>	<b>\$ (534,684)</b>

## 2. Other Employment Benefits

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 retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not be 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.

## 3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Benefit payments from OPEB made subsequent to measurement date	\$ -
Contributions to pension plan in current fiscal year	1,177,660
Benefit payments made for LEOSSA	-
Differences between expected and actual experience	940,787
Changes of assumptions	1,550,638
Net difference between projected and actual earnings on pension plans investments	122,318
	<u>\$ 3,791,403</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 91,327	\$ 91,327
Taxes receivable, less penalties (General Fund)	-	808,301
Special assessments receivable	-	375,423
Change in assumptions	1,041,596	-
Differences between expected and actual experience	251,036	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	124,899	-
	<u>\$ 1,508,858</u>	<u>\$ 1,275,051</u>

#### 4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. These pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, police professional liability and public officials liability in excess of \$1,000,000; property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation for the 7/1/2019-7/1/2020 policy period.

The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more of the City's funds at any given time are performance bonded through a commercial surety bond. The Finance Officer is bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket policy for \$150,000.

#### 5. Claims, Judgments, and Contingent Liabilities

At June 30, 2020, the City was a defendant to various lawsuits. Although the outcome of the lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### 6. Long Term Obligations

##### a. Loans

The City has entered into a Federal Revolving Loan with the American Recovery and Reinvestment Act.

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 59,156	\$ -
2022	59,156	-
2023	59,156	-
2024	59,156	-
2025	59,156	-
2026-2030	295,780	-
Total	<u>\$ 591,560</u>	<u>\$ -</u>

##### b. Installment Purchases

The City's outstanding notes from direct borrowings related to governmental activities of \$4,512,850 and business-type activities of \$7,029,497 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make a payment.

Contracts for the fiscal year July 1, 2019 through June 30, 2020 related to governmental activities include five patrol vehicles in the amount of \$236,000, a fire department vehicle in the amount of \$70,000, a dump truck for Powell Bill in the amount of \$54,000, a chiller for the A. Parker Midgette Building in the amount of \$93,685, and a vehicle for administration in the amount of \$40,000.

Contracts for the fiscal year July 1, 2019 through June 30, 2020 related to business-type activities include a \$2,600,000 direct borrowing to install Nexgrid smart meters, sewer line improvements in the amount of \$800,000, Waste Water Treatment Plant rehabilitation in the amount of \$692,850, SCADA equipment in the amount of \$390,000, a vector truck in the amount of \$375,000, Backhoe in the amount of \$120,000, Waste Treatment vehicle in the amount of \$50,000, an ATV in the amount of \$15,000, and a grapple in the amount of \$150,000.

Real property pledged as collateral include the June 2019 direct borrowing contract of \$1,500,000 for 215 South Water and 609 East Fearing Streets for the new senior center, and previous contracts for the Public Safety Building in the amount of \$800,000 and Skate Park in the amount of \$200,000.

Additional direct borrowing contracts during the fiscal year were six patrol cars in the amount of \$274,000, a refuse truck in the amount of \$277,076, park and recreation tractor in the amount of \$35,000, a vehicle for administration in the amount of \$28,900, a truck for building maintenance in the amount of \$27,400, a vehicle for the fire department administration in the amount of \$36,075, and a senior center bus in the amount of \$69,020.

For the fiscal year ended June 30, 2017, the City entered into a contract for five patrol cars in the amount of \$205,500, a fire inspections vehicle in the amount of \$25,000, and a planning vehicle in the amount of \$25,000. Installment purchase contracts were also obtained for radio systems for the police and fire departments in the amounts of \$460,017 and \$235,879 respectively.

For the fiscal year ended June 30, 2018, the City entered into direct borrowing contracts for a fire pumper truck in the amount of \$525,000, patrol cars in the amount of \$226,000, and maintenance equipment for parks and recreation in the amount of \$133,017. Direct borrowing contracts were also entered into for a boardwalk for Charles Creek Park in the amount of \$125,000, renovation to the AP Midgett Building in the amount of \$325,000, and a refuse truck in the amount of \$270,000.

In previous years, the City entered into direct borrowing contracts for acquisitions of a leaf truck in the amount of \$185,000, sanitation truck in the amount of \$220,000, lime feed systems in the amount of \$427,400, and water and sewer improvements for Penny Drive in the amount of \$275,000. Direct borrowing contracts were obtained in previous years for patrol cars in the amount of \$455,500, and a number of vehicles for the Water and Sewer Fund in the amount of \$95,706. An installment purchase agreement was entered into for the Electric Fund to construct a second delivery point in the amount of \$3,100,000. In August 2012, the City entered into an installment contract with Pasquotank County for additional water capacity in the amount of \$1,225,825. Annual installment payments of \$122,583 will be made October 1 of each year with an interest rate of 4 percent for 10 years. This commitment being shown as a long-term liability in the Water and Sewer Fund. The payments are being treated as debt service expense in the Water and Sewer Fund. An asset equal to the unpaid commitment has been recorded in the Water and Sewer Fund with a description of additional water capacity, net of amortization. Interest rates range from 1.405 percent to 4.26 percent.

Year ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 1,117,527	\$ 98,306
2022	986,514	108,144
2023	739,008	81,690
2024	577,053	58,444
2025	452,751	40,153
2026-2029	639,997	41,075
Total payments	\$ 4,512,850	\$ 427,812

Year ending June 30	Business Activities	
	Principal	Interest
2021	\$ 1,797,041	\$ 90,193
2022	1,552,026	81,270
2023	1,271,719	53,036
2024	1,263,984	51,764
2025	553,167	25,179
Total payments	\$ 6,437,937	\$ 301,442

c. Changes in Long-Term Debt

	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020	Current Portion
<b>Governmental Activities:</b>					
Installment purchase	\$ 4,093,888	\$ 1,363,085	\$ (944,123)	\$ 4,512,850	\$ 1,117,527
Total OPEB liability	10,557,410	738,161	-	11,295,571	-
Compensated absences	594,211	386,574	(378,433)	602,352	-
Net pension liability (LGERS)	3,126,104	280,170	-	3,406,274	-
Total pension liability (LEO)	1,357,547	86,795	-	1,444,342	-
Total	\$ 19,729,160	\$ 2,854,785	\$ (1,322,556)	\$ 21,261,389	\$ 1,117,527
	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020	Current Portion
<b>Business-type Activities:</b>					
Installment purchase	\$ 2,551,556	\$ 5,192,850	\$ (1,306,469)	\$ 6,437,937	\$ 1,797,041
American Recovery and Reinvestment Act Loan	650,716	-	(59,156)	591,560	-
Net pension liability (LGERS)	1,482,645	125,873	-	1,608,518	-
Total OPEB liability	5,763,447	331,638	-	6,095,085	-
Compensated absences	205,535	167,751	(162,453)	210,833	-
Total	\$ 10,653,899	\$ 5,818,112	\$ (1,528,078)	\$ 14,943,933	\$ 1,797,041

Compensated absences for governmental activities have typically been liquidated in the General Fund. Net pension obligation and net other post-employment benefit obligations for governmental activities have typically been liquidated in the General Fund.



C. Interfund Balances and Activity

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

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 1,567,935	\$ 1,621,074
Electric Fund	2,362,799	1,592,016
Water & Sewer Fund	476,927	1,170,086
Solid Waste Fund	7,957	22,992
	<u>\$ 4,415,618</u>	<u>\$ 4,406,168</u>

An advance of \$1,204,482 was made from the Electric Fund to the Water and Sewer Fund for the Halstead Boulevard sewer costs for fiscal year ended June 30, 2006. Advances for fiscal years ended 2002, 2001, and 2000 were \$153,213, \$675,387, and \$1,312,674 respectively, for annexation costs related to water and sewer improvements to be repaid from assessments and water and sewer revenues. All remaining balances resulted from timing differences between the dates that interfund goods and services are provided of reimbursable expenditures occur.

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

	Amount
From the Electric Fund to the General Fund in lieu of taxes	\$ 925,000
From Martin Luther King Jr. Educational Boardwalk fund to General Fund to close out project.	6,567
From Aviation fund to General Fund	80,000
	<u>\$ 1,011,567</u>

Transfers are used to move unrestricted revenues from one fund to another. The transfer from the electric fund to the general fund was to pay back the general fund for expenses related to the electric fund and for payment in lieu of taxes.

D. 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	\$ 6,177,368
Less:	
Inventories	6,122
Stabilization by State Statute	3,275,305
Streets-Powell Bill	410,340
Remaining fund balance	<u>\$ 2,485,601</u>

IV. Subsequent Events

Management has evaluated subsequent events through July 6, 2021, the date on which the financial statements were available to be issued.

## **VI. Joint Ventures**

The City, in conjunction with Pasquotank County, participates in the Elizabeth City-Pasquotank County Regional Airport. Each participating government appoints two members to the four-member board and appoints the chairperson on a rotating basis every four years. The Airport is a joint venture established in 1972 to provide construction, operation, use and maintenance of the airport facilities in Pasquotank County. The City has an ongoing financial responsibility for the Airport because it and the County are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The participating governments do not have any equity interest in the Airport, so no equity interest has been reflected in the financial statements at June 30, 2020. Complete financial statements for the Airport can be obtained from the Airport's office at 1028 Consolidated Road, Elizabeth City, North Carolina 27909.

The City, Pasquotank and Camden Counties participate in a joint venture to operate the Albermarle Economic Development Commission (AEDC). The City and Pasquotank County appoints three board members; Camden County appoints one ex-officio board member with two non-elected members from the general population appointed to the nine voting member board of the Albermarle Economic Development Commission. There are also six non-voting ex-officio members. The AEDC was established to promote economic development in the Elizabeth City/Pasquotank County area. The City has an ongoing financial responsibility for the joint venture because the AEDC's continued existence depends on the participating governments' continued funding. The participating governments do not have any equity interest in the AEDC, so no equity interest has been reflected in the financial statements at June 30, 2020. The City contributed \$00 to the AEDC during the fiscal year ended June 30, 2020. Complete financial statements for the AEDC can be obtained from the AEDC's office at 405 East Main Street, Elizabeth City, North Carolina 27909.

In addition, the members of the ABC Board's governing board are appointed by the City and County. The City and County each appoint two of the five-member board with the fifth member appointed jointly. The ABC Board is required to distribute its surpluses to the City and County. There are no other ongoing financial interest or responsibilities. Complete financial statements for the ABC Board can be obtained at the ABC Board's office at 860 Halstead Boulevard, Elizabeth City, North Carolina 27909.

## **VII. Related Organization**

The seven-member board of the City of Elizabeth City Housing Authority is appointed by the City Council of the City of Elizabeth City. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority.

## **VIII. Summary Disclosure of Significant Contingencies**

### **Federal and State Assisted Programs**

The City received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

REQUIRED  
SUPPLEMENTAL FINANCIAL  
DATA

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This section contains additional information required by  
generally accounting principals.

