

City of Dunn, North Carolina

Annual Comprehensive

Financial Report

For the Fiscal Year Ended June 30, 2024

MAYOR

William P. Elmore Jr.

COMMISSIONERS

J. Wesley Sills, District 1
April Gaulden, District 2
Raquel McNeil, District 3
Billy N. Tart, District 4
Alan Hargis, District 5
David Bradham, District 6

City Manager

Steven Neuschafer

Finance Director

Cary McNallan

City Attorney

P. Tilghman Pope

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FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dunn, North Carolina as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Dunn's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the report of the auditors, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dunn as of June 30, 2024, and the respective changes in financial position, and 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.

We did not audit the financial statements of the City of Dunn's ABC Board, which represent 100 percent, 100 percent, and 100 percent of the assets, net position, and revenues, respectively, of the discretely presented component unit as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Dunn's ABC board, is based solely on the report of the other auditors.

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. 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 of Dunn 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.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 raises substantial doubt about the City of Dunn's ability to continue as a going concern for the 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 of 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 *Governmental Auditing Standards* will always detect material statement 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 *Governmental Auditing Standards* we

- exercised professional judgement and maintained 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 of Dunn'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 substantial doubt about the City of Dunn's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with 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 the Management's Discussion and Analysis, and the Other Post Employment Benefit and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Asset (Liability) and Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dunn's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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, based on our audit, the procedures described above, and the report of other auditors the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections 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 October 14, 2024, on our consideration of the City of Dunn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Dunn'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 City of Dunn's internal control over financial reporting and compliance.

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

Wilmington, North Carolina

October 14, 2024

Management's Discussion and Analysis

As management of the City of Dunn (the "City"), we offer readers of the City of Dunn's financial statements this narrative overview and analysis of the financial activities of the City of Dunn for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

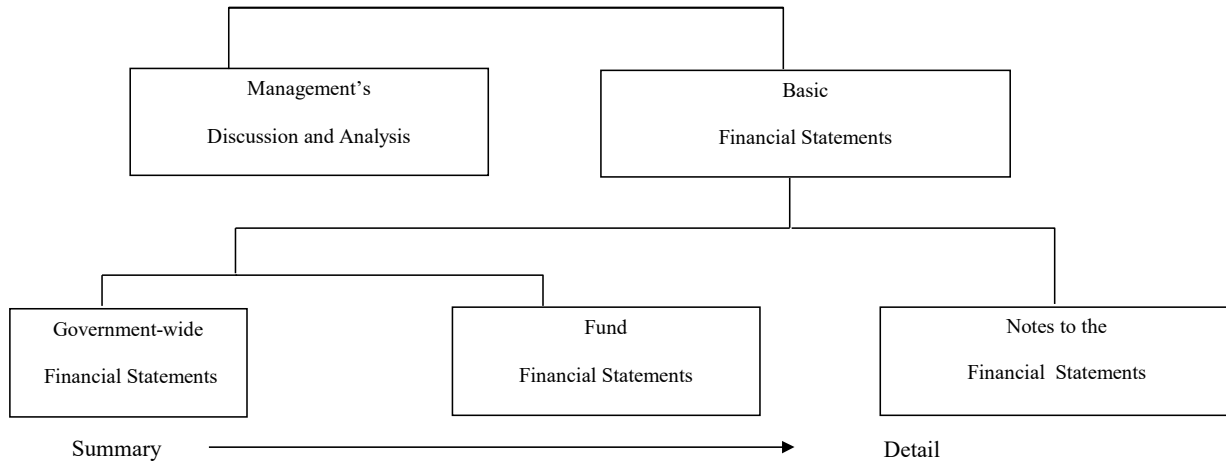
- The assets and deferred outflows of resources of the City of Dunn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$54,045,457 (net position).
- The government's total net position increased from the prior year by \$11,189,874.
- As of the close of the current fiscal year, the City of Dunn governmental funds reported combined ending fund balances of \$9,897,539 with a net increase of \$943,142 in fund balance. Approximately 33% of fund balance, or \$3,248,490 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,345,895, or 34% of total general fund expenditures for the fiscal year. The combined unassigned and assigned fund balance for the General Fund was \$4,591,328 or 36% of total General Fund expenditures for the fiscal year.
- The City's total long-term debt increased by \$1,820,869 during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Dunn adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Fund

City of Dunn has one kind of proprietary fund, an Enterprise Fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Dunn uses an enterprise fund to account for its water, sewer, and stormwater activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow Exhibit 8 of the audit report.

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

Interdependence with other Entities - The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**Government-Wide Financial Analysis
City of Dunn, North Carolina's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 14,131,384	\$ 14,559,786	\$ 10,394,779	\$ 7,699,767	\$ 24,526,163	\$ 22,259,553
Capital assets	18,020,174	17,248,308	46,159,339	37,328,209	64,179,513	54,576,517
Deferred outflows of resources	3,085,799	2,962,136	1,017,106	1,059,393	4,102,905	4,021,529
Total assets	35,237,357	34,770,230	57,571,224	46,087,369	92,808,581	80,857,599
Liabilities:						
Long-term liabilities outstanding	15,815,864	15,859,445	14,737,932	10,840,677	30,553,796	26,700,122
Other liabilities	2,203,571	2,532,244	2,150,714	3,549,685	4,354,285	6,081,929
Deferred inflows of resources	2,840,129	3,133,906	1,014,914	1,099,207	3,855,043	4,233,113
Total liabilities	20,859,564	21,525,595	17,903,560	15,489,569	38,763,124	37,015,164
Net position:						
Net investment in capital assets	10,668,265	9,167,285	33,022,684	26,741,534	43,690,949	35,908,819
Restricted	7,947,511	5,996,612	-	-	7,947,511	5,996,612
Unrestricted	(4,237,983)	(2,906,114)	6,644,980	3,856,266	2,406,997	950,152
Total net position	\$ 14,377,793	\$ 12,257,783	\$ 39,667,664	\$ 30,597,800	\$ 54,045,457	\$ 42,855,583

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Dunn exceeded liabilities and deferred inflows by \$54,045,457 as of June 30, 2024. The City's net position for governmental activities and business-type activities were \$14,377,793 and \$39,667,664, respectively. The City's net position increased by \$11,189,874 for the fiscal year ended June 30, 2024.

The largest portion of net position \$43,690,949, reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City's net position of \$7,947,511 represents resources that are subject to external restrictions on how they may be used. A balance of \$2,406,997 is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total governmental net position, notably, the continued diligence in the collection of property taxes by accomplishing a tax collection percentage over 99% and the continued growth in the tax base.

City of Dunn
Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,103,160	\$ 1,882,306	\$ 8,462,345	\$ 7,535,217	\$ 10,565,505	\$ 9,417,523
Operating grants and contributions	333,155	606,138	357,258	450,000	690,413	1,056,138
Capital grants and contributions	513,109	309,762	8,048,632	3,219,330	8,561,741	3,529,092
General revenues:						
Property taxes	5,795,813	5,702,779	-	-	5,795,813	5,702,779
Other taxes	4,878,929	4,993,946	-	-	4,878,929	4,993,946
Grants and contributions not restricted to specific programs	787,156	3,767,355	-	-	787,156	3,767,355
Investment earnings	325,865	229,540	99,339	55,591	425,204	285,131
Other	913,115	87,319	316,769	136,704	1,229,884	224,023
Total revenues	15,650,302	17,579,145	17,284,343	11,396,842	32,934,645	28,975,987
Expenses:						
General government	3,473,268	3,089,982	-	-	3,473,268	3,089,982
Public safety	4,374,530	5,201,088	-	-	4,374,530	5,201,088
Highways/streets	2,244,777	1,748,470	-	-	2,244,777	1,748,470
Environmental protection	826,783	915,263	-	-	826,783	915,263
Cultural and recreational	1,808,482	1,608,820	-	-	1,808,482	1,608,820
Library	474,492	260,809	-	-	474,492	260,809
Interest on long-term debt	209,160	231,718	-	-	209,160	231,718
Water and sewer	-	-	8,046,449	7,082,434	8,046,449	7,082,434
Other	-	-	286,830	645,274	286,830	645,274
Total expenses	13,411,492	13,056,150	8,333,279	7,727,708	21,744,771	20,783,858
Increase in net position, before transfers	2,238,810	4,522,995	8,951,064	3,669,134	11,189,874	8,192,129
Transfers	(118,800)	(2,137,716)	118,800	2,137,716	-	-
Increase in net position, after transfers	2,120,010	2,385,279	9,069,864	5,806,850	11,189,874	8,192,129
Net position, beginning, previously reported	12,257,783	9,595,055	30,597,800	24,159,333	42,855,583	33,754,388
Prior period adjustment	-	277,449	-	631,617	-	909,066
Net position, beginning, restated	12,257,783	9,872,504	30,597,800	24,790,950	42,855,583	34,663,454
Net position, ending	\$ 14,377,793	\$ 12,257,783	\$ 39,667,664	\$ 30,597,800	\$ 54,045,457	\$ 42,855,583

Governmental activities- Governmental activities increased the City's net position by \$2,120,010, thereby accounting for 19% of the total increase in the net position of the City. Positive elements affecting net position were an increase in intergovernmental revenue and a strong property tax collection rate over 99%.

Business-type activities- Business-type activities of the City reported \$39,667,664 in net position, an increase of \$9,069,864 before prior year adjustment. Positively impacting net position was a \$8,048,632 of revenue from capital grants.

Financial Analysis of the City's Funds

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

Governmental Funds- The focus of the City's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Dunn. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,345,895, while the total fund balance reached \$9,352,274. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34% of total General Fund expenditures, while total fund balance is 74% of total General Fund expenditures

At June 30, 2024, the governmental funds of the City of Dunn reported a fund balance of \$9,897,539 with a net increase in fund balance of \$943,142. Included in this change in fund balance is an increase in fund balance in the General Fund totaling \$1,938,416.

