

**Comprehensive
Annual Financial Report
For the Fiscal Year Ended
June 30, 2020**

City of Lenoir, North Carolina

**Report
Prepared by
Finance Department
City of Lenoir, North Carolina**

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CITY MANAGER
SCOTT E. HILDEBRAN

CITY OF LENOIR
NORTH CAROLINA

MAYOR
JOSEPH L. GIBBONS

September 30, 2020

CITY COUNCIL
J. T. BEAL
T. H. PERDUE
J. I. PERKINS
R. S. PRESTWOOD
D. F. STEVENS
C. D. THOMAS
B. K. WILLIS

Honorable Mayor Joe Gibbons
Members of the Lenoir City Council
Citizens of the City of Lenoir
Lenoir, North Carolina

North Carolina State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements 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. Pursuant to those requirements, we are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Lenoir for the fiscal year ended June 30, 2020.

The financial statements and supplemental schedules contained herein have been audited by Eric Bowman, a licensed certified public accountant, and his unmodified opinion is included in the Financial Section of this report. The report itself, however, is presented by the City, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

The independent audit of the financial statements of the City of Lenoir was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Compliance section of this report.

Generally accepted accounting principles (GAAP) require 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. The City of Lenoir's MD&A can be found immediately following the report of the independent auditor in the Financial Section of this report.

The financial reporting entity includes all the funds of the primary government (City of Lenoir), as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions and results of operations from those of the primary government. The City of Lenoir ABC Board and Lenoir Tourism Development Authority are reported as a discretely presented component unit.

City of Lenoir Profile

Located in the foothills of the Blue Ridge Mountains, the City of Lenoir is the county seat of Caldwell County. Incorporated in 1851 and named in honor of Revolutionary War hero, General William Lenoir, the City has become an industrial center of northwestern North Carolina, as well as being the hub of commercial and government activity in the county. Lenoir is the largest incorporated area in the County and serves a population of 17,913. All the major cultural, medical, governmental, and financial activities of the County are located in the City. Lenoir enjoys a temperate climate with a mild four-season year. We are located within an hour's drive to the northwest to enjoy ski slopes and the Blue Ridge Parkway, and a five-hour drive to the southeast to enjoy the white beach sands of the Atlantic Ocean.

The City has a council/manager form of government. The mayor is elected to a four-year term and the seven members of the council are elected to staggered four-year terms. Council members hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the City Manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The City provides a full range of services. These services include police and fire protection, solid waste collection, street maintenance, public improvements, planning and zoning, community and economic development, recreational activities, cemeteries and grounds-keeping, water treatment and distribution, and wastewater collection and treatment. In addition to general governmental activities, the City has a Municipal Service Taxing District in the downtown area. The District is operated and devoted to development within the taxing district. As the City of Lenoir governing body exercises oversight of the District, this activity is included in the reporting entity. The report includes all the City's activities in maintaining these services.

The City also extends financial support to certain agencies and authorities to assist their efforts in serving citizens. Among these are the Western Piedmont Council of Governments and the Foothills Regional Airport Authority.

The annual budget serves as the foundation for the City of Lenoir's financial planning and control. The City's budget is adopted by ordinance in accordance with the General Statutes of North Carolina, which requires estimated revenues and expenditures to be balanced. The budget includes only expenditures expected during the fiscal year. The budget is adopted on a modified accrual basis. All expected operating funds are included in the Budget Ordinance and are expended in accordance with the adopted ordinance. The fiscal year budget, by State Statute, begins July 1 and ends June 30.

North Carolina General Statutes also provide for capital projects and special revenue grants to be adopted for the life of the project and/or grant. The City of Lenoir has several such projects included in this report. These include the Biosolids Facility Improvement, Crossroads Sewer, Hospital Avenue Sidewalk, ARC Brownfield, EPA Brownfield Assessment, MeterSYS AMI, Water Treatment Plant Upgrades (Phase II), ARC, HOME and CDBG projects.

The appropriated budget is prepared by fund (e.g. general), function (e.g. public safety), and department (e.g. finance). Department heads may request the City Manager, acting as Budget Officer, make transfers of appropriations within a department. Transfers of appropriations between departments can be approved by the City Manager. Actual-to-budget 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 as part of the basic financial statements for the governmental funds. For other activities with appropriated annual budgets, this comparison is presented in the Combining and Individual Fund Financial Statement section of this report. Also included in this section are project-length actual-to-budget comparisons for which a project-length budget has been adopted.

Economic condition and outlook

During fiscal year 2019-2020, the economic indicators for Lenoir showed steady improvement until the Corona Virus (COVID-19) pandemic began impacting the worldwide economy. Retail sales tax revenue routinely showed improvement over the prior year until the impact of the pandemic. While collections for April and May were lower than the prior year's collections, June's collections were above the prior year's collections. For the year, sales tax collections were up 4.17%.

The Hickory-Lenoir-Morganton MSA unemployment rate remained low prior to the pandemic's stay at home order was issued. Caldwell County's unemployment rate increased in March and April but declined in May and June. The unemployment rate was 8.5% in June, 2020, more than double the prior year's rate. In an article in the Lenoir Newstopic on July 29, 2020, the Economic Development Commission's Director was quoted saying, "Caldwell is keeping pace with other counties in reducing its unemployment and assisting companies with reopening."

We continue to face significant economic uncertainty and will continue to monitor the impacts of the pandemic to determine if adjustments to the budget are warranted.

Major initiatives

During the past year, several capital projects were completed. Fire Station III and the Mulberry Recreation Center/Optimist Park Expansion were both completed. The City continues to construct additional segments to the greenway. Currently, the greenway within the corporate limits of the City of Lenoir has approximately 10.5 miles of paved greenway. An additional 1.5 miles of Rail Trail greenway, that is pending pavement, was added this year. Phase II of the improvements and upgrades are almost complete at the Bernhardt Water Treatment Plant and the Biosolids project is making significant progress. The MeterSYS AMI advance metering project has made substantial progress as of June 30, 2020. Financing for General Fund and Enterprise Fund projects are evaluated yearly when the annual budget is developed. Operating funds were utilized to fund current General Fund projects. Current Enterprise Fund projects are utilizing long term financing. It is recognized that short and long term financing may be necessary for upcoming projects.

Financial information

Management of the City is responsible for establishing and maintaining an internal control structure designed to protect the assets of the City from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be received and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Single audit – As a recipient of Federal and State financial assistance, the City also is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. The results of the City's single audit for the fiscal year ended June 30, 2020, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations relative to grant administration.

Other information

Independent audit – N. C. General Statutes require an annual independent financial audit of all local government units in the State. Eric Bowman, CPA, has audited the financial records of the City and his opinion has been included in this report. His audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, as he considered necessary in the circumstances. His unmodified opinion indicates that the accompanying basic financial statements for the fiscal year ended June 30, 2020 have been prepared in conformity with generally accepted accounting principles. In addition to

meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the federal Single audit Act of 1984 and related OMB Circular A-133.

The auditor's reports related specifically to the single audit are included in the Compliance Section.

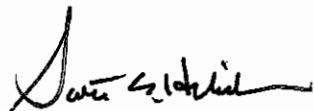
Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lenoir for its comprehensive annual financial report for the year ended June 30, 2019. This was the twenty-second consecutive year that the City of Lenoir has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements – We recognize that responsibility for the contents of this report is the City's but it would be inappropriate not to mention the invaluable assistance of the staff in the Morganton, North Carolina, office of our independent auditor, Eric Bowman. Assistance and cooperation was also provided by the City's various departments and is appreciated by the City Manager and Finance Director. "Thank you" is extended to you, the Mayor and Lenoir City Council, for your continued support.

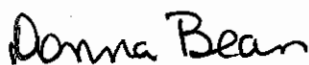
As required by N. C. General Statute 159.34, a copy of this report will be filed with the Secretary of the North Carolina Local Government Commission. In addition, a copy will be sent to the City Clerk to be available for public inspection.

Sincerely,

CITY OF LENOIR



Scott E. Hildebran
City Manager



Donna M. Bean
Finance Director

**List of Principal Officials
June 30, 2020**

Elected Officials

**Mayor
Mayor Pro Tempore**

Joe L. Gibbons
Ben Willis

City Council

Jonathan Beal
James Ike Perkins
T. J. Rohr
David F. Stevens
Todd H. Perdue
Crissy Thomas

Appointed Official

City Manager

Scott Hildebran

Department/Division Heads

**Planning Director
Public Works Director
City Attorney
Fire Chief
Public Utilities Director
Police Chief
Economic Development Director
Recreation Director
Finance Director**

Jenny Wheelock
Jared Wright
Edward H. Blair, Jr.
Kenneth Hair
Radford Thomas
Scott Brown
Kaylynn Horn
Kenneth Story
Donna Bean



Citizens of Lenoir

Mayor/
Council



Boards/
Commissions

City Manager

City Attorney

City Clerk

Public Utilities

Police

Fire

Planning

Communications/
Resources

Economic
Development/
Main Street

Finance

Parks &
Recreation

Public Works

Utilities
Maintenance

Investigations

Administration

Stormwater
Management

Human
Resources

Stronach
Aquatic Center

Building
Maintenance

Water Dist./
WW Collection

Patrol

Suppression

GIS

IT
Services

MLK Center

Cemeteries

Water
Treatment

Support
Services

Training/
Prevention

Code
Enforcement

Risk Mgmt/
Purchasing

Mulberry
Center

Solid Waste

WW
Treatment

Parks &
Grounds

Streets

Vehicle
Services

City of Lenoir Organizational Chart



Government Finance Officers Association

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

Presented to

**City of Lenoir
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

403 South Green Street
P.O. Box 1476
Morganton, NC 28680-1476
Telephone (828) 438-1065
Fax (828) 438-9117

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lenoir, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Lenoir'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 did not audit the financial statements of the City of Lenoir ABC Board which represents 1 percent, 1 percent and 9 percent, respectively, of the assets, net position and revenues of the component unit. Those statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Lenoir ABC Board, is based solely on the report of the other auditors. 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 *Governmental Auditing Standards*, issued by the Comptroller 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 of material misstatement. The financial statements of City of Lenoir ABC Board were not audited in accordance with *Governmental Auditing Standards*.

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

To the Honorable Mayor
and Members of the City Council
City of Lenoir

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 16, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 75, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 73 through 74, and the Law Enforcement Officer's Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 71 and 72 be presented to supplement the basic financial statements. Such information, although not a required 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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.

To the Honorable Mayor
and Members of the City Council
City of Lenoir

Supplementary and Other Information

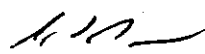
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lenoir's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial 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 financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the City of Lenoir's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lenoir's internal control over financial reporting and compliance.


S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
September 30, 2020

Management's Discussion and Analysis
For the Year ended June 30, 2020

As management of the City of Lenoir, we offer readers of the City of Lenoir's financial statements this narrative overview and analysis of the financial activities of the City of Lenoir 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

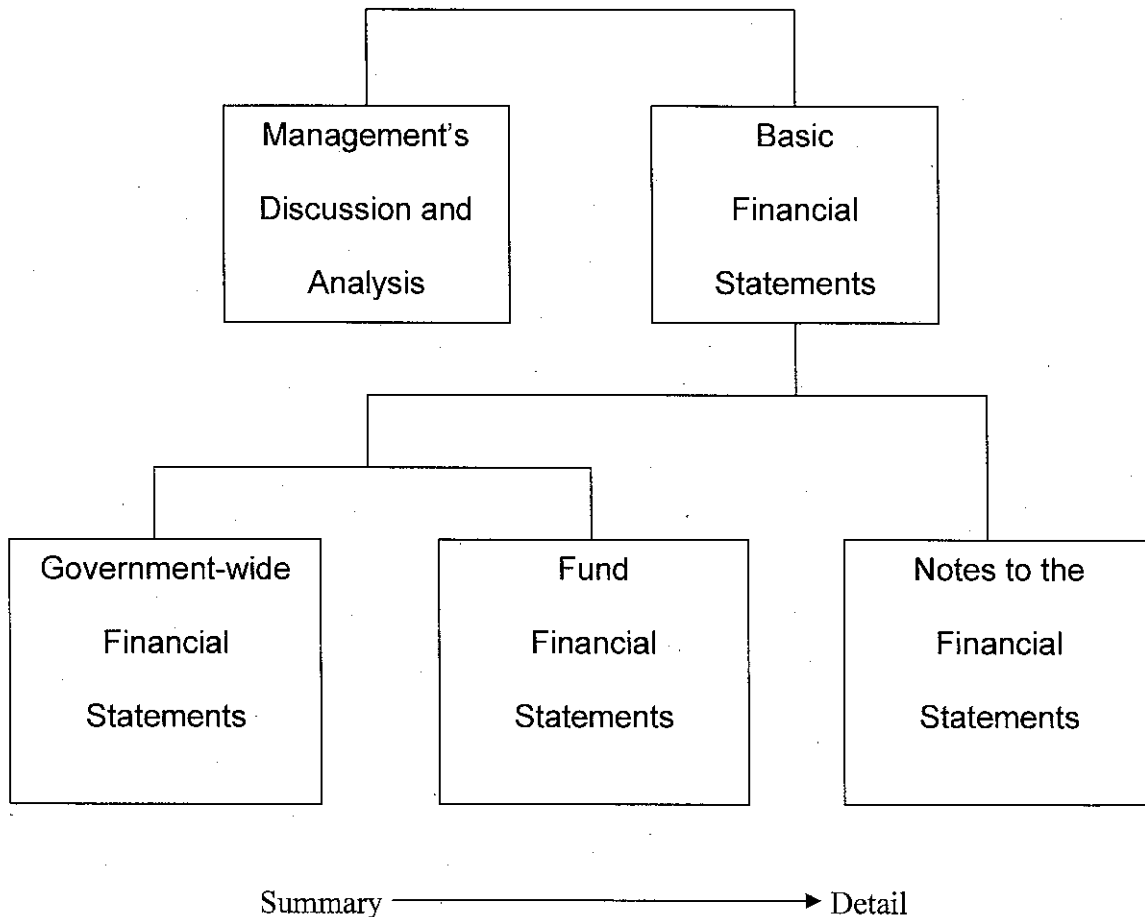
- The assets and deferred outflows of resources of the City of Lenoir exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$86,948,990 (*net position*).
- The government's total net position increased by \$2,173,944 with a 745,851 increase in governmental activities and a \$1,428,093 increase in business-type activities.
- As of the close of the current fiscal year, the City of Lenoir's governmental funds reported combined ending fund balances of \$13,279,779, an increase of \$1,163,793 in comparison with the prior year. Approximately 78.94 percent of this total amount or \$10,483,369 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,483,369 or 58.23 percent of total general fund expenditures for the fiscal year.
- The City of Lenoir's total debt increased by \$625,237 or 2.96 percent during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Lenoir'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 Lenoir.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through I) 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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statement; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

Management's Discussion and Analysis
For the Year ended June 30, 2020

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

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 they have changed. Net position is the difference between the City's total assets and deferred outflows and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities and 3) component units. The governmental activities include most of the City's basic services such as public safety, transportation, environmental protection, economic and physical development, cultural and recreational, and general administration. Property taxes, state and federal grants, and state-shared revenues finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Lenoir. The final category is the component units. Although legally separate from the City, the ABC Board and LTDA Board are important to the City because the City exercises control over the Boards by appointing its members. The ABC Board is also required to distribute a portion of its profits to the City.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements 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 Lenoir, 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 General Statutes or the City's budget ordinance. All of the funds of City of Lenoir can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Management's Discussion and Analysis
For the Year ended June 30, 2020

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give 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 Lenoir adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the statement of revenues, expenditures and changes in fund balance. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – City of Lenoir has only one type 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 Lenoir uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. City of Lenoir has one fiduciary fund, which is an agency fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

City of Lenoir, North Carolina

Management's Discussion and Analysis For the Year ended June 30, 2020

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Lenoir's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 71 of this report.

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lenoir, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$86,948,990 as of June 30, 2020 (figure 2).

The City of Lenoir's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 13,844,256	\$ 13,051,155	\$ 12,518,273	\$ 15,732,959	\$ 26,362,529	\$ 28,784,114
Capital Assets	23,774,089	24,062,173	66,446,829	60,154,531	90,220,918	84,216,704
Total Assets	\$ 37,618,345	\$ 37,113,328	\$ 78,965,102	\$ 75,887,490	\$ 116,583,447	\$ 113,000,818
Deferred Outflows of Resources	\$ 2,052,857	\$ 2,069,857	\$ 903,794	\$ 995,101	\$ 2,956,651	\$ 3,064,958
Long-Term Liabilities	\$ 1,188,175	\$ 1,667,097	\$ 20,527,807	\$ 19,423,648	\$ 21,715,982	\$ 21,090,745
Other Liabilities	7,362,822	7,440,002	2,658,234	2,239,487	10,021,056	9,679,489
Total Liabilities	\$ 8,550,997	\$ 9,107,099	\$ 23,186,041	\$ 21,663,135	\$ 31,737,038	\$ 30,770,234
Deferred Inflows of Resources	\$ 737,572	\$ 439,304	\$ 116,498	\$ 81,192	\$ 854,070	\$ 520,496
Net Position:						
Net Investment in						
Capital Assets	\$ 22,585,914	\$ 22,395,076	\$ 45,919,022	\$ 40,730,883	68,504,936	\$ 63,125,959
Restricted	2,134,052	1,815,848			2,134,052	1,815,848
Unrestricted	5,662,667	5,425,858	10,647,335	14,407,381	16,310,002	19,833,239
Total Net Position	\$ 30,382,633	\$ 29,636,782	\$ 56,566,357	\$ 55,138,264	\$ 86,948,990	\$ 84,775,046

Figure 2

The largest portion of the City of Lenoir's net position 78.79 percent reflect its investment in capital assets (e.g. land, buildings, machinery, equipment, etc.), less any related outstanding debt used to acquire those assets. The City of Lenoir uses those

City of Lenoir, North Carolina

Management's Discussion and Analysis
For the Year ended June 30, 2020

assets to provide services to its citizens which make those assets not available for future spending. Although the City of Lenoir's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City of Lenoir's net position 2.45% represents resources that are subject to external restrictions on how they may be used or that are not spendable. The remaining balance of unrestricted net position \$16,310,002 may be used to meet the government's ongoing obligations to citizens and creditors. The increase in net position is due mainly to the increase in net position in the Water and Sewer Fund.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.20
- Adherence to the adopted budget
- Capital grants and Contributions

Governmental activities: Governmental activities increased the City's net position by \$745,851. (Figure 3) Key elements of this increase are as follows:

- Revenues exceeded budgeted projections

City of Lenoir, North Carolina

Management's Discussion and Analysis
For the Year ended June 30, 2020

City of Lenoir Changes in Net Position
Figure 3

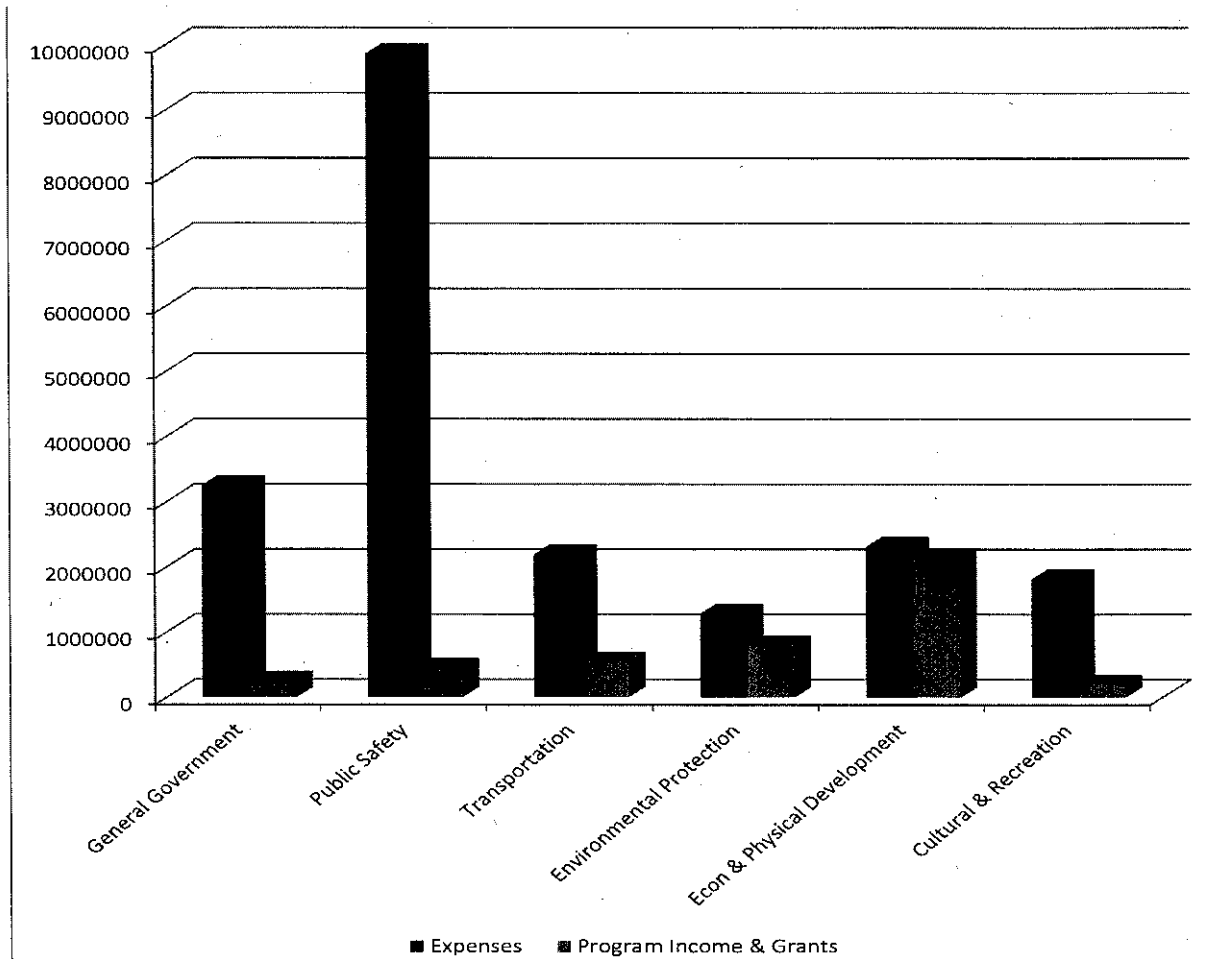
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,610,303	\$ 1,530,008	\$ 9,525,869	\$ 9,336,640	\$ 11,136,172	\$ 10,866,648
Operating grants and contributions	2,707,039	844,285	-	-	2,707,039	844,285
Capital grants and contributions	50,924	162,485	129,630	231,370	180,554	393,855
General revenues:						
Property taxes	8,989,878	8,733,173	-	-	8,989,878	8,733,173
Other taxes	4,246,237	4,076,213	-	-	4,246,237	4,076,213
Unrestricted intergovernmental	2,486,355	2,503,244	-	-	2,486,355	2,503,244
Other	1,382,248	1,248,094	73,516	95,825	1,455,764	1,343,919
Total revenues	<u>21,472,984</u>	<u>19,097,502</u>	<u>9,729,015</u>	<u>9,663,835</u>	<u>31,201,999</u>	<u>28,761,337</u>
Expenses:						
General government	3,252,323	2,840,017	-	-	3,252,323	2,840,017
Public safety	9,868,703	9,170,292	-	-	9,868,703	9,170,292
Transportation	2,189,785	2,202,955	-	-	2,189,785	2,202,955
Environmental protection	1,282,456	876,989	-	-	1,282,456	876,989
Economic and physical development	2,310,902	1,269,253	-	-	2,310,902	1,269,253
Culture and recreational	1,817,285	1,961,232	-	-	1,817,285	1,961,232
Interest and fees	5,679	14,900	-	-	5,679	14,900
Water and sewer			8,300,922	7,539,008	8,300,922	7,539,008
Total expenses	<u>20,727,133</u>	<u>18,335,638</u>	<u>8,300,922</u>	<u>7,539,008</u>	<u>29,028,055</u>	<u>25,874,646</u>
Change in net position	745,851	761,864	1,428,093	2,124,827	2,173,944	2,886,691
Net position, July 1	29,636,782	28,874,918	55,138,264	53,013,437	84,775,046	81,888,355
Net position, June 30	<u>\$ 30,382,633</u>	<u>\$ 29,636,782</u>	<u>\$ 56,566,357</u>	<u>\$ 55,138,264</u>	<u>\$ 86,948,990</u>	<u>\$ 84,775,046</u>