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Schedule of the Proportionate Share of the Net Pension  
Asset – Local Government Employees’ Retirement System

Schedule of Contributions – Local Government Employees’ Retirement System

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Schedule of Changes in Net OPEB Liability and Related Ratios

Schedule of County Contributions - Healthcare Benefits Plan

**City of Elizabeth City, North Carolina**  
**Camden County's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Seven Fiscal Years\***

**Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Elizabeth City's proportion of the net pension liability (asset) (%)	0.18363%	0.19427%	0.19167%	0.19523%	0.20471%	0.2069%	0.2071%
Elizabeth City's proportion of the net pension liability (asset) (\$)	\$ 5,014,792	\$ 4,608,748	\$ 2,928,187	\$ 4,143,435	\$ 918,726	\$ (1,220,421)	\$ 2,496,350
Elizabeth City's covered-employee payroll	\$ 12,193,922	\$ 12,021,141	\$ 12,292,063	\$ 11,069,400	\$ 11,498,034	\$ 11,081,706	\$ 10,840,726
Elizabeth City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.13%	38.34%	23.82%	37.43%	7.99%	( 11.01%)	23.03%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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

**City of Elizabeth City, North Carolina  
Required Supplementary Information  
Last Seven Fiscal Years**

**Local Government Employees' Retirement System**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,177,660	\$ 973,492	\$ 929,950	\$ 920,243	\$ 758,252	\$ 822,124	\$ 788,988
Contributions in relation to the contractually required contribution	1,177,660	973,492	929,950	920,243	758,252	822,124	788,988
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Elizabeth City's covered payroll	\$ 12,808,460	\$ 12,193,922	\$ 12,021,141	\$ 12,292,063	\$ 11,069,400	\$ 11,498,034	\$ 11,081,706
Contributions as a percentage of covered payroll	9.19%	7.98%	7.74%	7.49%	6.85%	7.15%	7.12%

**City of Elizabeth City, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	1,357,547	1,324,170	1,325,257	1,313,319
Service Cost	71,085	85,396	67,449	74,514
Interest on the total pension liability	47,451	39,960	49,377	45,499
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	29,073	85,829	(107,602)	-
Changes of assumptions or other inputs	47,073	(58,596)	81,826	(30,395)
Benefit payments	(107,887)	(119,212)	(92,137)	(77,680)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,444,342</u>	<u>\$ 1,357,547</u>	<u>\$ 1,324,170</u>	<u>\$ 1,325,257</u>

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

**City of Elizabeth City, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 1,444,342	\$ 1,357,547	\$ 1,324,170	\$ 1,325,257
Covered payroll	2,729,787	3,058,906	2,832,460	3,080,503
Total pension liability as a percentage of covered payroll	52.91%	44.38%	46.75%	43.02%

Notes to the schedules:

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

**City of Elizabeth City, North Carolina**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Healthcare Benefits Plan**  
**For the Year Ended June 30, 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 521,550	494,025	545,339
Interest	619,362	577,257	511,944
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(27,011)	(184,891)	(72,362)
Changes of assumptions	761,489	(461,523)	(1,164,111)
Benefit payments	(805,591)	(632,655)	(596,096)
<b>Net change in total OPEB liability</b>	<b>1,069,799</b>	<b>(207,787)</b>	<b>(775,286)</b>
<b>Total OPEB liability - beginning</b>	<b>16,320,857</b>	<b>16,528,644</b>	<b>17,303,930</b>
<b>Total OPEB liability - ending</b>	<b>\$ 17,390,656</b>	<b>\$ 16,320,857</b>	<b>\$ 16,528,644</b>
City's covered payroll	\$ 12,635,557	\$ 12,635,557	\$ 10,895,663
City's OPEB liability as a percentage of its covered payroll	137.63%	129.17%	151.70%

**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:

<b>Fiscal Year</b>	<b>Rate</b>
2020	3.50%
2019	3.89%
2018	3.56%



## GENERAL FUND

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The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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**City of Elizabeth City, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Taxes:			
Ad valorem taxes - current year	\$	\$ 8,084,502	\$
Ad valorem taxes - prior years		130,847	
Municipal service district		2,294	
Penalties and interest		62,822	
Total	<u>8,715,705</u>	<u>8,280,465</u>	<u>(435,240)</u>
Other taxes:			
Local option sales tax		3,998,804	
Short term lease rent receipts		100,134	
Aircraft taxes		20,007	
Total	<u>4,043,992</u>	<u>4,118,945</u>	<u>74,953</u>
Total taxes	<u>12,759,697</u>	<u>12,399,410</u>	<u>(360,287)</u>
Licenses and fees:			
Business registration		19,037	
Motor vehicle licensing		187,724	
Building permits and inspection fees		269,033	
Revenue miscellaneous planning		24,660	
Fire code fees		2,547	
Waterfront market vendor fees		3,887	
South park fees		12,605	
Concession fees		21,094	
Total	<u>484,615</u>	<u>540,587</u>	<u>55,972</u>
Intergovernmental:			
Unrestricted:			
Beer and wine tax		76,262	
Revenues ABC (net)		202,000	
Franchise fees - waste		46,436	
Sales tax on electricity		1,116,889	
Sales tax on piped natural gas		28,641	
Sales tax on telecommunications		128,899	
Sales tax on video programming		109,971	
Total	<u>2,016,000</u>	<u>1,709,098</u>	<u>(306,902)</u>

**City of Elizabeth City, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Restricted:			
State street aid allocation		459,141	
Hurricane Florence assistance		-	
Bulletproof vest grant		3,450	
COPS grants		79,150	
Governor's crime commission grants		46,038	
PAL mentoring grant		25,142	
NC clean energy grant		-	
Other grants		167,938	
Police - DSS county		53,586	
Fire protection - Pasquotank county		434,489	
Fire protection - State building		47,626	
Fire EMS - Pasquotank county		-	
Fire inspection - Camden county		25,505	
Recreation fees - Pasquotank county		1,028,244	
TDA grant		24,615	
Downtown internet		-	
Senior center reimbursement		182,652	
Drug tax stamp		13,387	
Police donations		2,353	
Donations		4,000	
Fourth of July donations		2,430	
Elizabeth City downtown salary		80,845	
On-behalf of payments - fire		-	
Total	3,319,986	2,680,591	(639,395)
Payment in lieu of services	850,000	683,405	(166,595)
Total intergovernmental	6,185,986	5,073,094	(1,112,892)
Sales and service:			
Recreation department fees		65,569	
Parking revenues and penalties		17,148	
Officer arrest fees		5,333	
Total	15,000	88,050	73,050
Investment earnings:			
Interest earned on investments		265,119	
Total	245,000	265,119	20,119

**City of Elizabeth City, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous:			
Interest on special assessments		44,859	
ASMT housing demolition		72,576	
Lot clearing		66,241	
Administrative fees		20,799	
Sale of surplus materials		43,168	
Revenue - insurance damage		122,284	
Other		202,942	
Total	490,500	572,869	82,369
 TOTAL REVENUES	 20,180,798	 18,939,129	 (1,241,669)
 <b>Expenditures:</b>			
General Government:			
Legislative			
Salaries and employee benefits		83,899	
Operating expenses		34,438	
Total	140,874	118,337	22,537
 Administrative			
Salaries and employee benefits		503,735	
Operating expenses		57,920	
Capital outlay		29,719	
Total	660,485	591,374	69,111
 Finance			
Administration			
Salaries and employee benefits		412,693	
Operating expenses		57,578	
Total	492,392	470,271	22,121
 Tax collection			
Contracted services		117,079	
NCVTS billing cost		31,506	
Taxes foreclosed property		8,137	
Capital outlay		176,490	
Total	395,000	333,212	61,788
 Total finance	 887,392	 803,483	 83,909
 Legal			
Miscellaneous legal work		73,748	
Total	88,800	73,748	15,052

**City of Elizabeth City, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Community development - code enforcement			
Salaries and employee benefits		107,809	
Operating expenses		46,647	
Total	174,265	154,456	19,809
Planning			
Salaries and employee benefits		228,972	
Operating expenses		32,000	
Contracted services		17,482	
Total	367,757	278,454	89,303
Public building			
Salaries and employee benefits		122,133	
Operating expenses		507,062	
Capital outlay		93,685	
Total	740,829	722,880	17,949
Total General Government	3,060,402	2,742,732	317,670
Public safety			
Police			
Salaries and employee benefits		5,106,622	
Operating expenses		1,825,712	
Capital outlay		379,448	
Total	7,648,586	7,311,782	336,804
Fire			
Salaries and employee benefits		2,846,428	
Operating expenses		853,831	
Capital outlay		71,811	
Total	4,014,750	3,772,070	242,680

**City of Elizabeth City, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Fire inspections			
Salaries and employee benefits		166,474	
Operating expenses		35,316	
Total	305,233	201,790	103,443
Inspections			
Salaries and employee benefits		236,501	
Operating expenses		46,623	
Total	304,401	283,124	21,277
Total public safety	12,272,970	11,568,766	704,204
Transportation			
Garage			
Salaries and employee benefits		273,753	
Operating expenses		(279,142)	
Capital outlay		6,294	
Total	11,200	905	10,295
GIS			
Salaries and employee benefits		132,505	
Operating expenses		34,654	
Total	184,429	167,159	17,270
Street repair and construction			
Powell Bill			
Salaries and employee benefits		82,444	
Operating expenses		79,782	
Capital outlay		117,678	
Total	682,116	279,904	402,212
Other			
Salaries and employee benefits		609,633	
Operating expenses		447,576	
Capital outlay		34,556	
Total	1,227,179	1,091,765	135,414
Total street repair and construction	1,909,295	1,371,669	537,626

**City of Elizabeth City, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Public Works Administration			
Salaries and employee benefits		33,838	
Operating expenses		25,730	
Total	72,304	59,568	12,736
Total transportation	2,177,228	1,599,301	577,927
Environmental Protection			
Cemetery			
Maintenance & repair grounds		3,234	
Contracted services		37,670	
Total	60,400	40,904	19,496
Total environmental protection	60,400	40,904	19,496
Cultural and recreational			
Parks and recreation			
Salaries and employee benefits		1,139,520	
Operating expenses		644,561	
Capital outlay		250,551	
Total	2,367,385	2,034,632	332,753
Senior center			
Salaries and employee benefits		98,472	
Operating expenses		59,366	
Capital outlay		722,592	
Total	1,895,758	880,430	1,015,328
Total cultural and recreational	4,263,143	2,915,062	1,348,081
Human resources/risk management			
Salaries and employee benefits		269,732	
Operating expenses		65,912	
Capital outlay		-	
Total	352,897	335,644	17,253
Information technologies			
Salaries and employee benefits		174,756	
Operating expenses		161,620	
Total	372,978	336,376	36,602

**City of Elizabeth City, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Non-departmental			
Elizabeth City Downtown, Inc. salaries and employee benefits		80,285	
Operating expenses		1,017,331	
Capital outlay		178,218	
Total	<u>1,956,158</u>	<u>1,275,834</u>	<u>680,324</u>
Debt service			
Principal retirement		944,123	
Interest and other charges		96,146	
Total	<u>1,274,052</u>	<u>1,040,269</u>	<u>233,783</u>
<b>TOTAL EXPENDITURES</b>	<u><b>24,516,176</b></u>	<u><b>21,854,888</b></u>	<u><b>3,701,557</b></u>
Revenues over expenditures	<u><u>(4,335,378)</u></u>	<u><u>(2,915,759)</u></u>	<u><u>1,419,619</u></u>
Other financing sources (uses):			
Transfers from (to) other funds			
Electric fund in lieu of taxes		925,000	
Aviation Park		80,000	
Martin Luther King Jr. Educational Boardwalk		6,567	
Installment purchase issuance		453,685	
Total Other Financing Sources (Uses)	<u>4,335,378</u>	<u>1,465,252</u>	<u>(2,870,126)</u>
Net change in fund balance	\$ <u><u>-</u></u>	(1,450,507)	\$ <u><u>(1,450,507)</u></u>
Fund balances:			
Beginning of year, July 1		<u>7,627,875</u>	
End of year, June 30		\$ <u><u>6,177,368</u></u>	



## SPECIAL REVENUE FUNDS

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Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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**City of Elizabeth City, North Carolina**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Special Revenue Funds				
	Aviation Commerce Park Grant	Community Revitalization Fund	Martin Luther King Jr. Educational Boardwalk Project Fund	Coast Guard Park Project Fund	Total Nonmajor Special Revenue Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 758,373	\$ 62,472	\$ -	\$ -	\$ 820,845
Total assets	<u>\$ 758,373</u>	<u>\$ 62,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 820,845</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 157,971	\$ 157,971
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,971</u>	<u>157,971</u>
<b>Fund Balances</b>					
Committed	758,373	62,472	-	(157,971)	662,874
Total fund balances	<u>758,373</u>	<u>62,472</u>	<u>-</u>	<u>(157,971)</u>	<u>662,874</u>
<b>Total liabilities and fund balances</b>	<u>\$ 758,373</u>	<u>\$ 62,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 820,845</u>

