



Annual Comprehensive Financial Report

FOR FISCAL YEAR ENDED JUNE 30, 2022



CITY OF HICKORY NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2022

**Post Office Box 398
76 North Center Street
Hickory, North Carolina 28603**



CITY OF HICKORY, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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Introductory Section

HICKORY



North Carolina



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Finance Department
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January 27, 2023

The Honorable Mayor Hank Guess,
City Council, City Manager, and the Citizens
of the City of Hickory, North Carolina

The Annual Comprehensive Financial Report (ACFR) for the City of Hickory, North Carolina, for the fiscal year ended June 30, 2022, is hereby submitted. This report consists of management's representations concerning the finances of the City of Hickory. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Hickory has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile reliable information for the preparation of the City of Hickory's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal controls should not outweigh their benefits. The City of Hickory's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Hickory's financial statements have been audited by Martin Starnes & Associates CPAs, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hickory for the fiscal year ended June 30, 2022, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hickory's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Annual Comprehensive Financial Report (ACFR) has been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. Additionally, the financial statements have been prepared in compliance with applicable requirements of the General Statutes of North Carolina and are consistent with the standards and guidelines recognized for governmental accounting and financial reporting contained in both *Audits of State and Local Governmental Units*, an audit guide prepared by the Committee

of Governmental Accounting of the American Institute of Certified Public Accountants (AICPA), and *Government Auditing Standards*, issued by the Comptroller General of the United States. Among the other resources used in the preparation of the financial statements, the Finance Department Staff has given particular attention to *Governmental Accounting, Auditing, and Financial Reporting* (GAAFR) issued by the Government Finance Officers Association of the United States and Canada (GFOA), and Governmental Accounting Standards Board (GASB) pronouncements.

The Single Audit Act of 1984 established requirements for state and local governments that receive federal assistance. The audit requirements have also been adopted by the State of North Carolina for state grants. Information related to this single audit, including the schedule of federal and state financial awards, schedule of findings and questioned costs, auditor's report on internal control and compliance with laws and regulations, and other schedules and exhibits necessary to satisfy the requirements of the single audit, are included in the single audit section.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Hickory's MD&A is presented immediately following the report of our independent auditors.

Profile of the Government

The City of Hickory is located in North Carolina's Piedmont region, 50 miles northwest of the City of Charlotte and 80 miles east of Asheville. Hickory was incorporated in 1870 and is the geographic and economic center of North Carolina's eighth largest Metropolitan Statistical Area (MSA). The City spans approximately 29 square miles and is intersected by Interstate 40, US Highway 321, and US Highway 70. The City is sited primarily in Catawba County but its borders extend into portions of Burke and Caldwell Counties.

The City has operated under the council/manager form of government since 1913 and was the third jurisdiction in the United States to adopt this method of government. The City Council is comprised of a mayor and six council members representing area wards who are elected to staggered terms on a nonpartisan basis in a city-wide election. The City Council is the policy-making and legislative authority of the City. They are responsible for adopting the annual budget, approving zoning and planning issues and other matters related to the health and welfare of the City. The Council makes appointments to various boards and commissions and appoints the City Manager. The City Manager is the Chief Executive Officer and is responsible for enforcement of laws and ordinances, delivery of services, implementing policies, managing daily operations and appointing department heads.

The City provides a full range of services including police and fire protection, emergency management, street maintenance and construction, community development, planning and zoning, engineering, library, cemeteries, sanitation services, airport services, and parks and recreation. Additionally, the City owns and operates a water and sewer system providing services to residents of the City and its environs. The City also extends financial support to certain boards, agencies, and commissions. There are no legally separate entities included in this report.

In government, much more than business, the budget is an integral part of a unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For the City of Hickory, annual budgets are adopted for the General, Special Revenue - Capital Reserve, and Enterprise Funds. Financial plans are adopted for the Internal Service Funds. Appropriations are made at the functional cost category level (i.e. general government, public safety, transportation, environmental protection, etc.) for the annually budgeted funds. Project and grant ordinances (multi-year budgets) are adopted for all Special Revenue funds excluding the Capital Reserve Fund, and all Capital Project Funds. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund. Encumbrances outstanding at June 30, 2022, are reported separately in the notes to the financial statements.

In accordance with state law, the City's budget is prepared on the modified accrual basis, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a fund liability is incurred, except for unmatured principal and interest on long-term debt and certain compensated absences. Governmental Fund types, such as the City's General Fund, Special Revenue Funds and Capital Project Funds are reported on the modified accrual basis in the fund financial statements. The City's Proprietary Funds are reported on the full accrual basis in the fund financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

Local Economy

The City of Hickory is the economic hub of the "Greater Hickory Metro". Economic activity in the region continues to grow, and the City remains financially sound. The City's continued commitment to policies and practices will keep Hickory and the local economy on the best and safest road to economic security. Commercial construction activity included 347 permits with a value of over \$190 million and 484 additional residential permits with a value of over \$48 million in fiscal year 2021-2022.

The City remains financially sound with property tax and sales tax revenue growth over the past year. The City's continued commitment to conservative financial policies and practices has served Hickory well and puts it in the best position to lead the region to economic strength and security.

Economic development initiatives and activities completed or underway include:

- Corning Incorporated announced plans for a manufacturing expansion in Trivium Corporate Center. Corning will expand capacity of the existing Stonemont Spec Building located in Trivium Corporate Center by investing \$150 million and creating 200 jobs paying above the average wage for Catawba County.

- Appalachian State University purchased the former Corning corporate headquarters building with plans to invest at least \$20 million to renovate the facility into a new campus for the university. The 225,800 square foot building is located on 15.7 acres of land with frontage along U.S. 321. The App State Hickory Campus will represent the first public four-year institution in the City of Hickory.
- The City is partnering with the Sabre Society of North Carolina/Hickory Aviation Museum and Catawba Valley Community College (CVCC) to construct a building to house the museum's vintage military aircraft, preserve aviation history, and provide STEM education and workforce development opportunities. The expanded Hickory Aviation Museum will feature a hangar to preserve and display aircraft and will also serve as the site of CVCC's Workforce Innovation Center, a regional educational campus with flexible use space providing high-tech equipment, classrooms, and virtual simulators for training. The new museum and educational center will be located at Hickory Regional Airport, just off Runway 6/24 in Catawba County and Burke County. The \$22 million project will be funded by a \$15 million allocation from the North Carolina State Legislature for CVCC's Workforce Innovation Center and by public and private donations for Hickory Aviation Museum. The Sabre Society continues to pursue funding for the \$7 million goal for the project.
- A strong residential building effort is underway. Current projects include:
 - Waterford Place Apartments - \$5,000,000
 - The Estates at Legends - \$8,124,000
 - Loveland Apartments - \$10,000,000
 - Preston Ridge - \$11,000,000
- An expansion of Hickory's Ridgeview Branch Library was completed and officially opened in December 2021. The renovated library includes a new community meeting room and group study room, increased seating and computer space, and a dedicated space for children. Project cost was approximately \$1,200,000.
- The City completed construction of the second new synthetic turf field at Henry Fork River Park (HFRP) at a cost of \$1,100,000. The field will be utilized by the Catawba Valley Youth Soccer Association (CVYSA) and various organizations and high schools for soccer and lacrosse tournaments in the region.
- Improvements to Hickory Optimist Park included new play equipment, benches, picnic tables, and trash receptacles. In addition, an entire renovation of the pickleball courts was completed. Total project cost was \$132,766.
- A ribbon cutting ceremony was held in April 2022 to celebrate the grand opening of Bruce Meisner Park's first phase of construction. The park was named in honor of former Councilman Bruce Meisner who served the City of Hickory for thirty-two years. Park features include a paved walking trail, picnic shelter with restrooms, and outdoor grills.

The City is continuing its commitment to “Quality of Life” amenities through the implementation of the City’s Master Plans and Initiatives that have been developed to attract new residents to the City of Hickory.

Performance Measurement Program

The City of Hickory has been a participant in the North Carolina Performance Measurement Project of the Institute of Government, University of North Carolina-Chapel Hill, since 1996. During that time, members of the program have developed and refined a uniform list of performance indicators for various municipal service activities. The measures set out below display the results of these activities for the City of Hickory over the last three fiscal years. These measurements can assist the reader in understanding how these services affect the equity position of the City from both a cost and efficiency perspective. A decrease in the cost of a particular service would result in an increase in equity. The converse is also true. The measures set out below are provided as an additional presentation of the City’s financial strength.

Function/Program	2018-19	2019-20	2020-21
Police Services			
Cost per call dispatched	\$ 138	\$ 141	\$ 126
Calls dispatched	90,058	90,024	107,438
Uniform Crime Reporting Part I crimes reported	2,317	1,899	2,030
Uniform Crime Reporting Part I crimes per 1,000 population	57.0	46.4	46.6
Uniform Crime Reporting Part II crimes reported	3,450	4,064	4,585
Traffic accidents reported	3,570	2,438	2,402
Sworn Officers	116	116	122
Calls dispatched per sworn officer	776	776	881
Calls dispatched per 1,000 population	2,215	2,199	2,465
Response time to priority calls (minutes)	7.8	4.4	4.2
Emergency Communications			
Total calls per 1,000 population	--- *	--- *	--- *
Calls answered per telecommunicator	--- *	--- *	--- *
Seconds from initial ring to answer	5	5	--- *
Calls answered within three rings	--- *	--- *	--- *
E911 calls answered within 20 seconds**	--- *	--- *	--- *
Fire Services			
Cost per response	\$ 1,680	\$ 1,998	\$ 2,694
Actual fires per 1,000 population	4	4	5
Responses per 1,000 population	149	146	94
Fire inspections completed per 1,000 population	109	106	96
Inspections completed per Full Time Employee (FT)	1,504	1,481	1,562
Average response time to priority 1 calls (minutes)	4.3	4.4	4.6
Fires confined to room(s) involved on arrival	60%	62%	53%
Fires for which cause is determined	85%	95%	93%

Transportation

Asphalt Maintenance and Repair

Cost per ton of asphalt for contract resurfacing	\$ 90	\$ 182	\$ 131
Lane miles maintained per 1,000 population	17.7	17.6	16.5
Potholes repaired within 24 hours	94%	96%	94%
Street segments rated 85% or better (ITRE)	27%	29%	37%

Recycling

Cost per ton collected	\$ 136	\$ 152	\$ 190
Cost per collection point	\$ 30	\$ 34	\$ 41
Tons recyclables per 1,000 population	66	66	61
Tons Solid Waste Landfilled per 1,000 population	182	225	254
Set out Rate	63%	66%	73%
Diversion Rate	27%	23%	21%

Sanitation

Refuse Collection

Cost per ton collected	\$ 46	\$ 39	\$ 34
Cost per collection point	\$ 28	\$ 30	\$ 31
Tons per 1,000 population	182	225	254
Tons per 1,000 collection points	620	771	906
Tons collected per F.T.E.	1,973	2,456	2,946

Yard Waste/Leaf Collection

Cost per ton collected	\$ 120	\$ 90	\$ 76
Cost per collection point	\$ 77	\$ 77	\$ 82
Tons collected per 1,000 population	189	250	305
Tons collected per F.T.E.	790	1,048	1,361

Source: City Budget Office

Long-Term Financial Planning – The City of Hickory is addressing long-term improvements for its residents through cooperative efforts with other regional governments related to economic development and the expansion of the City’s utility network as a catalyst for growth.

- Citywalk, Riverwalk, Streetscapes/Gateways, and Trivium Corporate Center are the four major projects included in the City of Hickory’s \$40 million Economic Development Bond Referendum. All projects are completed or in various stages of the construction process. The third and final bond issue occurred in September 2021 and included funding for Old Lenoir Road (OLLE) Art Walk, Historic Ridgeview Walk, and the Aviation Walk.
- The Public Utilities Biosolids facility construction contract has been awarded in the amount of \$34,952,000. This facility will replace the aging composting facility to ensure continued sludge management practices for the City of Hickory and ensure an economic solution for the future. Up to \$30,000,000 in State Revolving Loan Funds have been approved for this project at 0.1% interest. The project construction began in fall of 2022 and has a 24-month construction contract.

- The Deidra Lackey Memorial Park is a planned \$10 million investment by the Robert Lackey family to honor Robert's late wife. The project will include the addition of a Lake House event center, which will include a wedding venue, corporate retreat destination, and gathering location complete with a full-service restaurant. It will also include an event space with an amphitheater and seating for approximately 1,000 people. The second phase will include a Conservatory with extensive landscaping and gardens that will provide a scenic resting place for visitors. The City will complement this investment with a \$3 million project at Geitner Park consisting of a new boat dock, canoe/kayak launch, group picnic shelter, fishing pier, and restroom facility. Design development of the park is expected to be completed by the spring of 2023, with construction to start later that year.
- The City of Hickory is continuing work on the Murray Basin Sanitary Sewer Project. The project will renew existing infrastructure, return flow to existing City of Hickory facilities, and reduce costs of wastewater treatment by a contracted source. Construction was awarded in May 2021 for \$5,624,051.11. State Revolving Funds (SRF) loan funding for construction has been obtained in the amount of \$5,182,700 at 1.04% interest. The project is approximately 50% complete.
- In June 2022, a celebration was held to unveil the newly completed 12,000 square foot hangar at the Hickory Regional Airport. The City of Hickory and Burke County partnered to construct the new hangar to meet growing demand and enhance the airport's ability to attract tax base and generate revenues. The new hangar provides enough space to accommodate up to four large aircraft. Total cost of the construction was \$1,560,853. In the upcoming year, an additional twelve T-hangars will be constructed at a cost of almost \$1,500,000. The hangars will each hold one individual aircraft and will be located on the airport's North Ramp off Taxiway B.

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 Hickory for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2021. This was the twenty-sixth consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

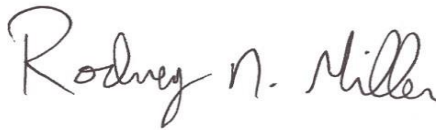
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

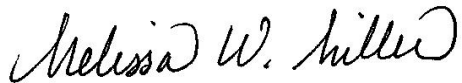
Preparation of this report could not have been accomplished without the professional, efficient, and dedicated efforts of the entire staff of Finance, the Budget Office, the various department heads, budget managers and coworkers who assisted and contributed to its preparation, and our independent auditors, Martin Starnes & Associates, CPAs, P.A. Each of them has our sincerest thanks.

In closing, appreciation is extended to the Mayor, City Council and City Manager for the encouragement, assistance, and stewardship they have provided. It is a distinct pleasure to be associated with these individuals who appreciate and respect the principles of financial and budgetary restraint that prevail in the City of Hickory.

Respectfully submitted,

A handwritten signature in cursive script that reads "Rodney N. Miller".

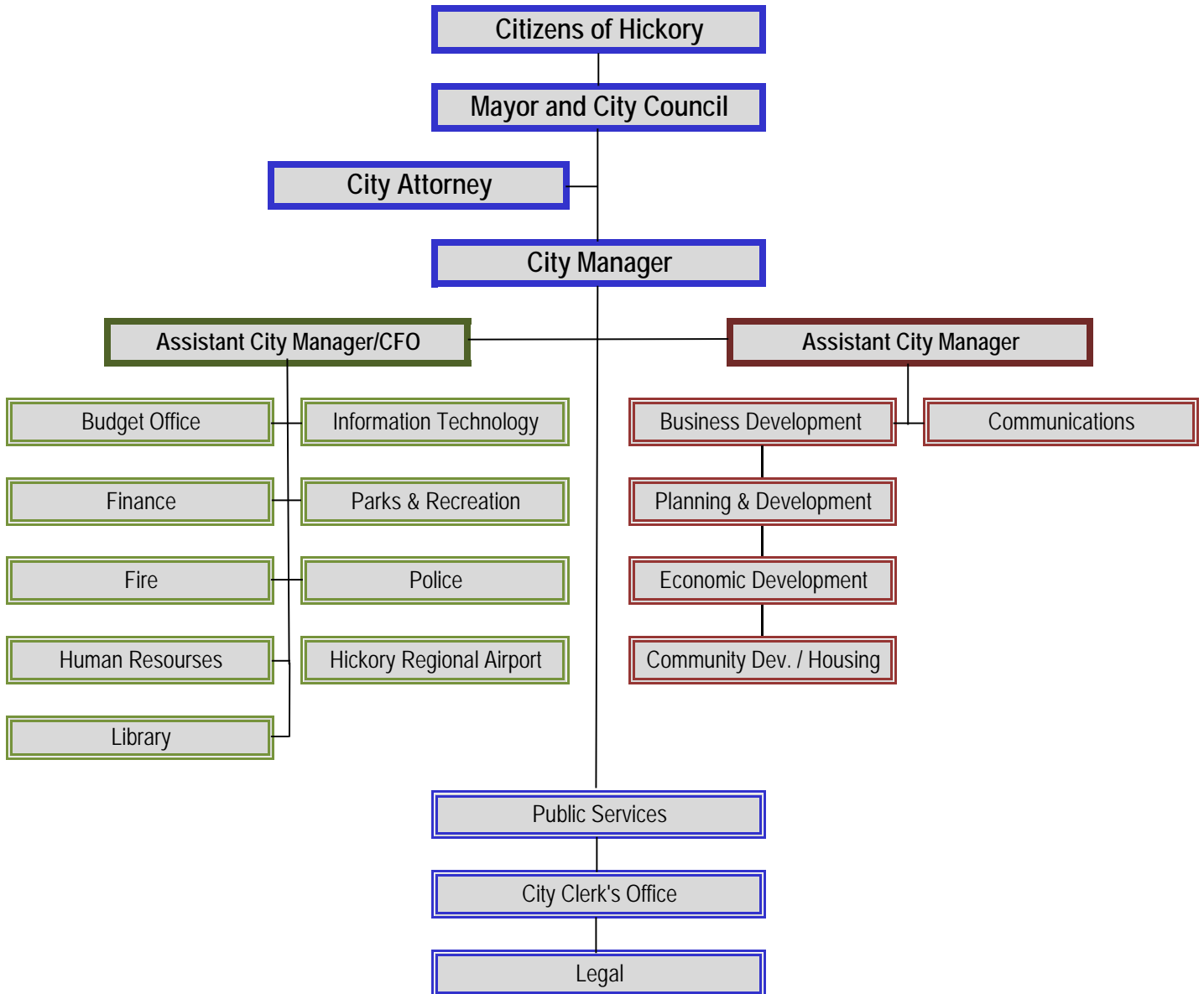
Rodney N. Miller
Deputy City Manager/CFO

A handwritten signature in cursive script that reads "Melissa W. Miller".

Melissa W. Miller
Finance Officer

City of Hickory

Department Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hickory
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF HICKORY, NORTH CAROLINA

CITY COUNCIL

FISCAL YEAR JULY 1, 2021 - JUNE 30, 2022

City Council

Hank Guess	Mayor
Tony Wood	Ward I
Charlotte Williams	Ward II
Danny Seaver	Ward III
David Williams	Ward IV
David Zagaroli	Ward V
Jill Patton	Ward VI



CITY OF HICKORY, NORTH CAROLINA

CITY ADMINISTRATION

FISCAL YEAR JULY 1, 2021 - JUNE 30, 2022

City Administration

City Manager	Warren Wood
Deputy City Manager/CFO	Rodney Miller
Assistant City Manager	Rick Beasley
Executive Assistant Manager	Yaidee Fox
Airport Manager	Terry Clark
City Attorney	John W. Crone, III
Communications and Marketing Manager	Dana Kaminske
Deputy City Attorney	Arnita Dula
Finance Officer	Melissa Miller
Fire Chief	Matthew Hutchinson
Human Resources Director	Claudia Main
Information Technology Manager	Mike Woods
Library Director	Sarah Greene
Parks, Recreation & Sports Tourism Director	Mark Seaman
Planning Director	Brian Frazier
Police Chief	Thurman Whisnant
Public Utilities Director	Shawn Pennell
Public Works Director	Steve Miller



Hickory's Mission

To deliver high quality services through excellent and ethical coworkers focused on innovation, communication and customer service.

Financial Section

HICKORY



North Carolina

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Honorable Mayor and
City Council
City of Hickory, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hickory, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hickory, North Carolina, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 18 to the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise a substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required with communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a

part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hickory's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and the 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 basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023, on our consideration of the City of Hickory's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hickory's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hickory's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hickory, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-8 of this report.

Financial Highlights for Fiscal Year 2022

- The assets and deferred outflows of the City of Hickory exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$294,392,079 (net position). Of this amount, \$40,781,239 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$24,551,469.
- As of the close of the current fiscal year, the City of Hickory's governmental funds reported combined ending fund balances of \$70,170,483 an increase of \$11,439,867, in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,261,159, or 24.2%, of the General Fund budget for the fiscal year 2022-2023.
- The City of Hickory's total debt increased by \$2,509,600, which includes compensated absences, net pension liabilities, installment purchase agreements and notes payable. The City's total indebtedness is \$108,430,680.
- The City's legal debt limit is \$431,460,490 (8% of assessed valuation), and the City's legal debt margin is \$360,900,819. The total legal indebtedness of the City is \$70,559,671, which represents 1% of assessed valuation.

Using the Financial Section of this Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report consists of four sections: introductory, financial, statistical, and single audit. The financial section of the report has three components: management's discussion and analysis, the basic financial statements, and required supplementary information.

The City of Hickory's ACFR has been prepared in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34) and presents two types of statements, each with a different picture of the City's financial operations. These statements focus on the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial health. The fund financial statements focus on the individual components of City government and report the City's operations in greater detail than the government-wide presentations.

Government-Wide Financial Statements – These statements present financial information about the City as a whole. When evaluating the City's overall financial health, it is appropriate to present information to determine "Is the City as a whole better or worse off as a result of the current year's activities?" The Statement of Net Position and the Statement of Activities provide a response to this question. These statements, prepared under the full-accrual basis of accounting, present information about all assets and liabilities of the City in a manner similar to the consolidated business statements of private companies. Under this basis, all of the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position reflects the City's net position at the end of the fiscal year. The net position of the City is the difference between assets: what the citizens own, and liabilities: what the citizens owe. Over time, increases or decreases in the City's net position become an indicator in determining if the City's financial health is improving or declining. However, a comprehensive evaluation of the City's financial health should also include other non-financial information such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, water/sewer lines, etc.).

The Statement of Activities reflects the changes in the City's net position that occurred during the fiscal year. These changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Accordingly, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (i.e. uncollected property taxes and earned but unused vacation leave).

The government-wide financial statements are divided into two types of activities:

Governmental Activities – These activities of the City of Hickory include general government, public safety, highways and streets, economic and physical development and culture and recreation. These activities are principally supported by property taxes, sales taxes, and intergovernmental revenues.

Business-Type Activities – The City of Hickory charges fees to recover all or some of the costs associated with providing certain services. The City's water and sewer, sludge, stormwater, transportation and solid waste services are reported here.

There are no component units of the City of Hickory included in this report.

The government-wide financial statements are located in Exhibits A and B under the *Basic Financial Statements* section of this report.

Fund Financial Statements – Experienced readers of governmental financial statements will find these financial statements most familiar. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hickory uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Hickory are divided into two categories: governmental funds and proprietary funds.

Governmental funds – Most of the City's basic services are reported in governmental funds that focus on how money flows in/out of the fund and balances remaining at year-end that are available for spending in future years. The narrower focus of the governmental funds allows the reader to compare the information presented for each fund with similar information presented for governmental activities in the government-wide financial statements. This comparison allows the reader to better understand the long-term impact of the City's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City of Hickory maintains seven individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund, which is the only major fund. Individual fund data for all non-major governmental funds is provided in the form of combining statements located within Schedule B-2 under the *General Fund* section of this report.

The City of Hickory adopts an annual operating budget for its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements are located within Schedules C through F under the *Basic Financial Statements* section of this report.

Proprietary funds – The City of Hickory maintains two types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City of Hickory accounts for its water/sewer services, solid waste services, sludge composting, stormwater system and transportation services in enterprise funds.

Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City of Hickory accounts for its fleet maintenance services and insurance services in internal service funds.

Proprietary funds provide in greater detail the information presented in the government-wide financial statements. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Transportation Fund and the Solid Waste Services Fund, which are considered major funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for nonmajor enterprise funds and internal service funds is provided in the form of combining statements located within Schedule F under the *Nonmajor Enterprise Funds* section of this report.

The City of Hickory adopts an annual operating budget for its proprietary funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The proprietary fund financial statements are located within Exhibits G through I under the *Basic Financial Statements* section of this report.

Notes to the financial statements – The notes contain additional essential information necessary for the reader to gain a more complete understanding of the information presented in the government-wide and fund financial statements. The notes to the financial statements comprise the final portion of the *Basic Financial Statements* section of this report.

Other information – Along with the basic financial statements and accompanying notes, this report also contains certain required supplementary information related to the City of Hickory's progress in funding the Law Enforcement Officers' Special Separation Allowance and OPEB. This information is found within the *Required Supplementary Financial Data* section of this report.

Government-Wide Financial Analysis

Net Position - As noted earlier, net position may serve, over time, as a useful indicator of a government's financial status. In the case of the City of Hickory, assets exceeded liabilities by \$294,392,079 for the fiscal year ended June 30, 2022.

The largest portion of the City of Hickory's net position, 81.5%, reflect its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Hickory uses its capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City of Hickory'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.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 95,799,350	\$ 75,046,148	\$ 44,263,210	\$ 44,873,306	\$ 140,062,560	\$ 119,919,454
Notes receivable	1,544,000	1,744,000	-	-	1,544,000	1,744,000
Capital assets	129,339,990	110,832,488	156,830,380	152,660,929	286,170,370	263,493,417
Deferred outflows of resources	12,071,692	10,833,841	2,673,512	2,340,502	14,745,204	13,174,343
Total assets and deferred outflows of resources	<u>238,755,032</u>	<u>198,456,477</u>	<u>203,767,102</u>	<u>199,874,737</u>	<u>442,522,134</u>	<u>398,331,214</u>
Long-term liabilities outstanding	52,469,394	42,589,432	22,200,635	22,708,732	74,670,029	65,298,164
Other liabilities	48,612,690	45,667,627	10,341,614	11,705,374	58,954,304	57,373,001
Deferred inflows of resources	11,634,710	4,530,382	2,871,012	1,289,057	14,505,722	5,819,439
Total liabilities and deferred inflows of resources	<u>112,716,794</u>	<u>92,787,441</u>	<u>35,413,261</u>	<u>35,703,163</u>	<u>148,130,055</u>	<u>128,490,604</u>
Net position:						
Net investment in capital assets	104,673,435	72,725,989	135,192,955	130,596,390	239,866,390	203,322,379
Restricted	13,744,450	31,941,115	-	-	13,744,450	31,941,115
Unrestricted	7,620,353	1,001,932	33,160,886	33,575,184	40,781,239	34,577,116
Total net position	<u>\$ 126,038,238</u>	<u>\$ 105,669,036</u>	<u>\$ 168,353,841</u>	<u>\$ 164,171,574</u>	<u>\$ 294,392,079</u>	<u>\$ 269,840,610</u>

An additional portion of the City of Hickory’s net position, \$13,744,450 represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$40,781,239, may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Hickory is able to report positive balances in all three categories of net position: the government as a whole, governmental-type activities and business-type activities.

Financial Indicators and Ratios

The following financial indicators and ratios can be used to assist the reader in assessing the financial strength of the City of Hickory. When used in conjunction with other financial information contained in this report, the City’s financial strength becomes apparent.

Working Capital – is the difference between current assets and current liabilities. Sources of working capital are income from operating activities, sale of non-current assets or the issuance of long-term debt. Uses of working capital include losses from operating activities, purchase of non-current assets or retirement of long-term debt. The working capital of the City of Hickory is \$108,016,738, which consists of \$72,666,054 from governmental activities and \$35,350,684 from business-type activities. Working capital increased by \$75,991 for the fiscal year ended June 30, 2022.

Current Ratio – is the ratio of total current assets to current liabilities. This ratio is an indicator of the City’s ability to meet its short-term obligations and is expressed as coverage of so many dollars of current assets/current liabilities. The City of Hickory’s current ratio is 4.54 on a Citywide basis, 4.34 for

governmental activities, and 5.03 for business-type activities. More simply stated, the City has \$4.54 of current assets for each \$1.00 of current liabilities on a Citywide basis. The Citywide current ratio decreased by 1.74 during FY 2022.

Acid Test or Quick Ratio – relates total current liabilities to cash, marketable securities and accounts receivable: “quick assets”. This is an additional short-term liquidity measure providing an additional comparison with the current ratio. This is also expressed on a coverage basis. The City of Hickory’s quick ratio is 4.47 on a Citywide basis, 4.21 for governmental activities and 5.13 for business-type activities. Or, more simply stated the City has \$4.47 of “quick” assets for each \$1.00 of current liabilities on a Citywide basis. The Citywide quick ratio decreased by \$1.72 during FY 2022.

Days Cash and Investments in Reserve – represents the number of days that normal operations of the City of Hickory could continue with no revenue collections. The results of this ratio indicate that the City of Hickory could operate 235 days on a Citywide basis, 181 days for governmental activities and 369 days for business-type activities. This measure decreased by 47 days in FY 2022.

Total Liabilities to Net Position – this ratio, expressed as a percentage, compares the total obligations (liabilities) of the City of Hickory to current equity (net position). It represents the extent to which borrowing has been used to finance short-term operations. The total liabilities to net position for the City of Hickory is 45% on a Citywide basis, 80% for governmental activities and 19% for business-type activities. The Citywide ratio remained the same during FY2022.

Total Liabilities to Total Assets – this ratio compares the total obligations of the City of Hickory to total assets. It is an indicator of the level of borrowing that has been used to finance operations of the City on a long-term basis. Total liabilities to total assets for the City of Hickory is 31% on a Citywide basis, 45% for governmental activities and 16% for business-type activities. This ratio decreased 2% from the previous fiscal year.

Non-Current Liabilities to Total Assets – this ratio compares the long-term debt of the City of Hickory to total assets. It is another indicator of the long-term financial strength of the City. Non-current liabilities to total assets for the City of Hickory is 16% on a Citywide basis, 21% for governmental activities and 10% for business-type activities. This ratio decreased 1% from the previous fiscal year.

Days Receivable – represents the number of days on average it took to collect accounts receivable. This number demonstrates the extent to which current operations are impacted by the collection of accounts receivable. This ratio is provided only for the business-type activities of the City of Hickory, which consist primarily of utility accounts. Days receivable for business-type activities is 37 days for the City of Hickory. Days receivable increased by 1 day during FY 2022.

Change in Net Position - The government's net position increased by \$24,551,469 during the current fiscal year. The governmental activities net position increased \$20,369,202 and the business type activities increased \$4,182,267. This increase represents the degree to which increases in ongoing revenues have exceeded increases in ongoing expenses. A summary of the changes follows:

Changes in Net Position

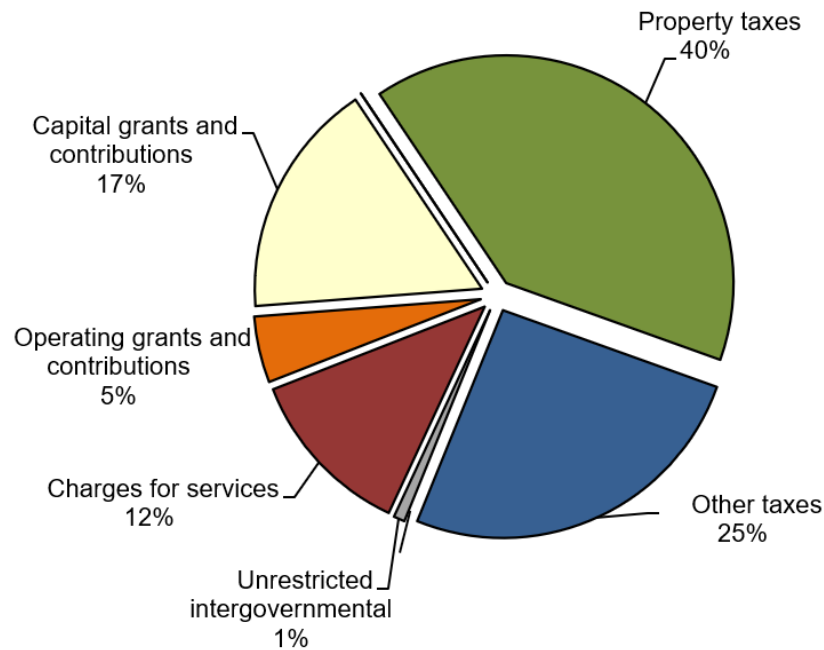
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 10,414,468	\$ 9,656,579	\$ 40,235,012	\$ 38,212,477	\$ 50,649,480	\$ 47,869,056
Operating grants and contributions	4,039,900	3,087,628	2,675,772	2,444,703	6,715,672	5,532,331
Capital grants and contributions	14,427,256	12,994,689	636,420	1,363,076	15,063,676	14,357,765
General revenues:						
Property taxes	34,229,436	31,544,287	-	-	34,229,436	31,544,287
Other taxes	22,042,292	19,030,748	-	-	22,042,292	19,030,748
Unrestricted intergovernmental	680,548	536,222	-	-	680,548	536,222
Unrestricted investment earnings	(1,685,966)	28,974	(733,380)	-	(2,419,346)	28,974
Miscellaneous	-	-	556,788	182,940	556,788	182,940
Total revenues	<u>84,147,934</u>	<u>76,879,127</u>	<u>43,370,612</u>	<u>42,203,196</u>	<u>127,518,546</u>	<u>119,082,323</u>
Expenses:						
General government	18,828,486	20,621,801	-	-	18,828,486	20,621,801
Public safety	28,459,052	27,046,269	-	-	28,459,052	27,046,269
Transportation	6,334,891	6,131,073	-	-	6,334,891	6,131,073
Economic and physical development	7,544,337	4,226,519	-	-	7,544,337	4,226,519
Culture and recreation	3,009,781	2,120,038	-	-	3,009,781	2,120,038
Water	-	-	10,924,060	10,991,533	10,924,060	10,991,533
Sewer	-	-	15,467,510	15,168,416	15,467,510	15,168,416
Sludge composting	-	-	2,104,319	2,066,217	2,104,319	2,066,217
Stormwater	-	-	499,042	525,297	499,042	525,297
Airport	-	-	1,790,246	1,771,127	1,790,246	1,771,127
Recycling	-	-	3,743,794	4,144,494	3,743,794	4,144,494
Sanitation	-	-	2,408,760	2,185,919	2,408,760	2,185,919
Interest on long-term debt	1,852,799	913,247	-	-	1,852,799	913,247
Total expenses	<u>66,029,346</u>	<u>61,058,947</u>	<u>36,937,731</u>	<u>36,853,003</u>	<u>102,967,077</u>	<u>97,911,950</u>
Change in net position before transfers	<u>18,118,588</u>	<u>15,820,180</u>	<u>6,432,881</u>	<u>5,350,193</u>	<u>24,551,469</u>	<u>21,170,373</u>
Transfers	<u>2,250,614</u>	<u>3,860,276</u>	<u>(2,250,614)</u>	<u>(3,860,276)</u>	<u>-</u>	<u>-</u>
Change in net position	20,369,202	19,680,456	4,182,267	1,489,917	24,551,469	21,170,373
Net position, beginning of year	105,669,036	85,988,580	164,171,574	162,681,657	269,840,610	248,670,237
Net position, end of year	<u>\$ 126,038,238</u>	<u>\$ 105,669,036</u>	<u>\$ 168,353,841</u>	<u>\$ 164,171,574</u>	<u>\$ 294,392,079</u>	<u>\$ 269,840,610</u>

Governmental Activities - Governmental activities increased the City of Hickory's net position by \$20,369,202.