City of Lenoir, North Carolina

Management's Discussion and Analysis
For the Year ended June 30, 2020

Figure 4 is a graphic presentation of functional expenses with related program revenues and grants

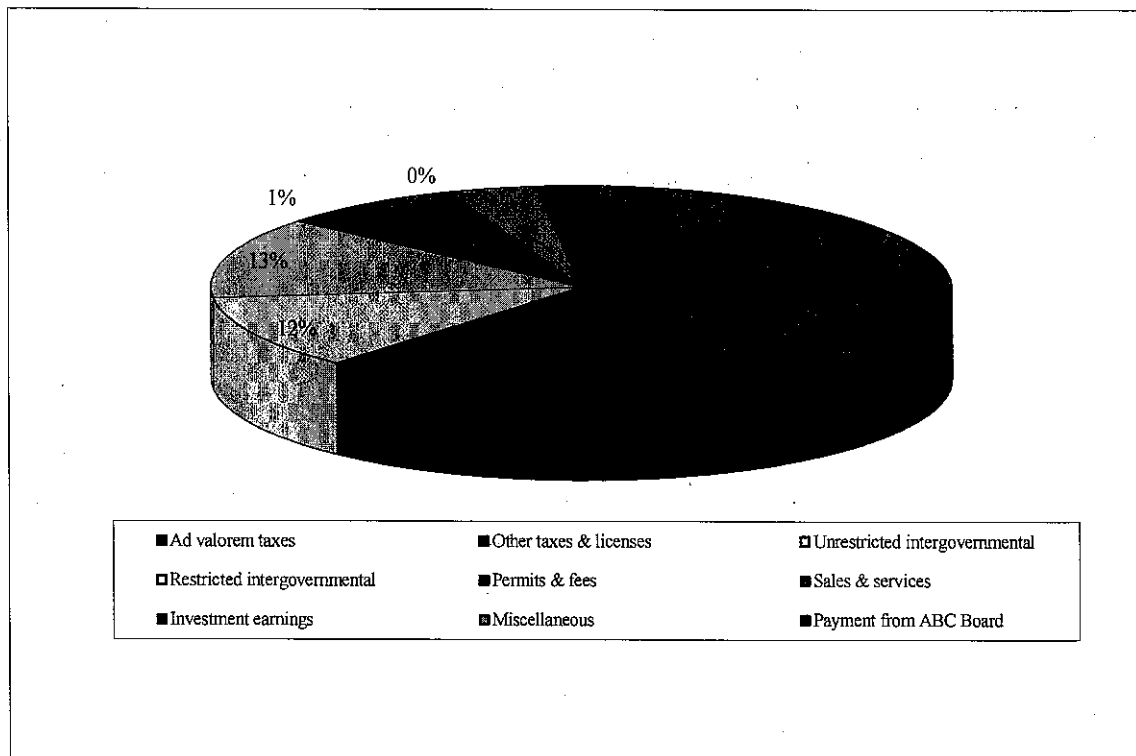
City of Lenoir
Expenses and Program Revenues and Operating Grants – Governmental Activities
Figure 4



Management's Discussion and Analysis
For the Year ended June 30, 2020

Figure 5 is a graphic presentation of governmental revenues by source.

Revenue by Source – Governmental Activities
Figure 5



Business-type activities: Business-type activities increased the City of Lenoir's net position by \$1,428,093. Key elements of this increase are as follows:

- Increase in water and wastewater revenues.

Management's Discussion and Analysis
For the Year ended June 30, 2020

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Lenoir. At the end of the current fiscal year, available fund balance of the General Fund was \$10,483,369, while total fund balance reached \$12,321,524. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 58.23 percent of total General Fund expenditures, while total fund balance represents 68.44 percent of that same amount. The increase in unassigned fund balance of \$654,039 is due mainly to increases in Ad Valorem, Local Option tax revenue and ABC Board Distributions of approximately \$413,905.

At June 30, 2020, the governmental funds of City of Lenoir reported a combined fund balance of \$13,279,779 a 9.6 percent increase over last year. Included in this change in fund balance are increases in the General Fund. The General Fund increased \$960,328 due to increases in Ad Valorem and Local Option taxes and ABC Board Distributions.

General Fund Budgetary Highlights 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.

During the fiscal year, the City found it necessary to revise the General Fund budget. These amendments are summarized as follows:

General Government, Public Safety, Environmental Protection and Debt Service increased by \$1,343,059 while, Transportation, Economic and Physical Development and Cultural and Recreation decreased by \$112,054. The increase in budget was primarily for general government.

Proprietary Funds. The City of Lenoir's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted

City of Lenoir, North Carolina

Management's Discussion and Analysis
For the Year ended June 30, 2020

net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$10,647,335. The fund's net position increased by \$1,428,093. The factors concerning the finances of this fund have already been addressed in the discussion of the City of Lenoir's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Lenoir's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$90,220,918 (net of accumulated depreciation). (Figure 6) These assets include buildings, infrastructure, land, equipment, plant and systems, and vehicles.

Major capital asset transactions during the year include the following additions:

- Construction in Progress – Metering
- Construction in Progress – Biosolids Facility
- Public Safety Vehicles
- Sanitation Trucks

City of Lenoir's Capital Assets

Figure 6

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,616,355	\$ 3,616,355	\$ 1,226,471	\$ 1,226,471	\$ 4,842,826	\$ 4,842,826
Construction in progress	183,839	1,775,949	15,809,399	8,349,051	15,993,238	10,125,000
Buildings and improvements	7,518,560	5,674,126			7,518,560	5,674,126
Infrastructure	10,007,803	10,530,247		-	10,007,803	10,530,247
Equipment	2,447,532	2,465,496	438,064	437,887	2,885,596	2,903,383
Plant and systems			48,972,895	50,141,122	48,972,895	50,141,122
Total	\$ 23,774,089	\$ 24,062,173	\$ 66,446,829	\$ 60,154,531	\$ 90,220,918	\$ 84,216,704

Additional information on the City's capital assets can be found in note III. A. 4 and 5, beginning on page 46 of this report.

Long-term Debt. As of June 30, 2020, the City of Lenoir had total debt outstanding of \$16,469,484 in State and Water Pollution Control Revolving loans and installment purchase contracts of \$5,246,498. (Figure 7)

**City of Lenoir's Outstanding Debt
Revolving Loans and Installment Purchases**

Figure 7

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Direct Placement Revolving Loans		\$	\$ 16,469,484	\$ 14,656,371	\$ 16,469,484	\$ 14,656,371
Direct Placement Installment Purchase Contracts	\$ 1,188,175	1,667,097	4,058,323	4,767,277	\$ 5,246,498	\$ 6,434,374
Total	<u>\$ 1,188,175</u>	<u>\$ 1,667,097</u>	<u>\$ 20,527,807</u>	<u>\$ 19,423,648</u>	<u>\$ 21,715,982</u>	<u>\$ 21,090,745</u>

The above debt of the City of Lenoir increased by \$625,237 (2.96%) during the past fiscal year.

As mentioned in the financial highlights section of this document, the City of Lenoir has an "A" rating from Standard & Poor's, dated March of 1999; an "A2" rating from Moody's Investors Services dated July of 1997; and an "81" council rating from the North Carolina Municipal Council, Inc., dated January of 1999.

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 value of taxable property located within that government's boundaries less statutory deductions for bonds applicable to water systems. The legal debt margin for City of Lenoir is \$212,471,459.

Additional information regarding the City of Lenoir's long-term debt can be found beginning on page 64 of this report.

Economic Factors and Next Year's Budgets and Rates

During fiscal year 2019-2020, the economic indicators for Lenoir exhibited small, but significant gains, reflecting that the economy of the City is continuing to recover from the impact of the national recession. Retail sales tax revenue and local occupancy tax revenue both increased. The Hickory-Lenoir-Morganton MSA unemployment rate continued to decline with the availability of more private sector jobs.

City of Lenoir, North Carolina

Management's Discussion and Analysis For the Year ended June 30, 2020

The city is still benefiting from the designation of Lenoir as a North Carolina Certified Retirement Community, due to additional state marketing targeted toward active retirees who have expressed an interest in relocating to western North Carolina. The City continues to work to transition into a more diversified economic base.

The City is planning additional segments to the greenway. We now have approximately 10.5 miles of paved greenway within the corporate limits. The project is a partnership involving the N.C. Department of Transportation, the City of Lenoir, and Caldwell County Pathways Committee.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: In light of the continuing local economic pressures due to the COVID-19 pandemic, the City of Lenoir adopted an austere budget for the fiscal year beginning July 1, 2020. The General Fund budget was based on a 2.7 percent increase in total revenues and expenditures from the prior year. The Hospital Avenue project, which has experienced some delays, will be continuing with an estimated cost of \$850,000.

Business-Type Activities: The Water and Sewer Fund budget was adopted with a 7 percent decrease in expenditures due to the impact of the COVID-19 pandemic and the Governor's executive orders for utility providers. There was no increase in rates due to the current economic situation.

The Meter Project should be completed at an estimated cost of \$4.3 million. The Biosolids Facility Improvements is well underway and will be funded by a Clean Water Loan of approximately \$.995 million. The Crossroad Sewer Replacement project will be funded by a Clean Water State Revolving Fund loan in the amount of \$2.75 million.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, City of Lenoir, P.O. Box 958, Lenoir, N.C. 28645.

Basic Financial Statements

City of Lenoir, North Carolina
Statement of Net Position
June 30, 2020
(Exhibit A)

	Governmental Activities	Business Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				City of Lenoir ABC Board	City of Lenoir LTDA	
Assets						
Cash and cash equivalents	\$ 11,255,675	\$ 9,218,620	\$ 20,474,295	\$ 395,032	\$ 204,299	\$ 21,073,626
Cash and cash equivalents - restricted	295,897	167,885	463,782			463,782
Taxes receivable (net)	336,832		336,832			336,832
Accounts receivable (net)	1,081,929	401,118	1,483,047		8,808	1,491,855
Other receivables	873,923	2,673,228	3,547,151			3,547,151
Inventories		57,422	57,422	413,792		471,214
Prepaid expenses			-	3,277		3,277
Capital assets:						
Nondepreciable Capital Assets	3,800,194	17,035,870	20,836,064	155,849		20,991,913
Depreciable Capital Assets	19,973,895	49,410,959	69,384,854	222,978		69,607,832
Total assets	37,618,345	78,965,102	116,583,447	1,190,928	213,107	117,987,482
Deferred Outflows of Resources	2,052,857	903,794	2,956,651	85,394		3,042,045
Liabilities						
Accounts payable	227,645	496,531	724,176	322,873	1,025	1,048,074
Compensated Absences	382,922	86,066	468,988			468,988
Customer deposits		167,885	167,885			167,885
Long term obligations:						
Due in less than one year	215,543	1,428,241	1,643,784			1,643,784
Due in more than one year	972,632	19,099,566	20,072,198			20,072,198
Total OPEB Liability	2,165,716	352,559	2,518,275			2,518,275
Compensated Absences	255,281	70,418	325,699			325,699
Total Pension Liability	1,573,819		1,573,819			1,573,819
Net Pension Liability	2,757,439	1,484,775	4,242,214	42,329		4,284,543
Total liabilities	8,550,997	23,186,041	31,737,038	365,202	1,025	32,103,265
Deferred Inflows of Resources	737,572	116,498	854,070			854,070
Net Position						
Net investment in capital assets	22,585,914	45,919,022	68,504,936	378,827		68,883,763
Restricted for:						
Cemetery (Nonexpendable)	295,897		295,897			295,897
Stabilization by State Statute	1,720,855		1,720,855		8,808	1,729,663
Public Safety	117,300		117,300			117,300
Unrestricted	5,662,667	10,647,335	16,310,002	532,293	203,274	17,045,569
Total Net Position	\$ 30,382,633	\$ 56,566,357	\$ 86,948,990	\$ 911,120	\$ 212,082	\$ 88,072,192

City of Lenoir, North Carolina

Statement of Activities

Year Ended June 30, 2020

(Exhibit B)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units		Total Reporting Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			City of Lenoir ABC Board	City of Lenoir LTDA	
					Governmental Activities	Business-type Activities	Total			
Primary government:										
Governmental activities:										
General government	\$ 3,252,323	\$ 225,950	\$ 18,058		\$ (3,008,315)		\$ (3,008,315)			\$ (3,008,315)
Public safety	9,868,703	439,628	10,269		(9,418,806)		(9,418,806)			(9,418,806)
Transportation	2,189,785		545,792		(1,643,993)		(1,643,993)			(1,643,993)
Environmental protection	1,282,456	799,681			(482,775)		(482,775)			(482,775)
Economic and physical development	2,310,902		2,132,920		(177,982)		(177,982)		(88,539)	(266,521)
Culture and recreation	1,817,285	145,044		50,924	(1,621,317)		(1,621,317)			(1,621,317)
Interest and fees	5,679				(5,679)		(5,679)			(5,679)
Total governmental activities	20,727,133	1,610,303	2,707,039	50,924	(16,358,867)	-	(16,358,867)	-	(88,539)	(16,447,406)
Business-type activities:										
Water and sewer activity	8,300,922	9,525,869		129,630	-	1,354,577	1,354,577			1,354,577
Total business-type activities	8,300,922	9,525,869	-	129,630	-	1,354,577	1,354,577	-	-	1,354,577
Total primary government	\$ 29,028,055	\$ 11,136,172	\$ 2,707,039	\$ 180,554	(16,358,867)	1,354,577	(15,004,290)			(15,092,829)
Alcohol and store activity	\$ 3,275,795	\$ 3,279,550			-	-	-	3,755		3,755
Total component units	\$ 3,275,795	\$ 3,279,550	\$ -	\$ -	-	-	-	3,755		3,755
General revenues:										
Ad valorem taxes					8,989,878		8,989,878			8,989,878
Sales Taxes					4,246,237		4,246,237			4,246,237
Gross Receipts on Rental Vehicles					5,550		5,550			5,550
Occupancy Taxes							-		119,728	119,728
Gain on Sale of Capital Assets					14,565		14,565			14,565
Utility Sales Taxes					2,410,015		2,410,015			2,410,015
Beer and Wine Taxes					76,340		76,340			76,340
Miscellaneous					827,177		827,177			827,177
Payment from ABC Board					418,302		418,302			418,302
Interest earned on investments					116,654	73,516	190,170	889	1,779	192,838
Total general revenues					17,104,718	73,516	17,178,234	889	121,507	17,300,630
Change in net position					745,851	1,428,093	2,173,944	4,644	32,968	2,211,556
Net Position - beginning					29,636,782	55,138,264	84,775,046	906,476	179,114	85,860,636
Net Position - ending					\$ 30,382,633	\$ 56,566,357	\$ 86,948,990	\$ 911,120	\$ 212,082	\$ 88,072,192

City of Lenoir, North Carolina

Balance Sheet
Governmental Funds
June 30, 2020
(Exhibit C)

	General	Special Revenue Fund	Non Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 10,826,902	\$ 399,340	\$ 29,433	\$ 11,255,675
Cash and cash equivalents-restricted			295,897	295,897
Taxes receivable (net)	336,832			336,832
Accounts receivable (net)	1,081,929			1,081,929
Other receivables	638,926	234,997		873,923
Total assets	<u>\$ 12,884,589</u>	<u>\$ 634,337</u>	<u>\$ 325,330</u>	<u>\$ 13,844,256</u>
Liabilities:				
Accounts payable	226,233	1,412		227,645
Total liabilities	<u>226,233</u>	<u>1,412</u>	<u>-</u>	<u>227,645</u>
Deferred Inflow of Resources:				
Unavailable Property Taxes	336,832			336,832
Total Deferred Inflows of Resources	<u>336,832</u>	<u>-</u>	<u>-</u>	<u>336,832</u>
Fund balances:				
Non Spendable				
Cemetery Care			295,897	295,897
Restricted				
Stabilization by State Statute	1,720,855			1,720,855
Public Safety	117,300			117,300
Assigned				
To Future Capital Projects			29,433	29,433
To Future Economic Development		632,925		632,925
Unassigned	10,483,369			10,483,369
Total fund balances	<u>12,321,524</u>	<u>632,925</u>	<u>325,330</u>	<u>13,279,779</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,884,589</u>	<u>\$ 634,337</u>	<u>\$ 325,330</u>	<u>\$ 13,844,256</u>

City of Lenoir, North Carolina

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

(Exhibit C-1)

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

Ending fund balance - governmental funds	\$ 13,279,779
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,774,089
Deferred outflows of resources related to pensions are not reported in the funds.	2,052,857
Deferred inflows of resources related to pensions are not reported in the funds.	(737,572)
Liability for earned revenues are considered deferred inflow of resources in the funds.	336,832
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,323,352)</u>
Net position of governmental activities	<u>\$ 30,382,633</u>

City of Lenoir, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020
(Exhibit D)

	General	Special Revenue Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 8,889,572			\$ 8,889,572
Other taxes and licenses	4,252,707			4,252,707
Unrestricted intergovernmental revenues	2,499,881			2,499,881
Restricted intergovernmental revenues	1,082,662	1,632,920	50,924	2,766,506
Permits and fees	256,363			256,363
Sales and services	1,353,940			1,353,940
Investment earnings	111,304		5,350	116,654
Miscellaneous	414,275	404,443	6,600	825,318
Payment from ABC Board	418,302			418,302
Total revenues	19,279,006	2,037,363	62,874	21,379,243
Expenditures				
Current:				
General Government	2,979,743			2,979,743
Public safety	9,140,826			9,140,826
Transportation	1,772,999			1,772,999
Environmental protection	1,524,983			1,524,983
Economic and physical development	469,512	1,799,597		2,269,109
Cultural and recreational	1,631,019			1,631,019
Capital projects			412,170	412,170
Debt service:				
Principal retirement	478,922			478,922
Interest and fees	5,679			5,679
Total expenditures	18,003,683	1,799,597	412,170	20,215,450
Excess (deficiency) of revenues over (under) expenditures	1,275,323	237,766	(349,296)	1,163,793
Other financing sources (uses)				
Transfers	(314,995)		314,995	-
Total other financing sources (uses)	(314,995)	-	314,995	-
Net change in fund balances	960,328	237,766	(34,301)	1,163,793
Fund balance - beginning	11,361,196	395,159	359,631	12,115,986
Fund balance - ending	\$ 12,321,524	\$ 632,925	\$ 325,330	\$ 13,279,779

City of Lenoir, North Carolina

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

For the Year Ended June 30, 2020

(Exhibit D-1)

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

Net change in fund balances - total governmental funds	\$	1,163,793
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 outlay is less than depreciation.		(281,519)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		93,741
The issuance of long-term debt (e.g. bonds, leases) 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.		478,922
Contributions to the pension plan in the current year are not included in the statement of activities		723,766
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.		(1,432,852)
Change in net position of governmental activities	\$	<u>745,851</u>

City of Lenoir, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2020
(Exhibit E)

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 8,554,773	\$ 8,378,834	\$ 8,889,572	\$ 510,738
Other taxes and licenses	3,604,000	3,604,000	4,252,707	648,707
Unrestricted intergovernmental revenues	2,480,000	2,480,000	2,499,881	19,881
Restricted intergovernmental revenues	561,190	1,087,790	1,082,662	(5,128)
Permits and fees	231,650	225,150	256,363	31,213
Sales and services	1,394,700	1,375,700	1,353,940	(21,760)
Investment earnings	58,078	58,078	111,304	53,226
Miscellaneous	278,000	798,339	414,275	(384,064)
Payment from ABC Board	232,500	225,000	418,302	193,302
Total revenues	17,394,891	18,232,891	19,279,006	1,046,115
EXPENDITURES				
Current:				
General Government	2,332,041	3,227,416	2,979,743	247,673
Public safety	9,285,086	9,299,501	9,140,826	158,675
Transportation	1,922,816	1,847,815	1,772,999	74,816
Environmental protection	1,109,730	1,542,215	1,524,983	17,232
Economic and physical development	552,817	515,822	469,512	46,310
Cultural and recreational	1,701,484	1,701,426	1,631,019	70,407
Debt service:				
Principal retirement	485,263	484,721	478,922	5,799
Interest and fees	5,654	6,980	5,679	1,301
Total expenditures	17,394,891	18,625,896	18,003,683	622,213
Excess (deficiency) of revenues over (under) expenditures	-	(393,005)	1,275,323	1,668,328
OTHER FINANCING SOURCES (USES)				
Transfers in (out):		(314,995)	(314,995)	-
Appropriated fund balance		708,000		(708,000)
Total other financing sources (uses)	-	393,005	(314,995)	(708,000)
Net change in fund balances	\$ -	\$ -	960,328	\$ 960,328
FUND BALANCE - BEGINNING			11,361,196	
FUND BALANCE - ENDING			\$ 12,321,524	