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

	Special Revenue Funds				
			Martin Luther King Jr. Educational Boardwalk Project Fund	Coast Guard Park Project Fund	Total Nonmajor Special Revenue Funds
	Aviation Commerce Park Grant Fund	Community Revitalization Fund			
Revenues:					
Restricted intergovernmental	\$ 12,500	\$ -	\$ -	\$ 424,000	\$ 436,500
Sales and services	221,293	-	-	-	221,293
Investment earnings	8,217	822	-	-	9,039
Total revenues	<u>242,010</u>	<u>822</u>	<u>-</u>	<u>424,000</u>	<u>666,832</u>
Expenditures:					
Administration	-	-	-	-	-
Professional services	500	-	-	-	500
Contracted services	57,055	-	-	-	57,055
Land options	-	-	-	-	-
Debt service - land - principal	-	-	-	-	-
Debt service - land - interest	-	-	-	-	-
Capital improvements	<u>1,274,028</u>	<u>-</u>	<u>-</u>	<u>410,022</u>	<u>1,684,050</u>
Total Expenditures	<u>1,331,583</u>	<u>-</u>	<u>-</u>	<u>410,022</u>	<u>1,741,605</u>
Revenues Over (Under) Expenditures	<u>(1,089,573)</u>	<u>822</u>	<u>-</u>	<u>13,978</u>	<u>(1,074,773)</u>
Other Financing Sources (Uses)					
Proceeds from installment purchase	909,400	-	-	-	909,400
Transfers from (to) other funds	<u>(80,000)</u>	<u>-</u>	<u>(6,567)</u>	<u>-</u>	<u>(86,567)</u>
Net change in Fund Balance	<u>(260,173)</u>	<u>822</u>	<u>(6,567)</u>	<u>13,978</u>	<u>(251,940)</u>
Fund balances:					
Beginning of Year, July 1	<u>1,018,546</u>	<u>61,650</u>	<u>6,567</u>	<u>(171,949)</u>	<u>914,814</u>
End of year, June 30	<u>\$ 758,373</u>	<u>\$ 62,472</u>	<u>\$ -</u>	<u>\$ (157,971)</u>	<u>\$ 662,874</u>

**City of Elizabeth City, North Carolina**  
**Aviation Commerce Park Grant**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Intergovernmental	\$ -	\$ -	\$ 12,500	\$ 12,500
Restricted				
NC economic development reserve	3,500,000	3,450,314	-	3,450,314
NC rural economic development center	500,000	995,001	-	995,001
Industrial development commission	500,000	500,000	-	500,000
NC department of commerce	1,000,000	995,000	-	995,000
Golden leaf foundation	2,000,000	2,000,000	-	2,000,000
Pasquotank county	200,000	142,226	-	142,226
Airport authority	600,000	1,945,056	-	1,945,056
Elizabeth city state university	750,000	500,000	-	500,000
Economic development administration	50,000	50,000	-	50,000
Small business association	196,514	194,928	-	194,928
Total restricted revenues	<u>10,796,514</u>	<u>10,772,525</u>	<u>12,500</u>	<u>10,785,025</u>
Sales and services				
DRS technologies lease	-	3,218,201	-	3,218,201
USCG land lease	-	632,775	221,293	854,068
Farm lease	-	2,340	-	2,340
Tree reimbursement	-	2,311	-	2,311
Sale of property	-	21,500	-	21,500
Total sales and services	<u>-</u>	<u>3,877,127</u>	<u>221,293</u>	<u>4,098,420</u>
Investment earnings				
Investment earnings	-	30,879	8,217	39,096
Total investment earnings	<u>-</u>	<u>30,879</u>	<u>8,217</u>	<u>39,096</u>
Total revenues	<u>10,796,514</u>	<u>14,680,531</u>	<u>242,010</u>	<u>14,922,541</u>

**City of Elizabeth City, North Carolina**  
**Aviation Commerce Park Grant**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures:				
Administration	-	11,433	-	11,433
Airport apron grant match	410,500	406,603	-	406,603
Golden leaf foundation	686,000	681,000	-	681,000
IDF grant reimbursement	65,000	65,000	-	65,000
Pasquotank county reimbursement	142,226	142,226	-	142,226
Land and taxiway	7,855,659	7,082,107	1,273,278	8,355,385
Master plan	787,220	812,066	-	812,066
Water, sewer and street improvements	3,202,884	3,196,787	-	3,196,787
Contracted services	196,514	25,990	57,055	83,045
Professional services	-	95,865	500	96,365
Land options	3,335	23,648	750	24,398
Property tax	-	2,914	-	2,914
Debt service - land - principal	624,000	623,999	-	623,999
Debt service - land - interest	57,265	57,266	-	57,266
Debt service - principal	1,500,000	1,500,007	-	1,500,007
Debt service - interest	-	124,004	-	124,004
Total Expenditures	<u>15,530,603</u>	<u>14,850,915</u>	<u>1,331,583</u>	<u>16,182,498</u>
Other financing sources (uses):				
Proceeds from installment purchase	1,500,000	1,500,000	909,400	2,409,400
Transfer from electric fund	200,000	200,000	-	200,000
Transfer to electric fund	(140,000)	-	-	-
Transfer to general fund	(160,000)	(411,070)	(80,000)	(491,070)
Transfer to middle school renovation	(100,000)	(100,000)	-	(100,000)
Fund balance appropriated	<u>3,434,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,734,089</u>	<u>1,188,930</u>	<u>829,400</u>	<u>2,018,330</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 1,018,546</u>	<u>\$ (260,173)</u>	<u>\$ 758,373</u>
Fund Balance:				
Beginning of Year, July 1			<u>1,018,546</u>	
End of Year, June 30			<u>\$ 758,373</u>	

**City of Elizabeth City, North Carolina**  
**Community Revitalization Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues				
Program income	\$ -	\$ 52,222	\$ -	\$ 52,222
Investment earnings	25,000	28,653	822	29,475
Total revenues	25,000	80,875	822	81,697
Expenditures:				
Community revitalization	185,588	236,228	-	236,228
Economic development	56,321	-	-	-
Total Expenditures	241,909	236,228	-	236,228
Other financing sources (uses)				
Transfers (to) from other funds				
Revolving loan fund	441,909	442,002	-	442,002
General fund	(75,000)	(75,000)	-	(75,000)
Hugh Cale revitalization grant fund	(150,000)	(149,999)	-	(149,999)
Total other financing sources (uses)	216,909	217,003	-	217,003
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ 61,650	822	\$ 62,472
Fund Balance:				
Beginning of Year, July 1			61,650	
End of Year, June 30			\$ 62,472	

**City of Elizabeth City, North Carolina**  
**Martin Luther King Jr. Educational Boardwalk Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

		Actual		
	Project Authorization	Prior Year	Current Year	Total to Date
Revenues				
Intergovernmental				
Restricted				
NC department of agriculture	\$ 10,000	\$ 9,096	\$ -	\$ 9,096
Total restricted intergovernmental	<u>10,000</u>	<u>9,096</u>	<u>-</u>	<u>9,096</u>
Investment earnings				
Investment earnings		266	-	266
Total investment earnings	<u>-</u>	<u>266</u>	<u>-</u>	<u>266</u>
Total revenues	<u>10,000</u>	<u>9,362</u>	<u>-</u>	<u>9,362</u>
Expenditures				
Capital improvements	145,000	127,795	-	127,795
Total Expenditures	<u>145,000</u>	<u>127,795</u>	<u>-</u>	<u>127,795</u>
Other financing sources (uses):				
Transfers to general fund	10,000	-	(6,567)	(6,567)
Installment purchase issuance	125,000	125,000	-	125,000
Total other financing sources (uses)	<u>135,000</u>	<u>125,000</u>	<u>(6,567)</u>	<u>118,433</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>6,567</u>	(6,567)	\$ <u>-</u>
Fund Balance:				
Beginning of Year, July 1			<u>6,567</u>	
End of Year, June 30			\$ <u>-</u>	

**City of Elizabeth City, North Carolina**  
**Coast Guard Park Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Project Authorization	Actual		
		Prior Year	Current Year	Total to Date
Revenues				
Intergovernmental				
Restricted				
NC departmental of environmental quality	\$ 140,000	\$ -	\$ 140,000	\$ 140,000
Coastal area management authority	138,000	-	138,000	138,000
Parks and recreation trust fund	146,000	-	146,000	146,000
Total restricted intergovernmental	<u>424,000</u>	<u>-</u>	<u>424,000</u>	<u>424,000</u>
Total revenues	<u>424,000</u>	<u>-</u>	<u>424,000</u>	<u>424,000</u>
Expenditures				
Engineering	-	13,769	-	13,769
Administrative	-	1,853	-	1,853
Construction	550,000	156,327	410,022	566,349
Total expenditures	<u>550,000</u>	<u>171,949</u>	<u>410,022</u>	<u>581,971</u>
Other financing sources (uses):				
Transfer from general fund	126,000	-	-	-
Other financing sources (uses)	<u>126,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (171,949)</u>	13,978	<u>\$ (157,971)</u>
Fund Balance:				
Beginning of Year, July 1			(171,949)	
End of Year, June 30			<u>\$ (157,971)</u>	



## PROPRIETARY FUNDS

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Enterprise 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.

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**City of Elizabeth City, North Carolina**  
**Enterprise Fund - Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Operating revenues			
Charges for services			
Electrical sales			
Residential and commercial	\$	\$ 30,534,821	\$
Connection charges		24,521	
Reconnection charges		38,580	
Late fees		344,831	
Total	<u>33,110,530</u>	<u>30,942,753</u>	<u>(2,167,777)</u>
Other operating revenues			
Sale of scrap		33,618	
Sales of poles		19	
Pole agreements		66,207	
Development fees		27,286	
Miscellaneous		330	
Total	<u>162,000</u>	<u>127,460</u>	<u>(34,540)</u>
Total operating revenues	<u>33,272,530</u>	<u>31,070,213</u>	<u>(2,202,317)</u>
Nonoperating Revenues			
Hurricane Dorian assistance		128,060	
Insurance damage		25,077	
Interest earned on investments		32,049	
Total nonoperating revenues	<u>342,286</u>	<u>185,186</u>	<u>(157,100)</u>
Total Revenues	<u>33,614,816</u>	<u>31,255,399</u>	<u>(2,359,417)</u>
Operating expenditures			
Electric distribution			
Salaries and employee benefits		1,719,874	
Maintenance		649,871	
Supplies		92,128	
Contracted services		184,050	
Insurance		93,209	
Other departmental expenses		85,956	
Maintenance and repair - Hurricane Dorian		100,249	
Total electric distribution	<u>6,774,257</u>	<u>2,925,337</u>	<u>3,848,920</u>
Energy management			
Salaries and employee benefits		413,631	
Energy management		71,750	
Load management fuel		49,365	
Peak generator fuel		52,923	
Supplies		40,012	
Contracted services		17,328	
Other Departmental expenses		58,018	
Maintenance and repair		230,515	
Total energy management	<u>1,104,226</u>	<u>933,542</u>	<u>170,684</u>
Purchasing			
Salaries and employee benefits		171,270	
Supplies		8,823	
Contracted services		5,934	
Other departmental expenses		18,205	
Maintenance and repair		5,044	
Total purchasing	<u>233,898</u>	<u>209,276</u>	<u>24,622</u>