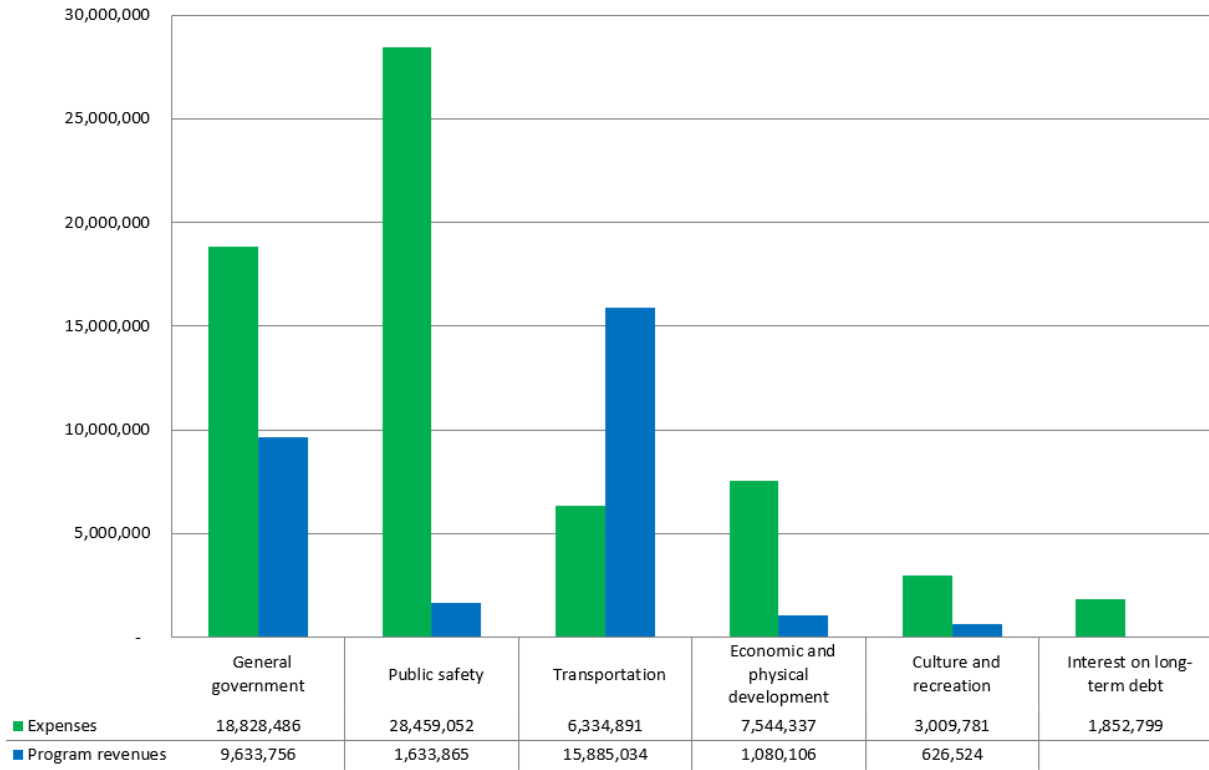
Summaries of these include:

- Total expenses increased \$4,958,223, or 1.03%, for fiscal year 2022.
- Overall revenues increased, with program revenues increasing \$3,130,552, or 1.12%, and general revenues increasing \$412,679, or 12.39%.
- Operating grants and contributions for governmental activities totaled \$4,017,561. The grant awards furnished resources to support the following functions: general government (\$291,140), police and fire (\$1,156,337), Powell Bill and street maintenance (\$1,413,649), economic and physical development (\$878,390), and culture and recreation (\$278,045).

2022 Governmental Activities Revenues - \$84,147,934



2022
Expenses and Program Revenues - Governmental Activities

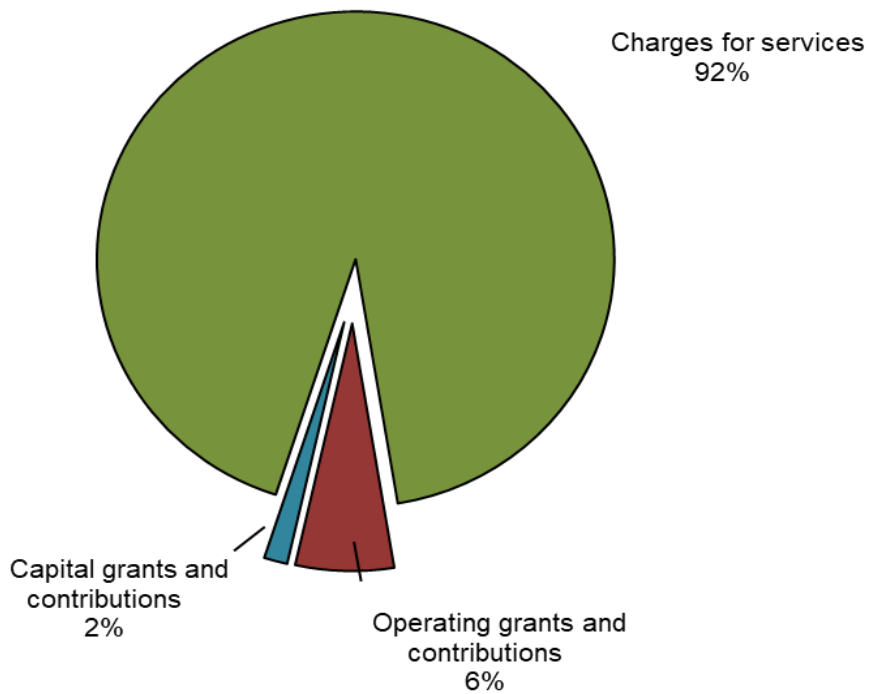


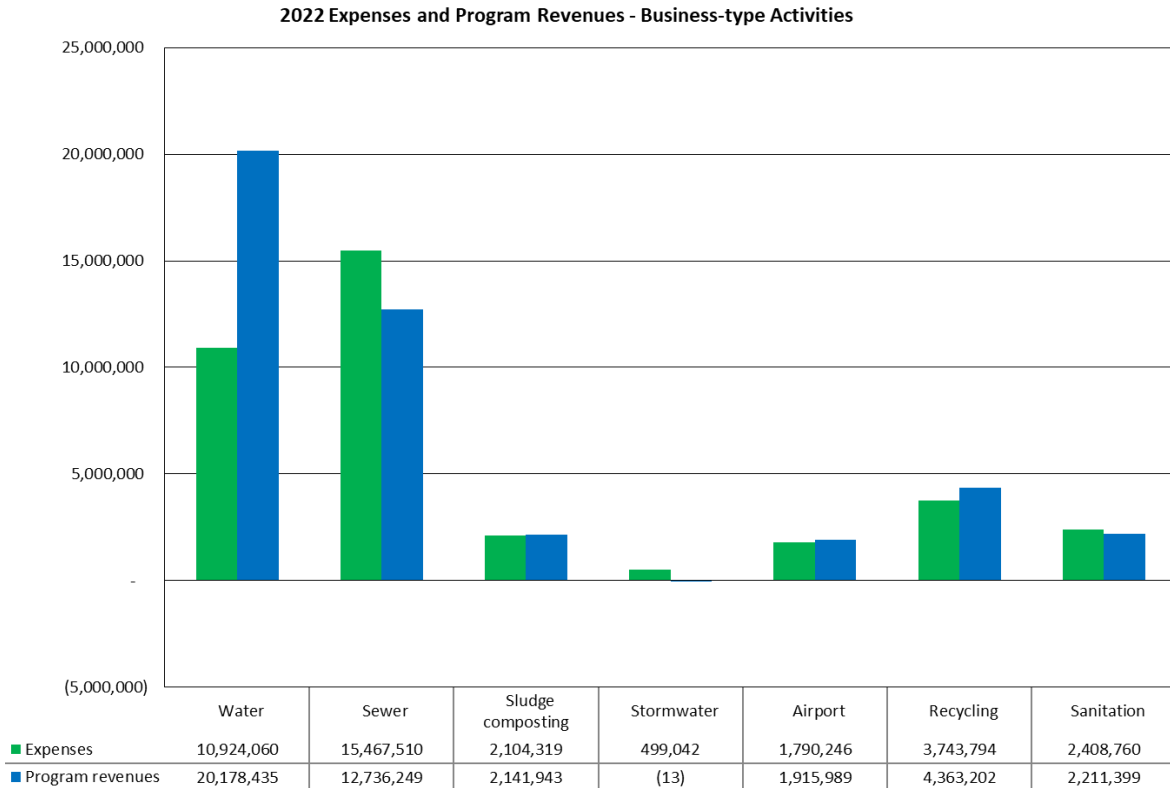
Business-Type Activities - Business-type activities increased the City of Hickory's net position by \$4,182,267.

Summaries of these include:

- Programs revenues increased by \$2,692,350, or 16.17%.
- Capital grants and contributions for business-type activities totaled \$636,420. The grant awards and contributions furnished resources to support the following activities: water \$434,656, sewer \$89,487, and airport \$89,358.
- Transfers to business type activities were \$2,250,264 to fund capital projects.

2022 Business-type Activities Revenues - \$43,370,612





Financial Analysis of the Funds

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

Governmental Funds. The focus of the City of Hickory’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 Hickory’s financing requirements.

As of the end of the current fiscal year, the City of Hickory’s governmental funds reported combined ending fund balances of \$70,170,483, this decreased by \$11,439,867 in comparison with the prior year. Of this total amount, \$15,250,937 constitutes *unassigned fund balance*, has no constraints on its use. The remainder of fund balance is broken down as follows:

- ***Non-Spendable:*** \$2,137,857 - resources not in spendable form, for example, inventories and prepaid items.
- ***Restricted:*** \$36,538,309 - resources specifically restricted by provider.
- ***Committed:*** \$14,001,620 - resources committed by formal action of governing body.
- ***Assigned:*** \$2,241,760 - resources assigned by the intent of use, not by formal enactment.

General Fund. The General Fund is the chief operating fund of the City of Hickory. At the end of the fiscal year, fund balance available in the General Fund was \$26,722,281. Total fund balance overall was \$41,320,171. As a measure of the 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 43.3% of total General Fund expenditures, while total fund balance represents 66.9% to that same amount.

The fund balance of the City of Hickory's General Fund increased by \$3,907,529 during the current fiscal year.

Summaries of these include:

- General government expenditures increased \$2,398,091 largely due to inflationary cost pressures in the overall economy as well as beginning the annual debt service payments on the 2021 General Obligation Bond issue. A planned tax increase delayed from the prior Fiscal Year due to the COVID-19 pandemic was implemented during FY2022 to accommodate the increased debt service required by the 2021 Bonds.
- American Rescue Plan Act (ARPA) funds were established in a new fund this year. Total amount received during FY 2022 was \$4,118,501. The City used these monies to reimburse public safety salary expenses incurred by the city during FY 2022.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$31,698,044. The total increase in net position was \$3,383,496. The Transportation Fund had an unrestricted net position of \$103,841, with an increase in net position of \$850,211. Unrestricted net position of the Solid Waste Fund amounted to \$241,465, with total net position reflecting an increase of \$411,211. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Hickory's business-type activities.

Budgetary Highlights

General Fund. The difference between the original budget and the final amended budget was \$16,434,208 and can be briefly summarized as follows:

- \$3,832,273 in increases allocated to general governmental activities.
- \$3,068,869 in increases allocated to public safety.
- \$1,885,812 in increases allocated to transportation.
- \$3,636,198 in increases allocated to economic and physical development.
- \$740,852 in increases allocated to culture and recreation.
- \$700,000 in decreases for contingency.
- \$4,330,885 in increases allocated to transfers out of General Fund to other funds.
- \$500,000 in decreases for debt service.
- \$139,319 in increases for Lease Principal.

The General Fund recognized a positive variance of \$8,292,602 between the final amended budget and the total actual expenditures. This variance can be summarized as follows:

- Approximately \$1,782,075 of the variance is due to reduced costs of salary and benefits because of retirements, vacancies, and elimination of positions.
- Approximately \$3,981,124 remained encumbered for capital equipment and vehicles, which were not delivered before June 30.
- The remaining variance is the result of a variety of activities and is individually insignificant.

General Capital Projects Fund. The General Capital Projects Fund saw a total of \$25,616,787 in additional budgeted expenditures for the fiscal year ending June 30, 2022. The following general capital projects contributed to key increases:

- Trivium Bond Project, including sub-projects for Project Enzyme and Trivium East increased its total authorizations by \$3,192,094. Funding sources include City and County funds, NCDOT grants, Golden Leaf grants, and revenues from land sales within the Trivium Corporate Center campus.
- The Riverwalk Bond Project added \$2,916,012 from 2021 Bond funds towards engineering and construction.
- The Ridgeview Library Expansion Project increased by \$5,807 for its construction, with funds received through financing proceeds.
- The following appropriations were made to facilitate continued developments for several projects:
 - OLLE Art Walk \$5,736,137
 - Aviation Walk \$2,625,694
 - Historic Ridgeview Walk \$318,783
 - Wayfinding Sign System \$523,000
 - Aviation Museum/CVCC Innovation Center \$7,500,000
 - Munis/Tyler Technology Project \$1,700,000
 - 17th Street Northwest Extension \$465,020
 - Convention Center Renovations \$643,886

Capital Asset and Debt Administration

Capital Assets. The City of Hickory's investment in capital assets for its governmental and business type activities as of June 30, 2022, amounts to \$286,170,370 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways and bridges. Major capital asset events during the current fiscal year included the following:

- Ongoing implementation of Bond Projects.
- Replacement of Police Department vehicles.
- Construction of Fire Department training facility.
- Replacement of Fire Department administrative and operational vehicles.
- Traffic Corridor Signal Retiming.
- Replacement of dump truck and rubber tire loader for Street Department.
- Construction of additional artificial turf field at Henry Fork River Regional Park.
- Various improvements to hangar and runway facilities at Hickory Regional Airport.
- Replacement of front-end loader in Sanitation Department.
- Waterline rehabilitations on 2nd Avenue & 4th Street Place NW; Spring Haven subdivision; and Education Center design.
- Sewerline rehabilitation: Moose Club Force Main design; rehab problem manholes; Lakeshore force main; 6th Avenue SW sewerline rehab; 3rd St PL SW aerial crossing replacement; Henry Fork outfall replacement engineering.
- Wastewater Pumpstations upgrades: Highland House pumpstation; Lakeshore generator.

**Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2020
Land	\$ 14,536,815	\$ 14,813,632	\$ 6,015,790	\$ 5,812,743	\$ 20,552,605	\$ 20,626,375
Land improvements	-	-	7,068,587	7,068,587	7,068,587	7,068,587
Buildings and improvements	18,443,417	17,322,985	25,263,767	26,608,452	43,707,184	43,931,437
Equipment	3,063,246	3,040,745	6,266,492	5,996,239	9,329,738	9,036,984
Vehicles	3,719,776	3,290,722	3,561,607	2,477,222	7,281,383	5,767,944
Road network	8,371,961	9,053,510	3,681,824	3,934,100	12,053,785	12,987,610
Operating plants	-	-	17,930,791	18,517,098	17,930,791	18,517,098
Waterlines	-	-	29,768,104	29,593,073	29,768,104	29,593,073
Sewerlines	-	-	34,084,489	35,070,086	34,084,489	35,070,086
Construction in progress	81,204,775	63,310,894	23,188,929	17,583,329	104,393,704	80,894,223
Total Capital Assets	<u>\$ 129,339,990</u>	<u>\$ 110,832,488</u>	<u>\$ 156,830,380</u>	<u>\$ 152,660,929</u>	<u>\$ 286,170,370</u>	<u>\$ 263,493,417</u>

Additional information on the City of Hickory's capital assets can be found within the *Notes to the Financial Statements* contained in this report.

Debt

The City's bond rating is Aa1 and AA+ by Moody's Investors Service and S&P Global Ratings, respectively. Gross debt obligations of the City are \$70,559,671 as of June 30, 2022. Gross debt consists of installment purchase agreements of \$14,443,171, notes payable of \$15,577,800, general obligation bonds \$36,250,000, and \$4,288,700 unamortized bond discount/premium.

The City's legal debt cannot exceed 8% of the assessed value of taxable property. The legal debt margin of the City at June 30, 2022 was \$360,900,819.

Installment purchase agreements related to the Radio System Upgrade, Convention Center, and Multiple General Funds amount to \$8,383,553 and are obligations of the General Fund. Water and sewer line extensions related to Annexation Area II, and Henry River Basin sewer, along with upgrades to the Hickory-Catawba Wastewater Treatment Plant amount to \$6,059,618 and are obligations of the Water and Sewer Fund. Notes payable amounting to \$15,577,800 for low interest loans related to water and sewer capital improvements are recorded as obligations of the Water and Sewer Fund.

Debt service costs comprise 6.58% of expenditures of the General Fund and 10.09% of the Water and Sewer Fund.

At the end of the current fiscal year, the City of Hickory had \$36,250,000 in bonded debt outstanding.

The City of Hickory's total debt increased by \$2,509,600 during the current fiscal year.

Additional information relating to debt service activity, intergovernmental agreements on repayment and historical information concerning the City’s debt position can be found within the *Notes to the Financial Statements* contained in this report.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Accrued law enforcement officer's unfunded retirement contribution	\$ 5,237,111	\$ 4,897,373	\$ -	\$ -	\$ 5,237,111	\$ 4,897,373
Compensated absences	2,569,509	2,573,897	559,723	644,193	3,129,232	3,218,090
Unfunded OPEB obligations	16,943,942	15,470,047	5,089,880	4,647,129	22,033,822	20,117,176
Net pension liability (LGERS)	5,253,148	12,641,077	1,236,570	2,967,290	6,489,718	15,608,367
Installment purchase agreements	8,280,888	9,309,974	6,073,765	7,376,239	14,354,653	16,686,213
Notes Payable	-	-	13,491,020	14,688,300	13,491,020	14,688,300
Bonds Payable	36,250,000	27,750,000	-	-	36,250,000	27,750,000
Unamortized Discount/Premium	4,011,048	2,955,561	-	-	4,011,048	2,955,561
Total	\$ 78,545,646	\$ 75,597,929	\$ 26,450,958	\$ 30,323,151	\$ 104,996,604	\$ 105,921,080

Economic Factors and Next Year’s Budget and Rates

- Revenue estimates contained in the City of Hickory’s Fiscal Year 2022-2023 Annual Budget were developed conservatively in response to continued uncertain economic factors.
- The City of Hickory’s property tax rate remains at \$0.6275 per \$100 valuation. This rate will provide approximately \$33,700,000 in property tax revenue. The property tax base is estimated to be \$5,385,377,214.
- The final \$10 million Bond issue occurred during last Fiscal Year, resulting in all debt service for the \$40 million Bond plan now included in the FY 2022-23 budget.
- There will be slight increases to City charges and fees. Continuing from the national economic trends of 2022, we anticipate inflationary pressures to continue impacting the municipal product and services market during 2023.

These factors were considered in preparation of the City of Hickory’s budget for the Fiscal Year 2023.

Going into Fiscal Year 2023, the City of Hickory has appropriated \$1,323,325 of unassigned General Fund Balance to finance the general operations of the City.

The original budget for Fiscal Year 2023 increased 8.3% over the previous fiscal year. This funding level provides for the continuation of all basic City services, appropriations for the City’s long-range and master plans, contingency appropriations to address unanticipated expenses, and continued appropriations to the Capital Reserve Fund for future capital needs.

Request for Information

This financial report is designed to provide a general overview of the City of Hickory’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Hickory, Finance Department, PO Box 398, Hickory, NC 28603.

Basic Financial Statements

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 44,527,785	\$ 37,373,912	\$ 81,901,697
Taxes receivable, net	382,434	-	382,434
Accounts receivable, net	5,611,609	4,002,799	9,614,408
Note receivable	1,544,000	-	1,544,000
Due from other governments	6,171,350	2,854,622	9,025,972
Lease receivable	578,599	146,362	724,961
Internal balances	1,470,663	(1,470,663)	-
Inventories	317,676	623,017	940,693
Prepaid items	747,489	28,092	775,581
Cash and cash equivalents, restricted	35,013,325	701,582	35,714,907
Right to use leased asset, net of amortization	978,420	3,487	981,907
Land and construction in progress	95,741,590	36,273,306	132,014,896
Other capital assets, net of depreciation	33,598,400	120,557,074	154,155,474
Total assets	<u>226,683,340</u>	<u>201,093,590</u>	<u>427,776,930</u>
Deferred Outflows of Resources:			
OPEB deferrals	2,952,227	886,836	3,839,063
Pension deferrals	9,119,465	1,786,676	10,906,141
Total deferred outflows of resources	<u>12,071,692</u>	<u>2,673,512</u>	<u>14,745,204</u>
Liabilities:			
Current liabilities due within one year:			
Accounts payable and accrued liabilities	7,868,640	3,171,665	11,040,305
Prepaid fees	1,113,858	141,917	1,255,775
Liabilities to be paid from restricted assets:			
Customer deposits	77,490	701,582	779,072
Advance from grantor	12,118,501	-	12,118,501
Due within one year	4,644,329	2,918,825	7,563,154
Non-current liabilities due in more than one year:			
Long-term liabilities	47,825,065	19,281,810	67,106,875
Net pension liability - LGERS	5,253,148	1,236,570	6,489,718
Total pension liability - LEOSSA	5,237,111	-	5,237,111
Total OPEB liability	16,943,942	5,089,880	22,033,822
Total liabilities	<u>101,082,084</u>	<u>32,542,249</u>	<u>133,624,333</u>
Deferred Inflows of Resources:			
Pension deferrals	8,071,960	1,828,688	9,900,648
OPEB deferrals	2,984,078	896,403	3,880,481
Leases	569,631	145,921	715,552
Prepaid taxes	9,041	-	9,041
Total deferred inflows of resources	<u>11,634,710</u>	<u>2,871,012</u>	<u>14,505,722</u>
Net Position:			
Net investment in capital assets	104,673,435	135,192,955	239,866,390
Restricted for:			
Stabilization by state statute	12,460,033	-	12,460,033
Public safety	384,417	-	384,417
Economic and development	900,000	-	900,000
Unrestricted	<u>7,620,353</u>	<u>33,160,886</u>	<u>40,781,239</u>
Total net position	<u>\$ 126,038,238</u>	<u>\$ 168,353,841</u>	<u>\$ 294,392,079</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 18,828,486	\$ 9,342,616	\$ 291,140	\$ -
Public safety	28,459,052	477,528	1,178,676	-
Transportation	6,334,891	44,129	1,413,649	14,427,256
Economic and physical development	7,544,337	201,716	878,390	-
Culture and recreation	3,009,781	348,479	278,045	-
Interest on long-term debt	1,852,799	-	-	-
Total governmental activities	<u>66,029,346</u>	<u>10,414,468</u>	<u>4,039,900</u>	<u>14,427,256</u>
Business-Type Activities:				
Water	10,924,060	19,569,132	174,647	434,656
Sewer	15,467,510	12,322,417	324,345	89,487
Sludge composting	2,104,319	9,763	2,132,180	-
Stormwater	499,042	(13)	-	-
Airport	1,790,246	1,815,704	10,927	89,358
Recycling	3,743,794	4,306,610	33,673	22,919
Sanitation	2,408,760	2,211,399	-	-
Total business-type activities	<u>36,937,731</u>	<u>40,235,012</u>	<u>2,675,772</u>	<u>636,420</u>
Total primary government	<u>\$ 102,967,077</u>	<u>\$ 50,649,480</u>	<u>\$ 6,715,672</u>	<u>\$ 15,063,676</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (9,194,730)	\$ -	\$ (9,194,730)
Public safety	(26,802,848)	-	(26,802,848)
Transportation	9,550,143	-	9,550,143
Economic and physical development	(6,464,231)	-	(6,464,231)
Culture and recreation	(2,383,257)	-	(2,383,257)
Interest on long-term debt	(1,852,799)	-	(1,852,799)
Total governmental activities	(37,147,722)	-	(37,147,722)
Business-Type Activities:			
Water	-	9,254,375	9,254,375
Sewer	-	(2,731,261)	(2,731,261)
Sludge composting	-	37,624	37,624
Stormwater	-	(499,055)	(499,055)
Airport	-	125,743	125,743
Recycling	-	619,408	619,408
Sanitation	-	(197,361)	(197,361)
Total business-type activities	-	6,609,473	6,609,473
Total primary government	(37,147,722)	6,609,473	(30,538,249)
General Revenues:			
Ad valorem taxes	34,229,436	-	34,229,436
Sales taxes	15,413,340	-	15,413,340
Franchise taxes	3,338,825	-	3,338,825
Telecommunication tax	602,294	-	602,294
Motel/occupancy tax	2,191,229	-	2,191,229
Vehicle tag tax	195,532	-	195,532
Gross receipts tax	301,072	-	301,072
Unrestricted intergovernmental	680,548	-	680,548
Donations	-	556,788	556,788
Unrestricted investment earnings	(1,685,966)	(733,380)	(2,419,346)
Total general revenues, excluding transfers	55,266,310	(176,592)	55,089,718
Transfers	2,250,614	(2,250,614)	-
Total general revenues and transfers	57,516,924	(2,427,206)	55,089,718
Change in net position	20,369,202	4,182,267	24,551,469
Net Position:			
Beginning of year - July 1	105,669,036	164,171,574	269,840,610
End of year - June 30	\$ 126,038,238	\$ 168,353,841	\$ 294,392,079

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	Major			Nonmajor Governmental Funds	Total
	General Fund	Capital Projects Fund	American Rescue Plan Act Fund		
Assets:					
Current assets:					
Cash and cash equivalents	\$ 36,101,023	\$ 2,577,681	\$ -	\$ 63,036	\$ 38,741,740
Taxes receivable, net	382,434	-	-	-	382,434
Accounts receivable, net	442,855	4,540,357	-	595,701	5,578,913
Notes receivable	200,000	-	-	-	200,000
Lease receivable	143,021	-	-	-	143,021
Due from other governmental agencies	4,656,496	198,588	-	203,795	5,058,879
Due from other funds	3,025,815	-	-	-	3,025,815
Inventory	147,002	-	-	-	147,002
Prepaid items	437,887	307,824	-	-	745,711
Restricted cash and equivalents	100,965	30,793,859	4,118,501	-	35,013,325
Total current assets	<u>45,637,498</u>	<u>38,418,309</u>	<u>4,118,501</u>	<u>862,532</u>	<u>89,036,840</u>
Non-current assets:					
Lease receivable	435,578	-	-	-	435,578
Notes receivable	1,344,000	-	-	-	1,344,000
Total non-current assets	<u>1,779,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,779,578</u>
Total assets	<u>\$ 47,417,076</u>	<u>\$ 38,418,309</u>	<u>\$ 4,118,501</u>	<u>\$ 862,532</u>	<u>\$ 90,816,418</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 3,944,451	\$ 1,665,639	\$ -	\$ 111,735	\$ 5,721,825
Prepaid fees	88,500	-	-	-	88,500
Due to other funds	-	-	-	303,362	303,362
Liabilities to be paid from restricted assets:					
Advance from grantor	-	8,000,000	4,118,501	-	12,118,501
Customer deposits	77,490	-	-	-	77,490
Total current liabilities	<u>4,110,441</u>	<u>9,665,639</u>	<u>4,118,501</u>	<u>415,097</u>	<u>18,309,678</u>
Deferred Inflows of Resources:					
Property taxes receivable	382,434	-	-	-	382,434
Utilities franchise taxes receivable	1,025,358	-	-	-	1,025,358
Prepaid taxes	9,041	-	-	-	9,041
Lease	569,631	-	-	-	569,631
Economic development receivable	-	-	-	349,793	349,793
Total deferred inflows of resources	<u>1,986,464</u>	<u>-</u>	<u>-</u>	<u>349,793</u>	<u>2,336,257</u>
Fund Balances:					
Non-spendable	2,137,857	-	-	-	2,137,857
Restricted for:					
Stabilization by state statute	12,460,033	-	-	-	12,460,033
Restricted, all other	1,284,417	22,793,859	-	-	24,078,276
Committed	7,934,945	5,958,811	-	107,864	14,001,620
Assigned	2,241,760	-	-	-	2,241,760
Unassigned	15,261,159	-	-	(10,222)	15,250,937
Total fund balances	<u>41,320,171</u>	<u>28,752,670</u>	<u>-</u>	<u>97,642</u>	<u>70,170,483</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 47,417,076</u>	<u>\$ 38,418,309</u>	<u>\$ 4,118,501</u>	<u>\$ 862,532</u>	<u>\$ 90,816,418</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:

Total fund balances - modified accrual (see above)	\$ 70,170,483
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	129,088,566
Right to use leased asset, net of amortization	978,420
Total pension liability - LEOSSA	(5,237,111)
Net pension liability - LGERS	(5,155,279)
Total OPEB liability	(16,542,110)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	2,701,575
OPEB related deferrals	(31,095)
Accrual of interest revenue on delinquent taxes does not represent current financial resources and, therefore, is not reported in the funds.	21,990
Low income housing loans are not available to represent current financial resources and, therefore, are not reported in the funds.	556
Accrual of interest payable for debt reported in the Statement of Net Position does not require the use of current financial resources and, therefore, is not reported in the funds.	(787,347)
Other receivables are not available to pay for current period expenditures and are recognized as deferred inflows in the funds.	1,757,585
Pension related deferrals	(1,643,660)
Internal services funds are used by management to charge the costs of insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position in the fund statements until collected.	3,151,121
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(52,435,456)</u>
Net position of governmental activities	<u>\$ 126,038,238</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Major			Nonmajor Governmental Funds	Total
	General Fund	Capital Projects Fund	American Rescue Plan Act Fund		
Revenues:					
Ad valorem taxes	\$ 34,290,070	\$ -	\$ -	\$ -	\$ 34,290,070
Other taxes	22,068,923	-	-	-	22,068,923
Unrestricted intergovernmental revenues	680,548	-	-	-	680,548
Restricted intergovernmental revenues	2,553,156	8,625,832	4,118,501	1,095,323	16,392,812
Licenses and permits	4,590	-	-	-	4,590
Sales and services	1,435,251	-	-	-	1,435,251
Investment earnings	(819,163)	(735,666)	-	(1,166)	(1,555,995)
Miscellaneous	930,074	1,682,923	-	137,698	2,750,695
Total revenues	<u>61,143,449</u>	<u>9,573,089</u>	<u>4,118,501</u>	<u>1,231,855</u>	<u>76,066,894</u>
Expenditures:					
Current:					
General government	12,110,880	-	-	-	12,110,880
Public safety	28,477,304	-	-	49,413	28,526,717
Transportation	6,407,487	-	-	-	6,407,487
Economic and physical development	6,263,514	-	-	1,281,785	7,545,299
Culture and recreation	4,452,096	-	-	-	4,452,096
Capital outlay	-	16,397,995	-	-	16,397,995
Debt service:					
Principal retirement	2,426,421	-	-	-	2,426,421
Lease principal retirement	139,319	-	-	-	139,319
Interest fees	1,431,369	-	-	-	1,431,369
Total expenditures	<u>61,708,390</u>	<u>16,397,995</u>	<u>-</u>	<u>1,331,198</u>	<u>79,437,583</u>
Revenues over (under) expenditures	<u>(564,941)</u>	<u>(6,824,906)</u>	<u>4,118,501</u>	<u>(99,343)</u>	<u>(3,370,689)</u>
Other Financing Sources (Uses):					
Transfers in	9,676,509	5,481,339	-	22,370	15,180,218
Transfers out	(6,320,992)	(2,535,696)	(4,118,501)	(3,216)	(12,978,405)
Lease liability issued	1,116,953	-	-	-	1,116,953
Premium on bond issuance	-	1,491,790	-	-	1,491,790
Issuance of long-term debt	-	10,000,000	-	-	10,000,000
Total other financing sources (uses)	<u>4,472,470</u>	<u>14,437,433</u>	<u>(4,118,501)</u>	<u>19,154</u>	<u>14,810,556</u>
Net change in fund balances	3,907,529	7,612,527	-	(80,189)	11,439,867
Fund Balances:					
Beginning of year - July 1	<u>37,412,642</u>	<u>21,140,143</u>	<u>-</u>	<u>177,831</u>	<u>58,730,616</u>
End of year - June 30	<u>\$ 41,320,171</u>	<u>\$ 28,752,670</u>	<u>\$ -</u>	<u>\$ 97,642</u>	<u>\$ 70,170,483</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental funds per Exhibit D	\$ 11,439,867
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 and amortization expense:	
Capitalized capital outlays	24,899,000
Depreciation and amortization expense	(5,306,462)
In the Statement of Activities, only the gain or loss on the reduction of capital assets is reported; whereas, in governmental funds, the proceeds of the sale increase the financial resources. Thus, the changes in net assets differs from the change in fund balance by the cost of the assets less any depreciation or amortization.	
Disposal of capital assets	(1,062,117)
Right-to-use leased asset capital outlay expenditures which were not capitalized, net of amortization expense	978,420
Revenues in the Statement of Activities that do not provide current financial resources in the current year are not reported as revenues in the funds.	(157,402)
Pension expense - LGERS	2,553,609
Pension expense - LEOSSA	1,477,038
Debt proceeds provide current financial resources to governmental funds, but issuance of debt increases long-term liabilities in the Statement of Net Position.	(11,116,953)
Governmental funds report the effect of issuance cost, premium, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.	(1,333,139)
OPEB plan expense	2,882,214
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,565,740
Accrual of compensated absences reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	1,782
Pension expenses reported in the Statement of Activities does not require the use of current financial resources, and, therefore is not reported as an expenditure in the governmental funds.	(6,650,143)
Accrual of interest expense for debt reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(580,081)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The change in net position of certain internal service funds is reported with governmental activities.	<u>(222,171)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 20,369,202</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund			Variance with Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 33,548,000	\$ 33,548,000	\$ 34,290,070	\$ 742,070
Other taxes	18,178,727	19,178,727	22,068,923	2,890,196
Unrestricted intergovernmental revenues	675,000	675,000	680,548	5,548
Restricted intergovernmental revenues	2,265,901	3,115,197	2,553,156	(562,041)
Licenses and permits	4,575	4,575	4,590	15
Sales and services	1,193,227	1,249,403	1,435,251	185,848
Investment earnings	100,000	100,000	(652,438)	(752,438)
Miscellaneous	322,000	912,613	1,130,074	217,461
Total revenues	<u>56,287,430</u>	<u>58,783,515</u>	<u>61,510,174</u>	<u>2,726,659</u>
Expenditures:				
Current:				
General government	11,120,982	14,953,255	12,110,880	2,842,375
Public safety	26,177,876	29,246,745	27,449,043	1,797,702
Transportation	7,095,111	8,980,923	6,407,487	2,573,436
Economic and physical development	2,698,807	6,335,005	6,263,514	71,491
Culture and recreation	4,448,232	5,189,084	4,452,096	736,988
Debt service:				
Principal	2,926,422	2,426,422	2,426,421	1
Lease principal	-	139,319	139,319	-
Interest and fees	1,701,978	1,701,978	1,431,369	270,609
Contingency	700,000	-	-	-
Total expenditures	<u>56,869,408</u>	<u>68,972,731</u>	<u>60,680,129</u>	<u>8,292,602</u>
Revenues over (under) expenditures	<u>(581,978)</u>	<u>(10,189,216)</u>	<u>830,045</u>	<u>11,019,261</u>
Other Financing Sources (Uses):				
Lease liability issued	-	-	88,692	88,692
Transfers in	1,000,000	7,670,378	7,657,907	(12,471)
Transfers (out)	<u>(1,990,107)</u>	<u>(6,320,992)</u>	<u>(6,320,992)</u>	<u>-</u>
Total other financing sources (uses)	<u>(990,107)</u>	<u>1,349,386</u>	<u>1,425,607</u>	<u>76,221</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund			Variance with Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues and other financing sources over (under) expenditures and other financing uses	(1,572,085)	(8,839,830)	2,255,652	11,095,482
Appropriated fund balance	<u>1,572,085</u>	<u>8,839,830</u>	-	<u>(8,839,830)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,255,652	<u>\$ 2,255,652</u>
Reconciliation from Budgetary Basis of Accounting to Modified Accrual Basis:				
Initial implementation of lease standard:				
Lease liability issued			1,028,261	
Capital outlay			(1,028,261)	
Current year note receivable payments			<u>(200,000)</u>	
Net change in fund balance modified accrual			2,055,652	
Fund Balance:				
Beginning of year - July 1			<u>31,329,574</u>	
End of year - June 30			<u>\$ 33,385,226</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Revenue			\$ (166,725)	
Transfer to other funds			(1,000,000)	
Transfer from other funds			3,018,602	
Fund balance, beginning of year - Capital Reserve Fund			<u>6,083,068</u>	
Fund balance, end of year - Combined General Fund			<u>\$ 41,320,171</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Transportation Fund	Solid Waste Fund	Nonmajor Enterprise Funds		Internal Service Funds
Assets:						
Current assets:						
Cash and cash equivalents	\$ 32,112,022	\$ 1,341,835	\$ 1,997,829	\$ 1,922,226	\$ 37,373,912	\$ 5,786,045
Accounts receivable, net	3,562,308	169,224	270,451	816	4,002,799	10,150
Lease receivable	-	146,362	-	-	146,362	-
Inventory	483,834	139,183	-	-	623,017	170,674
Due from other governments	2,576,893	149,444	33,071	95,214	2,854,622	87,113
Due from other funds	-	-	-	-	-	-
Prepaid items	24,805	1,554	-	1,733	28,092	1,778
Restricted cash	695,275	6,307	-	-	701,582	-
Total current assets	<u>39,455,137</u>	<u>1,953,909</u>	<u>2,301,351</u>	<u>2,019,989</u>	<u>45,730,386</u>	<u>6,055,760</u>
Non-current assets:						
Right to use assets, net of amortization	-	3,487	-	-	3,487	-
Land and construction in progress	19,937,144	16,191,138	-	145,024	36,273,306	-
Other capital assets, net of depreciation	109,782,120	3,208,293	2,906,341	4,660,320	120,557,074	251,424
Total non-current assets	<u>129,719,264</u>	<u>19,402,918</u>	<u>2,906,341</u>	<u>4,805,344</u>	<u>156,833,867</u>	<u>251,424</u>
Total assets	<u>169,174,401</u>	<u>21,356,827</u>	<u>5,207,692</u>	<u>6,825,333</u>	<u>202,564,253</u>	<u>6,307,184</u>
Deferred Outflows of Resources:						
OPEB deferrals	612,616	58,345	210,040	5,835	886,836	70,013
Pension deferrals	1,236,886	134,712	386,159	28,919	1,786,676	149,170
Total deferred outflows of resources	<u>1,849,502</u>	<u>193,057</u>	<u>596,199</u>	<u>34,754</u>	<u>2,673,512</u>	<u>219,183</u>
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	2,379,392	415,322	199,341	177,610	3,171,665	1,359,469
Current portion of long-term debt	2,629,148	49,954	239,723	-	2,918,825	18,461
Due to other funds	-	20,555	-	-	20,555	1,921,846
Prepaid fees	141,917	-	-	-	141,917	-
Liabilities to be paid from restricted assets:						
Customer deposits	695,275	6,307	-	-	701,582	-
Total current liabilities	<u>5,845,732</u>	<u>492,138</u>	<u>439,064</u>	<u>177,610</u>	<u>6,954,544</u>	<u>3,299,776</u>
Non-current liabilities due in more than one year:						
Net pension liability	860,519	93,003	262,425	20,623	1,236,570	97,869
Total OPEB liability	3,516,035	334,860	1,205,498	33,487	5,089,880	401,832
Compensated absences payable	210,940	-	36,317	714	247,971	15,476
Due to other funds	-	780,052	-	-	780,052	-
Non-current portion of long-term debt	18,934,816	-	99,023	-	19,033,839	-
Total non-current liabilities	<u>23,522,310</u>	<u>1,207,915</u>	<u>1,603,263</u>	<u>54,824</u>	<u>26,388,312</u>	<u>515,177</u>
Total liabilities	<u>29,368,042</u>	<u>1,700,053</u>	<u>2,042,327</u>	<u>232,434</u>	<u>33,342,856</u>	<u>3,814,953</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Transportation Fund	Solid Waste Fund	Nonmajor Enterprise Funds		Internal Service Funds
Deferred Inflows of Resources:						
Leases	-	145,921	-	-	145,921	-
OPEB deferrals	619,226	58,974	212,306	5,897	896,403	70,769
Pension deferrals	1,260,239	138,177	401,452	28,820	1,828,688	159,580
Total deferred inflows of resources	1,879,465	343,072	613,758	34,717	2,871,012	230,349
Net Position:						
Net investment in capital assets	108,078,352	19,402,918	2,906,341	4,805,344	135,192,955	251,424
Unrestricted	31,698,044	103,841	241,465	1,787,592	33,830,942	2,229,641
Total net position	\$ 139,776,396	\$ 19,506,759	\$ 3,147,806	\$ 6,592,936	\$ 169,023,897	\$ 2,481,065
Total net position - proprietary funds presentation					\$ 169,023,897	
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds					(670,056)	
Net position of business-type activities - government-wide					\$ 168,353,841	