City of Lenoir, North Carolina

Statement of Net Position

Proprietary Funds

June 30, 2020

(Exhibit F)

	Water and Sewer Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 9,218,620
Accounts receivable (net)	401,118
Due from other Governmental Entities	2,673,228
Inventories	57,422
Restricted Cash and cash equivalents	167,885
Total current assets	<u>12,518,273</u>
Noncurrent assets	
Capital assets, net	<u>66,446,829</u>
Total assets	<u>78,965,102</u>
Deferred Outflows of Resources	
Pension Deferrals	885,924
OPEB Deferrals	17,870
Total Deferred Outflows of Resources	<u>903,794</u>
Liabilities	
Current liabilities	
Accounts payable	496,531
Installment purchase contracts - current	538,323
Revolving loan payable - current	889,918
Customer deposits payable from Restricted Assets	167,885
Compensated absences payable	86,066
Total current liabilities	<u>2,178,723</u>
Noncurrent liabilities	
OPEB Liability	352,559
Revolving loan payable	15,579,566
Installment purchase contracts payable	3,520,000
Compensated absences payable	70,418
Net Pension Liability	1,484,775
Total noncurrent liabilities	<u>21,007,318</u>
Total liabilities	<u>23,186,041</u>
Deferred Inflows of Resources	
Pension Deferrals	20,036
OPEB Deferrals	96,462
Total Deferred Inflows of Resources	<u>116,498</u>
Net Position	
Net investment in capital assets	45,919,022
Unrestricted Net Position	10,647,335
Total Net Position	<u>\$ 56,566,357</u>

City of Lenoir, North Carolina

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2020

(Exhibit G)

	Enterprise Fund Water and Sewer Fund
Operating revenues	
Water sales	\$ 6,156,146
Wastewater treatment charges	3,008,760
Water and sewer taps	47,395
Late payment charges	162,286
Miscellaneous	151,282
Total operating revenues	<u>9,525,869</u>
Operating expenses	
Rhodhiss Water Treatment Plant	1,493,934
Water distribution	1,234,120
Water resources	714,903
Wastewater collection	909,351
Wastewater pretreatment	64,954
Gunpowder Wastewater Treatment Plant	584,583
Lower Creek Wastewater Treatment Plant	1,493,521
Depreciation	1,604,238
Total operating expenses	<u>8,099,604</u>
Operating income (loss)	<u>1,426,265</u>
Nonoperating revenue (expense)	
Interest earned on investments	73,516
Interest paid on long-term debt	(201,318)
Total nonoperating revenue (expense)	<u>(127,802)</u>
Income (loss) before capital contributions	1,298,463
Capital contributions	<u>129,630</u>
Change in Net Position	1,428,093
Total Net Position - beginning	<u>55,138,264</u>
Total Net Position - ending	<u>\$ 56,566,357</u>

City of Lenoir, North Carolina

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2020

(Exhibit H)

	Enterprise Fund
	Water and Sewer Fund
Operating activities	
Cash received from customers and users	\$ 9,691,564
Cash paid to suppliers for goods and services	(5,042,819)
Cash paid for employee benefits	(1,046,957)
Customer deposits received (paid out)	33,550
Net cash provided by (used in) operating activities	3,635,338
Capital and related financing activities	
Net proceeds from financing	1,384,000
Grants Received	162,367
Acquisition and construction of capital assets	(7,675,023)
Principal paid on debt	(1,567,794)
Interest paid on debt	(201,318)
Net cash provided (used) by capital and related financing activities	(7,897,768)
Investing activities	
Interest on investments	73,516
Net cash provided (used) in investing activities	73,516
Net increase in cash and cash equivalents/investments	(4,188,914)
Cash and cash equivalents/investments	
Beginning of year	13,575,419
End of year	\$ 9,386,505

City of Lenoir, North Carolina

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2020

(Exhibit H)

	Enterprise Fund
	Water and Sewer Fund
Reconciliation of operating income (loss)	
to net cash provided by	
(used in) operating activities	
Operating income (loss)	\$ 1,426,265
Adjustments to reconcile operating income (loss)	
to net cash provided by (used in) operating	
activities:	
Depreciation	1,604,238
Change in assets and liabilities	
(Increase) decrease in accounts receivable and accruals	165,695
(Increase) decrease in inventory	115,293
Increase (decrease) in accounts payable and	
accrued liabilities	(60,669)
Increase (decrease) in customer deposits	33,550
Increase (decrease) in compensated absence payable	16,612
(Increase)decrease in deferred outflows of resources- OPEB	8,994
Increase(decrease) in deferred inflows of resources-OPEB	61,990
Increase(decrease) in OPEB liability	(45,504)
(Increase) decrease in deferred outflows-Pensions	82,313
Increase (decrease) in deferred inflows-Pensions	(26,684)
Increase (decrease) in Net Pension Liability	253,245
Total adjustments	2,209,073
Net cash provided by (used in) operating activities	\$ 3,635,338

City of Lenoir, North Carolina

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

(Exhibit I)

	Agency Fund
Assets	
Cash and cash equivalents	\$ 1,941
Total assets	<u>\$ 1,941</u>
Liabilities	
Due to participants	\$ 1,941
Total liabilities	<u>\$ 1,941</u>

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
DESCRIPTION OF FUNDS**

The accounting policies of the City of Lenoir and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity - The City of Lenoir (City) is a municipal corporation of the State of North Carolina. It is governed by an elected board of eight consisting of a mayor and a seven-member council. These financial statements present the City and its component units, legally-separate entities for which the City is financially accountable. The discretely presented component units below are reported in separate columns in the financial statements to emphasize that it is legally separate from the City.

City of Lenoir Board of Alcoholic Control

The members of the City of Lenoir Alcoholic Control's (ABC Board) governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute the majority of its surpluses to the General Fund of the City. A smaller portion of the ABC Board's surpluses are distributed to the Caldwell County School Administrative Unit. The ABC Board, which has a June 30 year end, is presented as a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Lenoir ABC Board, ABC Court, Lenoir, NC 28645.

Lenoir Tourism Development Authority

The members of the Lenoir Tourism Development Authority's (LTDA Board) governing board are appointed by the City. The LTDA collects a 3% room occupancy tax from the rental of any room, lodging or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the city. Since the City of Lenoir appoints the LTDA Board, it can also impose its will thus meeting the criteria for inclusion as a component unit. In addition, the City has the power to remove appointed members of the LTDA governing board and has the ability to approve the budget of the LTDA. Complete financial statements for the LTDA board may be obtained at City Hall, City of Lenoir, 801 West Ave., NW, Lenoir, NC 28645.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements

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

distinguish between the governmental and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. City of Lenoir's policy for eliminating internal activity in the government-wide statement of activities indicate that interfund services provided and used are not eliminated in the process of consolidation.

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

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

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, streets and highways, sanitation, parks and recreation, and general government services. The City also maintains a separate sub-fund for the Downtown Service District for accounting purposes. This sub-fund has been consolidated into the General Fund for reporting purposes. Debt service payments for general long-term debt are accounted for in the General Fund.

Special Revenue Fund - The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted

to expenditures for specified purposes. The City has six Special Revenue Fund projects including the 2017, 2018 and 2019 Community Development Entitlement Grants; and 2017, 2018 and 2019 Unifour HOME Consortium Grants.

The City Reports the following nonmajor governmental funds:

Capital Project Fund

The Capital Project Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The City has four projects within the Capital Project Fund: the Mulberry Optimist, Hospital Avenue, Fire Station III and Broyhill Redevelopment projects.

Permanent Fund

The Permanent Fund accounts for the Perpetual Care Fund. The interest earned on the nonexpendable invested principal is used for the ongoing maintenance of the City's cemetery.

The City reports the following major enterprise fund:

Water and Sewer Fund - The Water and Sewer Fund is 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 (expenses, including depreciation) of providing goods or 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Water and sewer capital projects are included in the Water and Sewer Capital Project Fund.

The City reports the following fund type:

Agency Fund – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the City holds on behalf of others. The City maintains the following agency fund: CheckFree Pay which accounts for collection of payments for flex spending. We excluded these activities from the City's government-wide financial statement because the city cannot use these assets to finance its operation.

C. Measurement Focus and Basis of Accounting – In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The City's one fiduciary fund (an agency fund) has no measurement focus and is excluded from the government-wide financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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 in which all eligibility requirements have been satisfied. 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.

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 in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. 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, 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 are 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 collected and held by the State at year-end on behalf of the city are recognized as revenue. Sales tax are considered a shared revenue for the City of Lenoir because the tax is levied by Caldwell County and then remitted to and distributed by the state. Intergovernmental revenues and sales and services are not susceptible to accrual

because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as deferred inflows of resources.

Under 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 are both restricted and unrestricted net assets 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 by general revenues.

D. Budgetary Data - As required by the N. C. Local Government Budget and Fiscal Control Act (G.S. 159), the governing board must adopt by July 1 an annual balanced budget ordinance for all governmental and proprietary funds except for those funds, which operate under project ordinances. The City has adopted project ordinances for the Capital Projects and Special Revenue Funds. The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system in recording transactions, as required by G.S. 159-26(c).

Appropriations are made at the departmental level and are amended as necessary by the governing board. All appropriations (other than funds with multi-year budgets) lapse at year-end. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for project ordinances. The City Manager is authorized to transfer appropriations within a department; however, any revisions that alter total expenditures of any department must be approved by the governing board. The amended budget ordinance as of June 30, 2020, is included in the financial statements but has been restructured to conform to the actual data. The City's governing board enacted supplemental budget ordinances during the fiscal year ended June 30, 2020. The ordinances increased appropriations by \$1,231,005 in the City's General Fund and \$ - 0 - in the City's Water and Sewer Fund.

As required by G.S. 159-26(d), the City maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities and are either charged to an appropriation in the following year or the contractual commitment is cancelled.

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

1. Deposits and Investments - All deposits of the City, LTDA and the ABC Board are made in board-designated official depositories and are collateralized as required by G.S. 159-31. Official depositories may be established with any bank or savings and loan whose principal office is located in North Carolina. Also, the City, LTDA and ABC

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

Board may establish time deposit accounts in the form of NOW accounts, SuperNOW, money market accounts, and certificates of deposit. State law, G.S. 159-30(c) authorizes the City and the ABC Board 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT); a SEC-registered mutual fund.

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

In accordance with State law, the City sometimes has investments in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are stated at cost in the City's financial statements.

2. Cash and Cash Equivalents - The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The City, LTDA and the ABC Board consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

2a. Restricted Assets – Permanent Fund restricted cash represents the nonexpendable portion of the cemetery funds. Customer deposits represent cash received before any services are supplied.

City of Lenoir Restricted Cash

Governmental Activities

Permanent Funds	Non expendable portion	<u>\$ 295,897</u>
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Business Type Activities

Water and Sewer Fund	Customer Deposits	<u>\$ 167,885</u>
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3. Ad Valorem Taxes Receivable - According to the North Carolina General Statutes, ad valorem taxes levied on July 1, the beginning of the fiscal year, are due September 1

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

but penalties do not accrue until the following January 6 when taxes are considered past due and the property is subject to lien. The taxes levied are based on the assessed values as of January 1, 2019. As allowed by State law, the City has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

4. 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.

5. Inventories and Prepaid Items - Inventories of the City and ABC Board are maintained for all enterprise fund supplies. Inventories of the City are valued at cost and at fair market value for the ABC Board. 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.

6. Capital Assets - Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000. The City and the ABC Board's donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition cost. General infrastructure assets acquired prior to July 1, 2002, consist of the road, bridges and drainage networks that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The City's capital assets are being depreciated on a straight-line basis over their estimated useful lives as follows:

Asset Class	Estimated Useful Lives
Infrastructure	15 - 50
Buildings	45 - 50
Plant and systems	45 - 50
Improvements	15 - 20
Vehicles	6 - 8
Furniture and equipment	10 - 15
Computer equipment	5 - 10

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

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Land, improvements and buildings	8 - 40
Store equipment	2 - 20
Office equipment	5 - 10

7. Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable, if any, are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting in which they occurred. Prepaid insurance costs are expenses over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences - The vacation policies of the City and the ABC Board provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds and the ABC Board, 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 last-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.

Both the City and the ABC Board's sick leave policies provide 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 neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. 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 until then. The city has one item that meet the criterion for this category – contributions made to the pension plan and for OPEB costs in the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has one item that meets the criterion for this category-deferrals of pension expense. The funds statements also reports an additional deferred inflow-property taxes receivable.

10. Net Position/Fund Balance – Net position in the 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 either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

State law [G.S. 159-13(b)] restricts appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

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.

Perpetual Maintenance – Cemetery resources that are required to be retained in perpetuity for maintenance of the City of Lenoir Cemeteries.

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for

determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as 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 Public Safety – Portion of fund balance that is available for appropriation but legally segregated for qualifying public safety expenditures.

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by majority vote or quorum of City of Lenoir’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 City of Lenoir intends to use for specific purposes.

Assigned to Capital Projects – Portion of fund balance that has been budgeted by the Board for future capital projects.

Assigned for Future Economic Development – Portion of fund balance set aside for economic development.

Unassigned Fund Balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes in the general fund.

For purposes of fund balance classifications, funds are to be spent from restricted fund balance first followed by committed fund balance, assigned fund balance and last unassigned fund balance. The General fund is the only fund that reports an unassigned fund balance. The City of Lenoir has not established a stabilization arrangement.

11. Defined Benefit Cost – Sharing Plan

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 the purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Lenoir employer contributions are recognized when due and the City of Lenoir has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

F. Management Estimates

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

G. Reconciliation of Government-Wide and Fund Financial Statements

- 1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets** – The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$17,102,854 consists of several elements as follows:

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

Description					Amount
Capital assets in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement governmental activities column)					\$ 81,797,782
Less accumulated depreciation					(58,023,693)
Net capital assets					23,774,089
Deferred Outflows of Resources related to OPEB are not reported in the funds					109,777
Deferred Outflows of Resources related to pensions are not reported in the funds					1,943,080
Deferred Inflows of Resources related to pension are not reported in the funds					(145,017)
Deferred Inflows of Resources related to OPEB are not reported in the funds					(592,555)
Liabilities for revenue are considered deferred inflows of resources in the fund statements					336,832
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:					
Leases and installment financing					(1,188,175)
Compensated absences					(638,203)
Total OPEB Liability					(2,165,716)
Net Pension Liability					(2,757,439)
Total Pension Liability					(1,573,819)
Total adjustment					\$ 17,102,854

2. **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities** – The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(417,942) as follows:

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

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,093,554
Depreciation expense, the allocation of those assets over their useful lives, is recorded in the statement of activities, but not in the fund statements	(1,375,073)
Sale of Capital Assets is recorded as revenue in the funds	(21,130)
Gain on Sale of Capital Assets is recorded as revenue in the Statement of Activities	14,565
Principal payments on debt owed are recorded as a use of funds in the fund statements but again affect only the statement of net assets in the government-wide statements	478,922
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(68,659)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Recording of tax receipts in the fund statements	100,306
Pension Expense	(1,340,168)
OPEB Plan Expense	(161,253)
Contribution to the pension plan in the current year and not included in the statement of activities	723,766
Retirement Benefits Paid not included in funds	51,807
OPEB Benefit Payments and Administration Costs made in the current fiscal year are not included in the Statement of Activities	85,421
Total adjustment	<u>\$ (417,942)</u>

II. STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY

- A. Excess of Expenditures over Appropriations** - For the year ended June 30, 2020, expenditures exceeded budgeted amounts at the department level as follows:

<u>Fund/Department</u>	<u>Excess</u>
Enterprise Fund:	
Lower Creek	
Wastewater	
Treatment	\$ 49,747
Transfers Out	<u>139,900</u>
Total	<u>\$ 189,647</u>

These over-expenditures were immaterial and approved subsequent to year end. It is the City's intention to amend their budget on a more timely basis in the future.

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits - All of the City's, LTDA's and ABC Board's deposits are either insured or collateralized by using one of two options. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage are collateralized with securities held by the City's or ABC Board's agent in the units' name. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agents in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, LTDA and the ABC Board, these deposits are considered to be held by the City's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the unit or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City, LTDA or the ABC Board under the Pooling Method, the potential exists for undercollateralization, 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 Pooling Method depository. The City, LTDA and ABC Board have no policy regarding outstanding risk for deposits.

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

At year-end, the City's deposits, including fiduciary funds, had a carrying amount of \$8,425,676 and a bank balance of \$9,245,869. Of the bank balance, \$1,000,000 was covered by federal depository insurance with the remainder held in Pooling Method depositories as discussed above.

At year-end, the ABC Board's deposits had a carrying amount of \$340,632 excluding \$4,400 of cash on hand, and a bank balance of \$357,456. The bank balance was covered by federal depository insurance.

At year-end, the LTDA's deposits had a carrying amount of \$204,299 and a bank balance of \$204,299. The bank balance was covered by federal depository insurance.

2. Investments - General Statute 159-30(c) authorizes the City and the ABC Board to invest in obligations of the U. S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligation is fully guaranteed by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina 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-Government Portfolio, an SEC-registered mutual fund. The City pools monies from several funds to facilitate disbursement and investment and maximize investment income. The City and ABC Board have no policy regarding credit risk for investments.

The City and ABC Board held no investments that were categorized by level or risk at year-end. All invested funds were with The North Carolina Capital Management Trust-Government Portfolio, which is exempt from risk categorization because the City does not own any identifiable securities, but is a shareholder of a percentage of the fund. As of June 30, 2020, the credit rating of the fund was AAAm by Standard and Poor's, with a weighted average maturity of 51 days. Total investments are as follows:

	Carrying Value	Fair Value
<u>City of Lenoir</u>		
North Carolina		
Capital Management Trust	<u>\$ 12,510,091</u>	<u>\$ 12,510,091</u>
 <u>ABC Board</u>		
North Carolina		
Capital Management Trust	<u>\$ 50,000</u>	<u>\$ 50,000</u>

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

3. Receivables - Allowances for Doubtful Accounts - The amounts shown in the Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts:

General Fund:

Allowance for Uncollectible	
Property Taxes Receivable	<u>\$ 1,163,218</u>

Water and Sewer Fund:

Allowance for Uncollectible	
Water and Sewer Receivables	<u>400,000</u>

Receivables net of allowances at June 30, 2020 were as follows at the government wide level:

<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Inter - Governmental</u>	<u>Local Option</u>	<u>Total</u>
<u>\$638,926</u>	<u>\$401,118</u>	<u>\$336,832</u>	<u>\$3,279,643</u>	<u>\$710,511</u>	<u>\$5,367,030</u>

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

4. Governmental Capital Assets

The capital asset activity for the governmental activities as of June 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,616,355	\$ -		\$ 3,616,355
Construction work in progress	1,775,949	412,170	2,004,280	183,839
Total capital assets not being depreciated	5,392,304	412,170	2,004,280	3,800,194
Capital assets being depreciated:				
Buildings and improvements	14,698,395	2,004,280		16,702,675
Infrastructure	44,629,556			44,629,556
Equipment	16,465,346	681,384	481,374	16,665,356
Total capital assets being depreciated	75,793,297	2,685,664	481,374	77,997,587
Less accumulated depreciation for:				
Buildings and improvements	9,024,269	242,742	82,896	9,184,115
Infrastructure	34,099,309	522,444		34,621,753
Equipment	13,999,850	609,887	391,913	14,217,824
Total accumulated depreciation	57,123,428	\$ 1,375,073	\$ 474,809	58,023,692
Total capital assets being depreciated, net	18,669,869	1,310,591	6,565	19,973,895
Total capital assets - governmental activities	\$ 24,062,173	\$ 1,722,761	\$ 2,010,845	\$ 23,774,089

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

General Government	\$ 130 340
Public Safety	417 300
Transportation	543 901
Environmental Protection	45 473
Economic and Physical Development	41 793
Cultural and Recreational	196 266
Total Depreciation Expense	<u>\$ 1 375 073</u>

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

5. Business-Type Capital Assets

The capital asset activity for the business-type activities at June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities (Water and Sewer Fund)				
Capital assets not being depreciated:				
Land	\$ 1,226,471			\$ 1,226,471
Construction work in progress	8,349,051	7,460,348		15,809,399
Total capital assets not being depreciated	9,575,522	7,460,348	-	17,035,870
Capital assets being depreciated:				
Plant and systems	76,981,220	152,893		77,134,113
Equipment	4,425,886	283,295	108,155	4,601,026
Total capital assets being depreciated	81,407,106	436,188	108,155	81,735,139
Less accumulated depreciation for:				
Plant and systems	26,840,098	1,321,120		28,161,218
Equipment	3,987,999	283,118	108,155	4,162,962
Total accumulated depreciation	30,828,097	1,604,238	108,155	32,324,180
Total capital assets being depreciated, net	50,579,009	(1,168,050)		49,410,959
Total capital assets - business type activities (Water and Sewer Fund)	\$ 60,154,531	\$ 6,292,298	\$ -	\$ 66,446,829

6. Construction Commitments – The City of Lenoir has the following construction projects as of June 30, 2020.

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Water Treatment Upgrade	\$ 8,070,335	\$ 1,324,665
Hospital Avenue	52,582	812,418
Metering Project	2,987,736	774,909
Biosolids Facility	2,936,993	3,033,282
Crossroads Sewer	7,200	2,178,800

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

7. Component Unit Capital Assets

The capital assets of the ABC Board at June 30, 2020, are composed of the following:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 155,849			\$ 155,849
Total capital assets not being depreciated	155,849	-	-	155,849
Capital assets being depreciated:				
Buildings and improvements	580,126	17,017		597,143
Store equipment	141,845	9,910	-	151,755
Office equipment	19,956			19,956
Total capital assets being depreciated	741,927	26,927	-	768,854
Less accumulated depreciation for:				
Buildings and improvements	401,425	11,811		413,236
Store equipment	98,575	15,018	-	113,593
Office equipment	18,120	927		19,047
Total accumulated depreciation	518,120	\$ 27,756	\$ -	545,876
Total capital assets being depreciated, net	223,807	(829)	-	222,978
Total capital assets	\$ 379,656	\$ (829)	\$ -	\$ 378,827

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

1. Plan Description. The City of Lenoir contributes to 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 government entities. LGERS provides retirement and disability benefits to plan members and beneficiaries. 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.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 of creditable service regardless of age, or have completed 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 of Lenoir employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of

Trustees. The City of Lenoir contractually required contribution rate for the fiscal year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.13% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Lenoir were \$976,877 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.

