

**Comprehensive  
Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2021**

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**City of Lenoir, North Carolina**

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

**Comprehensive Annual Financial Report – Fiscal Year Ended June 30, 2021**  
**Table of Contents**

**INTRODUCTORY SECTION**

Table of Contents.....	i
Finance Director's Transmittal Letter.....	iv
List of Principal Officials.....	ix
Organizational Chart.....	x
GFOA Certificate.....	xi

**FINANCIAL SECTION**

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Statement of Net Position (Exhibit A).....	17
Statement of Activities (Exhibit B).....	18
Balance Sheet – Governmental Funds (Exhibit C).....	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position (Exhibit C-1).....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D).....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities (Exhibit D-1).....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (Exhibit E).....	23
Statement of Net Position – Proprietary Funds (Exhibit F).....	24
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds (Exhibit G).....	25
Statement of Cash Flows – Proprietary Funds (Exhibit H).....	26
Notes to the Financial Statements (Integral Part of Basic Financial Statements).....	28
Required Supplementary Information:	
Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance .....	69
Schedule of Total Pension Liability as a Percentage of Covered Payroll.....	70
Proportionate Share of Net Pension Liability (Asset) .....	71
City of Lenoir's Contributions – Local Government Retirement System .....	72
Schedule of Changes in Total OPEB Liability and Related Ratios .....	73
Combining and Individual Fund Financial Statements:	
Supplemental Balance Sheets – General Fund (Schedule 1).....	74
Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund (Schedule 2).....	75

**Comprehensive Annual Financial Report – Fiscal Year Ended June 30, 2021**  
**Table of Contents (page 2)**

Supplemental Balance Sheets – Special Revenue Fund (Schedule 3).....	83
Supplemental Schedule of Revenues, Expenditures Compared with Authorizations – Special Revenue Fund (Schedule 4).....	84
Combining Balance Sheet – Nonmajor Governmental Funds (Schedule 5)...	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds (Schedule 6).....	88
Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance – Compared with Authorizations – Capital Projects (Schedule 7).....	89
Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Permanent Fund (Schedule 8).....	91
Supplemental Balance Sheet – Water and Sewer Fund (Schedule 9).....	92
Supplemental Schedule of Revenues – Budget and Actual (Non-GAAP) Water and Sewer Fund (Schedule 10, Part I).....	93
Supplemental Schedule of Expenditures – Budget and Actual (Non-GAAP) Water and Sewer Fund (Schedule 10, Part II).....	94
Supplemental Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) Water and Sewer Fund (Schedule 10, Part III).....	97
Supplemental Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) - Water and Sewer Capital Projects Fund (Schedule 11).....	98
Additional Financial Data:	
Schedule of Cash and Investment Balances (Schedule 12).....	100
Schedule of Ad Valorem Taxes Receivable (Schedule 13).....	101
Schedule of Current Tax Levy (Schedule 14).....	102
Capital Assets Used in the Operation of Governmental Funds (Schedule 15).....	103
<b>STATISTICAL SECTION</b>	
Net Position by Component (Table 1).....	104
Changes in Net Position (Table 2).....	105
Fund Balances, Governmental Funds (Table 3).....	109
Changes in Fund Balances, Governmental Funds (Table 4).....	110
Assessed Value of Taxable Property (Table 5).....	112
Direct and Overlapping Property Tax Rates (Table 6).....	113
Principal Property Taxpayers (Table 7).....	114
Property Tax Levies and Collections (Table 8).....	115

**Comprehensive Annual Financial Report – Fiscal Year Ended June 30, 2021**  
**Table of Contents (page 3)**

Ratios of Outstanding Debt by Type (Table 9).....	116
Ratios of General Bonded Debt Outstanding (Table 10).....	117
Direct and Overlapping Governmental Activities Debt (Table 11).....	118
Legal Debt Margin Information (Table 12).....	119
Demographic and Economic Statistics (Table 13).....	120
Principal Employers (Table 14).....	121
Full-time-Equivalent City Government Employees by Function/Program (Table 15).....	122
Operating Indicators by Function/Program (Table 16).....	123
Capital Asset Statistics by Function/Program (Table 17).....	124
<b>COMPLIANCE SECTION</b>	
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	124
Report on Compliance with Requirements Applicable to Each of its Major Federal Programs and Internal Control over Compliance in Accordance With The Uniform Guidance and the State Single Audit Implementation Act.....	127
Report on Compliance with Requirements Applicable to its Major State Program and Internal Control Over Compliance in Accordance With Applicable Sections of The Uniform Guidance and the State Single Audit Implementation Act. ....	129
Schedule of Findings and Questioned Costs .....	131
Summary Schedule of Prior Year Audit Findings.....	133
Schedule of Federal and State Awards (Schedule 16).....	134



CITY MANAGER  
SCOTT E. HILDEBRAN

CITY OF LENOIR  
NORTH CAROLINA

MAYOR  
JOSEPH L. GIBBONS

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

September 29, 2021

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, 2021.

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



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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 18,352. 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 2020-2021, the economic indicators for Lenoir followed the national trends due to the Corona Virus (COVID-19) pandemic affecting the worldwide economy. Retail sales tax revenue routinely showed improvement over the prior year, which is likely attributed to the taxing of online sales.

The Hickory-Lenoir-Morganton MSA unemployment rate began this fiscal year higher than in previous years due to the pandemic however, the rates are now trending downward. The unemployment rate for the Hickory-Lenoir-Morganton MSA was 4.7 as of June 2021 compared to 8.9 in June of 2020. The unemployment rate for Caldwell County dropped from 8.2% in June of 2020 to 5.1% in June of 2021.

We continue to face some 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 well underway and Phase II of the improvements and upgrades were completed at the Bernhardt Water Treatment Plant. The Biosolids project is making significant progress and should be completed by October of 2021. The MeterSYS AMI advance metering project has made substantial progress as and is nearing completion. The City continues to construct additional segments to the greenway. Currently, the greenway within the corporate limits of the City of Lenoir has approximately 12.5 miles of paved greenway. 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, 2021, 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, 2021 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 as amended of 1996 and related Uniform Guidance.



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

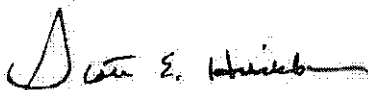
**Awards** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lenoir for its comprehensive annual financial report for the year ended June 30, 2020. This was the twenty-third consecutive 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

## City of Lenoir, North Carolina

### List of Principal Officials

June 30, 2021

#### Elected Officials

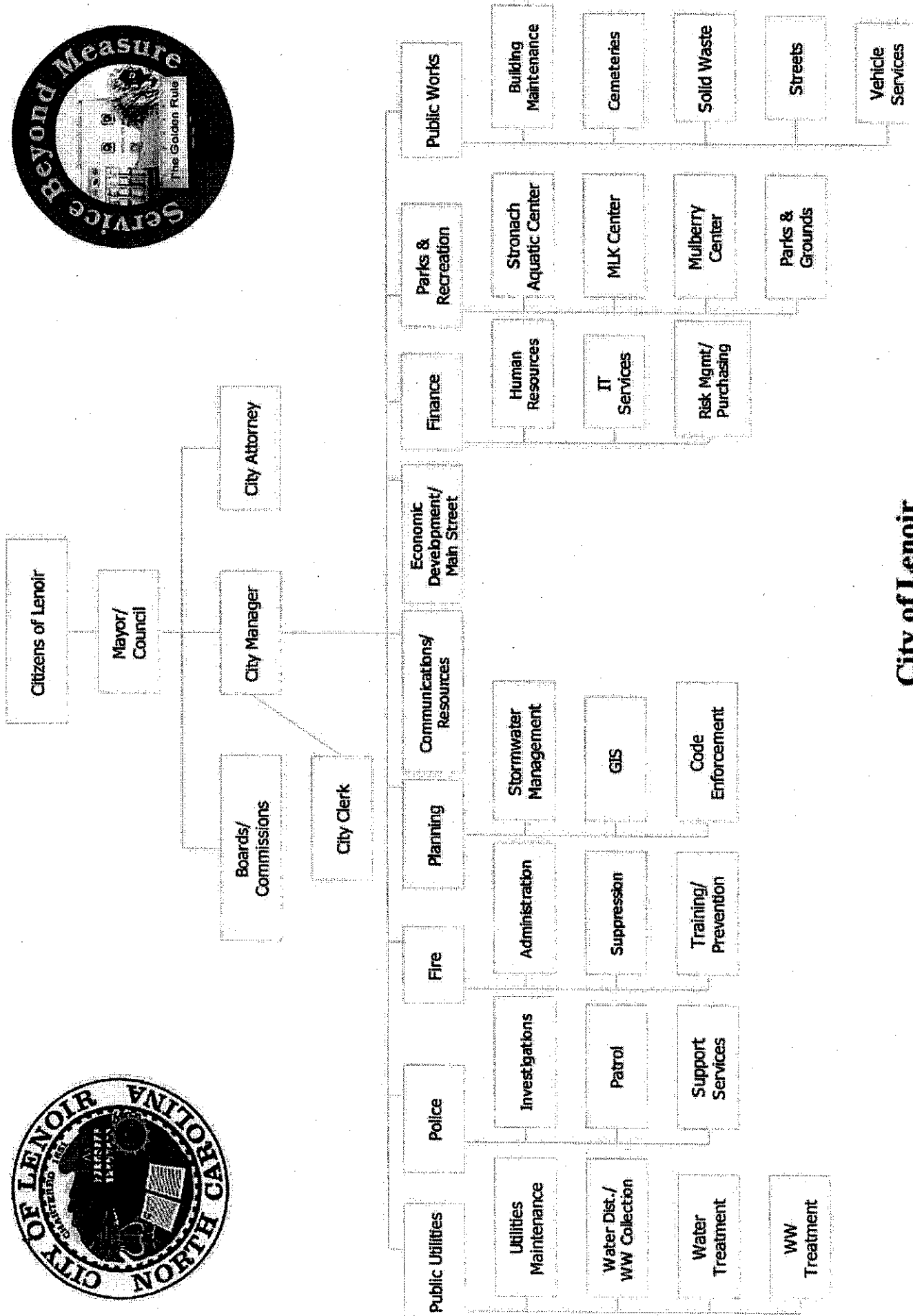
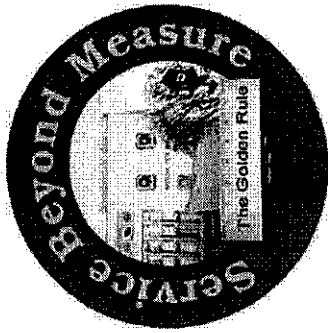
Mayor	Joe L. Gibbons
Mayor Pro Tempore	Crissy Thomas
City Council	Jonathan Beal
	Todd H. Perdue
	James Ike Perkins
	Ralph S. Prestwood
	David F. Stevens
	Ben K. Willis

#### Appointed Official

City Manager	Scott Hildebran
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#### Department/Division Heads

City Attorney	T. J. Rohr.
Economic Development Director	Kaylynn Horn
Finance Director	Donna Bean
Fire Chief	Kenneth Hair
Planning Director	Jenny Wheelock
Police Chief	Brent Phelps
Public Utilities Director	Radford Thomas
Public Works Director	Jared Wright
Recreation Director	Kenneth Story



**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, 2020

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, 2021, 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 10 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, 2021, 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.

### ***Emphasis of Matter***

As discussed in Note IX to the financial statements, effective July 1, 2020, the entity adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***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 73, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 71 through 72, 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 69 and 70 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 29, 2021 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 29, 2021

## City of Lenoir, North Carolina

### Management's Discussion and Analysis For the Year ended June 30, 2021

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, 2021. 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 \$90,301,782 (*net position*).
- The government's total net position increased by \$3,352,792 with a \$1,469,335 increase in governmental activities and a \$1,883,457 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 \$15,424,556 an increase of \$2,144,777 in comparison with the prior year. Approximately 81.78 percent of this total amount or \$12,613,832 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 \$12,613,832 or 70.67 percent of total general fund expenditures for the fiscal year.
- The City of Lenoir's total debt increased by \$1,565,482 or 7.21 percent during the current fiscal year.
- The City maintained a tax collection rate of 97.01%. The state wide average in fiscal year 2021 was 98.96%.

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

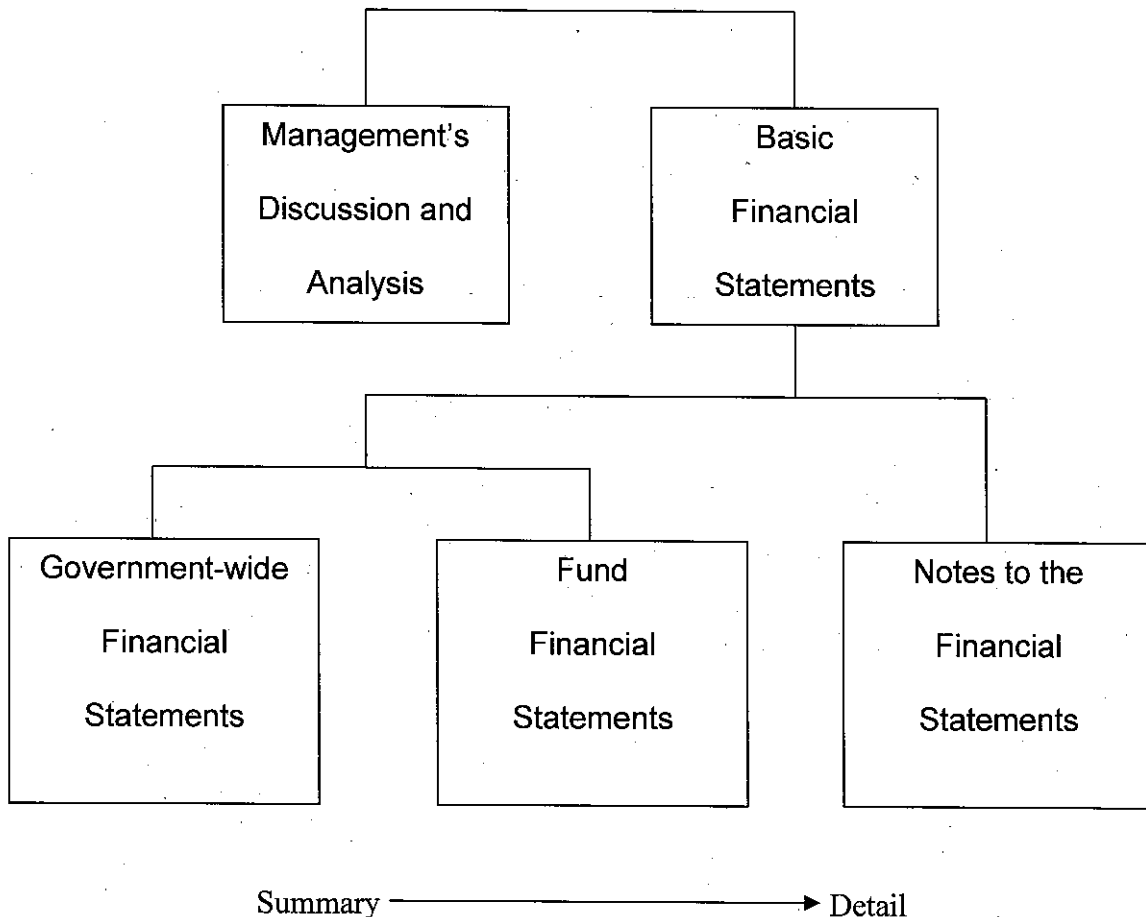
This discussion and analysis are intended to serve as an introduction to City of Lenoir's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see 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.



Management's Discussion and Analysis  
For the Year ended June 30, 2021

**Required Components of Comprehensive 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, 2021

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 two categories: governmental funds and proprietary funds.

Management's Discussion and Analysis  
For the Year ended June 30, 2021

**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.

**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 28 of this report.

# City of Lenoir, North Carolina

## Management's Discussion and Analysis For the Year ended June 30, 2021

**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 69 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 \$90,301,782 as of June 30, 2021 (figure 2).