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Transportation Fund	Solid Waste Fund	Other Enterprise Funds		Internal Service Funds
Operating Revenues:						
Other taxes	\$ -	\$ -	\$ 33,673	\$ -	\$ 33,673	\$ -
Restricted intergovernmental	-	10,400	-	2,132,180	2,142,580	-
Charges for services	31,632,870	1,817,228	6,405,677	9,861	39,865,636	10,036,571
Other operating revenues	979,060	527	1,706	-	981,293	10,636
Total operating revenues	<u>32,611,930</u>	<u>1,828,155</u>	<u>6,441,056</u>	<u>2,142,041</u>	<u>43,023,182</u>	<u>10,047,207</u>
Operating Expenses:						
Administration and engineering	9,410,153	-	-	126,050	9,536,203	-
Collection system	1,676,400	-	-	-	1,676,400	-
Henry Fork plant	1,109,289	-	-	-	1,109,289	-
Northeast plant	1,073,551	-	-	-	1,073,551	-
Water treatment plant	2,500,244	-	-	-	2,500,244	-
Pre-treatment and lab	608,970	-	-	-	608,970	-
Distribution	3,225,358	-	-	-	3,225,358	-
Sludge plant	-	-	-	1,771,978	1,771,978	-
Street	-	-	-	35,716	35,716	-
Drainage maintenance	-	-	-	85,000	85,000	-
Claremont sewer lines	294,783	-	-	-	294,783	-
Hickory-Catawba wastewater treatment plant	436,312	-	-	-	436,312	-
Public transit	-	-	-	-	-	-
Human services transportation	-	-	-	-	-	-
Airport	-	581,937	-	-	581,937	-
Airport tower	-	14,191	-	-	14,191	-
Airport FBO	-	808,921	-	-	808,921	-
Recycling	-	-	3,284,506	-	3,284,506	-
Residential sanitation	-	-	1,059,983	-	1,059,983	-
Commercial sanitation	-	-	1,053,271	-	1,053,271	-
Health insurance	-	-	-	-	-	4,680,248
Property/casualty insurance	-	-	-	-	-	843,642
Workers' compensation	-	-	-	-	-	649,976
Dental insurance	-	-	-	-	-	419,958
Other insurance	-	-	-	-	-	96,149
Fleet maintenance	-	-	-	-	-	3,585,611
Depreciation and amortization	5,726,448	385,196	754,794	584,617	7,451,055	34,221
Total operating expenses	<u>26,061,508</u>	<u>1,790,245</u>	<u>6,152,554</u>	<u>2,603,361</u>	<u>36,607,668</u>	<u>10,309,805</u>
Operating income (loss)	<u>6,550,422</u>	<u>37,910</u>	<u>288,502</u>	<u>(461,320)</u>	<u>6,415,514</u>	<u>(262,598)</u>
Non-Operating Revenues (Expenses):						
Donations	507,051	-	-	-	507,051	-
Investment earnings	(647,893)	(27,674)	(44,015)	(13,798)	(733,380)	(129,971)
Miscellaneous	-	292	3,023	-	3,315	-
Gain (loss) on disposal of capital assets	49,737	-	-	-	49,737	-
Interest on long-term debt	(330,062)	(1)	-	-	(330,063)	-
Total non-operating revenues (expenses)	<u>(421,167)</u>	<u>(27,383)</u>	<u>99,790</u>	<u>(13,798)</u>	<u>(362,558)</u>	<u>(129,971)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Transportation Fund	Solid Waste Fund	Other Enterprise Funds		Internal Service Funds
Income (loss) before capital contributions and transfers	6,129,255	10,527	388,292	(475,118)	6,052,956	(392,569)
Capital Contributions:						
Capital contributions	524,143	89,358	-	-	613,501	-
Non-cash transfer of assets	-	-	22,919	-	22,919	-
Transfers:						
Transfers from other funds	894,313	2,225,486	-	268,962	3,388,761	49,295
Transfers (to) other funds	(4,164,215)	(1,475,160)	-	-	(5,639,375)	(494)
Change in net position	3,383,496	850,211	411,211	(206,156)	<u>\$ 4,438,762</u>	(343,768)
Net Position:						
Net position, beginning	<u>136,392,900</u>	<u>18,656,548</u>	<u>2,736,595</u>	<u>6,799,092</u>		<u>2,824,833</u>
End of year - June 30	<u>\$ 139,776,396</u>	<u>\$ 19,506,759</u>	<u>\$ 3,147,806</u>	<u>\$ 6,592,936</u>		<u>\$ 2,481,065</u>
Reconciliation with Exhibit B - Change in Net Position - Business-Type Activities:						
Change in net position - fund perspective					\$ 4,438,762	
Internal Service Fund profits allocated to business-type activities					<u>(256,495)</u>	
Change in net position - entity-wide perspective - Exhibit B					<u>\$ 4,182,267</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Transportation Fund	Solid Waste Fund	Nonmajor Enterprise Funds		Internal Service Funds
Cash Flows from Operating Activities:						
Cash received from customers and users	\$ 30,182,618	\$ 1,691,051	\$ 6,415,515	\$ 2,084,494	\$ 40,373,678	\$ 10,043,159
Cash paid to suppliers	(14,494,838)	(559,157)	(3,347,099)	(1,867,376)	(20,268,470)	(9,828,212)
Cash paid to employees	(6,442,740)	(655,785)	(2,133,283)	(114,621)	(9,346,429)	(703,986)
Net cash provided (used) by operating activities	<u>9,245,040</u>	<u>476,109</u>	<u>935,133</u>	<u>102,497</u>	<u>10,758,779</u>	<u>(489,039)</u>
Cash Flows from Non-Capital Financing Activities:						
Donations	507,051	-	-	-	507,051	-
Changes in due to/from other funds	-	(117,874)	-	-	(117,874)	444,132
Transfers from other funds	894,313	2,225,486	-	268,962	3,388,761	49,295
Transfers (to) other funds	(4,164,215)	(1,475,160)	-	-	(5,639,375)	(494)
Net cash provided (used) by non-capital financing activities	<u>(2,762,851)</u>	<u>632,452</u>	<u>-</u>	<u>268,962</u>	<u>(1,861,437)</u>	<u>492,933</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(7,424,590)	(2,081,615)	(1,570,049)	(24,422)	(11,100,676)	(146,200)
Proceeds from sale of assets	49,737	-	140,782	-	190,519	-
Principal paid on long-term debt	(2,344,146)	(5,970)	(169,755)	-	(2,519,871)	-
Interest paid on long-term debt	(364,981)	(1)	-	-	(364,982)	-
Proceeds from debt issued	2,086,780	-	-	-	2,086,780	-
Federal and State grants	-	-	-	-	-	-
Capital contributions	89,487	89,358	-	-	178,845	-
Net cash provided (used) by capital and related financing activities	<u>(7,907,713)</u>	<u>(1,998,228)</u>	<u>(1,599,022)</u>	<u>(24,422)</u>	<u>(11,529,385)</u>	<u>(146,200)</u>
Cash Flows from Investing Activities:						
Interest on investments	(647,893)	(27,674)	(44,015)	(13,798)	(733,380)	(129,971)
Net cash provided (used) by investing activities	<u>(647,893)</u>	<u>(27,674)</u>	<u>(44,015)</u>	<u>(13,798)</u>	<u>(733,380)</u>	<u>(129,971)</u>
Net increase (decrease) in cash and cash equivalents	(2,073,417)	(917,341)	(707,904)	333,239	(3,365,423)	(272,277)
Cash and Cash Equivalents:						
Beginning of year - July 1	<u>34,880,714</u>	<u>2,265,483</u>	<u>2,705,733</u>	<u>1,588,987</u>	<u>41,440,917</u>	<u>6,058,322</u>
End of year - June 30	<u>\$ 32,807,297</u>	<u>\$ 1,348,142</u>	<u>\$ 1,997,829</u>	<u>\$ 1,922,226</u>	<u>\$ 38,075,494</u>	<u>\$ 5,786,045</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HICKORY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities				Total	Governmental
	Water and Sewer Fund	Transportation Fund	Solid Waste Fund	Nonmajor Enterprise Funds		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 6,550,422	\$ 37,910	\$ 288,502	\$ (461,320)	\$ 6,415,514	\$ (262,598)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	5,726,448	385,196	754,794	584,617	7,451,055	34,221
Change in net pension liability	(1,200,014)	(130,397)	(372,041)	(28,268)	(1,730,720)	(142,251)
Change in assets and liabilities:						
(Increase) decrease in accounts receivables	(2,469,747)	(137,764)	(33,596)	(58,384)	(2,699,491)	(16,577)
(Increase) decrease in prepaid items	26,642	(1,137)	-	(860)	24,645	3,226
(Increase) decrease in inventories	(65,938)	-	-	-	(65,938)	(31,352)
Change in deferred outflows for pensions	(121,964)	(13,252)	(37,813)	(2,873)	(175,902)	(14,458)
Change in deferred inflows for pensions	(108,527)	(10,336)	384,543	(1,035)	264,645	147,030
Change in deferred outflows for OPEB	1,240,342	134,779	(37,210)	29,218	1,367,129	(12,402)
Change in deferred inflows for OPEB	(243,743)	(23,214)	(83,569)	(2,322)	(352,848)	(27,856)
Increase (decrease) in accounts payable	(386,884)	225,391	(17,965)	40,773	(138,685)	(198,367)
Increase (decrease) in compensated absences	(48,280)	(20,856)	(15,373)	38	(84,471)	(2,608)
Change in total OPEB liability	305,848	29,129	104,861	2,913	442,751	34,953
Increase (decrease) in customer deposits	8,545	660	-	-	9,205	-
Increase (decrease) in prepaid fees	31,890	-	-	-	31,890	-
Net cash provided (used) by operating activities	<u>\$ 9,245,040</u>	<u>\$ 476,109</u>	<u>\$ 935,133</u>	<u>\$ 102,497</u>	<u>\$ 10,758,779</u>	<u>\$ (489,039)</u>
Non-Cash Transactions:						
Right-to-use asset acquired in exchange for lease liability	\$ -	\$ 9,464	\$ -	\$ -	\$ 9,464	\$ -
Transfer of capital assets from other funds	\$ -	\$ -	\$ 22,919	\$ -	\$ 22,919	\$ -
Contribution of assets from developers	\$ 434,656	\$ -	\$ -	\$ -	\$ 434,656	\$ -

The accompanying notes are an integral part of the financial statements.

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the City of Hickory (the "City") conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City is governed by an elected Mayor and a six-member City Council and is a municipal corporation established under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements include all funds, agencies, boards, commissions, and authorities for which the City is financially responsible. There are no component units within the City of Hickory, North Carolina.

B. Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Business-type activities are financed in whole by fees charged to external parties.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and user fees. The primary expenditures are for public safety, streets and highways, parks, recreation and sports tourism, libraries, and general governmental services. Debt service payments of general long-term debt are accounted for in the General Fund.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Additionally, the City has legally adopted a Capital Reserve Fund under North Carolina General Statutes. However, for statement presentation in accordance with GASB Statement No. 54, the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

General Capital Projects Fund - The General Capital Projects Fund is used to account for and report financial resources used for the acquisition or construction of major capital facilities and capital assets. The primary revenue and expenditure sources are related to the City's General Fund activities. The General Capital Projects Fund allows the City to manage General Fund capital related projects over a multi-year period.

American Rescue Plan Act Fund - The American Rescue Plan Act Fund is used to account for the receipt of federal grant funds distributed through the Federal American Rescue Plan (ARP). This program was designed in response to the negative economic impacts suffered by local governments due to the COVID-19 pandemic.

The government reports the following major proprietary funds:

Water and Sewer Enterprise Fund – The Water and Sewer Enterprise Fund accounts for financial resources to be used in operating the water distribution system, the sewage treatment plant, sewage pumping stations, and collection systems.

Transportation Enterprise Fund – The Transportation Enterprise Fund accounts for financial resources to be used for providing public transportation activities within and around the City limits.

Solid Waste Enterprise Fund – The Solid Waste Enterprise Fund accounts for financial resources to be used for providing residential sanitation, commercial bulk sanitation, and recycling activities of the City.

Additionally, the government reports the following fund type:

Internal Service Funds – Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The City of Hickory has two internal service funds: Insurance Fund and Fleet Maintenance Fund.

Nonmajor Funds - The City maintains the Community Development Entitlement Block Grant Fund, Home Consortium Grant Fund, NCHFA Rental Rehabilitation Grant Fund, and the Multi-Year Grants Project Fund. These funds are reported as nonmajor governmental funds. The Capital Reserve Fund is consolidated into the General Fund for GASB Statement 54 reporting. The City also maintains the Sludge Composting Fund and the Stormwater Fund, which are reported as nonmajor enterprise funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 when a liability is incurred, regardless of the timing of

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual on the government-wide financial statements and have been recognized as revenues of the current fiscal period.

Governmental fund financial statements are reported using the current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. Basis of accounting determines when revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements, as well as, relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are “measurable” and “available”) to pay liabilities of the current period. Expenditures are recognized in the accounting period in which a fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt which are recognized when due, and certain compensated absences and claims and judgments, which are recognized when they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City generally considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes receivable are not accrued as revenues in the governmental fund statements because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, on September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the state at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Hickory because the tax is levied by Catawba 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City’s policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position, or Fund Equity

1. Deposits and Investments

All deposits of the City with banks and savings associations are made in Board-designated official depositories and are secured as required by North Carolina G.S. 159-31. The City may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. State law [G.S. 159-30(c)(8)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The City's investments are generally reported at fair value. The North Carolina Capital Management Trust (NCCMT) is authorized by G.S. 159-30(c)(8). The NCCMT Governmental Portfolio is an SEC-registered (2a-7) money market mutual fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAA-mf by Moody Investor Services. The Government Portfolio is reported at fair value.

The City's investments with a maturity of more than one year at time of issuance are reported at fair value as determined by quoted market prices. These investments consist of certain U.S. Government Agency obligations with a market value of \$53,538,361 on June 30, 2022.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

A central cash depository is maintained by the City 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.

2. *Restricted Assets*

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Unexpended Opioid Settlement proceeds are classified as restricted cash because they must be expended in accordance with their agreement.

Advance from grantor in the General Capital Projects Fund are classified as restricted assets because its use is restricted to the purpose for which the grant was issued.

Advance from grantor in the American Rescue Plan Act Fund is classified as restricted assets because its use is restricted to the purpose for which the grant was issued.

Restricted cash balance of the City on June 30, 2022 are as follows:

Governmental Activities:

General Fund:

Customer deposits	\$	77,490
Unexpended Opioid settlement proceeds		23,475

General Capital Projects Fund:

Advance from grantor		8,000,000
Unspent debt proceeds		22,793,859

American Rescue Plan Act Fund:

Advance from grantor		4,118,501
Total governmental activities	\$	<u>35,013,325</u>

Business-Type Activities:

Water and Sewer Fund:

Customer deposits	\$	695,275
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Transportation Fund:

Customer deposits		6,307
Total business-type activities	\$	<u>701,582</u>

3. *Accounts Receivable and Payable*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

4. Ad Valorem Taxes Receivable

In accordance with North Carolina G.S. 105.347 and G.S. 159-13(a), the City levies ad valorem taxes on all real and personal property sited within the corporate limits.

Other than taxes on motor vehicles, taxes are levied on July 1 of the fiscal year and are due and payable without penalty until January 6, when property taxes become enforceable as liens. These taxes are based on the assessed values as of January 1, 2021.

5. Allowances for Doubtful Accounts

All receivables are shown net of an allowance for doubtful accounts. Estimation of the amount appropriate to each class of receivable is based on analysis of historical data and current conditions.

6. Leases Receivable

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflows of resources are recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of each lease.

7. Inventories and Prepaid Items

The inventories of the City are valued at a weighted average cost. The inventories consist primarily of materials and supplies held for consumption. Inventories are accounted for under the consumption method of accounting.

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.

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$5,000, or infrastructure with an initial individual cost of more than \$100,000, and an estimated useful life in excess of one year. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement after June 30, 2015 are recorded at acquisition value. All other purchased or constructed assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003 consist of the road network, sidewalks, bridges, curb, and guttering that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Property, plant, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-30
Equipment	5-10
Medium and heavy motor vehicles	6
Automobiles and light trucks	3
Streets and roads	30
Computer software	5
Sidewalks	15
Curb and gutter	20
Bridges	30-50
Operating plants	25-50
Water and sewer lines	25-80

9. Right to Use Assets

The City has recorded right-to-use lease assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criteria, pension and OPEB related deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as revenue until then. The City has several items that meet the criteria for this category – economic development receivable, leases, prepaid taxes, property taxes receivable, and pension and OPEB related deferrals.

11. 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.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance of debt related to general obligation bonds are reported as other financing sources.

12. *Compensated Absences*

The vacation policy of the City provides for the accumulation of up to sixty (60) days earned vacation leave, with such leave being fully vested when earned. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

13. *Net Position/Fund Balances*

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

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Non-Spendable 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.

	<u>General Fund</u>
<i>Notes Receivable</i> – portion of fund balance that is not an available resource because it represents the year-end balance of notes receivable, which are not spendable resources.	\$ 1,544,000
<i>Inventories</i> – portion of fund balance that is <u>not</u> an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.	147,002
<i>Leases</i> – portion of fund balance that is <u>not</u> an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.	8,968
<i>Prepays</i> – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources.	<u>437,887</u>
Total	<u>\$ 2,137,857</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 non-spendable. 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 Economic Development – portion of fund balance restricted for economic development. The Capital Projects Fund had \$22,793,859 in unspent bond proceeds at June 30, 2022.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities, such as police and fire.

Restricted fund balance at June 30, 2022 is as follows:

Purpose	General Fund	General Capital Projects Fund	Total
Restricted, all other:			
Economic development	\$ 900,000	\$ 22,793,859	\$ 23,693,859
Public safety	384,417	-	384,417
Total	\$ 1,284,417	\$ 22,793,859	\$ 24,078,276

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent bond proceeds of \$22,793,859 at June 30, 2022.

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

Committed for Economic Development – portion of fund balance that can only be used for economic development.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Committed for Capital Projects – represents the portion of fund balance committed by the governing body for future capital related activities and projects.

Committed fund balance at June 30, 2022 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Economic development	\$ -		\$ 107,864	\$ 107,864
Capital projects	7,934,945	5,958,811	-	13,893,756
Total	<u>\$ 7,934,945</u>	<u>\$ 5,958,811</u>	<u>\$ 107,864</u>	<u>\$ 14,001,620</u>

Assigned Fund Balance – portion of fund balance that the City intends to use for specific purposes. The City’s governing body has the authority to assign fund balance. The City Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager to modify the appropriations by function or appropriation within funds up to \$1,000.

Assigned for Fuel – portion of fund balance budgeted by the board for higher than anticipated fuel cost.

Assigned fund balance at June 30, 2022 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Total</u>
Subsequent year's expenditures	\$ 1,572,085	\$ 1,572,085
Fuel	669,675	669,675
Total	<u>\$ 2,241,760</u>	<u>\$ 2,241,760</u>

Unassigned Fund Balance – represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. Only the General Fund may report a positive unassigned fund balance.

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

The City has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total Fund Balance - General Fund	\$ 41,320,171
Less:	
Prepays	(437,887)
Inventory	(147,002)
Notes receivable	(1,544,000)
Leases	(8,968)
Stabilization by state statute	(12,460,033)
Public safety	(384,417)
Economic development	(900,000)
Capital projects	(7,934,945)
Appropriated fund balance in 2022 budget	(1,572,085)
Fuel	(669,675)
Fund balance policy - 25% of budgeted expenditures	<u>(17,243,183)</u>
Remaining fund balance	<u>\$ (1,982,024)</u>

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

General Fund encumbrances \$ 5,360,225

14. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Transfers - out" in the General Fund and "Transfers - in" in the receiving fund.

15. Administrative Reimbursement

Administrative reimbursements are used to reimburse a fund for services it provides to another fund. They are also associated with specific services and are either charged or credited to individual departments of City government depending upon which department is receiving or providing the service. Hickory has hired MGT of America, Inc. to develop a "Cost Allocation Plan". This plan identifies indirect costs associated with one department providing services to another department. The City's "Cost Allocation Plan" is utilized in determining the reimbursements to be made between funds. This plan is updated regularly to keep it current.

16. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

17. Defined Benefit Cost-sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Hickory's employer contributions are recognized when due and the City of Hickory 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.

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

Fund Balance, Ending Exhibit F	\$ 33,385,226
Capital Reserve Fund:	
Investment earnings	(166,725)
Transfers in/out	2,018,602
Fund balance, beginning, previously reported	6,083,068
Fund Balance, Ending Exhibit D	\$ 41,320,171

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds”.

The details of this difference are as follows:

Installment purchase payable	\$ 8,383,553
General obligation bonds	36,250,000
Unamortized premium	4,288,700
Leases	977,634
Compensated absences	2,569,507
Less: effect of Internal Service Fund	(33,938)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 52,435,456

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 3 – Stewardship, Compliance, and Accountability

A. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and enterprise funds. All unencumbered annual appropriations lapse at fiscal year-end. However, encumbered appropriations are reappropriated in the ensuing year's budget. Project ordinances are adopted for the capital projects and all other special revenue funds. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions.

A reconciliation is included for the General Fund due to the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

Expenditures may not legally exceed appropriations at the functional level for the General Fund, special revenue funds, and enterprise funds and at the object level for the capital project funds. A function is a group of related activities aimed at accomplishing a major service, such as public safety. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The City Manager may transfer up to \$1,000 between functional areas including contingency appropriations within the same fund. Such transfers must be reported at the next regular meeting of the City Council.

The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Also, as required by state law, the City's Insurance Fund and Fleet Maintenance Fund, intragovernmental service funds operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. The financial plan also was entered into the minutes of the governing board. During the year, several changes to the original financial plan were necessary.

B. Encumbrances

As required by North Carolina 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.

Note 4 – Deposits and Investments

A. Deposits

The City pools cash resources into a centralized cash account (Central Depository) to facilitate the management of cash. The Central Depository is used by all funds. Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments maturing within three months from the date of acquisition. Each fund owns a prorata share of the cash and cash equivalents, and the amount applicable to a particular fund is readily identifiable. Allocation of investment income is made to each fund based on its prorata share. On the Statement of Cash Flows for enterprise funds, cash and investments are essentially demand deposits and are considered cash and cash equivalents, due to the fact that the City pools monies from several funds.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

All of the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the City's agent in the City's name. Under the Pooling Method, a collateral pool was created, and all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the carrying amount of the City's deposits with banks was \$26,359,760. Balances with banks equaled \$28,444,508. Of the bank balances, \$500,000 was covered by federal depository insurance, and \$27,944,508 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The total amount of cash on-hand and petty cash was \$11,976.

B. Investments

At June 30, 2022, the City's investments consisted of the following:

<u>Investment Type</u>	Valuation	<u>Book Value</u>	Less Than			
	Measurement Method		<u>6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>4-5 Years</u>
US government agencies	Fair Value-Level 1	\$ 53,538,361	\$ -	\$ 3,489,824	\$ 34,901,131	\$ 15,147,406
Government Portfolio	Fair Value-Level 1	37,706,507	37,706,507	-	-	-
Total investments		<u>\$ 91,244,868</u>	<u>\$ 37,706,507</u>	<u>\$ 3,489,824</u>	<u>\$ 34,901,131</u>	<u>\$ 15,147,406</u>

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The City of Hickory does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City has no policy regarding credit risk. The City's investment in the NC Capital Management Trust Government Portfolio carried a rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2022. The U.S. Government Agencies are a mixture of Fannie Mae and investments in the Federal Home Loan Bank, as well as investments in the Federal Home

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Loan Mortgage Corporation. The Commercial Paper is a mixture of investments in Bayerische Landesbank, Natixis and Credit Suisse. All the City of Hickory's investments are rated A-1, P-1, and F-1 by Standard and Poor's, Moody's, and Fitch Ratings.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk. The City places no limit on the amount that the City may invest in any one issuer. More than 53% of the City's investments are in Federal Home Loan Bank securities, Federal National Mortgage Association securities, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank securities. These investments are 16%, 14%, 10%, and 13%, respectively, of the City's total investments.

Note 5 – Receivables

A. Detail

Receivables at the government-wide level at June 30, 2022 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Notes</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 705,204	\$ 569,201	\$ 1,544,000	\$ 5,768,967	\$ 8,587,372
General capital projects	-	4,540,357	-	198,588	4,738,945
Other governmental	-	595,701	-	203,795	799,496
Total receivables	<u>705,204</u>	<u>5,705,259</u>	<u>1,544,000</u>	<u>6,171,350</u>	<u>14,125,813</u>
Allowance for doubtful accounts	(322,770)	(93,650)	-	-	(416,420)
Total governmental activities	<u>\$ 382,434</u>	<u>\$ 5,611,609</u>	<u>\$ 1,544,000</u>	<u>\$ 6,171,350</u>	<u>\$ 13,709,393</u>
Business-Type Activities:					
Water and sewer	\$ -	\$ 3,643,535	\$ -	\$ 2,576,893	\$ 6,220,428
Transportation	-	169,224	-	149,444	318,668
Solid waste	-	293,856	-	33,071	326,927
Other	-	816	-	95,214	96,030
Total receivables	-	<u>4,107,431</u>	-	<u>2,854,622</u>	<u>6,962,053</u>
Allowance for doubtful accounts	-	(104,632)	-	-	(104,632)
Total business-type activities	<u>\$ -</u>	<u>\$ 4,002,799</u>	<u>\$ -</u>	<u>\$ 2,854,622</u>	<u>\$ 6,857,421</u>

The total due from other governmental agencies consists of the following:

Governmental activities	\$ 6,171,350
Business-type activities	2,854,622
Total due from other governmental agencies	<u>\$ 9,025,972</u>
Local option sales tax	\$ 2,697,241
Utilities franchise tax	1,025,358
County tax collections	77,526
Federal grants	4,394,211
Other	831,636
Total due from other governmental agencies	<u>\$ 9,025,972</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

B. Lease Receivable

On 07/01/2021, City of Hickory, NC entered into a 60 month lease as Lessor for the use of Land - Right-of-Way. An initial lease receivable was recorded in the amount of \$280,316. As of 06/30/2022, the value of the lease receivable is \$228,408. The lessee is required to make monthly fixed payments of \$4,479. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of 06/30/2022 was \$224,284, and City of Hickory, NC recognized lease revenue of \$56,032 during the fiscal year. The lessee has 4 extension option(s), each for 60 months.

On 07/01/2021, City of Hickory, NC entered into a 52 month lease as Lessor for the use of 1441 9th Avenue. An initial lease receivable was recorded in the amount of \$172,494. As of 06/30/2022, the value of the lease receivable is \$133,179. The lessee is required to make monthly fixed payments of \$3,381. The lease has an interest rate of 0.8930%. The value of the deferred inflow of resources as of 06/30/2022 was \$132,687, and City of Hickory, NC recognized lease revenue of \$39,806 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On 07/01/2021, City of Hickory, NC entered into a 61 month lease as Lessor for the use of Property - Burke County. An initial lease receivable was recorded in the amount of \$261,853. As of 06/30/2022, the value of the lease receivable is \$215,212. The lessee is required to make monthly fixed payments of \$3,980. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of 06/30/2022 was \$210,870, and City of Hickory, NC recognized lease revenue of \$50,983 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On 07/01/2021, City of Hickory, NC entered into a 13 month lease as Lessor for the use of Property - Catawba County. An initial lease receivable was recorded in the amount of \$23,260. As of 06/30/2022, the value of the lease receivable is \$1,800. The lessee is required to make monthly fixed payments of \$1,748. The lease has an interest rate of 0.3870%. The value of the deferred inflow of resources as of 06/30/2022 was \$1,790, and City of Hickory, NC recognized lease revenue of \$21,471 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 07/01/2021, City of Hickory, NC entered into a 31 month lease as Lessor for the use of Hangar W-2 - Forest Service. An initial lease receivable was recorded in the amount of \$238,081. As of 06/30/2022, the value of the lease receivable is \$146,362. The lessee is required to make monthly fixed payments of \$7,750. The lease has an interest rate of 0.7270%. The value of the deferred inflow of resources as of 06/30/2022 was \$145,921, and City of Hickory, NC recognized lease revenue of \$92,160 during the fiscal year.

Principal and Interest Expected to Maturity

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 143,021	\$ 5,236	\$ 92,243	\$ 757
2024	145,292	3,786	54,119	131
2025	149,474	2,294	-	-
2026	126,655	828	-	-
2027	14,157	17	-	-
2028 - 2032	-	-	-	-
Total	<u>\$ 578,599</u>	<u>\$ 12,161</u>	<u>\$ 146,362</u>	<u>\$ 888</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

C. Note Receivable

Hickory Metro Convention Center Purchase

In December 1998, the City entered into a transaction with the Hickory-Conover Tourism Development Authority (TDA) to acquire the Hickory Metro Convention Center (Center). To fund this acquisition, the City entered into a financing arrangement to borrow \$5,600,000. This installment agreement required the City to pay semi-annual installments of \$140,000, plus interest at 4.9% through December 2018. In April 2012, the City renegotiated the debt with the lender, and reduced the interest rate to 1.79%. Semi-annual principal payments are \$141,400, and the term of the debt remained the same. In connection with the purchase, the City also entered into a leasing arrangement to lease the Center back to the TDA. Terms of the lease are for the City to receive monthly amounts equal to one-sixth of the next due installment on the City's financing arrangement mentioned above. The terms of the lease agreement are such that the transaction qualifies as a direct financing lease for accounting purposes and; accordingly, a receivable has been recorded at the present value of the future minimum lease payments to be received.

In May 2005, the City entered into another transaction with the Hickory-Conover Tourism Development Authority (TDA) to increase the size of the Hickory Metro Convention Center (Center). To fund the expansion, the City entered into a financing agreement to borrow \$3,300,000. This installment agreement requires the City to pay semi-annual installments of \$110,000, plus interest at 3.91% through December 2019. In April 2012, the City renegotiated the debt with the lender, and reduced the interest rate to 2.09%.