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions.

At June 30, 2020, the City reported a liability of \$4,242,214 or 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 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 0.1553%, which was an increase of 0.007% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$1,859,371. 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
Diff. of expected and actual experience	\$ 726,375	\$ -
Changes of assumptions	691,411	-
Net diff. in projected & actual earnings on pension plan investments	103,474	-
Changes in proportion and diff. between		

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

city contributions and proportionate share of contributions	33,074	57,246
City contributions subsequent to the measurement date	<u>976,877</u>	<u>-</u>
Total	<u>\$ 2,531,211</u>	<u>\$ 57,246</u>

\$976,877 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 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	\$ 725,223
2022	226,578
2023	419,476
2024	<u>125,808</u>
Total	<u>\$1,497,085</u>

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

Inflation	3.0 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 mortality improvements.

The actuarial assumptions used in the December 31, 2018 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	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	<u>100.0%</u>	

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the Net pension liability (asset)	\$9,702,720	\$ 4,242,214	\$(296,572)

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 Lenoir administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 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 December 31, 2018, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	7
Terminated employees entitled to but not yet receiving benefits	0
Active plan members	<u>51</u>
Total	<u>58</u>

A separate report was not issued for the plan.

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 are recognized when due and payable in accordance with the terms of the plan.

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

3. **Actuarial Assumptions.** The entry age actuarial cost method was used in December 31, 2017 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, 2018,

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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 amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$88,796 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 \$1,573,819. 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 \$131,578.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 125,214	\$ 55,442
Changes in Assumptions	83,783	52,365
City benefits payments made subsequent to the measurement date	88,796	
Total	<u>\$ 297,793</u>	<u>\$ 107,807</u>

\$88,796 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 30:

2021	\$ 16,617
2022	16,617
2023	20,280
2024	25,756
2025	21,498
Thereafter	422

\$88,796 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

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

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

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:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 1,712,417	\$ 1,573,819	\$ 1,448,095

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

	2020
Beginning Balance	\$ 1,439,440
Service Cost	63,997
Interest on the total pension liability	50,448
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	77,691
Changes of assumptions or other inputs	49,241
Benefits payments	(106,998)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,573,819</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, 2018 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:

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 1,859,371	\$ 131,578	\$ 1,990,949
Pension Liability	4,242,214	1,573,819	5,816,033
Proportionate share of the net pension Liability	0.15534%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	726,375	125,214	851,589
Changes of assumptions	691,411	83,783	775,194
Net difference between projected and actual earnings on plan investments	103,474		103,474
Changes in proportion and differences between contributions and proportionate share of contributions	33,074		33,074
Benefit payments and administrative costs paid subsequent to the measurement date	976,877	88,796	1,065,673
Total	\$ 2,531,211	\$ 297,793	\$ 2,829,004
Deferred of Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 55,442	\$ 55,442
Changes of assumptions		52,365	52,365
Net difference between projected and actual earnings on plan investments			
Changes in proportion and differences between contributions and proportionate share of contributions	57,246		57,246
Total	\$ 57,246	\$ 107,807	\$ 165,053

c. Supplemental Retirement Income Plan for Law Enforcement Officers

1. 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 in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 140 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. 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. Also, City employees may make voluntary contributions to the Plan. The City made contributions of \$127,535 for the reporting year. No amounts were forfeited.

d. ABC Board - Local Government Employees' Retirement System

1. Plan Description. The City of Lenoir ABC Board contributes to the statewide Local Government Employees' Retirement System (LGERS), a cost sharing, multiple-employer, defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government 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.

2. Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The ABC Board is required to contribute at an actuarially determined rate. The ABC Board's current rate for employees not engaged in law enforcement is 18.55% of annual covered payroll. The contribution requirements of members and the ABC Board are established and may be amended by the North Carolina General Assembly. The Board's contribution for the years ending June 30, 2018, 2019, and 2020 were \$28,438, \$26,743 and \$35,748 respectively. The contribution made or accrued by the ABC Board equaled the required contribution for the period.

e. Deferred Compensation Plan - The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Employees Benefit Services Securities Corporation. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets are not reported in the City's financial statements.

f. Flexible Spending Plan - The City offers its employees a flexible spending plan created in accordance with Internal Revenue Code Section 125. Employees are able to have deducted from their salaries, pre-tax, a specified amount to be used for eligible medical and dependent care expenses. The plan assets are held for the employees and are reported in the City's financial statements in the governmental funds.

g. Post-retirement Health Care Benefits - The City has adopted policies governing postretirement health care benefits for retirees. The subsidies vary depending upon the years of service of the retiree. The City pays 50 percent of the health care premium for employees who retire with 30 or more years of service with the retiree paying 50 percent. The City pays 25 percent of the health care premium for employees who retire with 20 to 29 years of service with the retiree paying 75 percent. Employees who retire with at least 15 years of service are allowed to remain on the City's health policy and pay 100 percent of the premium. Retirees are allowed to have coverage for dependents and pay 100 percent of that premium. Additionally, at age 65 the retiree has the option to purchase a Medicare supplement from the City's health care benefit provider at his expense with the City ceasing to subsidize the premium. The City's regular health care benefit provider underwrites the retiree's policies. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

As of June 30, 2019, there were twelve employees who had retired with 30 years of service who were receiving the 50 percent-premium-coverage benefit and three employees who had retired with sufficient years of service to receive the 25 percent-premium-coverage benefits. The City finances the plan on a pay-as-you-go basis and for the fiscal year ended June 30, 2020.

Membership in the plan included the following at June 30, 2018, the date of the latest actuarial valuation:

	General Employees	Public Safety Officers
Retirees receiving benefits	5	7
Active plan members	147	108
Total	<u>152</u>	<u>115</u>

Total OPEB Liability

The City's total OPEB liability of \$2,518,275 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

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

Inflation	2.5 percent
Real Wage Growth	1.0 percent
Wage Inflation	3.5 percent
Salary increases	3.5 to 7.75 percent
Index rate	3.5 to 3.89 percent
Pre-Medicare Cost Trends	7.0 percent

The discount rate is used to measure the Total OPEB liability was based on the average 20 year Municipal Bond Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	<u>\$ 2,843,310</u>
Changes for the year	
Service cost	178,260
Interest	108,337
Changes of benefit terms	-
Differences between expected and actual experience	(530,160)
Changes in assumptions or other inputs	36,238
Benefit payments	<u>(117,710)</u>
Net Changes	<u>(325,035)</u>
Balance at June 30, 2020	<u><u>2,518,275</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% 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, 2018 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:

	<u>1% Decrease</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,830,458	\$ 2,518,275	\$ 2,243,731

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:

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

	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Total OPEB Liability	\$ 2,171,269	\$ 2,518,275	\$ 2,940,972

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 \$200,638. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,048	\$ 473,760
Changes in assumptions	32,383	215,257
Benefit payments and administrative cost made subsequent to the measurement date	45,216	
Total	<u>\$ 127,647</u>	<u>\$ 689,017</u>

\$45,216 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (76,468)
2022	(76,468)
2023	(76,468)
2024	(76,468)
2025	(76,468)
Thereafter	(224,246)

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

2. Other Employment Benefits - The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of LGERS. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. 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. The City considers these contributions to be immaterial.

3. Payables – Payables and accrued liabilities at June 30, 2020 were as follows at the government-wide level:

	Vendors	Benefits	Total
Governmental Activities:	\$ 138,716	\$ 88,929	\$ 227,645
Business-type activities:	\$ 254,449	\$ 242,082	\$ 496,531

4. Deferred Outflows/Inflows of Resources

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

Contribution to LGERS made subsequent to measurement dates	\$ 976,877
Benefit payments made and administrative expenses for subsequent measurement date	88,796
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date	45,216
Differences between expected and actual experience	901,637
Changes in proportion and difference between City contributions and proportionate share	33,074
Changes of assumptions	807,577
Net difference between projected and actual	103,474
Total	<u>\$ 2,956,651</u>

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

Deferred Inflows of Resources at year-end is comprised of the following:

					Fund Statements	Government Wide
Changes in Assumptions and Inputs					\$ -	\$ 267,622
Taxes receivable, less penalties (General Fund)					336,832	-
Differences between expected and actual experience						529,202
Changes in proportion and differences between employer contributions and proportionate share of contributions						57,246
Total					\$ 336,832	\$ 854,070

5. 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. Through these pools, the City obtains general liability and auto liability coverage of at least \$2 million per occurrence, property coverage up to the total insurance values, and worker's compensation coverage up to the statutory limits.

The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000, and \$300,000 up to statutory limits for workers' compensation. 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's health insurance provides unlimited lifetime coverage for in network and \$1 million for out of network. The City does not carry flood insurance.

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 at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$100,000 each.

The Lenoir ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Board has property general liability; auto liability, workmen's compensation and employees' health coverage. The Board also has liquor legal liability coverage. There

have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three years.

6. Long-Term Obligations

a. Drinking Water Revolving Loan

The City of Lenoir has received a direct placement revolving loan to replace the Whitnel Pump Station. As of June 30, 2020 the loan balance was \$1,488,643 at an interest rate of 2.485% for a term of 20 years.

b. Drinking Water Revolving Loan

The City of Lenoir has received a direct placement revolving loan for raw water intake improvements. As of June 30, 2020 the loan balance was \$2,191,628 at an interest rate of 2.22% for a term of 20 years.

c. Drinking Water Revolving Loan

The City of Lenoir has received a direct placement revolving loan award of \$5,865,000 for Rhodhiss water plant improvements. As of June 30, 2020 the loan balance was \$4,719,108 at an interest rate of 0.0%.

d. Clean Water Revolving Loans

1. The City of Lenoir has received a direct placement revolving loan for Powell Road improvements. As of June 30, 2020 the loan balance was \$216,938 at an interest rate of 0% for a term of 20 years.
2. The City of Lenoir has received a direct placement revolving loan for Gunpowder Wastewater Treatment improvements. As of June 30, 2020 the loan balance was \$3,070,247 at an interest rate of 0% for a term of 20 years.
3. The City of Lenoir has received a direct placement revolving loan for Meadowood Wastewater Treatment improvements. As of June 30, 2020, the loan balance was \$1,233,587 at an interest rate of 0% for a term of 20 years.
4. The City of Lenoir has received a direct placement revolving loan award of \$6,995,000 for Biosolids Facility Improvements. As of June 30, 2020 the amount drawn down was \$3,549,334 at an interest rate of 1.53% for a term of 20 years. Funding not yet drawn down of \$3,445,666 is included in the annual requirements to amortize debt on page 66.

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

All direct placement revolving loans are collateralized by the faith, credit and taxing power of the City.

e. Installment Purchase Contracts

The City has entered into direct placement installment purchase contracts to finance the purchase of equipment and installation/purchase of utility lines. A summary of direct placement installment purchase contracts follows:

DESCRIPTION	COST	DATE	TERM	RATE	PAYMENT AMOUNT AND FREQUENCY
Whitnel Pump Station	\$2,977,285	11/1/2010	20 years	2.485%	\$219,009 semi-annual
Streetscape, Recreation, & Downtown Utility Line Projects	\$1,410,000 \$1,190,000	8/27/2013	8 years	2.49%	\$49,878 semi-annual
Fire Station	\$1,300,000	1/6/2019	10 years	0.00%	\$10,807 monthly
Water Metering	\$4,400,000	6/1/2019	10 years	2.93%	\$440,000 annually plus interest

The equipment financed is collateral for the debts except in the case of utility lines. Utility lines are collateralized by the full faith, credit and taxing power of the City.

The following summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absences and the liability for the separation allowance for law enforcement officers).

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Direct Placement Installment Contracts				
2021	215,543	1,603	538,323	114,152
2022	129,684		440,000	99,743
2023	129,684		440,000	86,872
2024	129,684		440,000	74,003
2025	129,684		440,000	61,133
2026-2030	453,896		1,760,000	116,129
Total	1,188,175	1,603	4,058,323	552,032
Direct Placement Revolving Loans				
2021	-	-	889,918	85,572
2022	-	-	1,239,668	220,769
2023	-	-	1,239,668	171,752
2024	-	-	1,239,668	158,655
2025	-	-	1,239,668	147,403
2026-2030			6,198,341	529,478
2031-2035			4,906,100	252,967
2036-2040			2,612,369	107,024
2041-2046	-	-	349,750	5,351
Total	-	-	19,915,150	1,678,971
Total Debt Due	\$ 1,188,175	\$ 1,603	\$ 23,973,473	\$ 2,231,003

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

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

	Balance July 1, 2019	Additions	Payments	Balance June 30, 2020	Current Portion of Long-term Liabilities
Governmental activities:					
Direct Placement Installment					
purchase contracts	\$ 1,667,097	\$ -	\$ 478,922	\$ 1,188,175	\$ 215,543
Compensated absences	569,544	68,659		\$ 638,203	382,922
Total OPEB Liability	2,445,247	-	279,531	\$ 2,165,716	-
Net Pension Liability	2,287,128	470,311	-	\$ 2,757,439	
Total Pension Liability	1,439,440	134,379		\$ 1,573,819	
Total governmental activities	\$ 8,408,456	\$ 673,349	\$ 758,453	\$ 8,323,352	\$ 598,465
Business-type activities:					
Direct Placement Installment					
purchase contracts	\$ 4,767,277	\$ -	\$ 708,954	\$ 4,058,323	\$ 538,323
Direct Placement Revolving					
loans	14,656,371	2,671,953	858,840	\$ 16,469,484	889,918
Compensated absences	139,872	16,612		\$ 156,484	86,066
Total OPEB Liability	398,063	-	45,504	\$ 352,559	
Net Pension Liability	1,231,530	253,245	-	\$ 1,484,775	
Total business-type activities	\$ 21,193,113	\$ 2,941,810	\$ 1,613,298	\$ 22,521,625	\$ 1,514,307

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

For the governmental activities compensated absences, and post-employment benefits are liquidated by the General Fund, and for the business-type activities compensated absences, and post-employment benefits are liquidated by the Water and Sewer Fund.

At June 30, 2020, the City of Lenoir had a legal debt margin of \$212,471,459.

e. Interfund Activity

1. Transfers in (out) for the year ended June 30, 2020 are summarized below:

	Transfers In	Transfers (Out)
General Fund		\$ 314,995
Capital Projects	\$ 314,995	
Total	<u>\$ 314,995</u>	<u>\$ 314,995</u>

Transfers from the general fund to the nonmajor governmental funds were for matching funds.

f. 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	\$12,321,524
Less:	
Stabilization by State Statute	(1,720,855)
Public Safety	<u>(117,300)</u>
Remaining Fund Balance	<u>\$10,483,369</u>

IV. JOINT VENTURES

The City, in conjunction with the City of Morganton, County of Caldwell, and County of Burke participates in a regional airport known as the Foothills Regional Airport Authority (Airport Authority). The Airport Authority was established by act of the North Carolina General Assembly, Session Law 2000-9, House Bill 1517, and ratified June 14, 2000. The Airport Authority is successor in interest to the former Morganton-Lenoir Airport Authority. Each participating entity appoints two members to the eight-member board.

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

The Airport Authority is a joint venture established to facilitate economic expansion within the area and improve the quality of life for City citizens. The airport has been in existence since 1945. The City is not responsible for financing any deficits of the Airport Authority nor is it entitled to any surpluses. The City does not approve the budget of the Airport Authority. The City occasionally contributes to the Airport Authority but is not bound to do so. The City contributed \$47,137 to the Airport Authority during the year ended June 30, 2020.

The participating entities do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2020. Complete financial statements for the Airport Authority can be obtained from the airport's administrative offices at P. O. Box 3448, Morganton, NC 28680.

V. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with four counties and twelve other municipalities established the Western Piedmont Council of Governments (Council) in 1971. The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid approximately \$255,679 for membership fees and miscellaneous services to the Council during the year ended June 30, 2020.

VI. RELATED ORGANIZATIONS

The four-member board of the City of Lenoir Housing Authority (Housing Authority) is appointed by the mayor of the City of Lenoir. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Lenoir is also disclosed as a related organization in the notes to the financial statements for the Housing Authority.

VII. AD VALOREM TAX ABATEMENTS

The City of Lenoir negotiates tax abatement agreements on an individual basis. The City has the following tax abatement agreement as of June 30, 2020:

<u>Purpose</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Technology Business	\$ 8,449,681

VIII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

- A. Federal and State Assisted Programs** - The City has 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. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying statements for the refund of grant money.

IX. CLAIMS, JUDGMENTS AND CONTINGENT LIABILITIES

At June 30, 2020, the City was a defendant to two lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

X. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 30, 2020, which is the date the financial statements were available to be issued.

Required Supplementary Information

This section contains the following additional information required by generally accepted accounting principles: Schedule of Changes in Total Pension Liability – Law Enforcement Officer’s Separation Allowance and Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officer’s Special Separation allowance, Schedule of Proportionate Share of Net Position Liability for the Local Government Employee’s Retirement System, Schedule of Contributions – Local Government Employee’s Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios.

City of Lenoir, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Four Fiscal Years

	2020	2109	2018	2017
Beginning balance	\$ 1,439,440	\$ 1,398,684	\$ 1,396,709	\$ 1,392,024
Service Cost	63,997	67,948	58,590	66,853
Interest on the total pension liability	50,448	42,600	52,293	48,350
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	77,691	90,050	(108,752)	-
Changes of assumptions or other inputs	49,241	(58,695)	83,798	(35,166)
Benefit payments	(106,998)	(101,147)	(83,954)	(75,352)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,573,819</u>	<u>\$ 1,439,440</u>	<u>\$ 1,398,684</u>	<u>\$ 1,396,709</u>

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

City of Lenoir, North Carolina

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Four Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,573,819	\$ 1,439,440	\$ 1,398,684	\$ 1,396,709
Covered payroll	2,304,187	2,149,794	2,111,812	2,281,424
Total pension liability as a percentage of covered payroll	68.30%	66.96%	66.23%	61.22%

Notes to the schedules:

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

City of Lenoir, North Carolina

**City of Lenoir, Proportionate Share of
Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years ***

	2020	2019	2018	2017	2016	2015	2014
City of Lenoir's proportion of the net pension Liability (asset) (%)	0.15534	0.14832	0.14760	0.15629	0.17028	0.17121	0.17480
City of Lenoir's proportion of the net pension Liability (asset) (\$)	4,242,214	3,518,658	2,254,519	3,316,997	764,206	(1,009,704)	2,107,011
City of Lenoir's covered payroll	\$ 9,992,166	\$ 9,423,098	\$ 9,078,556	\$ 8,853,134	\$ 8,793,080	\$ 8,391,018	\$ 8,002,600
City of Lenoir's proportion of the net pension Liability (asset) as a percentage of its covered-employee payroll	42.46	37.34	24.83%	37.47%	8.69	-12.03%	26.33%
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 Lenoir, North Carolina

City of Lenoir' Contributions

**Required Supplementary Information
Last Seven Fiscal Years**

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 976,877	\$ 806,822	\$ 737,446	\$ 688,015	\$ 614,029	\$ 631,871	\$ 1,146,176
Contributions in relation to the contractually required contribution	976,877	806,822	737,446	688,015	614,029	631,871	\$ 1,146,176
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Lenoir's covered payroll	\$ 10,545,653	\$ 9,992,166	\$ 9,423,098	\$ 9,078,556	\$ 8,853,134	\$ 8,793,080	\$ 8,391,018
Contributions as a percentage of covered-employee payroll	9.26%	8.07%	7.83%	7.58%	6.94%	7.19%	13.66%

City of Lenoir, North Carolina

**Schedule of Changes in the
Total OPEB Liability
and Related Ratios
For the Last Three Fiscal Years**

Total OPEB Liability	2020	2019	2018
Service cost	\$ 178,260	\$ 185,487	\$ 202,646
Interest	108,337	96,154	80,910
Changes of benefit terms			
Differences between expected and actual experience	(530,160)	35,565	31,920
Changes of assumptions	36,238	(112,515)	(183,907)
Benefit payments	(117,710)	(123,617)	(113,933)
Net change in total OPEB liability	(325,035)	81,074	17,636
Total OPEB liability - beginning	2,843,310	2,762,236	2,744,600
Total OPEB liability - ending	\$ 2,518,275	\$ 2,843,310	\$ 2,762,236
 Covered payroll	 9,827,271	 8,933,828	 8,740,620
Total OPEB liability as a percentage of covered payroll	25.63%	31.83%	31.60%

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.18%

General Fund

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.

This fund receives ad valorem tax revenue, local option sales taxes, federal- and state-shared revenues, licenses, permits, and fees. The major operating activities include general government, public safety, public works, parks and recreation, and other governmental service functions.