**City of Elizabeth City, North Carolina**  
**Enterprise Fund - Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Customer service			
Salaries and employee benefits		268,698	
Supplies		16,708	
Contracted services		6,571	
Other departmental expenses		72,888	
Maintenance and repair		1,151	
Total customer service	<u>437,949</u>	<u>366,016</u>	<u>71,933</u>
Data processing			
Salaries and employee benefits		69,175	
Supplies		222	
Contracted services		40,038	
Other departmental expenses		2,498	
Maintenance and repair		2,088	
Total customer service	<u>139,461</u>	<u>114,021</u>	<u>25,440</u>
Other			
Hospitalization - retirees		90,084	
Professional services			
Payment in lieu of services		433,405	
Electric power purchased		23,411,938	
Electricity's		29,142	
Employee clinic		25,085	
Development commission		52,587	
Bad debt expense		200,000	
Energy fund		10,000	
Total other	<u>25,150,210</u>	<u>24,252,241</u>	<u>897,969</u>
Total operating expenditures	<u>33,840,001</u>	<u>28,800,433</u>	<u>5,039,568</u>
Debt service			
Interest expense		30,450	
Retirement of principal		497,401	
Total debt service	<u>793,125</u>	<u>527,851</u>	<u>265,274</u>
Capital outlay			
Construction project		591,835	
Equipment		591,915	
Total debt service	<u>1,525,000</u>	<u>1,183,750</u>	<u>341,250</u>
Total expenditures	<u>36,158,126</u>	<u>30,512,034</u>	<u>5,646,092</u>
Revenues over (under) expenditures	<u>(2,543,310)</u>	<u>743,365</u>	<u>3,286,675</u>
Other financing sources (uses)			
Payment from water/sewer			
Installment purchase issuance		2,600,000	
General fund in lieu of taxes		(925,000)	
Total other financing sources (uses)	<u>2,270,000</u>	<u>1,675,000</u>	<u>595,000</u>
Appropriation of net position	273,310	-	273,310
Revenues and other financing sources (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,418,365</u>	<u>\$ 2,418,365</u>
Reconciliation to GAAP financial statements			
Capital expenditures		1,183,750	
Principal retirement		497,401	
Loan proceeds		(2,600,000)	
Increase (Decrease) in deferred outflows of resources - pensions		(78,985)	
(Increase) Decrease in deferred inflows of resources - pensions		(5,604)	
(Increase) Decrease in net pension liability		(56,846)	
Increase (Decrease) in deferred outflows of resources - OPEB		488	
(Increase) Decrease in deferred inflows of resources - OPEB		34,633	
(Increase) Decrease in OPEB liability		(149,772)	
(Increase) Decrease in Accrued Vacation		16,806	
Depreciation		(1,420,965)	
Change in net position		<u>\$ (160,729)</u>	

**City of Elizabeth City, North Carolina**  
**Enterprise Fund - Water and Sewer Operating Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Operating revenues			
Charges for services			
Water charges			
Residential and commercial	\$	\$ 5,318,560	\$
Tap and connection fees		1,272	
Total	4,157,073	5,319,832	1,162,759
Sewer charges			
Residential and commercial		3,064,602	
System development fees		474,510	
Tap and connection fees		1,415	
Total	3,214,808	3,540,527	325,719
Total charges for services	7,371,881	8,860,359	1,488,478
Other operating revenues			
Miscellaneous - water		53,972	
Miscellaneous - sewer		140,685	
Sale of scrap		225	
Reimbursement by employee		512	
Employee health insurance		636	
Antenna rental		188,501	
Total other operating revenues	324,327	384,531	60,204
Total operating revenues	7,696,208	9,244,890	1,548,682
Nonoperating revenues			
Hurricane Dorian assistance		9,645	
Insurance damage		25,102	
Investment earnings		1,230	
Total nonoperating revenues	46,028	35,977	(10,051)
TOTAL REVENUES	7,742,236	9,280,867	1,538,631
Operating expenditures:			
Water treatment and distribution			
Salaries and employee benefits		708,887	
Chemicals and departmental supplies		385,745	
Purchased water		290,718	
Other departmental expenses		554,985	
Contracted services		157,560	
Maintenance and repair		128,415	
Total water treatment and distribution	2,278,852	2,226,310	52,542
Waste treatment			
Salaries and employee benefits		498,359	
Electric power		209,512	
Supplies		161,984	
Other departmental expenses		107,919	
Contracted services		215,215	
Maintenance and repair		153,193	
Total waste treatment	1,411,860	1,346,182	65,678

**City of Elizabeth City, North Carolina**  
**Enterprise Fund - Water and Sewer Operating Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Water and sewer line maintenance			
Salaries and employee benefits		1,045,787	
Supplies		114,120	
Electric power		52,269	
Line maintenance		139,633	
Other departmental expenses		69,995	
Contracted services		328,555	
Maintenance and repair		448,058	
Total water and sewer line maintenance	2,465,810	2,198,417	267,393
Customer service			
Salaries and employee benefits		259,689	
Supplies		18,917	
Other departmental expenses		2,481	
Contracted services		6,571	
Maintenance and repair		68,752	
Electric power		1,151	
Total customer service	422,204	357,561	64,643
Data processing			
Salaries and employee benefits		68,658	
Supplies		826	
Other departmental expenses		1,832	
Contracted services		46,618	
Maintenance and repair		2,088	
Total data processing	139,306	120,022	19,284
Other			
Hospitalization - retirees		117,728	
Payment in lieu of services		250,000	
Total other	425,250	367,728	57,522
Total operating expenditures	7,143,282	6,616,220	527,062
Debt service			
Interest expense		26,822	
Retirement of principal		472,557	
Total nondepartmental expenditures	730,595	499,379	231,216
Capital outlay			
Construction projects		139,643	
Equipment		3,186,162	
Total nondepartmental expenditures	3,352,758	3,325,805	26,953
TOTAL EXPENDITURES	11,226,635	10,441,404	785,231
Revenues Over (Under) Expenditures	(3,530,427)	(1,160,537)	2,369,890
Other Financing Sources and (Uses):			
Installment purchase issuance		2,442,850	-
Total Other Financing Sources (Uses)	3,231,696	2,442,850	788,846
Appropriation of net position	298,731	-	(298,731)
Revenues and other financing sources over expenditures and other financing uses	\$ -	1,282,313	\$ 1,282,313

**City of Elizabeth City, North Carolina**  
**Enterprise Fund - Water and Sewer Operating Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance Positive (Negative)
	Final Budget	Actual	
Reconciliation from budgetary basis (modified accrual) to full accrual			
Capital expenditures		3,325,805	
Principal retirement		472,557	
Loan proceeds		(2,442,850)	
Grant Proceeds from Water Asset Inventory Project		424,558	
Grant Proceeds from Raw Water Transmission Project		72,122	
Increase (Decrease) in deferred outflows of resources - pensions		(73,343)	
(Increase) Decrease in deferred inflows of resources - pensions		(5,204)	
(Increase) Decrease in net pension liability		(52,786)	
Increase (Decrease) in deferred outflows of resources - OPEB		474	
(Increase) Decrease in deferred inflows of resources - OPEB		32,159	
(Increase) Decrease in OPEB liability		(139,074)	
(Increase) Decrease in Accrued Vacation		14,021	
Depreciation		(1,954,374)	
Change in net position		<u>\$ 956,378</u>	

**City of Elizabeth City, North Carolina**  
**Water and Sewer Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2020**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Investment earnings	\$ -	\$ 52,233	\$ -	\$ 52,233	\$ 52,233
Total investment earnings	-	52,233	-	52,233	52,233
Total revenues	-	52,233	-	52,233	52,233
Other Financing Sources (Uses):					
Transfer from water and sewer				-	-
Operating fund	100,000	250,000	-	250,000	(150,000)
Transfer to capital project fund	(100,000)	-	-	-	(100,000)
Total other financing sources (uses)	-	250,000	-	250,000	(250,000)
Revenues and other financing sources over expenditures	\$ -	\$ 302,233	\$ -	\$ 302,233	\$ (197,767)

**City of Elizabeth City, North Carolina**  
**Parkview Sewer Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2020**

	<u>Project Author - ization</u>	<u>Actual Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted					
NC department of commerce - rural economic development division	<u>\$ 646,952</u>	<u>\$ 646,942</u>	<u>\$ -</u>	<u>\$ 646,942</u>	<u>\$ (10)</u>
Total restricted intergovernmental	<u>646,952</u>	<u>646,942</u>	<u>-</u>	<u>646,942</u>	<u>(10)</u>
Total revenues	<u>646,952</u>	<u>646,942</u>	<u>-</u>	<u>646,942</u>	<u>(10)</u>
Expenditures:					
Construction	575,622	611,106	18,529	629,635	(54,013)
Engineering	47,553	36,580	-	36,580	10,973
Administration	<u>23,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,777</u>
Total expenditures	<u>646,952</u>	<u>647,686</u>	<u>18,529</u>	<u>666,215</u>	<u>(19,263)</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (744)</u>	<u>\$ (18,529)</u>	<u>\$ (19,273)</u>	<u>\$ (19,273)</u>



**City of Elizabeth City, North Carolina**  
**Dawson Street Pump Station Gravity Sewer Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted				-	-
NC department of environmental quality	995,000	995,000	-	995,000	-
Total restricted intergovernmental	995,000	995,000	-	995,000	-
Total revenues	995,000	995,000	-	995,000	-
Expenditures:					
Capital improvements	1,341,385	1,117,846	-	1,117,846	223,539
Total expenditures	1,341,385	1,117,846	-	1,117,846	223,539
Other Financing Sources (Uses):					
Transfer from water and sewer fund	346,385	87,000	-	87,000	(259,385)
Total other financing sources (uses)	346,385	87,000	-	87,000	(259,385)
Revenues and other financing sources over expenditures	\$ -	\$ (35,846)	\$ -	\$ (35,846)	\$ (35,846)

**City of Elizabeth City, North Carolina**  
**Raw Water Transmission Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2020**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted					
Raw water transmission project	\$ 903,581	\$	\$ 424,558	\$ 424,558	\$ (479,023)
Total restricted intergovernmental	903,581	-	424,558	424,558	(479,023)
Total revenues	903,581	-	424,558	424,558	(479,023)
Expenditures:					
Capital improvements	903,581	59,161	388,903	448,064	455,517
Total expenditures	903,581	59,161	388,903	448,064	455,517
Revenues over expenditures	\$ -	\$ (59,161)	35,655	\$ (23,506)	\$ (23,506)

**City of Elizabeth City, North Carolina**  
**Water Asset Inventory Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2020**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
NC department of environmental quality	150,000	74,372	72,122	146,494	3,506
Total restricted intergovernmental	150,000	74,372	72,122	146,494	3,506
Total revenues	150,000	74,372	72,122	146,494	3,506
Expenditures:					
Supplies	21,850	-	-	-	21,850
Capital outlay - equipment	128,150	78,286	50,000	128,286	(136)
Total expenditures	150,000	78,286	50,000	128,286	21,714
Revenues over expenditures	\$ -	\$ (3,914)	\$ 22,122	\$ 18,208	\$ (18,208)

**City of Elizabeth City, North Carolina**  
**Enterprise Fund - Stormwater Utility Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Operating revenues			
Charges for services			
Residential	\$	\$ 215,853	\$
Commercial		362,162	
Total charges for services	<u>583,000</u>	<u>578,015</u>	<u>(4,985)</u>
Other operating revenues			
NCDEQ grant			
CAMA grant		34,981	
Total other operating revenues	<u>-</u>	<u>34,981</u>	<u>34,981</u>
Total operating revenues	<u>583,000</u>	<u>612,996</u>	<u>29,996</u>
Nonoperating revenues			
Investment earnings			
investment earnings		4,930	
Interest earned on fees		6,600	
Total nonoperating revenues	<u>8,000</u>	<u>11,530</u>	<u>3,530</u>
TOTAL REVENUES	<u>591,000</u>	<u>624,526</u>	<u>33,526</u>
Operating expenditures			
Salaries and employee benefits		24,652	
Insurance		5,026	
Capital outlay		74,040	
Contracted services		33,626	
Other departmental expenses		5,256	
Total operating expenses	<u>281,438</u>	<u>142,600</u>	<u>138,838</u>
Debt service			
Interest expense		16,288	
Retirement of principal		134,353	
Total debt service	<u>350,642</u>	<u>150,641</u>	<u>200,001</u>
TOTAL EXPENDITURES	<u>632,080</u>	<u>293,241</u>	<u>338,839</u>
Revenues over (under) expenditures	(41,080)	331,285	372,365
Appropriation of net position	<u>41,080</u>	<u>-</u>	<u>(41,080)</u>
Revenues and appropriation of net position over expenditures	<u>\$ -</u>	<u>\$ 331,285</u>	<u>\$ 331,285</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Capital expenditures		74,040	
Principal retirement		134,353	
Increase (Decrease) in deferred outflows of resources - pensions		(5,642)	
(Increase) Decrease in deferred inflows of resources - pensions		(400)	
(Increase) Decrease in net pension liability		(4,060)	
Depreciation		(183,270)	
Change in net position		<u>\$ 346,306</u>	