In October 2014, the City entered into another transaction with the Hickory-Conover Tourism Development Authority and Catawba County to build a parking deck to increase parking at the Hickory Metro Convention Center (Center). To fund the parking deck, the City entered into a financing agreement to borrow \$3,000,000. This installment agreement requires the City to pay semi-annual installments of \$100,000, plus interest at 2.94% through October 2029.

Catawba Valley Youth Soccer Association

In July 2013, the City entered into an agreement with the Catawba Valley Youth Soccer Association (CVYSA) for development of soccer fields at Henry Fork River Regional Recreation Park, including the installation of lights on Field #1. The CVYSA agreed to contribute \$125,000 towards the lighting of the additional soccer fields. The CVYSA made contributions of \$0 in the current year leaving an outstanding balance of \$44,000 on the note as of June 30, 2022. The CVYSA will pay the remaining \$44,000 balance in annual installments ending June 30, 2024.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The future minimum lease payment to be received and the net present value of these minimum lease receipts as of June 30, 2022 were as follows:

Year Ending June 30	Amount
2023	\$ 238,467
2024	232,587
2025	232,587
2026	232,587
2027	232,587
2028-2029	335,360
Total minimum lease receipts	1,504,175
Less amount representing interest	39,825
Present value of net minimum lease receipts	\$ 1,544,000

D. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 3,212,579
Benefit payments and administrative expenses for LEOSSA and OPEB	957,742
Differences between expected and actual experience	2,507,851
Changes of assumptions	7,992,322
Changes in proportion and differences between City contributions and proportionate share of contributions	74,710
Total	\$ 14,745,204

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

Prepaid taxes (General Fund)	\$ 9,041
Taxes receivable, less penalties (General Fund)	382,434
Utilities franchise taxes receivable (General Fund)	1,025,358
Economic development receivable (Special Revenue Funds)	349,793
Leases	715,552
Changes of assumptions	1,058,497
Differences between expected and actual experience	3,025,248
Net difference between projected and actual earnings on pension plan investments	9,271,858
Changes in proportion and differences between employer contributions and proportionate share of contributions	425,526
Total	\$ 16,263,307

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental Activities:					
<i>Non-Depreciable Capital Assets:</i>					
Land	\$ 14,813,632	\$ 613,185	\$ (890,002)	\$ -	\$ 14,536,815
Construction in progress	63,310,894	17,893,881	-	-	81,204,775
Total assets non-depreciable	<u>78,124,526</u>	<u>18,507,066</u>	<u>(890,002)</u>	<u>-</u>	<u>95,741,590</u>
<i>Depreciable Capital Assets:</i>					
Buildings and improvements	50,936,965	2,761,714	(22,023)	(8,027)	53,668,629
Equipment	13,170,839	1,288,486	(753,177)	(19,467)	13,686,681
Vehicles	17,659,393	2,110,768	(850,638)	11,347	18,930,870
Road network	58,562,672	230,966	-	-	58,793,638
Total depreciable assets	<u>140,329,869</u>	<u>6,391,934</u>	<u>(1,625,838)</u>	<u>(16,147)</u>	<u>145,079,818</u>
<i>Less Accumulated Depreciation:</i>					
Buildings and improvements	33,613,980	1,621,471	(8,445)	(1,794)	35,225,212
Equipment	10,130,094	1,105,710	(609,588)	(2,781)	10,623,435
Vehicles	14,368,671	1,666,766	(835,690)	11,347	15,211,094
Road network	49,509,162	912,515	-	-	50,421,677
Total accumulated depreciation	<u>107,621,907</u>	<u>5,306,462</u>	<u>(1,453,723)</u>	<u>6,772</u>	<u>111,481,418</u>
Total depreciable assets, net	<u>32,707,962</u>	<u>1,085,472</u>	<u>(172,115)</u>	<u>(22,919)</u>	<u>33,598,400</u>
Governmental activities capital assets, net	<u>\$ 110,832,488</u>	<u>\$ 19,592,538</u>	<u>\$ (1,062,117)</u>	<u>\$ (22,919)</u>	<u>\$ 129,339,990</u>
Business-Type Activities:					
Water and Sewer:					
<i>Non-Depreciable Capital Assets:</i>					
Land	\$ 1,867,877	\$ 203,047	\$ -	\$ -	\$ 2,070,924
Construction in progress	14,055,042	3,811,178	-	-	17,866,220
Total non-depreciable assets	<u>15,922,919</u>	<u>4,014,225</u>	<u>-</u>	<u>-</u>	<u>19,937,144</u>
<i>Depreciable Capital Assets:</i>					
Buildings and improvements	47,374,313	457,487	(21,950)	-	47,809,850
Equipment	11,084,349	1,373,076	(159,782)	-	12,297,643
Vehicles	3,351,122	539,655	(140,893)	(68,799)	3,681,085
Operating plants	37,813,328	-	(35,350)	-	37,777,978
Water lines	45,786,592	1,238,874	-	-	47,025,466
Sewer lines	62,329,220	235,929	-	-	62,565,149
Total depreciable assets	<u>207,738,924</u>	<u>3,845,021</u>	<u>(357,975)</u>	<u>(68,799)</u>	<u>211,157,171</u>
<i>Less Accumulated Depreciation:</i>					
Buildings and improvements	25,137,667	1,378,224	(19,755)	-	26,496,136
Equipment	5,409,574	1,135,093	(159,782)	-	6,384,885
Vehicles	2,835,531	269,614	(127,525)	(68,799)	2,908,821
Operating plants	19,296,230	624,022	(73,065)	-	19,847,187
Water lines	16,193,519	1,069,381	(5,538)	-	17,257,362
Sewer lines	27,259,134	1,250,114	(28,588)	-	28,480,660
Total accumulated depreciation	<u>96,131,655</u>	<u>5,726,448</u>	<u>(414,253)</u>	<u>(68,799)</u>	<u>101,375,051</u>
Total depreciable assets, net	<u>111,607,269</u>	<u>(1,881,427)</u>	<u>56,278</u>	<u>-</u>	<u>109,782,120</u>
Water and Sewer capital assets, net	<u>127,530,188</u>	<u>2,132,798</u>	<u>56,278</u>	<u>-</u>	<u>129,719,264</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Business-Type Activities (continued):					
Sludge Composting:					
<i>Non-Depreciable Capital Assets:</i>					
Land	145,024	-	-	-	145,024
<i>Depreciable Capital Assets:</i>					
Buildings and improvements	10,596,048	24,422	-	-	10,620,470
Equipment	93,873	-	-	-	93,873
Total depreciable assets	<u>10,689,921</u>	<u>24,422</u>	<u>-</u>	<u>-</u>	<u>10,714,343</u>
<i>Less Accumulated Depreciation:</i>					
Buildings and improvements	9,309,633	332,341	-	-	9,641,974
Equipment	93,873	-	-	-	93,873
Total accumulated depreciation	<u>9,403,506</u>	<u>332,341</u>	<u>-</u>	<u>-</u>	<u>9,735,847</u>
Total depreciable assets, net	<u>1,286,415</u>	<u>(307,919)</u>	<u>-</u>	<u>-</u>	<u>978,496</u>
Sludge composting capital assets, net	<u>1,431,439</u>	<u>(307,919)</u>	<u>-</u>	<u>-</u>	<u>1,123,520</u>
Stormwater:					
<i>Depreciable Capital Assets:</i>					
Curb and gutter	17,268,263	-	-	-	17,268,263
Improvements	3,200,427	-	-	-	3,200,427
Total depreciable assets	<u>20,468,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,468,690</u>
<i>Less Accumulated Depreciation:</i>					
Curb and gutter	16,213,702	144,765	-	-	16,358,467
Improvements	320,888	107,511	-	-	428,399
Total accumulated depreciation	<u>16,534,590</u>	<u>252,276</u>	<u>-</u>	<u>-</u>	<u>16,786,866</u>
Stormwater capital assets, net	<u>3,934,100</u>	<u>(252,276)</u>	<u>-</u>	<u>-</u>	<u>3,681,824</u>
Transportation:					
<i>Non-Depreciable Capital Assets:</i>					
Land	3,799,842	-	-	-	3,799,842
Land improvements	7,068,587	-	-	-	7,068,587
Construction in progress	3,528,287	1,794,422	-	-	5,322,709
Total non-depreciable assets	<u>14,396,716</u>	<u>1,794,422</u>	<u>-</u>	<u>-</u>	<u>16,191,138</u>
<i>Depreciable Capital Assets:</i>					
Buildings and improvements	9,136,515	159,760	-	-	9,296,275
Equipment	2,251,816	93,443	-	-	2,345,259
Vehicles	518,994	33,990	-	20,938	573,922
Total depreciable assets	<u>11,907,325</u>	<u>287,193</u>	<u>-</u>	<u>20,938</u>	<u>12,215,456</u>
<i>Less Accumulated Depreciation:</i>					
Buildings and improvements	6,092,642	277,454	-	-	6,370,096
Equipment	2,133,071	41,019	-	-	2,174,090
Vehicles	381,293	60,746	-	20,938	462,977
Total accumulated depreciation	<u>8,607,006</u>	<u>379,219</u>	<u>-</u>	<u>20,938</u>	<u>9,007,163</u>
Total depreciable assets, net	<u>3,300,319</u>	<u>(92,026)</u>	<u>-</u>	<u>-</u>	<u>3,208,293</u>
Transportation capital assets, net	<u>17,697,035</u>	<u>1,702,396</u>	<u>-</u>	<u>-</u>	<u>19,399,431</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-Type Activities (continued):					
Solid Waste:					
<i>Depreciable Capital Assets:</i>					
Buildings and improvements	259,410	-	-	8,027	267,437
Equipment	1,145,995	-	(34,092)	19,467	1,131,370
Vehicles	6,383,741	1,570,049	(325,570)	36,514	7,664,734
Total depreciable assets	7,789,146	1,570,049	(359,662)	64,008	9,063,541
<i>Less Accumulated Depreciation:</i>					
Buildings and improvements	217,892	2,373	-	1,794	222,059
Equipment	943,276	36,840	(34,092)	2,781	948,805
Vehicles	4,559,811	715,581	(325,570)	36,514	4,986,336
Total accumulated depreciation	5,720,979	754,794	(359,662)	41,089	6,157,200
Solid waste capital assets, net	2,068,167	\$ 815,255	\$ -	\$ 22,919	2,906,341
Business-type activities capital assets, net	\$ 152,660,929				\$ 156,830,380

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 649,256
Public safety	2,157,223
Transportation	1,283,609
Economic and physical development	4,292
Culture and recreation	1,177,861
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	34,221
Total depreciation expense - governmental activities	\$ 5,306,462

Business-Type Activities:

Water	\$ 2,576,902
Sewer	3,149,546
Sludge composting	332,341
Stormwater	252,276
Transportation	379,219
Solid waste	754,794
Total depreciation expense - business-type activities	\$ 7,445,078

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Construction Commitments

The City has active construction projects as of June 30, 2022. At year-end, the outstanding commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
AMERICAN RESCUE PLAN PROJ	\$ 4,118,501	\$ -
MUNIS TYLER TECHNOLOGIES	63,786	1,591,814
Falling Creek Bridge	1,982,056	135,450
Pedestrian Signal Upgrade	92,528	-
ARC Grant 9th Ave Dr NW	1,161,216	20,000
17TH ST NW EXT HL-0004	158,429	183,773
Lackey Park	528,199	116,880
Bruce Meisner Park	1,249,682	23,806
Ridgeview Library Expansion	1,545,418	1,402
Land Acq/Obst Rem RW 6-24	669,549	116,880
ALP/Master Plan Update	379,750	7,168
North Ramp Reconstuction	83,163	-
Airport Hangar Replacement	2,647,321	24,822
TAXIWAY INTERSECT RECONFG	94,780	-
Public Safety Building	245,894	13,210
City Hall 2nd Floor Renovations	411,022	-
Convention Center Renovations	1,234,955	105,723
One North Center	3,500,000	-
AVIATION MUS/CVCC INNOVAT	9,800	1,281,883
NE Sewer Grant Project	2,733,407	-
Murray Basin Sewerlines	3,433,785	2,083,546
Central Business District	4,894,673	-
Geitner Basin	3,371,953	47,150
Short Road Sewer	443,050	-
McLin & Lyle Creek WW out	252,383	6,855,160
Bio Solids Project	2,380,700	34,044,210
SHORT ROAD WATER PROJECT	34,437	14,070
NW SEWER EXT/ARC GRANT	55,497	306,119
AIRPORT HANGAR W3	3,398	-
AIRPORT HANGAR W3	1,455,215	372,270
Bond Program - Administration Cost	493,013	-
Trivium Corporate Center (Business Park 1764)	16,037,483	837,682
Robinwood Access Road	2,729,500	113,129
Enzyme Roadway Infrastructure	4,397,832	376,016
Trivium East	1,702,915	333,500
City Walk	17,752,220	1,208,320
Union Square	5,850,150	694,902
Hwy 321/70 Gateway	670,492	-
Lenoir Rhyne Blvd Gateway	429,847	7,000
Bookwalk	303,993	193,978

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Bookwalk South	48,051	32,888
Bookwalk NCDOT EB 5937	368,242	32,021
Bookwalk STH NCDOT EB5938	293,326	31,386
Freese and Nichols	2,680,423	13,656
Build 9th/11th St/Bikeped	9,264,692	15,482,421
Old Lenoir Rd MUTRL EB5911	2,181,798	277,265
9th St StrtScapes EB5977	260,022	5,142
River Walk	7,775,927	730,755
River Walk NCDOT EB 5939	2,882,929	3,202,854
Wayfinding	468,744	3,750
Riding The Rails Bldg ReUse	3,384	-
BVP-2021	27,074	-
NC GOV CRIME COMMISSION	24,216	-
Total	<u>\$ 115,880,820</u>	<u>\$ 70,922,000</u>

Net Investment in Capital Assets

The net investment in capital assets is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net	\$ 130,318,410	\$ 156,833,867
Total debt, gross	(49,899,887)	(21,640,912)
Debt for non-capital assets	1,461,053	-
Unexpended proceeds	22,793,859	-
Total capital debt	<u>(25,644,975)</u>	<u>(21,640,912)</u>
Net investment in capital assets	<u>\$ 104,673,435</u>	<u>\$ 135,192,955</u>

Right-to-Use Leased Assets

The City has recorded right-to-use leased assets. The assets are right-to-use assets for buildings and equipment. The related leases are discussed in the leases subsection of the long-term obligations section of this note. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Right-to-use asset activity for the primary government for the year ended June 30, 2022 was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Governmental Activities:				
Right-to-use assets:				
Buildings	\$ -	\$ 927,905	\$ -	\$ 927,905
Equipment	-	189,048	-	189,048
Less: accumulated amortization				
Buildings	-	(92,791)	-	(92,791)
Equipment	-	(45,742)	-	(45,742)
Right-to-use assets, net	\$ -	\$ 978,420	\$ -	\$ 978,420
 Business-Type Activities:				
Equipment	\$ -	\$ 9,464	\$ -	\$ 9,464
Less: accumulated amortization	-	(5,977)	-	(5,977)
Right-to-use assets, net	\$ -	\$ 3,487	\$ -	\$ 3,487

Note 7 – Liabilities

A. Payables

Payables at the government-wide level at June 30, 2022 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	\$ 2,596,935	\$ 1,509,398	\$ 787,347	\$ 1,197,586	\$ 6,091,266
General Capital Projects Fund	1,665,639	-	-	-	1,665,639
Other governmental	111,735	-	-	-	111,735
Total payables	\$ 4,374,309	\$ 1,509,398	\$ 787,347	\$ 1,197,586	\$ 7,868,640
 Business-Type Activities:					
Water and sewer	\$ 2,098,582	\$ 182,867	\$ 97,373	\$ 570	\$ 2,379,392
Transportation	388,769	26,553	-	-	415,322
Solid waste	143,915	51,633	-	3,793	199,341
Other business-type	172,641	4,969	-	-	177,610
Total payables	\$ 2,803,907	\$ 266,022	\$ 97,373	\$ 4,363	\$ 3,171,665

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

B. Long-Term Debt

1. Leases

The City has entered into agreements to lease certain buildings and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 11/24/2021, City of Hickory, NC entered into a 60 month lease as Lessee for the use of Ricoh Copier - C8003. An initial lease liability was recorded in the amount of \$62,979. As of 06/30/2022, the value of the lease liability is \$54,741. City of Hickory, NC is required to make monthly fixed payments of \$1,156. The lease has an interest rate of 1.1770%. The value of the right to use asset as of 06/30/2022 of \$62,979 with accumulated amortization of \$7,593 is included with Equipment on the Lease Class activities table found below.

On 11/24/2021, City of Hickory, NC entered into a 48 month lease as Lessee for the use of Ricoh Copier - IM C2500. An initial lease liability was recorded in the amount of \$10,122. As of 06/30/2022, the value of the lease liability is \$8,456. City of Hickory, NC is required to make monthly fixed payments of \$230. The lease has an interest rate of 1.0270%. The value of the right to use asset as of 06/30/2022 of \$10,122 with accumulated amortization of \$1,523 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, City of Hickory, NC entered into a 36 month lease as Lessee for the use of Ricoh Copier - 7503. An initial lease liability was recorded in the amount of \$62,330. As of 06/30/2022, the value of the lease liability is \$41,704. City of Hickory, NC is required to make monthly fixed payments of \$1,873. The lease has an interest rate of 0.7270%. The value of the right to use asset as of 06/30/2022 of \$62,330 with accumulated amortization of \$20,777 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, City of Hickory, NC entered into a 37 month lease as Lessee for the use of Ricoh Copier - C079C6000042. An initial lease liability was recorded in the amount of \$10,390. As of 06/30/2022, the value of the lease liability is \$7,044. City of Hickory, NC is required to make monthly fixed payments of \$304. The lease has an interest rate of 0.7270%. The value of the right to use asset as of 06/30/2022 of \$10,390 with accumulated amortization of \$3,316 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, City of Hickory, NC entered into a 16 month lease as Lessee for the use of Ricoh Copier - 8400DN. An initial lease liability was recorded in the amount of \$1,063. As of 06/30/2022, the value of the lease liability is \$266. City of Hickory, NC is required to make monthly fixed payments of \$71. The lease has an interest rate of 0.3870%. The value of the right to use asset as of 06/30/2022 of \$1,063 with accumulated amortization of \$786 is included with Equipment on the Lease Class activities table found below.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On 07/01/2021, City of Hickory, NC entered into a 28 month lease as Lessee for the use of Ricoh Copier - IM C3500. An initial lease liability was recorded in the amount of \$26,573. As of 06/30/2022, the value of the lease liability is \$15,218. City of Hickory, NC is required to make monthly fixed payments of \$1,021. The lease has an interest rate of 0.5140%. The value of the right to use asset as of 06/30/2022 of \$26,573 with accumulated amortization of \$11,335 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, City of Hickory, NC entered into a 120 month lease as Lessee for the use of HPS Athletic Facilities. An initial lease liability was recorded in the amount of \$927,905. As of 06/30/2022, the value of the lease liability is \$834,946. City of Hickory, NC is required to make semi-annual fixed payments of \$50,000. The lease has an interest rate of 1.6040%. The value of the right to use asset as of 06/30/2022 of \$927,905 with accumulated amortization of \$92,791 is included with Buildings on the Lease Class activities table found below.

On 07/01/2021, City of Hickory, NC entered into a 19 month lease as Lessee for the use of Refueler Equipment. An initial lease liability was recorded in the amount of \$9,464. As of 06/30/2022, the value of the lease liability is \$3,494. City of Hickory, NC is required to make monthly fixed payments of \$500. The lease has an interest rate of 0.5140%. The value of the right to use asset as of 06/30/2022 of \$9,464 with accumulated amortization of \$5,977 is included with Equipment on the Lease Class activities table found below.

On 05/23/2022, City of Hickory, NC entered into a 48 month lease as Lessee for the use of Ricoh C6004ex. An initial lease liability was recorded in the amount of \$15,591. As of 06/30/2022, the value of the lease liability is \$15,259. City of Hickory, NC is required to make monthly fixed payments of \$331. The lease has an interest rate of 0.0000%. The value of the right to use asset as of 06/30/2022 of \$15,591 with accumulated amortization of \$412 is included with Equipment on the Lease Class activities table found below.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending	Governmental Activities		Business-Type Activities			
	June 30	Principal	Interest	Principal	Interest	
2023	\$	141,642	\$	14,024	\$ 3,494	\$ 6
2024		135,535		12,227	-	-
2025		109,282		10,528	-	-
2026		108,230		8,911	-	-
2027		97,004		7,318	-	-
2028 - 2032		385,941		14,058	-	-
Total	\$	977,634	\$	67,066	\$ 3,494	\$ 6

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

2. *Installment Purchase Agreements*

The installment purchase agreements are collateralized by the asset financed and do not carry the taxing power of the City. These agreements include providing insurance certificates, budget data, and financial information on an annual basis.

Installment Purchase Agreement	Principal Outstanding	Cumulative Fund Total
Serviced by General Fund:		
\$3,000,000 TDA parking deck installment purchase agreement due in semi-annual installments of \$100,000 principal plus interest at 2.94% through October 22, 2029; non-capital debt for the City of Hickory	\$ 1,358,388	
\$575,000 2018 radio system upgrade installment purchase agreement due in semi-annual installments of \$57,500 principal plus interest at 2.92% through September 19, 2023.	172,500	
\$7,500,000 2020 Financing for Various City Projects installment agreement due in semi-annual installments of \$250,000 principal plus interest at 1.69% through December 16, 2035.	6,750,000	
\$205,331 2020 Equipment installment purchase agreement due in annual installments of \$54,999 principal plus interest at 4.8% through September 1, 2024; non-capital debt for the City of Hickory	102,665	\$ 8,383,553
Serviced by the Water and Sewer Fund:		
\$9,500,000 2005 Henry River basin sewer line installment purchase agreement due in semi-annual installments of \$237,500 principal plus interest at 3.55% through May 19, 2015; rate will reset on May 20, 2015 for another 10-year period; refinanced in April 2012 and reduced interest rate to 3.19% through May 19, 2025	1,425,000	
\$9,900,000 Hickory-Catawba wastewater treatment facility installment purchase agreement due in semi-annual installments of \$391,216 including interest at 2.27% through February 12, 2028	4,365,840	5,790,840
Serviced by the Solid Waste Fund:		
\$509,264 Equipment installment purchase agreement due in monthly installments of \$14,146 principal plus interest through 2023	268,778	268,778
Total		\$ 14,443,171

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The City's outstanding note from direct placements related to governmental activities of \$1,358,388 is secured by a deed of trust on the TDA parking deck located at 1960 13th Ave Dr SE. Upon failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and accrued interest are due. Default on the loan could result in one of the following after a 15-day notice: a) The unpaid principal components immediately due and payable, b) Court action to enforce the City's performance of the applicable covenants of the agreement, c) Escrow Agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, d) Execution and foreclosure and recovery of attorney's fees and other expenses.

The City's outstanding note from direct placements related to governmental activities of \$172,500 is an unsecured loan agreement with First National Bank of Pennsylvania on the radio system upgrade located at Hickory Police Department 347 2nd Ave SW. Upon failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and accrued interest are due. In the event of a default the lender refers the note to an attorney for collection or enforcements. The borrower would pay all expenses and costs incurred.

The City's outstanding note from direct placements related to governmental activities of \$6,750,000 is secured by a deed of trust loan agreement with Truist Bank for various City projects. Upon failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and accrued interest are due. In the event of a default the lender refers the note to an attorney for collection or enforcements. The borrower would pay all expenses and costs incurred.

The City's outstanding note from direct placements related to governmental activities of \$102,665 is a secured loan agreement with Dell Financial for police laptops. Upon failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and accrued interest are due.

The City's outstanding note from direct placements related to governmental activities of \$1,425,000 is secured by a deed of trust on the Henry River basin sewer line located on Robinwood road located in Catawba County. Upon failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and accrued interest are due. Default on the loan could result in one of the following: a) The unpaid principal components immediately due and payable, b) Court action to enforce the City's performance of the applicable covenants of the agreement, c) Escrow Agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, d) Execution and foreclosure and recovery of attorney's fees and other expenses.

The City's outstanding note from direct placements related to governmental activities of \$4,365,840 is secured by a deed of trust on the Hickory-Catawba wastewater treatment facility located at 104 6th Ave NE. Default on the loan could result in one of the following: a) The unpaid principal components immediately due and payable, b) Court action to enforce the City's performance of the applicable covenants of the agreement, c) Execution and foreclosure and recovery of attorney's fees and other expenses.

The City's outstanding note from direct placements related to governmental activities of \$268,778 is secured by a loan agreement with DeLage Landen Financial for equipment. Upon failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and accrued interest are due.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

3. Notes Payable

On December 3, 2010, the City entered into an agreement with the state for a loan from the State Loan Pool for construction of the Northeast wastewater treatment plant. The approved amount was \$17,500,000, which requires twenty annual principal payments of \$875,000 and forty semi-annual interest payments at 2.48% beginning six months after completion of the project. The amount was refinanced on June 15, 2021 at a rate of 1.75%. The City currently owes \$9,695,000 on this debt. Principal and interest requirements will be provided by appropriation in the year that they become due. The long-term debt is recorded in the Water and Sewer Fund. The City's outstanding note from direct borrowings related to business-type activities of \$9,695,000 is not secured by a pledge of the faith and credit of the State of North Carolina or of the City but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the City from the state may be withheld by the state and applied to the payment of the outstanding debt.

On February 24, 2011, the City entered into an agreement with the state for a loan for Cripple Creek sewer line. The approved amount was \$801,145, which requires twenty annual principal payments of \$40,057 with no interest. The City currently owes \$320,459 on this debt. Principal and interest requirements will be provided by appropriation in the year that they become due. The long-term debt is recorded in the Water and Sewer Fund. The City's outstanding note from direct borrowings related to business-type activities of \$320,459 is not secured by a pledge of the faith and credit of the State of North Carolina or of the City but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the City from the state may be withheld by the state and applied to the payment of the outstanding debt.

On May 3, 2016, the City entered into an agreement for a \$1,364,100 note payable in bi-annual installments of \$68,205, through May 2038, and interest at 1.66% per year for the Central Business District. The City currently owes \$1,091,280 on this debt. Principal and interest requirements will be provided by appropriation in the year that they become due. The long-term debt is recorded in the Water and Sewer Fund. The City's outstanding note from direct borrowings related to business-type activities of \$1,091,280 is not secured by a pledge of the faith and credit of the State of North Carolina or of the City but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the City from the state may be withheld by the state and applied to the payment of the outstanding debt.

On May 3, 2016, the City entered into an agreement for a \$3,272,322 note payable in bi-annual installments of \$163,616, through May 2038, and interest at 1.66% per year for Geitner Basin. The City currently owes \$2,384,281 on this debt. Principal and interest requirements will be provided by appropriation in the year that they become due. The long-term debt is recorded in the Water and Sewer Fund. The City's outstanding note from direct borrowings related to business-type activities of \$2,384,281 is not secured by a pledge of the faith and credit of the State of North Carolina or of the City but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the City from the state may be withheld by the state and applied to the payment of the outstanding debt.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

On May 3, 2016, the City entered into an agreement for a \$2,086,780 note payable in bi-annual installments of \$52,170, through May 2042, and interest at 1.89% per year for Murray Basin. The City currently owes \$2,086,780 on this debt. Principal and interest requirements will be provided by appropriation in the year that they become due. The long-term debt is recorded in the Water and Sewer Fund. The City's outstanding note from direct borrowings related to business-type activities of \$2,086,780 is not secured by a pledge of the faith and credit of the State of North Carolina or of the City but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the City from the state may be withheld by the state and applied to the payment of the outstanding debt.

4. General Obligation Indebtedness

General obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements will be provided by appropriation in the year in which they become due.

General Obligation Indebtedness	Principal Outstanding	Cumulative Fund Total
Serviced by General Fund:		
\$15,000,000 general obligation bonds, Series 2018: Principal due in annual installments of \$750,000 through June 30, 2039. Interest payable semi-annually (March and September) ranges from 3.0% to 5.0% issued March 2019.	\$ 12,750,000	
\$15,000,000 general obligation bonds, Series 2019: Principal due in annual installments of \$750,000 through June 30, 2040. Interest payable semi-annually (March and September) ranges from 2.65% to 5.0% issued March 2020.	13,500,000	
\$10,000,000 general obligation bonds, Series 2021: Principal due in annual installments of \$500,000 through June 30, 2042. Interest payable semi-annually (March and September) ranges from 2.0% to 5.0% issued September 2021.	10,000,000	\$ 36,250,000

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

5. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Long-Term Debt			Long-Term Debt	
	June 30, 2021	Additions	Retirements	June 30, 2022	Due Within One Year
Governmental Activities:					
Accrued liability law enforcement officers'					
Total pension liability (LEOSSA)	\$ 4,897,373	\$ 339,738	\$ -	\$ 5,237,111	\$ -
Compensated absences	2,573,897	1,641,405	1,645,795	2,569,507	1,477,703
Total OPEB liability	15,470,047	1,473,895	-	16,943,942	-
Leases	-	1,116,953	139,319	977,634	141,642
Bonds payable:					
General obligation bonds	27,750,000	10,000,000	1,500,000	36,250,000	2,000,000
Less deferred amounts:					
Issuance discount/premium	2,955,561	1,491,790	158,651	4,288,700	158,651
Net pension liability (LGERS)	12,641,077	-	7,387,929	5,253,148	-
Direct placement installment purchase	9,309,974	-	926,421	8,383,553	866,333
Governmental activities long-term liabilities	<u>\$ 75,597,929</u>	<u>\$ 16,063,781</u>	<u>\$ 11,758,115</u>	<u>\$ 79,903,595</u>	<u>\$ 4,644,329</u>
Business-Type Activities:					
Water and Sewer:					
Compensated absences	\$ 454,544	\$ 168,747	\$ 217,027	\$ 406,264	\$ 195,324
Net pension liability (LGERS)	2,060,533	-	1,200,014	860,519	-
Total OPEB liability	3,210,187	305,848	-	3,516,035	-
Direct placement installment purchase	6,937,706	-	1,146,866	5,790,840	1,162,205
Notes from direct borrowings	14,688,300	2,086,780	1,197,280	15,577,800	1,271,619
Water and sewer long-term liabilities	<u>27,351,270</u>	<u>2,561,375</u>	<u>3,761,187</u>	<u>26,151,458</u>	<u>2,629,148</u>
Other Enterprise Funds:					
Compensated absences	189,649	95,881	132,071	153,459	116,428
Net pension liability (LGERS)	906,757	-	530,706	376,051	-
Total OPEB liability	1,436,942	136,903	-	1,573,845	-
Leases	-	9,464	5,970	3,494	3,494
Direct placement installment purchase	438,533	-	169,755	268,778	169,755
Other enterprise funds long-term liabilities	<u>2,971,881</u>	<u>242,248</u>	<u>838,502</u>	<u>2,375,627</u>	<u>289,677</u>
Business-type activities long-term liabilities	<u>\$ 30,323,151</u>	<u>\$ 2,803,623</u>	<u>\$ 4,599,689</u>	<u>\$ 28,527,085</u>	<u>\$ 2,918,825</u>

Compensated absences, OPEB liability, LGERS liability and the law enforcement officers' pension liability have typically been liquidated in the General Fund for governmental activities. At June 30, 2022, the City had a legal debt margin of \$360,900,819.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

6. Future Maturities for Long-Term Indebtedness

The following table summarizes the annual requirements to amortize all long-term debt outstanding (excluding compensated absences and law enforcement officers' unfunded retirement contribution):

	General Obligation Bonds		Note from Direct Borrowings		Direct Placement Installment Purchase Agreements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental								
Activities:								
2023	\$ 2,000,000	\$ 1,389,125	\$ -	\$ -	\$ 866,333	\$ 145,733	\$ 2,866,333	\$ 1,534,858
2024	2,000,000	1,289,125	-	-	808,833	129,965	2,808,833	1,419,090
2025	2,000,000	1,189,125	-	-	700,000	113,049	2,700,000	1,302,174
2026	2,000,000	1,089,125	-	-	700,000	100,639	2,700,000	1,189,764
2027	2,000,000	989,125	-	-	700,000	88,229	2,700,000	1,077,354
2028-2032	10,000,000	5,945,625	-	-	2,858,387	272,315	12,858,387	6,217,940
2033-2037	9,250,000	1,193,624	-	-	1,750,000	59,150	11,000,000	1,252,774
2038-2042	7,000,000	568,626	-	-	-	-	7,000,000	568,626
	<u>36,250,000</u>	<u>13,653,500</u>	<u>-</u>	<u>-</u>	<u>8,383,553</u>	<u>909,080</u>	<u>44,633,553</u>	<u>14,562,580</u>
Business-Type								
Activities:								
2023	-	-	1,271,619	227,357	1,331,960	117,041	2,603,579	344,398
2024	-	-	1,266,619	207,825	1,276,918	93,420	2,543,537	301,245
2025	-	-	1,261,619	188,383	1,193,940	69,442	2,455,559	257,825
2026	-	-	1,256,619	169,026	735,352	47,079	1,991,971	216,105
2027	-	-	1,252,019	149,758	752,140	30,293	2,004,159	180,051
2028-2032	-	-	6,072,980	352,387	769,308	13,122	6,842,288	365,509
2033-2037	-	-	2,442,809	96,629	-	-	2,442,809	96,629
2038-2042	-	-	753,516	3,848	-	-	753,516	3,848
	<u>-</u>	<u>-</u>	<u>15,577,800</u>	<u>1,395,213</u>	<u>6,059,618</u>	<u>370,397</u>	<u>21,637,418</u>	<u>1,765,610</u>
Total	<u>\$ 36,250,000</u>	<u>\$ 13,653,500</u>	<u>\$ 15,577,800</u>	<u>\$ 1,395,213</u>	<u>\$ 14,443,171</u>	<u>\$ 1,279,477</u>	<u>\$ 66,270,971</u>	<u>\$ 16,328,190</u>

Note 8 – Pension Plan Obligations

A. Local Governmental Employees' Retirement System

1. Description

The City of Hickory is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

2. Benefits Provided

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

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

3. Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Hickory 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 Hickory's contractually required contribution rate for the year ended June 30, 2022, was 12.1% of compensation for law enforcement officers and 11.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Hickory were \$3,212,579 for the year ended June 30, 2022.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

4. Refunds of Contributions

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

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

At June 30, 2022, the City reported a liability of \$6,489,718 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the City's proportion was 0.432%, which was a decrease of 0.014% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$2,592,255. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,064,613	\$ -
Changes of assumptions	4,077,201	-
Net difference between projected and actual earnings on pension plan investments	-	9,271,858
Changes in proportion and differences between City contributions and proportionate share of contributions	74,710	425,526
City contributions subsequent to the measurement date	<u>3,212,579</u>	<u>-</u>
Total	<u>\$ 9,429,103</u>	<u>\$ 9,697,384</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$3,212,579 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2023	\$ 455,621
2024	(300,750)
2025	(798,488)
2026	(2,837,243)
2027	
Thereafter	-
Total	<u>\$ (3,480,860)</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic fixed income	7.0%	6.0%
Inflation sensitive	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

6. Discount Rate

The discount rate used to measure the total pension liability was 6.50%. 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.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

7. Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension liability or net pension asset would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(5.50%)	(6.50%)	(7.50%)
City's proportionate share of the net pension liability (asset)	\$ 25,192,546	\$ 6,489,718	\$ (8,901,622)

8. Pension Plan Fiduciary Net Position

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

B. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The City of Hickory 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 credible service or have attained 55 years of age and have completed five or more years of credible service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

The Separation Allowance covers all full-time law enforcement officers of the City. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	16
Non-vested	115
Total	131

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

The entry age normal method was used in the December 31, 2020, valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Projected salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior To Retirements: Mortality rates are based on the Safety Mortality Table for Employees.