City of Lenoir, North Carolina

General Fund

Supplemental Balance Sheets

June 30, 2020

(Schedule 1)

	<u>2020</u>
Assets	
Cash and cash equivalents	\$ 10,826,902
Taxes receivable (net)	336,832
Accounts receivable (net)	1,081,929
Other receivables	638,926
Total assets	<u>\$ 12,884,589</u>
Liabilities:	
Accounts payable	<u>\$ 226,233</u>
Deferred Inflow of Resources	
Unavailable Property Taxes	336,832
Total deferred inflow of resources	<u>\$ 336,832</u>
Fund balances:	
Restricted	
Stabilization by State Statute	1,720,855
Public Safety	117,300
Unassigned	10,483,369
Total fund balances	<u>12,321,524</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,884,589</u>

City of Lenoir, North Carolina

General Fund

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

For the Year Ended June 30, 2020

(Schedule 2, Page 1)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
REVENUES:			
Ad valorem taxes			
Taxes - Net of discounts	\$ 8,285,834	\$ 8,796,175	\$ 510,341
Penalties and interest	93,000	93,397	397
Total	8,378,834	8,889,572	510,738
Other taxes and licenses:			
Local option sales tax	3,600,000	4,246,237	646,237
Privilege licenses	1,000	920	(80)
Gross receipts on rental vehicles	3,000	5,550	2,550
Total	3,604,000	4,252,707	648,707
Unrestricted intergovernmental revenues:			
Utilities Sales tax	2,400,000	2,410,015	10,015
Beer and wine tax	80,000	76,340	(3,660)
Solid Waste Tax		13,526	13,526
Total	2,480,000	2,499,881	19,881
Restricted intergovernmental revenues:			
State Street - Aid allocation	553,190	545,792	(7,398)
Grants	526,600	528,327	1,727
Substance Control	8,000	8,543	543
Total	1,087,790	1,082,662	(5,128)
Permits and fees:			
Public safety fees and charges	200,150	208,854	8,704
Public works fees	15,000	6,375	(8,625)
Planning department fees and charges	10,000	41,134	31,134
Total	225,150	256,363	31,213
Sales and services:			
Bulk container service and sales		6,217	6,217
Solid waste fees	777,000	793,464	16,464
Cemetery lots and marker sales	140,000	142,545	2,545
Recreation department fees- centers and parks	69,000	55,046	(13,954)
Recreation department fees- aquatic/fitness center	139,000	78,925	(60,075)
Concessions	11,500	11,073	(427)
Fire line charges	220,000	224,399	4,399

City of Lenoir, North Carolina

General Fund

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

For the Year Ended June 30, 2020

(Schedule 2, Page 2)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
REVENUES (Continued)			
Sales and services (Continued)			
Rentals	\$ 14,200	\$ 38,432	24,232
Vehicle maintenance contracts	5,000	3,839	(1,161)
Total	1,375,700	1,353,940	(21,760)
Interest on investments	58,078	111,304	53,226
Miscellaneous:			
Insurance Reimbursement	40,000	25,985	\$ (14,015)
Other	758,339	388,290	(370,049)
Total	798,339	414,275	(384,064)
Payment from Component Unit:			
City of Lenoir ABC Board			
Profit distribution	225,000	418,302	193,302
Total	225,000	418,302	193,302
Total revenues	18,232,891	19,279,006	1,046,115
EXPENDITURES			
General Government:			
Administrative:			
Salaries and wages		847,779	
Personnel benefits		240,036	
Professional services		123,859	
Telephone and postage		22,146	
Utilities		12,812	
Travel and training		40,570	
Maintenance - building and equipment		52,862	
Advertising and printing		2,099	
Tax collection fees		10,449	
Supplies		28,901	
Contracted services		85,871	
Election expense		9,085	
Dues and subscriptions		53,715	
Insurance and bonds		39,696	
Technology		45,499	
Contribution to Foothills Regional			
Airport		47,137	
Economic development		533,288	
Capital improvements and equipment		2,152	
Other operating expenses		26,293	
Reimbursement of administrative			
costs for Water Fund		(377,634)	
Total Administrative	1,983,621	1,846,615	137,006
Building Maintenance:			
Salaries and wages		208,356	
Personnel benefits		75,569	
Telephone and postage		1,234	
Utilities		7,052	
Maintenance - building and equipment		6,609	
Supplies		1,168	

City of Lenoir, North Carolina

General Fund

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

For the Year Ended June 30, 2020

(Schedule 2, Page 3)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
General Government (Continued)			
Building Maintenance (Continued)			
Uniforms		\$ 1,967	
Insurance and bonds		6,230	
Other operating expenses		5,056	
Reimbursement of administrative costs for Water Fund		(15,367)	
Total Building Maintenance	318,415	297,874	20,541
Engineering:			
Salaries and wages		123,882	
Personnel benefits		35,039	
Professional services		68,969	
Telephone and postage		1,009	
Utilities		19,425	
Maintenance - building and equipment		17,182	
Travel and training		394	
Supplies		735	
Uniforms		364	
Contracted services		8,354	
Dues and subscriptions		354	
Insurance and bonds		12,481	
Other operating expenses		4,819	
Reimbursement of administrative costs for Water Fund		(40,036)	
Total Engineering	290,376	252,971	37,405
Cemetery:			
Salaries and wages		196,332	
Personnel benefits		75,256	
Telephone and postage		2,438	
Utilities		8,970	
Maintenance - building and equipment		11,520	
Supplies		17,598	
Contracted services		11,261	
Purchase for resale		50,421	
Insurance and bonds		7,081	
Other operating expenses		5,114	
Total Cemetery	399,526	385,991	13,535
Vehicle Services:			
Salaries and wages		156,753	
Personnel benefits		60,737	

City of Lenoir, North Carolina

General Fund

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

For the Year Ended June 30, 2020

(Schedule 2, Page 4)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
General Government (Continued)			
Vehicle Services (Continued)			
Telephone and postage		\$ 1,483	
Utilities		4,967	
Maintenance - building and equipment		22,087	
Travel and training		863	
Departmental supplies		15,922	
Uniforms		1,535	
Contracted services		13,738	
Insurance and bonds		8,763	
Other operating expenses		2,811	
Reimbursement of administrative costs for Water Fund		(93,367)	
Total Vehicle Services	235,478	196,292	39,186
Total General Government	3,227,416	2,979,743	247,673
Public Safety:			
Police:			
Salaries and wages		3,148,735	
Personnel benefits		1,232,207	
Professional services		4,195	
Telephone and postage		48,512	
Utilities		27,265	
Travel and training		25,807	
Maintenance - building and equipment		257,794	
Supplies		82,324	
Uniforms		57,446	
Contracted services		144,160	
Insurance and bonds		116,925	
Technology		7,510	
Substance Control		7,384	
Police benefit		8,862	
Capital improvements and equipment		237,164	
D.A.R.E.		4,770	
Explorer Post 246		1,236	
Adopt-A-Cop		7,125	
Other operating expenses		83,355	
Total Police	5,562,898	5,502,776	60,122
Fire:			
Salaries and wages		2,432,211	
Personnel benefits		817,241	

City of Lenoir, North Carolina

General Fund

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

For the Year Ended June 30, 2020

(Schedule 2, Page 5)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire (Continued)			
Telephone and postage		\$ 7,897	
Professional Services		4,306	
Utilities		40,494	
Travel and training		8,546	
Maintenance - building and equipment		108,946	
Supplies		16,786	
Uniforms		15,186	
Contracted services		44,898	
Dues and subscriptions		7,810	
Insurance and bonds		88,914	
Other operating expenses		27,074	
Capital Improvemnst		17,741	
Total Fire	3,736,603	3,638,050	98,553
Total Public Safety	9,299,501	9,140,826	158,675
Transportation:			
Streets:			
Salaries and wages		475,737	
Personnel benefits		181,819	
Professional services		7,659	
Telephone and postage		6,441	
Utilities		312,163	
Travel and training		356	
Maintenance - building and equipment		191,533	
Street repairs and maintenance		389,619	
Supplies		11,718	
Street signs and pavement marking		37,165	
Uniforms		4,416	
Insurance and bonds		30,538	
Capital Improvements		127,115	
Reimbursement of administrative costs for Water Fund		(10,271)	
Other operating expenses		6,991	
Total Transportation	1,847,815	1,772,999	74,816
Environmental Protection:			
Sanitation:			
Salaries and wages		389,473	
Personnel benefits		143,886	
Telephone and postage		1,964	
Travel and training		126	
Maintenance - building and equipment		101,291	
Supplies		424,562	
Advertising and printing		3,193	
Insurance and bonds		22,129	
Uniforms		3,829	
Contracted Services		16,945	

City of Lenoir, North Carolina

General Fund

Supplemental Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

(Schedule 2, Page 6)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
Environmental Protection (Continued)			
Sanitation (Continued)			
Purchases for resale		\$ 5,200	
Tipping fees		81,928	
Recycling services		35,950	
Other operating expenses		6,507	
Capital Outlay		288,000	
Total Environmental Protection	1,542,215	1,524,983	17,232
Economic and Physical Development:			
Downtown District:			
Salaries and wages		94,194	
Personnel benefits		29,244	
Utilities		5,863	
Telephone and postage		1,522	
Travel and training		5,614	
Maintenance - equipment and streetscape		3,110	
Advertising and printing		14,377	
Departmental supplies		4,019	
Contracted services		4,664	
Events and promotions		5,356	
Facade incentive grants		10,856	
Dues and subscriptions		770	
Other operating expenses		7,974	
Total Downtown District	198,736	187,563	11,173
Planning:			
Salaries and wages		224,300	
Personnel benefits		65,825	
Professional services		3,303	
Contracted services		18,393	
Telephone and postage		4,086	
Travel and training		2,655	
Maintenance - equipment		4,033	
Advertising and printing		482	
Supplies		943	
Dues and subscriptions		2,390	
Insurance and bonds		10,179	
Building demolition		20,650	
Other operating expenses		3,362	
Reimbursement for administrative costs for Water Fund		(78,652)	
Total Planning	317,086	281,949	35,137
Total Economic and Physical Development	515,822	469,512	46,310

City of Lenoir, North Carolina

General Fund

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

For the Year Ended June 30, 2020

(Schedule 2, Page 7)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
Culture and Recreation:			
Recreation Centers and Parks:			
Salaries and wages		\$ 530,387	
Personnel benefits		181,288	
Basketball league		4,682	
Softball & baseball leagues		3,511	
Miscellaneous leagues and programs		41,295	
Harambee Festival		12,926	
Telephone and postage		4,086	
Utilities		92,337	
Travel and training		4,353	
Insurance and bonds		44,382	
Maintenance - building and equipment		111,523	
Supplies		44,753	
Advertising and printing		2,387	
Uniforms		2,981	
Contracted services		34,903	
Concessions and purchases for resale		436	
Capital Outlay		10,000	
Other operating expenses		13,617	
Total Recreation Centers and Parks	1,188,182	1,139,847	48,335
Aquatic and Fitness Center:			
Salaries and wages		276,226	
Personnel benefits		80,460	
Telephone and postage		1,187	
Utilities		67,159	
Travel and training		1,284	
Maintenance - building and equipment		16,561	
Supplies		28,691	
Uniforms		467	
Advertising and printing		487	
Contracted services		9,650	
Concessions and purchases for resale		1,570	
Insurance and bonds		6,373	
Other operating expenses		1,057	
Total Aquatic and Fitness Center	513,244	491,172	22,072

City of Lenoir, North Carolina

General Fund

**Supplemental Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual**
For the Year Ended June 30, 2020

(Schedule 2, Page 8)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Total Culture and Recreation	1,701,426	1,631,019	70,407
Debt Service:			
Principal	484,721	478,922	5,799
Interest	6,980	5,679	1,301
Total Debt Service	491,701	484,601	7,100
Total Expenditures	18,625,896	18,003,683	622,213
REVENUES OVER/(UNDER) EXPENDITURES	(393,005)	1,275,323	1,668,328
OTHER FINANCING SOURCES (USES):			
Transfers in (out):	(314,995)	(314,995)	-
Appropriated Fund Balance	708,000		(708,000)
Total other financing sources (uses)	393,005	(314,995)	(708,000)
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	960,328	\$ 960,328
FUND BALANCE:			
Beginning of year		11,361,196	
End of year		\$ 12,321,524	

Special Revenue Fund

The Special Revenue Fund accounts for specific revenues that are legally restricted to expenditure for particular purposes.

The only fund so specified by the City is the Grants Program Fund to account for grant revenues and related expenditures. Included are the following projects: CDBG Entitlement Programs, and Unifour HOME Consortium Programs.

City of Lenoir, North Carolina

Special Revenue Fund

Supplemental Balance Sheets

June 30, 2020

(Schedule 3)

	<u>2020</u>
Assets	
Cash and cash equivalents	\$ 399,340
Grants Receivable	234,997
Total assets	<u>\$ 634,337</u>
 Liabilities and fund balances	
Liabilities:	
Accounts payable	1,412
Total liabilities	<u>1,412</u>
 Fund balances:	
Assigned to Future Economic Development	632,925
Total fund balances	<u>632,925</u>
 Total liabilities and fund balances	<u>\$ 634,337</u>

City of Lenoir, North Carolina

Special Revenue Fund

Supplemental Schedule of Revenues and Expenditures Compared with
Authorizations From Inception and for the Year Ended June 30, 2020

(Schedule 4, Page 1)

			Actual		
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
2017 COMMUNITY DEVELOPMENT					
BLOCK GRANT:					
Revenues:					
Intergovernmental	131,683	73,473	27,175	100,648	(31,035)
Expenditures:					
Clearance	13,347				13,347
Public Facilities Improvements	92,000	47,137	27,175	74,312	17,688
Debt principal and Interest	26,336	26,336		26,336	-
Total expenditures	131,683	73,473	27,175	100,648	31,035
Expenditures (over) revenues	-	-	-	-	-
2018 COMMUNITY DEVELOPMENT					
BLOCK GRANT:					
Revenues:					
Intergovernmental	137,666	27,533	48,556	76,089	(61,577)
Expenditures:					
Public Facilities Improvement	110,133	-	48,556	48,556	61,577
Administration	27,533	27,533	-	27,533	-
Total expenditures	137,666	27,533	48,556	76,089	61,577
Expenditures (over) revenues	-	-	-	-	-
2019 COMMUNITY DEVELOPMENT					
BLOCK GRANT:					
Revenues:					
Intergovernmental	135,877		58,210	58,210	(77,667)
Expenditures:					
Public Facilities Improvement	108,702	-	58,210	58,210	50,492
Administration	27,175			-	27,175
Total expenditures	135,877	-	58,210	58,210	77,667
Expenditures (over) revenues	-	-	-	-	-

City of Lenoir, North Carolina

Special Revenue Fund

Supplemental Schedule of Revenues and Expenditures Compared with
Authorizations From Inception and for the Year Ended June 30, 2019

(Schedule 4, Page 2)

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
2017 UNIFOUR HOME CONSORTIUM:					
Revenues:					
Intergovernmental	814,513	294,393	520,120	814,513	-
Program Income	644,716	776,573		776,573	131,857
Total revenue	1,459,229	1,070,966	520,120	1,591,086	131,857
Expenditures:					
Downpayment assistance	719,778	479,942	180,120	660,062	59,716
CHDO	440,000	299,000	140,000	439,000	1,000
Administration	99,451	99,385	-	99,385	66
Multi-family housing	200,000		200,000	200,000	-
Total expenditures	1,459,229	878,327	520,120	1,398,447	60,782
Expenditures (over) revenues	-	192,639	-	192,639	192,639
2018 UNIFOUR HOME CONSORTIUM:					
Revenues:					
Intergovernmental	1,152,451	94,067	652,671	746,738	(405,713)
Program income	300,000	296,313	18,750	315,063	15,063
Total revenue	1,452,451	390,380	671,421	1,061,801	(390,650)
Expenditures:					
Downpayment assistance	500,338	111,103	248,833	359,936	140,402
CHDO	172,868		103,342	103,342	69,526
Administration	115,245	83,228	32,012	115,240	5
Multi-family housing	664,000		357,000	357,000	307,000
Total expenditures	1,452,451	194,331	741,187	935,518	516,933
Expenditures (over) revenues	-	196,049	(69,766)	126,283	126,283

City of Lenoir, North Carolina

Special Revenue Fund

Supplemental Schedule of Revenues and Expenditures Compared with
Authorizations From Inception and for the Year Ended June 30, 2020

(Schedule 4, Page 3)

			Actual		
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
2019 UNIFOUR HOME CONSORTIUM:					
Revenues:					
Intergovernmental	1,102,000	-	326,188	326,188	(775,812)
Program income	350,000	-	385,693	385,693	35,693
Total revenue	1,452,000	-	711,881	711,881	(740,119)
Expenditures:					
Downpayment assistance	362,500	-	234,997	234,997	127,503
CHDO	165,300	-	-	-	165,300
Administration	110,200	-	91,191	91,191	19,009
New Construction	300,000	-	78,161	78,161	221,839
Multi-family housing	514,000	-	-	-	514,000
Total expenditures	1,452,000	-	404,349	404,349	1,047,651
Expenditures (over) revenues	-	-	307,532	307,532	307,532
Expenditures (over) revenues - all grants	\$ -	\$ 388,688	\$ 237,766	\$ 626,454	\$ 626,454
Other financing sources:					
Transfers from General Fund		6,471		6,471	6,471
Total other financing sources	-	6,471	-	6,471	6,471
Expenditures (over) revenues and other financing sources- all grants	\$ -	\$ 395,159	237,766	\$ 632,925	\$ 632,925
FUND BALANCE:					
Beginning of year			395,159		
End of year			\$ 632,925		

Nonmajor Governmental Funds

The Nonmajor Governmental Funds include the Capital Projects Fund and the Permanent Fund.

City of Lenoir, North Carolina

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020
(Schedule 5)

	Capital Project Fund	Permanent Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	29,433	295,897	325,330
Total assets	<u>\$ 29,433</u>	<u>\$ 295,897</u>	<u>\$ 325,330</u>
 Fund balances:			
Restricted Cementary Care	-	295,897	295,897
Assigned to Future Capital Outlay	29,433	-	29,433
Total fund balances	<u>29,433</u>	<u>295,897</u>	<u>325,330</u>

City of Lenoir, North Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

(Schedule 6)

	Capital Project Fund	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Restricted intergovernmental revenues	\$ 50,924	\$ -	\$ 50,924
Investment earnings	35	5,315	5,350
Miscellaneous		6,600	6,600
Total revenues	<u>50,959</u>	<u>11,915</u>	<u>62,874</u>
Expenditures			
Current:			
Capital projects	412,170	-	412,170
Total expenditures	<u>412,170</u>	<u>-</u>	<u>412,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(361,211)</u>	<u>11,915</u>	<u>(349,296)</u>
Other financing sources (uses)			
Transfers	314,995	-	314,995
Total other financing sources (uses)	<u>314,995</u>	<u>-</u>	<u>314,995</u>
Net change in fund balances	<u>(46,216)</u>	<u>11,915</u>	<u>(34,301)</u>
Fund balance - beginning	<u>75,649</u>	<u>283,982</u>	<u>359,631</u>
Fund balance - ending	<u>\$ 29,433</u>	<u>\$ 295,897</u>	<u>\$ 325,330</u>

General Capital Project Fund

The General Capital Project Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Projects are the Mulberry Optimist, Hospital Avenue, Fire Station II and Broyhill Plant RedevelopmentI.

City of Lenoir, North Carolina

Capital Project Fund

Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance

Compared with Authorizations from Inception and for the Year Ended June 30, 2020

(Schedule 7)

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
BROYHILL PLANT REDEVELOPMENT-BROWNFIELD					
Revenues:					
ARC Grant	300,000				(300,000)
EPA Grant	45,000				(45,000)
City In Kind	173,000				(173,000)
Total Revenues	518,000				(518,000)
Expenditures:					
Removed Engineering	550,000				550,000
Engineering	45,000		1,995	1,995	43,005
Land and Right of Ways	173,000				173,000
Total expenditures	768,000		1,995	1,995	766,005
Expenditures (over) under revenues	(250,000)		(1,995)	(1,995)	248,005
FIRE STATION III					
Revenues:					
Interest Earned	-	5,111	35	5,146	5,146
Expenditures:					
Purchase of Facility	1,128,615	1,086,621		1,086,621	41,994
Renovations	350,000	181,437	153,070	334,507	15,493
Equipment	157,000	95,359	60,975	156,334	666
Total expenditures	1,635,615	1,363,417	214,045	1,577,462	58,153
Expenditures (over) revenues	(1,635,615)	(1,358,306)	(214,010)	(1,572,316)	63,299
MULBERRY OPTIMIST					
Revenues:					
Partf Grant	214,200	162,485	50,924	213,409	(791)
Expenditures:					
Construction	403,200	238,559	164,333	402,892	308
Engineering	24,000	23,926	-	23,926	74
Total expenditures	427,200	262,485	164,333	426,818	382
Expenditures (over) revenues	(213,000)	(100,000)	(113,409)	(213,409)	(409)

HOSPITAL AVENUE

Revenues:					
NC DOT Grant	800,000			-	(800,000)
Expenditures:					
Engineering	135,000	97,465	31,797	129,262	5,738
Construction	865,000	52,582	-	52,582	812,418
Total expenditures	1,000,000	150,047	31,797	181,844	818,156
Expenditures (over) revenues	(200,000)	(150,047)	(31,797)	(181,844)	18,156
Expenditures (over) under revenues- all projects	(2,298,615)	(1,608,353)	(361,211)	(1,969,564)	329,051
OTHER FINANCING SOURCES(USES):					
Financing issuances	1,300,000	1,300,000		1,300,000	-
Transfer from General Fund	998,615	384,002	314,995	698,997	(299,618)
Total other financing sources	2,298,615	1,684,002	314,995	1,998,997	(299,618)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 75,649	\$ (46,216)	\$ 29,433	\$ 29,433
Fund balance beginning of year			75,649		
Fund balance end of year			\$ 29,433		

Permanent Fund

The Permanent Fund accounts for Perpetual Cemetery Care.

City of Lenoir, North Carolina

Permanent Fund

**Supplemental Schedule of Revenues, Expenditures and Changes in
Fund Balance -Budget and Actual
For the Year Ended June 30, 2020**

(Schedule 8)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Revenues:			
Sales	\$ 1,000	\$ 6,600	5,600
Interest earned on investments		5,315	5,315
Total revenues	1,000	11,915	10,915
Expenditures:			
Improvements	1,000		1,000
Revenues over expenditures	-	11,915	11,915
Fund Balance:			
Beginning of year		283,982	
End of year		\$ 295,897	

Agency Fund

The Agency Fund accounts for Flexcare payments.

City of Lenoir, North Carolina

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For Fiscal Year Ended June 30, 2020
(Schedule 9)

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
<u>Flex Spending</u>				
Assets				
Cash and cash equivalents	\$ 1,941	\$ 86,272	\$ 86,272	\$ 1,941
Total assets	<u>\$ 1,941</u>	<u>\$ 86,272</u>	<u>\$ 86,272</u>	<u>\$ 1,941</u>
Liabilities				
Due to Participants	\$ 1,941	\$ 86,272	\$ 86,272	\$ 1,941
Total liabilities	<u>\$ 1,941</u>	<u>\$ 86,272</u>	<u>\$ 86,272</u>	<u>\$ 1,941</u>

Enterprise Fund

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 government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

The Water and Sewer Fund accounts for the City's water filtration and distribution and wastewater collection and treatment operations.