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

Revenues were more than the budgeted amounts primarily because the City did not expect to receive some of the unrestricted intergovernmental funds that became available. Expenditures were held in check to comply with its budgetary requirements

Proprietary Fund. The City's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Proprietary Fund at the end of the fiscal year amounted to \$6,644,980. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$64,179,513 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the additions of land and funding of capital projects, equipment, vehicles and infrastructure. Disposals included equipment and vehicles.

**City of Dunn, North Carolina's Capital Assets
(Net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,587,985	\$ 2,560,135	\$ 595,395	\$ 327,790	\$ 3,183,380	\$ 2,863,857
Construction in progress	155,722	1,221,304	13,811,281	7,756,492	13,967,003	4,737,057
Building	3,250,423	3,376,355	173,408	187,403	3,423,831	3,620,615
Equipment	422,045	438,096	1,724,736	1,237,687	2,146,781	1,746,898
Improvements other than buildings	9,235,340	8,323,544	-	-	9,235,340	5,517,256
Plant and Distribution systems	-	-	27,734,876	25,688,576	27,734,876	26,537,895
Vehicles	1,708,913	1,206,915	1,003,647	1,122,878	2,712,560	1,468,790
Other	659,746	121,959	1,115,996	1,007,383	1,775,742	1,207,231
Total	\$ 18,020,174	\$ 17,248,308	\$46,159,339	\$ 37,328,209	\$64,179,513	\$ 54,576,517

Additional information on the City's capital assets can be found in the notes to the Basic Financial Statements.

Long-term Debt. As of June 30, 2024, the City had total bonded debt outstanding of \$135,000. This amount is backed by the full faith, credit, and taxing power of the City of Dunn. Additionally, the City had \$18,818,776 outstanding for installment purchase debt and \$1,534,791 outstanding on water and sewer revolving loans.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ -	\$ -	\$ 135,000	\$ 273,000	\$ 135,000	\$ 273,000
Direct borrowing agreements	7,351,909	8,081,023	11,466,867	8,559,631	18,818,776	16,640,654
Direct placement Water and Sewer revolving loans	-	-	1,534,791	1,754,044	1,534,791	1,754,044
Total	\$ 7,351,909	\$ 8,081,023	\$ 13,136,658	\$ 10,586,675	\$ 20,488,567	\$ 18,667,698

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the City of Dunn is \$84,854,387. The City has no bonds authorized but unissued at June 30, 2024.

Additional information regarding the City's long-term debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City:

- Housing starts, renovations, and developing subdivisions within the City are increasing.
- The City’s Downtown District continues to experience growth with new business openings and continued commitment from existing business.
- New businesses within the City limits and expansions to existing businesses have provided new jobs opportunities.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Cary McNallan, 401 East Broad Street, Dunn, NC 28334. You can also call (910) 230-3515, visit our website www.cityofdunn.org or send an email to cmcnallan@dunnnc.org for more information.

BASIC FINANCIAL STATEMENTS

City of Dunn, North Carolina
Statement of Net Position
June 30, 2024

	Primary Government			City of Dunn ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,831,863	\$ 4,526,585	\$ 9,358,448	\$ 431,441
Restricted cash and cash equivalents	2,148,993	131,422	2,280,415	-
Taxes receivables	74,289	-	74,289	-
Accounts receivables, net	865,039	1,394,651	2,259,690	-
Due from other governments	1,399,231	4,391,777	5,791,008	-
Inventories	32,479	58,523	91,002	730,209
Prepays	158,383	76,148	234,531	-
Internal balances	1,521,107	(1,521,107)	-	-
Current portion of note receivable	-	135,573	135,573	-
Total current assets	<u>11,031,384</u>	<u>9,193,572</u>	<u>20,224,956</u>	<u>1,161,650</u>
Non-current assets:				
Note receivable, net of current portion	3,100,000	1,201,207	4,301,207	-
Capital Assets:				
Land, non-depreciable improvements, and construction in progress	2,743,707	14,406,676	17,150,383	-
Other capital assets, net of depreciation	<u>15,276,467</u>	<u>31,752,663</u>	<u>47,029,130</u>	<u>488,109</u>
Total non-current assets	<u>21,120,174</u>	<u>47,360,546</u>	<u>68,480,720</u>	<u>488,109</u>
Total assets	<u>32,151,558</u>	<u>56,554,118</u>	<u>88,705,676</u>	<u>1,649,759</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	2,199,391	855,320	3,054,711	98,188
Pension deferrals - LEO	470,384	-	470,384	-
OPEB deferrals	<u>416,024</u>	<u>161,786</u>	<u>577,810</u>	<u>-</u>
Total deferred outflows of resources	<u>3,085,799</u>	<u>1,017,106</u>	<u>4,102,905</u>	<u>98,188</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	536,374	608,776	1,145,150	113,886
Accrued interest payable	123,726	88,499	212,225	-
Deferred revenue	523,182	-	523,182	-
Customer deposits	-	131,422	131,422	-
Notes payable - current	920,289	1,272,017	2,192,306	-
Compensated absences - current	<u>100,000</u>	<u>50,000</u>	<u>150,000</u>	<u>-</u>
Total current liabilities	<u>2,203,571</u>	<u>2,150,714</u>	<u>4,354,285</u>	<u>113,886</u>
Long-term liabilities:				
Notes payable - noncurrent	6,431,620	11,864,638	18,296,258	-
Compensated absences - noncurrent	257,666	51,688	309,354	-
Net pension liability	3,644,806	1,417,418	5,062,224	119,944
Total pension liability	1,871,000	-	1,871,000	-
Total OPEB liability	<u>3,610,772</u>	<u>1,404,188</u>	<u>5,014,960</u>	<u>-</u>
Total long-term liabilities	<u>15,815,864</u>	<u>14,737,932</u>	<u>30,553,796</u>	<u>119,944</u>
Total liabilities	<u>18,019,435</u>	<u>16,888,646</u>	<u>34,908,081</u>	<u>233,830</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals - LGERS	129,433	50,336	179,769	288
Pension deferrals - LEO	230,355	-	230,355	-
OPEB deferrals	<u>2,480,341</u>	<u>964,578</u>	<u>3,444,919</u>	<u>-</u>
Total deferred inflows of resources	<u>2,840,129</u>	<u>1,014,914</u>	<u>3,855,043</u>	<u>288</u>
NET POSITION				
Net investment in capital assets	10,668,265	33,022,684	43,690,949	488,109
Restricted for:				
Streets	-	-	-	-
General government	277,427	-	277,427	-
Public safety	147,172	-	147,172	-
Environmental protection	2,313	-	2,313	-
Harnett Training School	3,100,000	-	3,100,000	-
Stabilization by State Statute	4,157,624	-	4,157,624	-
USDA debt service	262,975	-	262,975	-
Working capital	-	-	-	128,036
Unrestricted	<u>(4,237,983)</u>	<u>6,644,980</u>	<u>2,406,997</u>	<u>897,684</u>
Total net position	<u>\$ 14,377,793</u>	<u>\$ 39,667,664</u>	<u>\$ 54,045,457</u>	<u>\$ 1,513,829</u>

**City of Dunn, North Carolina
Statement of Activities
For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			City of Dunn ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 3,473,268	\$ 242,730	\$ -	\$ 513,109	\$ (2,717,429)	\$ -	\$ (2,717,429)	
Public safety	4,374,530	379,287	313,445	-	(3,681,798)	-	(3,681,798)	
Transportation	2,244,777	-	19,710	-	(2,225,067)	-	(2,225,067)	
Cultural and recreational	1,808,482	83,435	-	-	(1,725,047)	-	(1,725,047)	
Library	474,492	-	-	-	(474,492)	-	(474,492)	
Environmental protection	826,783	1,397,708	-	-	570,925	-	570,925	
Interest on long-term debt	209,160	-	-	-	(209,160)	-	(209,160)	
Total governmental activities	<u>13,411,492</u>	<u>2,103,160</u>	<u>333,155</u>	<u>513,109</u>	<u>(10,462,068)</u>	<u>-</u>	<u>(10,462,068)</u>	
Business-type activities:								
Water and sewer	8,046,449	8,043,536	68,203	8,048,632	-	8,113,922	8,113,922	
Stormwater	286,830	418,809	289,055	-	-	421,034	421,034	
Total business-type activities	<u>8,333,279</u>	<u>8,462,345</u>	<u>357,258</u>	<u>8,048,632</u>	<u>-</u>	<u>8,534,956</u>	<u>8,534,956</u>	
Total primary government	<u>\$ 21,744,771</u>	<u>\$ 10,565,505</u>	<u>\$ 690,413</u>	<u>\$ 8,561,741</u>	<u>(10,462,068)</u>	<u>8,534,956</u>	<u>(1,927,112)</u>	
Component units:								
ABC Board	\$ 4,226,311	\$ 4,306,844	\$ -	\$ -				\$ 80,533
Total component units	<u>\$ 4,226,311</u>	<u>\$ 4,306,844</u>	<u>\$ -</u>	<u>\$ -</u>				<u>80,533</u>
General revenues:								
Taxes:								
Property taxes, levied for general purpose					5,795,813	-	5,795,813	-
Local option sales tax					3,593,242	-	3,593,242	-
Other taxes and licenses					1,285,687	-	1,285,687	-
Grants and contributions not restricted to specific programs					787,156	-	787,156	-
Investment earnings, unrestricted					325,865	99,339	425,204	575
Miscellaneous, unrestricted					913,115	316,769	1,229,884	6,000
Transfers					(118,800)	118,800	-	-
Total general revenues, special items, and transfers					<u>12,582,078</u>	<u>534,908</u>	<u>13,116,986</u>	<u>6,575</u>
Change in net position					2,120,010	9,069,864	11,189,874	87,108
Net position, beginning					12,257,783	30,597,800	42,855,583	1,426,721
Net position, ending					<u>\$ 14,377,793</u>	<u>\$ 39,667,664</u>	<u>\$ 54,045,457</u>	<u>\$ 1,513,829</u>