#### The City of Lenoir's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 18,279,479	\$ 13,844,256	\$ 13,339,392	\$ 12,518,273	\$ 31,618,871	\$ 28,784,114
Capital Assets	23,517,947	23,774,089	69,382,182	66,446,829	92,900,129	90,220,918
Total Assets	<u>\$ 41,797,426</u>	<u>\$ 37,618,345</u>	<u>\$ 82,721,574</u>	<u>\$ 78,965,102</u>	<u>\$ 124,519,000</u>	<u>\$ 116,583,447</u>
Deferred Outflows of Resources	\$ 3,294,045	\$ 2,052,857	\$ 1,137,133	\$ 903,794	\$ 4,431,178	\$ 2,956,651
Long-Term Liabilities	\$ 972,632	\$ 1,188,175	\$ 22,308,832	\$ 20,527,807	\$ 23,281,464	\$ 21,715,982
Other Liabilities	11,653,143	7,362,822	3,004,265	2,658,234	14,657,408	10,021,056
Total Liabilities	<u>\$ 12,625,775</u>	<u>\$ 8,550,997</u>	<u>\$ 25,313,097</u>	<u>\$ 23,186,041</u>	<u>\$ 37,938,872</u>	<u>\$ 31,737,038</u>
Deferred Inflows of Resources	\$ 613,728	\$ 737,572	\$ 95,796	\$ 116,498	\$ 709,524	\$ 854,070
Net Position:						
Net Investment in						
Capital Assets	\$ 22,545,315	\$ 22,585,914	\$ 47,073,350	\$ 45,919,022	69,618,665	\$ 68,504,936
Restricted	2,225,508	2,134,052			2,225,508	2,134,052
Unrestricted	7,081,145	5,662,667	11,376,464	10,647,335	18,457,609	16,310,002
Total Net Position	<u>\$ 31,851,968</u>	<u>\$ 30,382,633</u>	<u>\$ 58,449,814</u>	<u>\$ 56,566,357</u>	<u>\$ 90,301,782</u>	<u>\$ 86,948,990</u>

**Figure 2**

The largest portion of the City of Lenoir's net position 77.10 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, 2021

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 2.46% 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 \$18,457,609 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 97.01
- Adherence to the adopted budget
- Capital and operating grants

**Governmental activities:** Governmental activities increased the City's net position by \$1,469,335. (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, 2021

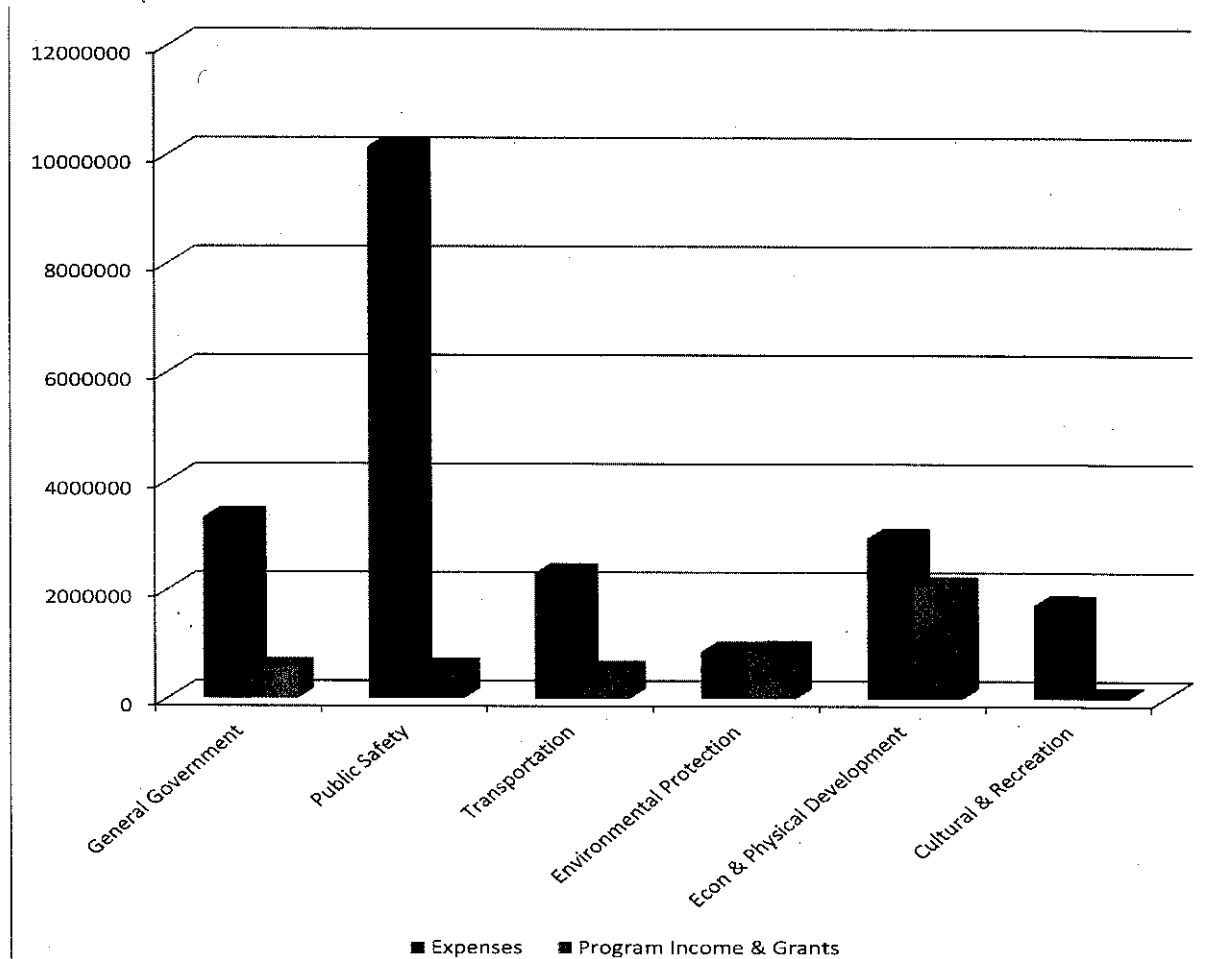
**City of Lenoir Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,651,680	\$ 1,610,303	\$ 9,634,393	\$ 9,525,869	\$ 11,286,073	\$ 11,136,172
Operating grants and contributions	2,664,445	2,707,039	-	-	2,664,445	2,707,039
Capital grants and contributions	300,000	50,924	113,880	129,630	413,880	180,554
General revenues:						
Property taxes	9,084,729	8,989,878	-	-	9,084,729	8,989,878
Other taxes	4,848,869	4,246,237	-	-	4,848,869	4,246,237
Unrestricted intergovernmental	2,474,488	2,486,355	-	-	2,474,488	2,486,355
Other	1,790,520	1,382,248	1,408	73,516	1,791,928	1,455,764
Total revenues	<u>22,814,731</u>	<u>21,472,984</u>	<u>9,749,681</u>	<u>9,729,015</u>	<u>32,564,412</u>	<u>31,201,999</u>
Expenses:						
General government	3,332,700	3,252,323	-	-	3,332,700	3,252,323
Public safety	10,158,628	9,868,703	-	-	10,158,628	9,868,703
Transportation	2,310,471	2,189,785	-	-	2,310,471	2,189,785
Environmental protection	865,548	1,282,456	-	-	865,548	1,282,456
Economic and physical development	2,955,336	2,310,902	-	-	2,955,336	2,310,902
Culture and recreational	1,721,110	1,817,285	-	-	1,721,110	1,817,285
Interest and fees	1,603	5,679	-	-	1,603	5,679
Water and sewer			7,866,224	8,300,922	7,866,224	8,300,922
Total expenses	<u>21,345,396</u>	<u>20,727,133</u>	<u>7,866,224</u>	<u>8,300,922</u>	<u>29,211,620</u>	<u>29,028,055</u>
Change in net position	1,469,335	745,851	1,883,457	1,428,093	3,352,792	2,173,944
Net position, July 1	30,382,633	29,636,782	56,566,357	55,138,264	86,948,990	84,775,046
Net position, June 30	<u>\$ 31,851,968</u>	<u>\$ 30,382,633</u>	<u>\$ 58,449,814</u>	<u>\$ 56,566,357</u>	<u>\$ 90,301,782</u>	<u>\$ 86,948,990</u>

Management's Discussion and Analysis  
For the Year ended June 30, 2021

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

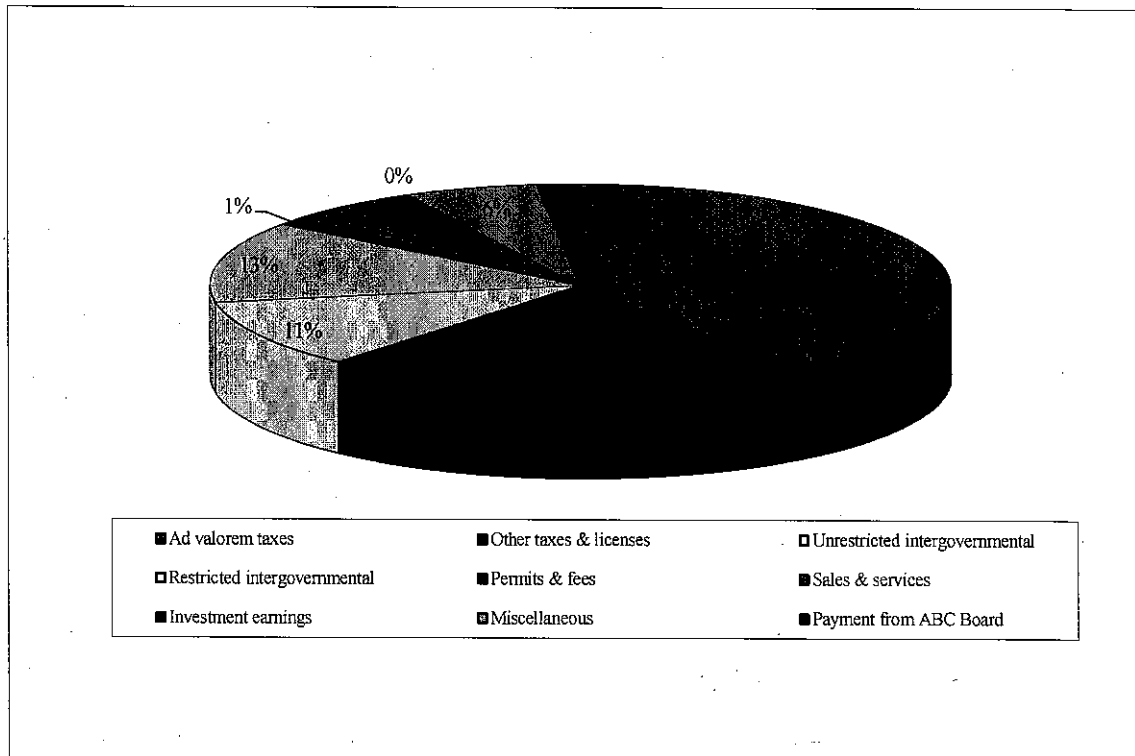
**City of Lenoir**  
**Expenses and Program Revenues and Operating Grants – Governmental Activities**  
**Figure 4**



Management's Discussion and Analysis  
For the Year ended June 30, 2021

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 \$1,883,457. 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, 2021

**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 \$12,613,832, while total fund balance reached \$14,523,494. 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 70.67 percent of total General Fund expenditures, while total fund balance represents 81.36 percent of that same amount. The increase in unassigned fund balance of \$2,130,463 is due mainly to increases in Ad Valorem, Local Option tax revenue and Grants of approximately \$1,271,241.

At June 30, 2021, the governmental funds of City of Lenoir reported a combined fund balance of \$15,424,556 a 16.2 percent increase over last year. Included in this change in fund balance are increases in the General Fund. The General Fund increased \$2,201,970 due to increases in Ad Valorem and Local Option taxes.

**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, Debt Service and Transfers Out increased by \$1,429,059 while, Transportation, Economic and Physical Development and Cultural and Recreation decreased by \$459,019. 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, 2021

net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$11,376,464. The fund's net position increased by \$1,883,457. 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, 2021, totals \$92,900,129 (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
- Manhole camera
- Public Safety Vehicles

**City of Lenoir's Capital Assets**

**Figure 6**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,616,355	\$ 3,616,355	\$ 1,226,471	\$ 1,226,471	\$ 4,842,826	\$ 4,842,826
Construction in progress	761,856	183,839	19,998,130	15,809,399	20,759,986	15,993,238
Buildings and improvements	7,192,182	7,518,560			7,192,182	7,518,560
Infrastructure	9,528,288	10,007,803		-	9,528,288	10,007,803
Equipment	2,419,266	2,447,532	450,241	438,064	2,869,507	2,885,596
Plant and systems			47,707,340	48,972,895	47,707,340	48,972,895
Total	\$ 23,517,947	\$ 23,774,089	\$ 69,382,182	\$ 66,446,829	\$ 92,900,129	\$ 90,220,918

Additional information on the City's capital assets can be found in note III. A. 4 and 5, beginning on page 44 of this report.

**Long-term Debt.** As of June 30, 2021, the City of Lenoir had total debt outstanding of \$18,788,832 in State and Water Pollution Control Revolving loans and installment purchase contracts of \$4,492,632. (Figure 7)

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

**Figure 7**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Direct Placement Revolving Loans		\$	\$ 18,788,832	\$ 16,469,484	\$ 18,788,832	\$ 16,469,484
Direct Placement Installment Purchase Contracts	\$ 972,632	1,188,175	3,520,000	4,058,323	\$ 4,492,632	\$ 5,246,498
<b>Total</b>	<b>\$ 972,632</b>	<b>\$ 1,188,175</b>	<b>\$ 22,308,832</b>	<b>\$ 20,527,807</b>	<b>\$ 23,281,464</b>	<b>\$ 21,715,982</b>

The above debt of the City of Lenoir increased by \$1,565,482 (7.21%) during the past fiscal year.

As mentioned in the financial highlights section of this document, the City of Lenoir has a "AAA" rating from Standard & Poor's, and a "AAA" rating from Moody's Investors Services.

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 \$206,603,677.

Additional information regarding the City of Lenoir's long-term debt can be found beginning on page 61 of this report.

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

During fiscal year 2020-2021, 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, 2021

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, 2022**

**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, 2021. The General Fund budget was based on a 4 percent increase in total revenues and expenditures from the prior year. The prior year's budget was also conservative based on COVID-19 uncertainties.

The Hospital Avenue project, which has experienced delays, will be continuing with an estimated cost of \$850,000 to complete. The Linkside Connector project is ongoing and should be completed in this budget year.

**Business-Type Activities:** The Water and Sewer Fund budget adopted in the prior year (2020-2021) was 4 percent lower than the prior year's budget due to the impact of the COVID-19 pandemic and the Governor's executive orders for utility providers. The 2021-2022 budget is 12 percent higher than the prior year. The increase will be funded with a 2 percent increase in water and sewer rates for the 2021-2022 budget.

The Meter Project should be completed in late 2021 at an estimated cost of \$4.3 million. The Biosolids Facility Improvements are in the final stages and was funded by a Clean Water Loan of approximately \$6.995 million. The Crossroad Sewer Replacement project should begin in the fall of 2021 and will be funded by a Clean Water State Revolving Fund loan in the amount of \$2.775 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.

City of Lenoir, North Carolina  
Statement of Net Position  
June 30, 2021  
(Exhibit A)

(Exhibit A)

	Component Units					Total Reporting Unit
	Governmental Activities	Business Type Activities	Total Primary Government	City of Lenoir ABC Board	City of Lenoir LTDA	
<b>Assets</b>						
Cash and cash equivalents	\$ 15,480,149	\$ 11,907,165	\$ 27,387,314	\$ 435,842	\$ 296,941	\$ 28,120,097
Cash and cash equivalents - restricted	315,846	172,617	488,463			488,463
Taxes receivable (net)	220,587		220,587			220,587
Accounts receivable (net)	1,142,223	540,035	1,682,258		13,644	1,695,902
Other receivables	1,120,674	521,999	1,642,673			1,642,673
Inventories		197,576	197,576	454,503		652,079
Prepaid expenses			-	3,471		3,471
Capital assets:						
Nondepreciable Capital Assets	4,378,211	21,224,601	25,602,812	155,849		25,758,661
Depreciable Capital Assets	19,139,736	48,157,581	67,297,317	196,558		67,493,875
<b>Total assets</b>	<b>41,797,426</b>	<b>82,721,574</b>	<b>124,519,000</b>	<b>1,246,223</b>	<b>310,585</b>	<b>126,075,808</b>
<b>Deferred Outflows of Resources</b>	<b>3,294,045</b>	<b>1,137,133</b>	<b>4,431,178</b>	<b>84,698</b>		<b>4,515,876</b>
<b>Liabilities</b>						
Accounts payable	716,991	377,731	1,094,722	309,426		1,404,148
Advance from ARPA	1,917,345		1,917,345			1,917,345
Compensated Absences	224,027	47,352	271,379			271,379
Customer deposits		172,617	172,617			172,617
Long term obligations:						
Due in less than one year	129,684	1,679,668	1,809,352			1,809,352
Due in more than one year	842,948	20,629,164	21,472,112			21,472,112
Total OPEB Liability	2,676,696	435,741	3,112,437			3,112,437
Compensated Absences	149,351	38,744	188,095			188,095
Total Pension Liability	2,380,585		2,380,585			2,380,585
Net Pension Liability	3,588,148	1,932,080	5,520,228	50,385		5,570,613
<b>Total liabilities</b>	<b>12,625,775</b>	<b>25,313,097</b>	<b>37,938,872</b>	<b>359,811</b>		<b>38,298,683</b>
<b>Deferred Inflows of Resources</b>	<b>613,728</b>	<b>95,796</b>	<b>709,524</b>			<b>709,524</b>
<b>Net Position</b>						
Net investment in capital assets	22,545,315	47,073,350	69,618,665	352,407		69,971,072
Restricted for:						
Cemetery (Nonexpendable)	315,846		315,846			315,846
Stabilization by State Statute	1,738,388		1,738,388		13,644	1,752,032
Public Safety	171,274		171,274			171,274
Unrestricted	7,081,145	11,376,464	18,457,609	618,703	296,941	19,373,253
<b>Total Net Position</b>	<b>\$ 31,851,968</b>	<b>\$ 58,449,814</b>	<b>\$ 90,301,782</b>	<b>\$ 971,110</b>	<b>\$ 310,585</b>	<b>\$ 91,583,477</b>