City of Lenoir, North Carolina

Enterprise Fund - Water and Sewer Fund

Supplemental Balance Sheet

June 30, 2020

(Schedule 10)

	2020
Assets	
Current assets	
Cash and cash equivalents	\$ 9,218,620
Accounts receivable (net)	401,118
Due from other Governmental Entities	2,673,228
Inventories	57,422
Restricted Cash and cash equivalents	167,885
Total current assets	<u>12,518,273</u>
Noncurrent assets	
Capital assets, net	<u>66,446,829</u>
Total assets	<u>78,965,102</u>
Deferred Outflows of Resources	
Pension Deferrals	885,924
OPEB Deferrals	17,870
Total Deferred Outflows of Resources	<u>903,794</u>
Liabilities	
Current liabilities	
Accounts payable	496,531
Installment purchase contracts - current	538,323
Revolving loan payable - current	889,918
Customer deposits payable from Restricted Assets	167,885
Compensated absences payable	86,066
Total current liabilities	<u>2,178,723</u>
Noncurrent liabilities	
Revolving loan payable	15,579,566
Installment purchase contracts payable	3,520,000
Total OPEB Liability	352,559
Compensated absences payable	70,418
Net Pension Liability	1,484,775
Total noncurrent liabilities	<u>21,007,318</u>
Total liabilities	<u>23,186,041</u>
Deferred Inflows of Resources:	
Pension Deferrals	20,036
OPEB Deferrals	96,462
Total Deferred Inflows of Resources	<u>116,498</u>
Net Position	
Net investment in capital assets	45,919,022
Unrestricted Net Position	10,647,335
Total Net Position	<u>\$ 56,566,357</u>

City of Lenoir, North Carolina

Enterprise Fund - Water and Sewer Fund

Supplemental Schedule of Revenues - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2020

(Schedule 11, Part I)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
REVENUES:			
Operating revenues:			
Water sales	\$ 5,547,145	\$ 6,156,146	\$ 609,001
Wastewater treatment charges	3,089,543	3,008,760	(80,783)
Water and sewer taps	32,000	47,395	15,395
Late payment/reconnect fees	229,000	162,286	(66,714)
Miscellaneous	24,000	151,282	127,282
Total operating revenues	<u>8,921,688</u>	<u>9,525,869</u>	<u>604,181</u>
Nonoperating revenues:			
Interest on investments	20,000	67,426	47,426
Total Nonoperating Revenues	<u>20,000</u>	<u>67,426</u>	<u>47,426</u>
Total Revenues	<u>\$ 8,941,688</u>	<u>\$ 9,593,295</u>	<u>\$ 651,607</u>

City of Lenoir, North Carolina

Enterprise Fund - Water and Sewer Fund

Supplemental Schedule of Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2020

(Schedule 11, Part II, Page 1)

	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES:			
Rhodhiss Water Treatment Plant:			
Salaries and wages		\$ 366,945	
Personnel benefits		121,635	
Telephone and postage		1,212	
Utilities		359,662	
Maintenance:			
Building and grounds		43,136	
Equipment		43,483	
Motor equipment operation and maintenance		4,845	
Departmental supplies		12,738	
Uniforms		4,009	
Contracted services		42,091	
State testing		13,589	
Chemicals		158,669	
Insurance and bonds		20,226	
Miscellaneous		10,819	
Utility service fees		123,065	
Total Rhodhiss Water Treatment Plant	1,405,200	1,326,124	79,076
Water Distribution:			
Salaries and wages		388,442	
Personnel benefits		136,490	
Telephone and postage		58,385	
Utilities		25,734	
Travel and training		2,332	
Maintenance:			
Equipment		93,977	
Distribution system		42,989	
Departmental supplies		94,285	
Uniforms		3,308	
Insurance and bonds		63,533	
Contracted services		96,393	
Miscellaneous		17,021	
Utility service fees		123,065	
Total Water Distribution	1,311,785	1,145,954	165,831
Water Resources			
Salaries and wages		325,345	
Personnel benefits		105,519	
Professional services		140,918	

City of Lenoir, North Carolina

Enterprise Fund - Water and Sewer Fund

Supplemental Schedule of Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2020

(Schedule 11, Part II, Page 2)

EXPENDITURES (Continued)	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Water Resources (Continued)			
Travel and training		\$ 3,942	
Telephone and postage		3,609	
Equipment maintenance		5,343	
Motor equipment operation and maintenance		15,581	
Departmental supplies		5,868	
Uniforms		2,301	
Insurance and bonds		4,713	
Miscellaneous		9,863	
Total Water Resources	678,023	623,002	55,021
Wastewater Collection			
Salaries and wages		261,084	
Personnel benefits		94,094	
Telephone and postage		4,950	
Utilities		50,888	
Travel and training		2,299	
Maintenance:			
Equipment		4,478	
Sewage collection system		43,536	
Motor equipment operation and maintenance		36,596	
Departmental supplies		21,893	
Uniforms		3,308	
Contracted services		90,644	
Insurance and bonds		49,158	
Miscellaneous		13,008	
Utility service fees		123,065	
Total Wastewater Collection	962,779	799,001	163,778
Lower Creek Wastewater Treatment Plant:			
Salaries and wages		397,300	
Personnel benefits		155,333	
Telephone and postage		4,561	
Utilities		306,292	
Travel and training		3,076	
Maintenance:			
Building and grounds		991	
Equipment		86,833	
Motor equipment operation and maintenance		16,577	
Departmental supplies		32,376	
Uniforms		2,336	
Contracted services		162,416	
Chemicals		39,322	
Insurance and bonds		20,545	
Miscellaneous		8,900	
Utility service fees		123,065	
Total Lower Creek Wastewater Treatment Plant	1,310,176	1,359,923	(49,747)

City of Lenoir, North Carolina

Enterprise Fund - Water and Sewer Fund

Supplemental Schedule of Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2020

(Schedule 11, Part II, Page 3)

EXPENDITURES (Continued)	2020		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Gunpowder Wastewater Treatment Plant:			
Salaries and wages		\$ 58,943	
Personnel benefits		20,002	
Telephone and postage		1,915	
Utilities		196,015	
Maintenance:			
Equipment		16,175	
Motor equipment operation and maintenance		1,758	
Departmental supplies		2,040	
Uniforms		1,409	
Contracted services		25,017	
Chemicals		52,940	
Insurance and bonds		15,048	
Miscellaneous		2,032	
Utility service fees		123,065	
Total Gunpowder Wastewater Treatment Plant	623,368	516,359	107,009
Wastewater Pretreatment:			
Salaries and wages		40,975	
Personnel benefits		13,901	
Travel and training		120	
Motor equipment operation and maintenance		2,355	
Uniforms		313	
Supplies		936	
Miscellaneous		144	
Total Wastewater Pretreatment	185,988	58,744	127,244
Budgetary appropriations:			
Interest paid	205,018	201,318	3,700
Debt principal	1,635,259	1,567,794	67,465
Capital outlay:	624,092	436,187	187,905
Transfers Out	-	139,900	(139,900)
Total budgetary appropriations	2,464,369	2,345,199	119,170
TOTAL EXPENDITURES	\$ 8,941,688	\$ 8,174,306	\$ 767,382

City of Lenoir, North Carolina

Enterprise Fund - Water and Sewer Fund

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

For the Year Ended June 30, 2020

(Schedule 11, Part III)

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

	2020 Actual
Total revenues and other financing sources on Schedule 11, Part I, Water and Sewer	\$ 9,593,295
Total expenditures on Schedule 7, Part II, Water and Sewer	<u>8,174,306</u>
Revenues and other sources over (under) expenditures and other uses:	<u>1,418,989</u>
Reconciling items:	
Grants - Capital Projects	129,630
Interest Earned - Capital Projects	6,090
Debt principal	1,567,794
Capital outlay	436,188
Transfer to Capital Projects	139,900
Increase in accrued vacation pay	(16,612)
Bad debts	(200,000)
Depreciation expense	(1,604,238)
Decrease in Inventory	(115,294)
Decrease in Deferred Outflows-Pensions	(82,313)
Decrease in Deferred Inflows-Pensions	26,684
Increase in Net Pension Liability	(253,245)
Increase (Decrease) in deferred outflows of resources - OPEB	(8,994)
(Increase) Decrease in deferred inflows of resources - OPEB	(61,990)
(Increase) Decrease in OPEB Liability	<u>45,504</u>
Total reconciling items	<u>9,104</u>
Change in Net Position (Exhibit G)	<u><u>\$ 1,428,093</u></u>

Enterprise Capital Project Fund

The Enterprise Capital Project Fund accounts for financial resources to be used for the acquisition and construction of major water and sewer capital facilities. Projects are the, Water Treatment Plant Upgrade – Phase II, Biosolids Facility Improvements, Brownfield Assessments and Metering, and Crossroads Sewer.

City of Lenoir, North Carolina

Water and Sewer Capital Projects Fund

Supplemental Schedule of Revenues and Expenditures -

Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2020

(Schedule 12, Page 1)

	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Brownfield Assessments					
Revenues:					
EPA Grant	\$ 300,000	\$ 42,520	\$ 129,630	\$ 172,150	\$ (127,850)
Expenditures:					
Professional Services	300,000	42,520	129,630	172,150	127,850
Total expenditures	300,000	42,520	129,630	172,150	127,850
Expenditures (under) revenues	-	-	-	-	-
Crossroads Sewer					
Revenues:					
Clean Water Loan	\$ 2,775,000	\$ -	\$ -	\$ -	\$ (2,775,000)
Expenditures:					
Engineering	371,000		69,747	69,747	301,253
Construction	2,186,000		7,200	7,200	2,178,800
Contingency	218,000			-	218,000
Closing Costs	55,500				55,500
Total expenditures	2,830,500	-	76,947	76,947	2,753,553
Expenditures (under) revenues	(55,500)	-	(76,947)	(69,747)	(21,447)
Other financing sources (uses):					
Transfers From Other Funds	55,500		-	-	(55,500)
Total Other financing sources(uses):	55,500	-	-	-	(55,500)
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	(76,947)	(76,947)	(76,947)
Metering Project					
Revenues:					
Interest Earned	\$ -	\$ 541	\$ 6,090	6,631	6,631
Expenditures:					
Metering System	3,762,645	80,986	2,906,750	2,987,736	774,909
Management Feed	339,130		171,200	171,200	167,930
Contingency	298,225				298,225
Total expenditures	4,400,000	80,986	3,077,950	3,158,936	1,241,064
Expenditures (under) revenues	(4,400,000)	(80,445)	(3,071,860)	(3,152,305)	1,247,695
Other financing sources (uses):					
Financing Issuances	4,400,000	4,400,000		4,400,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,319,555	\$ (3,071,860)	\$ 1,247,695	\$ 1,247,695

City of Lenoir, North Carolina

Water and Sewer Capital Projects Fund

Supplemental Schedule of Revenues and Expenditures -

Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2020

(Schedule 12, Page 2)

	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Water Treatment Plant Upgrade - Phase II					
Revenues:					
Contributions-Private Industry	\$ 10,050,000	\$ 10,050,000	\$ -	\$ 10,050,000	-
Expenditures:					
Engineering	645,000	321,417	319,749	\$ 641,166	3,834
Construction	9,395,000	7,026,379	1,043,956	\$ 8,070,335	1,324,665
Administration	10,000	368	263	\$ 631	9,369
Total expenditures	10,050,000	7,348,164	1,363,968	8,712,132	1,337,868
Expenditures (under) revenues	-	2,701,836	(1,363,968)	1,337,868	1,337,868
Biosolids Facility Improvements					
Revenues:					
Clean Water Trust Loan	\$ 6,995,000	\$ 877,381	\$ 2,671,953	3,549,334	(3,445,666)
Expenditures:					
Engineering	780,000	312,660	299,283	611,943	168,057
Construction	5,970,275	564,721	2,372,272	2,936,993	3,033,282
Administration	52,725		398	398	52,327
Closing Fees	139,900		139,900	139,900	
Contingency	192,000			-	192,000
Total Expenditures	7,134,900	877,381	2,811,853	3,689,234	3,445,666
Expenditures over (under) revenues	(139,900)	-	(139,900)	(139,900)	-
Other Financing Sources (Uses)					
Transfer from Other Funds	139,900		139,900	139,900	
Revenues and Other Financing Sources over(under) expenditures	-	-	-	-	-
Total Water and Sewer Capital Project Fund					
	\$ -	\$ 7,021,391	\$ (4,512,775)	\$ 2,508,616	\$ 2,508,616

Additional Financial Data

This section contains the following additional financial data: Schedule of Cash and Investment Balances, Schedule of Ad Valorem Taxes Receivable, and Analysis of Current Tax Levy.

City of Lenoir, North Carolina

Schedule of Cash and Investment Balances

June 30, 2020

(Schedule 13)

	<u>Cost Value</u>	<u>Fair Value</u>
Cash and Investments in the form of:		
Cash:		
On hand	\$ 2,310	\$ 2,310
In demand deposits	5,880,255	5,880,255
In certificates of deposit	2,545,421	2,545,421
Total Cash	<u>8,427,986</u>	<u>8,427,986</u>
Investments - North Carolina Capital North Carolina Capital Management Trust	<u>12,510,091</u>	<u>12,510,091</u>
Total Cash and Investments	<u>\$ 20,938,077</u>	<u>\$ 20,938,077</u>
Distribution by Funds:		
Governmental Fund types	\$ 11,551,572	\$ 11,551,572
Enterprise Fund	9,386,505	9,386,505
Total	<u>\$ 20,938,077</u>	<u>\$ 20,938,077</u>

City of Lenoir, North Carolina

Schedule of Ad Valorem Taxes Receivable

June 30, 2020

(Schedule 14)

Fiscal Year	Uncollected Balance 7/1/2019	Additions	Collections and Credits	Uncollected Balance 6/30/2020
2019-2020	\$	\$ 8,902,342	\$ 8,564,427	\$ 337,915
2018-2019	376,918		126,369	250,549
2017-2018	\$ 184,283		48,708	135,575
2016-2017	158,198		65,001	\$ 93,197
2015-2016	125,533		24,860	100,673
2014-2015	111,055		19,301	91,754
2013-2014	170,720		16,362	154,358
2012-2013	114,544		14,961	99,583
2011-2012	115,645		11,181	104,464
2010-2011	142,043		10,061	131,982
2009-2010	24,374		24,374	
Total	<u>\$ 1,523,313</u>	<u>\$ 8,902,342</u>	<u>\$ 8,925,605</u>	<u>\$ 1,500,050</u>
Less allowance for uncollectible ad valorem taxes receivable:				
Ad valorem and vehicle			\$ 1,142,264	
Downtown Service District			20,954	1,163,218
Ad valorem taxes receivable - net			\$	<u>\$ 336,832</u>
Reconcilement with revenues:				
Ad valorem taxes (Schedule 2)				\$ 8,889,572
Discounts allowed				105,056
Amounts written off per statute of limitations				24,374
Subtotal				<u>9,019,002</u>
Less penalties and interest collected				<u>93,397</u>
Total collections and credits				<u>\$ 8,925,605</u>

City of Lenoir, North Carolina

Analysis of Current Tax Levy

June 30, 2020

(Schedule 15)

	Total Property Valuation	Rate	Amount of Levy	Total Levy	
				Property Excluding Vehicles	Motor Vehicles
Original levy:					
Ad Valorem	\$ 2,781,702,241	\$ 0.58	\$ 16,133,873	\$ 16,133,873	
Downtown Service District	12,905,600	0.25	32,264	32,264	
Motor Vehicles:					
General	132,735,172	0.58	769,864		\$ 769,864
Discoveries			489,821	489,821	
Releases			(8,523,480)	(8,523,480)	
Total for year	<u>2,927,343,013</u>		8,902,342	8,132,478	769,864
Less uncollected tax at June 30, 2020 (schedule 14)			<u>337,915</u>	<u>337,915</u>	
Current year's taxes collected			<u>\$ 8,564,427</u>	<u>\$ 7,794,563</u>	<u>\$ 769,864</u>
Percent current year collected			96.20%	95.84%	100.00%

Capital Assets Used in the Operation of Governmental Funds

City of Lenoir, North Carolina

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2020
(Schedule 16)

Function and Activity	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government:						
Administrative	\$ 769,701	\$ 767,504	\$ 1,162,049	\$ 1,740,011	\$ -	\$ 4,439,265
Vehicle services	-	-	326,688	-	-	326,688
Building maintenance	-	-	161,634	-	-	161,634
Public works administration	137,051	477,074	278,159	-	1,995	894,279
Cemeteries	105,673	150,164	89,764	-	-	345,601
Total general government	1,012,425	1,394,742	2,018,294	1,740,011	1,995	6,167,467
Public Safety:						
Police	170,165	1,606,695	4,860,640	-	-	6,637,500
Fire	237,774	2,269,691	3,901,498	-	-	6,408,963
Total public safety	407,939	3,876,386	8,762,138	-	-	13,046,463
Transportation:						
Streets	55,277	3,973,098	2,652,005	41,819,705	181,844	48,681,929
Environmental protection:						
Sanitation	9,500	19,969	1,718,562	-	-	1,748,031
Economic & physical development:						
Planning & Main Street	-	12,233	91,351	-	-	103,584
Recreation and culture:						
Recreation	2,131,204	7,030,143	1,108,747	1,069,840	-	11,339,934
Landscaping	10	396,104	314,259	-	-	710,373
Total recreation & culture	2,131,214	7,426,247	1,423,006	1,069,840	-	12,050,307
Total governmental funds capital assets	\$ 3,616,355	\$ 16,702,675	\$ 16,665,356	\$ 44,629,556	\$ 183,839	\$ 81,797,781

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of understanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

Table 1
City of Lenoir, North Carolina
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Governmental activities					
Net investment in capital assets	\$ 24,687,510	\$ 24,742,318	\$ 23,908,648	\$ 23,511,733	\$ 23,067,714
Restricted	2,068,699	1,628,404	2,090,733	2,033,820	2,064,013
Unrestricted	3,495,229	2,749,865	2,589,418	2,847,028	2,799,456
Total governmental activities net position	\$ 30,251,438	\$ 29,120,587	\$ 28,588,799	\$ 28,392,581	\$ 27,931,183
Business-type activities					
Net investment in capital assets	\$ 30,152,606	\$ 31,523,163	\$ 32,458,799	\$ 33,769,317	\$ 34,672,805
Unrestricted	\$ 3,602,725	\$ 3,311,422	\$ 3,272,193	\$ 3,217,991	\$ 2,921,449
Total business-type activities net position	\$ 33,755,331	\$ 34,834,585	\$ 35,730,992	\$ 36,987,308	\$ 37,594,254
Primary government					
Net investment in capital assets	\$ 54,840,116	\$ 56,265,481	\$ 56,367,447	\$ 57,281,050	\$ 57,740,519
Restricted	2,068,699	1,628,404	2,090,733	2,033,820	2,064,013
Unrestricted	6,329,412	6,061,287	5,861,611	6,065,019	5,720,905
Total primary government net position	\$ 63,238,227	\$ 63,955,172	\$ 64,319,791	\$ 65,379,889	\$ 65,525,437
	Fiscal Year				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Governmental activities					
Net investment in capital assets	\$ 22,408,717	\$ 22,249,268	\$ 22,246,314	\$ 22,395,076	\$ 22,585,914
Restricted	2,185,690	1,864,853	2,216,291	1,815,848	2,134,052
Unrestricted	3,588,550	4,926,142	4,412,313	5,425,858	5,662,667
Total governmental activities net position	\$ 28,182,957	\$ 29,040,263	\$ 28,874,918	\$ 29,636,782	\$ 30,382,633
Business-type activities					
Net investment in capital assets	\$ 35,531,735	\$ 36,016,281	\$ 39,010,237	\$ 40,730,883	\$ 45,919,022
Unrestricted	\$ 3,096,389	\$ 4,187,558	\$ 14,003,200	\$ 14,407,381	\$ 10,647,335
Total business-type activities net position	\$ 38,628,124	\$ 40,203,839	\$ 53,013,437	\$ 55,138,264	\$ 56,566,357
Primary government					
Net investment in capital assets	\$ 57,940,452	\$ 58,265,549	\$ 61,256,551	\$ 63,125,959	\$ 68,504,936
Restricted	2,185,690	1,864,853	2,216,291	1,815,848	2,134,052
Unrestricted	6,684,939	9,113,700	18,415,513	19,833,239	16,310,002
Total primary government net position	\$ 66,811,081	\$ 69,244,102	\$ 81,888,355	\$ 84,775,046	\$ 86,948,990

Table 2, (Page 1)
City of Lenoir, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Expenses					
Governmental activities:					
General government	\$ 2,521,169	\$ 3,195,538	\$ 3,046,921	\$ 3,179,927	\$ 4,322,095
Public safety	8,609,721	8,215,430	8,207,917	8,048,078	7,800,350
Transportation	2,131,705	2,097,876	2,347,838	2,261,096	2,160,348
Environmental protection	829,299	703,246	855,159	842,366	947,928
Economic and physical development	1,683,790	2,197,798	1,355,971	1,282,460	741,650
Culture and recreation	2,051,873	2,196,855	2,007,287	2,040,197	1,807,111
Interest and fees	106,965	90,971	65,475	47,645	36,863
Total governmental activities expenses	17,934,522	18,697,714	17,886,568	17,701,769	17,816,345
Business-type activities:					
Water and sewer	6,748,649	7,049,311	6,961,985	7,112,339	7,135,710
Total primary government expenses	\$ 24,683,171	\$ 25,747,025	\$ 24,848,553	\$ 24,814,108	\$ 24,952,055
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 777,946	\$ 1,059,899	\$ 410,011	\$ 516,150	\$ 342,440
Public safety	194,263	180,689	411,362	383,282	416,602
Transportation	21,151	29,707	19,484	9,772	34,234
Environmental protection	556,164	629,383	630,546	626,488	632,824
Economic and physical development	106,171	4,851	2,300	3,100	1,425
Culture and recreation	216,991	212,195	263,552	214,129	376,314
Operating grants and contributions	2,006,622	2,871,333	1,685,037	1,702,475	1,960,332
Capital grants and contributions	868,037	202,102	365,146	225,658	267,678
Total governmental activities program revenues	5,190,159	5,190,159	3,787,438	3,681,054	4,031,849
Business-type activities:					
Charges for services:					
Water and sewer	7,241,793	7,575,832	7,777,598	7,947,875	7,919,136
Operating grants and contributions	1,374,704	-	-	-	-
Capital grants and contributions	-	500,000	-	-	201,294
Total business-type activities program revenues	8,616,497	8,075,832	7,777,598	7,947,875	8,120,430
Total primary government program revenues	\$ 13,806,656	\$ 13,265,991	\$ 11,565,036	\$ 11,628,929	\$ 12,152,279
Net (Expense)/Revenue					
Governmental activities	\$ (12,744,363)	\$ (13,507,555)	\$ (14,099,130)	\$ (14,020,715)	\$ (13,784,496)
Business-type activities	1,867,848	1,026,521	815,613	835,536	984,720
Total primary government net expense	\$ (10,876,515)	\$ (12,481,034)	\$ (13,283,517)	\$ (13,185,179)	\$ (12,799,776)