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

**City of Dunn, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024**

Major Governmental Fund					
	General Government			Total Non-Major Funds	Total Governmental Funds
	General Fund	SCIF Fund	Vehicle and Equipment Fund		
ASSETS					
Cash and cash equivalents	\$ 4,402,356	\$ -	\$ -	\$ 429,507	\$ 4,831,863
Restricted cash	410,147	555,489	-	1,183,357	2,148,993
Receivables, net:					
Taxes	74,289	-	-	-	74,289
Accounts	865,039	-	-	-	865,039
Due from other governments	1,399,231	-	-	-	1,399,231
Due from other funds	2,618,512	-	-	-	2,618,512
Inventory	32,479	-	-	-	32,479
Prepays	158,383	-	-	-	158,383
Total assets	\$ 9,960,436	\$ 555,489	\$ -	\$ 1,612,864	\$ 12,128,789
LIABILITIES					
Accounts payable and accrued liabilities	\$ 533,873	\$ -	\$ -	\$ 2,501	\$ 536,374
Deferred revenue	-	523,182	-	-	523,182
Due to other funds	-	-	441,298	656,107	1,097,405
Total liabilities	533,873	523,182	441,298	658,608	2,156,961
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	74,289	-	-	-	74,289
Total deferred inflows of resources	74,289	-	-	-	74,289
FUND BALANCES					
Non Spendable:					
Prepaid items	158,383	-	-	-	158,383
Inventories	32,479	-	-	-	32,479
Restricted For:					
Stabalization by State statute	4,157,624	-	-	-	4,157,624
Transportation	-	-	-	1,132,936	1,132,936
General government	-	-	-	277,427	277,427
Environmental protection	2,313	-	-	-	2,313
Culture and recreation	-	-	-	200,000	-
Public safety	147,172	32,307	-	-	179,479
USDA debt service	262,975	-	-	-	262,975
Assigned:					
Subsequent year's expenditures	245,433	-	-	-	245,433
Unassigned					
Unassigned	4,345,895	-	(441,298)	(656,107)	3,248,490
Total fund balances	9,352,274	32,307	(441,298)	954,256	9,897,539
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,960,436	\$ 555,489	\$ -	\$ 1,612,864	\$ 12,128,789

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical costs		27,843,450	
Less: accumulated depreciation		(9,823,276)	\$ 18,020,174
Notes receivable are not due and collectible in the current period and therefore are not reported in the funds			3,100,000
Deferred outflows of resources related to pensions and opeb are not reported in the funds			
Pension deferral - LGERS			2,199,391
Pension deferral - LEO			470,384
OPEB deferral			416,024
Liabilities for earned revenues considered deferred inflows of resources in fund statements			
			74,289
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)			
Accrued interest on long-term liabilities			(7,351,909)
Compensated absences			(123,726)
Net pension liability			(357,666)
Total pension liability			(3,644,806)
OPEB liability			(1,871,000)
			(3,610,772)
Deferred inflows of resources related to pensions and opeb are not reported in the funds			
Pension deferral - LGERS			(129,433)
Pension deferral - LEO			(230,355)
OPEB deferral			(2,480,341)
Net position of governmental activities		\$	14,377,793

City of Dunn, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	Major Governmental Fund				
	General Fund	SCIF Fund	General Government Vehicle and Equipment Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 5,826,180	\$ -	\$ -	\$ -	\$ 5,826,180
Other taxes and licenses	230,591	-	-	-	230,591
Unrestricted intergovernmental	4,648,338	-	-	-	4,648,338
Restricted intergovernmental	595,029	126,818	-	513,109	1,234,956
Permits and fees	379,287	-	-	-	379,287
Sales and services	1,539,709	-	-	-	1,539,709
Investment earnings	284,841	27,679	-	13,345	325,865
Miscellaneous	776,542	-	-	-	776,542
Total revenues	<u>14,280,517</u>	<u>154,497</u>	<u>-</u>	<u>526,454</u>	<u>14,961,468</u>
EXPENDITURES					
Current:					
General government	2,523,137	135,228	441,298	847,084	3,946,747
Public safety	4,784,900	-	-	-	4,784,900
Transportation	1,958,896	-	-	90,985	2,049,881
Culture and recreation	1,388,431	-	-	580,607	1,969,038
Library	103,484	-	-	-	103,484
Environmental protection	817,953	-	-	-	817,953
Debt service					
Principal	895,999	-	-	190,115	1,086,114
Interest	192,473	-	-	25,137	217,610
Total expenditures	<u>12,665,273</u>	<u>135,228</u>	<u>441,298</u>	<u>1,733,928</u>	<u>14,975,727</u>
Excess (deficiency) of revenues over expenditures	<u>1,615,244</u>	<u>19,269</u>	<u>(441,298)</u>	<u>(1,207,474)</u>	<u>(14,259)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	(753,029)	-	-	634,229	(118,800)
Proceeds from direct placement installment purchases	357,000	-	-	-	357,000
Proceeds from sale of assets	719,201	-	-	-	719,201
Total other financing sources (uses)	<u>323,172</u>	<u>-</u>	<u>-</u>	<u>634,229</u>	<u>957,401</u>
Net change in fund balance	<u>1,938,416</u>	<u>19,269</u>	<u>(441,298)</u>	<u>(573,245)</u>	<u>943,142</u>
Fund balance - beginning, as reported	7,437,922	13,038	-	1,503,437	8,954,397
Fund balance - restatement	(24,064)	-	-	24,064	-
Fund balance - beginning, as restated	<u>7,413,858</u>	<u>13,038</u>	<u>-</u>	<u>1,527,501</u>	<u>8,954,397</u>
Fund balance - ending	<u>\$ 9,352,274</u>	<u>\$ 32,307</u>	<u>\$ (441,298)</u>	<u>\$ 954,256</u>	<u>\$ 9,897,539</u>

City of Dunn, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

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

Net changes in fund balance - total government funds	\$	943,142
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded the book value of capital outlay decreases in fiscal year.</p>		
Capital outlay expenditures which were capitalized	\$ 1,737,999	
Depreciation expense for governmental assets	<u>(882,994)</u>	855,005
Loss on sale of assets		(83,139)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		745,813
Benefit payments paid and administrative expense for OPEB are not included on the Statement of Activities		109,113
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in unavailable revenue for tax revenues		(30,367)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Loan proceeds	(357,000)	
Principal payments	1,086,114	
Change in accrued interest	<u>8,450</u>	737,564
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	86,349	
OPEB expense	(11,932)	
Pension expense	<u>(1,231,538)</u>	(1,157,121)
Total changes in net position of governmental activities		<u><u>\$ 2,120,010</u></u>

City of Dunn, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 5,563,300	\$ 5,563,300	\$ 5,826,180	\$ 262,880
Other taxes and licenses	222,000	232,000	230,591	(1,409)
Unrestricted intergovernmental	4,016,600	4,016,600	4,648,338	631,738
Restricted intergovernmental	399,343	457,056	595,029	137,973
Permits and fees	231,200	231,200	379,287	148,087
Sales and services	1,470,070	1,470,070	1,539,709	69,639
Investment earnings	75,000	176,324	284,841	108,517
Other revenues	629,625	736,225	776,542	40,317
Total revenues	<u>12,607,138</u>	<u>12,882,775</u>	<u>14,280,517</u>	<u>1,397,742</u>
Expenditures:				
Current:				
General government	2,814,321	2,911,563	2,523,137	388,426
Public safety	4,965,585	5,087,426	4,784,900	302,526
Transportation	1,687,878	2,128,977	1,958,896	170,081
Culture and recreation	1,337,892	1,435,023	1,388,431	46,592
Library	95,547	103,547	103,484	63
Environmental protection	841,000	841,000	817,953	23,047
Debt service				
Principal retirement	860,239	899,699	895,999	3,700
Interest	202,165	196,165	192,473	3,692
Total expenditures	<u>12,804,627</u>	<u>13,603,400</u>	<u>12,665,273</u>	<u>938,127</u>
Revenues over (under) expenditures	<u>(197,489)</u>	<u>(720,625)</u>	<u>1,615,244</u>	<u>2,335,869</u>
Other financing sources (uses):				
Proceeds from direct placement installment purchases	-	-	357,000	357,000
Transfers from (to) other funds	(185,000)	(756,205)	(753,029)	3,176
Proceeds from sale of assets	25,000	50,000	719,201	669,201
Total other financing sources (uses)	<u>(160,000)</u>	<u>(706,205)</u>	<u>323,172</u>	<u>1,029,377</u>
Fund balance appropriated	357,489	1,426,830	-	(1,426,830)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,938,416</u>	<u>\$ 1,938,416</u>
Fund balance - beginning, as reported			7,437,922	
Fund balance - restatement			(24,064)	
Fund balance - beginning, as restated			<u>7,413,858</u>	
Fund balance - ending			<u>\$ 9,352,274</u>	