City of Lenoir, North Carolina

Statement of Activities  
Year Ended June 30, 2021  
(Exhibit B)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Total
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 3,332,700	\$ 236,239	\$ 322,255		\$ (2,774,206)	\$ (2,774,206)
Public safety	10,158,628	501,041	60,839		(9,596,748)	(9,596,748)
Transportation	2,310,471		513,370		(1,797,101)	(1,797,101)
Environmental protection	865,548	887,105			21,557	21,557
Economic and physical development	2,955,336			300,000	(887,355)	(939,718)
Culture and recreation	1,721,110	27,295	1,767,981		(1,693,815)	(1,693,815)
Interest and fees	1,603				(1,603)	(1,603)
Total governmental activities	21,345,396	1,651,680	2,664,445	300,000	(16,729,271)	(16,781,634)
Business-type activities:						
Water and sewer activity	7,866,224	9,634,393		113,880	1,882,049	1,882,049
Total business-type activity	7,866,224	9,634,393	-	113,880	1,882,049	1,882,049
Total primary government	\$ 29,211,620	\$ 11,286,073	\$ 2,664,445	\$ 413,880	(14,847,222)	(14,899,585)
Alcohol and store activity	\$ 3,725,145	\$ 3,784,831				
Total component units	\$ 3,725,145	\$ 3,784,831			59,686	59,686
General revenues:						
Ad valorem taxes						9,084,729
Sales taxes						4,848,869
Gross Receipts on Rental Vehicles						5,206
Occupancy Taxes						132,826
Gain (Loss) on Sale of Capital Assets						(3,370)
Utility Sales Taxes						2,400,384
Beer and Wine Taxes						74,104
Miscellaneous						1,358,274
Payment from ABC Board						425,000
Interest earned on investments						6,818
Total general revenues					304	304
Change in net position					1,408	18,200,014
Net Position - beginning					1,883,457	3,352,792
Net Position - ending					59,990	98,503
Net Position - beginning					911,120	212,082
Net Position - ending					971,110	310,585
						\$ 91,583,477

City of Lenoir, North Carolina

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**  
**(Exhibit C)**

	General	Special Revenue Fund	Non Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 13,203,513	\$ 2,276,636		\$ 15,480,149
Cash and cash equivalents-restricted			315,846	315,846
Taxes receivable (net)	220,587			220,587
Accounts receivable (net)	1,142,223			1,142,223
Other receivables	596,165	224,509	300,000	1,120,674
Total assets	<u>\$ 15,162,488</u>	<u>\$ 2,501,145</u>	<u>\$ 615,846</u>	<u>\$ 18,279,479</u>
<b>Liabilities:</b>				
Accounts payable	418,407		298,584	716,991
Advance from ARPA		1,917,345		1,917,345
Total liabilities	<u>418,407</u>	<u>1,917,345</u>	<u>298,584</u>	<u>2,634,336</u>
<b>Deferred Inflow of Resources:</b>				
Unavailable Property Taxes	220,587			220,587
Total Deferred Inflows of Resources	<u>220,587</u>	<u>-</u>	<u>-</u>	<u>220,587</u>
<b>Fund balances:</b>				
Non Spendable				
Cemetery Care			315,846	315,846
Restricted				
Stabilization by State Statute	1,738,388			1,738,388
Public Safety	171,274			171,274
Assigned				
To Future Capital Projects			1,416	1,416
To Future Economic Development		583,800		583,800
Unassigned	12,613,832			12,613,832
Total fund balances	<u>14,523,494</u>	<u>583,800</u>	<u>317,262</u>	<u>15,424,556</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,162,488</u>	<u>\$ 2,501,145</u>	<u>\$ 615,846</u>	<u>\$ 18,279,479</u>

**City of Lenoir, North Carolina**

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

**June 30, 2021**

**(Exhibit C-1)**

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

Ending fund balance - governmental funds	\$ 15,424,556
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,517,947
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Deferred outflows of resources related to pensions are not reported in the funds.	3,294,045
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Deferred inflows of resources related to pensions are not reported in the funds.	(613,728)
--	-----------

Liability for earned revenues are considered deferred inflow of resources in the funds.	220,587
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Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,991,439)</u>
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Net position of governmental activities	<u>\$ 31,851,968</u>
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City of Lenoir, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

(Exhibit D)

	General	Special Revenue Fund	Non Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Ad valorem taxes	\$ 9,200,974			\$ 9,200,974
Other taxes and licenses	4,855,140			4,855,140
Unrestricted intergovernmental revenues	2,487,684			2,487,684
Restricted intergovernmental revenues	1,406,612	1,265,342	300,000	2,971,954
Permits and fees	279,079			279,079
Sales and services	1,372,601			1,372,601
Investment earnings	2,401	60	2,949	5,410
Miscellaneous	272,459	1,047,045	17,000	1,336,504
Payment from ABC Board	425,000			425,000
Total revenues	20,301,950	2,312,447	319,949	22,934,346
<b>Expenditures</b>				
Current:				
General Government	3,083,553			3,083,553
Public safety	9,757,825			9,757,825
Transportation	1,864,531			1,864,531
Environmental protection	805,122			805,122
Economic and physical development	545,687	2,361,572		2,907,259
Cultural and recreational	1,576,116			1,576,116
Capital projects			578,017	578,017
Debt service:				
Principal retirement	215,543			215,543
Interest and fees	1,603			1,603
Total expenditures	17,849,980	2,361,572	578,017	20,789,569
Excess (deficiency) of revenues over (under) expenditures	2,451,970	(49,125)	(258,068)	2,144,777
<b>Other financing sources (uses)</b>				
Transfers	(250,000)		250,000	-
Total other financing sources (uses)	(250,000)	-	250,000	-
<b>Net change in fund balances</b>	2,201,970	(49,125)	(8,068)	2,144,777
<b>Fund balance - beginning</b>	12,321,524	632,925	325,330	13,279,779
<b>Fund balance - ending</b>	\$ 14,523,494	\$ 583,800	\$ 317,262	\$ 15,424,556

**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, 2021**

(Exhibit D-1)

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

Net change in fund balances - total governmental funds	\$	2,144,777
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.		(252,772)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(116,245)
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.		215,543
Contributions to the pension plan in the current year are not included in the statement of activities		802,773
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.		<u>(1,324,741)</u>
Change in net position of governmental activities	\$	<u>1,469,335</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, 2021**  
(Exhibit E)

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 8,902,376	\$ 8,873,276	\$ 9,200,974	\$ 327,698
Other taxes and licenses	3,244,000	3,494,000	4,855,140	1,361,140
Unrestricted intergovernmental revenues	2,265,000	2,265,000	2,487,684	222,684
Restricted intergovernmental revenues	555,390	1,396,045	1,406,612	10,567
Permits and fees	226,000	252,100	279,079	26,979
Sales and services	1,325,050	1,325,650	1,372,601	46,951
Investment earnings	65,200	65,000	2,401	(62,599)
Miscellaneous	280,200	391,900	272,459	(119,441)
Payment from ABC Board	234,800	227,300	425,000	197,700
Total revenues	17,098,016	18,290,271	20,301,950	2,011,679
<b>EXPENDITURES</b>				
Current:				
General Government	2,349,656	3,372,785	3,083,553	289,232
Public safety	9,771,749	9,904,338	9,757,825	146,513
Transportation	2,108,979	1,890,700	1,864,531	26,169
Environmental protection	966,338	810,989	805,122	5,867
Economic and physical development	610,918	633,903	545,687	88,216
Cultural and recreational	1,798,670	1,713,279	1,576,116	137,163
Debt service:				
Principal retirement	249,666	249,488	215,543	33,945
Interest and fees	7,040	7,574	1,603	5,971
Total expenditures	17,863,016	18,583,056	17,849,980	733,076
Excess (deficiency) of revenues over (under) expenditures	(765,000)	(292,785)	2,451,970	2,744,755
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out):		(250,000)	(250,000)	-
Financing Proceeds	365,000	142,785		(142,785)
Appropriated fund balance	400,000	400,000		(400,000)
Total other financing sources (uses)	765,000	292,785	(250,000)	(542,785)
Net change in fund balances	\$ -	\$ -	2,201,970	\$ 2,201,970
FUND BALANCE - BEGINNING			12,321,524	
FUND BALANCE - ENDING			\$ 14,523,494	

**City of Lenoir, North Carolina**

**Statement of Net Position**

**Proprietary Funds**

**June 30, 2021**

(Exhibit F)

	<b>Water and Sewer Fund</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 11,907,165
Accounts receivable (net)	540,035
Due from other Governmental Entities	521,999
Inventories	197,576
Restricted Cash and cash equivalents	172,617
Total current assets	<u>13,339,392</u>
<b>Noncurrent assets</b>	
Capital assets, net	<u>69,382,182</u>
Total assets	<u>82,721,574</u>
<b>Deferred Outflows of Resources</b>	
Pension Deferrals	1,063,211
OPEB Deferrals	73,922
Total Deferred Outflows of Resources	<u>1,137,133</u>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	377,731
Installment purchase contracts - current	440,000
Revolving loan payable - current	1,239,668
Customer deposits payable from Restricted Assets	172,617
Compensated absences payable	47,352
Total current liabilities	<u>2,277,368</u>
<b>Noncurrent liabilities</b>	
OPEB Liability	435,741
Installment purchase contracts payable	3,080,000
Revolving loan payable	17,549,164
Compensated absences payable	38,744
Net Pension Liability	1,932,080
Total noncurrent liabilities	<u>23,035,729</u>
Total liabilities	<u>25,313,097</u>
<b>Deferred Inflows of Resources</b>	
Pension Deferrals	11,566
OPEB Deferrals	84,230
Total Deferred Inflows of Resources	<u>95,796</u>
<b>Net Position</b>	
Net investment in capital assets	47,073,350
Unrestricted Net Position	11,376,464
Total Net Position	<u>\$ 58,449,814</u>

City of Lenoir, North Carolina

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

Proprietary Funds

Year Ended June 30, 2021

(Exhibit G)

	Enterprise Fund
	Water and Sewer Fund
<b>Operating revenues</b>	
Water sales	\$ 6,400,122
Wastewater treatment charges	3,045,973
Water and sewer taps	68,233
Late payment charges	60,270
Miscellaneous	59,795
Total operating revenues	9,634,393
<b>Operating expenses</b>	
Administration	
Rhodhiss Water Treatment Plant	1,456,335
Water distribution	1,092,252
Water resources	728,168
Wastewater collection	849,529
Wastewater pretreatment	1,334,974
Gunpowder Wastewater Treatment Plant	546,126
Lower Creek Wastewater Treatment Plant	60,680
Depreciation	1,598,135
Total operating expenses	7,666,199
<b>Operating income (loss)</b>	1,968,194
<b>Nonoperating revenue (expense)</b>	
Interest earned on investments	1,408
Interest paid on long-term debt	(200,025)
Total nonoperating revenue (expense)	(198,617)
<b>Income (loss) before capital contributions</b>	1,769,577
Capital contributions	113,880
<b>Change in Net Position</b>	1,883,457
<b>Total Net Position - beginning</b>	56,566,357
<b>Total Net Position - ending</b>	\$ 58,449,814

**City of Lenoir, North Carolina**

**Statement of Cash Flows**

**Proprietary Funds**

**Year Ended June 30, 2021**

**(Exhibit H)**

	<b>Enterprise Fund</b>
	<b>Water and Sewer Fund</b>
<b>Operating activities</b>	
Cash received from customers and users	\$ 9,495,476
Cash paid to suppliers for goods and services	(4,039,834)
Cash paid for employee benefits	(2,081,126)
Customer deposits received (paid out)	4,732
<b>Net cash provided by (used in) operating activities</b>	<b>3,379,248</b>
<b>Capital and related financing activities</b>	
Proceeds from financing	5,360,494
Grants Received	113,880
Acquisition and construction of capital assets	(4,533,488)
Principal paid on debt	(1,428,240)
Interest paid on debt	(200,025)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(687,379)</b>
<b>Investing activities</b>	
Interest on investments	1,408
<b>Net cash provided (used) in investing activities</b>	<b>1,408</b>
<b>Net increase in cash and cash equivalents/investments</b>	<b>2,693,277</b>
<b>Cash and cash equivalents/investments</b>	
<b>Beginning of year</b>	<b>9,386,505</b>
<b>End of year</b>	<b>\$ 12,079,782</b>

**City of Lenoir, North Carolina**

**Statement of Cash Flows**

**Proprietary Funds**

**Year Ended June 30, 2021**

**(Exhibit H)**

	<u>Enterprise Fund</u> <u>Water</u> <u>and Sewer</u> <u>Fund</u>
<b>Reconciliation of operating income (loss)</b>	
<b>to net cash provided by</b>	
<b>(used in) operating activities</b>	
Operating income (loss)	<u>\$ 1,968,194</u>
Adjustments to reconcile operating income (loss)	
to net cash provided by (used in) operating	
activities:	
Depreciation	1,598,135
<b>Change in assets and liabilities</b>	
(Increase) decrease in accounts receivable and accruals	(138,917)
(Increase) decrease in inventory	(140,154)
Increase (decrease) in accounts payable and	
accrued liabilities	(118,800)
Increase (decrease) in customer deposits	4,732
Increase (decrease) in compensated absence payable	(70,388)
(Increase)decrease in deferred outflows of resources- OPEB	(56,052)
Increase(decrease) in deferred inflows of resources-OPEB	(12,232)
Increase(decrease) in OPEB liability	83,182
(Increase) decrease in deferred outflows-Pensions	(177,287)
Increase (decrease) in deferred inflows-Pensions	(8,470)
Increase (decrease) in Net Pension Liability	447,305
Total adjustments	<u>1,411,054</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ 3,379,248</u></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, 2021

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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 and proprietary* – are presented. The City has no fiduciary funds. 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 seven Special Revenue Fund projects including the 2018, 2019 and 2020 Community Development Entitlement Grants, 2018, 2019 and 2020 Unifour HOME Consortium Grants and the American Rescue Plan fund.

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 three projects within the Capital Project Fund: Hospital Avenue, Linkside Connection 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.

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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,

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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, 2021, 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, 2021. The ordinances increased appropriations by \$970,040 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 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.

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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The City, LTDA and ABC Board's investments are reported at fair value. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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>\$ 315,846</u>
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Business Type Activities

Water and Sewer Fund	Customer Deposits	<u>\$ 172,617</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 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, 2020. 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

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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

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 two items that meet the criterion for this category – contributions made to the pension plan and for OPEB costs in the 2021 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 two items that meets the criterion for this category-deferrals of pension expense and OPEB deferrals. 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 \$16,427,412 consists of several elements as follows:

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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)					\$ 82,943,802
Less accumulated depreciation					(59,425,855)
Net capital assets					23,517,947
Deferred Outflows of Resources related to OPEB are not reported in the funds					454,093
Deferred Outflows of Resources related to pensions are not reported in the funds					2,839,952
Deferred Inflows of Resources related to pension are not reported in the funds					(517,413)
Deferred Inflows of Resources related to OPEB are not reported in the funds					(96,315)
Liabilities for revenue are considered deferred inflows of resources in the fund statements					220,587
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					(972,632)
Compensated absences					(373,378)
Total OPEB Liability					(2,676,696)
Net Pension Liability					(3,588,148)
Total Pension Liability					(2,380,585)
Total adjustment					\$ 16,427,412

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 \$(675,442) as follows:

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,161,920
Depreciation expense, the allocation of those assets over their useful lives, is recorded in the statement of activities, but not in the fund statements	(1,414,692)
Loss on Disposal of Capital Assets is recorded as revenue in the Statement of Activities	(3,370)
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	215,543
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	264,825
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	(116,245)
Pension Expense	(1,494,674)
OPEB Plan Expense	(182,564)
Contribution to the pension plan in the current year and not included in the statement of activities	802,773
Retirement Benefits Paid not included in funds	62,023
OPEB Benefit Payments and Administration Costs made in the current fiscal year are not included in the Statement of Activities	29,019
Total adjustment	<u>\$ (675,442)</u>

## **II. 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.

At year-end, the City's deposits had a carrying amount of \$11,440,554 and a bank balance of \$12,291,719. 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 \$381,442 excluding \$4,400 of cash on hand, and a bank balance of \$365,822. The bank balance was covered by federal depository insurance.

At year-end, the LTDA's deposits had a carrying amount of \$296,941 and a bank balance of \$296,941. 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'

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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, 2021, the credit rating of the fund was AAAm by Standard and Poor's, and AAAm-mf by Moody's Investors Service. Total investments are as follows:

	Carrying Value	Fair Value
<u>City of Lenoir</u>		
North Carolina		
Capital Management Trust	<u>\$ 16,433,038</u>	<u>\$ 16,433,038</u>
<u>ABC Board</u>		
North Carolina		
Capital Management Trust	<u>\$ 50,000</u>	<u>\$ 50,000</u>

**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>\$ 1,075,303</u>

Water and Sewer Fund:

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

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

Receivables net of allowances at June 30, 2021 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>
\$1,099,252	\$540,035	\$220,587	\$821,999	\$863,645	\$3,545,518

#### 4. Governmental Capital Assets

The capital asset activity for the governmental activities as of June 30, 2021 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,616,355	\$ -	\$ -	\$ 3,616,355
Construction work in progress	183,839	578,017	-	761,856
Total capital assets not being depreciated	3,800,194	578,017	-	4,378,211
Capital assets being depreciated:				
Buildings and improvements	16,702,675	26,137		16,728,812
Infrastructure	44,629,556			44,629,556
Equipment	16,665,356	557,766	15,900	17,207,222
Total capital assets being depreciated	77,997,587	583,903	15,900	78,565,590
Less accumulated depreciation for:				
Buildings and improvements	9,184,115	352,515	-	9,536,630
Infrastructure	34,621,753	479,515		35,101,268
Equipment	14,217,824	582,662	12,530	14,787,956
Total accumulated depreciation	58,023,692	1,414,692	12,530	59,425,854
Total capital assets being depreciated, net	19,973,895	(830,789)	3,370	19,139,736
Total capital assets - governmental activities	\$ 23,774,089	\$ (252,772)	\$ 3,370	\$ 23,517,947

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

General Government	\$ 124 176
Public Safety	472 293
Transportation	529 130
Environmental Protection	60 426
Economic and Physical Development	48 077
Cultural and Recreational	180 590
Total Depreciation Expense	<u>\$ 1 414 692</u>



City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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**5. Business-Type Capital Assets**

The capital asset activity for the business-type activities at June 30, 2021, 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	15,809,399	4,188,731		19,998,130
Total capital assets not being depreciated	17,035,870	4,188,731	-	21,224,601
Capital assets being depreciated:				
Plant and systems	77,134,113	196,242		77,330,355
Equipment	4,601,026	148,515	47,743	4,701,798
Total capital assets being depreciated	81,735,139	344,757	47,743	82,032,153
Less accumulated depreciation for:				
Plant and systems	28,161,218	1,461,797		29,623,015
Equipment	4,162,962	136,338	47,743	4,251,557
Total accumulated depreciation	32,324,180	1,598,135	47,743	33,874,572
Total capital assets being depreciated, net	49,410,959	(1,253,378)		48,157,581
Total capital assets - business type activities (Water and Sewer Fund)	\$ 66,446,829	\$ 2,935,353	\$ -	\$ 69,382,182

**6. Construction Commitments** – The City of Lenoir has the following construction projects as of June 30, 2021.

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Water Treatment Upgrade	\$ 8,387,128	\$ 992,872
Hospital Avenue	52,582	807,418
Metering Project	3,464,482	298,163
Biosolids Facility	5,782,313	187,962
Linkside Connector	- 0 -	171,630

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

**7. Component Unit Capital Assets**

The capital assets of the ABC Board at June 30, 2021, 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	597,143			597,143
Store equipment	151,755	3,692	-	155,447
Office equipment	19,956			19,956
Total capital assets being depreciated	768,854	3,692	-	772,546
Less accumulated depreciation for:				
Buildings and improvements	413,236	13,704		426,940
Store equipment	113,593	16,024	-	129,617
Office equipment	19,047	384		19,431
Total accumulated depreciation	545,876	\$ 30,112	\$ -	575,988
Total capital assets being depreciated, net	222,978	(26,420)	-	196,558
Total capital assets	\$ 378,827	\$ (26,420)	\$ -	\$ 352,407

**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 for the State of North Carolina. The State's Comprehensive

Annual Financial Report 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 Statue 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, 2021, was 10.84% of compensation for law enforcement officers and 10.30% for general employees and firefighters, actuarially

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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 \$1,128,194 for the year ended June 30, 2021.