Table 2, (Page 2)

City of Lenoir

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(unaudited)

	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
General Revenues and Other Changes in Net Position					
Governmental activities:					
Ad valorem taxes	\$ 7,370,866	\$ 6,824,494	\$ 7,514,078	\$ 7,544,703	\$ 7,983,791
Other taxes and licenses	3,762,006	3,840,310	3,902,194	3,516,230	3,425,571
Unrestricted intergovernmental	1,524,091	1,539,309	1,743,940	2,046,411	2,329,079
Miscellaneous	229,488	86,751	260,959	469,942	280,748
Gain (loss) on sale of capital assets		16,794	(74,023)	20,993	22,065
Transfers					
Payment from ABC Board	207,532	219,868	213,630	223,333	259,307
Interest earned on investments	10,351	7,163	6,564	2,885	3,382
Total governmental activities	13,104,334	12,534,689	13,567,342	13,824,497	14,303,943
Business-type activities:					
Miscellaneous	44,429	49,674	78,318	419,534	149,263
Gain (loss) on sale of capital assets					
Transfers					
Interest earned on investments	4,248	3,059	2,476	1,246	1,111
Total business-type activities	48,677	52,733	80,794	420,780	150,374
Total primary government	\$ 13,153,011	\$ 12,587,422	\$ 13,648,136	\$ 14,245,277	\$ 14,454,317
Changes in Net Position					
Governmental activities	\$ 359,971	\$ (972,866)	\$ (531,788)	\$ (196,218)	\$ 519,447
Business-type activities	1,916,525	1,079,254	896,407	1,256,316	1,135,094
Total primary government	\$ 2,276,496	\$ 106,388	\$ 364,619	\$ 1,060,098	\$ 1,654,541

Table 2, (Page 3)
City of Lenoir, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Expenses					
Governmental activities:					
General government	\$ 2,603,033	\$ 2,961,015	\$ 2,644,732	\$ 2,840,017	\$ 3,252,323
Public safety	8,548,540	8,524,080	8,395,130	9,170,292	9,868,703
Transportation	2,723,651	2,287,481	2,293,273	2,202,955	2,189,785
Environmental protection	841,519	824,414	854,255	876,989	1,282,456
Economic and physical development	2,062,599	1,995,872	1,444,375	1,269,253	2,310,902
Culture and recreation	2,048,795	1,818,534	1,898,104	1,961,232	1,817,285
Interest and fees	41,567	85,777	27,893	14,900	5,679
Total governmental activities expenses	18,869,704	18,497,173	17,557,762	18,335,638	20,727,133
Business-type activities:					
Water and sewer	7,163,620	7,404,767	6,855,249	7,539,008	8,300,922
Total primary government expenses	\$ 26,033,324	\$ 25,901,940	\$ 24,413,011	\$ 25,874,646	\$ 29,028,055
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 307,754	\$ 49,015	\$ 67,384	\$ 21,209	\$ 225,950
Public safety	330,033	450,241	400,097	366,495	439,628
Transportation	-	-	-	-	-
Environmental protection	703,382	699,283	707,721	712,381	799,681
Economic and physical development	9,135	171,180	14,079	8,018	-
Culture and recreation	236,656	417,561	408,723	421,905	145,044
Operating grants and contributions	2,456,352	2,000,718	1,219,937	844,285	2,707,039
Capital grants and contributions	346,740	31,300	806,915	162,485	50,924
Total governmental activities program revenues	4,390,052	3,819,298	3,624,856	2,536,778	4,368,266
Business-type activities:					
Charges for services:					
Water and sewer	8,008,234	8,920,594	8,928,167	9,336,640	9,525,869
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	87,956	50,000	-	-	129,630
Total business-type activities program revenues	8,096,190	8,970,594	8,928,167	9,336,640	9,655,499
Total primary government program revenues	\$ 12,486,242	\$ 12,789,892	\$ 12,553,023	\$ 11,873,418	\$ 14,023,765
Net (Expense)/Revenue					
Governmental activities	\$ (14,479,652)	\$ (14,677,875)	\$ (13,932,906)	\$ (15,798,860)	\$ (16,358,867)
Business-type activities	932,570	1,565,827	13,059,605	2,029,002	1,354,577
Total primary government net expense	\$ (13,547,082)	\$ (13,112,048)	\$ (873,301)	\$ (13,769,858)	\$ (15,004,290)

Table 2, (Page 4)

City of Lenoir

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(unaudited)

	Fiscal Year				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
General Revenues and Other Changes in Net Position					
Governmental activities:					
Ad valorem taxes	\$ 7,940,493	\$ 9,363,301	\$ 8,532,448	\$ 8,733,173	\$ 8,989,878
Other taxes and licenses	3,394,782	3,656,826	3,797,816	4,076,213	4,246,237
Unrestricted intergovernmental	2,515,699	2,491,212	2,471,344	2,508,686	2,491,905
Miscellaneous	604,938	747,542	392,714	774,034	418,302
Gain (loss) on sale of capital assets	-	13,355			14,565
Payment from ABC Board	265,555	261,270	264,661	291,964	827,177
Interest earned on investments	9,959	23,190	103,535	176,654	116,654
Total governmental activities	14,731,426	16,556,696	15,562,518	16,560,724	17,104,718
Business-type activities:					
Miscellaneous	97,140				
Interest earned on investments	4,160	9,888	42,195	95,825	73,516
Total business-type activities	101,300	9,888	42,195	95,825	73,516
Total primary government	\$ 14,832,726	\$ 16,566,584	\$ 15,604,713	\$ 16,656,549	\$ 17,178,234
Changes in Net Position					
Governmental activities	\$ 251,774	\$ 1,878,821	\$ 1,629,612	\$ 761,864	\$ 745,851
Business-type activities	1,033,870	1,575,715	13,101,800	2,124,827	1,428,093
Total primary government	\$ 1,285,644	\$ 3,454,536	\$ 14,731,412	\$ 2,886,691	\$ 2,173,944

Table 3
City of Lenoir, North Carolina
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
General Fund					
NonSpendable	\$ 29,608	\$ 34,643	\$ 6,827		
Restricted	2,012,151	1,762,940	1,827,592	1,777,269	1,807,016
Assigned	610,557	555,964	468,178	396,760	363,889
Unassigned	2,896,417	3,028,662	3,211,745	3,574,740	4,061,603
Total general fund	<u>\$ 5,548,733</u>	<u>\$ 5,382,209</u>	<u>\$ 5,514,342</u>	<u>\$ 5,748,769</u>	<u>\$ 6,232,508</u>
All Other Governmental Funds					
NonSpendable	\$ 253,553	\$ 255,181	\$ 256,314	\$ 256,551	\$ 256,997
Restricted					
Unassigned	(238,358)	(316,786)	(228,544)	(169,149)	60,311
Total all other governmental funds	<u>\$ 15,195</u>	<u>\$ (61,605)</u>	<u>\$ 27,770</u>	<u>\$ 87,402</u>	<u>\$ 317,308</u>

	Fiscal Year				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
General Fund					
NonSpendable					
Restricted	1,928,261	1,600,448	1,944,127	1,531,866	1,838,155
Assigned	305,812				
Unassigned	4,554,559	7,222,443	8,421,722	9,829,330	10,483,369
Total general fund	<u>\$ 6,788,632</u>	<u>\$ 8,822,891</u>	<u>\$ 10,365,849</u>	<u>\$ 11,361,196</u>	<u>\$ 12,321,524</u>
All Other Governmental Funds					
NonSpendable	\$ 257,429	\$ 264,405	\$ 272,164	\$ 283,982	\$ 295,897
Restricted					
Assigned	14,335	35,358	134,346	75,649	29,433
Unassigned	376,804	414,060	477,106	395,159	632,925
Total all other governmental funds	<u>\$ 648,568</u>	<u>\$ 713,823</u>	<u>\$ 883,616</u>	<u>\$ 754,790</u>	<u>\$ 958,255</u>

Table 4, (Page 1)
City of Lenoir, North Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenues					
Ad valorem taxes	\$ 7,245,878	\$ 7,020,833	\$ 7,455,803	\$ 7,593,573	\$ 7,970,787
Other taxes and licenses	3,762,006	3,840,310	3,902,194	3,516,230	3,425,571
Unrestricted intergovernmental revenues	1,524,091	1,539,309	1,743,940	2,046,411	2,329,079
Restricted intergovernmental revenues	938,984	3,224,873	2,050,183	2,079,522	2,228,010
Permits and fees	199,682	196,548	200,737	191,572	219,678
Sales and services	1,551,101	1,669,626	1,536,518	1,561,348	1,584,161
Investment earnings	8,798	7,163	6,564	2,885	3,382
Miscellaneous	219,547	86,751	260,959	318,553	280,748
Payment from ABC Board	207,532	219,868	213,630	223,333	259,307
Total revenues	15,657,619	17,805,281	17,370,528	17,533,427	18,300,723
Expenditures					
General government	2,303,427	3,001,812	2,950,137	3,613,421	4,301,172
Public safety	7,981,579	7,802,219	7,859,864	7,582,589	7,979,458
Transportation	1,418,860	1,364,885	1,733,257	1,634,821	1,707,089
Environmental protection	748,417	775,384	785,039	731,850	830,334
Economic and physical development	580,395	2,187,637	1,365,763	1,280,943	1,548,040
Cultural and recreation	1,805,049	2,023,630	1,887,295	1,856,223	1,805,187
Capital outlay	656,659	265,098	10,561	507,125	222,806
Debt service:					
Interest	78,943	90,971	65,475	47,645	36,862
Principal	778,766	908,763	625,924	493,910	592,045
Total expenditures	16,352,095	18,420,399	17,283,315	17,748,527	19,022,993
Excess of revenues over (under) expenditures	(694,476)	(615,118)	87,213	(215,100)	(722,270)
Other Financing Sources (Uses)					
Proceeds from installment purchase	526,000	355,000		487,000	1,413,850
Proceeds from disposal of capital assets		16,794	134,295	22,159	22,065
Transfers in					
Transfers out	(138,637)				
Total other financing sources (uses)	387,363	371,794	134,295	509,159	1,435,915
Net change in fund balances	\$ (307,113)	\$ (243,324)	\$ 221,508	\$ 294,059	\$ 713,645
Debt service as a percentage of noncapital expenditures	13.10%	5.51%	4.00%	3.14%	3.35%

Table 4, (Page 2)
City of Lenoir, North Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Revenues					
Ad valorem taxes	\$ 8,065,223	\$ 9,166,101	\$ 8,618,921	\$ 8,772,029	\$ 8,889,572
Other taxes and licenses	3,399,359	3,663,224	3,803,849	4,082,560	4,252,707
Unrestricted intergovernmental revenues	2,511,122	2,484,814	2,466,241	2,503,244	2,499,881
Restricted intergovernmental revenues	3,127,130	2,348,540	2,337,191	1,006,770	2,766,506
Permits and fees	140,186	410,954	200,465	163,124	256,363
Sales and services	1,446,774	1,376,326	1,397,539	1,366,884	1,353,940
Investment earnings	9,959	23,190	103,535	176,654	116,654
Miscellaneous	280,900	444,984	81,445	773,129	825,318
Payment from ABC Board	265,555	261,270	264,661	291,964	418,302
Total revenues	19,246,208	20,179,403	19,273,847	19,136,358	21,379,243
Expenditures					
General government	3,802,309	2,967,616	2,460,103	2,705,252	2,979,743
Public safety	8,151,625	8,069,133	8,218,970	8,872,350	9,140,826
Transportation	2,171,511	1,706,137	1,785,968	1,832,873	1,772,989
Environmental protection	747,116	737,853	768,562	828,952	1,524,983
Economic and physical development	2,031,820	1,948,644	1,423,265	1,218,622	2,269,109
Cultural and recreation	1,852,262	1,588,087	1,645,553	1,738,718	1,631,019
Capital Projects	134,848	78,985	332,694	1,586,293	412,170
Debt service:					
Interest	41,567	85,777	27,893	14,900	5,679
Principal	797,766	897,657	878,088	771,677	478,922
Total expenditures	19,730,824	18,079,889	17,561,096	19,569,837	20,215,450
Excess of revenues over (under) expenditures	(484,616)	2,099,514	1,712,751	(433,479)	1,163,793
Other Financing Sources (Uses)					
Proceeds from installment purchase	1,372,000			1,300,000	
Proceeds from disposal of capital assets					
Transfers in					
Transfers out					
Total other financing sources (uses)	1,372,000	-	-	1,300,000	-
Net change in fund balances	\$ 887,384	\$ 2,099,514	\$ 1,712,751	\$ 866,521	\$ 1,163,793
Debt service as a percentage of noncapital expenditures	4.28%	5.61%	5.37%	4.50%	2.53%

Table 5
City of Lenoir, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Real Property	Personal Property	Public Service Companies	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2019-2020	\$ 1,399,158,536	\$ 1,407,689,923	\$ 74,370,293	\$ 24,578,077	\$ 2,856,640,675	\$ 0.5885
2018-2019	\$ 1,394,245,059	\$ 895,239,279	\$ 72,349,980	\$ 24,793,044	\$ 2,337,041,274	\$ 0.5885
2017-2018	\$ 1,388,864,759	\$ 711,369,446	\$ 70,176,826	\$ 24,813,413	\$ 2,145,597,618	\$ 0.5885
2016-2017	\$ 1,387,808,159	\$ 720,630,608	\$ 63,722,866	\$ 25,978,451	\$ 2,146,183,182	\$ 0.5885
2015-2016	\$ 1,294,147,156	\$ 779,096,233	\$ 64,291,555	\$ 26,814,496	\$ 2,110,720,448	\$ 0.5800
2014-2015	\$ 1,233,668,756	\$ 718,193,985	\$ 51,204,570	\$ 27,488,880	\$ 1,975,578,431	\$ 0.5800
2013-2014 *	\$ 1,130,125,353	\$ 498,978,974	\$ 50,029,243	\$ 27,462,677	\$ 1,651,670,893	\$ 0.5600
2012-2013	\$ 1,292,901,589	\$ 327,303,390	\$ 53,176,053	\$ 199,850,139	\$ 1,473,530,893	\$ 0.5600
2011-2012	\$ 1,255,742,776	\$ 264,497,419	\$ 46,472,323	\$ 182,117,594	\$ 1,384,594,924	\$ 0.5400
2010-2011	\$ 1,278,228,976	\$ 241,451,644	\$ 47,030,270	\$ 182,808,563	\$ 1,383,902,327	\$ 0.5400

Notes: Real and personal property assessed by Caldwell County.

* Quadrennial reappraisal of real and personal property.

Public service companies values certified by State of North Carolina.

Property assessed at 100% of value.

Beginning in 2017, the City of Lenoir collects funds for the former Rescue Squad rates.

Table 6
City of Lenoir, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
(unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct & Overlapping Rate
	City of Lenoir Basic Rate	Downtown Service District	Rescue Readiness	Caldwell County Basic Rate	Rescue Squad		
2019-2020	\$ 0.5800	\$ 0.2500	\$ 0.0085	\$ 0.6300			\$ 1.2185
2018-2019	\$ 0.5800	\$ 0.2500	\$ 0.0085	\$ 0.6300			\$ 1.2185
2017-2018	\$ 0.5800	\$ 0.2500	\$ 0.0085	\$ 0.6300			\$ 1.2185
2016-2017	\$ 0.5800	\$ 0.2500	\$ 0.0085	\$ 0.6300			\$ 1.2185
2015-2016	\$ 0.5800	\$ 0.2500		\$ 0.6000	\$ 0.0085		\$ 1.1885
2014-2015	\$ 0.5800	\$ 0.2500		\$ 0.6000	\$ 0.0085		\$ 1.1885
2013-2014	\$ 0.5800	\$ 0.2500		\$ 0.6000	\$ 0.0085		\$ 1.1885
2012-2013	\$ 0.5600	\$ 0.2500		\$ 0.6299	\$ 0.0085		\$ 1.1984
2011-2012	\$ 0.5400	\$ 0.2500		\$ 0.6599	\$ 0.0085		\$ 1.2084
2010-2011	\$ 0.5400	\$ 0.2500		\$ 0.6599	\$ 0.0085		\$ 1.2084

Source: Caldwell County Tax Assessor

Notes: * The tax rates are set by the governing bodies of the City of Lenoir and Caldwell County during their annual budget processes and are effective as of July 1 for the preceding January 1 valuation.
* All property owners within the Downtown Service District pay their direct tax rate in addition to the basic City of Lenoir rate.
* All City of Lenoir property owners pay the Caldwell County basic and Rescue Squad rates.
* Beginning in 2017, the City of Lenoir collects funds for the former Rescue Squad rates.

Table 7
City of Lenoir, North Carolina
Principal Property Taxpayers
Current Year and Ten Years Ago
(unaudited)

Taxpayers	2009			Percentage of Total City Taxable Assessed Value	2019		
	Taxable Assessed Value	Rank	Total City Taxable Assessed Value		Taxable Assessed Value	Rank	Total City Taxable Assessed Value
			\$ 1,437,335,519				\$ 2,856,640,675
Google/Tapaha	127,097,761	1		8.84%	1,529,005,368	1	53.52%
Bernhardt Furniture Company	29,812,159	2		2.07%	23,934,888	5	0.84%
Broyhill/Heritage Home Group	26,987,008	3		1.88%			
Duke Energies	19,389,370	4		1.35%	30,803,440	2	1.08%
Kincaid Furniture Company, Inc.	18,630,259	5		1.30%			0.00%
Bemis	15,487,004	6		1.08%	18,532,823	9	0.65%
Thomasville Furniture Industries	12,585,818	7		0.88%			0.00%
Neptco, Inc.	12,197,513	8		0.85%			0.00%
Meridian Automotive	11,499,815	9		0.80%			
Stallergenes Greer USA	11,082,720	10		0.77%	22,466,603	6	0.79%
Blue Ridge Electric					26,307,398	4	0.92%
Exela					29,336,293	3	
Hamilton Square LLC					21,396,484	7	0.75%
Sealed Air Corp					20,484,590	8	0.72%
Wal-Mart					17,587,214	10	0.62%
Total	\$ 284,769,427		\$ 1,437,335,519	19.81%	\$ 1,739,855,101		\$ 2,856,640,675
							59.88%

Source: Caldwell County Tax Assessor

Table 8
City of Lenoir, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$ 8,902,342	\$ 8,564,427	96.20%		\$ 8,564,427	96.20%
2019	\$ 8,913,824	\$ 8,536,906	95.77%	\$ 126,369	\$ 8,663,275	97.19%
2018	\$ 8,620,779	\$ 8,325,246	96.57%	\$ 159,958	\$ 8,485,204	98.43%
2017	\$ 9,251,407	\$ 8,970,238	96.96%	\$ 187,972	\$ 9,158,210	98.99%
2016	\$ 8,345,390	\$ 8,054,641	96.52%	\$ 190,076	\$ 8,244,717	98.79%
2015	\$ 8,014,444	\$ 7,693,343	95.99%	\$ 229,347	\$ 7,922,690	98.86%
2014	\$ 7,797,546	\$ 7,367,200	94.48%	\$ 275,988	\$ 7,643,188	98.02%
2013	\$ 7,614,484	\$ 7,176,790	94.25%	\$ 338,111	\$ 7,514,901	98.69%
2012	\$ 7,249,166	\$ 6,764,851	93.32%	\$ 379,851	\$ 7,144,702	98.56%
2011	\$ 7,274,696	\$ 6,782,376	93.23%	\$ 360,338	\$ 7,142,714	98.19%

Table 9
City of Lenoir, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

	Governmental Activities			Business-type Activities				
Fiscal Year Ended June 30	General Obligation Bonds	Installment Purchase Contracts	Section 108 Loan	Revolving Loan	Installment Purchase Contracts	Total Primary Government	Percentage of Personal Income	Per Capita
2020	\$ -	\$ 1,188,175.00	\$ -	\$ 16,469,484.00	\$ 4,058,323.00	\$ 21,715,982.00	0.16%	1,208.32
2019	\$ -	\$ 1,667,097.00	\$ -	\$ 14,656,371.00	\$ 4,767,277.00	\$ 21,090,745.00	0.16%	1,175.76
2018	\$ -	\$ 1,138,974.00	\$ -	\$ 13,823,454.00	\$ 629,957.00	\$ 15,592,385.00	0.21%	869.00
2017	\$ -	\$ 2,017,062.00	\$ -	\$ 11,274,614.00	\$ 1,128,608.00	\$ 14,420,284.00	0.22%	792.28
2016	\$ -	\$ 2,914,719.00	\$ -	\$ 10,471,807.00	\$ 2,134,218.00	\$ 15,520,744.00	0.20%	869.90
2015	\$ -	\$ 2,226,485.00	\$ 114,000.00	\$ 8,631,408.00	\$ 3,003,924.00	\$ 13,975,817.00	0.22%	783.31
2014	\$ -	\$ 1,296,679.00	\$ 222,000.00	\$ 5,669,271.00	\$ 4,515,789.00	\$ 11,703,739.00	0.25%	653.40
2013	\$ -	\$ 1,201,586.00	\$ 324,000.00	\$ 6,243,763.00	\$ 6,060,089.00	\$ 13,829,438.00	0.20%	763.09
2012	\$ -	\$ 1,731,513.00	\$ 420,000.00	\$ 6,818,254.00	\$ 7,541,918.00	\$ 16,511,685.00	0.17%	911.09
2011	\$ -	\$ 2,193,276.00	\$ 512,000.00	\$ 3,557,397.00	\$ 8,972,267.00	\$ 15,234,940.00	0.18%	834.29

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Table 13 for personal income and population data.
* denotes not available

Table 10
City of Lenoir, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended June 30	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2020	\$ -	0.00%	\$ -
2019	\$ -	0.00%	\$ -
2018	\$ -	0.00%	\$ -
2017	\$ -	0.00%	\$ -
2016	\$ -	0.00%	\$ -
2015	\$ -	0.00%	\$ -
2014	\$ -	0.00%	\$ -
2013	\$ -	0.00%	\$ -
2012	\$ -	0.00%	\$ -
2011	\$ -	0.00%	\$ -

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Table 13 for personal income and population data.