**City of Elizabeth City, North Carolina**  
**Enterprise Fund - Solid Waste Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Operating revenues			
Charges for services			
Residential sanitation fee	\$	\$ 1,671,576	\$
Downtown sanitation fee		20,221	
Tipping fee		42,374	
Total charges for services	<u>1,714,050</u>	<u>1,734,171</u>	<u>20,121</u>
Other operating revenues			
Solid waste disposal tax		13,473	
Miscellaneous		2,336	
Total other operating revenues	<u>15,000</u>	<u>15,809</u>	<u>809</u>
Total Operating Revenues	<u>1,729,050</u>	<u>1,749,980</u>	<u>20,930</u>
Nonoperating Revenues			
Interest earned		182	
Insurance damage		88,321	
Total nonoperating revenues	<u>176,642</u>	<u>88,503</u>	<u>(88,139)</u>
TOTAL REVENUES	<u>1,905,692</u>	<u>1,838,301</u>	<u>(67,391)</u>
Operating expenditures			
Salaries and employee benefits		787,685	
Supplies		110,242	
Capital outlay		149,990	
Contracted services		86,406	
Other departmental expenses		118,134	
Maintenance and repair		183,710	
Hospitalization-retirees		77,535	
Total operating expenditures	<u>1,858,476</u>	<u>1,513,702</u>	<u>344,774</u>

**City of Elizabeth City, North Carolina**  
**Enterprise Fund - Solid Waste Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Nonoperating expenditures			
Interest expense		16,162	
Retirement of principal		202,158	
Total nonoperating expenditures	<u>228,116</u>	<u>218,320</u>	<u>9,796</u>
TOTAL EXPENDITURES	<u>2,086,592</u>	<u>1,732,022</u>	<u>354,570</u>
Revenues Over (Under) Expenditures	<u>(180,900)</u>	<u>106,279</u>	<u>287,179</u>
Other Financing Sources and (Uses):			
Loan proceeds		150,000	
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Appropriation of net position	<u>30,900</u>	<u>-</u>	<u>(30,900)</u>
Revenues and other financing sources (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 256,279</u>	<u>\$ 256,279</u>

Reconciliation from Budgetary Basis (Modified  
Accrual) to Full Accrual:

Capital expenditures	149,990
Principal retirement	202,158
Loan proceeds	(150,000)
Increase (Decrease) in deferred outflows of resources - pensions	(16,925)
(Increase) Decrease in deferred inflows of resources - pensions	(1,201)
(Increase) Decrease in net pension liability	(12,181)
Increase (Decrease) in deferred outflows of resources - OPEB	140
(Increase) Decrease in deferred inflows of resources - OPEB	9,895
(Increase) Decrease in OPEB liability	(42,792)
(Increase) Decrease in Accrued Vacation	1,731
Depreciation	(231,022)
Change in net position	<u>\$ 166,072</u>

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

**City of Elizabeth City, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 8,215,428	\$ 7,832,767	\$ 382,661
2018-2019	313,111	-	130,431	182,680
2017-2018	176,736	-	54,879	121,857
2016-2017	87,473	-	32,000	55,473
2015-2016	44,812	-	12,064	32,748
2014-2015	33,614	-	5,385	28,229
2013-2014	46,534	-	9,980	36,554
2012-2013	31,880	-	5,561	26,319
2011-2012	20,737	-	2,884	17,853
2010-2011	17,378	-	2,204	15,174
2009-2010	20,245	-	20,245	-
TOTALS	\$ <u>792,520</u>	\$ <u>8,215,428</u>	\$ <u>8,108,400</u>	\$ 899,548
Less: Allowance for uncollectable accounts general fund				<u>(91,247)</u>
Ad valorem taxes receivable				\$ <u>808,301</u>
Reconcilement with revenues:				
Taxes - ad valorem				8,022,328
Discounts allowed				9,451
Refunds, releases and adjustments				54,865
Taxes written off				<u>21,756</u>
Total collections and credits				\$ <u>8,108,400</u>



**City of Elizabeth City, North Carolina**  
**Analysis of Current Tax Levy**  
**City - Wide Levy**  
**For the Fiscal Year Ended June 30, 2020**

	City - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxes at current year's rate	\$ 1,254,263,817	0.655	\$ 8,215,428	\$ 7,468,318	\$ 747,110
Total original levy	<u>1,254,263,817</u>		<u>8,215,428</u>	<u>7,468,318</u>	<u>747,110</u>
Discoveries:					
Current year taxes	-	0.655	-	-	-
Total Discoveries	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Abatements					
Current Year Taxes	-	0.655	-	-	-
Total Abatements	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total for Year	\$ <u>1,254,263,817</u>		8,215,428	7,468,318	747,110
Uncollected taxes at June 30, 2020			<u>382,661</u>	<u>382,661</u>	<u>-</u>
Current year's taxes collected			\$ <u>7,832,767</u>	\$ <u>7,085,657</u>	\$ <u>747,110</u>
Current levy collection percentage			<u>95.34%</u>	<u>94.88%</u>	<u>100.00%</u>

## STATISTICAL SECTION

## CITY OF ELIZABETH CITY, NORTH CAROLINA

NET POSITION BY COMPONENT  
Last Ten Fiscal Years  
(accrual basis of accounting)

TABLE 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 19,361,004	\$ 19,814,379	\$ 19,608,214	\$ 26,503,056	\$ 27,395,904	\$ 27,815,059	\$ 27,365,858	\$ 28,250,660	\$ 28,262,683	\$ 29,591,549
Restricted	1,671,841	4,742,418	5,066,618	4,283,735	3,409,358	2,904,679	3,792,163	3,563,092	2,822,162	2,642,240
Unrestricted	4,053,249	1,260,727	570,197	(535,108)	(893,326)	(441,164)	(1,445,698)	(8,443,176)	(7,270,834)	(9,343,763)
Total governmental activities net position	\$ 25,086,094	\$ 25,817,524	\$ 25,245,029	\$ 30,251,683	\$ 29,911,936	\$ 30,278,574	\$ 29,712,323	\$ 23,370,576	\$ 23,814,011	\$ 22,890,026
Business-type activities										
Net investment in capital assets	\$ 52,735,019	\$ 53,834,743	\$ 58,448,837	\$ 58,274,064	\$ 67,194,180	\$ 66,697,384	\$ 67,835,671	\$ 69,245,658	\$ 69,454,469	\$ 66,930,525
Unrestricted	8,053,995	6,782,306	8,709,675	8,564,327	9,931,173	12,735,911	12,303,287	8,448,500	9,619,732	13,451,703
Total business-type activities net position	\$ 60,789,014	\$ 60,617,049	\$ 67,158,512	\$ 66,838,391	\$ 77,125,353	\$ 79,433,295	\$ 80,138,958	\$ 77,694,158	\$ 79,074,201	\$ 80,382,228
Primary government										
Net investment in capital assets	\$ 72,096,023	\$ 73,649,122	\$ 78,057,051	\$ 84,777,120	\$ 94,590,084	\$ 94,512,443	\$ 95,201,529	\$ 97,496,318	\$ 97,717,152	\$ 96,522,074
Restricted	1,671,841	4,742,418	5,066,618	4,283,735	3,409,358	2,904,679	3,792,163	3,563,092	2,822,162	2,642,240
Unrestricted	12,107,244	8,043,033	9,279,872	8,029,219	9,037,847	12,294,747	10,857,589	5,324	2,348,898	4,107,940
Total primary government net position	\$ 85,875,108	\$ 86,434,573	\$ 92,403,541	\$ 97,090,074	\$ 107,037,289	\$ 109,711,869	\$ 109,851,281	\$ 101,064,734	\$ 102,888,212	\$ 103,272,254

## CITY OF ELIZABETH CITY, NORTH CAROLINA

CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(accrual basis of accounting)

TABLE 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 2,887,030	\$ 2,876,367	\$ 2,895,896	\$ 2,282,075	\$ 3,085,091	\$ 2,515,518	\$ 3,378,820	\$ 3,782,077	\$ 3,227,094	\$ 3,864,233
Public safety	9,456,287	9,612,569	9,865,689	10,458,166	9,766,570	11,343,545	11,231,221	10,570,155	11,644,482	11,525,607
Transportation	2,966,205	3,199,928	3,176,155	1,755,222	2,092,185	1,862,060	2,023,522	2,062,958	1,941,135	1,771,965
Environmental protection	1,469,113	1,375,984	1,322,312	1,464,948	45,335	52,511	53,754	40,603	49,222	42,202
Cultural and recreation	1,526,718	1,842,108	2,110,877	2,909,021	2,169,030	2,320,494	2,134,720	2,135,032	2,439,070	3,728,806
Economic and physical development	117,406	95,769	686,000	1,010,729	5,874	378,745	49,150	8,966	10,321	393,199
Interest on long-term debt	82,647	55,852	54,185	52,473	57,552	53,600	56,437	64,087	67,523	96,146
Total governmental activities expenses	18,505,406	19,058,577	20,111,114	19,932,634	17,221,637	18,526,473	18,927,624	18,663,878	19,378,847	21,422,158
Business-type activities:										
Electric	38,269,781	36,323,218	37,051,568	37,625,158	36,483,437	29,556,449	31,411,431	31,481,743	30,902,808	30,491,128
Water and sewer	7,465,971	6,729,554	7,463,738	8,010,882	7,782,344	8,110,321	7,904,722	8,576,824	7,740,613	8,821,169
Stormwater utility	170,219	127,143	56,354	59,316	175,750	236,233	248,836	276,985	239,779	278,220
Solid waste	-	-	-	-	1,292,702	1,341,011	1,540,471	1,598,416	1,532,828	1,672,411
Total business-type activities expenses	45,905,971	43,179,915	44,571,660	45,695,356	45,734,233	39,244,014	41,105,460	41,933,968	40,416,028	41,262,928
Total primary government expenses	\$ 64,411,377	\$ 62,238,492	\$ 64,682,774	\$ 65,627,990	\$ 62,955,870	\$ 57,770,487	\$ 60,033,084	\$ 60,597,846	\$ 59,794,875	\$ 62,685,086
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 954,397	\$ 936,675	\$ 1,001,256	\$ 956,250	\$ 1,020,367	\$ 1,023,345	\$ 1,023,669	\$ 943,573	\$ 939,873	\$ 945,602
Public safety	697,313	723,093	809,660	767,735	882,503	834,880	759,601	706,522	334,809	147,481
Transportation	0	0	0	0	0	0	17,279	0	0	0
Environmental protection	1,050,248	1,125,115	1,306,190	1,479,390	0	0	0	0	0	267,729
Cultural and recreation	891,644	1,078,432	1,068,935	1,047,733	1,226,043	1,051,514	1,156,007	952,948	190,099	65,569
Economic and physical development	0	0	0	0	5,067,044	259,660	348,026	379,665	266,384	0
Operating grants and contributions	2,217,689	2,631,669	2,580,570	1,634,800	698,700	1,279,945	1,177,660	1,071,615	2,423,720	805,474
Capital grants and contributions	1,338,627	413,876	0	644,518	173,774	535,244	0	0	183,454	0
Total governmental activities program revenues	7,149,918	6,908,860	6,766,611	6,530,426	9,068,431	4,984,588	4,482,242	4,054,323	4,338,339	2,231,855
Business-type activities:										
Charges for services:										
Electric	38,450,259	35,581,161	39,166,269	38,351,615	38,350,808	31,492,814	32,043,328	32,478,929	31,336,478	30,942,753
Water and sewer	7,299,295	7,434,195	7,747,639	7,690,343	8,036,889	8,930,608	8,549,727	8,534,739	8,340,633	8,860,359
Stormwater utility	383,324	391,379	391,782	392,883	395,393	395,471	414,798	437,509	630,770	578,015
Solid waste	0	0	0	0	1,645,564	1,588,283	1,628,955	1,679,869	1,624,488	1,734,171
Operating grants and contributions	0	0	0	21,400	0	30,000	76,397	103,732	0	0
Capital grants and contributions	1,106,676	851,186	4,876,777	0	8,954,000	0	0	1,015,750	700,564	496,680
Total business-type activities program revenues	47,239,554	44,257,921	52,182,467	46,456,241	57,382,654	42,437,176	42,713,205	44,250,528	42,632,933	42,611,978
Total primary government program revenues	\$ 54,389,472	\$ 51,166,781	\$ 58,949,078	\$ 52,986,667	\$ 66,451,085	\$ 47,421,764	\$ 47,195,447	\$ 48,304,851	\$ 46,971,272	\$ 44,843,833