**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, 2021, the City reported a liability of \$5,520,228 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial Valuation as of December 31, 2019. The total pension liability was rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the City's proportion was 0.1545%, which was an increase of 0.0009% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$747,279. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows of Resources</b>
Diff. of expected and actual experience	\$ 697,108	\$ -
Changes of assumptions	410,813	-
Net diff. in projected & actual earnings on pension plan investments	776,824	-
Changes in proportion and diff. between city contributions and proportionate share of contributions	24,806	33 045
City contributions subsequent to the		

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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measurement date	<u>1,128,194</u>	<u>-</u>
Total	<u>\$ 3,037,745</u>	<u>\$ 33,045</u>

\$1,128,194 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 518,271
2023	710,191
2024	418,147
2025	<u>229,900</u>
Total	<u>\$1,876,509</u>

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

<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 2019 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

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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 <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
City's proportionate share of the Net pension liability (asset)	\$11,199,942	\$ 5,520,228	\$799,987

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

Retirees currently receiving benefits	4
Terminated employees entitled to but not yet receiving benefits	0
Active plan members	<u>52</u>
Total	<u>56</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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2020,

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 \$69,447 as benefits came due for the reporting period.

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

At June 30, 2021, the city reported a total pension liability of \$2,380,585. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the



City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$261,035.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 186,565	\$ 37,672
Changes in Assumptions	609,406	37,164
City benefits payments made subsequent to the measurement date	69,447	
Total	<u>\$ 865,418</u>	<u>\$ 74,836</u>

\$69,447 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended 30:**

2022	\$ 133,633
2023	137,296
2024	142,772
2025	138,514
2026	117,438
Thereafter	51,482

\$69,447 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 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<b>1% Decrease (.093%)</b>	<b>Discount Rate (1.93%)</b>	<b>1% Increase (2.93%)</b>
Total pension liability	\$ 2,597,880	\$ 2,380,585	\$ 2,182,874

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

	<u>2021</u>
Beginning Balance	\$ 1,573,819
Service Cost	76,770
Interest on the total pension liability	50,105
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	105,440
Changes of assumptions or other inputs	648,138
Benefits payments	(73,687)
Other changes	-
Ending balance of the total pension liability	<u>\$ 2,380,585</u>

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

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

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

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

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 747,279	\$ 261,035	\$ 1,008,314
Pension Liability	5,520,228	2,380,585	7,900,813
Proportionate share of the net pension Liability	0.15448%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	697,108	186,565	883,673
Changes of assumptions	410,813	609,406	1,020,219
Net difference between projected and actual earnings on plan investments	776,824		776,824
Changes in proportion and differences between contributions and proportionate share of contributions	24,806		24,806
Contributions to LGERS subsequent to measurement date	1,128,194		
Benefit payments and administrative costs paid subsequent to the measurement date		69,447	69,447
Total	\$ 3,037,745	\$ 865,418	\$ 3,903,163
Deferred of Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 37,672	\$ 37,672
Changes of assumptions		37,164	37,164
Net difference between projected and actual earnings on plan investments			
Changes in proportion and differences between contributions and proportionate share of contributions	33,045		33,045
Total	\$ 33,045	\$ 74,836	\$ 107,881

**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 for the State of North Carolina. The State's Comprehensive Annual Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 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 \$130,288 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 for the State of North Carolina. The State's Comprehensive Annual Financial Report 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 19.75% 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, 2019, 2020, and 2021 were \$26,743, \$35,748 and \$42,379 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. 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

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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, 2021.

Membership in the plan included the following at June 30, 2019, the date of the latest actuarial valuation:

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

#### **Total OPEB Liability**

The City's total OPEB liability of \$3,112,437 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

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

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

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2020</b>	<b><u>\$ 2,518,275</u></b>
<b>Changes for the year</b>	
Service cost	147,164
Interest	91,255
Changes of benefit terms	-
Differences between expected and actual experience	35,222
Changes in assumptions or other inputs	437,852
Benefit payments	<u>(117,331)</u>
<b>Net Changes</b>	<b><u>594,162</u></b>
<b>Balance at June 30, 2021</b>	<b><u>3,112,437</u></b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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

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

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<u><b>1% Decrease</b></u>	<u><b>Discount Rate (2.21%)</b></u>	<u><b>1% Increase</b></u>
Total OPEB Liability	\$ 3,503,862	\$ 3,112,437	\$ 2,766,851

*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:

	<u><b>6.00%</b></u>	<u><b>7.00%</b></u>	<u><b>8.00%</b></u>
Total OPEB Liability	\$ 2,638,095	\$ 3,112,437	\$ 3,696,996

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

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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For the year ended June 30, 2021, the City recognized OPEB expense of \$212,278. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,472	\$ 417,360
Changes in assumptions	419,800	184,283
Benefit payments and administrative cost made subsequent to the measurement date	33,743	
Total	<u>\$ 528,015</u>	<u>\$ 601,643</u>

\$33,743 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2022	\$ (26,141)
2023	(26,141)
2024	(26,141)
2025	(26,141)
2026	(26,141)
Thereafter	23,334

- 3. 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.

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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**3. Payables** – Payables and accrued liabilities at June 30, 2021 were as follows at the government-wide level:

	Vendors	Benefits	Total
<b>Governmental Activities:</b>	\$ 238,819	\$ 478,172	\$ 716,991
<b>Business-type activities:</b>	\$ 285,639	\$ 92,092	\$ 377,731

**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		\$ 1,128,194
Benefit payments made and administrative expenses for subsequent measurement date		69,447
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date		33,743
Differences between expected and actual experience		958,145
Changes in proportion and difference between City contributions and proportionate share		24,806
Changes of assumptions		1,440,019
Net difference between projected and actual		776,824
<b>Total</b>		<b>\$ 4,431,178</b>

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

	Fund Statements	Government Wide
<b>Changes in Assumptions and Inputs</b>	\$ -	\$ 221,447
<b>Taxes receivable, less penalties (General Fund)</b>	220,587	-
<b>Differences between expected and actual experience</b>		455,032
<b>Changes in proportion and differences between employer contributions and proportionate share of contributions</b>		33,045
<b>Total</b>	<b>\$ 220,587</b>	<b>\$ 709,524</b>



**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, 2021 the loan balance was \$1,339,778 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, 2021 the loan balance was \$2,008,993 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, 2021 the loan balance was \$4,456,935 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, 2021 the loan balance was \$202,475 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, 2021 the loan balance was \$2,865,563 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, 2021, the loan balance was \$1,156,488 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, 2021 the amount drawn down was \$6 570 057 at an interest rate of 1.53% for a term of 20 years. Funding not yet drawn down of \$424,943 is included in the annual requirements to amortize debt on page 66.
5. Expenditures of \$188,542 has been incurred on the Crossroads Sewer project. This is to be part of a direct placement revolving loan. An amortization schedule is not available on this loan since the project has yet to go out for bids.

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

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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	\$1,410,000	8/27/2013	8 years	2.49%	\$49,878 semi-annual
Utility Line Projects	\$1,190,000				
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, 2021

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Direct Placement				
Installment Contracts				
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	129,684		440,000	48,262
2027-2031	324,212		1,320,000	67,567
Total	972,632	-	3,520,000	437,580
Direct Placement				
Revolving Loans				
2022	-	-	1,239,668	220,769
2023	-	-	1,239,668	171,752
2024	-	-	1,239,668	158,655
2025	-	-	1,239,668	145,557
2026	-	-	1,239,668	132,460
2027-2031			6,049,476	465,834
2032-2036			4,504,322	218,102
2037-2041			2,273,094	80,269
Total	-	-	19,025,232	1,593,398
Total Debt Due	\$ 972,632	\$ -	\$ 22,545,232	\$ 2,030,978

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

The following is a summary of changes in long-term obligations for the year-ended June 30, 2021:

	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021	Current Portion of Long-term Liabilities
Governmental activities:					
Direct Placement Installment					
purchase contracts	\$ 1,188,175	\$ -	\$ 215,543	\$ 972,632	\$ 129,684
Compensated absences	638,203	97,714	362,539	\$ 373,378	224,027
Total OPEB Liability	2,165,716	510,980		\$ 2,676,696	-
Net Pension Liability	2,757,439	830,709	-	\$ 3,588,148	
Total Pension Liability	1,573,819	806,766		\$ 2,380,585	
<b>Total governmental activities</b>	<b>\$ 8,323,352</b>	<b>\$ 2,246,169</b>	<b>\$ 578,082</b>	<b>\$ 9,991,439</b>	<b>\$ 353,711</b>
Business-type activities:					
Direct Placement Installment					
purchase contracts	\$ 4,058,323	\$ -	\$ 538,323	\$ 3,520,000	\$ 440,000
Direct Placement Revolving					
loans	16,469,484	3,209,265	889,917	\$ 18,788,832	1,239,668
Compensated absences	156,484	11,366	81,754	\$ 86,096	47,352
Total OPEB Liability	352,559	83,182		\$ 435,741	
Net Pension Liability	1,484,775	447,305	-	\$ 1,932,080	
<b>Total business-type activities</b>	<b>\$ 22,521,625</b>	<b>\$ 3,751,118</b>	<b>\$ 1,509,994</b>	<b>\$ 24,762,749</b>	<b>\$ 1,727,020</b>

City of Lenoir, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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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, 2021, the City of Lenoir had a legal debt margin of \$206,603,677.

**e. Interfund Activity**

1. Transfers in (out) for the year ended June 30, 2021 are summarized below:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$ 250,000
Capital Projects	\$ 250,000	
Total	<u>\$ 250,000</u>	<u>\$ 250,000</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:

<b>Total fund balance – General Fund</b>	<b>\$14,523,494</b>
Less:	
Stabilization by State Statute	(1,738,388)
Public Safety	<u>(171,274)</u>
Remaining Fund Balance	<u><u>\$12,613,832</u></u>

**III. 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, 2021

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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, 2021.

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, 2021. Complete financial statements for the Airport Authority can be obtained from the airport's administrative offices at P. O. Box 3448, Morganton, NC 28680.

#### **IV. 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 \$62,193 for membership fees and miscellaneous services to the Council during the year ended June 30, 2021.

#### **V. 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.

#### **VI. 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, 2021:

<u>Purpose</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Technology Business	\$ 8,068,908

## **VII. 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. CHANGE IN ACCOUNTING PRINCIPLE**

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

As part of implementing the statement, the City performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, the City is no longer required to report a fiduciary fund in its financial statements.

## **X. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 29, 2021, which is the date the financial statements were available to be issued.



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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 1,573,819	\$ 1,439,440	\$ 1,398,684	\$ 1,396,709	\$ 1,392,024
Service Cost	76,770	63,997	67,948	58,590	66,853
Interest on the total pension liability	50,105	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	105,440	77,691	90,050	(108,752)	-
Changes of assumptions or other inputs	648,138	49,241	(58,695)	83,798	(35,166)
Benefit payments	(73,687)	(106,998)	(101,147)	(83,954)	(75,352)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 2,380,585</u>	<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. This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

**City of Lenoir, North Carolina**

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

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	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,380,585	\$ 1,573,819	\$ 1,439,440	\$ 1,398,684	\$ 1,396,709
Covered payroll	2,529,896	2,304,187	2,149,794	2,111,812	2,281,424
Total pension liability as a percentage of covered payroll	94.10%	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.

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

City of Lenoir, North Carolina

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
City of Lenoir's proportion of the net pension liability (asset) (%)	0.15448	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) (\$)	5,520,228	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	\$ 10,545,653	\$ 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	52.35	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%	96.45%

\* 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.

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

City of Lenoir, North Carolina

City of Lenoir' Contributions

Required Supplementary Information  
Last Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,128,194	\$ 976,877	\$ 806,822	\$ 737,446	\$ 688,015	\$ 614,029	\$ 631,871	\$ 1,146,176
Contributions in relation to the contractually required contribution	1,128,194	976,877	806,822	737,446	688,015	614,029	631,871	\$ 1,146,176
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Lenoir's covered payroll	\$ 10,817,499	\$ 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	10.43%	9.26%	8.07%	7.83%	7.58%	6.94%	7.19%	13.66%

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

**City of Lenoir, North Carolina**

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

<b>Total OPEB Liability</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 147,164	\$ 178,260	\$ 185,487	\$ 202,646
Interest	91,255	108,337	96,154	80,910
Changes of benefit terms				
Differences between expected and actual experience	35,222	(530,160)	35,565	31,920
Changes of assumptions	437,852	36,238	(112,515)	(183,907)
Benefit payments	(117,331)	(117,710)	(123,617)	(113,933)
<b>Net change in total OPEB liability</b>	<b>594,162</b>	<b>(325,035)</b>	<b>81,074</b>	<b>17,636</b>
<b>Total OPEB liability - beginning</b>	<b>2,518,275</b>	<b>2,843,310</b>	<b>2,762,236</b>	<b>2,744,600</b>
<b>Total OPEB liability - ending</b>	<b>\$ 3,112,437</b>	<b>\$ 2,518,275</b>	<b>\$ 2,843,310</b>	<b>\$ 2,762,236</b>
 <b>Covered payroll</b>	 9,827,271	 9,827,271	 8,933,828	 8,740,620
<b>Total OPEB liability as a percentage of covered payroll</b>	 31.67%	 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:

<b>Fiscal year</b>	<b>Rate</b>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.18%

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

**City of Lenoir, North Carolina**

**General Fund**

**Supplemental Balance Sheet**

**June 30, 2021**

**(Schedule 1)**

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	<b>2021</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 13,203,513
Taxes receivable (net)	220,587
Accounts receivable (net)	1,142,223
Other receivables	596,165
Total assets	<u>\$ 15,162,488</u>
<b>Liabilities:</b>	
Accounts payable	<u>\$ 418,407</u>
<b>Deferred Inflow of Resources</b>	
Unavailable Property Taxes	220,587
Total deferred inflow of resources	<u>\$ 220,587</u>
<b>Fund balances:</b>	
Restricted	
Stabilization by State Statute	1,738,388
Public Safety	171,274
Unassigned	12,613,832
Total fund balances	<u>14,523,494</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,162,488</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, 2021

(Schedule 2, Page 1)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
REVENUES:			
Ad valorem taxes			
Taxes - Net of discounts	\$ 8,780,276	\$ 9,129,203	\$ 348,927
Penalties and interest	93,000	71,771	(21,229)
Total	8,873,276	9,200,974	327,698
Other taxes and licenses:			
Local option sales tax	3,490,000	4,848,869	1,358,869
Privilege licenses	1,000	1,065	65
Gross receipts on rental vehicles	3,000	5,206	2,206
Total	3,494,000	4,855,140	1,361,140
Unrestricted intergovernmental revenues:			
Utilities Sales tax	2,185,000	2,400,384	215,384
Beer and wine tax	80,000	74,104	(5,896)
Solid Waste Tax		13,196	13,196
Total	2,265,000	2,487,684	222,684
Restricted intergovernmental revenues:			
State Street - Aid allocation	545,790	513,370	(32,420)
Grants	842,255	885,733	43,478
Substance Control	8,000	7,509	(491)
Total	1,396,045	1,406,612	10,567
Permits and fees:			
Public safety fees and charges	222,100	262,014	39,914
Public works fees	15,000	9,785	(5,215)
Planning department fees and charges	15,000	7,280	(7,720)
Total	252,100	279,079	26,979
Sales and services:			
Bulk container service and sales		39,322	39,322
Solid waste fees	797,000	847,783	50,783
Cemetery lots and marker sales	150,000	190,410	40,410
Recreation department fees- centers and parks	38,900	6,484	(32,416)
Recreation department fees- aquatic/fitness center	83,700	20,551	(63,149)
Concessions	5,300	260	(5,040)
Fire line charges	220,000	229,242	9,242