City of Dunn, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2024

	Major Enterprise Fund	Non-Major Enterprise Fund	Total
	Water and Sewer Fund	Stormwater Fund	
ASSETS			
Current assets:			
Cash and equivalents	\$ 4,260,942	\$ 265,643	\$ 4,526,585
Restricted cash and cash equivalents	131,422	-	131,422
Accounts receivable (net)	1,378,048	16,603	1,394,651
Due from other governments	4,269,497	122,280	4,391,777
Current portion of note receivable	135,573	-	135,573
Inventories	58,523	-	58,523
Prepays	76,094	54	76,148
Total current assets	<u>10,310,099</u>	<u>404,580</u>	<u>10,714,679</u>
Non-current assets:			
Note receivable	1,201,207	-	1,201,207
Capital assets, land and construction in progress	14,097,788	308,888	14,406,676
Other capital assets, net of depreciation	30,782,042	970,621	31,752,663
Total non-current assets	<u>46,081,037</u>	<u>1,279,509</u>	<u>47,360,546</u>
Total assets	<u><u>56,391,136</u></u>	<u><u>1,684,089</u></u>	<u><u>58,075,225</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	855,320	-	855,320
OPEB deferrals	161,786	-	161,786
Total deferred outflows of resources	<u>1,017,106</u>	<u>-</u>	<u>1,017,106</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	557,804	50,972	608,776
Accrued interest payable	87,104	1,395	88,499
Due to other funds	1,095,516	425,591	1,521,107
Notes payables- current	1,239,325	32,692	1,272,017
Compensated absences - current	50,000	-	50,000
Liabilities payable from restricted assets:			
Customer deposits	131,422	-	131,422
Total current liabilities	<u>3,161,171</u>	<u>510,650</u>	<u>3,671,821</u>
Noncurrent liabilities:			
Notes paybles- noncurrent	11,556,649	307,989	11,864,638
Compensated absences - noncurrent	51,688	-	51,688
Net pension liability	1,417,418	-	1,417,418
Total OPEB liability	1,404,188	-	1,404,188
Total noncurrent liabilities	<u>14,429,943</u>	<u>307,989</u>	<u>14,737,932</u>
Total liabilities	<u>17,591,114</u>	<u>818,639</u>	<u>18,409,753</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	50,336	-	50,336
OPEB deferrals	964,578	-	964,578
Total deferred inflows of resources	<u>1,014,914</u>	<u>-</u>	<u>1,014,914</u>
NET POSITION			
Net investment in capital assets	32,083,856	938,828	33,022,684
Unrestricted	6,718,358	(73,378)	6,644,980
Total net position	<u><u>\$ 38,802,214</u></u>	<u><u>\$ 865,450</u></u>	<u><u>\$ 39,667,664</u></u>

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

City of Dunn, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2024

	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 7,946,089	\$ 418,809	\$ 8,364,898
Other operating revenues	97,447	-	97,447
Total operating revenues	<u>8,043,536</u>	<u>418,809</u>	<u>8,462,345</u>
OPERATING EXPENSES			
Water and sewer administration	352,855	-	352,855
Water treatment plant	1,495,201	-	1,495,201
Water and sewer operations	1,629,674	181,239	1,810,913
Water and sewer finance	622,731	-	622,731
Sewage treatment plant operations	1,726,755	-	1,726,755
Depreciation	1,615,934	94,853	1,710,787
Total operating expenses	<u>7,443,150</u>	<u>276,092</u>	<u>7,719,242</u>
Operating income (loss)	<u>600,386</u>	<u>142,717</u>	<u>743,103</u>
NONOPERATING REVENUE (EXPENSES)			
Interest income	97,785	1,554	99,339
Grant revenue	68,203	23,700	91,903
Insurance settlement	24,418	-	24,418
Development fees	193,691	-	193,691
Tower site rental	99,573	-	99,573
Loss on sale of assets	(385,801)	(913)	(386,714)
Interest and other charges	(217,498)	(10,738)	(228,236)
Total nonoperating revenue (expenses)	<u>(119,629)</u>	<u>13,603</u>	<u>(106,026)</u>
Income (loss) before contributions and transfers	480,757	156,320	637,077
Capital contributions	8,048,632	265,355	8,313,987
Transfer from (to) other funds	-	118,800	118,800
Change in net position	8,529,389	540,475	9,069,864
Net position, beginning	30,272,825	324,975	30,597,800
Net position, ending	<u>\$ 38,802,214</u>	<u>\$ 865,450</u>	<u>\$ 39,667,664</u>

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

City of Dunn, North Carolina
Statement of Cash Flows
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2024

	Water and Sewer Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,664,599	\$ 418,809	\$ 7,083,408
Cash paid for goods and services	(3,048,457)	119,540	(2,928,917)
Cash paid to employees for services	(2,169,002)	-	(2,169,002)
Net cash provided by operating activities	<u>1,447,140</u>	<u>538,349</u>	<u>1,985,489</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grants	8,116,835	289,055	8,405,890
Increase (decrease) in Advances	705,000	-	705,000
Transfers from (to) other funds	-	118,800	118,800
Net cash used in noncapital financing activities	<u>8,821,835</u>	<u>407,855</u>	<u>9,229,690</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(10,299,036)	(629,648)	(10,928,684)
Principal payments received on notes receivable	135,573	-	135,573
Proceeds from installment purchases	5,062,000	-	5,062,000
Principal paid on installment purchases	(2,470,287)	(41,731)	(2,512,018)
Interest and fees paid on installment purchases	(217,498)	(10,738)	(228,236)
Insurance settlement	24,418	-	24,418
Development fees	193,691	-	193,691
Net cash used in capital and related financing activities	<u>(7,571,139)</u>	<u>(682,117)</u>	<u>(8,253,256)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Tower site rental	99,573	-	99,573
Investment income	97,785	1,554	99,339
Net cash provided by investing activities	<u>197,358</u>	<u>1,554</u>	<u>198,912</u>
Net increase (decrease) in cash and cash equivalents	<u>2,895,194</u>	<u>265,641</u>	<u>3,160,835</u>
Balances, beginning	<u>1,497,170</u>	<u>2</u>	<u>1,497,172</u>
Balances, ending	<u>\$ 4,392,364</u>	<u>\$ 265,643</u>	<u>\$ 4,658,007</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>600,386</u>	<u>142,717</u>	<u>743,103</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	\$ 1,615,934	\$ 94,853	\$ 1,710,787
Changes in assets and liabilities			
(Increase) decrease in:			
Accounts receivable	(1,378,937)	222,290	(1,156,647)
Inventory	8,482	-	8,482
Prepays	(42,638)	-	(42,638)
Deferred outflows of resources- pensions	(3,747)	-	(3,747)
Deferred outflows of resources- OPEB	46,034	-	46,034
Increase (decrease) in:			
Accounts payable and accrued liabilities	521,762	78,489	600,251
Compensated absences	5,719	-	5,719
Net Pension Liability	113,147	-	113,147
Deferred inflows of resources- pensions	44,825	-	44,825
Deferred inflows of resources- OPEB	(129,118)	-	(129,118)
OPEB liability	45,291	-	45,291
Total adjustments	<u>846,754</u>	<u>395,632</u>	<u>1,242,386</u>
Net cash provided by operating activities	<u>\$ 1,447,140</u>	<u>\$ 538,349</u>	<u>\$ 1,985,489</u>

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

NOTES TO THE FINANCIAL STATEMENTS

City of Dunn, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies

The accounting policies of the City of Dunn, North Carolina (the "City") and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City is a municipal corporation, which is governed by an elected mayor and a six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the financial statements in order to emphasize that it is legally separate from the City.

City of Dunn ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Dunn ABC Board, P.O. Box 70, Dunn, North Carolina, 28335-0070.

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The City reports the following major governmental funds:

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

SCIF Project Fund. This is a Park and Recreation capital project fund that includes a complete renovation of existing basketball courts at Codrington Park and an addition of an outdoor volleyball court to an existing court at Tart Park.

General Government Vehicle and Equipment Project Fund. This project includes the purchase of police vehicles and public works equipment and is funded with grant and loan proceeds from the United States Department of Agriculture (USDA).

The City reports the following non-major governmental funds:

American Rescue Plan Fund. This fund was established to house the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the entity.

Paving Project Fund. This fund was established to fund the paving project.

Powell Bill Fund. This fund was established to house NCDOT grant money for street improvement for streets within city limits.

Grants Fund. This fund includes grant proceeds from two Harnett County grants of \$50,000 each. The first grant is to be spent on improvements for the city's downtown, while the second grant is to be used for park and recreation improvements.

City Wayfinding Project Fund. This is a Public Works capital project fund that includes the fabrication and installation of directional signage throughout the city. The project is funded with General Fund Reserves.

Tart Park Renovations Capital Project Fund. This fund is a capital project fund of the City. The fund was established to perform needed renovations on the Clarence Lee Tart Memorial Park. The project is funded by loan proceeds and State grants. Construction is the primary expenditure of the project.

CDBG Housing Rehab Capital Project Fund. This fund was established to account for a Community Development Block Grant (CDBG) to be used to provide rehabilitated housing to low income families within the City of Dunn.

Park to Park Trail Project Fund. This is a Public Works capital project fund that includes the construction of a trail that connects the Tart Park with the Tyler Park via sidewalk enhancements and trail corridors.

The City reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operations. Water and Sewer Capital Projects Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgeting comparison for the Water and Sewer Capital Projects Fund has been included in the supplemental information.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Harnett County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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.

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General and Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Governmental and Enterprise Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriation by more than \$10,000. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust ("NCCMT"). The City and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which approximates fair value, and is the NCCMT's share price. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Drug tax funds are classified as restricted because they can only be used for public safety. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, or widening of local streets per G.S. 136-41.1 through 136-41.4.

City of Dunn Restricted Cash and Cash Investments

Governmental Activities	
General Fund	
Streets- Powell Bill	\$ -
Public Safety	147,172
USDA reserve	262,975
Total governmental activities	<u>\$ 410,147</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	131,422
Total Business-type activities	<u>\$ 131,422</u>
Total Restricted Cash and Cash Investments	<u>\$ 541,569</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City’s General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the City and the ABC Board are valued at cost (first-in, first-out), which approximates market. The City’s General Fund inventory consists of expendable supplies that are recognized as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Governmentwide Statement Activities the cost of these inventories is expensed as the items are used.