TABLE 2  
(Continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense) Revenue										
Governmental activities	\$ (11,355,488)	\$ (12,149,717)	\$ (13,344,503)	\$ (13,402,208)	\$ (8,153,206)	\$ (13,541,885)	\$ (14,445,382)	\$ (14,609,555)	\$ (15,040,508)	\$ (19,190,303)
Business-type activities	1,333,583	1,078,006	7,610,807	760,885	11,648,421	3,193,162	1,607,745	2,316,560	2,216,905	1,349,050
Total primary government net expenses	<u>(\$10,021,905)</u>	<u>(\$11,071,711)</u>	<u>(\$5,733,696)</u>	<u>(\$12,641,323)</u>	<u>\$3,495,215</u>	<u>(\$10,348,723)</u>	<u>(\$12,837,637)</u>	<u>(\$12,292,995)</u>	<u>(\$12,823,603)</u>	<u>(\$17,841,253)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 6,397,199	\$ 6,427,105	\$ 6,898,573	\$ 7,213,456	\$ 7,254,644	\$ 7,635,027	\$ 4,480,854	\$ 5,981,174	\$ 8,219,690	\$ 8,898,294
Local option sales tax	2,541,513	2,705,170	2,674,080	2,797,060	3,002,734	3,135,891	3,612,371	2,228,976	3,674,595	3,998,804
Other taxes	397,938	122,110	120,511	460,366	133,510	141,485	3,702,649	3,738,590	104,561	120,141
Unrestricted grants and contributions	1,614,353	2,047,171	1,861,828	1,461,153	2,118,146	2,061,169	1,846,262	1,843,217	1,995,383	3,040,552
Unrestricted investment earnings	4,906	2,210	5,214	9,473	11,047	36,328	84,346	154,103	284,809	274,158
Miscellaneous	104,194	1,385,181	125,134	429,624	182,489	122,054	197,584	114,092	279,905	1,009,369
Transfers	1,412,000	125,752	1,086,668	1,108,802	1,133,519	776,569	925,000	925,000	925,000	925,000
Advances	0	0	0	0	0	0	0	0	0	0
Total governmental activities	<u>12,472,103</u>	<u>12,814,699</u>	<u>12,772,008</u>	<u>13,479,934</u>	<u>13,836,089</u>	<u>13,908,523</u>	<u>14,849,066</u>	<u>14,985,152</u>	<u>15,483,943</u>	<u>18,266,318</u>
Business-type activities:										
Hurricane Irene assistance	0	81,100	0	0	0	0	0	0	0	0
Unrestricted investment earnings	22,501	23,572	10,993	7,223	8,255	12,547	22,918	38,233	66,434	44,991
Miscellaneous	8,715	30,538	6,331	20,630	8,877	14,802	0	0	21,704	838,986
Transfers	(1,412,000)	(1,385,181)	(1,086,668)	(1,108,802)	(1,133,519)	(776,569)	(925,000)	(925,000)	(925,000)	(925,000)
Total business-type activities	<u>(1,380,784)</u>	<u>(1,249,971)</u>	<u>(1,069,344)</u>	<u>(1,080,949)</u>	<u>(1,116,387)</u>	<u>(749,220)</u>	<u>(902,082)</u>	<u>(886,767)</u>	<u>(836,862)</u>	<u>(41,023)</u>
Total primary government	<u>\$ 11,091,319</u>	<u>\$ 11,564,728</u>	<u>\$ 11,702,664</u>	<u>\$ 12,398,985</u>	<u>\$ 12,719,702</u>	<u>\$ 13,159,303</u>	<u>\$ 13,946,984</u>	<u>\$ 14,098,385</u>	<u>\$ 14,647,081</u>	<u>\$ 18,225,295</u>
Changes in Net Position										
Governmental activities	\$ 1,116,615	\$ 664,982	\$ (572,495)	\$ 77,726	\$ (339,747)	\$ 366,638	\$ 403,684	\$ 375,597	\$ 443,435	\$ (923,985)
Business-type activities	(47,201)	(171,965)	6,541,463	(320,121)	10,286,962	2,443,942	705,663	1,429,793	1,380,043	1,308,027
Total primary government	<u>\$ 1,069,414</u>	<u>\$ 493,017</u>	<u>\$ 5,968,968</u>	<u>\$ (242,395)</u>	<u>\$ 9,947,215</u>	<u>\$ 2,810,580</u>	<u>\$ 1,109,347</u>	<u>\$ 1,805,390</u>	<u>\$ 1,823,478</u>	<u>\$ 384,042</u>

## CITY OF ELIZABETH CITY, NORTH CAROLINA

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 4,961,095	\$ 4,726,941	\$ 5,233,886	\$ 4,335,882	\$ 3,433,433	\$ 2,933,057	\$ 3,138,827	\$ 3,616,813	\$ 2,878,315	\$ 1,979,366
Unassigned	1,316,936	2,103,399	1,813,652	1,323,668	1,582,036	2,665,879	3,821,604	3,503,651	4,749,560	4,198,002
Total general fund	<u>\$ 6,278,031</u>	<u>\$ 6,830,340</u>	<u>\$ 7,047,538</u>	<u>\$ 5,659,550</u>	<u>\$ 5,015,469</u>	<u>\$ 5,598,936</u>	<u>\$ 6,960,431</u>	<u>\$ 7,120,464</u>	<u>\$ 7,627,875</u>	<u>\$ 6,177,368</u>
All Other Governmental Funds										
Restricted	\$ -	\$ 82,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed, reported in:										
Special revenue funds	969,727	1,524,802	1,060,837	957,444	1,305,157	722,867	798,852	890,736	914,814	662,874
Capital projects funds	397,578	356,615	140,673	199,520	59,861	13,501	23,922	10,421	-	-
Unassigned, reported in:										
Special revenue funds	-	-	-	(50,800)	(8,325)	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,367,305</u>	<u>\$ 1,964,189</u>	<u>\$ 1,201,510</u>	<u>\$ 1,106,164</u>	<u>\$ 1,356,693</u>	<u>\$ 736,368</u>	<u>\$ 822,774</u>	<u>\$ 901,157</u>	<u>\$ 914,814</u>	<u>\$ 662,874</u>

## CITY OF ELIZABETH CITY, NORTH CAROLINA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

TABLE 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 9,164,113	\$ 9,204,600	\$ 9,638,178	\$ 10,040,682	\$ 10,342,157	\$ 10,892,948	\$ 11,934,634	\$ 11,865,926	\$ 11,968,556	\$ 12,399,410
Licenses, fees, and permits	620,170	695,507	717,986	662,419	777,830	580,871	462,115	581,019	624,556	540,587
Sales and services	1,206,879	1,316,242	1,472,212	1,635,378	660,183	134,044	129,961	432,099	505,493	309,343
Intergovernmental	7,184,065	6,875,756	6,297,966	5,906,011	5,073,108	5,964,492	5,284,806	4,710,409	5,214,784	5,509,594
Investment earnings	6,766	3,714	6,796	11,225	11,908	37,997	89,677	166,657	303,730	274,158
Other revenues	125,972	194,431	163,784	497,873	201,420	505,481	549,444	246,884	274,091	572,869
Total revenues	<u>\$ 18,307,965</u>	<u>\$ 18,290,250</u>	<u>\$ 18,296,922</u>	<u>\$ 18,753,588</u>	<u>\$ 17,066,606</u>	<u>\$ 18,115,833</u>	<u>\$ 18,450,637</u>	<u>\$ 18,002,994</u>	<u>\$ 18,891,210</u>	<u>\$ 19,605,961</u>
Expenditures										
General government/ non-departmental	2,338,952	2,246,381	2,318,159	2,250,779	2,444,339	3,370,593	2,510,248	3,034,113	531,212	1,957,524
Public safety	8,899,431	9,138,151	9,261,815	9,650,889	9,482,982	9,506,200	10,722,087	10,159,641	11,428,205	11,568,766
Transportation	2,705,032	2,837,081	3,141,866	1,966,965	2,076,242	1,786,052	1,421,680	1,475,964	1,538,744	1,599,301
Environmental protection	1,370,073	1,351,646	1,252,627	1,400,680	44,037	51,213	53,754	39,305	47,924	40,904
Economic and physical development	117,400	93,119	686,000	386,729	5,874	378,745	49,150	8,966	10,322	57,555
Cultural and recreational	1,422,392	1,735,432	1,637,780	2,796,609	2,007,079	2,161,105	1,996,435	2,006,238	3,655,045	4,599,112
Human resources/risk management	219,830	220,027	213,767	222,762	233,718	241,438	243,086	273,164	356,255	335,644
Information technologies	-	-	-	-	-	111,218	130,838	138,423	290,696	336,376
Capital outlay	2,515,786	968,288	2,042,907	2,520,855	1,523,239	1,515,801	872,044	2,148,276	2,434,007	2,061,042
Debt service										
Interest	82,689	55,861	54,157	52,463	57,551	53,600	56,437	64,087	67,523	96,146
Principal	1,004,959	701,945	568,633	642,547	740,846	783,295	819,482	875,417	930,129	944,123
Total expenditures	<u>20,676,544</u>	<u>19,347,931</u>	<u>21,177,711</u>	<u>21,891,278</u>	<u>18,615,907</u>	<u>19,959,260</u>	<u>18,875,241</u>	<u>20,223,594</u>	<u>21,290,062</u>	<u>23,596,493</u>
Excess of revenues over (under) expenditures	(2,368,579)	(1,057,681)	(2,880,789)	(3,137,690)	(1,549,301)	(1,843,427)	(424,604)	(2,220,600)	(2,398,852)	(3,990,532)

## CITY OF ELIZABETH CITY, NORTH CAROLINA

TABLE 4  
(Continued)

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

## Other Financing Sources (Uses)

Proceeds of Installment Purchase	115,000	755,245	1,248,640	545,554	331,000	1,030,000	947,505	1,534,017	1,994,920	1,363,085
Transfers in	1,418,550	1,763,740	1,270,487	1,288,802	1,273,515	1,169,398	1,016,070	1,019,563	-	-
Transfers out	(6,550)	(378,559)	(183,819)	(180,000)	(139,996)	(392,829)	(91,070)	(94,564)	925,000	925,000
Total other financing sources (uses)	<u>1,527,000</u>	<u>2,140,426</u>	<u>2,335,308</u>	<u>1,654,356</u>	<u>1,464,519</u>	<u>1,806,569</u>	<u>1,872,505</u>	<u>2,459,016</u>	<u>2,919,920</u>	<u>2,288,085</u>
Net change in fund balances	<u>\$ (841,579)</u>	<u>\$ 1,082,745</u>	<u>\$ (545,481)</u>	<u>\$ (1,483,334)</u>	<u>\$ (84,782)</u>	<u>\$ (36,858)</u>	<u>\$ 1,447,901</u>	<u>\$ 238,416</u>	<u>\$ 521,068</u>	<u>\$ (1,702,447)</u>
Debt service as a percentage of noncapital expenditures	6.0%	4.1%	3.3%	3.6%	4.7%	4.5%	4.9%	5.2%	5.3%	4.8%