**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, 2021

(Schedule 2, Page 2)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
REVENUES (Continued)			
Sales and services (Continued)			
Rentals	\$ 25,750	\$ 36,785	11,035
Vehicle maintenance contracts	5,000	1,764	(3,236)
Total	1,325,650	1,372,601	46,951
Interest on investments	65,000	2,401	(62,599)
Miscellaneous:			
Insurance Reimbursement	40,000	12,722	\$ (27,278)
Other	351,900	259,737	(92,163)
Total	391,900	272,459	(119,441)
Payment from Component Unit:			
City of Lenoir ABC Board			
Profit distribution	227,300	425,000	197,700
Total	227,300	425,000	197,700
Total revenues	18,290,271	20,301,950	2,011,679
EXPENDITURES			
General Government:			
Administrative:			
Salaries and wages		852,721	
Personnel benefits		244,724	
Professional services		91,857	
Telephone and postage		17,094	
Utilities		11,444	
Travel and training		58,254	
Maintenance - building and equipment		23,739	
Advertising and printing		1,311	
Tax collection fees		10,751	
Supplies		27,092	
Contracted services		115,082	
Election expense			
Dues and subscriptions		51,260	
Insurance and bonds		54,725	
Technology		35,651	
Contribution to Foothills Regional			
Airport		47,137	
Economic development		510,914	
Capital improvements and equipment			
Covid expenditures		98,399	
Other operating expenses		22,583	
Reimbursement of administrative			
costs for Water Fund		(367,892)	
Total Administrative	2,125,175	1,906,846	218,329
Building Maintenance:			
Salaries and wages		216,164	
Personnel benefits		83,957	
Telephone and postage		469	
Utilities		5,098	
Maintenance - building and equipment		9,196	
Supplies		2,862	



**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, 2021

(Schedule 2, Page 3)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
General Government (Continued)			
Building Maintenance (Continued)			
Uniforms		\$ 2,621	
Insurance and bonds		6,068	
Other operating expenses		2,700	
Reimbursement of administrative costs for Water Fund		(16,256)	
Total Building Maintenance	333,022	312,879	20,143
Engineering:			
Salaries and wages		126,772	
Personnel benefits		38,099	
Professional services		88,758	
Telephone and postage		407	
Utilities		21,718	
Maintenance - building and equipment		9,375	
Travel and training		600	
Supplies		4,618	
Uniforms		454	
Contracted services		2,991	
Dues and subscriptions		198	
Insurance and bonds		12,223	
Covid expenditures		8,866	
Other operating expenses		668	
Reimbursement of administrative costs for Water Fund		(34,615)	
Total Engineering	302,451	281,132	21,319
Cemetery:			
Salaries and wages		198,965	
Personnel benefits		81,967	
Telephone and postage		1,233	
Utilities		7,427	
Maintenance - building and equipment		16,095	
Supplies		23,102	
Contracted services		23,922	
Purchase for resale		23,290	
Insurance and bonds		6,935	
Other operating expenses		1,388	
Total Cemetery	388,232	384,324	3,908
Vehicle Services:			
Salaries and wages		161,310	
Personnel benefits		56,642	

**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, 2021**

(Schedule 2, Page 4)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
General Government (Continued)			
Vehicle Services (Continued)			
Telephone and postage		\$ 1,120	
Utilities		4,493	
Maintenance - building and equipment		18,184	
Travel and training		145	
Departmental supplies		24,516	
Uniforms		1,761	
Contracted services		11,204	
Insurance and bonds		8,717	
Other operating expenses		4,646	
Reimbursement of administrative costs for Water Fund		(94,366)	
Total Vehicle Services	223,905	198,372	25,533
Total General Government	3,372,785	3,083,553	289,232
Public Safety:			
Police:			
Salaries and wages		3,294,552	
Personnel benefits		1,325,084	
Professional services		10,933	
Telephone and postage		45,547	
Utilities		22,693	
Travel and training		32,012	
Maintenance - building and equipment		246,047	
Supplies		74,268	
Uniforms		54,626	
Contracted services		153,395	
Insurance and bonds		114,937	
Technology		12,630	
Substance Control		61,320	
Police benefit		10,678	
Capital improvements and equipment		375,753	
D.A.R.E.			
Explorer Post 246		459	
Adopt-A-Cop		7,325	
Covid expenditures		8,063	
Other operating expenses		21,248	
Total Police	5,877,366	5,871,570	5,796
Fire:			
Salaries and wages		2,477,334	
Personnel benefits		884,489	

**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, 2021

(Schedule 2, Page 5)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire (Continued)			
Telephone and postage		\$ 8,210	
Professional Services			
Utilities		39,406	
Travel and training		7,557	
Maintenance - building and equipment		127,375	
Supplies		18,096	
Uniforms		74,387	
Contracted services		24,032	
Dues and subscriptions		5,345	
Insurance and bonds		86,818	
Covid expenditures		43,658	
Other operating expenses		185	
Capital Improvemnst		89,363	
Total Fire	4,026,972	3,886,255	140,717
Total Public Safety	9,904,338	9,757,825	146,513
Transportation:			
Streets:			
Salaries and wages		490,192	
Personnel benefits		198,325	
Professional services		5,687	
Telephone and postage		8,150	
Utilities		304,862	
Travel and training		160	
Maintenance - building and equipment		86,494	
Street repairs and maintenance		598,063	
Supplies		8,997	
Street signs and pavement marking		27,377	
Uniforms		8,330	
Insurance and bonds		30,057	
Covid expenditures		14,416	
Capital Improvements		83,190	
Reimbursement of administrative costs for Water Fund		(332)	
Other operating expenses		563	
Total Transportation	1,890,700	1,864,531	26,169
Environmental Protection:			
Sanitation:			
Salaries and wages		387,667	
Personnel benefits		153,934	
Telephone and postage		2,222	
Travel and training		228	
Maintenance - building and equipment		104,175	
Supplies		4,106	
Advertising and printing		1,272	
Insurance and bonds		21,918	
Uniforms		5,037	
Contracted Services		1,606	

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, 2021

(Schedule 2, Page 6)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
Environmental Protection (Continued)			
Sanitation (Continued)			
Purchases for resale		\$ 2,657	
Tipping fees		81,504	
Recycling services		36,888	
Other operating expenses		1,908	
Capital Outlay			
Total Environmental Protection	810,989	805,122	5,867
Economic and Physical Development:			
Downtown District:			
Salaries and wages		87,879	
Personnel benefits		27,815	
Utilities		6,781	
Telephone and postage		1,201	
Travel and training		339	
Maintenance - equipment and streetscape		99	
Advertising and printing		4,612	
Departmental supplies		3,358	
Contracted services		5,985	
Events and promotions		15,744	
Facade incentive grants		5,000	
Dues and subscriptions		366	
Covid expenditures		12,888	
Other operating expenses		264	
Total Downtown District	191,938	172,331	19,607
Planning:			
Salaries and wages		229,258	
Personnel benefits		69,994	
Professional services		52,213	
Contracted services		3,240	
Telephone and postage		2,743	
Travel and training		125	
Maintenance - equipment		1,093	
Advertising and printing			
Supplies		750	
Dues and subscriptions		2,680	
Insurance and bonds		9,163	
Building demolition		72,008	
Covid expenditures		5,197	
Other operating expenses		527	
Reimbursement for administrative costs for Water Fund		(75,635)	
Total Planning	441,965	373,356	68,609
Total Economic and Physical Development	633,903	545,687	88,216

**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, 2021

(Schedule 2, Page 7)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
EXPENDITURES (Continued)			
Culture and Recreation:			
Recreation Centers and Parks:			
Salaries and wages		\$ 492,585	
Personnel benefits		182,253	
Basketball league			
Softball & baseball leagues		1,786	
Miscellaneous leagues and programs		9,080	
Harambee Festival			
Telephone and postage		2,767	
Utilities		88,698	
Travel and training		2,351	
Insurance and bonds		47,745	
Maintenance - building and equipment		168,251	
Supplies		36,561	
Advertising and printing		244	
Uniforms		2,262	
Contracted services		30,506	
Concessions and purchases for resale			
Capital Outlay		35,595	
Other operating expenses		5,348	
Total Recreation Centers and Parks	1,182,470	1,106,032	76,438
Aquatic and Fitness Center:			
Salaries and wages		198,964	
Personnel benefits		75,925	
Telephone and postage		1,114	
Utilities		67,932	
Travel and training		1,110	
Maintenance - building and equipment		57,132	
Supplies		33,248	
Uniforms		572	
Advertising and printing			
Contracted services		11,217	
Concessions and purchases for resale			
Insurance and bonds		6,241	
Covid expenditures		15,599	
Other operating expenses		1,030	
Total Aquatic and Fitness Center	530,809	470,084	60,725

**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, 2021

(Schedule 2, Page 8)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Total Culture and Recreation	1,713,279	1,576,116	137,163
Debt Service:			
Principal	249,488	215,543	33,945
Interest	7,574	1,603	5,971
Total Debt Service	257,062	217,146	39,916
Total Expenditures	18,583,056	17,849,980	733,076
REVENUES OVER/(UNDER) EXPENDITURES	(292,785)	2,451,970	2,744,755
OTHER FINANCING SOURCES (USES):			
Transfers in (out):	(250,000)	(250,000)	-
Appropriated Fund Balance	400,000		(400,000)
Financing Proceeds	142,785		(142,785)
Total other financing sources (uses)	292,785	(250,000)	(542,785)
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ -	2,201,970	\$ 2,201,970
FUND BALANCE:			
Beginning of year		12,321,524	
End of year		\$ 14,523,494	

**City of Lenoir, North Carolina**

**Special Revenue Fund**

**Supplemental Balance Sheets**

**6/30/2021**

**(Schedule 3)**

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	<b>2021</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,276,636
Other Receivables	224,509
Total assets	<u>\$ 2,501,145</u>
<b>Liabilities and fund balances</b>	
Liabilities:	
Advance from ARPA	<u>1,917,345</u>
Total liabilities	<u>1,917,345</u>
Fund balances:	
Assigned to Future Economic Development	<u>583,800</u>
Total fund balances	<u>583,800</u>
Total liabilities and fund balances	<u>\$ 2,501,145</u>

City of Lenoir, North Carolina

Special Revenue Fund

Supplemental Schedule of Revenues and Expenditures Compared with  
Compared with Authorizations from Inception and for the Year Ended June 30, 2021  
(Schedule 4, Page 1)

			Actual		
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
<b>2018 COMMUNITY DEVELOPMENT</b>					
<b>BLOCK GRANT:</b>					
Revenues:					
Intergovernmental	137,666	76,089	29,253	105,342	(32,324)
Expenditures:					
Public Facilities Improvements	110,133	48,556	29,253	77,809	32,324
Administration	27,533	27,533		27,533	-
Total expenditures	137,666	76,089	29,253	105,342	32,324
Expenditures (over) revenues	-	-	-	-	-
<b>2019 COMMUNITY DEVELOPMENT</b>					
<b>BLOCK GRANT:</b>					
Revenues:					
Intergovernmental	310,330	58,210	152,973	211,183	(99,147)
Expenditures:					
Public Facilities Improvement	108,702	58,210	26,505	84,715	23,987
Administration	27,175		1,412	1,412	25,763
Public Services	174,453		125,056	125,056	49,397
Total expenditures	310,330	58,210	152,973	211,183	99,147
Expenditures (over) revenues	-	-	-	-	-
<b>2020 COMMUNITY DEVELOPMENT</b>					
<b>BLOCK GRANT:</b>					
Revenues:					
Intergovernmental	146,288		59,384	59,384	(86,904)
Expenditures:					
Public Facilities Improvement	117,031		59,384	59,384	57,647
Administration	29,257			-	29,257
Total expenditures	146,288	-	59,384	59,384	86,904
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, 2021**  
(Schedule 4, Page 2)

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>2018 UNIFOUR HOME CONSORTIUM:</b>					
Revenues:					
Intergovernmental	1,152,451	746,738	326,527	1,073,265	(79,186)
Program Income	300,000	514,173		514,173	214,173
Total revenue	1,452,451	1,260,911	326,527	1,587,438	134,987
Expenditures:					
Downpayment assistance	500,338	359,936	8,250	368,186	132,152
CHDO	172,869	103,342	69,527	172,869	-
Administration	115,244	115,240	-	115,240	4
Multi-family housing	664,000	357,000	257,000	614,000	50,000
Total expenditures	1,452,451	935,518	334,777	1,270,295	182,156
Expenditures (over) revenues	-	325,393	(8,250)	317,143	317,143
<b>2019 UNIFOUR HOME CONSORTIUM:</b>					
Revenues:					
Intergovernmental	1,102,000	326,188	525,321	851,509	(250,491)
Program income	770,000	385,693		385,693	(384,307)
Total revenue	1,872,000	711,881	525,321	1,237,202	(634,798)
Expenditures:					
Downpayment assistance	452,500	234,997	215,386	450,383	2,117
CHDO	392,800		291,481	291,481	101,319
Administration	240,000	91,192	148,784	239,976	24
New Construction	300,000	78,160	221,840	300,000	-
Multi-family housing	486,700			-	486,700
Total expenditures	1,872,000	404,349	877,491	1,281,840	590,160
Expenditures (over) revenues	-	307,532	(352,170)	(44,638)	(44,638)

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, 2021

(Schedule 4, Page 3)

			Actual		Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	To Date	(Negative)
<b>2020 UNIFOUR HOME CONSORTIUM:</b>					
Revenues:					
Intergovernmental	1,145,874	-	171,884	171,884	(973,990)
Program income	425,000	-	1,047,045	1,047,045	622,045
Total revenue	1,570,874	-	1,218,929	1,218,929	(351,945)
Expenditures:					
Downpayment assistance	608,311	-	592,815	592,815	15,496
CHDO	171,882	-	-	-	171,882
Administration	324,381	-	314,879	314,879	9,502
New Construction	307,000	-	-	-	307,000
Multi-family housing	159,300	-	-	-	159,300
Total expenditures	1,570,874	-	907,694	907,694	663,180
Expenditures (over) revenues	-	-	311,235	311,235	311,235
<b>AMERICAN RESCUE PLAN:</b>					
Revenues:					
Interest Earned			60	60	60
Expenditures (over) revenues	-	-	60	60	60
Expenditures (over) revenues - all grants	\$ -	\$ 632,925	\$ (49,125)	\$ 583,800	\$ 583,800
<b>FUND BALANCE:</b>					
Beginning of year			632,925		
End of year			<u>\$ 583,800</u>		

**City of Lenoir, North Carolina**

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
For the Year Ended June 30, 2021  
(Schedule 5)

	<b>Capital Project Fund</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents		\$ 315,846	\$ 315,846
Grants Receivable	300,000		300,000
Total Assets	<u>\$ 300,000</u>	<u>\$ 315,846</u>	<u>\$ 615,846</u>
<b>Liabilities</b>			
Bank Overdraft	276,319		276,319
Accounts Payable	22,265		22,265
Total Liabilities	<u>298,584</u>	<u>-</u>	<u>298,584</u>
<b>Fund Balances</b>			
Restricted Cementary Care	-	315,846	315,846
Assigned to Future Capital Outlay	1,416	-	1,416
Total Fund balances	<u>1,416</u>	<u>315,846</u>	<u>317,262</u>
Total Fund balances and Liabilities	<u>\$ 300,000</u>	<u>\$ 315,846</u>	<u>\$ 615,846</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, 2021  
(Schedule 6)

	<b>Capital Project Fund</b>	<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Restricted intergovernmental revenues	\$ 300,000	\$ -	\$ 300,000
Investment earnings		2,949	2,949
Miscellaneous		17,000	17,000
Total revenues	<u>300,000</u>	<u>19,949</u>	<u>319,949</u>
<b>Expenditures</b>			
Current:			
Capital projects	578,017		578,017
Total Expenditures	<u>578,017</u>	<u></u>	<u>578,017</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(278,017)</u>	<u>19,949</u>	<u>(258,068)</u>
<b>Other financing sources (uses)</b>			
Transfers	250,000	-	250,000
Total other financing sources (uses)	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<b>Net change in fund balances</b>	<u>(28,017)</u>	<u>19,949</u>	<u>(8,068)</u>
<b>Fund balance - beginning</b>	<u>29,433</u>	<u>295,897</u>	<u>325,330</u>
<b>Fund balance - ending</b>	<u>\$ 1,416</u>	<u>\$ 315,846</u>	<u>\$ 317,262</u>

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, 2021

(Schedule 7, Page 1)

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
<b>BROYHILL PLANT REDEVELOPMENT-BROWNFIELD</b>					
Revenues:					
ARC Grant	300,000		300,000	300,000	-
EPA Grant	45,000				(45,000)
City In Kind	173,000				(173,000)
Total Revenues	518,000		300,000	300,000	(218,000)
Expenditures:					
Removal	550,000		545,274	545,274	4,726
Engineering	45,000	1,995	18,291	20,286	24,714
Land and Right of Ways	173,000				173,000
Total expenditures	768,000	1,995	563,565	565,560	202,440
Expenditures (over)under revenues	(250,000)	(1,995)	(263,565)	(265,560)	(15,560)
<b>HOSPITAL AVENUE</b>					
Revenues:					
NC DOT Grant	800,000			-	(800,000)
Expenditures:					
Engineering	140,000	129,262	10,192	139,454	546
Construction	860,000	52,582	-	52,582	807,418
Total expenditures	1,000,000	181,844	10,192	192,036	807,964
Expenditures (over) revenues	(200,000)	(181,844)	(10,192)	(192,036)	7,964
<b>LINKSIDE CONNECTOR</b>					
Expenditures:					
Engineering	12,000		4,260	4,260	7,740
Construction	171,630			-	171,630
Right of Ways	30,000			-	30,000
Contingency	8,585			-	8,585
Total expenditures	222,215	-	4,260	4,260	217,955
Expenditures (over)under revenues	(222,215)	-	(4,260)	(4,260)	217,955
Expenditures (over) under revenues- all projects	(672,215)	(183,839)	(278,017)	(461,856)	210,359