CITY OF HICKORY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 \$236,042 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, 2022, the City reported a total pension liability of \$5,237,111. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of \$703,101.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Benefit payments and administrative costs subsequent to measurement date	\$ 147,966	\$ -
Changes of assumptions and other inputs	957,246	167,088
Differences between expected and actual experience	<u>371,826</u>	<u>36,176</u>
Total	<u>\$ 1,477,038</u>	<u>\$ 203,264</u>

\$147,966 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 ending June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ 312,595
2024	250,113
2025	250,019
2026	244,007
2027	66,649
Thereafter	<u>2,425</u>
Total	<u>\$ 1,125,808</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease (1.25)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 5,702,385	\$ 5,237,111	\$ 4,813,776

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

Beginning balance	\$ 4,897,373
Service cost	299,050
Interest on the total pension liability	92,241
Difference between expected and actual experience	328,689
Changes of assumptions and other inputs	(144,200)
Benefit payments made	(236,042)
Net change in total pension liability	339,738
Ending balance of the total pension liability	\$ 5,237,111

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.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 2,592,255	\$ 703,101	\$ 3,295,356
Pension liability	6,489,718	5,237,111	11,726,829
Proportion of the net pension liability (asset)	0.42317%	N/A	-
 <u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 2,064,613	\$ 371,826	\$ 2,436,439
Changes of assumptions	4,077,201	957,246	5,034,447
Changes in proportion and differences between employer contributions and proportionate share of contributions	74,710	-	74,710
Employer contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	3,212,579	147,966	3,360,545
	\$ 9,429,103	\$ 1,477,038	\$ 10,906,141
 <u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ -	\$ 36,176	\$ 36,176
Net difference between projected and actual earnings on pension plan investments	9,271,858	-	9,271,858
Changes of assumptions	-	167,088	167,088
Changes in proportion and differences between employer contributions and proportionate share of contributions	425,526	-	425,526
	\$ 9,697,384	\$ 203,264	\$ 9,900,648

C. Supplemental Retirement Income Plan for Law Enforcement Officers

The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. North Carolina G.S. 135-5 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes the

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Pension Trust Fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

North Carolina G.S. 143-12E requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. In addition, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$567,190, which consisted of \$321,170 from the City and \$246,020 from the law enforcement officers. No amounts were forfeited.

Note 9 – Death Benefit Plan

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

Note 10 – Other Post-Employment Benefits (OPEB)

A. Description

The City administers a single-employer defined benefit healthcare plan (“the health plan”), which provides post-retirement healthcare benefits to retirees of the City, provided they meet any of the retirement options available through the North Carolina Local Governmental Employees' Retirement System (LGERS) and reach the 15-year service level of creditable service with the City and were hired prior to July 1, 2008. Upon reaching the 15-year service level, the City will allow employees to participate in the City's health insurance program at the retiree's expense. The City will pay 25% of the individual premiums for retirees who retire from the City and have 20 to 29.99 years of service with the City of Hickory. For employees who attain 30 years of service with the City of Hickory, the City will pay 100% of the individual premium. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

CITY OF HICKORY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Dependent or spouse coverage in the health plan must be paid in full by the retiree. Eligibility for coverage ceases when the retiree and/or dependents become Medicare eligible. Persons hired on or after July 1, 2008 are not eligible for this benefit.

<u>Retired Employees' Years of Creditable Service</u>	<u>Date Hired</u>	
	<u>Pre-July 1, 2008</u>	<u>On or After July 1, 2008</u>
Less than 15 years	Not eligible	Not eligible
15 to 20 years	Full coverage paid by the retiree	Not eligible
20 to 30 years	25% of the cost of coverage paid by the City	Not eligible
At least 30 years	100% of the cost of coverage paid by the City	Not eligible

Membership of the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees receiving benefits	91
Active members	<u>231</u>
Total	<u><u>322</u></u>

B. Funding Policy

The City pays the full cost of coverage for the healthcare benefits paid to qualified retirees as authorized by the approved personnel ordinance. In addition, the budget for these expenditures is approved, along with other healthcare expenditures as part of the annual budget process. In addition to coverage for employees, the City's members can elect to pay for spouse, dependent, or family coverage. For fiscal year 2022, the City chose to fund the plan benefits on a pay-as-you-go basis.

Total OPEB Liability

The City's total OPEB liability of \$22,033,822 was measured as of June 30, 2021 and was determined by an actuarial valuation as June 30, 2020.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation:	
General employees	3.25 to 8.41 percent
Firefighters	3.25 to 8.15 percent
Law enforcement officers	3.25 to 7.90 percent
Municipal Bond Index Rate:	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Healthcare cost trend rates:	
Pre-Medicare	7.00 percent for 2020 decreasing to an ultimate rate of 4.50 percent by 2030
Dental	4.00 percent

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 20,117,176
Changes for the year:	
Service cost	533,937
Interest	450,019
Differences between expected and actual experience	26,487
Changes of assumptions or other inputs	1,485,929
Benefit payments	(579,726)
Net changes	1,916,646
Balance at June 30, 2022	\$ 22,033,822

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.21% to 2.16%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<u>1%</u> <u>Decrease</u> <u>(1.16%)</u>	<u>Discount</u> <u>Rate</u> <u>(2.16%)</u>	<u>1%</u> <u>Increase</u> <u>(3.16%)</u>
Total OPEB liability	<u>\$ 24,076,368</u>	<u>\$ 22,033,822</u>	<u>\$ 20,181,101</u>

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>1%</u> <u>Decrease</u>	<u>Current</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	<u>\$ 19,741,329</u>	<u>\$ 22,033,822</u>	<u>\$ 24,658,302</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$385,028. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 71,412	\$ 2,989,072
Changes of assumptions	2,957,875	891,409
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>809,776</u>	<u>-</u>
Total	<u>\$ 3,839,063</u>	<u>\$ 3,880,481</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$809,776 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 ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
June 30	Total
2023	\$ (609,012)
2024	(379,496)
2025	(64,397)
2026	201,711
2027	-
Thereafter	-
Total	<u>\$ (851,194)</u>

Note 11 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time 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 an unforeseeable emergency.

The City has complied with changes in the laws that govern the City's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts that had been deferred by the plan participants were required to be reported as assets of the City. In accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the City's Deferred Compensation Plan is no longer reported within the City's agency funds.

Note 12 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and/or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured for workers' compensation coverage for all employees. Funding is provided by charges to the various funds of the City based upon submitted claims. Aggregate and specific stop loss insurance coverage is provided annually by Arch Insurance Company. Specialized Contract Administrators provides third-party claims administration. The City has recognized a provision of \$216,161 for claims incurred, but not reported, in the accompanying financial statements. This provision is estimated based upon analysis of historical claims experience reviewed by the City's third-party administrator.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The City is self-insured for health and dental coverage for all full-time employees. Funding is provided by employee contributions and charges to the various funds of the City based upon estimated claims and employee participation. The claims administrator determines estimated claims annually. Aggregate and specific stop loss insurance coverage is provided annually by Blue Cross and Blue Shield of North Carolina, who also provides contracted third-party claims administration. The City has recognized a provision of \$981,425 for claims incurred, but not reported, in the accompanying financial statements. This provision is estimated based upon analysis of historical claims experience reviewed by the City's third-party administrator.

The City carries flood insurance in designated areas through our insurance carrier, Travelers Insurance. The City has purchased coverage of \$1,000,000 limit with a \$50,000 deductible.

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 (crime bond) bonded through a commercial surety bond. The Finance Officer, Deputy Finance Officer, and Tax Collector are bonded for \$350,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The City carries commercial coverage for all other risks of loss. This coverage includes property insurance coverage with a blanket limit of \$250 million on buildings and contents, with no deductible on general liability coverage, \$25,000 on employment practice liability, and \$1 million with a \$3 million aggregate and \$8 million umbrella per occurrence with a \$10,000 deductible on the umbrella policy. Settled claims have not exceeded coverage in any of the last three years.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Unpaid claims, beginning of fiscal year	\$ 1,223,974	\$ 639,914
Incurred claims (including IBNRs)	3,272,897	3,253,352
Claim payments	<u>(3,299,285)</u>	<u>(2,669,292)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,197,586</u>	<u>\$ 1,223,974</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 13 – Interfund Activity

The transfers to/from other funds during the year ended June 30, 2022 consist of the following:

From General Fund to Transportation Fund for future capital expenditures	\$ 750,326
From General Fund to General Capital Project Fund for capital needs to close projects	3,466,390
From General Fund to Water Sewer Fund for capital expenditures	244,313
From Water and Sewer Fund to Stormwater Fund for operational needs	132,931
From General Fund to Stormwater Fund for capital expenditures	136,031
From Water and Sewer Fund to Water and Sewer Capital Reserve Fund for future capital expenditures	515,103
From Water and Sewer Fund to General Capital Projects Fund for for capital project expenditures	2,014,949
From Water Sewer Capital Reserve Fund to Water and Sewer Fund for future capital expenditures	650,000
From General Fund to Multi-Year Grant Project Fund for grant matching requirements	22,370
From General Fund to Capital Reserve Fund for future capital expenditures	1,678,602
From General Fund to Fleet Maintenance to appropriate ARPA projects	22,960
From Water and Sewer Fund to Fleet Maintenance for capital needs	26,335
From American Rescue Plan Fund to General Fund to appropriate ARPA salaries	4,118,501
From General Capital Project Fund to General Fund to close projects	2,535,696
From Fleet Maintenance to General Fund to appropriate insurance claim repairs	494
From Water and Sewer Fund to Capital Reserve Fund for future capital expenditures	1,340,000
From Water and Sewer Fund to Water and Sewer Capital Project Fund for capital project expenditures	5,247,583
From Transportation Fund to Transportation Capital Project Fund for capital project expenditures	1,475,160
From Multi-Year Grants Project Fund to General Fund for return of unspent project funding	3,216
From Capital Reserve Fund to General Fund for capital expenditures	<u>1,000,000</u>
Total interfund transfers	<u>\$ 25,380,960</u>

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The due to/from other funds at June 30, 2022 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fleet management	\$ 1,921,846
General Fund	Multi-year grant projects	12,114
General Fund	Community Development Entitlement Block Grant	291,248
General Fund	Transportation Fund	800,607
		<u>\$ 3,025,815</u>

These balances include the amount of working capital loans made to internal service funds that the General Fund expects to collect in the subsequent year. The Transportation Fund is reimbursing the General Fund for a loan that was paid by the General Fund.

Note 14 – Claims and Judgments

At June 30, 2022, the City was involved in several lawsuits involving damages and potential claims. The exact amount of any claim cannot be determined at this time. It is the opinion of the City Attorney and City management that none of these lawsuits would have any adverse financial impact upon the City or its financial position.

Note 15 – Summary Disclosure of Significant Contingencies

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 agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

The City of Hickory was awarded \$8,237,002 from the Federal American Rescue Plan (ARP). The City of Hickory received the second payment of \$4,118,501 on June 6, 2022, which was the final disbursement.

Note 16 – Related Organization

The Mayor and Council of the City of Hickory appoint the seven-member Board of the City of Hickory Housing Authority. 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 Hickory is also disclosed as a related organization in the notes to the financial statements for the City of Hickory Housing Authority.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 17 – Agreements with Other Organizations

A. Hickory-Conover Tourism Development Authority

The City of Hickory, the City of Conover, and the Catawba County Chamber of Commerce established the Hickory-Conover Tourism Development Authority (TDA) under session law SL 2009-45, Sec.29. The Board of the TDA consists of nine members - three appointed by the Hickory City Council, two by the Conover City Council, and one by the Chamber of Commerce. In addition, three ex-officio members are appointed: the City Managers of Hickory and Conover, along with the Executive Vice-President of the Catawba County Chamber of Commerce. The TDA was formed to promote tourism and economic development. The TDA is funded by an occupancy tax approved by the North Carolina State Legislature. The City of Hickory collects the tax and passes it directly to the TDA. No City funds are used to support the TDA. The Authority approves its own budget, is entitled to any surpluses or must finance any deficits, is legally responsible for its own debts, and designates its own management. Complete financial statements for the TDA may be obtained from the TDA's administrative offices at 470 Highway 70, SW, Hickory, North Carolina, or by writing P.O. Box 1828, Hickory, North Carolina 28603.

B. Western Piedmont Council of Governments

The Western Piedmont Council of Governments is a voluntary association of four counties and 24 municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each county or municipality appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The City paid membership dues of \$51,402 during the fiscal year ended June 30, 2022.

C. Sludge Facility Consortium

The City, in conjunction with the City of Conover and Catawba County, established the Sludge Facility Consortium to operate the Sludge Compost Facility. The City and County managers of all participating units serve on the three-member Board. However, the City of Hickory provides all administrative and managerial services for the facility due to 100% ownership of the assets, under the Board's direction. The agreement between the parties requires the payment of 84.5% from the City of Hickory and 15.5% from the City of Conover, for all costs of construction and operations of the facility. The City was required to pay \$1,459,619 for operations for the year ended June 30, 2022. The complete sludge facility financial statements are shown in the financial section under combining and individual fund financial statements and schedules.

Note 18 – Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

CITY OF HICKORY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Note 19 – Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina’s Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State (“State Abatement Fund”)
- 80% to abatement funds established by Local Governments (“local abatement funds”)
- 5% to a County Incentive Fund

The City was awarded \$23,475 as part of this settlement in fiscal year 2022. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the City two options of expending the funds. The City opted for Option A, which allows a wide array of strategies to address the impact of the opioid epidemic.

HICKORY



North Carolina

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

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

Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll for the Law Enforcement Officers' Special Separation Allowance

Schedule of Changes in the Total OPEB Liability and Related Ratios

Schedule of Proportionate Share of Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System

Schedule of Pension Contributions for the Local Governmental Employees' Retirement System

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAST SIX FISCAL YEARS*

Law Enforcement Officers' Special Separation Allowance						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 4,897,373	\$ 3,582,170	\$ 3,544,975	\$ 3,559,244	\$ 3,190,102	\$ 3,299,125
Service cost	299,050	175,313	151,450	164,385	135,028	146,016
Interest on the total pension liability	92,241	112,056	124,028	107,935	117,164	112,568
Difference between expected and actual experience	328,689	27,272	(72,110)	138,715	224,590	-
Changes in assumptions or other inputs	(144,200)	1,290,279	109,036	(138,126)	201,909	(75,701)
Benefit payments	<u>(236,042)</u>	<u>(289,717)</u>	<u>(275,209)</u>	<u>(287,178)</u>	<u>(309,549)</u>	<u>(291,906)</u>
Ending balance of the total pension liability	<u>\$ 5,237,111</u>	<u>\$ 4,897,373</u>	<u>\$ 3,582,170</u>	<u>\$ 3,544,975</u>	<u>\$ 3,559,244</u>	<u>\$ 3,190,102</u>

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

*Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

CITY OF HICKORY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance					
	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 5,237,111	\$ 4,897,373	\$ 3,582,170	\$ 3,544,975	\$ 3,559,244	\$ 3,190,102
Covered employee payroll*	6,403,670	5,855,795	5,431,591	5,441,525	5,231,012	5,373,660
Total pension liability as a percentage of covered employee payroll	81.78%	83.63%	65.95%	65.15%	68.04%	59.37%

*Valuation payroll

Notes to Schedules:

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

CITY OF HICKORY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST FIVE FISCAL YEARS**

	Other Post-Employment Benefits				
	2022	2021	2020	2019	2018
Service cost	\$ 533,937	\$ 509,332	\$ 467,682	\$ 661,419	\$ 718,706
Interest	450,019	775,704	799,322	803,208	698,414
Differences between expected and actual experience	26,487	(4,728,608)	28,634	(303,316)	166,419
Changes of assumptions or other inputs	1,485,929	2,338,485	722,147	(2,119,216)	(1,196,267)
Benefit payments	<u>(579,726)</u>	<u>(855,389)</u>	<u>(967,287)</u>	<u>(1,143,915)</u>	<u>(916,075)</u>
Net change in total OPEB liability	1,916,646	(1,960,476)	1,050,498	(2,101,820)	(528,803)
Total OPEB liability - beginning	<u>20,117,176</u>	<u>22,077,652</u>	<u>21,027,154</u>	<u>23,128,974</u>	<u>23,657,777</u>
Total OPEB liability - ending	<u>\$ 22,033,822</u>	<u>\$ 20,117,176</u>	<u>\$ 22,077,652</u>	<u>\$ 21,027,154</u>	<u>\$ 23,128,974</u>
Covered employee payroll	\$ 11,959,233	\$ 11,959,233	\$ 13,499,380	\$ 13,499,380	\$ 15,733,224
Total OPEB liability as a percentage of covered employee payroll	184.24%	168.21%	163.55%	155.76%	147.01%

Notes to the Required Schedules:

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

<u>Fiscal Year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Note: The OPEB schedules in the required supplementary information are intended to show information for ten years. Additional information will be displayed as it becomes available.

Note: The City of Hickory has no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

CITY OF HICKORY, NORTH CAROLINA

**CITY OF HICKORY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2022	2021	2020	2019	2018
Hickory's proportion of the net pension liability (asset) (%)	0.42317%	0.43679%	0.42429%	0.44414%	0.45556%
Hickory's proportion of the net pension liability (asset) (\$)	\$ 6,489,718	\$ 15,608,367	\$ 11,587,029	\$ 10,536,521	\$ 6,959,696
Hickory's covered payroll	29,742,913	29,488,169	28,267,776	27,019,564	26,694,921
Hickory's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.82%	52.93%	40.99%	39.00%	26.07%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%

* 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.

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be displayed as it becomes available.

CITY OF HICKORY, NORTH CAROLINA

**CITY OF HICKORY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS***

	Local Governmental Employees' Retirement System			
	2017	2016	2015	2014
Hickory's proportion of the net pension liability (asset) (%)	0.46454%	0.50266%	0.50893%	0.50100%
Hickory's proportion of the net pension liability (asset) (\$)	\$ 9,394,282	\$ 2,255,905	\$ (3,001,397)	\$ 6,038,974
Hickory's covered payroll	26,213,071	25,900,959	25,586,063	23,581,414
Hickory's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.84%	8.71%	11.73%	25.61%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

CITY OF HICKORY, NORTH CAROLINA

**CITY OF HICKORY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 3,212,579	\$ 3,061,176	\$ 2,686,246	\$ 2,235,832	\$ 2,079,421
Contributions in relation to the contractually required contribution	<u>3,212,579</u>	<u>3,061,176</u>	<u>2,686,246</u>	<u>2,235,832</u>	<u>2,079,421</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hickory's covered payroll	\$ 28,003,714	\$ 29,742,913	\$ 29,488,169	\$ 28,267,776	\$ 27,019,564
Contributions as a percentage of covered payroll	11.47%	10.29%	9.11%	7.91%	7.70%

Note: The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be displayed as it becomes available.

CITY OF HICKORY, NORTH CAROLINA

**CITY OF HICKORY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Local Governmental Employees' Retirement System				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,991,269	\$ -	\$ 1,848,000	\$ 1,819,354
Contributions in relation to the contractually required contribution	<u>1,991,269</u>	<u>-</u>	<u>1,848,000</u>	<u>1,819,354</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hickory's covered payroll	\$ 26,694,921	\$ 26,213,071	\$ 25,900,959	\$ 25,586,063
Contributions as a percentage of covered payroll	7.46%	0.00%	7.13%	7.11%

HICKORY



North Carolina

General Fund

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

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:				
Ad valorem taxes	\$ 34,290,070	\$ -	\$ -	\$ 34,290,070
Other taxes	22,068,923	-	-	22,068,923
Unrestricted intergovernmental revenues	680,548	-	-	680,548
Restricted intergovernmental revenues	2,553,156	-	-	2,553,156
Licenses and permits	4,590	-	-	4,590
Sales and services	1,435,251	-	-	1,435,251
Investment earnings	(652,438)	(166,725)	-	(819,163)
Miscellaneous	1,130,074	-	-	1,130,074
Total revenues	<u>61,510,174</u>	<u>(166,725)</u>	<u>-</u>	<u>61,343,449</u>
Expenditures:				
Current:				
General government	12,110,880	-	-	12,110,880
Public safety	27,449,043	-	-	27,449,043
Transportation	6,407,487	-	-	6,407,487
Economic and physical development	6,263,514	-	-	6,263,514
Culture and recreation	4,452,096	-	-	4,452,096
Debt service:				
Principal retirement	2,426,421	-	-	2,426,421
Lease principal retirement	139,319	-	-	139,319
Interest fees	1,431,369	-	-	1,431,369
Total expenditures	<u>60,680,129</u>	<u>-</u>	<u>-</u>	<u>60,680,129</u>
Revenues over (under) expenditures	<u>830,045</u>	<u>(166,725)</u>	<u>-</u>	<u>663,320</u>
Other Financing Sources (Uses):				
Transfers in	7,657,907	3,018,602	(1,000,000)	9,676,509
Transfers out	(6,320,992)	(1,000,000)	1,000,000	(6,320,992)
Lease liability issued	88,692	-	-	88,692
Total other financing sources (uses)	<u>1,425,607</u>	<u>2,018,602</u>	<u>-</u>	<u>3,444,209</u>
Net change in fund balances	2,255,652	1,851,877	-	4,107,529
Reconciliation from Budgetary Basis of Accounting to Modified Accrual Basis:				
Current year note receivable payments	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balance modified accrual	2,055,652	1,851,877	-	3,907,529
Fund Balance:				
Beginning of year - July 1	<u>31,329,574</u>	<u>6,083,068</u>	<u>-</u>	<u>37,412,642</u>
End of year - June 30	<u>\$ 33,385,226</u>	<u>\$ 7,934,945</u>	<u>\$ -</u>	<u>\$ 41,320,171</u>

CITY OF HICKORY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 33,048,000	\$ 33,740,046	\$ 692,046	\$ 31,110,448
Prior years	375,000	342,713	(32,287)	388,575
Penalties and interest	125,000	207,311	82,311	130,693
Total	<u>33,548,000</u>	<u>34,290,070</u>	<u>742,070</u>	<u>31,629,716</u>
Other Taxes:				
Local option sales tax	12,648,727	15,413,340	2,764,613	13,118,310
Franchise tax	3,300,000	3,365,456	65,456	3,268,964
Telecommunication tax	725,000	602,294	(122,706)	653,165
Hickory-Conover motel/occupancy tax	2,100,000	2,191,229	91,229	1,472,285
Vehicle tag tax	180,000	195,532	15,532	198,239
Gross receipts tax	225,000	301,072	76,072	272,852
Total	<u>19,178,727</u>	<u>22,068,923</u>	<u>2,890,196</u>	<u>18,983,815</u>
Unrestricted Intergovernmental Revenues:				
Payments in lieu of taxes	10,000	-	(10,000)	-
Beer and wine	175,000	172,952	(2,048)	172,947
Traffic control	370,000	387,596	17,596	271,025
Public school resource officer	120,000	120,000	-	92,250
Total	<u>675,000</u>	<u>680,548</u>	<u>5,548</u>	<u>536,222</u>
Restricted Intergovernmental Revenues:				
Federal grants	7,825	59,756	51,931	109,194
State grants	1,437,717	1,473,141	35,424	1,188,375
Local grants	-	50,850	50,850	39,761
Catawba County for library	220,000	225,289	5,289	225,289
Catawba County for police	177,102	34,301	(142,801)	90,725
Catawba County fire district tax	685,000	700,419	15,419	718,617
Catawba County for volunteer fire	9,400	9,400	-	10,900
Catawba County for convention center	578,153	-	(578,153)	-
Total	<u>3,115,197</u>	<u>2,553,156</u>	<u>(562,041)</u>	<u>2,382,861</u>
Licenses and Permits:				
Beer and wine licenses	4,500	4,590	90	4,775
Taxi permits	75	-	(75)	107
Total	<u>4,575</u>	<u>4,590</u>	<u>15</u>	<u>4,882</u>

CITY OF HICKORY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Recreation services	269,596	334,407	64,811	125,851
Fire department services	171,000	221,662	50,662	167,951
Police department services	224,200	248,433	24,233	218,503
Street paving	10,000	44,129	34,129	26,250
Parking rentals	44,000	39,687	(4,313)	38,873
Library services	18,080	14,072	(4,008)	9,485
Rents and royalties	447,527	422,474	(25,053)	476,672
Cemetery plots	35,000	71,242	36,242	54,058
District court fees	-	7,433	7,433	6,514
Plan reviews	30,000	31,712	1,712	31,798
Total	<u>1,249,403</u>	<u>1,435,251</u>	<u>185,848</u>	<u>1,155,955</u>
Investment Earnings	<u>100,000</u>	<u>(652,438)</u>	<u>(752,438)</u>	<u>(13,191)</u>
Miscellaneous:				
Donations	43,449	72,389	28,940	53,882
Insurance claims	163,646	230,055	66,409	44,272
Sale of properties	520,950	595,281	74,331	208,140
Other	184,568	232,349	47,781	242,441
Total	<u>912,613</u>	<u>1,130,074</u>	<u>217,461</u>	<u>548,735</u>
Total revenues	<u>58,783,515</u>	<u>61,510,174</u>	<u>2,726,659</u>	<u>55,228,995</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	560,491	502,132	58,359	483,100
Operating expenditures	253,913	155,536	98,377	165,415
Capital outlay	-	-	-	8,540
Administrative reimbursement	(208,112)	(208,112)	-	(204,031)
Total	<u>606,292</u>	<u>449,556</u>	<u>156,736</u>	<u>453,024</u>
Administration:				
Salaries and employee benefits	1,539,940	1,518,480	21,460	1,291,836
Operating expenditures	326,236	238,308	87,928	179,877
Capital outlay	11,601	9,078	2,523	18,315
Administrative reimbursement	(267,159)	(267,159)	-	(261,920)
Total	<u>1,610,618</u>	<u>1,498,707</u>	<u>111,911</u>	<u>1,228,108</u>

CITY OF HICKORY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Budget and Administration:				
Salaries and employee benefits	928,844	831,468	97,376	690,422
Operating expenditures	145,225	118,371	26,854	100,090
Capital outlay	9,220	9,209	11	2,622
Administrative reimbursement	(296,059)	(296,059)	-	(265,014)
Total	<u>787,230</u>	<u>662,989</u>	<u>124,241</u>	<u>528,120</u>
Finance:				
Salaries and employee benefits	1,134,501	1,107,833	26,668	1,030,444
Operating expenditures	451,167	441,521	9,646	427,548
Capital outlay	15,499	13,341	2,158	9,495
Administrative reimbursement	(1,487,048)	(1,484,466)	(2,582)	(1,457,890)
Total	<u>114,119</u>	<u>78,229</u>	<u>35,890</u>	<u>9,597</u>
Information Technology:				
Salaries and employee benefits	760,316	747,243	13,073	649,103
Operating expenditures	813,536	769,564	43,972	731,451
Capital outlay	776,320	538,746	237,574	149,866
Administrative reimbursement	(136,780)	(136,780)	-	(134,101)
Total	<u>2,213,392</u>	<u>1,918,773</u>	<u>294,619</u>	<u>1,396,319</u>
City Clerk:				
Salaries and employee benefits	112,179	107,379	4,800	95,576
Operating expenditures	22,502	16,268	6,234	13,761
Capital outlay	2,136	2,135	1	1,347
Administrative reimbursement	(65,333)	(65,333)	-	(64,051)
Total	<u>71,484</u>	<u>60,449</u>	<u>11,035</u>	<u>46,633</u>
Legal:				
Salaries and employee benefits	231,026	226,876	4,150	206,693
Operating expenditures	192,246	185,963	6,283	142,718
Capital outlay	5,411	3,411	2,000	-
Administrative reimbursement	(66,459)	(66,459)	-	(65,156)
Total	<u>362,224</u>	<u>349,791</u>	<u>12,433</u>	<u>284,255</u>
Engineering:				
Salaries and employee benefits	411,227	362,946	48,281	396,703
Operating expenditures	62,815	34,109	28,706	41,838
Capital outlay	32,200	30,686	1,514	7,973
Administrative reimbursement	(137,045)	(137,045)	-	(134,358)
Total	<u>369,197</u>	<u>290,696</u>	<u>78,501</u>	<u>312,156</u>

CITY OF HICKORY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Building Services:				
Salaries and employee benefits	580,811	466,868	113,943	501,221
Operating expenditures	84,911	70,650	14,261	51,756
Capital outlay	105,507	91,687	13,820	29,326
Administrative reimbursement	(338,756)	(333,312)	(5,444)	(332,115)
Total	<u>432,473</u>	<u>295,893</u>	<u>136,580</u>	<u>250,188</u>
Central Services:				
Salaries and employee benefits	574,617	565,197	9,420	475,651
Operating expenditures	287,719	145,331	142,388	145,971
Capital outlay	82,509	8,015	74,494	24,312
Administrative reimbursement	(283,144)	(283,144)	-	(281,421)
Total	<u>661,701</u>	<u>435,399</u>	<u>226,302</u>	<u>364,513</u>
Public Buildings:				
Salaries and employee benefits	28,123	27,455	668	26,977
Operating expenditures	465,163	458,100	7,063	505,852
Capital outlay	1,337,181	170,000	1,167,181	667,510
Administrative reimbursement	(9,095)	(9,095)	-	(8,917)
Total	<u>1,821,372</u>	<u>646,460</u>	<u>1,174,912</u>	<u>1,191,422</u>
Landscape Services:				
Salaries and employee benefits	2,020,483	1,765,682	254,801	1,610,722
Operating expenditures	1,482,266	1,386,519	95,747	1,199,596
Capital outlay	2,509,063	2,383,829	125,234	943,334
Administrative reimbursement	(135,439)	(135,439)	-	(132,783)
Total	<u>5,876,373</u>	<u>5,400,591</u>	<u>475,782</u>	<u>3,620,869</u>
District Court:				
Operating expenditures	24,737	21,304	3,433	25,582
Administrative reimbursement	2,043	2,043	-	2,003
Total	<u>26,780</u>	<u>23,347</u>	<u>3,433</u>	<u>27,585</u>
Total general government	<u>14,953,255</u>	<u>12,110,880</u>	<u>2,842,375</u>	<u>9,712,789</u>
Public Safety:				
Police:				
Salaries and employee benefits	11,802,196	11,536,422	265,774	10,303,257
Operating expenditures	2,492,281	2,342,480	149,801	2,076,451
Capital outlay	892,843	618,479	274,364	1,449,308
Administrative reimbursement	(2,880)	(2,880)	-	(2,824)
Total	<u>15,184,440</u>	<u>14,494,501</u>	<u>689,939</u>	<u>13,826,192</u>

CITY OF HICKORY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
NC Unauthorized Substance Tax:				
Operating expenditures	30,209	20,284	9,925	21,270
Capital outlay	-	-	-	9,936
Total	<u>30,209</u>	<u>20,284</u>	<u>9,925</u>	<u>31,206</u>
Police - Secondary PSAP:				
Operating expenditures	170,302	74,800	95,502	78,916
Capital outlay	6,800	-	6,800	-
Total	<u>177,102</u>	<u>74,800</u>	<u>102,302</u>	<u>78,916</u>
Police - HPD Community Navigator:				
Operating expenditures	<u>3,699</u>	<u>1,565</u>	<u>2,134</u>	<u>3,306</u>
Fire:				
Salaries and employee benefits	10,112,108	9,955,770	156,338	9,217,775
Operating expenditures	1,937,514	1,410,993	526,521	1,550,076
Capital outlay	1,867,344	1,556,801	310,543	157,703
Administrative reimbursement	(65,671)	(65,671)	-	(64,383)
Total	<u>13,851,295</u>	<u>12,857,893</u>	<u>993,402</u>	<u>10,861,171</u>
Total public safety	<u>29,246,745</u>	<u>27,449,043</u>	<u>1,797,702</u>	<u>24,800,791</u>
Transportation:				
Traffic:				
Salaries and employee benefits	743,716	607,612	136,104	635,848
Operating expenditures	1,397,689	937,838	459,851	1,094,505
Capital outlay	316,968	121,621	195,347	19,404
Administrative reimbursement	(15,934)	(15,934)	-	(15,621)
Total	<u>2,442,439</u>	<u>1,651,137</u>	<u>791,302</u>	<u>1,734,136</u>
Street:				
Salaries and employee benefits	2,014,374	1,665,874	348,500	1,645,841
Operating expenditures	2,130,653	1,879,952	250,701	1,889,706
Capital outlay	2,457,515	1,274,582	1,182,933	498,252
Administrative reimbursement	(64,058)	(64,058)	-	(62,802)
Total	<u>6,538,484</u>	<u>4,756,350</u>	<u>1,782,134</u>	<u>3,970,997</u>
Total transportation	<u>8,980,923</u>	<u>6,407,487</u>	<u>2,573,436</u>	<u>5,705,133</u>

CITY OF HICKORY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over/Under	2021
	Final Budget	Actual		Actual
Economic and Physical Development:				
Planning:				
Salaries and employee benefits	932,838	899,638	33,200	827,649
Operating expenditures	89,509	74,160	15,349	65,049
Capital outlay	6,538	6,539	(1)	8,600
Administrative reimbursement	(33,520)	(33,520)	-	(32,862)
Total	<u>995,365</u>	<u>946,817</u>	<u>48,548</u>	<u>868,436</u>
Economic and Business Development:				
Operating expenditures	<u>5,339,640</u>	<u>5,316,697</u>	<u>22,943</u>	<u>2,170,914</u>
Total economic and physical development	<u>6,335,005</u>	<u>6,263,514</u>	<u>71,491</u>	<u>3,039,350</u>
Culture and Recreation:				
Recreation:				
Salaries and employee benefits	1,399,351	1,252,173	147,178	927,409
Operating expenditures	631,268	474,141	157,127	333,892
Capital outlay	533,024	314,847	218,177	1,306,299
Administrative reimbursement	47,517	47,517	-	46,585
Total	<u>2,611,160</u>	<u>2,088,678</u>	<u>522,482</u>	<u>2,614,185</u>
Library:				
Salaries and employee benefits	1,522,925	1,438,417	84,508	1,160,627
Operating expenditures	910,672	807,806	102,866	935,182
Capital outlay	142,437	115,305	27,132	12,546
Administrative reimbursement	1,890	1,890	-	1,853
Total	<u>2,577,924</u>	<u>2,363,418</u>	<u>214,506</u>	<u>2,110,208</u>
Total culture and recreation	<u>5,189,084</u>	<u>4,452,096</u>	<u>736,988</u>	<u>4,724,393</u>
Debt Service:				
Principal	2,426,422	2,426,421	1	2,176,421
Lease principal	139,319	139,319	-	-
Interest	1,701,978	1,431,369	270,609	1,288,858
Total	<u>4,267,719</u>	<u>3,997,109</u>	<u>270,610</u>	<u>3,465,279</u>
Total expenditures	<u>68,972,731</u>	<u>60,680,129</u>	<u>8,292,602</u>	<u>51,447,735</u>
Revenues over (under) expenditures	<u>(10,189,216)</u>	<u>830,045</u>	<u>11,019,261</u>	<u>3,781,260</u>

CITY OF HICKORY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Final Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Issuance of long-term debt	-	-	-	2,105,331
Lease liability issued	-	88,692	88,692	-
Transfers in (out):				
Capital Reserve Fund	1,000,000	1,000,000	-	1,054,915
Multi-Year Grant Projects Fund	15,687	3,216	(12,471)	14,443
General Capital Projects Fund	2,535,696	2,535,696	-	1,577,923
American Rescue Plan Fund	4,118,501	4,118,501	-	-
Fleet Maintenance Fund	494	494	-	-
General Capital Projects Fund	(3,466,390)	(3,466,390)	-	(7,111,365)
Multi-Year Grant Projects Fund	(22,370)	(22,370)	-	(9,295)
Capital Reserve Fund	(1,678,602)	(1,678,602)	-	(1,481,327)
Stormwater Fund	(136,031)	(136,031)	-	(195,275)
Transportation Fund	(750,326)	(750,326)	-	(382,545)
Water and Sewer Fund	(244,313)	(244,313)	-	-
Fleet Maintenance Fund	(22,960)	(22,960)	-	-
Total other financing sources (uses)	<u>1,349,386</u>	<u>1,425,607</u>	<u>76,221</u>	<u>(4,427,195)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(8,839,830)	2,255,652	11,095,482	(645,935)
Appropriated fund balance	<u>8,839,830</u>	-	<u>(8,839,830)</u>	-
Net change in fund balance	<u>\$ -</u>	2,255,652	<u>\$ 2,255,652</u>	(645,935)
Reconciliation from Budgetary Basis of Accounting to Modified Accrual Basis:				
Initial implementation of lease standard				
Lease liability issued		1,028,261		
Capital outlay		(1,028,261)		
Current year note receivable payments		<u>(200,000)</u>		<u>(200,000)</u>
Net change in fund balance modified accrual		2,055,652		(845,935)
Fund Balance:				
Fund balance, beginning		<u>31,329,574</u>		<u>32,175,509</u>
End of year - June 30		<u>\$ 33,385,226</u>		<u>\$ 31,329,574</u>

CITY OF HICKORY, NORTH CAROLINA

CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Capital Reserve Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ (166,725)	\$ (166,725)
Expenditures:			
Current:			
General government	1,624,000	-	1,624,000
Environmental protection	1,340,000	-	1,340,000
Total expenditures	<u>3,018,602</u>	<u>-</u>	<u>3,018,602</u>
Revenues over (under) expenditures	<u>(3,018,602)</u>	<u>(166,725)</u>	<u>2,851,877</u>
Other Financing Sources (Uses):			
Transfers out	(1,000,000)	(1,000,000)	-
Transfers in	<u>3,018,602</u>	<u>3,018,602</u>	<u>-</u>
Total other financing sources (uses)	<u>2,018,602</u>	<u>2,018,602</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,000,000)	1,851,877	2,851,877
Appropriated fund balance	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net change in fund balance	<u>\$ -</u>	1,851,877	<u>\$ 1,851,877</u>
Fund Balance:			
Beginning of year - July 1		<u>6,083,068</u>	
End of year - June 30		<u>\$ 7,934,945</u>	

HICKORY



North Carolina

Major Capital Projects Funds

Capital Project Funds are used to account for the acquisition or construction of major capital projects other than those financed by Proprietary Funds and Trust Funds.