## CITY OF ELIZABETH CITY, NORTH CAROLINA

TABLE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value <sup>2</sup>
2011	\$ 717,541,846	\$ 421,167,284	\$ 60,550,070	\$ 11,179,589	\$ 1,188,079,611	0.525	\$ 1,381,487,920	86%
2012	727,324,093	426,913,630	61,370,977	11,864,655	1,203,744,045	0.525	1,399,702,378	86%
2013	796,463,767	467,863,467	66,837,640	12,078,711	1,319,086,163	0.555	1,533,821,120	86%
2014	828,255,490	464,098,704	64,272,460	12,051,324	1,344,575,330	0.580	1,563,459,686	86%
2015 <sup>1</sup>	774,737,503	352,437,016	50,348,146	9,747,900	1,167,774,765	0.700	1,357,877,634	86%
2016	807,234,882	356,693,870	50,956,268	11,487,564	1,203,397,456	0.725	1,399,299,367	86%
2017	844,130,956	369,040,281	52,720,041	12,102,354	1,253,788,924	0.740	1,457,894,098	86%
2018	1,052,606,872	373,584,461	53,369,210	11,833,232	1,467,727,311	0.740	1,706,659,664	86%
2019	865,401,213	375,628,396	53,661,200	11,698,848	1,282,991,961	0.740	1,491,851,117	86%
2020	806,160,956	382,388,414	54,626,917	11,087,530	1,254,263,817	0.740	1,458,446,299	86%

Source: Pasquotank County Tax Department

Notes:

<sup>1</sup> Property reappraised every eight years as required by  
North Carolina General Statutes

<sup>2</sup> Ratio applicable to real property only

## DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates <sup>1</sup>	
	Basic Rate	Municipal Service Tax	Total Direct Rate	Pasquotank County	Camden County
2011	0.465	0.06	0.525	0.620	0.465
2012	0.465	0.06	0.525	0.620	0.465
2013	0.495	0.06	0.555	0.620	0.495
2014	0.495	0.085	0.580	0.760	0.615
2015	0.615	0.085	0.700	0.760	0.640
2016	0.640	0.085	0.725	0.760	0.640
2017	0.655	0.085	0.740	0.770	0.655
2018	0.655	0.085	0.740	0.770	0.655
2019	0.655	0.085	0.740	0.770	0.655
2020	0.655	0.085	0.740	0.770	0.655

**Notes:** Municipal Service Tax rates only apply to the downtown area.<sup>1</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Elizabeth City.

PRINCIPAL PROPERTY TAX PAYERS  
Current and nine years ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Real Est Business	\$ 15,240,300	1	1.15%	\$ 16,478,400	1	1.23%
Tanglewood Lake Apts LLC	13,906,600	2	1.05%	16,134,100	2	1.21%
Tanglewood Pkwy Eliz City LLC	13,491,700	3	1.02%			
Elizabeth City Health Care	11,848,800	4	0.89%			
Lowes Home Centers Inc	11,750,060	5	0.88%	12,296,550	3	0.92%
Emerald Quay LLC	7,783,600	6	0.59%	9,687,160	5	0.72%
Bell Lane LLC	7,603,900	7	0.57%			
Boss Sawyer Inc	37,000	8	0.00%	7,689,915	8	0.57%
C T Port Elizabeth LLC <sup>1</sup>	36,805	9	0.00%	10,325,900	4	0.77%
R C C Eliz City Crossings LLC	34,140	10	0.00%			
3 N 1 INC				9,090,800	6	0.68%
Southgate Properties of NC LLC				7,775,700	7	0.58%
Elizabeth City Association LC <sup>2</sup>				6,587,500	9	0.49%
Owens & Robertson				5,285,380	10	0.40%
M & M Hospitality LLC						0.00%
Total	<u>\$ 81,732,905</u>		<u>6.15%</u>	<u>\$ 101,351,405</u>		<u>7.58%</u>

**Source:** Pasquotank County Tax Department

**Notes:**

<sup>1</sup>Listed as Gray Lumber Company in 2002

<sup>2</sup>Listed as RMEC LLC in 2002

PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal year	Collected within the Fiscal Year of the Levy		Collections for Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	6,015,952	5,576,257	92.69%	336,757	5,913,014	98.29%
2011	6,326,101	6,008,700	94.98%	231,285	6,239,985	98.64%
2012	6,369,609	5,997,953	94.17%	266,893	6,264,846	98.36%
2013	6,865,251	6,463,203	94.14%	342,020	6,805,223	99.13%
2014	7,123,690	6,699,973	94.05%	332,506	6,463,203	90.73%
2015	7,205,913	6,908,524	95.87%	261,736	6,632,095	92.04%
2016	7,615,572	7,267,394	95.43%	327,380	6,908,524	90.72%
2017	8,231,985	7,942,527	96.48%	419,732	7,267,394	2 88.28%
2018	8,415,878	8,077,751	95.98%	272,764	7,942,527	94.38%
2019	8,400,538	8,087,427	96.27%	282,870	8,077,751	96.16%
2020	8,215,428	7,832,767	95.34%	289,432	8,108,400	98.70%

Source: Pasquotank County Tax Department

Notes:

1 Property reappraised every eight years as required by  
North Carolina General Statutes.

2 Reconciliation to revenues per general fund financial statements:

Total collected as per above	7,832,767
Prior year collections in current year	289,432
Penalties collected	62,822
Rebates and waived taxes	-76,621
Ad valorem taxes collected per general fund financial statements	8,108,400

RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-type Activities					Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	Installment Purchase Obligations	State Water Bond Loan	State Wastewater Bond Loan	State Revolving Loan	American Recovery and Reinvestment Act Loan	Installment Purchase Obligations			
2010	\$ 2,473,880	\$ 1,950,000	\$ 934,336	\$ 3,085,716	\$ 678,227	\$ 2,403,216	\$ 11,525,375	1.10%	\$ 573
2011	1,583,928	1,650,000	799,190	2,700,001	1,109,942	1,698,639	9,541,700	0.92%	581
2012	1,639,708	1,350,000	664,044	2,314,286	1,064,815	983,453	8,016,306	0.71%	429
2013	2,314,432	1,050,000	528,898	1,928,571	1,005,659	5,210,000	12,037,560	1.03%	652
2014	2,834,877	750,000	393,752	1,542,856	946,503	4,372,665	10,840,653	0.93%	600
2015	2,029,675	450,000	258,606	1,157,141	887,347	6,022,801	10,805,570	0.85%	602
2016	2,238,519	150,000	123,460	771,426	828,191	5,118,613	9,230,209	0.70%	518
2017	2,370,429	-	-	385,711	769,035	5,032,611	8,557,786	0.64%	477
2018	3,029,097	-	-	-	709,872	3,206,929	6,945,898	0.48%	391
2019	4,093,888	-	-	-	650,716	2,551,556	7,296,160	0.50%	411
2020	4,512,850	-	-	-	591,560	5,104,410	10,208,820	N/A	N/A

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct debt			
City of Elizabeth City			
Installment purchase obligations	\$ 4,512,850	100.00%	<u>\$ 4,512,850</u>
Total direct debt			<u>4,512,850</u>
Overlapping debt			
Pasquotank County	35,692,919	33.56%	11,978,781
Camden County	9,793,578	0.69%	<u>67,181</u>
Total overlapping debt			<u>12,045,962</u>
Total direct and overlapping debt			<u><u>\$ 16,558,812</u></u>

Notes: 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 Elizabeth City. This process recognizes that, when considering the city'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.

<sup>1</sup>Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

## LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

						Legal Debt Margin Calculation for Fiscal Year 2020			
						Assessed value	\$ 1,254,263,817		
						Debt limit (8% of assessed value)	100,341,105		
						Debt applicable to limit:			
						General Fund installment purchases	4,512,850		
						Total net debt applicable to limit	4,512,850		
						Legal debt margin	\$ 95,828,255		
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt limit	\$ 107,019,189	\$ 104,568,294	\$ 103,212,461	\$ 107,583,319	\$ 93,421,981	\$ 96,271,796	\$ 100,303,114	\$ 117,418,185	\$ 113,324,297
Total net debt applicable to limit	<u>1,583,928</u>	<u>1,639,708</u>	<u>2,314,432</u>	<u>2,834,877</u>	<u>2,029,675</u>	<u>2,238,519</u>	<u>2,370,429</u>	<u>3,029,097</u>	<u>4,093,888</u>
Legal debt margin	<u>\$ 105,435,261</u>	<u>\$ 102,928,586</u>	<u>\$ 100,898,029</u>	<u>\$ 104,748,442</u>	<u>\$ 91,392,306</u>	<u>\$ 94,033,277</u>	<u>\$ 97,932,685</u>	<u>\$ 114,389,088</u>	<u>\$ 109,230,409</u>
Total net debt applicable to the limit as a percentage of debt limit	1.48%	1.57%	2.24%	2.64%	2.17%	2.33%	2.36%	2.58%	3.61%

Note: North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed property value.

CITY OF ELIZABETH CITY, NORTH CAROLINA

DEMOGRAPHIC STATISTICS  
Last Ten Fiscal Years

TABLE 12

Year	Population <sup>1</sup>	Personal Income <sup>2</sup> (thousands of dollars)	Per Capita Income <sup>2</sup>	Median Age <sup>3</sup>	School Enrollment <sup>4</sup>	Retail Sales <sup>5</sup>	Unemployment Rate (%) <sup>6</sup>
2011	18,689	1,031,638	25,350	39.1	6,181	366,958,374	9.3
2012	18,597	1,121,938	27,458	36.8	5,871	391,643,663	10.3
2013	18,449	1,137,959	27,738	36.7	5,769	430,289,252	10.2
2014	18,054	1,163,141	28,906	36.7	5,760	381,438,720	8.7
2015	17,944	1,276,856	31,917	36.7	5,895	403,989,681	7.2
2016	17,826	1,309,989	32,738	36.9	5,884	452,153,218	6.8
2017	17,969	1,337,547	33,249	37.0	5,742	477,153,631	5.8
2018	17,756	1,450,717	36,338	37.0	5,561	474,566,687	5.1
2019	17,775	1,473,067	40,580	37.2	5,422	526,137,151	4.7
2020	NA	NA	NA	37.3	5,135	563,033,468	5.7

Sources:

- (1) Office of State Budget & Management website
- (2) State Library of North Carolina
- (3) Office of State Budget & Management website
- (4) Elizabeth City - Pasquotank County School System
- (5) NC Dept of Revenue website
- (6) North Carolina Employment Security Commission
- NA Information not available from source



## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2020		2011	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
<u>Employer</u>				
US Dept of Homeland Security	1,597	4.11%	1,374	3.29%
Elizabeth City Pasquotank County Bd	811	2.09%	812	1.94%
Sentara Internal Medicine Physician	661	1.70%	1,062	2.54%
College of the Albemarle	530	1.36%	468	1.12%
County of Pasquotank	508	1.31%	370	0.88%
Elizabeth City State University	505	1.30%	0	0.00%
Wal-Mart Associates Inc.	456	1.17%	425	1.02%
Food Lion	369	0.95%	0	0.00%
City of Elizabeth City	288	0.74%	312	0.75%
N C Dept of Public Safety	293	0.75%	419	1.00%
Total	6,018	15.47%	5,242	12.54%