**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, 2021

(Schedule 7, page 2)

## OTHER FINANCING SOURCES(USES):

Transfer from Other Funds	<u>672,215</u>	<u>213,272</u>	<u>250,000</u>	<u>463,272</u>	<u>(208,943)</u>
Total other financing sources	<u>672,215</u>	<u>213,272</u>	<u>250,000</u>	<u>463,272</u>	<u>(208,943)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 29,433</u>	<u>\$ (28,017)</u>	<u>\$ 1,416</u>	<u>\$ 1,416</u>
Fund balance beginning of year			<u>29,433</u>		
Fund balance end of year			<u>\$ 1,416</u>		

**City of Lenoir, North Carolina**

**Permanent Fund**

**Compared with Authorizations from Inception and for the Year Ended June 30, 2021**  
**Fund Balance -Budget and Actual**  
**For the Year Ended June 30, 2021**

(Schedule 8)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Revenues:			
Sales	\$ 1,000	\$ 17,000	16,000
Interest earned on investments		2,949	2,949
Total revenues	1,000	19,949	18,949
Expenditures:			
Improvements	1,000		1,000
Revenues over expenditures	-	19,949	19,949
Fund Balance:			
Beginning of year		295,897	
End of year		\$ 315,846	

**City of Lenoir, North Carolina**

**Enterprise Fund - Water and Sewer Fund**

**Supplemental Balance Sheet**

**June 30, 2021**

(Schedule 9)

	<u>2021</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 11,907,165
Accounts receivable (net)	540,035
Due from other Governmental Entities	521,999
Inventories	197,576
Restricted Cash and cash equivalents	172,617
Total current assets	<u>13,339,392</u>
Noncurrent assets	
Capital assets, net	<u>69,382,182</u>
Total assets	<u>82,721,574</u>
<b>Deferred Outflows of Resources</b>	
Pension Deferrals	1,063,211
OPEB Deferrals	73,922
Total Deferred Outflows of Resources	<u>1,137,133</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	377,731
Installment purchase contracts - current	440,000
Revolving loan payable - current	1,239,668
Customer deposits payable from Restricted Assets	172,617
Compensated absences payable	47,352
Total current liabilities	<u>2,277,368</u>
Noncurrent liabilities	
Installment purchase contracts payable	3,080,000
Revolving loan payable	17,549,164
Total OPEB Liability	435,741
Compensated absences payable	38,744
Net Pension Liability	1,932,080
Total noncurrent liabilities	<u>23,035,729</u>
Total liabilities	<u>25,313,097</u>
<b>Deferred Inflows of Resources:</b>	
Pension Deferrals	11,566
OPEB Deferrals	84,230
Total Deferred Inflows of Resources	<u>95,796</u>
<b>Net Position</b>	
Net investment in capital assets	47,073,350
Unrestricted Net Position	11,376,464
Total Net Position	<u>\$ 58,449,814</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, 2021

(Schedule 10, Part I)

	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
REVENUES:			
Operating revenues:			
Water sales	\$ 5,555,000	\$ 6,400,122	\$ 845,122
Wastewater treatment charges	2,855,000	3,045,973	190,973
Water and sewer taps	30,000	68,233	38,233
Late payment/reconnect fees	70,000	60,270	(9,730)
Miscellaneous	53,000	59,795	6,795
Total operating revenues	8,563,000	9,634,393	1,071,393
Nonoperating revenues:			
Grants	25,400	25,400	-
Interest on investments	18,300	1,347	(16,953)
Total Nonoperating Revenues	43,700	26,747	(16,953)
Total Revenues	\$ 8,606,700	\$ 9,661,140	\$ 1,054,440

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, 2021

(Schedule 10, Part II, Page 1)

	2021		VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES:	BUDGET	ACTUAL	
Rhodhiss Water Treatment Plant:			
Salaries and wages		\$ 355,755	
Personnel benefits		124,918	
Telephone and postage		1,246	
Utilities		380,367	
Maintenance:			
Building and grounds		48,925	
Equipment		75,208	
Motor equipment operation and maintenance		6,931	
Departmental supplies		16,346	
Uniforms		2,076	
Contracted Services		97,159	
State testing		8,752	
Chemicals		161,821	
Insurance and bonds		20,060	
Miscellaneous		7,305	
Utility service fees		117,819	
Total Rhodhiss Water Treatment			
Administration			
Plant	1,464,871	1,424,688	40,183
Water Distribution:			
Salaries and wages		381,089	
Personnel benefits		143,652	
Telephone and postage		62,643	
Utilities		29,591	
Maintenance:			
Equipment		48,707	
Distribution system		57,512	
Departmental supplies		71,151	
Uniforms		3,436	
Insurance and bonds		58,947	
Contracted services		114,729	
Miscellaneous		8,366	
Utility service fees		117,819	
Total Water Distribution	1,360,648	1,097,642	263,006
Water Resources			
Salaries and wages		330,707	
Personnel benefits		114,557	
Professional services		175,593	
Contracted services		55,210	

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, 2021

(Schedule 10, Part II, Page 2)

EXPENDITURES (Continued)	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Water Resources (Continued)			
Travel and training		\$ 1,530	
Telephone and postage		7,037	
Equipment maintenance		10,613	
Motor equipment operation and maintenance		12,074	
Departmental supplies		5,954	
Uniforms		2,544	
Insurance and bonds		7,799	
Miscellaneous		5,938	
Total Water Resources	755,947	729,556	26,391
Wastewater Collection			
Salaries and wages		280,209	
Personnel benefits		106,270	
Telephone and postage		1,024	
Utilities		47,484	
Travel and training		700	
Maintenance:			
Equipment		12,809	
Sewage collection system		37,337	
Motor equipment operation and maintenance		25,859	
Departmental supplies		12,465	
Uniforms		2,895	
Contracted services		112,471	
Insurance and bonds		47,762	
Miscellaneous		5,195	
Utility service fees		117,819	
Total Wastewater Collection	914,635	810,299	104,336
Lower Creek Wastewater Treatment Plant:			
Salaries and wages		392,185	
Personnel benefits		157,567	
Telephone and postage		4,956	
Utilities		318,289	
Travel and training		1,045	
Maintenance:			
Building and grounds		4,586	
Equipment		55,962	
Motor equipment operation and maintenance		25,205	
Departmental supplies		21,735	
Uniforms		2,778	
Contracted services		146,331	
Chemicals		58,734	
Insurance and bonds		20,120	
Miscellaneous		7,452	
Utility service fees		117,819	
Total Lower Creek Wastewater Treatment Plant	1,345,541	1,334,764	10,777

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, 2021

(Schedule 10, Part II, Page 3)

EXPENDITURES (Continued)	2021		VARIANCE POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Gunpowder Wastewater Treatment Plant:			
Salaries and wages		\$ 58,270	
Personnel benefits		18,087	
Telephone and postage			
Utilities		229,365	
Maintenance:			
Equipment		36,526	
Motor equipment operation and maintenance		205	
Departmental supplies		14,938	
Uniforms		1,729	
Contracted services		18,882	
Chemicals		26,847	
Insurance and bonds		14,737	
Miscellaneous		51	
Utility service fees		117,819	
Total Gunpowder Wastewater Treatment Plant	569,652	537,456	32,196
Wastewater Pretreatment:			
Salaries and wages		47,174	
Personnel benefits		16,834	
Contracted Services		1,750	
Uniforms		575	
Supplies		779	
Miscellaneous		643	
Total Wastewater Pretreatment	149,927	67,755	82,172
Budgetary appropriations:			
Interest paid	200,034	200,025	9
Debt principal	1,428,240	1,428,240	-
Capital outlay:	361,655	344,757	16,898
Transfers Out	55,550	55,550	-
Total budgetary appropriations	2,045,479	2,028,572	16,907
TOTAL EXPENDITURES	\$ 8,606,700	\$ 8,030,732	\$ 575,968

**City of Lenoir, North Carolina**

**Enterprise Fund - Water and Sewer Fund**

**Supplemental Schedule of Revenues and Expenditures -  
For the Year Ended June 30, 2021**

(Schedule 10, Part III)

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

	2021 Actual
Total revenues and other financing sources on Schedule 11, Part I, Water and Sewer	\$ 9,661,140
Total expenditures on Schedule 7, Part II, Water and Sewer	8,030,732
Revenues and other sources over (under) expenditures and other uses:	1,630,408
Reconciling items:	
Grants-Capital Projects	88,480
Interest Earned - Capital Projects	61
Debt principal	1,428,240
Capital outlay	344,757
Transfer to Capital Projects	55,550
Decrease in accrued vacation pay	70,388
Depreciation expense	(1,598,135)
Increase in Inventory	140,154
Increase in Deferred Outflows-Pensions	177,287
Decrease in Deferred Inflows-Pensions	8,470
Increase in Net Pension Liability	(447,305)
Increase (Decrease) in deferred outflows of resources - OPEB	56,052
(Increase) Decrease in deferred inflows of resources - OPEB	12,232
(Increase) Decrease in OPEB Liability	(83,182)
Total reconciling items	253,049
Change in Net Position (Exhibit G)	\$ 1,883,457

**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, 2021

(Schedule 11, Page 1)

	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
<b>Brownfield Assessments</b>					
Revenues:					
EPA Grant	\$ 300,000	\$ 172,150	\$ 88,480	\$ 260,630	\$ (39,370)
Expenditures:					
Professional Services	300,000	172,150	88,480	260,630	39,370
Total expenditures	300,000	172,150	88,480	260,630	39,370
Expenditures (under) revenues	-	-	-	-	-
<b>Crossroads Sewer</b>					
Revenues:					
Clean Water Loan	\$ 2,775,000	\$ -	\$ 188,542	\$ 188,542	\$ (2,586,458)
Expenditures:					
Administration	1,000		675	675	325
Engineering	371,000	76,947	111,595	188,542	182,458
Construction	2,186,000			-	2,186,000
Contingency	217,000			-	217,000
Closing Costs	55,500				55,500
Total expenditures	2,830,500	76,947	112,270	189,217	2,641,283
Expenditures (under) revenues	(55,500)	(76,947)	76,272	(675)	54,825
Other financing sources (uses):					
Transfers From Other Funds	55,500		55,550	55,550	50
Total Other financing sources(uses):	55,500	-	55,550	55,550	50
Revenues and other financing sources over (under) expenditures and other financing uses	-	(76,947)	131,822	54,875	54,875
<b>Metering Project</b>					
Revenues:					
Interest Earned	\$ -	\$ 6,631	\$ 61	6,692	6,692
Expenditures:					
Metering System	3,762,645	2,987,736	476,746	3,464,482	298,163
Management Feed	339,130	171,200	162,945	334,145	4,985
Contingency	298,225				298,225
Total expenditures	4,400,000	3,158,936	639,691	3,798,627	601,373
Expenditures (under) revenues	(4,400,000)	(3,152,305)	(639,630)	(3,791,935)	608,065
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	\$ -	\$ 1,247,695	\$ (639,630)	\$ 608,065	\$ 608,065

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, 2021

(Schedule 11, Page 2)

	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
<b>Water Treatment Plant Upgrade - Phase II</b>					
Revenues:					
Contributions-Private Industry	\$ 10,050,000	\$ 10,050,000	\$ -	\$ 10,050,000	-
Expenditures:					
Engineering	660,000	641,166	10,774	\$ 651,940	8,060
Construction	9,380,000	8,070,335	316,793	\$ 8,387,128	992,872
Administration	10,000	631		\$ 631	9,369
Total expenditures	10,050,000	8,712,132	327,567	9,039,699	1,010,301
Expenditures (under) revenues	-	1,337,868	(327,567)	1,010,301	1,010,301
<b>Biosolids Facility Improvements</b>					
Revenues:					
Clean Water State Revolving Loan	\$ 6,995,000	\$ 3,549,334	\$ 3,020,723	6,570,057	(424,943)
Expenditures:					
Engineering	800,000	611,943	175,403	787,346	12,654
Construction	5,970,275	2,936,993	2,845,320	5,782,313	187,962
Administration	52,725	398		398	52,327
Closing Fees	139,900	139,900		139,900	
Contingency	172,000			-	172,000
Total Expenditures	7,134,900	3,689,234	3,020,723	6,709,957	424,943
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	-	-	-	-	-
<b>Total Water and Sewer Capital Project Fund</b>					
	\$ -	\$ 2,508,616	\$ (835,375)	\$ 1,673,241	\$ 1,673,241

**City of Lenoir, North Carolina**

**Schedule of Cash and Investment Balances**

**June 30, 2021**

(Schedule 12)

	<u>Cost Value</u>	<u>Fair Value</u>
Cash and Investments in the form of:		
Cash:		
On hand	\$ 2,185	\$ 2,185
In demand deposits	8,891,736	8,891,736
In certificates of deposit	2,548,818	2,548,818
Total Cash	<u>11,442,739</u>	<u>11,442,739</u>
Investments - North Carolina Capital North Carolina Capital Management Trust	<u>16,433,038</u>	<u>16,433,038</u>
Total Cash and Investments	<u>\$ 27,875,777</u>	<u>\$ 27,875,777</u>
Distribution by Funds:		
Governmental Fund types	\$ 15,795,995	\$ 15,795,995
Enterprise Fund	12,079,782	12,079,782
Total	<u>\$ 27,875,777</u>	<u>\$ 27,875,777</u>



**City of Lenoir, North Carolina**

**Schedule of Ad Valorem Taxes Receivable**

**June 30, 2021**

(Schedule 13)

<b>Fiscal Year</b>	<b>Uncollected Balance 7/1/2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance 6/30/2021</b>
2020-2021	\$	\$ 9,252,867	\$ 8,975,882	\$ 276,985
2019-2020	337,915		155,217	182,698
2018-2019	250,549		71,923	178,626
2017-2018	135,575		30,223	\$ 105,352
2016-2017	93,197		12,805	80,392
2015-2016	100,673		20,936	79,737
2014-2015	91,754		20,671	71,083
2013-2014	154,358		8,549	145,809
2012-2013	99,583		9,753	89,830
2011-2012	104,464		19,086	85,378
2010-2011	131,982		131,982	
<b>Total</b>	<b>\$ 1,500,050</b>	<b>\$ 9,252,867</b>	<b>\$ 9,457,027</b>	<b>\$ 1,295,890</b>
Less allowance for uncollectible ad valorem taxes receivable:				
Ad valorem and vehicle			\$ 1,068,394	
Downtown Service District			6,909	1,075,303
Ad valorem taxes receivable - net				<u>\$ 220,587</u>
Reconciliation with revenues:				
Ad valorem taxes (Schedule 2)				\$ 9,200,974
Discounts allowed				103,510
Releases-Prior Years				94,194
Amounts written off per statute of limitations				130,120
Subtotal				<u>9,528,798</u>
Less penalties and interest collected				<u>71,771</u>
Total collections and credits				<u>\$ 9,457,027</u>

City of Lenoir, North Carolina

Analysis of Current Tax Levy

June 30, 2021

(Schedule 14)

	Total Property Valuation	Rate	Amount of Levy	Total Levy	
				Property Excluding Vehicles	Motor Vehicles
Original levy:					
Ad Valorem	\$ 2,731,729,312	0.5885%	\$ 16,076,227	\$ 16,076,227	
Downtown Service District	10,251,600	0.25	25,629	25,629	
Motor Vehicles:					
General	131,583,347	0.5885%	774,368		\$ 774,368
Discoveries			476,477	476,477	
Releases			(8,099,834)	(8,099,834)	
Total for year	<u>2,873,564,259</u>		9,252,867	8,478,499	774,368
Less uncollected tax at June 30, 2021 (schedule 14)			<u>276,985</u>	<u>276,985</u>	
Current year's taxes collected			<u>\$ 8,975,882</u>	<u>\$ 8,201,514</u>	<u>\$ 774,368</u>
Percent current year collected			97.01%	96.73%	100.00%

City of Lenoir, North Carolina

Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2021  
(Schedule 15)

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	-	565,560	1,457,844
Cemeteries	105,673	150,164	89,764	-	-	345,601
Total general government	1,012,425	1,394,742	2,018,294	1,740,011	565,560	6,731,032
Public Safety:						
Police	170,165	1,606,695	5,220,495	-	-	6,997,355
Fire	237,774	2,269,691	3,990,861	-	-	6,498,326
Total public safety	407,939	3,876,386	9,211,356	-	-	13,495,681
Transportation:						
Streets	55,277	3,973,098	2,735,195	41,819,705	196,296	48,779,571
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	1,144,342	1,069,840	-	11,375,529
Landscaping	10	396,104	314,259	-	-	710,373
Total recreation & culture	2,131,214	7,426,247	1,458,601	1,069,840	-	12,085,902
Total governmental funds capital assets	\$ 3,616,355	\$ 16,702,675	\$ 17,233,359	\$ 44,629,556	\$ 761,856	\$ 82,943,801