Individual Fund Description:

General Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of general capital projects not accounted for by an individual fund.

CITY OF HICKORY, NORTH CAROLINA

MAJOR GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal grants	\$ 53,144,681	\$ 14,258,412	\$ 6,883,167	\$ 21,141,579	\$ (32,003,102)
State grants	12,525,311	896,920	-	896,920	(11,628,391)
County contributions	5,838,305	6,089,203	1,742,665	7,831,868	1,993,563
Investment earnings	419,043	751,773	(735,666)	16,107	(402,936)
Miscellaneous	4,927,992	3,570,871	1,682,923	5,253,794	325,802
Total revenues	<u>76,855,332</u>	<u>25,567,179</u>	<u>9,573,089</u>	<u>35,140,268</u>	<u>(41,715,064)</u>
Expenditures:					
Capital outlay:					
General government:					
City Hall 2 nd floor renovations	385,413	411,022	-	411,022	(25,609)
Convention center renovations	1,422,636	703,162	531,793	1,234,955	187,681
Munis software	1,700,000	-	63,786	63,786	1,636,214
One North Center	3,500,000	3,325,000	175,000	3,500,000	-
CVCC & Aviation Museum design	7,500,000	-	9,800	9,800	7,490,200
Public safety:					
Radio system upgrade	255,207	169,555	76,339	245,894	9,313
Transportation:					
Clement Boulevard extension	138,784	-	-	-	138,784
Sandy Ridge intersection	2,691,250	-	-	-	2,691,250
17th St NW extension	465,020	-	158,429	158,429	306,591
Downtown lighting	402,500	92,528	-	92,528	309,972
Falling Creek bridge	2,133,055	1,982,056	-	1,982,056	150,999
Economic and physical development:					
ARC Grant-9th Av Dr NW	2,661,216	-	-	-	2,661,216
Bond projects:					
Management	2,601,950	1,804,515	159,813	1,964,328	637,622
Citywalk	24,155,354	19,529,472	2,977,749	22,507,221	1,648,133
Riverwalk	16,918,636	6,808,189	3,052,103	9,860,292	7,058,344
Trivium Corporate Center	25,578,041	20,367,280	1,557,273	21,924,553	3,653,488
Wayfinding	523,000	468,744	-	468,744	54,256
Gateways	810,661	767,657	-	767,657	43,004
Streetscapes	16,336,137	1,230,325	1,211,494	2,441,819	13,894,318
Bookwalk	6,486,946	706,955	306,658	1,013,613	5,473,333
Build Grant	28,963,665	4,010,665	5,277,797	9,288,462	19,675,203
Culture and recreation:					
Lackey Park	4,284,957	932,798	548,883	1,481,681	2,803,276
Ridgeview Library expansion	1,426,314	1,133,833	291,078	1,424,911	1,403
Total expenditures	<u>151,340,742</u>	<u>64,443,756</u>	<u>16,397,995</u>	<u>80,841,751</u>	<u>70,498,991</u>

CITY OF HICKORY, NORTH CAROLINA

MAJOR GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues over (under) expenditures	<u>(74,485,410)</u>	<u>(38,876,577)</u>	<u>(6,824,906)</u>	<u>(45,701,483)</u>	<u>28,783,927</u>
Other Financing Sources (Uses):					
Transfers in	32,363,246	26,881,907	5,481,339	32,363,246	-
Transfers (out)	(8,173,901)	(5,638,205)	(2,535,696)	(8,173,901)	-
Issuance of debt	45,678,007	35,600,000	10,000,000	45,600,000	(78,007)
Premium on bond issuance	<u>4,618,058</u>	<u>3,173,018</u>	<u>1,491,790</u>	<u>4,664,808</u>	<u>46,750</u>
Total other financing sources (uses)	<u>74,485,410</u>	<u>60,016,720</u>	<u>14,437,433</u>	<u>74,454,153</u>	<u>(31,257)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 21,140,143</u>	<u>\$ 7,612,527</u>	<u>\$ 28,752,670</u>	<u>\$ 28,752,670</u>

HICKORY



North Carolina

Major Special Revenue Fund

Special Revenue Funds are used to account for specific revenues that legally restrict expenditures for particular purposes.

Individual Fund Description:

American Rescue Plan Act Fund - used to account for the receipt of federal grant funds distributed through American Rescue Plan (ARP) program.

HICKORY

The logo features the word "HICKORY" in a large, dark green, serif font. Below the text is a stylized blue wave with a white outline. A cluster of five light green leaves is positioned over the wave, partially overlapping the word "HICKORY".

North Carolina

CITY OF HICKORY, NORTH CAROLINA

MAJOR - AMERICAN RESCUE PLAN ACT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total to Date	Variance Over/Under
	Prior Years	Current Year			
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 4,118,501	\$ -	\$ 4,118,501	\$ 4,118,501	\$ -
Other Financing Sources (Uses):					
Transfers (out)	(4,118,501)	-	(4,118,501)	(4,118,501)	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HICKORY



North Carolina

Nonmajor Governmental Funds

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Community Development Entitlement Block Grant	Home Consortium Grant	NCHFA Rental Rehabilitation Grant	Multi-Year Grant Projects	Total
Assets:					
Cash and cash equivalents	\$ -	\$ 16,540	\$ 46,496	\$ -	\$ 63,036
Accounts receivable, net	538,637	851	56,213	-	595,701
Due from other governmental agencies	148,915	-	37,499	17,381	203,795
Total assets	<u>\$ 687,552</u>	<u>\$ 17,391</u>	<u>\$ 140,208</u>	<u>\$ 17,381</u>	<u>\$ 862,532</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 96,246	\$ -	\$ -	\$ 15,489	\$ 111,735
Due to other funds	291,248	-	-	12,114	303,362
Total liabilities	<u>387,494</u>	<u>-</u>	<u>-</u>	<u>27,603</u>	<u>415,097</u>
Deferred Inflows of Resources:					
Economic development receivable	293,638	-	56,155	-	349,793
Fund Balances:					
Committed for economic development	6,420	17,391	84,053	-	107,864
Unassigned	-	-	-	(10,222)	(10,222)
Total fund balances	<u>6,420</u>	<u>17,391</u>	<u>84,053</u>	<u>(10,222)</u>	<u>97,642</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 687,552</u>	<u>\$ 17,391</u>	<u>\$ 140,208</u>	<u>\$ 17,381</u>	<u>\$ 862,532</u>

CITY OF HICKORY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Community Development Entitlement Block Grant	Home Consortium Grant	NCHFA Rental Rehabilitation Grant	Multi-Year Grant Projects	Total
Revenues:					
Restricted intergovernmental	\$ 665,913	\$ -	\$ 112,500	\$ 316,910	\$ 1,095,323
Investment earnings	-	(307)	(903)	44	(1,166)
Miscellaneous	<u>128,381</u>	<u>-</u>	<u>9,317</u>	<u>-</u>	<u>137,698</u>
Total revenues	<u>794,294</u>	<u>(307)</u>	<u>120,914</u>	<u>316,954</u>	<u>1,231,855</u>
Expenditures:					
Public safety	-	-	-	49,413	49,413
Economic and physical development	<u>864,008</u>	<u>19</u>	<u>128,542</u>	<u>289,216</u>	<u>1,281,785</u>
Total expenditures	<u>864,008</u>	<u>19</u>	<u>128,542</u>	<u>338,629</u>	<u>1,331,198</u>
Revenues over (under) expenditures	<u>(69,714)</u>	<u>(326)</u>	<u>(7,628)</u>	<u>(21,675)</u>	<u>(99,343)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	22,370	22,370
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,216)</u>	<u>(3,216)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,154</u>	<u>19,154</u>
Net change in fund balances	(69,714)	(326)	(7,628)	(2,521)	(80,189)
Fund Balances:					
Beginning of year - July 1	<u>76,134</u>	<u>17,717</u>	<u>91,681</u>	<u>(7,701)</u>	<u>177,831</u>
End of year - June 30	<u>\$ 6,420</u>	<u>\$ 17,391</u>	<u>\$ 84,053</u>	<u>\$ (10,222)</u>	<u>\$ 97,642</u>

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that legally restrict expenditures for particular purposes.

Individual Fund Descriptions:

Community Development Entitlement Block Grant Fund - used to provide housing rehabilitation, to fund curb and gutter street projects, and to provide assistance with down payments for first time home buyers; funded with housing urban development grant funds.

Home Consortium Grant Fund - used to provide down payment assistance and housing rehabilitation for citizens.

NCHFA Rental Rehabilitation Grant Fund – assists with down payment and closing costs for new construction homes.

Multi-Year Grant Projects Fund – used to account for financial resources of various federal, state and local grants that span more than one fiscal year and are not accounted for by an individual fund.

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CITY OF HICKORY, NORTH CAROLINA

COMMUNITY DEVELOPMENT ENTITLEMENT BLOCK GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
Federal grants					
2019 Entitlement Block grant	\$ 316,023	\$ 316,023	\$ 9,313	\$ 325,336	\$ 9,313
2020 Entitlement Block grant	330,758	148,872	62,742	211,614	(119,144)
2021 Entitlement Block grant	329,318	-	125,028	125,028	(204,290)
CDBG Coronavirus Relief funds	468,830	-	468,830	468,830	-
Miscellaneous	400,000	296,486	128,381	424,867	24,867
Total revenues	<u>1,844,929</u>	<u>761,381</u>	<u>794,294</u>	<u>1,555,675</u>	<u>(289,254)</u>
Expenditures:					
Economic and physical development	<u>1,844,929</u>	<u>685,247</u>	<u>864,008</u>	<u>1,549,255</u>	<u>295,674</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 76,134</u>	<u>\$ (69,714)</u>	<u>\$ 6,420</u>	<u>\$ 6,420</u>

CITY OF HICKORY, NORTH CAROLINA

HOME CONSORTIUM GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ 1,527	\$ 1,513	\$ (307)	\$ 1,206	\$ (321)
Miscellaneous	<u>250,083</u>	<u>252,071</u>	<u>-</u>	<u>252,071</u>	<u>1,988</u>
Total revenues	<u>251,610</u>	<u>253,584</u>	<u>(307)</u>	<u>253,277</u>	<u>1,667</u>
Expenditures:					
Economic and physical development	<u>251,610</u>	<u>235,867</u>	<u>19</u>	<u>235,886</u>	<u>15,724</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,717</u>	<u>\$ (326)</u>	<u>\$ 17,391</u>	<u>\$ 17,391</u>

CITY OF HICKORY, NORTH CAROLINA

NCHFA RENTAL REHABILITATION GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
State grants	\$ 271,358	\$ 116,358	\$ 112,500	\$ 228,858	\$ (42,500)
Investment earnings	6,593	6,512	(903)	5,609	(984)
Miscellaneous	<u>201,508</u>	<u>194,102</u>	<u>9,317</u>	<u>203,419</u>	<u>1,911</u>
Total revenues	<u>479,459</u>	<u>316,972</u>	<u>120,914</u>	<u>437,886</u>	<u>(41,573)</u>
Expenditures:					
Economic and physical development	<u>484,459</u>	<u>230,291</u>	<u>128,542</u>	<u>358,833</u>	<u>125,626</u>
Revenues over (under) expenditures	(5,000)	86,681	(7,628)	79,053	84,053
Other Financing Sources (Uses):					
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 91,681</u>	<u>\$ (7,628)</u>	<u>\$ 84,053</u>	<u>\$ 84,053</u>

CITY OF HICKORY, NORTH CAROLINA

MULTI-YEAR GRANT PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 126,794	\$ 64,723	\$ 51,910	\$ 116,633	\$ (10,161)
State grants	427,288	147,680	265,000	412,680	(14,608)
Total	<u>554,082</u>	<u>212,403</u>	<u>316,910</u>	<u>529,313</u>	<u>(24,769)</u>
Miscellaneous:					
Investment earnings	464	756	44	800	336
Total revenues	<u>554,546</u>	<u>213,159</u>	<u>316,954</u>	<u>530,113</u>	<u>(24,433)</u>
Expenditures:					
Economic and physical development					
NC Gov Crime Commission	24,215	-	24,216	24,216	(1)
Design Foundry Building ReUse	525,000	260,000	265,000	525,000	-
Public safety:					
Bulletproof Vest Partnership 2020	15,458	-	-	-	15,458
Bulletproof Vest Partnership 2021	28,800	-	27,074	27,074	1,726
Justice Assistance Grant (JAG) 2020	15,458	10,785	4,673	15,458	-
Justice Assistance Grant (JAG) 2021	17,910	-	17,666	17,666	244
Total expenditures	<u>626,841</u>	<u>270,785</u>	<u>338,629</u>	<u>609,414</u>	<u>17,427</u>
Revenues over (under) expenditures	<u>(72,295)</u>	<u>(57,626)</u>	<u>(21,675)</u>	<u>(79,301)</u>	<u>(7,006)</u>
Other Financing Sources (Uses):					
Transfers (out)	(504)	(504)	(3,216)	(3,720)	(3,216)
Transfers in	72,799	50,429	22,370	72,799	-
Total other financing sources (uses)	<u>72,295</u>	<u>49,925</u>	<u>19,154</u>	<u>69,079</u>	<u>(3,216)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (7,701)</u>	<u>\$ (2,521)</u>	<u>\$ (10,222)</u>	<u>\$ (10,222)</u>

Major Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Enterprise Funds have been broken down between major and nonmajor funds.

Individual Major Fund Descriptions:

Water and Sewer Fund - accounts for the City's water and sewer operations. It also includes all public utilities and utility construction activities which consist of response to citizen concerns/complaints, negotiating with other governmental units on water and sewer matters, educating citizen groups, and contacting state agencies concerning permit and loan needs.

Transportation Fund – accounts for the City's regional airport operations.

Solid Waste Fund - accounts for the City's recycling operations, as well as commercial and residential sanitation.

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services:				
Water charges	\$ 16,337,907	\$ 19,444,151	\$ 3,106,244	\$ 17,297,660
Sewer charges	10,652,071	12,188,719	1,536,648	11,479,985
Total	<u>26,989,978</u>	<u>31,632,870</u>	<u>4,642,892</u>	<u>28,777,645</u>
Water taps	180,250	346,370	166,120	233,642
Sewer taps	77,250	133,698	56,448	184,925
Other operating revenues	200,835	498,992	298,157	462,742
Total operating revenues	<u>458,335</u>	<u>979,060</u>	<u>520,725</u>	<u>881,309</u>
Non-operating revenues:				
Donations/contributions	-	507,051	507,051	618,639
Interest earned on investments	60,000	(574,847)	(634,847)	(1,412)
Total non-operating revenues	<u>60,000</u>	<u>(67,796)</u>	<u>(127,796)</u>	<u>617,227</u>
Total revenues	<u>27,508,313</u>	<u>32,544,134</u>	<u>5,035,821</u>	<u>30,276,181</u>
Expenditures:				
Environmental protection:				
Administration:				
Salaries and employee benefits	1,045,446	902,823	142,623	724,677
Other operating expenditures	4,468,117	4,474,108	(5,991)	4,566,594
Capital outlay	1,075,024	25,323	1,049,701	128,800
Administrative reimbursement	4,123,140	4,137,000	(13,860)	3,955,266
Total	<u>10,711,727</u>	<u>9,539,254</u>	<u>1,172,473</u>	<u>9,375,337</u>
Collection system:				
Salaries and employee benefits	1,043,267	879,690	163,577	936,033
Other operating expenditures	987,179	805,780	181,399	984,376
Capital outlay	1,193,091	1,069,806	123,285	465,404
Total	<u>3,223,537</u>	<u>2,755,276</u>	<u>468,261</u>	<u>2,385,813</u>
Henry Fork plant:				
Salaries and employee benefits	712,581	623,362	89,219	550,719
Other operating expenditures	625,159	494,997	130,162	503,650
Capital outlay	105,500	41,444	64,056	128,267
Total	<u>1,443,240</u>	<u>1,159,803</u>	<u>283,437</u>	<u>1,182,636</u>

CITY OF HICKORY, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Northeast plant:				
Salaries and employee benefits	723,409	645,136	78,273	559,914
Other operating expenditures	475,461	437,485	37,976	454,518
Capital outlay	126,460	119,744	6,716	5,330
Total	<u>1,325,330</u>	<u>1,202,365</u>	<u>122,965</u>	<u>1,019,762</u>
Water treatment plant:				
Salaries and employee benefits	733,828	620,277	113,551	595,647
Other operating expenditures	2,219,087	1,889,037	330,050	1,710,777
Capital outlay	1,495,835	1,114,698	381,137	991,630
Total	<u>4,448,750</u>	<u>3,624,012</u>	<u>824,738</u>	<u>3,298,054</u>
Pre-treatment and lab:				
Salaries and employee benefits	505,679	463,687	41,992	398,203
Other operating expenditures	205,854	154,353	51,501	126,514
Capital outlay	2,056	2,056	-	12,996
Total	<u>713,589</u>	<u>620,096</u>	<u>93,493</u>	<u>537,713</u>
Claremont sewer lines:				
Salaries and employee benefits	176,902	159,431	17,471	154,262
Other operating expenditures	271,582	144,422	127,160	169,166
Capital outlay	10,000	7,956	2,044	-
Total	<u>458,484</u>	<u>311,809</u>	<u>146,675</u>	<u>323,428</u>
Distribution:				
Salaries and employee benefits	2,009,825	1,785,171	224,654	1,676,379
Other operating expenditures	1,088,629	1,449,255	(360,626)	1,863,137
Capital outlay	4,483,676	1,232,385	3,251,291	6,542,130
Total	<u>7,582,130</u>	<u>4,466,811</u>	<u>3,115,319</u>	<u>10,081,646</u>
Hickory-Catawba wastewater treatment plant:				
Salaries and employee benefits	211,008	186,825	24,183	155,357
Other operating expenditures	318,834	258,557	60,277	234,881
Total	<u>529,842</u>	<u>445,382</u>	<u>84,460</u>	<u>390,238</u>
Total environmental protection	<u>30,436,629</u>	<u>24,124,808</u>	<u>6,311,821</u>	<u>28,594,627</u>
Debt service:				
Principal retirement	2,713,196	2,344,146	369,050	2,604,004
Interest on long-term debt	403,020	364,983	38,037	524,120
Total	<u>3,116,216</u>	<u>2,709,129</u>	<u>407,087</u>	<u>3,128,124</u>

CITY OF HICKORY, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Contingency	13,530	-	13,530	-
Total expenditures	33,566,375	26,833,937	6,732,438	31,722,751
Revenues over (under) expenditures	(6,058,062)	5,710,197	(11,768,259)	(1,446,570)
Other Financing Sources (Uses):				
Refinanced debt issued	-	-	-	10,635,000
Payment on refinanced debt	-	-	-	(10,500,000)
Transfers from other funds	838,373	894,313	(55,940)	305,855
Transfers (to) other funds	(9,276,901)	(9,276,901)	-	(6,453,364)
Appropriated net position	14,496,590	-	14,496,590	-
Total other financing sources (uses)	6,058,062	(8,382,588)	14,440,650	(6,012,509)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (2,672,391)	\$ (2,672,391)	\$ (7,459,079)

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (2,672,391)
Reconciling items:	
Depreciation and amortization	(5,726,448)
Long-term debt principal repayments	2,344,146
Gain (loss) on sale of assets	49,737
Capital project revenues	16,441
Capital projects - transfers from (to) other funds	5,112,686
Change in net pension liability	1,200,014
Change in deferred outflows of resources for pensions	121,964
Change in deferred inflows of resources for pensions	(1,240,342)
Change in deferred outflows of resources for OPEB	108,527
Change in deferred inflows of resources for OPEB	243,743
Capital assets purchased/capitalized	3,613,412
Contributed capital - developers	434,656
Change in accrued vacation pay	48,280
Change in accrued interest payable	34,919
Change in total OPEB liability	(305,848)
Change in net position	\$ 3,383,496

CITY OF HICKORY, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
State grants	\$ 3,025,023	\$ 2,670,103	\$ 89,487	\$ 2,759,590	\$ (265,433)
Miscellaneous:					
Investment earnings	-	9,260	(73,046)	(63,786)	(63,786)
Total revenues	3,025,023	2,679,363	16,441	2,695,804	(329,219)
Expenditures:					
Capital outlay:					
Northeast sewer grant project	2,946,043	2,733,886	-	2,733,886	212,157
Geitner basin	3,867,715	3,371,952	-	3,371,952	495,763
Central business district	5,361,176	4,894,673	-	4,894,673	466,503
Northwest sewer extension	430,485	-	55,497	55,497	374,988
Short road sewer project	464,883	414,593	62,894	477,487	(12,604)
McLin and Lyle Creek	289,000	174,302	78,601	252,903	36,097
Murray basin sewer project	6,360,357	574,869	2,858,916	3,433,785	2,926,572
Bio Solids project	39,526,100	1,625,430	755,270	2,380,700	37,145,400
Total expenditures	59,245,759	13,789,705	3,811,178	17,600,883	41,644,876
Revenues over (under) expenditures	(56,220,736)	(11,110,342)	(3,794,737)	(14,905,079)	41,315,657
Other Financing Sources (Uses):					
Transfers from other funds	13,154,461	7,906,878	5,247,583	13,154,461	-
Issuance of long-term debt	43,066,275	4,344,452	2,086,780	6,431,232	(36,635,043)
Total other financing sources (uses)	56,220,736	12,251,330	7,334,363	19,585,693	(36,635,043)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,140,988	\$ 3,539,626	\$ 4,680,614	\$ 4,680,614

CITY OF HICKORY, NORTH CAROLINA

WATER AND SEWER CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Capital Reserve Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Other Financing Sources (Uses):			
Transfers out	\$ (650,000)	\$ (650,000)	\$ -
Transfers in	-	515,103	515,103
Total other financing sources (uses)	<u>(650,000)</u>	<u>(134,897)</u>	<u>515,103</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(650,000)	(134,897)	515,103
Appropriated fund balance	<u>650,000</u>	-	<u>(650,000)</u>
Net change in fund balance	<u>\$ -</u>	(134,897)	<u>\$ (134,897)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,272,362</u>	
End of year - June 30		<u>\$ 1,137,465</u>	

CITY OF HICKORY, NORTH CAROLINA

TRANSPORTATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Airport	\$ 6,365	\$ 10,400	\$ 4,035	\$ 10,400
Airport services	1,397,000	1,817,228	420,228	2,756,572
Other operating revenues	-	527	527	-
Total operating revenues	<u>1,403,365</u>	<u>1,828,155</u>	<u>424,790</u>	<u>2,766,972</u>
Non-operating revenues:				
Donations/contributions	-	292	292	29
Investment earnings	5,000	157	(4,843)	-
Total non-operating revenues	<u>5,000</u>	<u>449</u>	<u>(4,551)</u>	<u>29</u>
Total revenues	<u>1,408,365</u>	<u>1,828,604</u>	<u>420,239</u>	<u>2,767,001</u>
Expenditures:				
Airport:				
Salaries and employee benefits	267,438	266,178	1,260	229,397
Other operating expenditures	244,954	211,529	33,425	262,292
Capital outlay	92,206	68,990	23,216	-
Administrative reimbursement	131,901	131,901	-	129,314
Total airport	<u>736,499</u>	<u>678,598</u>	<u>57,901</u>	<u>621,003</u>
Airport tower:				
Other operating expenditures	15,132	14,191	941	16,751
Capital outlay	75,630	75,629	1	39,970
Total airport tower	<u>90,762</u>	<u>89,820</u>	<u>942</u>	<u>56,721</u>
Airport FBO:				
Salaries and employee benefits	534,068	504,875	29,193	481,477
Other operating expenditures	338,517	310,522	27,995	267,136
Capital outlay	602,150	142,574	459,576	29,666
Total airport FBO	<u>1,474,735</u>	<u>957,971</u>	<u>516,764</u>	<u>778,279</u>
Debt service:				
Principal retirement	5,970	5,970	-	-
Interest on long-term debt	-	1	(1)	-
Total	<u>5,970</u>	<u>5,971</u>	<u>(1)</u>	<u>-</u>
Total expenditures	<u>2,307,966</u>	<u>1,732,360</u>	<u>575,606</u>	<u>1,456,003</u>

CITY OF HICKORY, NORTH CAROLINA

TRANSPORTATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(899,601)	96,244	995,845	1,310,998
Other Financing Sources (Uses):				
Transfers to other funds	(1,475,160)	(1,475,160)	-	(1,172,808)
Transfers from other funds	2,215,586	750,326	(1,465,260)	250,000
Appropriated net position	159,175	-	(159,175)	-
Total other financing sources (uses)	899,601	(724,834)	(1,624,435)	(922,808)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (628,590)	\$ (628,590)	\$ 388,190

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (628,590)
Reconciling items:	
Depreciation and amortization	(385,196)
Right to use asset capitalized	9,464
Lease liability issued	(9,464)
Lease principal repayments	5,970
Change in net pension liability	130,397
Change in deferred outflows for pensions	13,252
Change in deferred inflows for pensions	(134,779)
Change in deferred outflows for OPEB	10,336
Change in deferred inflows for OPEB	23,214
Capital project revenues	89,358
Capital project interest	(27,831)
Capital projects - transfers from (to) other funds	1,475,160
Capital assets purchased/capitalized	287,193
Change in accrued vacation pay	20,856
Change in total OPEB liability	(29,129)
Change in net position	\$ 850,211

CITY OF HICKORY, NORTH CAROLINA

TRANSPORTATION CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 279,449	\$ 394,342	\$ 2,368	\$ 396,710	\$ 117,261
State grants	2,379,538	1,317,019	86,990	1,404,009	(975,529)
Total	<u>2,658,987</u>	<u>1,711,361</u>	<u>89,358</u>	<u>1,800,719</u>	<u>(858,268)</u>
Investment earnings	-	13,746	(27,831)	(14,085)	(14,085)
Total revenues	<u>2,658,987</u>	<u>1,725,107</u>	<u>61,527</u>	<u>1,786,634</u>	<u>(872,353)</u>
Expenditures:					
Capital outlay:					
Transportation:					
Airport improvements	<u>7,394,712</u>	<u>3,538,754</u>	<u>1,794,422</u>	<u>5,333,176</u>	<u>2,061,536</u>
Total expenditures	<u>7,394,712</u>	<u>3,538,754</u>	<u>1,794,422</u>	<u>5,333,176</u>	<u>2,061,536</u>
Revenues over (under) expenditures	(4,735,725)	(1,813,647)	(1,732,895)	(3,546,542)	1,189,183
Other Financing Sources (Uses):					
Intrafund transfer in	<u>4,735,725</u>	<u>3,260,565</u>	<u>1,475,160</u>	<u>4,735,725</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,446,918</u>	<u>\$ (257,735)</u>	<u>\$ 1,189,183</u>	<u>\$ 1,189,183</u>

CITY OF HICKORY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes:				
Solid excise tax	\$ 25,000	\$ 33,673	\$ 8,673	\$ 30,525
Charges for services:				
Recycling fees	3,976,103	4,243,552	267,449	4,419,215
Dumpster rentals	610,000	687,347	77,347	611,566
Refuse fees	1,325,000	1,474,778	149,778	1,301,904
Total	5,911,103	6,405,677	494,574	6,332,685
Other operating revenues	2,000	1,706	(294)	6,386
Total operating revenues	5,938,103	6,441,056	502,953	6,369,596
Non-operating revenues:				
Investment earnings	10,000	(44,015)	(54,015)	(346)
Miscellaneous	2,200	3,023	823	2,485
Total non-operating revenues	12,200	(40,992)	(53,192)	2,139
Total revenues	5,950,303	6,400,064	449,761	6,371,735
Expenditures:				
Environmental protection:				
Recycling services:				
Salaries and employee benefits	893,048	881,519	11,529	749,790
Other operating expenditures	1,981,494	1,906,222	75,272	2,427,129
Capital outlay	821,200	696,399	124,801	570,750
Administrative reimbursement	527,932	527,932	-	517,580
Total	4,223,674	4,012,072	211,602	4,265,249
Residential sanitation:				
Salaries and employee benefits	685,898	610,214	75,684	610,336
Other operating expenditures	461,599	465,687	(4,088)	378,225
Capital outlay	539,202	581,178	(41,976)	141,885
Total	1,686,699	1,657,079	29,620	1,130,446
Commercial sanitation:				
Salaries and employee benefits	656,512	584,948	71,564	600,570
Other operating expenditures	538,000	511,164	26,836	495,045
Capital outlay	432,964	301,989	130,975	93,535
Administrative reimbursement	(92,977)	(65,760)	(27,217)	(91,155)
Total	1,534,499	1,332,341	202,158	1,097,995
Total environmental protection	7,444,872	7,001,492	443,380	6,493,690

CITY OF HICKORY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Debt service:				
Principal	169,755	169,755	-	70,731
Revenues over (under) expenditures	(1,664,324)	(771,183)	(893,141)	(192,686)
Other Financing Sources (Uses):				
Transfers to other funds	55,940	-	(55,940)	(30,000)
Issuance of long-term debt	-	-	-	509,264
Appropriated net position	1,608,384	-	(1,608,384)	-
Total other financing sources (uses)	1,664,324	-	(1,664,324)	479,264
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (771,183)	\$ (771,183)	\$ 286,578

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (771,183)
Reconciling items:	
Depreciation	(754,794)
Change in net pension liability	372,041
Change in deferred outflows for pensions	37,813
Change in deferred inflows for pensions	(384,543)
Change in deferred outflows for OPEB	37,210
Change in deferred inflows for OPEB	83,569
Capital assets purchased/capitalized	1,570,049
Long-term debt principal repayments	169,755
Change in accrued vacation pay	15,373
Gain on disposal of assets	140,782
Change in total OPEB liability	(104,861)
Change in net position	\$ 411,211

Nonmajor Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Enterprise Funds have been broken down between major and nonmajor funds.

Individual Nonmajor Fund Descriptions:

Sludge Composting Fund - accounts for the City's sewer and wastewater operations. This includes converting sludge into a usable product and operating the facility without odor problems.