Table 11
City of Lenoir, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020
(unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
	\$ -	35.29%	\$ -
Other debt			
Caldwell County equity purchase contracts	\$ 44,019,203.00	35.29%	15,534,377
Subtotal, overlapping debt			15,534,377
Lenoir direct debt			1,188,175
Total direct and overlapping debt			<u>\$ 16,722,552</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Caldwell County assessor. Debt outstanding provided by each governmental unit.

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 Lenoir. 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.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for Caldwell County's other debt.

Table 12
City of Lenoir, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

Calculation of legal debt margin as of June 30, 2019:

Assessed valuation - January 1, 2018	\$ 2,927,343,013	
Debt Limit - 8% of assessed value		\$ 234,187,441
Gross long-term debt	\$ 21,715,982	
Less statutory deductions		
Bonds applicable to water system	<u>-</u>	\$ 21,715,982
Legal debt margin		<u><u>\$ 212,471,459</u></u>

	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Debt limit	\$ 115,475,983	\$ 118,214,283	\$ 126,641,794	\$ 144,008,225	\$ 163,608,583
Total net debt applicable to limit	<u>18,879,854</u>	<u>18,502,686</u>	<u>13,829,441</u>	<u>11,703,739</u>	<u>13,976,817</u>
Legal debt margin	<u>\$ 96,596,129</u>	<u>\$ 101,711,597</u>	<u>\$ 112,812,353</u>	<u>\$ 132,304,486</u>	<u>\$ 149,631,766</u>
Total net debt applicable to the limit as a percentage of debt limit	16.35%	13.96%	10.92%	8.13%	8.54%

	Fiscal Year				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Debt limit	\$ 174,059,007	\$ 177,626,097	\$ 181,760,945	\$ 195,351,613	\$ 234,187,441
Total net debt applicable to limit	<u>15,520,744</u>	<u>14,420,284</u>	<u>15,592,385</u>	<u>21,090,745</u>	<u>21,715,982</u>
Legal debt margin	<u>\$ 158,538,263</u>	<u>\$ 163,205,813</u>	<u>\$ 166,168,560</u>	<u>\$ 174,260,868</u>	<u>\$ 212,471,459</u>
Total net debt applicable to the limit as a percentage of debt limit	8.92%	8.12%	8.58%	10.80%	9.27%

Note: Under N. C. Statutes the City's outstanding debt should not exceed 8% of total assessed property value less statutory deductions.

Table 13
City of Lenoir, North Carolina
Demographic and Economic Statistics
Last Ten Calendar Years
(unaudited)

Calendar Year	Population	Personal Income (In Millions)	Per Capita Personal Income	Unemployment Rate
2019	17,972	\$ 2,901	\$ 35,374	4.1%
2018	17,938	\$ 2,772	\$ 33,815	4.8%
2017	17,943	\$ 2,647	\$ 32,508	4.5%
2016	18,201	\$ 2,475	\$ 31,271	5.6%
2015	17,842	\$ 2,460	\$ 31,263	5.6%
2014	17,842	\$ 2,451	\$ 30,091	7.2%
2013	17,912	\$ 2,379	\$ 29,012	7.5%
2012	18,123	\$ 2,304	\$ 28,121	12.9%
2011	18,123	\$ 2,240	\$ 27,261	13.5%
2010	18,261	\$ 2,238	\$ 26,958	12.4%

Sources:

Per capita personal income and personal income are for Caldwell County and is provided by the U.S. Bureau of Economic Analysis.
Population is for the City of Lenoir and provided by the U.S. Census. Unemployment rate is for the Caldwell County and provided by the N.C. Commerce.

Table 14
City of Lenoir, North Carolina
Principal Employers
Current Year and Ten Years Ago
(unaudited)

Employer	2019			2009		
	Range of Employees	Rank	% of Total Employment	Range of Employees	Rank	% of Total Employment
Caldwell County Schools	1000+	1	4.0%	1000+	1	4.1%
Merchants Distributors Lic	1000+	2	3.2%	1000+	2	3.8%
Bernhardt Furniture Company	1000+	3	2.9%	500-999	4	3.4%
Caldwell Memorial Hospital	500-999	4	2.7%	500-999	3	3.0%
Wal-Mart Associates Inc.	500-999	5	2.4%	500-999	7	2.5%
Caldwell County	500-999	6	2.1%	500-999	6	0.8%
Caldwell Community Coll & Tech Inst	500-999	7	1.9%	500-999	6	2.8%
Sealed Air Corporation	250-499	8	1.3%			
Fairfield Chair Co	250-499	9	1.3%	250-499	13	
Sealed Air	250-499	10	1.2%			
Fedex Ground Package System Inc	250-499	11	1.1%			
Skill Creations Inc	250-499	12	1.1%			
Rpm Wood Finishes Group Inc	250-499	13	1.0%	100-249	16	0.6%
Stallergenes Greer	250-499	14	0.9%	100-249	18	0.5%
Exela Pharma Sciences Lic (Prior) G	250-499	15	0.9%			
City Of Lenoir	250-499	16	0.8%	250-499	12	0.9%
Foothills Temporary Employment Inc	250-499	17	0.7%			
Swift Beef Company /Vantage Foods	100-249	18	0.7%	100-249	19	0.5%
Bemis Manufacturing Co (A Corp)	100-249	19	0.6%			
Food Lion	100-249	20	0.5%			
Hertage Home Group/Broyhill Furniture				500-999	5	3.1%
Thomasville Furniture Industries				500-999	9	2.7%
Universal Mental Health Services				250-499	10	2.3%
Caldwell Freight Lines				250-499	11	1.0%
Avery Dennison/Paxar				250-499	14	1.6%
Kincaid Furniture Co., Inc.				250-499	15	1.3%
Lowe's Home Center				100-249	17	0.6%
Neptco				100-249	20	0.5%

Source: NC COMMERCE/Employment Sec. Commission

Table 15
City of Lenoir, North Carolina
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
(unaudited)

	Full-time-Equivalent Employees as of June 30				
	2011	2012	2013	2014	2015
General Government					
Administrative	14.5	15.5	12.5	14.0	13.5
Building Maintenance	6.0	6.0	6.0	6.0	6.0
Engineering	2.0	2.0	2.0	2.0	2.0
Cemeteries	1.0	1.0	1.0	1.0	1.0
Vehicle Services	4.0	4.0	4.0	4.0	4.0
Public Safety					
Police	77.5	77.0	70.0	69.0	70.0
Fire	66.0	66.0	59.0	59.0	57.5
Transportation					
Streets	14.5	14.5	14.0	14.5	14.5
Environmental Protection					
Sanitation	13.5	12.5	11.5	12.5	12.5
Economic and Physical Development					
Downtown District	2.0	2.0	2.0	2.0	2.0
Planning	5.0	5.0	4.0	5.0	5.0
Culture and Recreation					
Centers and Parks	27.5	25.0	20.5	25.0	25.5
Aquatic and Fitness Center	22.0	22.0	22.5	21.0	25.0
Landscaping	7.5	9.5	8.0	8.0	8.0
Water and Sewer Utility					
Bernhardt Water Treatment Plant	9.0	9.0	9.0	9.0	9.0
Water Distribution	14.0	14.0	13.0	12.5	12.5
Water Resources	7.0	7.0	7.0	7.0	6.0
Wastewater Collection	5.0	4.5	4.5	5.5	5.5
Wastewater Pretreatment	3.0	3.0	3.0	3.0	3.0
Gunpowder and Lower Creek					
Wastewater Treatment Plants	11.0	11.0	11.0	11.0	11.0
Total	312.0	310.5	284.5	291.0	293.5

	Full-time-Equivalent Employees as of June 30				
	2016	2017	2018	2019	2020
General Government					
Administrative	13.5	13.0	13.5	13.0	13.0
Building Maintenance	6.0	6.0	6.0	6.0	6.0
Engineering	2.0	2.0	2.0	2.0	2.0
Cemeteries	3.0	3.0	5.0	6.0	6.0
Vehicle Services	4.0	4.0	4.0	4.0	4.0
Public Safety					
Police	74.5	74.5	78.0	78.0	78.0
Fire	59.0	59.5	59.5	60.5	60.5
Transportation					
Streets	14.5	14.5	15.0	15.5	15.0
Environmental Protection					
Sanitation	12.5	12.5	13.5	13.5	11.5
Economic and Physical Development					
Downtown District	2.0	2.0	2.0	2.0	2.0
Planning	5.0	5.0	5.0	4.0	4.0
Culture and Recreation					
Centers and Parks	25.0	25.0	24.5	24.5	24.0
Aquatic and Fitness Center	22.0	21.0	21.0	21.0	21.0
Landscaping	6.0	6.0	6.5	6.5	6.5
Water and Sewer Utility					
Bernhardt Water Treatment Plant	9.0	9.0	9.0	9.0	9.0
Water Distribution	12.5	13.5	13.5	14.0	13.0
Water Resources	7.0	7.0	5.0	5.0	5.0
Wastewater Collection	5.5	5.5	7.5	7.5	8.5
Wastewater Pretreatment	3.0	3.0	3.0	3.0	3.0
Gunpowder and Lower Creek					
Wastewater Treatment Plants	11.0	11.0	11.0	11.0	11.0
Total	297.0	297.0	302.5	306.0	303.0

Table 16
City of Lenoir, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

Date of Incorporation: 1851
Form of Government: Council and Manager
Area in Square Miles: 19.1

Program/Function	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Police					
Physical arrests	1,835	2,179	2,121	2,357	2,134
Incident reports	2,051	1,946	2,007	2,066	2,140
Parking violations	863	349	575	690	688
Citations issued	2,571	2,846	2,683	3,344	3,264
Fire					
Calls answered	2,563	2,431	2,610	2,610	2,731
Inspections	311	297	355	337	310
Sanitation					
Refuse collected (tons per day)	27.26	25.93	23.54	23.98	25.15
Streets					
Street resurfacing (miles)	0.75	0.00	1.49	2.20	2.97
Parks and Recreation					
Aquatic/Fitness memberships	1,053	1,906	2,078	2,379	2,775
Aquatic/Fitness admissions	11,552	11,840	11,509	19,919	37,122
Youth sports participants	1045	1070	1115	1155	1190
Adult sports participants	288	265	235	125	100
Water system					
New connections	30	25	21	22	18
Water main breaks	28	35	29	30	28
Number of utility customers	9,673	9,583	9,684	9,657	9,678
Daily avg consumption in million gallons	6.2	7.2	5.5	6.1	6.4
Wastewater system					
Number of utility customers	8,209	8,110	8,002	7,862	7,877
Daily avg treatment in million gallons	3.43	3.14	3.99	3.41	3.65

Program/Function	Fiscal Year				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Police					
Physical arrests	2,439	2,523	2,501	2,942	2,483
Incident reports	2,187	2,442	2,561	2,567	2,504
Parking violations	416	385	246	267	243
Citations issued	3,190	3,305	3,074	3,950	3,420
Fire					
Calls answered	2,941	3,022	2,918	3,238	2,475
Inspections	352	309	296	301	239
Sanitation					
Refuse collected (tons per day)	30.35	30.93	26.57	27.70	28.90
Streets					
Street resurfacing (miles)	3.19	2.93	4.10	3.18	3.39
Parks and Recreation					
Aquatic/Fitness memberships	2,665	1,451	2,032	1,401	1,401
Aquatic/Fitness admissions	36,214	36,475	36,728	28,761	26,252
Youth sports participants	1310	1330	1345	1275	825
Adult sports participants	110	105	105	110	50
Water system					
New connections	32	26	32	46	46
Water main breaks	30	39	43	52	56
Number of utility customers	9,706	9,813	9,817	9,843	9,930
Daily avg consumption in million gallons	6.0	6.2	6.2	6.3	6.8
Wastewater system					
Number of utility customers	7,897	8,008	7,983	7,982	8,066
Daily avg treatment in million gallons	3.90	3.46	4.03	4.32	3.60

Sources: Various City departments
 * indicates not available

Table 17
City of Lenoir, North Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(unaudited)

Program/Function	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Police					
Stations	1	1	1	1	1
Substations	5	5	2	2	2
Patrol units	52	52	47	47	47
Fire					
Stations	2	2	2	2	2
Sanitation					
Collection trucks	7	7	7	7	7
Streets					
Miles of paved streets	121.55	121.55	121.55	121.55	121.55
Miles of unpaved streets	2.64	2.64	2.39	2.39	2.39
Street lights	2,577	2,576	2,633	2,633	2,633
Parks and Recreation					
Community centers	4	4	4	4	4
Parks	4	4	4	4	4
Swimming pools	2	2	2	2	2
Tennis courts	8	8	8	8	6
Baseball/softball diamonds	10	10	10	10	10
Soccer fields	12	12	12	12	12
Miles of greenway	10.00	10.00	10.00	10.00	10.00
Water system					
Miles of water lines	219.4	219.4	219.4	219.4	219.4
Fire hydrants	1,070	1,070	1,070	1,070	1,070
Storage capacity (millions of gallons)	13.4	13.4	13.4	13.4	13.4
Maximum daily capacity (millions of gallons)	12	12	12	12	12
Treatment Plants	1	1	1	1	1
Wastewater system					
Miles of sewage lines	215.11	215.11	215.11	215.11	215.11
Miles of storm sewers	20	20	20	20	20
Maximum daily capacity (millions of gallons)	8	8	8	8	8
Treatment Plants	2	2	2	2	2
Program/Function	Fiscal Year				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Police					
Stations	1	1	1	1	1
Substations	2	2	2	2	2
Patrol units	47	47	47	47	47
Fire					
Stations	2	2	2	2	3
Sanitation					
Collection trucks	7	10	10	10	13
Streets					
Miles of paved streets	121.55	124.64	124.96	124.57	124.57
Miles of unpaved streets	2.39	2.69	2.69	2.61	2.61
Street lights	2,833	2,644	2,644	2,651	2,651
Parks and Recreation					
Community centers	4	4	4	4	4
Parks	4	4	5	5	5
Swimming pools	2	2	2	2	2
Tennis courts	6	6	6	6	6
Baseball/softball diamonds	10	10	10	10	10
Soccer fields	12	12	12	12	12
Baseball Batting Cages			2	2	2
Miles of greenway	10.00	10.00	10.25	10.50	12.00
Water system					
Miles of water lines	219.4	219.4	219.4	219.4	219.4
Fire hydrants	1,070	1,070	1,070	1,070	1,070
Storage capacity (millions of gallons)	13.4	13.4	13.4	13.4	13.4
Maximum daily capacity (millions of gallons)	12	12	12	12	12
Treatment Plants	1	1	1	1	1
Wastewater system					
Miles of sewage lines	215.11	215.11	215.11	215.11	215.11
Miles of storm sewers	20	20	20	20	20
Maximum daily capacity (millions of gallons)	8	8	8	8	8
Treatment Plants	2	2	2	2	2

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

403 South Green Street
P.O. Box 1476
Morganton, NC 28680-1476
Telephone (828) 438-1065
Fax (828) 438-9117

Report On Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lenoir, 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 Lenoir's basic financial statements, and have issued our report thereon dated September 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the City of Lenoir ABC Board, as described in our report on the City of Lenoir's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the City of Lenoir ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been 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 schedule of findings and questioned costs as 2020-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lenoir'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 Lenoir's Response to Findings

City of Lenoir's responses to the findings identified in our audit are described in the accompanying 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.

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

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.


S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
September 30, 2020

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

403 South Green Street
P.O. Box 1476
Morganton, NC 28680-1476
Telephone (828) 438-1065
Fax (828) 438-9117

Report On Compliance For Each of Its Major Federal Programs;
Report on Internal Control Over Compliance;
Required by the Uniform Guidance
and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each of Its Major Federal Programs

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Lenoir's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, cost Principles and Audit Requirements for federal awards (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the 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 federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lenoir'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 of its major federal programs. However, our audit does not provide a legal determination on the City of Lenoir's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the City of Lenoir 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 federal programs for the year ended June 30, 2020.

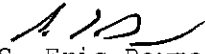
Report on Internal Control Over Compliance

Management of the City of Lenoir 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 Lenoir's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal 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 of Lenoir's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
September 30, 2020

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

403 South Green Street
P.O. Box 1476
Morganton, NC 28680-1476
Telephone (828) 438-1065
Fax (828) 438-9117

Report On Compliance For Its Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Its Major State Program

We have audited the City of Lenoir, 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 the City of Lenoir's major state program for the year ended June 30, 2020. The City of Lenoir's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Lenoir's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and applicable sections of the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the 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 Lenoir's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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

Opinion on Its Major State Program

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

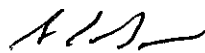
Report on Internal Control Over Compliance

Management of the City of Lenoir 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 Lenoir'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 its 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
September 30, 2020

CITY OF LENOIR, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- * Material weakness(es) identified? ☐ yes ☒ no
- * Significant deficiencies identified that are not considered to be material weaknesses ☒ yes ☐ none reported

Noncompliance material to financial statements noted ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- * Material weakness(es) identified? ☐ yes ☒ no
- * Significant deficiencies identified that are not considered to be material weaknesses ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance ☐ yes ☒ no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Names of Federal Program or Cluster</u>
66.458	<u>U.S. Environmental Protection Agency</u> Clean Water Revolving Loan
16.922	<u>U.S. Department of Justice</u> Equitable Sharing
14.239	<u>U.S. Department of Housing and Urban Development</u> Home Investment Partnership Program

CITY OF LENOIR, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I. Summary of Auditor's Results

Dollar threshold used to distinguish between
Type A and Type B Programs

\$750 000

Auditee qualified as low-risk auditee?

 yes X no

State Awards

Internal control over major State programs:

* Material weakness(es) identified?

 yes X no

* Significant deficiencies identified
that are not considered to be
material weaknesses

 yes X none reported

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

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

Building ReUse and Restoration

Section II. Findings Related to the Audit of the Basic
Financial Statements of City of Lenoir:

Internal Controls Over Financial Reporting

2020-001

Criteria:

All Local Governments are to adopt a
balanced budget and make necessary
amendments to the original budget as
conditions dictate.

Condition:

The City overexpended several
departments in the Enterprise Fund
totaling \$189 647.

Effect: Funds were expended out of departments before the appropriate budget amendments were made.

Cause: Auditor reclassifications, unforeseen accounts payable, and oversight.

Recommendation: The City should not expend any funds unless there is adequate amounts in the particular department budget.

Management Response: The City agrees with this finding.

Uncorrected Findings: This finding was not corrected primarily because of unforeseen payables and oversight.

Section III. Findings and Questioned Costs Related to Federal Awards:

None Reported.

Section IV. Findings and Questioned Costs Related to State Awards:

None Reported.

CITY OF LENOIR

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2019

Finding 2019-001

There was one audit finding relative to overexpenditures. This finding was not totally corrected even though budget amendments were made.

Finding 2019-002

There was one audit finding concerning cash reconciliations to the general ledger. This finding has been corrected.

City of Lenoir, North Carolina

Schedule of Federal and State Awards

For the Year ended June 30, 2020

(Schedule 18, (Page 1))

Grantor Pass-Through Grantor Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
Federal Grants:						
Cash Programs:						
U.S. Department of Housing and Urban Development						
Direct Program:						
Community Development Block Grant - Entitlement Program	14.218		\$ 133,941		\$ -	\$ 133,941
Passed through the N.C. Department of Commerce:						
HOME Investment Partnership Program:						
Unifour HOME Consortium	14.239	M-19-DC-37-0208	326,188			326,188
Unifour HOME Consortium	14.239	M-18-DC-37-0208	652,671			652,671
Unifour HOME Consortium	14.239	M-17-DC-37-0208	520,120			520,120
Subtotal Unifour HOME Consortium			1,498,979			1,498,979
Total U.S. Department of Housing and Urban Development			1,632,920			1,632,920
U.S. Department of Justice						
Direct Program:						
Equitable Sharing	16.922		10,269			10,269
U.S. Environmental Protection Agency						
Passed through the N.C. Department of Environmental Quality:						
Clean Water Revolving Loan	66.458	E-SRF-W-17-0044	2,671,953			2,671,953
Direct Program:						
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		129,630			129,630
Total U.S. Environmental Protection Agency			2,801,583			2,801,583
U.S. Department of the Treasury						
Passes through N.C. Office of Management and Budget, N.C. Pandemic Recovery Office Coronavirus Relief Fund	21.019	S.L. 2020-80	18,058			18,058
Total Federal Cash Awards			\$ 4,462,830	\$ -	\$ -	\$ 4,462,830

City of Lenoir, North Carolina

Schedule of Federal and State Awards
For the Year ended June 30, 2020
(Schedule 18, (Page 2))

Grantor Pass-Through Grantor Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
State Awards:						
Cash Programs						
N.C. Department of Transportation						
Powell Bill			\$ -	\$ 545,792	\$ -	\$ 545,792
N.C. Department of Commerce						
Rural Economic Development				500,000	25,000	525,000
Building ReUse and Restoration						
N.C. Department of Natural and Cultural Resources						
N.C. Parks and Recreation Trust Fund (Part)				50,924	113,409	164,333
Total State Cash Awards			-	1,096,716	136,409	1,235,125
Total Federal and State Awards			\$ 4,462,830	\$ 1,096,716	\$ 136,409	\$ 5,695,955

Note 1 - Basis of Presentation:

The accompanying schedule of Federal and State awards (the Schedule) includes the federal and state award activity of the City of Lenoir under programs of the federal and state governments for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of City of Lenoir, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Lenoir.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. City of Lenoir has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Loans Outstanding

The City of Lenoir had the following loan balance outstanding at June 30, 2020

Program Title	Federal CFDA	Amount Outstanding
Clean Water Revolving Loan	66.458	\$ 3,549,334