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

	Fiscal Year				
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Governmental activities</b>					
Net investment in capital assets	\$ 24,742,318	\$ 23,908,648	\$ 23,511,733	\$ 23,067,714	\$ 22,408,717
Restricted	1,628,404	2,090,733	2,033,820	2,064,013	2,185,690
Unrestricted	2,749,865	2,589,418	2,847,028	2,799,456	3,588,550
<b>Total governmental activities net position</b>	<b>\$ 29,120,587</b>	<b>\$ 28,588,799</b>	<b>\$ 28,392,581</b>	<b>\$ 27,931,183</b>	<b>\$ 28,182,957</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 31,523,163	\$ 32,458,799	\$ 33,769,317	\$ 34,672,805	\$ 35,531,735
Unrestricted	\$ 3,311,422	\$ 3,272,193	\$ 3,217,991	\$ 2,921,449	\$ 3,096,389
<b>Total business-type activities net position</b>	<b>\$ 34,834,585</b>	<b>\$ 35,730,992</b>	<b>\$ 36,987,308</b>	<b>\$ 37,594,254</b>	<b>\$ 38,628,124</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 56,265,481	\$ 56,367,447	\$ 57,281,050	\$ 57,740,519	\$ 57,940,452
Restricted	1,628,404	2,090,733	2,033,820	2,064,013	2,185,690
Unrestricted	6,061,287	5,861,611	6,065,019	5,720,905	6,684,939
<b>Total primary government net position</b>	<b>\$ 63,955,172</b>	<b>\$ 64,319,791</b>	<b>\$ 65,379,889</b>	<b>\$ 65,525,437</b>	<b>\$ 66,811,081</b>

	Fiscal Year				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Governmental activities</b>					
Net investment in capital assets	\$ 22,249,268	\$ 22,246,314	\$ 22,395,076	\$ 22,585,914	\$ 22,545,315
Restricted	1,864,853	2,216,291	1,815,848	2,134,052	2,225,508
Unrestricted	4,926,142	4,412,313	5,425,858	5,662,667	7,081,145
<b>Total governmental activities net position</b>	<b>\$ 29,040,263</b>	<b>\$ 28,874,918</b>	<b>\$ 29,636,782</b>	<b>\$ 30,382,633</b>	<b>\$ 31,851,968</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 36,016,281	\$ 39,010,237	\$ 40,730,883	\$ 45,919,022	\$ 47,073,350
Unrestricted	\$ 4,187,558	\$ 14,003,200	\$ 14,407,381	\$ 10,647,335	\$ 11,376,464
<b>Total business-type activities net position</b>	<b>\$ 40,203,839</b>	<b>\$ 53,013,437</b>	<b>\$ 55,138,264</b>	<b>\$ 56,566,357</b>	<b>\$ 58,449,814</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 58,265,549	\$ 61,256,551	\$ 63,125,959	\$ 68,504,936	\$ 69,618,665
Restricted	1,864,853	2,216,291	1,815,848	2,134,052	2,225,508
Unrestricted	9,113,700	18,415,513	19,833,239	16,310,002	18,457,609
<b>Total primary government net position</b>	<b>\$ 69,244,102</b>	<b>\$ 81,888,355</b>	<b>\$ 84,775,046</b>	<b>\$ 86,948,990</b>	<b>\$ 90,301,782</b>

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

	Fiscal Year				
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,195,538	\$ 3,046,921	\$ 3,179,927	\$ 4,322,095	\$ 2,603,033
Public safety	8,215,430	8,207,917	8,048,078	7,800,350	8,548,540
Transportation	2,097,876	2,347,838	2,261,096	2,160,348	2,723,651
Environmental protection	703,246	855,159	842,366	947,928	841,519
Economic and physical development	2,197,798	1,355,971	1,282,460	741,650	2,062,599
Culture and recreation	2,196,855	2,007,287	2,040,197	1,807,111	2,048,795
Interest and fees	90,971	65,475	47,645	36,863	41,567
Total governmental activities expenses	18,697,714	17,886,568	17,701,769	17,816,345	18,869,704
Business-type activities:					
Water and sewer	7,049,311	6,961,985	7,112,339	7,135,710	7,163,620
Total primary government expenses	\$ 25,747,025	\$ 24,848,553	\$ 24,814,108	\$ 24,952,055	\$ 26,033,324
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 1,059,899	\$ 410,011	\$ 516,150	\$ 342,440	\$ 307,754
Public safety	180,689	411,362	383,282	416,602	330,033
Transportation	29,707	19,484	9,772	34,234	-
Environmental protection	629,383	630,546	626,488	632,824	703,382
Economic and physical development	4,851	2,300	3,100	1,425	9,135
Culture and recreation	212,195	263,552	214,129	376,314	236,656
Operating grants and contributions	2,871,333	1,685,037	1,702,475	1,960,332	2,456,352
Capital grants and contributions	202,102	365,146	225,658	267,678	346,740
Total governmental activities program revenues	5,190,159	3,787,438	3,681,054	4,031,849	4,390,052
Business-type activities:					
Charges for services:					
Water and sewer	7,575,832	7,777,598	7,947,875	7,919,136	8,008,234
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	500,000	-	-	201,294	87,956
Total business-type activities program revenues	8,075,832	7,777,598	7,947,875	8,120,430	8,096,190
Total primary government program revenues	\$ 13,265,991	\$ 11,565,036	\$ 11,628,929	\$ 12,152,279	\$ 12,486,242
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (13,507,555)	\$ (14,099,130)	\$ (14,020,715)	\$ (13,784,496)	\$ (14,479,652)
Business-type activities	1,026,521	815,613	835,536	984,720	932,570
Total primary government net expense	\$ (12,481,034)	\$ (13,283,517)	\$ (13,185,179)	\$ (12,799,776)	\$ (13,547,082)

Table 2, (Page 2)

## City of Lenoir

## Changes in Net Position

## Last Ten Fiscal Years

(accrual basis of accounting)

(unaudited)

	Fiscal Year				
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Ad valorem taxes	\$ 6,824,494	\$ 7,514,078	\$ 7,544,703	\$ 7,983,791	\$ 7,940,493
Other taxes and licenses	3,840,310	3,902,194	3,516,230	3,425,571	3,394,782
Unrestricted intergovernmental	1,539,309	1,743,940	2,046,411	2,329,079	2,515,699
Miscellaneous	86,751	260,959	469,942	280,748	604,938
Gain (loss) on sale of capital assets	16,794	(74,023)	20,993	22,065	-
Transfers					
Payment from ABC Board	219,868	213,630	223,333	259,307	265,555
Interest earned on investments	7,163	6,564	2,885	3,382	9,959
Total governmental activities	12,534,689	13,567,342	13,824,497	14,303,943	14,731,426
Business-type activities:					
Miscellaneous	49,674	78,318	419,534	149,263	97,140
Gain (loss) on sale of capital assets					
Transfers					
Interest earned on investments	3,059	2,476	1,246	1,111	4,160
Total business-type activities	52,733	80,794	420,780	150,374	101,300
Total primary government	\$ 12,587,422	\$ 13,648,136	\$ 14,245,277	\$ 14,454,317	\$ 14,832,726
<b>Changes in Net Position</b>					
Governmental activities	\$ (972,866)	\$ (531,788)	\$ (196,218)	\$ 519,447	\$ 251,774
Business-type activities	1,079,254	896,407	1,256,316	1,135,094	1,033,870
Total primary government	\$ 106,388	\$ 364,619	\$ 1,060,098	\$ 1,654,541	\$ 1,285,644

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

	Fiscal Year				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,961,015	\$ 2,644,732	\$ 2,840,017	\$ 3,252,323	\$ 3,332,700
Public safety	8,524,080	8,395,130	9,170,292	9,868,703	10,158,628
Transportation	2,287,481	2,293,273	2,202,955	2,189,785	2,310,471
Environmental protection	824,414	854,255	876,989	1,282,456	865,548
Economic and physical development	1,995,872	1,444,375	1,269,253	2,310,902	2,955,336
Culture and recreation	1,818,534	1,898,104	1,961,232	1,817,285	1,721,110
Interest and fees	85,777	27,893	14,900	5,679	1,603
Total governmental activities expenses	<u>18,497,173</u>	<u>17,557,762</u>	<u>18,335,638</u>	<u>20,727,133</u>	<u>21,345,396</u>
Business-type activities:					
Water and sewer	7,404,767	6,855,249	7,539,008	8,300,922	7,866,224
Total primary government expenses	<u>\$ 25,901,940</u>	<u>\$ 24,413,011</u>	<u>\$ 25,874,646</u>	<u>\$ 29,028,055</u>	<u>\$ 29,211,620</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 49,015	\$ 67,384	\$ 21,209	\$ 225,950	\$ 236,239
Public safety	450,241	400,097	366,495	439,628	501,041
Transportation	-	-	-	-	-
Environmental protection	699,283	707,721	712,381	799,681	887,105
Economic and physical development	171,180	14,079	8,018	-	-
Culture and recreation	417,561	408,723	421,905	145,044	27,295
Operating grants and contributions	2,000,718	1,219,937	844,285	2,707,039	2,664,445
Capital grants and contributions	31,300	806,915	162,485	50,924	300,000
Total governmental activities program revenues	<u>3,819,298</u>	<u>3,624,856</u>	<u>2,536,778</u>	<u>4,368,266</u>	<u>4,616,125</u>
Business-type activities:					
Charges for services:					
Water and sewer	8,920,594	8,928,167	9,336,640	9,525,869	9,634,393
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	50,000	-	-	129,630	113,880
Total business-type activities program revenues	<u>8,970,594</u>	<u>8,928,167</u>	<u>9,336,640</u>	<u>9,655,499</u>	<u>9,748,273</u>
Total primary government program revenues	<u>\$ 12,789,892</u>	<u>\$ 12,553,023</u>	<u>\$ 11,873,418</u>	<u>\$ 14,023,765</u>	<u>\$ 14,364,398</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (14,677,875)	\$ (13,932,906)	\$ (15,798,860)	\$ (16,358,867)	\$ (16,729,271)
Business-type activities	1,565,827	13,059,605	2,029,002	1,354,577	1,882,049
Total primary government net expense	<u>\$ (13,112,048)</u>	<u>\$ (873,301)</u>	<u>\$ (13,769,858)</u>	<u>\$ (15,004,290)</u>	<u>\$ (14,847,222)</u>

**Table 2, (Page 4)**  
**City of Lenoir**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (unaudited)

	Fiscal Year				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Ad valorem taxes	\$ 9,363,301	\$ 8,532,448	\$ 8,733,173	\$ 8,989,878	\$ 9,084,729
Other taxes and licenses	3,656,826	3,797,816	4,076,213	4,246,237	4,848,869
Unrestricted intergovernmental	2,491,212	2,471,344	2,508,686	2,491,905	2,479,694
Miscellaneous	747,542	392,714	774,034	827,177	1,358,274
Gain (loss) on sale of capital assets	13,355			14,565	(3,370)
Payment from ABC Board	261,270	264,661	291,964	418,302	425,000
Interest earned on investments	23,190	103,535	176,654	116,654	5,410
Total governmental activities	16,556,696	15,562,518	16,560,724	17,104,718	18,198,606
Business-type activities:					
Miscellaneous					
Interest earned on investments	9,888	42,195	95,825	73,516	1,408
Total business-type activities	9,888	42,195	95,825	73,516	1,408
Total primary government	\$ 16,566,584	\$ 15,604,713	\$ 16,656,549	\$ 17,178,234	\$ 18,200,014
<b>Changes in Net Position</b>					
Governmental activities	\$ 1,878,821	\$ 1,629,612	\$ 761,864	\$ 745,851	\$ 1,469,335
Business-type activities	1,575,715	13,101,800	2,124,827	1,428,093	1,883,457
Total primary government	\$ 3,454,536	\$ 14,731,412	\$ 2,886,691	\$ 2,173,944	\$ 3,352,792



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

		Fiscal Year				
		2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>General Fund</b>						
	NonSpendable	\$ 34,643	\$ 6,827			
	Restricted	1,762,940	1,827,592	1,777,269	1,807,016	1,928,261
	Assigned	555,964	468,178	396,760	363,889	305,812
	Unassigned	3,028,662	3,211,745	3,574,740	4,061,803	4,554,559
Total general fund		<u>\$ 5,382,209</u>	<u>\$ 5,514,342</u>	<u>\$ 5,748,769</u>	<u>\$ 6,232,508</u>	<u>\$ 6,788,632</u>
<b>All Other Governmental Funds</b>						
	NonSpendable	\$ 255,181	\$ 256,314	\$ 256,551	\$ 256,997	\$ 257,429
	Restricted					
	Unassigned	(316,786)	(228,544)	(169,149)	60,311	14,335
Total all other governmental funds		<u>\$ (61,605)</u>	<u>\$ 27,770</u>	<u>\$ 87,402</u>	<u>\$ 317,308</u>	<u>\$ 376,804</u>
						<u>\$ 648,568</u>
		Fiscal Year				
		2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>General Fund</b>						
	NonSpendable					
	Restricted	1,600,448	1,944,127	1,531,866	1,838,155	1,909,662
	Assigned					
	Unassigned	7,222,443	8,421,722	9,829,330	10,483,369	12,613,832
Total general fund		<u>\$ 8,822,891</u>	<u>\$ 10,365,849</u>	<u>\$ 11,361,196</u>	<u>\$ 12,321,524</u>	<u>\$ 14,523,494</u>
<b>All Other Governmental Funds</b>						
	NonSpendable	\$ 264,405	\$ 272,164	\$ 283,982	\$ 295,897	\$ 315,846
	Restricted					
	Assigned	35,358	134,346	75,649	29,433	1,416
	Unassigned	414,060	477,106	395,159	632,925	583,800
Total all other governmental funds		<u>\$ 713,823</u>	<u>\$ 883,616</u>	<u>\$ 754,790</u>	<u>\$ 958,255</u>	<u>\$ 901,062</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				
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Revenues</b>					
Ad valorem taxes	\$ 7,020,833	\$ 7,455,803	\$ 7,593,573	\$ 7,970,787	\$ 8,065,223
Other taxes and licenses	3,840,310	3,902,194	3,516,230	3,425,571	3,399,359
Unrestricted intergovernmental revenues	1,539,309	1,743,940	2,046,411	2,329,079	2,511,122
Restricted intergovernmental revenues	3,224,873	2,050,183	2,079,522	2,228,010	3,127,130
Permits and fees	196,548	200,737	191,572	219,678	140,186
Sales and services	1,669,626	1,536,518	1,561,348	1,584,161	1,446,774
Investment earnings	7,163	6,564	2,885	3,382	9,959
Miscellaneous	86,751	260,959	318,553	280,748	280,900
Payment from ABC Board	219,868	213,630	223,333	259,307	265,555
<b>Total revenues</b>	<b>17,805,281</b>	<b>17,370,528</b>	<b>17,533,427</b>	<b>18,300,723</b>	<b>19,246,208</b>
<b>Expenditures</b>					
General government	3,001,812	2,850,137	3,613,421	4,301,172	3,802,309
Public safety	7,802,219	7,859,864	7,582,589	7,979,458	8,151,625
Transportation	1,364,885	1,733,257	1,634,821	1,707,089	2,171,511
Environmental protection	775,384	785,039	731,850	830,334	747,116
Economic and physical development	2,187,637	1,365,763	1,280,943	1,548,040	2,031,820
Cultural and recreation	2,023,630	1,887,295	1,856,223	1,805,187	1,852,262
Capital outlay	265,098	10,561	507,125	222,806	134,848
Debt service:					
Interest	90,971	65,475	47,645	36,862	41,567
Principal	908,763	625,924	493,910	592,045	797,766
<b>Total expenditures</b>	<b>18,420,399</b>	<b>17,283,315</b>	<b>17,748,527</b>	<b>19,022,993</b>	<b>19,730,824</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(615,118)</b>	<b>87,213</b>	<b>(215,100)</b>	<b>(722,270)</b>	<b>(484,616)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from installment purchase	355,000		487,000	1,413,850	1,372,000
Proceeds from disposal of capital assets	16,794	134,295	22,159	22,065	
Transfers in					
Transfers out					
<b>Total other financing sources (uses)</b>	<b>371,794</b>	<b>134,295</b>	<b>509,159</b>	<b>1,435,915</b>	<b>1,372,000</b>
<b>Net change in fund balances</b>	<b>\$ (243,324)</b>	<b>\$ 221,508</b>	<b>\$ 294,059</b>	<b>\$ 713,645</b>	<b>\$ 887,384</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.51%</b>	<b>4.00%</b>	<b>3.14%</b>	<b>3.35%</b>	<b>4.28%</b>

**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				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Revenues</b>					
Ad valorem taxes	\$ 9,166,101	\$ 8,618,921	\$ 8,772,029	\$ 8,889,572	\$ 9,200,974
Other taxes and licenses	3,663,224	3,803,849	4,082,560	4,252,707	4,855,140
Unrestricted intergovernmental revenues	2,484,814	2,466,241	2,503,244	2,499,881	2,487,684
Restricted intergovernmental revenues	2,348,540	2,337,191	1,006,770	2,766,506	2,971,954
Permits and fees	410,954	200,465	163,124	256,363	279,079
Sales and services	1,376,326	1,397,539	1,366,884	1,353,940	1,372,601
Investment earnings	23,190	103,535	176,654	116,654	5,410
Miscellaneous	444,984	81,445	773,129	825,318	1,336,504
Payment from ABC Board	261,270	264,661	291,964	418,302	425,000
<b>Total revenues</b>	<b>20,179,403</b>	<b>19,273,847</b>	<b>19,136,358</b>	<b>21,379,243</b>	<b>22,934,346</b>
<b>Expenditures</b>					
General government	2,987,616	2,480,103	2,705,252	2,979,743	3,083,553
Public safety	8,069,133	8,218,970	8,872,350	9,140,826	9,757,825
Transportation	1,706,137	1,785,968	1,832,873	1,772,999	1,864,531
Environmental protection	737,853	768,562	828,952	1,524,983	805,122
Economic and physical development	1,948,644	1,423,265	1,218,622	2,269,109	2,907,259
Cultural and recreation	1,588,087	1,645,553	1,738,718	1,631,019	1,576,116
Capital Projects	78,985	332,694	1,586,293	412,170	578,017
Debt service:					
Interest	85,777	27,893	14,900	5,679	1,603
Principal	897,657	878,088	771,877	478,922	215,543
<b>Total expenditures</b>	<b>18,079,889</b>	<b>17,561,096</b>	<b>19,569,837</b>	<b>20,215,450</b>	<b>20,789,569</b>
<b>Excess of revenues over (under) expenditures</b>	<b>2,099,514</b>	<b>1,712,751</b>	<b>(433,479)</b>	<b>1,163,793</b>	<b>2,144,777</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from installment purchase			1,300,000		
Proceeds from disposal of capital assets					
Transfers in					
Transfers out					
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,300,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 2,099,514</b>	<b>\$ 1,712,751</b>	<b>\$ 866,521</b>	<b>\$ 1,163,793</b>	<b>\$ 2,144,777</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.61%</b>	<b>5.37%</b>	<b>4.50%</b>	<b>2.53%</b>	<b>1.11%</b>