Stormwater Fund – accounts for the City's stormwater system maintenance and construction activities

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Sludge Composting Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,268,740	\$ 653,486	\$ 1,922,226
Accounts receivable, net	-	816	816
Due from other governments	92,632	2,582	95,214
Prepaid items	873	860	1,733
Total current assets	<u>1,362,245</u>	<u>657,744</u>	<u>2,019,989</u>
Non-current assets:			
Land and construction in progress	145,024	-	145,024
Other capital assets, net of depreciation	978,496	3,681,824	4,660,320
Total non-current assets	<u>1,123,520</u>	<u>3,681,824</u>	<u>4,805,344</u>
Total assets	<u>2,485,765</u>	<u>4,339,568</u>	<u>6,825,333</u>
Deferred Outflows of Resources:			
OPEB deferrals	-	5,835	5,835
Pension deferrals	-	28,919	28,919
Total deferred outflows of resources	<u>-</u>	<u>34,754</u>	<u>34,754</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	168,083	9,527	177,610
Non-current liabilities:			
Net pension liability	-	20,623	20,623
Compensated absences payable	-	714	714
Total OPEB liability	<u>-</u>	<u>33,487</u>	<u>33,487</u>
Total non-current liabilities	<u>-</u>	<u>54,824</u>	<u>54,824</u>
Total liabilities	<u>168,083</u>	<u>64,351</u>	<u>232,434</u>
Deferred Inflows of Resources:			
OPEB deferrals	-	5,897	5,897
Pension deferrals	<u>-</u>	<u>28,820</u>	<u>28,820</u>
Total deferred inflows of resources	<u>-</u>	<u>34,717</u>	<u>34,717</u>
Net Position:			
Net investment in capital assets	1,123,520	3,681,824	4,805,344
Unrestricted	<u>1,194,162</u>	<u>593,430</u>	<u>1,787,592</u>
Total net position	<u>\$ 2,317,682</u>	<u>\$ 4,275,254</u>	<u>\$ 6,592,936</u>

CITY OF HICKORY, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022**

	Sludge Composting Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
Operating Revenues:			
Restricted intergovernmental	\$ 2,132,180	\$ -	\$ 2,132,180
Sludge charges	9,861	-	9,861
Total operating revenues	<u>2,142,041</u>	<u>-</u>	<u>2,142,041</u>
Operating Expenses:			
Administration and engineering	-	126,050	126,050
Sludge plant	1,771,978	-	1,771,978
Street	-	35,716	35,716
Drainage maintenance	-	85,000	85,000
Depreciation	332,341	252,276	584,617
Total operating expenses	<u>2,104,319</u>	<u>499,042</u>	<u>2,603,361</u>
Operating income (loss)	<u>37,722</u>	<u>(499,042)</u>	<u>(461,320)</u>
Non-operating revenues (expenses):			
Interest earned on investments	<u>-</u>	<u>(13,798)</u>	<u>(13,798)</u>
Income (loss) before transfers	37,722	(512,840)	(475,118)
Transfers:			
Transfers in	<u>-</u>	<u>268,962</u>	<u>268,962</u>
Change in net position	37,722	(243,878)	(206,156)
Net Position:			
Beginning of year - July 1	<u>2,279,960</u>	<u>4,519,132</u>	<u>6,799,092</u>
End of year - June 30	<u>\$ 2,317,682</u>	<u>\$ 4,275,254</u>	<u>\$ 6,592,936</u>

CITY OF HICKORY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Sludge Composting Fund</u>	<u>Stormwater Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 2,084,494	\$ -	\$ 2,084,494
Cash paid to suppliers	(1,648,655)	(218,721)	(1,867,376)
Cash paid to employees	<u>-</u>	<u>(114,621)</u>	<u>(114,621)</u>
Net cash provided (used) by operating activities	<u>435,839</u>	<u>(333,342)</u>	<u>102,497</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers from other funds	<u>-</u>	<u>268,962</u>	<u>268,962</u>
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>268,962</u>	<u>268,962</u>
Cash Flows from Capital And Related Financing Activities:			
Acquisition and construction of capital assets	<u>(24,422)</u>	<u>-</u>	<u>(24,422)</u>
Net cash provided (used) by capital and related financing activities	<u>(24,422)</u>	<u>-</u>	<u>(24,422)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>-</u>	<u>(13,798)</u>	<u>(13,798)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(13,798)</u>	<u>(13,798)</u>
Net increase (decrease) in cash and cash equivalents	411,417	(78,178)	333,239
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>857,323</u>	<u>731,664</u>	<u>1,588,987</u>
End of year - June 30	<u>\$ 1,268,740</u>	<u>\$ 653,486</u>	<u>\$ 1,922,226</u>

CITY OF HICKORY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Sludge Composting Fund</u>	<u>Stormwater Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 37,722	\$ (499,042)	\$ (461,320)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	332,341	252,276	584,617
Change in net pension liability	-	(28,268)	(28,268)
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	(57,547)	(837)	(58,384)
(Increase) decrease in prepaid items	-	(860)	(860)
Change in deferred outflows for pensions	-	(2,873)	(2,873)
Change in deferred inflows for pensions	-	(1,035)	(1,035)
Change in deferred outflows for OPEB	-	29,218	29,218
Change in deferred inflows for OPEB	-	(2,322)	(2,322)
Increase (decrease) in accounts payable	123,323	(82,550)	40,773
Increase (decrease) in compensated absences	-	38	38
Change in total OPEB liability	-	2,913	2,913
	<u>-</u>	<u>2,913</u>	<u>2,913</u>
Net cash provided (used) by operating activities	<u>\$ 435,839</u>	<u>\$ (333,342)</u>	<u>\$ 102,497</u>

CITY OF HICKORY, NORTH CAROLINA

SLUDGE COMPOSTING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2022

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Restricted intergovernmental:				
Local grants	\$ 1,904,312	\$ 2,132,180	\$ 227,868	\$ 1,956,816
Charges for services:				
Sludge charges	-	9,861	9,861	4,127
Total revenues	<u>1,904,312</u>	<u>2,142,041</u>	<u>237,729</u>	<u>1,960,943</u>
Expenditures:				
Environmental protection:				
Other operating expenditures	1,723,058	1,640,725	82,333	1,602,806
Capital outlay	50,000	24,424	25,576	44,762
Administrative reimbursement	131,254	131,253	1	128,676
Total environmental protection	<u>1,904,312</u>	<u>1,796,402</u>	<u>107,910</u>	<u>1,776,244</u>
Total expenditures	<u>1,904,312</u>	<u>1,796,402</u>	<u>107,910</u>	<u>1,776,244</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 345,639</u>	<u>\$ 345,639</u>	<u>\$ 184,699</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 345,639		
Reconciling items:				
Capital outlay		24,424		
Depreciation		(332,341)		
Total reconciling items		<u>(307,917)</u>		
Change in net position		<u>\$ 37,722</u>		

CITY OF HICKORY, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Non-operating revenues:				
Interest earned on investments	\$ -	\$ (13,798)	\$ (13,798)	\$ -
Expenditures:				
Environmental protection:				
Engineering:				
Salaries and benefits	115,990	112,292	3,698	101,741
Other operating expenditures	23,436	16,087	7,349	14,183
Total	<u>139,426</u>	<u>128,379</u>	<u>11,047</u>	<u>115,924</u>
Street:				
Other operating expenditures	<u>48,210</u>	<u>35,716</u>	<u>12,494</u>	<u>50,548</u>
Drainage maintenance:				
Other operating expenditures	<u>85,001</u>	<u>85,000</u>	<u>1</u>	<u>89,699</u>
Total environmental protection	<u>272,637</u>	<u>249,095</u>	<u>23,542</u>	<u>256,171</u>
Revenues over (under) expenditures	<u>(272,637)</u>	<u>(262,893)</u>	<u>9,744</u>	<u>(256,171)</u>
Other Financing Sources (Uses):				
Transfers in	268,962	268,962	-	322,573
Appropriated net position	<u>3,675</u>	<u>-</u>	<u>(3,675)</u>	<u>-</u>
Total other financing sources (uses)	<u>272,637</u>	<u>268,962</u>	<u>(3,675)</u>	<u>322,573</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,069</u>	<u>\$ 6,069</u>	<u>\$ 66,402</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 6,069		
Reconciling items:				
Depreciation		(252,276)		
Change in net pension liability		28,268		
Change in deferred outflows of resources for pensions		2,873		
Change in deferred inflows of resources for pensions		(29,218)		
Change in deferred outflows of resources for OPEB		1,035		
Change in deferred inflows of resources for OPEB		2,322		
Change in accrued vacation pay		(38)		
Change in total OPEB liability		<u>(2,913)</u>		
Change in net position		<u>\$ (243,878)</u>		

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Individual Fund Descriptions:

Insurance Fund – accounts for the cost associated with insurance provided for health, property/casualty, and workers' compensation.

Fleet Maintenance Fund – accounts for the cost associated with the City's vehicle and equipment maintenance needs.

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Insurance Fund	Fleet Maintenance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,786,045	\$ -	\$ 5,786,045
Accounts receivable, net	10,150	-	10,150
Due from other governments	-	87,113	87,113
Inventory	-	170,674	170,674
Prepaid items	938	840	1,778
Total current assets	<u>5,797,133</u>	<u>258,627</u>	<u>6,055,760</u>
Non-current assets:			
Depreciable capital assets, net	-	251,424	251,424
Total assets	<u>5,797,133</u>	<u>510,051</u>	<u>6,307,184</u>
Deferred Outflows of Resources:			
OPEB deferrals	-	70,013	70,013
Pension deferrals	-	149,170	149,170
Total deferred outflows of resources	<u>-</u>	<u>219,183</u>	<u>219,183</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,237,324	122,145	1,359,469
Due to other funds	-	1,921,846	1,921,846
Current portion of long-term debt	-	18,461	18,461
Total current liabilities	<u>1,237,324</u>	<u>2,062,452</u>	<u>3,299,776</u>
Non-current liabilities:			
Net pension liability	-	97,869	97,869
Compensated absences, noncurrent	-	15,476	15,476
Total OPEB liability	-	401,832	401,832
Total non-current liabilities	<u>-</u>	<u>515,177</u>	<u>515,177</u>
Total liabilities	<u>1,237,324</u>	<u>2,577,629</u>	<u>3,814,953</u>
Deferred Inflows of Resources:			
OPEB deferrals	-	70,769	70,769
Pension deferrals	-	159,580	159,580
Total deferred inflows of resources	<u>-</u>	<u>230,349</u>	<u>230,349</u>
Net Position:			
Net investment in capital assets	-	251,424	251,424
Unrestricted	4,559,809	(2,330,168)	2,229,641
Total net position	<u>\$ 4,559,809</u>	<u>\$ (2,078,744)</u>	<u>\$ 2,481,065</u>

CITY OF HICKORY, NORTH CAROLINA

**INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022**

	Insurance Fund	Fleet Maintenance Fund	Total
Operating Revenues:			
Charges for services	\$ 6,780,354	\$ 3,256,217	\$ 10,036,571
Other operating revenues	-	10,636	10,636
Total operating revenues	<u>6,780,354</u>	<u>3,266,853</u>	<u>10,047,207</u>
Operating Expenses:			
Health insurance	4,680,248	-	4,680,248
Property/casualty insurance	843,642	-	843,642
Workers' compensation	649,976	-	649,976
Dental insurance	419,958	-	419,958
Other insurance	96,149	-	96,149
Fleet maintenance	-	3,585,611	3,585,611
Depreciation	-	34,221	34,221
Total operating expenses	<u>6,689,973</u>	<u>3,619,832</u>	<u>10,309,805</u>
Operating income (loss)	<u>90,381</u>	<u>(352,979)</u>	<u>(262,598)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	(130,182)	211	(129,971)
Transfers from other funds	-	49,295	49,295
Transfers to other funds	-	(494)	(494)
Total non-operating revenues (expenses)	<u>(130,182)</u>	<u>49,012</u>	<u>(81,170)</u>
Change in net position	(39,801)	(303,967)	(343,768)
Net Position:			
Net position, beginning	<u>4,599,610</u>	<u>(1,774,777)</u>	<u>2,824,833</u>
End of year - June 30	<u>\$ 4,559,809</u>	<u>\$ (2,078,744)</u>	<u>\$ 2,481,065</u>

CITY OF HICKORY, NORTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Insurance Fund	Fleet Maintenance Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 6,776,306	\$ 3,266,853	\$ 10,043,159
Cash paid to suppliers	(6,918,401)	(2,909,811)	(9,828,212)
Cash paid to employees	-	(703,986)	(703,986)
Net cash provided (used) by operating activities	<u>(142,095)</u>	<u>(346,944)</u>	<u>(489,039)</u>
Cash Flows from Non-Capital Financing Activities:			
Changes in due to/from other funds	-	444,132	444,132
Transfers from other funds	-	49,295	49,295
Transfers to other funds	-	(494)	(494)
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>492,933</u>	<u>492,933</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(146,200)	(146,200)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(146,200)</u>	<u>(146,200)</u>
Cash Flows from Investing Activities:			
Interest on investments	(130,182)	211	(129,971)
Net cash provided (used) by investing activities	<u>(130,182)</u>	<u>211</u>	<u>(129,971)</u>
Net increase (decrease) in cash and cash equivalents	(272,277)	-	(272,277)
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>6,058,322</u>	<u>-</u>	<u>6,058,322</u>
End of year - June 30	<u>\$ 5,786,045</u>	<u>\$ -</u>	<u>\$ 5,786,045</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 90,381	\$ (352,979)	\$ (262,598)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	34,221	34,221
Change in net pension liability	-	(142,251)	(142,251)
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	(4,048)	(12,529)	(16,577)
(Increase) decrease in prepaid items	1,106	2,120	3,226
(Increase) decrease in inventories	-	(31,352)	(31,352)
Increase (decrease) in accounts payable	(229,534)	31,167	(198,367)
Change in deferred outflows of resources for pensions	-	(14,458)	(14,458)
Change in deferred inflows of resources for pensions	-	147,030	147,030
Change in deferred outflows of resources for OPEB	-	(12,402)	(12,402)
Change in deferred inflows of resources for OPEB	-	(27,856)	(27,856)
Increase (decrease) in compensated absences	-	(2,608)	(2,608)
Change in total OPEB liability	<u>-</u>	<u>34,953</u>	<u>34,953</u>
Net cash provided (used) by operating activities	<u>\$ (142,095)</u>	<u>\$ (346,944)</u>	<u>\$ (489,039)</u>

CITY OF HICKORY, NORTH CAROLINA

INSURANCE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2022

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022		Variance Over/Under	2021
	Financial Plan	Actual		Actual
Operating Revenues:				
Charges for services	\$ 7,411,370	\$ 6,780,354	\$ (631,016)	\$ 6,925,587
Non-Operating Revenues:				
Investment earnings	20,000	(130,182)	(150,182)	-
Total revenues	7,431,370	6,650,172	(781,198)	6,925,587
Expenditures:				
General government:				
Health insurance	5,300,000	4,680,248	619,752	5,556,479
Property/casualty insurance	701,827	843,642	(141,815)	738,914
Dental insurance	436,000	419,958	16,042	438,577
Other insurance	82,000	96,149	(14,149)	83,701
Workers' compensation	973,543	649,976	323,567	579,372
Total expenditures	7,493,370	6,689,973	803,397	7,397,043
Revenues over (under) expenditures	(62,000)	(39,801)	22,199	(471,456)
Other Financing Sources (Uses):				
Appropriated net position	62,000	-	(62,000)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (39,801)	\$ (39,801)	\$ (471,456)

CITY OF HICKORY, NORTH CAROLINA

FLEET MAINTENANCE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

FINANCIAL PLAN AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2022

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	2022			2021
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 2,997,000	\$ 3,256,217	\$ 259,217	\$ 2,681,851
Other operating revenues	494	10,636	10,142	5,881
Total operating revenues	<u>2,997,494</u>	<u>3,266,853</u>	<u>269,359</u>	<u>2,687,732</u>
Non-Operating Revenues:				
Investment earnings	-	211	211	41,500
Total revenues	<u>2,997,494</u>	<u>3,267,064</u>	<u>269,570</u>	<u>2,729,232</u>
Expenditures:				
General government				
Salaries and benefits	749,165	686,394	62,771	623,379
Other operating expenditures	1,883,078	2,578,370	(695,292)	1,947,635
Capital outlay	210,064	198,605	11,459	98,398
Administrative reimbursement	286,035	286,034	1	280,426
Total expenditures	<u>3,128,342</u>	<u>3,749,403</u>	<u>(621,061)</u>	<u>2,949,838</u>
Revenues over (under) expenditures	<u>(130,848)</u>	<u>(482,339)</u>	<u>(351,491)</u>	<u>(220,606)</u>
Other Financing Sources (Uses):				
Transfers from other funds	49,295	49,295	-	30,000
Transfers to other funds	(494)	(494)	-	-
Appropriated fund balance	82,047	-	(82,047)	-
Total other financing sources (uses)	<u>130,848</u>	<u>48,801</u>	<u>(82,047)</u>	<u>30,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (433,538)</u>	<u>\$ (433,538)</u>	<u>\$ (190,606)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (433,538)		
Reconciling items:				
Depreciation and amortization		(34,221)		
Change in net pension liability		142,251		
Change in deferred outflows of resources for pensions		14,458		
Change in deferred inflows of resources for pensions		(147,030)		
Capital assets purchased/capitalized		146,200		
Change in deferred outflows of resources for OPEB		12,402		
Change in deferred inflows of resources for OPEB		27,856		
Change in accrued vacation pay		2,608		
Change in total OPEB liability		<u>(34,953)</u>		
Change in net position		<u>\$ (303,967)</u>		

HICKORY



North Carolina

**Capital Assets Used In The
Operation of Governmental Funds**

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE¹

JUNE 30, 2022

Governmental Funds Capital Assets:

Land	\$ 14,536,815
Buildings	32,297,363
Other improvements	20,892,888
Equipment	13,509,536
Vehicles and motorized equipment	18,660,078
Streets	45,968,312
Traffic signals	2,451,522
Bridges	2,184,024
Sidewalks	8,189,779
Construction in progress	81,204,775
Total governmental funds capital assets	<u>\$ 239,895,092</u>

Investments in Governmental Funds Capital Assets by Source:

General Fund	\$ 118,859,473
Special revenue funds	1,910,408
Capital project funds	111,576,809
Donations received	5,640,404
Foreclosures	146,651
Court awarded	40,773
Discoveries	1,720,574
Total governmental funds capital assets	<u>\$ 239,895,092</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

CITY OF HICKORY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY¹
FOR THE YEAR ENDED JUNE 30, 2022

By Function and Activity	Governmental Funds Capital Assets June 30, 2021	Additions	Deductions	Governmental Funds Capital Assets June 30, 2022
General Government:				
Administration	\$ 75,808	\$ -	\$ (20,938)	\$ 54,870
Budget and administration	27,263	-	-	27,263
Finance	12,195	-	-	12,195
Technology services	1,555,458	442,953	(282,119)	1,716,292
Engineering	183,246	28,569	-	211,815
Building services	262,270	136,629	-	398,899
Central services	2,609,367	38,093	(19,218)	2,628,242
Public buildings	9,621,739	75,000	-	9,696,739
Buildings and grounds	3,542,378	2,209,765	(116,993)	5,635,150
District court	728,810	-	-	728,810
Total general government	<u>18,618,534</u>	<u>2,931,009</u>	<u>(439,268)</u>	<u>21,110,275</u>
Public Safety:				
Police	15,217,639	683,733	(676,224)	15,225,148
Code enforcement	139,148	-	-	139,148
Fire	13,471,817	1,459,863	(149,276)	14,782,404
Total public safety	<u>28,828,604</u>	<u>2,143,596</u>	<u>(825,500)</u>	<u>30,146,700</u>
Transportation:				
Traffic	3,257,013	91,800	-	3,348,813
Street	61,753,901	1,265,807	(299,545)	62,720,163
Total transportation	<u>65,010,914</u>	<u>1,357,607</u>	<u>(299,545)</u>	<u>66,068,976</u>
Economic and Physical Development:				
Planning and development	2,617,260	-	(890,002)	1,727,258
Economic and community	2,861,105	-	-	2,861,105
Total economic and physical development	<u>5,478,365</u>	<u>-</u>	<u>(890,002)</u>	<u>4,588,363</u>
Culture and Recreation:				
Recreation	30,057,812	297,616	(20,403)	30,335,025
Library	6,335,000	133,718	(27,740)	6,440,978
Total culture and recreation	<u>36,392,812</u>	<u>431,334</u>	<u>(48,143)</u>	<u>36,776,003</u>
Construction in Progress	<u>63,310,895</u>	<u>17,893,880</u>	<u>-</u>	<u>81,204,775</u>
Total government funds capital assets	<u>\$ 217,640,124</u>	<u>\$ 24,757,426</u>	<u>\$ (2,502,458)</u>	<u>\$ 239,895,092</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
JUNE 30, 2022

<u>By Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Vehicles and Motorized Equipment</u>
General Government:					
Governing body	\$ -	\$ -	\$ -	\$ 21,433	\$ 33,437
Administration	-	-	-	-	-
Risk	-	-	-	-	27,263
Budget and administration	-	-	-	-	-
Finance	-	-	-	12,195	-
Technology services	-	-	-	1,699,032	17,259
City clerk	-	-	-	-	-
Legal	-	-	-	-	-
Engineering	-	-	-	131,269	80,546
Building services	10,500	-	75,000	99,409	213,990
Central services	744,781	1,801,592	506	28,737	52,628
Public buildings	2,997,438	3,318,118	2,969,105	406,907	-
Building and grounds	1,766,322	257,374	2,521,886	601,843	492,899
District court	28,000	693,531	-	7,279	-
Total general government	<u>5,547,041</u>	<u>6,070,615</u>	<u>5,566,497</u>	<u>3,008,104</u>	<u>918,022</u>
Public Safety:					
Police	133,615	4,993,050	378,455	3,830,826	5,889,200
Code enforcement	-	-	1,620	-	137,528
Fire	239,692	3,668,792	1,632,470	1,236,500	8,004,952
Total public safety	<u>373,307</u>	<u>8,661,842</u>	<u>2,012,545</u>	<u>5,067,326</u>	<u>14,031,680</u>
Transportation:					
Traffic	13,036	42,405	-	207,696	603,755
Street	1,034,636	-	939,993	2,105,790	2,328,026
Total transportation	<u>1,047,672</u>	<u>42,405</u>	<u>939,993</u>	<u>2,313,486</u>	<u>2,931,781</u>
Economic and Physical Development:					
Planning and development	1,243,810	420,636	-	-	62,811
Economic and community	2,861,105	-	-	-	-
Total economic and physical development	<u>4,104,915</u>	<u>420,636</u>	<u>-</u>	<u>-</u>	<u>62,811</u>
Culture and Recreation:					
Recreation	3,463,880	12,016,380	11,967,590	2,222,887	664,286
Library	-	5,085,484	406,264	897,733	51,497
Total culture and recreation	<u>3,463,880</u>	<u>17,101,864</u>	<u>12,373,854</u>	<u>3,120,620</u>	<u>715,783</u>
Construction in Progress					
	-	-	-	-	-
Total governmental funds capital assets	<u>\$ 14,536,815</u>	<u>\$ 32,297,362</u>	<u>\$ 20,892,889</u>	<u>\$ 13,509,536</u>	<u>\$ 18,660,077</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

CITY OF HICKORY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY¹
JUNE 30, 2022

<u>By Function and Activity</u>	<u>Streets</u>	<u>Traffic Signals</u>	<u>Bridges</u>	<u>Sidewalks</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government:						
Governing body	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,870
Administration	-	-	-	-	-	-
Risk	-	-	-	-	-	27,263
Budget and administration	-	-	-	-	-	-
Finance	-	-	-	-	-	12,195
Technology services	-	-	-	-	-	1,716,291
City clerk	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Engineering	-	-	-	-	-	211,815
Building services	-	-	-	-	-	398,899
Central services	-	-	-	-	-	2,628,244
Public buildings	-	-	-	-	-	9,691,568
Building and grounds	-	-	-	-	-	5,640,324
District court	-	-	-	-	-	728,810
Total general government	-	-	-	-	-	21,110,279
Public Safety:						
Police	-	-	-	-	-	15,225,146
Code enforcement	-	-	-	-	-	139,148
Fire	-	-	-	-	-	14,782,406
Total public safety	-	-	-	-	-	30,146,700
Transportation:						
Traffic	-	2,481,922	-	-	-	3,348,814
Street	45,968,312	10,000	2,184,024	8,149,380	-	62,720,161
Total transportation	45,968,312	2,491,922	2,184,024	8,149,380	-	66,068,975
Economic and Physical Development:						
Planning and development	-	-	-	-	-	1,727,257
Economic and community	-	-	-	-	-	2,861,105
Total economic and physical development	-	-	-	-	-	4,588,362
Culture and Recreation:						
Recreation	-	-	-	-	-	30,335,023
Library	-	-	-	-	-	6,440,978
Total culture and recreation	-	-	-	-	-	36,776,001
Construction in Progress	-	-	-	-	81,204,775	81,204,775
Total governmental funds capital assets	\$ 45,968,312	\$ 2,491,922	\$ 2,184,024	\$ 8,149,380	\$ 81,204,775	\$ 239,895,092

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

HICKORY



North Carolina

Supplemental Financial Data

This section contains supplemental information on property taxes.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 34,030,417	\$ 33,740,046	\$ 290,371
2020-2021	289,004	-	177,808	111,196
2019-2020	154,926	-	86,074	68,852
2018-2019	101,352	-	42,114	59,238
2017-2018	61,619	-	28,831	32,788
2016-2017	48,668	-	22,213	26,455
2015-2016	36,562	-	19,596	16,966
2014-2015	42,467	-	18,624	23,843
2013-2014	97,239	-	21,744	75,495
2012-2013	92,203	-	92,203	-
Total	<u>\$ 924,040</u>	<u>\$ 34,030,417</u>	<u>\$ 34,249,253</u>	705,204
Less allowance for uncollectible ad valorem taxes receivable				<u>(322,770)</u>
Ad valorem taxes receivable, net				<u>\$ 382,434</u>
Reconciliation of Collections and Credits with Revenues:				
Ad valorem taxes				\$ 34,290,070
Reconciling items:				
Interest and penalties collected				(207,311)
Miscellaneous				95,130
Amounts written off per Statute of Limitations				<u>71,364</u>
Total collections and credits				<u>\$ 34,249,253</u>

CITY OF HICKORY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2022

	City-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property taxed at current year's rate	\$ 5,397,312,550	\$ 0.6275	\$ 33,868,136	\$ 30,790,983	\$ 3,077,153
Discoveries:					
Current year's taxes	14,833,131	0.6275	93,078	93,078	-
Penalties	-		187,735	187,735	-
Total	14,833,131		280,813	280,813	-
Releases	(18,889,562)	0.6275	(118,532)	(118,532)	-
Total property valuation	\$ 5,393,256,119				
Net Levy			34,030,417	30,953,264	3,077,153
Uncollected taxes at June 30, 2022			(290,371)	(290,371)	-
Current Year's Taxes Collected			\$ 33,740,046	\$ 30,662,893	\$ 3,077,153
Current Levy Collection Percentage			<u>99.15%</u>	<u>99.06%</u>	<u>100.00%</u>

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 51,209,146	\$ 49,614,181	\$ 50,663,986	\$ 49,943,126	\$ 46,859,734	\$ 55,745,847	\$ 53,510,932	\$ 64,346,936	\$ 72,725,989	\$ 104,673,435
Restricted	3,850,331	4,332,435	7,269,145	8,742,074	10,627,844	9,204,898	14,173,415	17,368,210	18,261,697	13,744,450
Unrestricted	26,754,779	27,084,992	24,833,580	16,629,980	16,787,495	5,976,821	5,909,646	4,273,434	1,001,932	7,620,353
Total governmental activities net position	81,814,256	81,031,608	82,766,711	75,315,180	74,275,073	70,927,566	73,593,993	85,988,580	91,989,618	126,038,238
Business-type activities										
Net investment in capital assets	102,454,796	102,229,159	102,857,014	106,538,651	112,695,429	116,724,413	119,304,991	124,337,832	130,596,390	135,192,955
Unrestricted	21,594,548	23,347,107	27,199,498	36,224,946	34,403,513	31,979,839	35,653,416	38,343,825	33,575,184	33,160,886
Total business-type activities net position	124,049,344	125,576,266	130,056,512	142,763,597	147,098,942	148,704,252	154,958,407	162,681,657	164,171,574	168,353,841
Primary government										
Net investment in capital assets	153,663,942	151,843,340	153,521,000	156,481,777	159,555,163	172,470,260	172,815,923	188,684,768	203,322,379	239,866,390
Restricted	3,850,331	4,332,435	7,269,145	8,742,074	10,627,844	9,204,898	14,173,415	17,368,210	31,941,115	13,744,450
Unrestricted	48,349,327	50,432,099	52,033,078	52,854,926	51,191,008	37,956,660	41,563,062	42,617,259	34,577,116	40,781,239
Total primary government net position	\$ 205,863,600	\$ 206,607,874	\$ 212,823,223	\$ 218,078,777	\$ 221,374,015	\$ 219,631,818	\$ 228,552,400	\$ 248,670,237	\$ 269,840,610	\$ 294,392,079

CITY OF HICKORY, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
General government	\$ 10,073,852	\$ 9,709,451	\$ 10,714,412	\$ 17,241,713	\$ 15,600,080	\$ 12,767,254	\$ 13,828,049	\$ 13,870,372	\$ 20,621,801	\$ 18,828,486
Public safety	21,240,572	21,616,699	20,325,286	21,590,589	22,866,317	23,107,639	24,295,446	25,986,157	27,046,269	28,459,052
Transportation	6,974,527	7,990,209	7,728,201	5,434,930	6,085,304	6,258,370	6,993,677	6,723,958	6,131,073	6,334,891
Economic and physical development	3,145,584	3,152,928	3,982,537	4,046,041	3,569,329	3,737,258	4,301,391	4,232,839	4,226,519	7,544,337
Culture and recreation	6,349,079	6,986,803	5,975,527	6,355,499	6,391,994	6,742,733	7,069,437	7,084,150	2,120,038	3,009,781
Interest on long-term debt	119,963	99,172	148,214	151,691	99,067	88,128	579,073	1,001,619	913,247	1,852,799
Total governmental activities expenses	47,903,577	49,535,262	48,874,177	54,820,463	54,612,091	52,701,382	57,067,073	58,899,095	61,058,947	66,029,346
Business-type activities										
Water	8,116,096	8,148,870	7,583,247	8,206,452	8,383,437	8,346,934	9,384,793	10,480,158	10,991,533	10,924,060
Sewer	9,799,731	11,911,880	11,499,020	11,709,085	12,077,346	12,765,273	14,062,054	14,727,277	15,168,416	15,467,510
Sludge composting	1,850,556	1,894,229	1,911,962	2,010,155	1,944,219	1,980,531	2,033,150	2,300,787	2,066,217	2,104,319
Stormwater	503,152	752,443	604,777	526,080	533,405	457,877	541,921	895,861	525,297	499,042
Airport	2,872,189	2,615,292	2,297,924	1,419,488	1,431,740	1,523,461	1,620,372	1,697,583	1,771,127	1,790,246
Recycling	2,652,882	3,014,427	3,591,441	2,817,888	2,815,271	2,917,593	3,026,079	3,442,487	4,144,494	3,743,794
Sanitation	1,953,736	1,773,653	1,638,769	1,774,541	1,878,024	1,822,792	1,947,621	2,114,046	2,185,919	2,408,760
Total business-type activities expenses	27,748,342	30,110,794	29,127,140	28,463,682	29,063,442	29,814,461	32,615,990	35,658,199	36,853,003	36,937,731
Total primary government expenses	75,651,919	79,666,056	78,001,317	83,284,145	83,675,533	82,515,843	89,683,063	94,557,294	97,911,950	102,967,077
Program revenues										
Governmental activities										
Charges for services										
General government	5,570,929	5,988,830	5,733,999	7,771,103	7,713,582	8,079,589	8,842,670	8,601,182	8,668,186	9,342,616
Public safety	305,427	367,312	235,616	309,458	268,252	258,389	215,395	224,072	392,968	477,528
Transportation	9,906	21,031	18,332	5,388	43,276	11,787	34,405	59,900	26,250	44,129
Economic and physical development	157,944	234,406	142,090	286,811	242,930	190,794	396,661	358,137	433,839	201,716
Culture and recreation	273,434	239,691	257,226	257,945	232,728	254,501	279,033	192,511	135,336	348,479
Operating grants and contributions	3,604,537	3,683,027	4,362,347	3,229,321	2,925,291	3,172,997	2,989,668	4,456,558	3,087,628	4,039,900
Capital grants and contributions	1,044	269,944	5,894,084	80,679	29,051	2,113,962	797,726	8,921,931	12,994,689	14,427,256
Total governmental activities program revenues	9,923,221	10,804,241	16,643,694	11,940,705	11,455,110	14,082,019	13,555,558	22,814,291	25,738,896	28,881,624
Business-type activities										
Charges for services										
Water	13,080,132	13,517,990	13,946,763	14,301,744	14,963,171	16,008,741	16,328,976	17,136,577	17,374,297	19,569,132
Sewer	8,734,523	9,172,139	9,293,174	9,628,631	9,628,631	9,876,273	10,542,569	11,155,934	11,664,910	12,322,417
Sludge composting	60,681	38,197	25,237	39,910	61,251	65,308	96,243	30,003	3,043	9,763
Stormwater	1,773	58,207	(3,318)	(1,987)	249,345	251	319	494	(153)	(13)
Airport	2,376,811	2,186,700	1,145,669	1,318,045	1,338,980	1,281,618	1,182,435	1,873,396	2,752,582	1,815,704
Recycling	2,249,802	2,463,873	2,541,569	2,762,756	3,076,527	3,310,288	3,644,212	3,613,633	4,466,122	4,306,610
Sanitation	1,292,802	1,235,322	1,203,656	1,238,614	1,297,285	1,317,459	1,454,124	1,630,709	1,951,676	2,211,399
Operating grants and contributions	1,777,298	2,069,562	2,107,589	2,136,861	2,004,532	1,987,390	2,579,212	2,762,227	2,444,703	2,675,772
Capital grants and contributions	1,322,552	260,319	2,318,933	2,735,512	464,582	760,895	308,520	1,006,074	1,363,076	636,420
Total business-type activities program revenues	30,896,374	31,002,309	32,579,272	34,160,086	33,084,304	34,608,223	36,136,610	39,209,047	42,020,256	43,547,204
Total primary government program revenues	40,819,595	41,806,550	49,222,966	46,100,791	44,539,414	48,690,242	49,692,168	62,023,338	67,759,152	72,428,828

CITY OF HICKORY, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense)/revenue										
Governmental activities	(37,980,356)	(38,751,021)	(32,230,483)	(42,879,758)	(43,156,981)	(38,619,363)	(43,511,515)	(36,084,804)	(35,320,051)	(37,147,722)
Business-type activities	3,148,033	891,515	3,452,132	54,696,404	4,074,667	4,793,762	3,520,620	3,610,848	5,167,253	6,609,473
Total primary government net expense	(34,832,323)	(37,859,506)	(28,778,351)	11,816,646	(39,082,314)	(33,825,601)	(39,990,895)	(32,473,956)	(30,152,798)	(30,538,249)
General revenues and other changes in net position										
Governmental activities										
Taxes										
Ad valorem property taxes	23,579,201	24,073,395	23,854,614	25,801,419	26,705,834	27,222,941	28,019,929	30,367,046	31,544,287	34,229,436
Local option sales tax	8,016,018	8,322,152	8,950,747	9,698,345	10,189,172	10,380,928	11,016,777	11,190,418	13,118,310	15,413,340
Franchise tax	2,290,781	2,340,431	2,057,565	3,072,413	3,152,989	3,234,684	3,349,937	4,304,961	3,315,897	3,338,825
Telecommunication tax	1,033,987	1,025,018	1,010,313	894,621	896,481	839,810	793,021	720,318	653,165	602,294
Motel/Occupancy tax	1,322,744	1,418,592	1,616,179	1,888,878	1,927,878	2,050,198	2,177,957	1,603,690	1,472,285	2,191,229
Vehicle tag tax	161,025	209,966	170,479	174,458	193,001	184,709	185,639	171,728	198,239	195,532
Gross receipts tax	115,674	136,237	131,412	149,050	161,557	163,224	168,716	209,394	272,852	301,072
Unrestricted intergovernmental	772,566	787,532	675,846	595,737	650,281	660,473	641,027	641,067	536,222	680,548
Unrestricted investment earnings	(38,998)	174,060	150,105	326,559	85,599	195,769	1,403,393	1,237,157	28,974	(1,685,966)
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(1,581,311)	(519,010)	(1,720,158)	(6,679,253)	(169,567)	494,163	(1,578,454)	(1,966,388)	3,860,276	2,250,614
Total governmental activities	35,671,687	37,968,373	36,897,102	35,922,227	43,793,225	45,426,899	46,177,942	48,479,391	55,000,507	57,516,924
Business-type activities										
Unrestricted investment earnings	4,809	116,397	92,491	329,538	91,111	173,555	1,155,081	996,940	(5,460)	(733,380)
Donations	-	-	9,570	1,890	-	-	-	1,149,074	618,757	556,788
Transfers	1,581,311	519,010	1,720,158	6,679,253	169,567	(494,163)	1,578,454	1,966,388	(3,860,276)	(2,250,614)
Total business-type activities	1,586,120	635,407	1,822,219	7,010,681	260,678	(320,608)	2,733,535	4,112,402	(3,246,979)	(2,427,206)
Change in Net Position										
Governmental activities	(2,308,669)	(782,648)	4,666,619	5,160,619	636,244	6,807,536	2,666,427	12,394,587	19,680,456	20,369,202
Business-type activities	4,734,153	1,526,922	5,274,351	61,707,085	4,335,345	4,473,154	6,254,155	7,723,250	1,489,917	4,182,267
Total primary government	\$ 2,425,484	\$ 744,274	\$ 9,940,970	\$ 66,867,704	\$ 4,971,589	\$ 11,280,690	\$ 8,920,582	\$ 20,117,837	\$ 21,170,373	\$ 24,551,469