The inventories of the City's enterprise funds, and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Capitalization cost for the City's assets are \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets 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 cost of normal maintenance and repairs that do not add to the functionality of the asset or materially extend assets’ lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30 years
Improvements	20 years
Furniture, equipment, tractor units, and trailers	7 years
Vehicles, data handling equipment except computers	5 years
Computer Equipment	3 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	10-40 years
Leasehold Improvements	15-40 years
Furniture and equipment	3-10 years

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as expense or expenditure until then. The City has two items that meets this criterion, pension deferrals and OPEB deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - prepaid property taxes, property taxes receivable, pension deferrals, and OPEB deferrals.

9. Long-Term Obligations

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

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

10. Compensated Absences

Vacation leave is earned at the rate of up to twenty-five (25) days per year with a yearly maximum accumulation of 30 days with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded within the funds as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid items- portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid expenses, which are not a spendable resource

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

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

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

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

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for certain drug enforcement expenditures and donated funds for animal control facility improvements.

Restricted for USDA Debt Service – portion of fund balance that is restricted as required by loan agreements with the USDA.

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

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

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

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 Dunn, North Carolina's employer contributions are recognized when due and the City of Dunn, North Carolina 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.

II Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

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

The City has one major governmental fund with deficit fund balance as of June 30, 2024. This deficit was caused because of delays in receiving anticipating loans and intergovernmental funding. The City will either obtain the funding during the year ending June 30, 2025 or correct the deficit with transfers from other funds.

C. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's or ABC Board's agents in the units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by the City's and ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and ABC Board 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. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2024, the City's deposits had a carrying amount of \$1,414,301 and a bank balance of \$2,430,331. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral under the pooling method. The carrying amount of deposits for the ABC Board was \$423,910 and the bank balance was \$566,838. At June 30, 2024, the ABC Board bank balance exceeded federal depository insurance coverage. The remaining bank balance of \$316,838 was covered by collateral held under the Pooling Method. At June 30, 2024, the City's petty cash fund totaled \$1,190.

2. Investments

The City's investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value	Maturity	Rating
NC Capital Management Trust- Government Portfolio	Fair Value- Level 1	\$ 10,223,372	N/A	AAAm
		\$ 10,223,372		

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. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk - The City and ABC Board has no formal investment policy regarding interest rate risk.

Credit Risk – The City has no formal policy regarding credit risk but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2024.

3. Receivables

a. Notes

General Fund

The City has financed the renovation of Harnett Training School. The School will be used to house apartments for rent to the public. Harnett Training School, LLC will repay the city annually over a 20- year period. The original amount of the note receivable was \$3,100,000, and repayment to the City is dependent on the profitability performance measures of Harnett Training School. No cash was received from activities related to this transaction during the year ended June 30, 2024. As of June 30, 2024, the balance on this note receivable was \$3,100,000.

Water and Sewer Fund

The City has financed the construction of a water line to the Eastover Sanitary District. Eastover Sanitary District will repay the city monthly over a 20-year period. The original amount of the note receivable was \$2,604,064. As of June 30, 2024, the balance on this note receivable was \$1,201,207.

b. Accounts Receivable

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

General Fund	
Taxes Receivable	\$ 74,289
Customer charges	865,039
	\$ 939,328
Proprietary Funds	
Customer charges	\$ 1,394,651

4. Capital Assets

Capital asset activity for the Primary Government was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,560,135	\$ 27,850	\$ -	\$ 2,587,985
Construction in progress	1,221,304	155,720	1,221,302	155,722
Total capital assets not being depreciated	<u>3,781,439</u>	<u>183,570</u>	<u>1,221,302</u>	<u>2,743,707</u>
Capital assets being depreciated:				
Buildings	6,670,331	-	-	6,670,331
Equipment	1,811,941	85,170	43,020	1,854,091
Improvements	10,370,588	1,288,609	-	11,659,197
Vehicles and motorized equipment	3,402,506	826,958	431,142	3,798,322
Other	565,962	574,994	23,154	1,117,802
Total capital assets being depreciated	<u>22,821,328</u>	<u>2,775,731</u>	<u>497,316</u>	<u>25,099,743</u>
Less accumulated depreciation for:				
Buildings	3,293,976	125,932	-	3,419,908
Equipment	1,373,845	89,028	30,827	1,432,046
Improvements	2,047,044	376,813	-	2,423,857
Vehicles and motorized equipment	2,195,591	254,014	360,196	2,089,409
Other	444,003	37,207	23,154	458,056
Total accumulated depreciation	<u>9,354,459</u>	<u>882,994</u>	<u>414,177</u>	<u>9,823,276</u>
Total capital assets being depreciated, net	<u>13,466,869</u>			<u>15,276,467</u>
Governmental activity capital assets, net	<u>\$ 17,248,308</u>			<u>\$ 18,020,174</u>

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

General Government	\$ 61,810
Public Safety	220,749
Transportation	203,089
Environmental Protection	26,490
Cultural and Recreational	362,028
Library	8,830
Total Depreciation Expense	<u>\$ 882,996</u>

Capital asset activity for the Business-Type Activities was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water & Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 286,507	\$ -	\$ -	\$ 286,507
Construction in progress	7,756,492	8,878,280	2,823,491	13,811,281
Total capital assets not being depreciated	<u>8,042,999</u>	<u>8,878,280</u>	<u>2,823,491</u>	<u>14,097,788</u>
Capital assets being depreciated:				
Buildings	954,203	-	-	954,203
Equipment	2,299,423	486,323	544,631	2,241,115
Plant Distribution Systems	50,270,278	3,512,587	247,102	53,535,763
Vehicles	1,290,488	251,394	71,778	1,470,104
Other Assets	832,493	247,102	-	1,079,595
Total capital assets being depreciated	<u>55,646,885</u>	<u>4,497,406</u>	<u>863,511</u>	<u>59,280,780</u>
Less accumulated depreciation for:				
Buildings	766,800	13,995	-	780,795
Equipment	1,113,124	149,071	194,445	1,067,750
Plant Distribution Systems	24,581,702	1,220,214	1,029	25,800,887
Vehicles	368,705	126,831	29,079	466,457
Other Assets	277,026	105,823	-	382,849
Total accumulated depreciation	<u>27,107,357</u>	<u>1,615,934</u>	<u>224,553</u>	<u>28,498,738</u>
Total capital assets being depreciated, net	<u>28,539,528</u>			<u>30,782,042</u>
Water and Sewer activity capital assets, net	<u>\$ 36,582,527</u>			<u>\$ 44,879,830</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities (cont.):				
Stormwater Fund				
Capital assets not being depreciated:				
Land	\$ 41,283	\$ 267,605	\$ -	\$ 308,888
Total capital assets not being depreciated	41,283	267,605	-	308,888
Capital assets being depreciated				
Equipment	63,300	554,988	-	618,288
Vehicles	215,459	-	215,459	-
Other Assets	512,112	-	-	512,112
Total capital assets being depreciated	790,871	554,988	215,459	1,130,400
Less accumulated depreciation for:				
Equipment	11,912	55,005	-	66,917
Vehicles	14,364	7,182	21,546	-
Other Assets	60,196	32,666	-	92,862
Total accumulated depreciation	86,472	94,853	21,546	159,779
Total capital assets being depreciated, net	704,399			970,621
Stormwater activity capital assets, net	\$ 745,682			\$ 1,279,509

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 191,572	\$ -	\$ -	\$ 191,572
Total capital assets not being depreciated	191,572	-	-	191,572
Capital assets being depreciated:				
Buildings	393,238	31,329	-	424,567
Furniture and Equipment	120,351	42,688	-	163,039
Vehicles	11,964	-	-	11,964
Land improvements	99,534	6,625	-	106,159
Total capital assets being depreciated	625,087	80,642	-	705,729
Less accumulated depreciation for:				
Buildings	280,638	8,557	-	289,195
Furniture and Equipment	86,495	7,638	-	94,133
Vehicles	1,795	2,393	-	4,188
Land Improvements	16,823	4,853	-	21,676
Total accumulated depreciation	385,751	23,441	-	409,192
Total capital assets being depreciated, net	239,336			296,537
Water and Sewer activity capital assets, net	\$ 430,908			\$ 488,109

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Dunn 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 Dunn's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.91% of compensation 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 Dunn were \$879,322 for the year ended June 30, 2024.

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, 2024, the City reported a liability of \$5,062,224 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023, the City's proportion was 0.07643%, which was a decrease of 0.00614% from its proportion measured as of June 30, 2022. For the year ended June 30, 2024, the City recognized pension expense of \$1,430,127. At June 30, 2024, 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	\$ 564,082	\$ 12,144
Changes of assumptions	215,115	-
Net difference between projected and actual earnings on pension plan investments	1,354,873	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	41,320	167,625
City's contributions subsequent to the measurement date	879,322	-
Total	<u>\$ 3,054,712</u>	<u>\$ 179,769</u>

\$879,322 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a increase of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2025	\$ 735,760
2026	348,334
2028	854,235
2028	57,291
	<u>\$ 1,995,621</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increase, including inflation and productivity factor	3.25% - 8.25%
Investment rate of return, net of pension plan investment expense, including inflation	6.50%

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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1 % Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City’s proportionate share of the net pension liability (asset)	\$8,770,104	\$5,062,224	\$2,009,550

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 for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The City of Dunn administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the City’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	6
Active plan members	44
Total	<u>50</u>

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2022, valuation. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021.

Mortality rates are based on the following:

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 Before Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

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

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 \$112,702 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, 2024, the City reported a total pension liability of \$1,871,000. The total pension liability was measured as of December 31, 2023, based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of \$201,847.