**Source:** Employment Security Commission of North Carolina**Notes:** Pasquotank County employers included.

FULL-TIME - EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Legislative										9
Administrative	3	3	3	3	3	3	3	3	4	4
Finance	5	5	5	5	5.33	5	5	5	5	6
Planning	5	5	5	5	5	5	5	5	5	6
Public Building	2	2	2	2	2	2	2	2	2	2
Police										
Officers	61	59	59	59	60	61	62	60	52	60
Civilians	13	14	14	14	14	12	11	11	11	11
Fire										
Firefighters and officers	43	43	43	44	44	44	44	41	41	41
Civilians	2	2	2	1	1	1	1	1	1	1
Inspections	5	5	5	5	5	5	5	5	5	3
Transportation										
Garage	5	5	5	5	5	5	5	4	4	4
GIS		2	2	2	2	2	2	2	2	1
Street Repair and Construction										
Street	18	18	18	18	18	13	13	11	11	11
Powell Bill	2	2	2	2	2	2	2	2	2	2
Environmental Protection										
Public Works Administration	2	1	1	1	1	1	1	1	1	1
Sanitation	18	18	18	18	18	18	18	18	18	15
Cemetery										
Cultural and Recreational										
Parks and Recreation	12	12.5	12.5	12.5	12.5	14.5	14.5	14.5	14.5	14
Senior Center	1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	4
Human Resources/Risk Management	3	3	3	3	3	3	3	3	3	3
Information Technologies						1	1	2	2	2
Non-Departmental										
Elizabeth City Downtown, Inc	1	1	1	1	1	1	1	1	1	1
Electric										
Data Processing	1	1	1	1	1.34	1	1	1	1	1
Purchasing Warehouse	3	3	3	3	3	3	3	3	3	3
Customer Service	7	7	7	7.5	7.5	7.5	7.5	7.5	7.5	5
Electric Power Distribution	21	20	20	19	19	19	19	18	18	19
Energy Management	5	6	6	6	5	5	5	5	5	9
Water and Sewer										
Data Processing	1	1	1	1	1.33	1	1	1	1	1
Customer Service	7	7	7	7.5	7.5	7.5	7.5	7.5	7.5	5
Water Treatment	11	11	11	11	11	8	8	9	9	8
Wastewater Treatment	8	8	8	8	9	8	8	8	8	7
Water & Sewer Maintenance	17	17	17	17	17	20	20	17	17	16
Total	282	283	283	283	285	280	280	270	263	275

Source: City Human Resources Department

## CITY OF ELIZABETH CITY, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

TABLE 15

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Building permits issued	194	176	217	172	193	205	187	220	212	267
Privilege license	2,205	1,583	1,625	1,709	721	0	0	0	0	0
Business registration issued	0	0	0	0	0	1,018	1,307	1,038	1,384	859
Police										
Physical arrests	3,758	3,386	2,233	2,723	3,424	3,389	2,527	3,226	2,383	1,656
Traffic violations	1,307	2,038	1,093	1,254	1,591	776	471	913	555	559
Parking Violations	1,379	1,047	1,216	1,086	1,145	1,070	851	1,118	1,113	1,036
Fire										
Emergency responses	1,152	1,157	1,234	1,198	1,058	1,145	1,261	1,161	1,258	1,381
Fires extinguished	65	57	49	16	52	97	102	106	112	100
Inspections	322	331	330	238	101	547	258	471	488	187
Streets										
Streets resurfaced (miles)	0.00	0.00	0.00	2.82	0.00	0.00	0.00	4.55	0.00	0
Potholes repaired	323	221	158	68	76	183	129	84	123	37
Solid Waste Disposal										
Refuse collected (tons per month)	5,260	6,701	6,798	6,434	6,525	6,684	6,507	6,268	6,290	6,673
Recyclables collected (tons per day)	277	281	246	291	310	394	512	676	693	794
Electric										
Customers	12,157	12,140	12,116	12,103	12,195	12,220	12,479	15,045	12,897	11,870
Water										
Customers	7,332	7,267	7,237	7,228	7,186	7,189	7,226	7,440	8,035	8,037
New connections	32	20	35	30	5	13	37	1	0	60
Water main breaks	50	26	20	15	35	22	22	20	59	53
Avg daily production (thousands of gallons)	1,900	2,200	1,900	1,900	1,900	1,900	2,200	1,900	1,950	2,199
Peak daily production (thousands of gallons)	2,400	2,600	2,600	2,300	2,500	2,200	2,600	2,700	2,250	2,500
Wastewater										
Customers	6,785	6,714	6,708	6,741	6,688	6,704	6,721	6,909	7,338	7,396
Avg daily sewer treatment (thousands of gallons)	2,305	2,560	2,688	2,728	2,400	2,890	2,860	2,957	3,417	3,263

Sources: Various city departments

\*Privilege License became Business Registration due to change in state law effective July 1, 2015

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	4	4	4	4	4	3	4	4	4	4
Patrol units	63	60	59	59	60	61	63	64	64	64
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Ladder Trucks	1	1	2	2	2	2	2	2	2	2
Public Works										
Streets (miles)	70.19	71.99	72.47	72.40	72.40	72.93	72.93	72.93	72.93	72.73
Streetlights	3,921	3,951	3,990	3,990	3,990	3,990	3,304	3,334	3,334	2,958
Recreation and Parks										
Parks	21	21	22	23	23	23	26	26	26	27
Acreage	156.4	156.4	156.6	157.0	159.0	159.0	160.7	160.7	160.7	166
Playgrounds	12	12	12	12	12	12	12	12	12	12
Athletic fields	18	18	18	18	19	19	19	19	19	19
Recreation centers	1	1	1	1	1	1	1	1	1	2
Cemeteries	8	8	8	8	8	8	8	8	8	8
Electric										
Distribution lines (miles)	529	529	529	532	532	532	534	536	536	573
Transformers	5,343	5,343	5,343	5,364	5,364	5,364	5,414	5,465	5,465	5,186
Poles	7,645	7,645	7,645	7,645	7,645	7,645	7,650	7,655	7,655	13,690
Water										
Water mains (miles)	125	132	134	134	139	145	147	147	155.32	159
Fire hydrants	805	825	622	829	782	790	790	650	650	793
Storage capacity (gal)	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Wastewater										
Sanitary sewers (miles)	116	117	117	117	119	91	129	129	134.32	138
Pump stations	55	55	59	60	59	60	60	61	61	61
Treatment capacity (gal)	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Stormwater/Water Quality										
Storm sewers (miles)	30.43	0.06	33.00	33.01	33.03	33.03	35.5	35.5	45.25	49.65
Solid Waste Disposal										
Sanitation Trucks	4	4	4	5	5	5	5	5	5	5

Sources: Various city departments

## COMPLIANCE SECTION



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Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Elizabeth City, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the City of Elizabeth City's basic financial statements, and have issued our report thereon dated August 13, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2020-001.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Elizabeth City's financial statements are free of 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*.

#### City of Elizabeth City Response to Findings

The City of Elizabeth City responses to the findings identified in our audit are described in the accompanying schedule of findings and responses /schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

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

*Thompson, Price, Scott, Adams & Co., PA*

*Wilmington, North Carolina*

*August 13, 2021*



Thompson, Price, Scott, Adams & Co., P.A.  
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Wilmington, North Carolina 28403  
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**Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act**

**Independent Auditor's Report**

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

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

We have audited the City of Elizabeth City, North Carolina, 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 Elizabeth City's major state programs for the year ended June 30, 2020. The City of Elizabeth City's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Elizabeth City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *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, Uniform Guidance, and the State Single Audit Implementation Act 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 Elizabeth City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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



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

In our opinion, the City of Elizabeth City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

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

Management of the City of Elizabeth City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Elizabeth City's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Thompson, Price, Scott, Adams & Co., PA  
Wilmington, North Carolina  
August 13, 2021

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

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<b>Section I.</b>	<b>Summary of Auditor's Results</b>
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Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified?                   \_\_\_yes    Xno
- Significant Deficiency(s) identified?               Xyes    \_\_\_no

Noncompliance material to financial  
statements noted?                                       \_\_\_yes    Xno

State Awards

Internal control over major State programs:

- Material weakness(es) identified?                   \_\_\_yes    X no
- Significant Deficiency(s) identified                 \_\_\_yes    X none reported

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

Any audit findings disclosed that are required  
to be reported in accordance with the State  
Single Audit Implementation Act                   \_\_\_yes    X no

Identification of major State programs:

Program Name

Powell Bill

Division of Parks and Recreation, Coast Guard Park

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

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**Section II – Financial Statement Findings**

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**Significant Deficiency**

**Finding: 2020 - 001 Timeliness of Audit Report Submission**

**Criteria:** The June 30, 2020, audit was submitted passed the required due date. This is a violation of G.S. 159-34.

**Condition:** COVID-19 set the process back while local protests further set back the process resulting in delays.

**Context:** COVID-19 limitations and local protests caused delays. This delayed the completion of the City's audit.

**Effect:** The reports are a requirement of General Statutes; lateness created the statute violation.

**Identification of a repeat finding:** This is not a repeat finding.

**Cause:** COVID-19 and local protests caused delays in completing the audit.

**Recommendation:** The audit firm will ensure timely completion of future audits

**Views of responsible officials and planned corrective actions:** The County agrees with this finding and has already taken action.

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**Section III – State Award Findings and Questioned Costs**

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None.

MAYOR  
BETTIE J. PARKER  
MAYOR PRO-TEM  
JOHNNIE B. WALTON  
CITY MANAGER  
MONTRE'D.FREEMAN  
CITY CLERK  
APRIL ONLEY



CITY COUNCIL MEMBERS  
GABRIEL M. ADKINS  
MICHAEL BROOKS  
BILLY CAUDLE  
DARIUS J. HORTON  
CHRIS RUFFIEUX  
KEM K. SPENCE  
JEANNIE YOUNG

# CITY OF ELIZABETH CITY

## CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### Section II – Financial Statement Findings

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#### 2020 - 001 Timeliness of Audit Report Submission

Name of Contact Person: Evelyn Benton

Corrective Action: The City of Elizabeth City faced many challenges with the abrupt departure of the Finance Officer, two new staff members, COVID-19 and civil unrest. The City has historically prepared its own financial statements; however, in the future will contract with the audit firm for financial statement preparation. The audit firm will ensure timeliness of required filings.

Proposed Completion Date: Immediately.

**City of Elizabeth City , North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(a)(b)	State/ Pass-through Grantor's Number 1(c)	Fed. (Direct & Pass-through) Expenditures 1(c),2	State Expenditures 1(d)	Local Expenditures 1(d)
<b>Federal Grants:</b>					
<b>Cash Programs:</b>					
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Department of Environmental Quality:					
Community Development Block Grant, State's Program	14.228	146046022013; 146046022017	\$ 388,903	\$ -	\$ -
Total Community Development Block Grant, State's Program			388,903	-	-
<u>U.S. Dept. of Justice</u>					
Bulletproof Vest Partnership Program	16.607		3,450	-	3,644
Public Safety Partnership & Community Policing Grant	16.710		79,150	-	26,383
Juvenile Mentoring Program	16.726		25,142	-	-
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Governor's Highway Safety Program	20.616		15,332	-	-
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Passed-through Pasquotank County:					
Coronavirus Relief Fund	21.019		136,545	-	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared)	97.036		86,968	28,989	-
Total assistance - federal programs			735,490	28,989	30,027
<b>State Grants:</b>					
<b>Cash Assistance:</b>					
<u>N.C. Department of Environmental Quality:</u>					
Division of Water Resources					
State and Local Projects - Coast Guard Park			-	135,307	-
Watershed Master Plan Tiber Creek Drainage Basin			-	34,990	-
Division of Coastal Management					
Coastal Beach Access - Coast Guard Park			-	135,307	-
Division of Water Infrastructure					
Asset Inventory & Assessment Grant		H-AIA-D-18-0132	-	49,620	4,158
<u>N.C. Department of Natural and Cultural Resources:</u>					
Division of Parks and Recreation					
Parks and Recreation Trust Fund - Coast Guard Park			-	139,407	-
<u>N.C. Department of Public Safety</u>					
Governor's Crime Commission Grant		2018-DJBX-0041	-	22,936	-
<u>N.C. Department of Transportation:</u>					
Powell Bill		DOT-4	-	287,505	-
Total assistance - State programs			-	805,073	4,158
Total assistance			\$ 735,490	\$ 834,063	\$ 34,185

**City of Elizabeth City , North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

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**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Elizabeth City under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Elizabeth City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Elizabeth City.

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost Rate**

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

**Note 4: Coronavirus Relief Funds**

The City of Elizabeth City received \$450,000 of funding from the Coronavirus Relief Fund (21.019) from Pasquotank County. The City of Elizabeth City has a plan to spend these funds approved by OSBM. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under the state statute, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2021.