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2020-2021	\$ 1,467,779,463	\$ 1,350,869,900	\$ 79,199,068	\$ 24,284,172	\$ 2,873,564,259	\$ 0.5885
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	\$ 1,387,806,159	\$ 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

**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		
2020-2021	\$ 0.5800	\$ 0.2500	\$ 0.0085	\$ 0.6300		\$ 1.2185	
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	

**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 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
2021	\$ 9,252,867	\$ 8,975,882	97.01%		\$ 8,975,882	97.01%
2020	\$ 8,902,342	\$ 8,564,427	96.20%	\$ 155,217	\$ 8,719,644	97.95%
2019	\$ 8,913,824	\$ 8,536,906	95.77%	\$ 198,292	\$ 8,735,198	98.00%
2018	\$ 8,620,779	\$ 8,325,246	96.57%	\$ 190,181	\$ 8,515,427	98.78%
2017	\$ 9,251,407	\$ 8,970,238	96.96%	\$ 200,777	\$ 9,171,015	99.13%
2016	\$ 8,345,390	\$ 8,054,641	96.52%	\$ 211,012	\$ 8,265,653	99.04%
2015	\$ 8,014,444	\$ 7,693,343	95.99%	\$ 250,018	\$ 7,943,361	99.11%
2014	\$ 7,797,546	\$ 7,367,200	94.48%	\$ 284,537	\$ 7,651,737	98.13%
2013	\$ 7,614,484	\$ 7,176,790	94.25%	\$ 347,864	\$ 7,524,654	98.82%
2012	\$ 7,249,166	\$ 6,764,851	93.32%	\$ 398,937	\$ 7,163,788	98.82%

**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
2021	\$ -	\$ 972,632.00	\$ -	\$ 18,788,832.00	\$ 3,520,000.00	\$ 23,281,464.00	0.16%	1,268.61
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

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)

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2021	\$ -	0.00%	\$ -
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%	\$ -

**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, 2021**  
(unaudited)

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
	\$ -	41.01%	\$ -
<b>Other debt</b>			
Caldwell County equity purchase contracts	\$39,933,993	41.01%	16,377,939
Subtotal, overlapping debt			16,377,939
<b>Lenoir direct debt</b>			972,632
<b>Total direct and overlapping debt</b>			<b>\$ 17,350,571</b>

**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, 2021:

Assessed valuation - January 1, 2021	\$	2,873,564,259	
Debt Limit - 8% of assessed value			\$ 229,885,141
Gross long-term debt	\$	23,281,464	
Less statutory deductions			
Bonds applicable to water system			\$ 23,281,464
Legal debt margin			<u>\$ 206,603,677</u>

	Fiscal Year				
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Debt limit	\$ 126,641,794	\$ 144,008,225	\$ 163,608,583	\$ 174,059,007	\$ 177,626,097
Total net debt applicable to limit <sup>1</sup>	13,829,441	11,703,739	13,976,817	15,520,744	14,420,284
Legal debt margin	<u>\$ 112,812,353</u>	<u>\$ 132,304,486</u>	<u>\$ 149,631,766</u>	<u>\$ 158,538,263</u>	<u>\$ 163,205,813</u>
Total net debt applicable to the limit as a percentage of debt limit	10.92%	8.13%	8.13%	8.92%	8.12%

	Fiscal Year				
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Debt limit	\$ 181,760,945	\$ 195,351,613	\$ 234,187,441	\$ 224,429,801	\$ 229,885,141
Total net debt applicable to limit	15,592,385	21,090,745	21,715,982	23,281,464	23,281,464
Legal debt margin	<u>\$ 166,168,560</u>	<u>\$ 174,260,868</u>	<u>\$ 212,471,459</u>	<u>\$ 201,148,337</u>	<u>\$ 206,603,677</u>
Total net debt applicable to the limit as a percentage of debt limit	8.58%	10.80%	9.27%	10.37%	10.13%

**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)

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income (In Millions)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2020	18,352	\$ 3,008	\$ 36,609	7.9%
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%

**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	2020			2010		
	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 LLC	1000+	2	3.2%	1000+	2	3.8%
Bernhardt Furniture Company	1000+	3	2.9%	500-999	3	3.4%
Caldwell Memorial Hospital/UNC Health	1000+	4	2.7%	500-999	4	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	2.7%
FedEx Ground Package System Inc	500-999	7	2.0%			
Caldwell Community Coll & Tech Inst	500-999	8	1.9%	500-999	5	2.8%
Fairfield Chair Co	250-499	9	1.3%	250-499	13	0.9%
Sealed Air Corporation	250-499	10	1.3%			
Sealed Air	250-499	11	1.2%			
RPM Wood Finishes Group Inc	250-499	12	1.1%	250-499	17	0.6%
Skill Creations Inc	250-499	13	1.0%	100-249	20	0.5%
Exela Pharma Sciences LLC	250-499	14	0.9%			
Stallergenes Greer	250-499	15	0.8%	100-249	19	0.5%
City Of Lenoir	250-499	16	0.8%	250-499	14	0.9%
Food Lion	100-249	17	0.8%			
Department of Public Safety	100-249	18	0.7%			
FootHills Temporary Employment Inc	100-249	19	0.7%			
Caldwell Hospice & Palliative Care	100-249	20	0.7%			
Heritage Home Group/Broyhill Furniture				500-999	8	2.4%
Universal Mental Health Services				250-499	9	1.4%
Caldwell Freight Lines				250-499	10	1.1%
Thomasville Furniture Industries				250-499	11	1.0%
Onlin Staffing				250-499	12	0.9%
Kincaid Furniture Co., Inc.				250-499	15	0.8%
Avery Dennison/Paxar				250-499	16	0.8%
Lowe's Home Center				250-499	18	0.6%

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				
	2012	2013	2014	2015	2016
<b>General Government</b>					
Administrative	15.5	12.5	14.0	13.5	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	3.0
Vehicle Services	4.0	4.0	4.0	4.0	4.0
<b>Public Safety</b>					
Police	77.0	70.0	69.0	70.0	74.5
Fire	66.0	59.0	59.0	57.5	59.0
<b>Transportation</b>					
Streets	14.5	14.0	14.5	14.5	14.5
<b>Environmental Protection</b>					
Sanitation	12.5	11.5	12.5	12.5	12.5
<b>Economic and Physical Development</b>					
Downtown District	2.0	2.0	2.0	2.0	2.0
Planning	5.0	4.0	5.0	5.0	5.0
<b>Culture and Recreation</b>					
Centers and Parks	25.0	20.5	25.0	25.5	25.0
Aquatic and Fitness Center	22.0	22.5	21.0	25.0	22.0
Landscaping	9.5	8.0	8.0	8.0	6.0
<b>Water and Sewer Utility</b>					
Bernhardt Water Treatment Plant	9.0	9.0	9.0	9.0	9.0
Water Distribution	14.0	13.0	12.5	12.5	12.5
Water Resources	7.0	7.0	7.0	6.0	7.0
Wastewater Collection	4.5	4.5	5.5	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
<b>Total</b>	<b>310.5</b>	<b>284.5</b>	<b>291.0</b>	<b>293.5</b>	<b>297.0</b>

	Full-time-Equivalent Employees as of June 30				
	2017	2018	2019	2020	2021
<b>General Government</b>					
Administrative	13.0	13.5	13.0	13.0	14.0
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	5.0	6.0	6.0	6.0
Vehicle Services	4.0	4.0	4.0	4.0	5.0
<b>Public Safety</b>					
Police	74.5	76.0	78.0	78.0	78.0
Fire	59.5	59.5	60.5	60.5	60.5
<b>Transportation</b>					
Streets	14.5	15.0	15.5	15.0	15.0
<b>Environmental Protection</b>					
Sanitation	12.5	13.5	13.5	11.5	13.5
<b>Economic and Physical Development</b>					
Downtown District	2.0	2.0	2.0	2.0	2.0
Planning	5.0	5.0	4.0	4.0	4.0
<b>Culture and Recreation</b>					
Centers and Parks	25.0	24.5	24.5	24.0	24.0
Aquatic and Fitness Center	21.0	21.0	21.0	21.0	21.0
Landscaping	6.0	6.5	6.5	6.5	6.5
<b>Water and Sewer Utility</b>					
Bernhardt Water Treatment Plant	9.0	9.0	9.0	9.0	9.0
Water Distribution	13.5	13.5	14.0	13.0	13.0
Water Resources	7.0	5.0	5.0	5.0	5.0
Wastewater Collection	5.5	7.5	7.5	8.5	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
<b>Total</b>	<b>297.0</b>	<b>302.5</b>	<b>306.0</b>	<b>303.0</b>	<b>307.0</b>

**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				
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Police</b>					
Physical arrests	2,179	2,121	2,357	2,134	2,439
Incident reports	1,946	2,007	2,066	2,140	2,187
Parking violations	349	575	690	688	416
Citations issued	2,846	2,683	3,344	3,264	3,190
<b>Fire</b>					
Calls answered	2,431	2,610	2,610	2,731	2,941
Inspections	297	355	337	310	352
<b>Sanitation</b>					
Refuse collected (tons per day)	25.93	23.54	23.98	25.15	30.35
<b>Streets</b>					
Street resurfacing (miles)	0.00	1.49	2.20	2.97	3.19
<b>Parks and Recreation</b>					
Aquatic/Fitness memberships	1,906	2,078	2,379	2,775	2,665
Aquatic/Fitness admissions	11,640	11,509	19,919	37,122	36,214
Youth sports participants	1070	1115	1155	1190	1310
Adult sports participants	265	235	125	100	110
<b>Water system</b>					
New connections	25	21	22	18	32
Water main breaks	35	29	30	28	30
Number of utility customers	9,583	9,684	9,657	9,678	9,706
Daily avg consumption in million gallons	7.2	5.5	6.1	6.4	6.0
<b>Wastewater system</b>					
Number of utility customers	8,110	8,002	7,862	7,877	7,897
Daily avg treatment in million gallons	3.14	3.99	3.41	3.65	3.90

Program/Function	Fiscal Year				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Police</b>					
Physical arrests	2,523	2,501	2,942	2,483	2,251
Incident reports	2,442	2,561	2,567	2,504	1,980
Parking violations	385	246	267	243	260
Citations issued	3,305	3,074	3,950	3,420	3,129
<b>Fire</b>					
Calls answered	3,022	2,918	3,238	2,475	2,172
Inspections	309	296	301	239	368
<b>Sanitation</b>					
Refuse collected (tons per day)	30.93	26.57	27.70	26.90	24.38
<b>Streets</b>					
Street resurfacing (miles)	2.93	4.10	3.18	3.39	3.68
<b>Parks and Recreation</b>					
Aquatic/Fitness memberships	1,451	2,032	1,401	1,401	836
Aquatic/Fitness admissions	36,475	36,728	28,761	26,252	3,292
Youth sports participants	1330	1345	1275	825	325
Adult sports participants	105	105	110	50	50
<b>Water system</b>					
New connections	26	32	46	46	34
Water main breaks	39	43	52	56	31
Number of utility customers	9,813	9,817	9,843	9,930	10,004
Daily avg consumption in million gallons	6.2	6.2	6.3	6.8	6.9
<b>Wastewater system</b>					
Number of utility customers	8,008	7,983	7,982	8,066	8,140
Daily avg treatment in million gallons	3.46	4.03	4.32	3.60	4.07

**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				
	2011-2012	2012-2013	2013-2014	2014-2015	2014-2015
<b>Police</b>					
Stations	1	1	1	1	1
Substations	5	2	2	2	2
Patrol units	52	47	47	47	47
<b>Fire</b>					
Stations	2	2	2	2	2
<b>Sanitation</b>					
Collection trucks	7	7	7	7	7
<b>Streets</b>					
Miles of paved streets	121.55	121.55	121.55	121.55	121.55
Miles of unpaved streets	2.64	2.39	2.39	2.39	2.39
Street lights	2,576	2,633	2,633	2,633	2,633
<b>Parks and Recreation</b>					
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	6	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
<b>Water system</b>					
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
<b>Wastewater system</b>					
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				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Police</b>					
Stations	1	1	1	1	1
Substations	2	2	2	2	1
Patrol units	47	47	47	47	47
<b>Fire</b>					
Stations	2	2	2	3	3
<b>Sanitation</b>					
Collection trucks	10	10	10	13	13
<b>Streets</b>					
Miles of paved streets	124.64	124.96	124.57	124.57	123.76
Miles of unpaved streets	2.69	2.69	2.61	2.61	2.89
Street lights	2,644	2,644	2,651	2,651	2,651
<b>Parks and Recreation</b>					
Community centers	4	4	4	4	4
Parks	4	5	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	2
Miles of greenway	10.00	10.25	10.50	12.00	12.30
<b>Water system</b>					
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
<b>Wastewater system</b>					
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

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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, 2021 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 29, 2021. 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. However, material weaknesses may exist that have not been identified.


#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of 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.

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 29, 2021

# 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, 2021. 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, 2021.


### 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

# 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, 2021. 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, 2021.


#### **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 29, 2021

CITY OF LENOIR, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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?	<u>    </u> yes	<u>  X  </u> no
* Significant deficiencies identified that are not considered to be material weaknesses	<u>    </u> yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted	<u>    </u> yes	<u>  X  </u> no

Federal Awards

Internal control over major federal programs:

* Material weakness(es) identified?	<u>    </u> yes	<u>  X  </u> no
* Significant deficiencies identified that are not considered to be material weaknesses	<u>    </u> yes	<u>  X  </u> 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	<u>    </u> yes	<u>  X  </u> 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
23.002	<u>Appalachian Regional Commission</u> Broyhill Plant Site Redevelopment

CITY OF LENOIR, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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

Powell Bill Program

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

None Reported

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, 2020

Finding 2020-001

There was one audit finding relative to overexpenditures. This finding was totally corrected.

City of Lenoir, North Carolina

Schedule of Federal and State Awards  
For the Year ended June 30, 2021  
(Schedule 16, (Page 1))

Grantor Pass-Through Grantor Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Pass-Through To Subrecipients	Federal			Total
				(Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	
Federal Grants:							
Cash Programs:							
U.S. Department of Housing and Urban Development							
Direct Program:							
Community Development Block Grant - Entitlement Program	14.218		\$ -	\$ 116,554	\$ -	\$ -	\$ 116,554
Community Development Block Grant - Covid-19	14.218		125,056	125,056			125,056
Subtotal Community Development Block Grant			125,056	241,610	-	-	241,610
Direct Program:							
HOME Investment Partnership Program: Unifour HOME Consortium	14.239			1,023,732			1,023,732
Total U.S. Department of Housing and Urban Development				1,265,342			1,265,342
U.S. Department of Justice							
Direct Program:							
Equitable Sharing	16.922			60,839			60,839
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		3,020,723			3,020,723
Clean Water Revolving Loan	66.458	CS370393-07		188,542			188,542
Direct Program:							
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			88,480			88,480
Total U.S. Environmental Protection Agency				3,297,745			3,297,745

City of Lenoir, North Carolina

Schedule of Federal and State Awards  
For the Year ended June 30, 2021

(Schedule 16, (Page 2))

Grantor Pass-Through Grantor Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Pass-Through To Subrecipients	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
U.S. Department of the Treasury Passed through N.C. Office of Management and Budget, N.C. Pandemic Recovery Office Coronavirus Relief Fund	21.019	S.L. 2020-80		347,655			347,655
Appalachian Regional Commission Passed through N.C. Department of Commerce Broyhill Plant Site Redevelopment	23.002	NC-19515-2019		300,000			300,000
Total Federal Cash Awards			\$ 125,056	\$ 5,271,581	\$ -	\$ -	\$ 5,271,581

City of Lenoir, North Carolina

Schedule of Federal and State Awards  
For the Year ended June 30, 2021  
(Schedule 16, (Page 2))

Grantor Pass-Through Grantor Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Pass-Through To Subrecipients	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
State Awards:							
Cash Programs							
N.C. Department of Transportation					513,370	\$	513,370
Powell Bill							
N.C. Department of Commerce							
Rural Economic Development					502,639		502,639
Building ReUse and Restoration							
Total State Cash Awards				1,016,009			1,016,009
Total Federal and State Awards				5,271,581	1,016,009	\$	6,287,590

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, 2021. 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 balances outstanding at June 30, 2021

Program Title	Federal CFDA	Amount Outstanding
Clean Water Revolving Loan	66.458	\$ 6,570,057
Clean Water Revolving Loan	66.458	188,542
Total		\$ 6,758,599