	Deferred Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 307,373	\$ 19,791
Changes of assumptions	163,011	210,564
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	<u>\$ 470,384</u>	<u>\$ 230,355</u>

\$0 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2025	\$ 74,606
2026	65,765
2027	10,890
2028	24,752
2029	63,383
Thereafter	633
	<u>\$ 240,029</u>

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 4.00 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 2,031,354	\$ 1,871,000	\$ 1,726,653

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

Beginning balance	\$ 1,473,095
Service Cost	68,614
Interest on the total pension liability	61,062
Differences between expected and actual experience in the measurement of the total pension liability	337,403
Changes of assumptions or other inputs	43,528
Benefit payments	(112,702)
Ending balance of the total pension liability	<u>\$ 1,871,000</u>

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2020.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,430,127	\$ 201,847	\$ 1,631,974
Pension liability	5,062,224	1,871,000	6,933,224
Proportionate share of the net pension liability	0.076430%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	564,082	307,373	871,455
Changes of assumptions	215,115	163,011	378,126
Net difference between projected and actual earnings on plan investments	1,354,873	-	1,354,873
Changes in proportion and differences between contributions and proportionate share of contributions	41,320	-	41,320
Benefit payments and administrative costs paid subsequent to the measurement date	879,322	-	879,322
Deferred of Inflows of Resources			
Differences between expected and actual experience	12,144	19,791	31,935
Changes of assumptions	-	210,564	210,564
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	167,625	-	167,625

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

The City has also elected to have employees not engaged in law enforcement participate in the Supplement Retirement Income Plan. In addition, the ABC Board provides retirement benefits to full time employees.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5.00% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$195,535, which consisted of \$123,567 from the City and \$71,788 from the law enforcement officers.

d. Other Postemployment Benefits (OPEB)

Healthcare Benefits

Plan Description: Under the terms of a City resolution, the City administers a single employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System") and have at least twenty-five years of creditable service with the City. The City pays the full cost of coverage for these benefits. Retirees with at least fifteen years of service may remain on the City's plan and are eligible for premium supplements established by the City Council. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

Employees hired after July 1, 2017, will only be eligible for retiree insurance after completion of twenty or more years of service with the City. Membership of the Retiree Health Plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees receiving benefits	22	15
Active plan members	76	49
	<u>98</u>	<u>64</u>

Total OPEB Liability

The City's total OPEB liability of \$5,014,960 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2022 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%
Salary increases, including wage inflation	2.75%
Discount rate, net of investment expense, including inflation	3.93%
Healthcare cost trend rates	4.00%

The discount rate is based on the yield of 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

Changes for the year	
Service cost	\$ 307,825
Interest	179,994
Employer Contributions	(151,547)
Benefit payments	-
Experience (Gains)/Losses	-
Changes in assumptions or other inputs	(174,517)
Net changes	161,755
Balance, beginning	4,853,205
Balance, ending	\$ 5,014,960

Mortality rates were based on the SOA Pub-2010 mortality tables with Scale MP-2019 improvements until 2025.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 2011 through December 2015.

Sensitivity of the total OPEB liability to changes in the discount rate . The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	Discount Rate		
	1% Decrease	(3.93%)	1% Increase
Total OPEB liability	\$ 5,656,168	\$ 5,014,960	\$ 4,482,644

Sensitivity to 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:

	Discount Rate		
	(2.93%)	(3.93%)	(4.93%)
Total OPEB liability	\$ 4,308,100	\$ 5,014,960	\$ 5,875,940

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$16,572. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,291	\$ (2,244,579)
Changes of assumptions	569,520	(1,200,340)
Total	\$ 577,811	\$ (3,444,919)

Because the plan’s measurement date is the same as the City’s fiscal year end, there are no deferred outflows of resources related to benefit payments and administrative expenses made subsequent to the measurement date. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		
2025	\$	(468,482)
2026		(442,616)
2027		(483,759)
2028		(483,759)
2029		(518,495)
Thereafter		<u>(469,997)</u>
	\$	<u>(2,867,108)</u>

c. Other Employment Benefits

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

2. Long-Term Obligations

a. Installment Purchases

The City has entered into the following direct placement contracts:

Serviced by the General Fund:

\$2,989,000 loan in August 2013 to finance improvements to Downtown infrastructure due in annual installments of \$181,373 including interest through August 2038; interest at 3.50 percent	\$	2,062,666
\$700,000 loan in July 2014 to construct phase 2 improvements to Tyler Park due in annual installments ranging from \$77,476 to \$74,354 including interest through July 2024; interest at 2.67 percent	\$	70,000
\$2,200,000 loan in August 2014 to renovate the Harnett Training School and City Hall due in annual installments of \$146,051 including interest through August 2025; interest at 9.75 percent	\$	1,443,712
\$40,743 of a \$204,000 loan in January 2019 to finance vehicles for various City departments due in annual installments of \$24,727 including interest through January 2029; interest at 3.66	\$	100,316
\$125,000 loan in April 2019 to finance five police vehicles due in annual installments of \$20,440 including interest through April 2026; interest at 3.50 percent	\$	38,830
\$125,000 loan in April 2019 to finance six vehicles due in annual installments of \$20,440 including interest through April 2026; interest at 3.50 percent	\$	38,830
\$180,000 loan in December 2022 to finance Public Works equipment due in annual installments of \$38,468 including interest through December 2027; interest at 2.25 percent	\$	145,582
\$100,000 loan in April 2020 to finance police vehicles due in annual installments of \$21,488 including interest through April 2025; interest at 2.375 percent	\$	20,784
\$125,000 loan in May 2023 to finance police vehicles due in annual installments of \$27,883 including interest through May 2028; interest at 3.75 percent	\$	101,805
\$70,000 loan in June 2020 to finance police vehicles due in annual installments of \$10,973 including interest through June 2027; interest at 2.375 percent	\$	31,410

\$104,000 loan in June 2020 to finance equipment for parks and recreation due in annual installments of \$11,808 including interest through June 2030; interest at 2.375 percent	\$	65,296
\$2,121,010 loan in September 2020 to finance improvements to Tart Park due in semiannual installments of \$63,410 including interest through September 2030; interest at 1.785 percent	\$	1,638,993
\$110,000 loan in February 2021 to finance computer purchases due in quarterly installments of \$7,141 including interest through February 2025; interest at 1.80 percent	\$	21,231
\$205,000 loan in November 2020 to finance equipment for parks and recreation due in semiannual installments of \$15,684 including interest through November 2027; interest at 1.86 percent	\$	105,820
\$100,000 loan in February 2022 to purchase police vehicles due in semiannual installments of \$21,293 including interest through March 2027; interest at 2.125 percent	\$	61,257
\$375,000 loan in December 2021 to purchase land due in semiannual installments of \$20,722 including interest through November 2031; interest at 1.91 percent	\$	306,365
\$1,000,000 loan in September 2022 to finance paving projects due in semiannual installments of 107,626 including interest through April 2027; interest at 3.34 percent.	\$	609,630
\$162,770 loan in December 2022 to finance a boom truck due in semiannual installments of \$13,883 including interest through December 2029; interest at 4.85 percent.	\$	132,382
\$116,000 loan in November 2023 to finance four new police vehicles due in annual installments of \$23,200 plus interest; interest at 3.625%	\$	116,000
\$241,000 loan in May 2024 to finance two new public works vehicles due in annual installments of \$39,416 including interest; interest at 3.5%	\$	241,000
	<u>\$</u>	<u>7,351,909</u>

The future minimum payments of General Fund direct borrowing agreements are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 866,108	\$ 195,606	\$ 1,061,714
2026	776,235	170,509	946,744
2027	756,277	147,648	903,925
2028	515,246	127,350	642,596
2029	434,203	112,832	547,035
2030-2034	2,615,636	346,981	2,962,617
2035-2039	1,031,204	83,461	1,114,665
Total	<u>\$ 6,994,909</u>	<u>\$ 1,184,387</u>	<u>\$ 8,179,296</u>

Serviced by the Proprietary Fund

\$1,898,000 loan in September 2019 to finance electronically read water meters for the City due in annual installments of \$166,321 including interest through September 2034; interest at 3.63 percent	\$	1,374,209
\$185,000 loan in June 2020 to finance vehicles and a generator due in annual installments of \$21,004 including interest through June 2030; interest at 2.375 percent	\$	116,154
\$2,722,161 non-interest bearing loan in November 2020 to finance a waste water treatment plant aeration project due in annual installments of \$137,500 through November 2039	\$	2,337,500
\$250,000 loan in November 2020 to finance a water/sewer line project due in semiannual installments of \$22,030 including interest through November 2026; interest at 1.74 percent	\$	107,333
\$785,000 loan in May 2021 to finance a water/sewer line project due in annual installments of \$87,712 including interest through May 2031; interest at 2.07 percent	\$	566,145
\$178,629 loan in October 2021 to finance equipment due in annual installments of \$18,751 including interest through October 2026; interest at 1.79 percent	\$	91,290
\$416,960 loan in December 2021 to finance vacuum truck purchase due in annual installments of \$64,128 including interest through November 2031; interest at 1.88 percent	\$	303,323
\$553,860 loan in June 2022 to finance a water/sewer line project due in annual installments of \$119,683 including interest through May 2027; interest at 2.65 percent	\$	341,066
\$375,000 loan in January 2023 to finance a sewer project due in annual installments of \$63,000 including interest through January 2030; interest at 3.95 percent.	\$	291,189
\$182,000 loan in May 2023 to finance a street sweeper due in annual installments of \$22,163 including interest through May 2033; interest at 3.75 percent.	\$	166,662
\$827,163 loan in May 2023 to finance a water distribution rehabilitation project due in semiannual installments including interest through April 2042; interest at 1.42 percent.	\$	737,996
\$3,626,000 loan in May 2024 to finance the Black River Waste Water Treatment Plant project due in semiannual installments including interest through May 2044; interest at 0.13 percent.	\$	3,626,000
\$1,436,000 loan in February 2024 to finance a water and sewer project due in annual installments including interest through June 2063; interest at 1.25%	\$	1,408,000
	<u>\$</u>	<u>11,466,867</u>