CITY OF HICKORY, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 295,503	\$ 409,899	\$ 5,402,181	\$ 4,885,591	\$ 4,274,339	\$ 3,294,920	\$ 2,757,181	\$ 2,546,535	\$ 2,733,563	\$ 2,137,857
Restricted	3,542,867	3,993,730	6,977,246	6,934,665	7,639,419	7,483,180	8,426,110	9,375,212	10,739,363	13,744,450
Committed	13,322,724	13,381,759	11,437,451	4,810,507	5,835,895	6,666,331	5,584,238	4,925,613	6,083,067	7,934,945
Assigned	1,877,185	3,065,661	2,811,908	2,620,872	2,383,687	2,462,028	1,409,675	3,758,676	2,241,760	2,241,760
Unassigned	13,072,784	13,515,066	14,031,436	14,133,964	15,948,786	17,872,210	20,116,901	16,495,086	15,614,888	15,261,159
Total General Fund	\$ 32,111,063	\$ 34,366,115	\$ 40,660,222	\$ 33,385,599	\$ 36,082,126	\$ 37,778,669	\$ 38,294,105	\$ 37,101,122	\$ 37,412,641	\$ 41,320,171
Capital Projects Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,447,185	\$ 13,768,376	\$ 20,629,511	\$ 21,140,143	\$ 28,752,670
Total Capital Projects Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,447,185	\$ 13,768,376	\$ 20,629,511	\$ 21,140,143	\$ 28,752,670
All other governmental funds										
Nonspendable	\$ 158	\$ 158	\$ 879	\$ 330	\$ 321	\$ 158	\$ 228	\$ 1,400	\$ -	\$ -
Restricted	307,464	338,705	1,973,118	1,978,451	3,558,664	274,533	384,795	488,672	258,260	-
Committed	39,683	11,509	30,398	168,731	138,565	133,743	116,851	92,320	108,484	107,864
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(72,230)	(726,139)	(43,256)	(140,933)	(43,249)	(20,896)	(99,109)	(113,563)	(188,913)	(10,222)
Total all other governmental funds	\$ 275,075	\$ (375,767)	\$ 1,961,139	\$ 2,006,579	\$ 3,654,301	\$ 387,538	\$ 402,765	\$ 468,829	\$ 177,831	\$ 97,642

CITY OF HICKORY, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Ad valorem taxes	\$ 23,531,983	\$ 24,245,897	\$ 24,206,333	\$ 25,913,125	\$ 26,857,749	\$ 27,349,367	\$ 28,100,944	\$ 30,360,326	\$ 31,629,716	\$ 34,290,070
Other taxes	12,905,229	13,439,396	14,774,695	15,877,765	16,521,078	16,853,553	17,692,047	17,195,453	18,983,815	22,068,923
Unrestricted intergovernmental	772,566	787,532	675,846	595,737	650,281	660,473	641,027	641,067	536,222	680,548
Restricted intergovernmental	2,854,565	2,980,942	5,999,698	3,122,710	2,753,943	5,060,098	3,653,856	11,291,376	14,118,782	16,392,812
Licenses and permits	1,142,332	1,144,090	1,116,114	7,886	5,912	4,852	4,832	4,480	4,882	4,590
Sales and services	1,557,362	1,569,254	1,670,000	1,845,522	1,719,587	1,674,129	1,438,198	1,141,092	1,155,955	1,435,251
Investment earnings	(39,814)	141,156	126,225	280,702	74,610	177,560	1,282,879	1,143,041	(12,526)	(1,555,995)
Miscellaneous	988,144	1,329,129	4,413,948	875,945	742,840	37,221	704,871	2,306,510	2,483,772	2,750,695
Total revenues	43,712,367	45,637,396	52,982,859	48,519,392	49,326,000	51,817,253	53,518,654	64,083,345	68,900,618	76,066,894
Expenditures										
Current										
General government	5,478,568	5,179,041	5,432,152	8,032,108	4,818,329	5,503,444	6,134,644	6,782,961	9,712,789	12,110,880
Public safety	21,504,472	20,920,672	21,040,948	22,807,712	21,714,028	22,909,192	24,911,874	23,942,352	24,833,498	28,526,717
Transportation	4,785,962	5,053,939	5,273,526	5,223,283	5,423,885	5,364,681	6,039,048	5,928,785	5,705,133	6,407,487
Economic and physical development	3,138,492	3,131,810	4,001,342	4,045,630	3,542,887	3,747,416	4,324,497	4,183,880	4,182,875	7,545,299
Culture and recreation	5,676,519	6,635,741	5,867,815	5,789,241	6,060,612	7,657,917	6,547,202	7,551,932	4,724,393	4,452,096
Capital outlay	346,333	1,484,787	5,271,468	1,121,950	1,113,055	6,355,253	6,648,150	22,683,179	27,281,104	16,397,995
Debt Service										
Principal retirement	992,687	992,686	1,092,687	1,895,487	2,037,099	807,069	671,034	1,195,175	2,176,421	2,426,421
Lease principal retirement	-	-	-	-	-	-	-	-	-	139,319
Interest and fees	120,628	100,500	134,350	153,911	102,289	89,479	76,984	864,353	1,288,858	1,431,369
Bond issuance cost	-	-	-	-	-	-	286,032	-	-	-
Total expenditures	42,043,661	43,499,176	48,114,288	49,069,322	44,812,184	52,434,451	55,639,465	73,132,617	79,905,071	79,437,583
Excess(deficiency) of revenues over(under) expenditures	1,668,706	2,138,220	4,868,571	(549,930)	4,513,816	(617,198)	(2,120,811)	(9,049,272)	(11,004,453)	(3,370,689)
Other financing sources(uses)										
Transfers - in	3,095,433	2,603,804	3,734,816	2,151,863	4,449,778	4,201,904	3,722,588	13,611,952	14,997,958	15,180,218
Transfers - (out)	(4,676,744)	(3,137,814)	(5,454,974)	(8,831,116)	(4,619,345)	(3,707,741)	(5,501,042)	(15,965,715)	(11,167,682)	(12,978,405)
Lease Liability Issued	-	-	-	-	-	-	-	-	-	1,116,953
Issuance of debt	-	-	3,000,000	-	-	-	15,575,000	15,140,352	7,705,331	10,000,000
Premium from issuance of bond	-	-	-	-	-	-	1,176,119	1,996,899	-	1,491,790
Total other financing sources(uses)	(1,581,311)	(534,010)	1,279,842	(6,679,253)	(169,567)	494,163	14,972,665	14,783,488	11,535,607	14,810,556
Net change in fund balance	\$ 87,395	\$ 1,604,210	\$ 6,148,413	\$ (7,229,183)	\$ 4,344,249	\$ (123,035)	\$ 12,851,854	\$ 5,734,216	\$ 531,154	\$ 11,439,867
Debt service as a percentage of noncapital expenditures	2.67%	2.60%	2.86%	4.27%	4.90%	1.95%	1.53%	4.08%	6.58%	6.12%

CITY OF HICKORY, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ¹ as a Percentage of Actual Value
	Residential/Commercial Property		Motor Vehicles	Other					
2013	\$ 3,803,628,864	\$ 625,109,058	\$ 315,317,864		\$ 24,293,068	\$ 4,719,762,718	0.5000	\$ 4,724,755,709	100.41%
2014	3,814,819,160	620,300,997	386,443,638		24,626,391	4,796,937,404	0.5000	4,705,425,224	102.47%
2015	3,826,489,617	641,556,576	301,795,798		25,741,643	4,744,100,348	0.5000	4,680,523,599	101.91%
2016	3,583,001,465	643,068,861	340,432,404		26,813,693	4,539,689,037	0.5665	4,603,791,722	99.19%
2017	3,644,085,950	676,481,117	367,246,598		27,943,665	4,659,870,000	0.5665	4,721,279,385	99.29%
2018	3,671,663,581	736,064,765	405,627,891		36,880,357	4,776,475,880	0.5665	4,975,927,807	96.73%
2019	3,760,989,527	757,397,508	416,093,733		37,395,702	4,897,085,066	0.5665	5,240,744,974	94.16%
2020	3,894,880,455	848,061,680	415,741,707		37,951,252	5,120,732,590	0.5875	5,235,739,401	98.53%
2021	3,905,067,959	955,190,793	481,312,841		39,247,955	5,302,323,638	0.5875	5,689,000,595	93.89%
2022	4,020,882,510	922,456,657	490,382,865		40,465,941	5,393,256,091	0.6275	6,176,553,928	87.98%

Notes: Property is reassessed once every four years. The county assesses property at approximately 95.76 percent of actual value for real property and 100 percent for personal property. Estimated actual taxable value is calculated by dividing assessed values by those percentages.

Source: Catawba County, Burke County, and Caldwell County Tax Offices and North Carolina Department of Revenue

¹ Includes tax-exempt property

CITY OF HICKORY, NORTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)

Fiscal Year Ended June 30	Name of Government				Maximum Overlapping Rate
	City of Hickory ¹	Burke County	Caldwell County	Catawba County	
2013	\$ 0.5000	\$ 0.5200	\$ 0.6299	\$ 0.5300	1.1299
2014	0.5000	0.6800	0.6000	0.5300	1.1800
2015	0.5000	0.6800	0.6000	0.5300	1.1800
2016	0.5665	0.6800	0.6000	0.5750	1.2465
2017	0.5665	0.6800	0.6300	0.5750	1.2465
2018	0.5665	0.6950	0.6300	0.5750	1.2615
2019	0.5665	0.6950	0.6300	0.5750	1.2615
2020	0.5875	0.6950	0.6300	0.5750	1.2825
2021	0.5875	0.6950	0.6300	0.5750	1.2825
2022	0.6275	0.6950	0.6300	0.5750	1.3225

Source: North Carolina Department of Revenue

¹ There are no components to the direct rate. The entire tax is dedicated to operating costs.

CITY OF HICKORY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Merchants Distributors Inc	\$ 158,435,601	1	2.99%	\$ 132,875,375	1	2.60%
Corning Cable Systems	119,356,881	2	2.25%	68,286,524	2	1.43%
Duke Lifepoint	76,387,670	3	1.44%	27,951,200	7	0.76%
Duke Energy Carolinas LLC	62,740,160	4	1.18%	35,409,121	5	0.73%
Shurtape Technologies Inc	40,644,534	5	0.77%	25,495,031	10	0.55%
Valley Hills Mall LLC	38,955,068	6	0.73%	45,891,969	3	0.98%
Hickory Ridge Owner LLC	26,348,600	7	0.50%			
Hickory Springs Mfg Co	24,652,591	8	0.46%	25,549,984	9	0.54%
Tate Boulevard I, II, III & IV LLC	23,571,700	9	0.44%	29,707,300	6	0.63%
Legends of Hickory LLC	23,056,600	10	0.43%			
American Med International	-			37,250,090	4	0.85%
Inland Western Hickory-Catawba LLC	-			26,753,200	8	0.57%
Total	\$ 594,149,405		11.19%	\$ 455,169,794		9.64%

Source: Catawba County, Caldwell County and City of Hickory Administrative Services

CITY OF HICKORY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 23,630,561	\$ 22,738,168	96.22%	\$ 658,459	\$ 23,396,627	99.01%
2014	24,011,730	23,267,926	96.90%	755,701	24,023,627	100.05%
2015	23,742,884	23,305,797	98.16%	715,067	24,020,864	101.17%
2016	25,717,338	25,344,512	98.55%	421,503	25,766,015	100.19%
2017	24,057,786	23,875,391	99.24%	528,881	24,404,272	101.44%
2018	27,122,956	26,760,607	98.66%	567,083	27,327,690	100.75%
2019	27,881,005	27,524,478	98.72%	557,267	28,081,745	100.72%
2020	30,248,713	29,858,536	98.71%	444,288	30,302,824	100.18%
2021	31,399,452	31,110,448	99.08%	388,575	31,499,023	100.32%
2022	34,030,417	33,740,046	99.15%	509,208	34,249,254	100.64%

* Percentage of Levy Collected is greater than 100% due to excess subsequent year collections.

Source: City of Hickory Finance Department

CITY OF HICKORY, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities				Total	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Installment Purchase Agreements	Notes Payable	Capitalized Leases	General Obligation Bonds	Installment Purchase Agreements	Notes Payable				
2013	\$ -	\$ 5,101,349	\$ -	\$ -	\$ -	\$ 9,749,473	\$ 30,252,946	\$ 45,103,768	3.65%	1,126	
2014	-	4,108,664	494,000	-	-	18,045,086	18,719,495	41,367,245	3.18%	1,025	
2015	-	6,015,976	-	-	-	16,427,895	17,086,042	3,952,913	2.97%	985	
2016	-	4,823,290	-	-	-	14,797,607	15,452,591	35,073,488	2.58%	869	
2017	-	3,488,990	-	-	-	13,153,925	14,529,139	31,172,054	2.17%	772	
2018	-	2,681,921	-	-	-	11,496,541	1,662,111	15,840,573	2.08%	759	
2019	15,000,000	2,585,887	-	-	-	9,924,882	15,515,234	43,026,003	2.74%	1,059	
2020	29,250,000	2,281,064	-	-	-	8,438,626	15,507,365	55,477,055	3.38%	1,356	
2021	27,750,000	9,309,974	-	-	-	7,376,239	14,688,300	59,124,513	3.49%	1,436	
2022	36,250,000	8,383,553	-	-	-	6,059,618	15,577,800	66,270,971	3.69%	1,595	

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Look for Future Maturities for Long-Term Indebtedness.

¹ See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population.

CITY OF HICKORY, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Obligation Bonds	Percentage of		Percentage of Personal Income	Per Capita ²
		Estimated Actual Taxable Value ¹ of Property	Property		
2013	\$ -	0.00%	0.00%	0.00%	0
2014	-	0.00%	0.00%	0.00%	0
2015	-	0.00%	0.00%	0.00%	0
2016	-	0.00%	0.00%	0.00%	0
2017	-	0.00%	0.00%	0.00%	0
2018	-	0.00%	0.00%	0.00%	0
2019	15,000,000	0.26%	1.01%	1.01%	369
2020	29,250,000	0.51%	1.86%	1.86%	715
2021	27,750,000	0.49%	1.69%	1.69%	674
2022	36,250,000	0.64%	2.14%	2.14%	873

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

¹ See Schedule 5 for property value data.

² See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population.

CITY OF HICKORY, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Burke County	\$ 45,836,546	1.01%	\$ 462,545
Caldwell County	\$ 38,182,554	2.81%	1,071,478
Catawba County	149,590,024	38.11%	57,008,887
Subtotal, overlapping debt			<u>58,080,365</u>
City direct debt			<u>44,633,553</u>
Total direct and overlapping debt			<u>\$ 102,713,918</u>

Sources:

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 Hickory. 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.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF HICKORY, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 377,581,017	\$ 383,754,992	\$ 379,528,028	\$ 363,175,123	\$ 372,328,057	\$ 384,391,327	\$ 391,766,805	\$ 409,658,607	\$ 424,185,891	\$ 431,460,490
Total net debt applicable to limit	45,103,768	-	-	-	31,172,053	32,420,573	43,026,003	58,591,268	62,080,074	70,559,671
Legal debt margin	\$ 332,477,249	\$ 383,754,992	\$ 379,528,028	\$ 363,175,123	\$ 341,156,004	\$ 351,970,754	\$ 348,740,802	\$ 351,067,339	\$ 362,105,817	\$ 360,900,819
Total net debt applicable to the limit as a percentage of debt limit	11.95%	0.00%	0.00%	0.00%	8.37%	8.43%	10.98%	14.30%	14.64%	16.35%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value of taxable property	\$ 5,393,256,119
Debt limit - 8 percent of assessed value	\$ 431,460,490
Debt applicable to limit:	
Gross debt	70,559,671
Less - water bonds	-
Total net debt applicable to limit	<u>70,559,671</u>
Legal debt margin	<u>\$ 360,900,819</u>

CITY OF HICKORY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Population ¹	Personal Income (thousands of dollars)	Per Capita Personal Income ²	Median Age ³	School Enrollment ⁴	Unemployment Rate ⁵
2013	40,039	1,235,483	30,857	37.7	4,403	10.1%
2014	40,361	1,301,360	32,243	38.2	4,303	6.9%
2015	40,143	1,330,178	33,136	37.7	4,281	6.2%
2016	40,374	1,358,464	33,647	37.7	4,526	5.0%
2017	40,567	1,436,315	35,406	38.3	4,290	4.3%
2018	40,611	1,483,357	36,526	37.6	4,239	3.7%
2019	40,925	1,570,661	38,379	38.2	4,267	4.2%
2020	41,171	1,640,623	39,849	38.2	3,912	8.2%
2021	41,547	1,696,198	40,826	38.1	4,218	4.7%
2022	43,490	1,729,945	47,209	38.2	3,774	3.6%

Note: N/A - not available

Sources:

- ¹ North Carolina State Data Center. Estimates are as of beginning of fiscal year.
- ² US Bureau of Economic Analysis. Estimates are for Hickory-Lenoir-Morganton MSA.
- ³ US Census Bureau
- ⁴ Hickory City Schools
- ⁵ Employment Security Commission, North Carolina

Note: School enrollment only indicates Hickory City Schools. Children may also attend Catawba, Burke or Caldwell County school districts, private schools or be home schooled.

CITY OF HICKORY, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer ⁽¹⁾	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Catawba County Schools	1000+	1	2.75%	1000+	2	3.50%
Catawba Valley Medical Center	1000+	2	2.70%	1000+	3	2.60%
Commscope	1000+	3	2.62%	1000+	5	1.56%
Corning Optical Comm	1000+	4	2.62%	1000+	8	1.50%
Target Stores Distribution Center	1000+	5	2.59%	-	-	-
Catawba County	1000+	6	2.16%	1000+	6	1.50%
Duke LifePoint/Frye Regional	1000+	7	2.15%	1000+	4	2.60%
GKN Driveline	1000+	8	2.10%	-	-	-
Century Furniture	500-999	9	1.18%	-	-	-
Catawba Valley Community College	500-999	10	1.04%	500-999	10	0.77%-1.50%
Merchant Distributors Inc	-	-	-	1000+	1	5.10%
Hickory Springs Mfg. Co.	-	-	-	1000+	7	1.50%
Wal-Mart Associates Inc	-	-	-	500-999	9	0.77%-1.50%

Sources: Catawba County Chamber of Commerce and Western Piedmont Council of Governments and various area employers

CITY OF HICKORY, NORTH CAROLINA
FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Administration	8	8	8	8	9	10	9	9	10	10
Budget, administration, and HR	7	7	7	8	8	9	9	9	9	8
Finance	20	20	21	17	15	17	17	17	15	15
Information technology	5	7	8	6	7	7	7	7	7	8
City clerk	1	1	1	1	1	1	1	1	1	1
Legal	2	2	2	2	2	2	2	2	2	2
Engineering	7	6	8	5	3	5	5	5	4	5
Building services	6	5	6	5	5	5	5	5	9	7
Central services	7	6	7	7	6	7	7	6	7	7
Buildings and grounds	14	15	17	16	13	14	16	15	31	31
Fleet Maintenance	11	12	11	10	10	10	11	10	11	10
Public Safety										
Police	142	141	147	134	133	137	140	144	142	142
Fire	134	134	135	133	130	131	131	138	139	131
Building inspections	-	-	-	-	-	-	-	-	-	-
Code enforcement	-	5	5	-	-	-	-	-	-	-
Development assistance center	-	-	-	-	-	-	-	-	-	-
Transportation										
Traffic	9	10	11	10	10	9	11	10	9	10
Street	39	36	43	36	32	31	35	33	31	25
Planning and development	7	7	8	7	8	10	10	10	9	10
Culture and recreation										
Recreation	40	40	42	40	40	38	38	38	16	18
Library	17	17	18	16	17	17	17	17	15	18
Water/Sewer	90	88	98	89	91	93	99	100	101	91
Stormwater	1	1	1	1	1	0	1	1	1	1
Public Transit	-	-	-	-	-	-	-	-	-	-
Airport	7	8	8	8	8	10	11	11	12	11
Recycling	13	14	16	13	13	10	12	11	12	12
Sanitation - commercial	10	10	12	10	11	11	11	10	10	7
Sanitation - residential	8	7	8	10	9	12	10	10	10	9
Total	605	607	648	592	582	596	615	619	613	589

Source: City human resource department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers.

CITY OF HICKORY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public Safety										
Police Services										
Cost per call dispatched	\$ 148	\$ 155	\$ 152	\$ 149	\$ 125	\$ 135	\$ 138	\$ 141	\$ 142	\$ 126
Calls dispatched	66,707	67,930	73,396	72,796	90,929	88,167	90,058	90,024	98,159	107,438
Uniform Crime Reporting Part I crimes reported	3,037	2,598	2,415	1,914	2,186	2,175	2,317	1,899	1,953	2,030
Uniform Crime Reporting Part I crimes per 1,000 pop.	76	64.9	60.0	47.5	54.2	53.8	57.0	46.4	47.2	46.6
Uniform Crime Reporting Part II crimes reported	3,618	3,462	3,146	3,348	3,357	3,375	3,450	4,064	4,324	4,585
Traffic accidents reported	2,053	3,276	2,271	3,359	3,706	3,555	3,570	2,438	2,321	2,402
Sworn Officers	118	118	117	117	116	116	116	116	116	122
Calls dispatched per sworn officer	565	576	627	622	784	760	776	776	846	881
Calls dispatched per 1,000 population	1,664	1,697	1,825	1,805	2,253	2,179	2,215	2,199	2,370	2,465
Response time to priority calls (minutes)	3	4.4	3.3	6.3	6.3	6.6	7.8	4.4	4.3	4
Emergency Communications										
Total calls per 1,000 population	---	2,291	2,543	---	---	---	---	---	---	---
Calls answered per telecommunicator	---	6,553	7,306	---	---	---	---	---	---	---
Seconds from initial ring to answer	---	n/a	n/a	---	---	5	5	5	4	4
Calls answered within three rings	---	n/a	n/a	---	---	---	---	---	---	---
E911 calls answered within 20 seconds**	---	99.8%	n/a	---	---	---	---	---	---	---
Fire Services										
Cost per response	\$ 1,635	\$ 1,638	\$ 1,565	\$ 1,524	\$ 1,575	\$ 1,555	\$ 1,680	\$ 1,998	\$ 2,133	\$ 2,694
Actual fires per 1,000 population	5	5	5	5	5	5	4	4	5	5
Responses per 1,000 population	136	135	137	145	146	148	149	146	122	94
Fire inspections completed per 1,000 population	123	116	123	115	118	114	109	106	110	96
Inspections completed per Full Time Employee (FTE)	2,215	2,086	1,918	1,686	1,667	1,579	1,504	1,481	1,708	1,562
Average response time to priority 1 calls (minutes)	4.6	4.6	4.5	4.3	4.4	4.2	4.3	4.4	4.4	4.6
Fires confined to room(s) involved on arrival	51%	55%	54%	51%	68%	61%	60%	62%	62%	53%
Fires for which cause is determined	91%	97%	93%	93%	93%	92%	85%	95%	91%	93%
Transportation										
Asphalt Maintenance and Repair										
Cost per ton of asphalt for contract resurfacing	\$ 83	\$ 76	\$ 77	\$ 77	\$ 77	\$ 77	\$ 90	\$ 182	\$ 183	\$ 131
Lane miles maintained per 1,000 population	18.0	18.0	17.9	17.8	17.8	18.0	17.7	17.6	17.4	16.5
Potholes repaired within 24 hours	94%	95%	94%	n/a	94%	92%	94%	96%	92%	94%
Street segments rated 85% or better (ITRE)	39%	39%	39%	38%	39%	37%	27%	29%	37%	37%

CITY OF HICKORY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Recycling										
Cost per ton collected	\$ 256	\$ 359	\$ 377	\$ 763	\$ 171	\$ 138	\$ 136	\$ 152	\$ 185	\$ 190
Cost per collection point	\$ 32	\$ 44	\$ 41	\$ 94	\$ 35	\$ 30	\$ 30	\$ 34	\$ 41	\$ 41
Tons recyclables per 1,000 population	37	37	33	37	63	65	66	66	65	61
Tons Solid Waste Landfilled per 1,000 population	212	224	215	210	175	180	182	225	221	254
Set out Rate	76%	78%	81%	84%	67%	65%	63%	66%	69%	73%
Diversion Rate	15%	14%	13%	15%	26%	26%	27%	23%	21%	21%
Sanitation										
Refuse Collection										
Cost per ton collected	\$ 72	\$ 65	\$ 72	\$ 63	\$ 79	\$ 76	\$ 46	\$ 39	\$ 40	\$ 34
Cost per collection point	\$ 50	\$ 49	\$ 51	\$ 44	\$ 46	\$ 45	\$ 28	\$ 30	\$ 34	\$ 31
Tons per 1,000 population	212	224	215	210	175	180	182	225	245	254
Tons per 1,000 collection points	702	742	708	694	579	598	620	771	838	906
Tons collected per F.T.E.	2,264	2,395	2,305	2,259	1,883	1,945	1,973	2,456	2,709	2,946
Yard Waste/Leaf Collection										
Cost per ton collected	\$ 131	\$ 143	\$ 131	\$ 92	\$ 100	\$ 72	\$ 120	\$ 90	\$ 62	\$ 76
Cost per collection point	\$ 71	\$ 81	\$ 72	\$ 52	\$ 54	\$ 60	\$ 77	\$ 77	\$ 77	\$ 82
Tons collected per 1,000 population	164	171	166	173	164	251	189	250	360	305
Tons collected per F.T.E.	1,646	1,709	1,667	1,741	1,657	1,043	790	1,048	1,528	1,361

* During FY 2012 & 2015, the Emergency Communications software malfunctioned, and the data for calls could not be recovered for the entire year.

**New Measure for FY 2012-2013

* During FY 2015 & 2016, there was a transition to single-stream recycling affecting the recycling and sanitation data.

Source: City Budget Office

CITY OF HICKORY, NORTH CAROLINA
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	153	153	153	152	151	149	156	164	163	160
Fire										
Stations	7	7	7	7	7	7	7	7	7	7
Transportation										
Traffic										
Traffic signals	196	196	196	196	196	196	196	195	195	194
Street										
Miles of paved streets	235.89	235.82	238.39	239.74	239.74	239.74	239.74	239.63	239.73	240.25
Miles of unpaved streets	1.19	1.24	1.24	2.10	2.10	2.10	2.10	1.08	1.08	1.04
Culture and recreation										
Recreation										
Park acreage	428	428	428	428	429	450	450	448	451	524
Parks	23	23	23	23	24	24	24	24	26	26
Recreation centers	6	6	6	6	6	6	6	5	5	5
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	-	-	-	-	-	-	-	-	-	0
Museums	1	1	1	1	1	1	1	1	1	1
Library										
Libraries	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	925	926	932	937	942	945	947	947	954	954
Fire hydrants	9,576	9,583	9,625	9,649	9,675	9,691	9,699	4,826	4,826	4,826
Maximum daily capacity in MGD ¹	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32
Sewer										
Miles of sewer mains	492	492	493.5	499	499	540	541	501	541	541
Maximum daily treatment capacity in MGD ¹	15.25	15.25	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
Recycling										
Collection trucks	15	15	15	15	15	15	15	15	16	16
Sanitation										
Refuse trucks	29	29	29	29	29	29	35	35	37	37

Sources: Various city departments

¹ MGD - Million gallons per day

HICKORY



North Carolina

Single Audit Section

HICKORY



North Carolina

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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 Hickory, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hickory, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 27, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hickory's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2022-002.

City of Hickory's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Hickory's responses to the findings identified in our audit and described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
January 27, 2023

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major Federal Program and 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 Hickory, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Hickory, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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 each of the City of Hickory's major federal programs for the year ended June 30, 2022. The City of Hickory's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Hickory complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Hickory and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Hickory's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Hickory's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Hickory's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Hickory's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Hickory's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Hickory's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Hickory's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, non-compliance 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 reasonable possibility that material non-compliance 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
January 27, 2023

HICKORY



North Carolina

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major State Program and 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 Hickory, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Hickory, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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 each of the City of Hickory's major state programs for the year ended June 30, 2022. The City of Hickory's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Hickory complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Hickory and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Hickory's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Hickory's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Hickory's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Hickory's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Hickory's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Hickory's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Hickory's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, non-compliance 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 reasonable

possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
January 27, 2023

HICKORY



North Carolina

CITY OF HICKORY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Program Name</u>	<u>AL #</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Clean Water State Revolving Fund Cluster	66.458

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? No

CITY OF HICKORY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Summary of Auditor's Results (continued):

State Awards

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Powell Bill

CITY OF HICKORY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

2. Financial Statements Findings

Material Weakness

Finding 2022-001

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgement, may not have been detected except through our auditing procedures. The existence of such material adjustments indicated that the City's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

Effect: There were several full accrual journal entries that had to be corrected.

Cause: The general ledger was not reconciled to subsidiary ledgers timely for external financial reporting. Fund balance, debt and asset journal entries were not booked properly. In addition, several client provided entries had to be booked after the trial balance import.

Identification of Repeat Finding: This is a modified and repeat finding from the immediate previous audit, 2021-001.

Recommendation: Management should reconcile the subsidiary ledgers timely and full accrual entries, along with any adjusting entries, should be posted as needed to the final trial balance, to prevent material audit adjustments in the future.

Name of Contact Person: Melissa Miller, Finance Officer

Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

CITY OF HICKORY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

2. Financial Statements Findings (continued)

Significant Deficiency Non-Compliance

Finding 2022-002

Criteria: The Memorandum of Agreement between the State of North Carolina and the local governments requires a local government receiving opioid settlement funds to secure them in a special revenue fund. These funds are subject to audit and cannot be commingled with other funds. These funds are subject to G.S. Chapter 159, Article 3, The Local Government Budget and Fiscal Control Act (LGBFCA). They are subject to the audit requirements found in G.S. §159-34.

Condition: The City did not place \$23,475 of opioid settlement funds in a special revenue fund.

Effect: The funds are commingled within the General Fund.

Cause: The City did not approve the new special revenue fund ordinance timely.

Recommendation: Management should place funds in a special revenue fund and make sure they are not commingled with other funds.

Name of Contact Person: Melissa Miller, Finance Officer

Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

CITY OF HICKORY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

HICKORY



North Carolina



City of Hickory
PO Box 398
Hickory, NC 28603
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Email: mmiller@hickorync.gov

Finance Department

Corrective Action Plan

Financial Statement Findings

Finding 2022-001

Name of Contact Person: Melissa Miller, Finance Officer

Corrective Action: The Finance Department staff continued to experience position vacancies and restructuring during this fiscal year. New staff are in the process of training to ensure records are accurately maintained and properly balanced to the general ledger before each period closing. As new staff gain experience in governmental fund accounting, these processes will become more familiar with less errors occurring during year end procedures.

Proposed Completion Date: The City has selected a new financial system software, Enterprise ERP by Tyler Technologies. An implementation team consisting of employees in Information Technology, Budget, Human Resources, and Finance have been working together on the project which is estimated to go live July 2023. The new system will no longer require the manual entries and balancing in two separate modules for assets. The current system allows possible duplication of data in separate modules which continue to be problem areas in the City's audit.

Finding 2022-002

Name of Contact Person: Melissa Miller, Finance Officer

Corrective Action: The City's first round of opioid settlement funds were received six days prior to the end of fiscal year 2022. Finance staff were not timely in completing the request to establish a new special revenue fund as instructed by the State of North Carolina. Future funding requirements will be evaluated prior to final audit processes.

Proposed Completion Date: Once the auditor and City discussions began about the first opioid settlement funds, Finance staff immediately submitted the request to Council for approval of a new Fund 048 along with the appropriate budget amendment to create the fund. Second reading and final approval to create the new special revenue fund were held at the Hickory City Council meeting on January 17, 2023.

CITY OF HICKORY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Finding: 2021-001

Status: Modified and repeated as 2022-001.

Finding: 2021-002

Status: Corrected

CITY OF HICKORY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to subrecipients
Federal Assistance					
United States Department of Housing and Urban Development					
CDBG Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-37-0013	\$ 94,520	\$ -	\$ -
CDBG Covid Funds	14.218	CDBG - CV	468,830	-	-
Total CDBG Entitlement Grants Cluster			<u>563,350</u>	<u>-</u>	<u>-</u>
Total United States Department of Housing and Urban Development			<u>563,350</u>	<u>-</u>	<u>-</u>
United States Treasury Department					
COVID-19 Coronavirus Relief Fund					
Coronavirus State and Local Fiscal Recovery Funds	21.019		5,100	-	-
Coronavirus State and Local Fiscal Recovery Funds	21.027		4,118,501	-	-
Total United States Treasury			<u>4,123,601</u>	<u>-</u>	<u>-</u>
United States Department of Justice Direct Program:					
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		5,025	-	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		24,216	-	-
Bulletproof Vest Partnership Program	16.607		22,669	-	-
Total United States Department of Justice			<u>51,910</u>	<u>-</u>	<u>-</u>
United States Environmental Protection Agency					
Passed-through N.C. Department of Environmental Quality					
Clean Water State Revolving Funds Cluster					
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458	CS370389-22	2,858,916	-	-
Total Clean Water State Revolving Funds Cluster			<u>2,858,916</u>	<u>-</u>	<u>-</u>
Total United States Environmental Protection Agency			<u>2,858,916</u>	<u>-</u>	<u>-</u>
United States Department of Transportation					
Passed-through North Carolina Department of Transportation					
Airport Improvement Program					
Taxiway Intersection Reconfiguration	20.106	36237.66.8.1	85,302	-	-
Land Acq/Obst Remo RW 6-24	20.106	36237.66.7.1 & 36237.66.7.2	2,368	-	-
Total Airport Improvement Program			<u>87,670</u>	<u>-</u>	<u>-</u>
Federal Highway Administration					
National Infrastructure Investments					
9th St NW & 11th St NE and US 321 Multi Use Trail	20.933	1143024	3,316,854	-	-
Highway Planning and Construction Cluster					
Highway Planning and Construction					
Riverwalk	20.205	STBGDA-1143(016)	1,256,818	-	-
Citywalk	20.205	TAP-1216	1,558,460	-	-
Old Lenoir Road	20.205	TAANY	864,746	-	-
9th St Streetscapes	20.205	BGDA-1143(021)	23,222	-	-
17th Street NW Extension	20.205	BGDA	126,744	-	-
Bookwalk	20.205	STBGDA-1143(016)	29,019	-	-
Bookwalk South	20.205	STBGDA-1143(015)	22,311	-	-
Total Highway Planning and Construction Cluster			<u>3,881,320</u>	<u>-</u>	<u>-</u>
Total United States Department of Transportation			<u>7,285,844</u>	<u>-</u>	<u>-</u>
Total Federal Assistance			<u>\$ 14,883,621</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HICKORY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to subrecipients
State Assistance					
North Carolina Department of Cultural and Natural Resources Aid to Public Libraries		N/A	\$ -	\$ 29,777	\$ -
				29,777	
North Carolina Department of Environment Quality Division of Water Quality 2012 NE Sewer				89,487	
				89,487	
North Carolina Department of Revenue Unauthorized Substances Tax		N/A	-	29,715	-
				29,715	
North Carolina Department of Transportation Direct Program: Powell Bill Division of Aviation Hangar Reconstruction		N/A	-	1,363,522	-
Total North Carolina Department of Transportation		36237.66.7.4 & 36244.33.14.1	-	1,688	-
				1,365,210	-
North Carolina Department of Commerce Design Foundry Building ReUse Grant		2019-115-3201-2587	-	265,000	265,000
Total North Carolina Department of Commerce				265,000	
North Carolina Housing Finance Agency Urgent Repair Program-North Carolina Housing Trust Funds		URP2013	-	75,000	-
				75,000	
North Carolina Office of Information Technology Services Passed-through Catawba County Public Safety Answering Point		N/A	-	30,489	-
Total State Assistance			\$ -	\$ 1,884,678	\$ 265,000

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the City of Hickory under the programs of the federal government and the State of North Carolina for the period ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Hickory, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Hickory.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Loans Outstanding

City of Hickory has the following loan balances outstanding at June 30, 2022 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2022 consist of:

<u>Program Name</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Geitner Basin Sewer System Rehab	66.458 ³	\$2,384,282
Central Business District Infrastructure Rehabilitation	66.458 ³	\$1,091,280
Murray Basin Sewer	66.458	\$2,086,780