The future minimum payments of Proprietary Funds direct borrowing agreements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,239,325	\$ 174,408	\$ 1,413,733
2026	1,118,492	151,703	1,270,195
2027	1,092,583	131,496	1,224,079
2028	944,033	111,594	1,055,626
2029	954,749	95,217	1,049,967
2030-2034	3,574,979	241,840	3,816,819
2035-2039	2,238,000	92,168	2,330,168
2040-2044	1,203,497	61,803	1,265,300
2045-2049	186,000	43,600	229,600
2050-2054	199,000	31,650	230,650
2055-2059	211,000	18,913	229,913
2060-2064	175,000	5,438	180,438
Total	<u>\$ 13,136,658</u>	<u>\$ 1,159,831</u>	<u>\$ 14,296,489</u>

b. General Obligation Bonds

In March 2017, the City received direct placement general obligation refunding bonds from BB&T for the purpose of the construction of facilities utilized in the operations of the water and sewer system, and which are being retired by its resources, are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. The amount of the issuance is \$1,180,000 and is expected to have a final maturity date of June 1, 2025. The bonds are expected to bear an interest rate of 2.14%.

The future minimum payments on the general obligation bond are as follows:

Year Ending June 30	Principal	Interest	Total
2025	135,000	2,889	137,889
Total	\$ 135,000	\$ 2,889	\$ 137,889

Revolving Water and Sewer Loan

In August 2010 the City entered into a direct placement agreement from the Water Pollution Control Revolving Loan Fund in the amount of \$4,385,114. This note was used to finance replacing gravity sewer lines, upgrading lift stations and constructions of equalization basin at the wastewater treatment facility. The promissory note requires principal payments beginning May 2012 with interest at 2.5%. The balance of this note is \$1,754,044 at June 30, 2024.

The future minimum payments on the revolving water and sewer loan are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 219,256	\$ 38,370	\$ 257,626
2026	219,256	32,888	252,144
2027	219,256	27,407	246,663
2028	219,256	21,926	241,182
2029	219,256	16,444	235,700
2030-2031	438,510	16,444	454,954
Total	\$ 1,534,790	\$ 153,479	\$ 1,688,269

c. Changes in Long-Term Liabilities

The following changes occurred in liabilities reported in the Long-Term Debt:

	Beginning Balance	Increases	Decreases	Ending Balances	Current Portion
Governmental Activities:					
Direct borrowing agreements	\$ 8,081,023	\$ 357,000	\$ 1,086,114	\$ 7,351,909	\$ 920,289
Net pension liability (LGRS)	3,353,856	290,950	-	3,644,806	-
Total pension liability (LEO)	1,473,095	397,905	-	1,871,000	-
Total OPEB liability	3,494,308	116,464	-	3,610,772	-
Compensated absences	444,015	403,311	489,659	357,667	100,000
Total governmental activity long-term liabilities	\$ 16,846,297	\$ 1,565,630	\$ 1,575,773	\$ 16,836,154	\$ 1,020,289
Business-type activities:					
Direct borrowing agreements	\$ 8,559,631	\$ 5,062,000	\$ 2,154,764	\$ 11,466,867	\$ 885,069
General obligation bonds	273,000	-	138,000	135,000	135,000
Direct placement water pollution control revolving agreement	1,754,044	-	219,253	1,534,791	219,256
Net pension liability (LGRS)	1,304,271	113,147	-	1,417,418	-
Total OPEB liability	1,358,897	45,291	-	1,404,188	-
Compensated absences	95,969	369,695	363,976	101,688	50,000
Total business-type long-term liabilities	\$ 13,345,812	\$ 5,590,133	\$ 2,875,993	\$ 16,059,952	\$ 1,289,325

Compensated absences for governmental activities have typically been liquidated in the General Fund. At June 30, 2024, the City of Dunn, North Carolina had a legal debt margin of \$205,563,742.

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2024, consist of the following:

From the Eastside Pump Station/Black River Effluent Fund to Machine and Welding Outfall Fund	\$ 2,347,102
From the American Rescue Plan Fund to the General Fund	\$ 7,725
From the American Rescue Plan Fund to the Park to Park Trail Project Fund	\$ 50,850
From the General Fund to the CDBG Housing Rehab Project Fund	\$ 636
From the General Fund to the City Wayfinding Project Fund	\$ 250,000
From the General Fund to the E Bay St & S Wilson Av Stormwater Improvements Project Fund	\$ 118,800
From the General Fund to the Powell Bill Fund	\$ 191,825
From the General Fund to the Tart Park Improvements Project Fund	\$ 200,000
From the Park to Park Trail Project Fund to the General Fund	\$ 506
From the Water and Sewer Fund to the Ammons Road Meter Vault Project Fund	\$ 90,889
From the Water and Sewer Fund to the Champion Pump Station Conversion Project Fund	\$ 452,100
From the Water and Sewer Fund to the Tracy Lane Water and Sewer Extension Project Fund	\$ 361,400
From the Water and Sewer Fund to the Water and Sewer Vehicle and Equipment Project Fund	\$ 185,200

The interfund balances are a result of the General Fund and Nonmajor Governmental Funds spending more than their allocation of a pooled bank account. These balances to the Enterprise funds and the CSLFRF Fund will be restored from grants and loan proceeds or transfers from other bank accounts, which are anticipated to occur during the fiscal year ending June 30, 2024.

D. Fund Balance

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

Total fund balance- General Fund	\$ 9,352,274
Less:	
Prepaid items	158,383
Inventories	32,479
Stabilization by State	4,157,624
Transportation	-
Environmental protection	2,313
Public Safety	147,172
USDA debt service	262,975
Subsequent year's expenditures	245,433
Remaining Fund Balance	<u>\$ 4,345,895</u>

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

E. Related Organization

The six-member board of the City of Dunn Housing Authority is appointed by the City Council of the City of Dunn. 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 Dunn is also disclosed as a related organization in the notes to the financial statement for the City of Dunn Housing Authority.

The board of the Averasboro Tourism Development Authority is appointed by the City Council of the City of Dunn. The City is accountable for the Authority because it appoints its governing board; however, the City is not financially accountable for the Authority. The City provides accounting and payroll functions for the Authority at a minimal cost.

F 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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

G Subsequent Events

The City has evaluated the events from the date of the balance sheet through the date the report is available to be issued, which is the date of the independent auditors' report. The City has not evaluated subsequent events after that date. There were no subsequent events during this period that required disclosure.

Required
Supplementary Financial Data

This section contains additional information required by generally accepted accounting principals

- Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees’ Retirement System
- Schedule of Contributions – Local Government Employees’ Retirement System
- Schedule of Changes in Total Pension Liability - Law Enforcement
- Schedule of Total Pension Liability as a Percentage of Covered
- Schedule of Changes in Total OPEB Liability and Related Ratios

City of Dunn, North Carolina
City of Dunn's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years*

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset) (%)	0.07643%	0.08257%	0.07911%	0.07850%	0.07770%	0.07436%	0.07854%	0.07440%	0.08436%	0.0911%
City's proportion of the net pension liability (asset) (\$)	\$ 5,062,224	\$ 4,658,127	\$ 1,213,227	\$ 2,805,138	\$ 2,121,925	\$1,764,074	\$ 1,199,874	\$ 1,579,017	\$ 378,602	\$ (397,745)
City's covered-employee payroll	\$ 6,239,982	\$ 3,851,173	\$ 3,554,236	\$ 3,579,240	\$ 3,343,756	\$ 3,173,479	\$ 3,059,599	\$ 3,071,318	\$ 2,951,064	\$ 3,111,883
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	81.13%	120.95%	34.13%	78.37%	63.46%	55.59%	39.22%	51.41%	12.83%	(12.78%)
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

**City of Dunn, North Carolina
City of Dunn's Contributions
Required Supplementary Information
Last Ten Fiscal Years**

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 879,322	\$ 779,294	\$ 439,804	\$ 586,291	\$ 506,167	\$ 425,105	\$ 372,732	\$ 353,417	\$ 323,409	\$ 354,647
Contributions in relation to the contractually required contribution	879,322	779,294	439,804	586,291	506,167	425,105	372,732	353,417	323,409	354,647
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,613,198	\$ 6,239,982	\$ 3,851,173	\$ 3,554,236	\$ 3,579,240	\$ 3,343,756	\$ 3,173,479	\$ 3,059,599	\$ 3,071,318	\$ 2,951,064
Contributions as a percentage of covered-employee payroll	13.30%	12.49%	11.42%	16.50%	14.14%	12.71%	11.75%	11.55%	10.53%	12.02%

City of Dunn, North Carolina
Statement of Net Position
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	1,473,095	1,690,679	1,706,197	1,261,058	1,214,771	1,186,225	1,031,368	1,018,865
Service Cost	68,614	90,011	93,677	63,460	55,663	54,575	48,393	51,994
Interest on the total pension liability	61,062	36,911	32,260	40,309	43,605	36,833	38,855	35,524
Differences between expected and actual experience in the measurement of the total pension liability	337,403	38,105	(24,807)	2,663	(56,952)	27,950	41,130	-
Changes of assumptions or other inputs	43,528	(282,211)	(47,226)	387,901	37,625	(49,534)	76,023	(27,442)
Benefit payments	(112,702)	(100,400)	(69,422)	(49,194)	(33,654)	(41,278)	(49,544)	(47,573)
Ending balance of the total pension liability	<u>\$ 1,871,000</u>	<u>\$ 1,473,095</u>	<u>\$ 1,690,679</u>	<u>\$ 1,706,197</u>	<u>\$ 1,261,058</u>	<u>\$ 1,214,771</u>	<u>\$ 1,186,225</u>	<u>\$ 1,031,368</u>

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

City of Dunn, North Carolina
Statement of Net Position
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,871,000	\$ 1,473,095	\$ 1,690,679	\$ 1,706,197	\$ 1,261,058	\$ 1,214,771	\$ 1,186,225	\$ 1,031,368
Covered payroll	2,263,035	2,042,427	2,012,269	1,908,432	1,937,278	1,702,739	1,783,214	1,789,543
Total pension liability as a percentage of covered payroll	82.68%	72.12%	84.02%	89.40%	65.09%	71.34%	66.52%	57.63%

Notes to the schedules:

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

City of Dunn, North Carolina
Schedule of Changes in the Net OPEB Liability and Related Ratios
Healthcare Benefits Plan
For the Year Ended June 30, 2024*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 307,825	\$ 374,068	\$ 506,180	\$ 532,694	\$ 389,537	\$ 258,525	\$ 272,002
Interest	179,994	231,402	160,570	190,167	247,021	252,957	233,305
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	(1,592,920)	15,008	(23,951)	12,496
Changes of assumptions	(174,517)	(2,013,196)	(1,321,587)	38,463	1,000,686	379,926	(269,443)
Benefit payments	(151,547)	(177,629)	(174,619)	(277,975)	(275,262)	(212,791)	(209,744)
Net change in total OPEB liability	161,755	(1,585,355)	(829,456)	(1,109,571)	1,376,990	654,666	38,616
Total OPEB liability - beginning	4,853,205	6,438,560	7,268,016	8,377,587	7,000,597	6,345,931	6,307,315
Total OPEB liability - ending	<u>\$ 5,014,960</u>	<u>\$ 4,853,205</u>	<u>\$ 6,438,560</u>	<u>\$ 7,268,016</u>	<u>\$ 8,377,587</u>	<u>\$ 7,000,597</u>	<u>\$ 6,345,931</u>
City's covered-employee payroll	\$ 6,613,198	\$ 6,239,982	\$ 5,437,608	\$ 5,826,297	\$ 5,516,518	\$ 5,177,549	\$ 5,177,549
City's OPEB liability as a percentage of its covered-employee payroll	75.83%	77.78%	118.41%	124.75%	151.86%	135.21%	122.57%

Notes to Schedule:

Changes of assumptions: Changes of assumption 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>
2024	3.93%
2023	3.65%
2022	3.54%
2021	2.16%
2020	2.20%
2019	3.50%
2018	3.90%

GENERAL FUND

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

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 5,826,180	
Total revenue	\$ 5,563,300	5,826,180	\$ 262,880
Other taxes and licenses			
Motor vehicle licenses		230,218	
Other taxes and licenses		373	
Total	232,000	230,591	(1,409)
Unrestricted intergovernmental:			
Local option sales tax		3,593,242	
ABC profit distribution		215,000	
Utility franchise tax		791,946	
Solid Waste Disposal		6,647	
Beer and wine tax		41,503	
Total	4,016,600	4,648,338	631,738
Restricted intergovernmental:			
USDA Grant		125,000	
Police Grants		109,070	
N.C. Department of Transportation		19,710	
Harnett County BOE School Resource Officer		269,496	
NC DOT Highway Safety Grant		5,995	
Other revenue		27,804	
Controlled substance tax		37,954	
Total	457,056	595,029	137,973
Permits and fees:			
Permits and fees		379,287	
Total	231,200	379,287	148,087
Sales and services:			
Cemetery lots		128,150	
Cemetery opening/closing fee		106,625	
Recreation department, concessions, entry fees		60,138	
Rentals		81,863	
Garbage and recycling collection		1,162,933	
Total	1,470,070	1,539,709	69,639
Investment earnings	176,324	284,841	108,517

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Other revenues			
Dunn Area Tourism- Downtown Revitalization		20,000	
Tourism Reimbursement for Salary & Benefits		140,867	
Miscellaneous		190,412	
Donations and Gifts		3,502	
Parks and recreation pledges		23,297	
Harnett Health Contractual Payment		398,464	
Total	<u>736,225</u>	<u>776,542</u>	<u>40,317</u>
 Total Revenues	<u>12,882,775</u>	<u>14,280,517</u>	<u>1,397,742</u>
 Expenditures:			
General government:			
Governing body:			
Salaries and benefits		25,838	
Operating expense		91,886	
Total	<u>129,762</u>	<u>117,724</u>	<u>12,038</u>
Administration:			
Salaries and benefits		757,261	
Operating expense		121,634	
Total	<u>945,007</u>	<u>878,895</u>	<u>66,112</u>
Finance:			
Salaries and benefits		223,234	
Operating expense		131,669	
Total	<u>413,559</u>	<u>354,903</u>	<u>58,656</u>
Building inspector:			
Salaries and benefits		309,760	
Operating expense		275,042	
Total	<u>709,842</u>	<u>584,802</u>	<u>125,040</u>
Non-Departmental			
Operating expense		558,963	
Capital outlay		27,850	
Total	<u>713,393</u>	<u>586,813</u>	<u>126,580</u>
Total general government	<u>2,911,563</u>	<u>2,523,137</u>	<u>388,426</u>

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Public Safety:			
Police:			
Salaries and benefits		3,933,617	
Operating expense		709,690	
Capital outlay		26,593	
Total	4,972,426	4,669,900	302,526
Police athletic league:			
Donation		115,000	
Total	115,000	115,000	-
Total public safety	5,087,426	4,784,900	302,526
Transportation:			
Streets:			
Salaries and benefits		1,055,370	
Operating expense		574,637	
Capital outlay		328,889	
Total transportation	2,128,977	1,958,896	170,081
Culture and recreation and cemetery:			
Parks and recreation:			
Salaries and benefits		743,763	
Operating expense		572,471	
Capital outlay		12,800	
Total	1,375,023	1,329,034	45,989
Senior center operations:			
Operating expense		59,397	
Total	60,000	59,397	603
Total culture and recreation	1,435,023	1,388,431	46,592
Library:			
Salaries and benefits		-	
Operating expense		95,497	
Capital outlay		7,987	
Total library	103,547	103,484	63
Environmental protection:			
Operating expense		817,953	
Total environmental protection	841,000	817,953	23,047

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal		895,999	
Interest		192,473	
Total debt service	<u>1,095,864</u>	<u>1,088,472</u>	<u>7,392</u>
Total expenditures	<u>13,603,400</u>	<u>12,665,273</u>	<u>938,127</u>
Revenue over (under) expenditures	<u>(720,625)</u>	<u>1,615,244</u>	<u>2,335,869</u>
Other financing sources/(uses):			
Proceeds from installment purchases		357,000	
Transfers from (to) other funds		(753,029)	
Proceeds from sale of assets		719,201	
Total other financing sources (uses)	<u>(706,205)</u>	<u>323,172</u>	<u>1,029,377</u>
Fund balance appropriated	<u>1,426,830</u>	-	<u>(1,426,830)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,938,416</u>	<u>\$ 1,938,416</u>
Fund balance - beginning, as reported		7,437,922	
Fund balance - restatement		(24,064)	
Fund balance - beginning, as restated		<u>7,413,858</u>	
Fund balance - ending		<u>\$ 9,352,274</u>	

City of Dunn, North Carolina
Capital Projects Fund - SCIF Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 650,000	\$ -	\$ 126,818	\$ 126,818	\$ (523,182)
Investment earnings	-	13,038	27,679	40,717	40,717
Total revenues	<u>650,000</u>	<u>13,038</u>	<u>154,497</u>	<u>167,535</u>	<u>(482,465)</u>
Expenditures:					
Capital projects:					
Construction	650,000	-	135,228	135,228	514,772
Total expenditures:	<u>650,000</u>	<u>-</u>	<u>135,228</u>	<u>135,228</u>	<u>514,772</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,038</u>	19,269	<u>\$ 32,307</u>	<u>\$ 32,307</u>
Fund balance, beginning			<u>13,038</u>		
Fund balance, ending			<u>\$ 32,307</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- General Government Vehicle and Equipment Fund
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Non-departmental:					
Capital outlay:	\$ 466,861	\$ -	\$ 441,298	\$ 441,298	\$ 25,563
Total expenditures	<u>466,861</u>	<u>-</u>	<u>441,298</u>	<u>441,298</u>	<u>25,563</u>
Other financing sources:					
Proceeds from issuance of debt	466,861	-	-	-	(466,861)
Total other financing sources	<u>466,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(466,861)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (441,298)</u>	<u>\$ (441,298)</u>	<u>\$ (441,298)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (441,298)</u>		

City of Dunn, North Carolina
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2024

	American Rescue Plan Fund	Grants Fund	Powell Bill Fund	Paving Project Fund	CDBG Housing Rehab Capital Project Fund	Park to Park Trail Project Fund	General Fund Vehicle and Equipment Fund	City Wayfinding Fund	Tart Park Improvements	Stormwater Vehicle and Equipment	Total Nonmajor Governmental Funds
Assets:											
Cash and cash equivalents	\$ -	\$ 50,421	313,558	\$ 819,378	\$ -	\$ -	\$ -	\$ 229,507	\$ 200,000	\$ -	\$ 1,612,864
Total assets	<u>\$ -</u>	<u>\$ 50,421</u>	<u>\$ 313,558</u>	<u>\$ 819,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,507</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 1,612,864</u>
Liabilities and Fund Balances:											
Liabilities											
Accounts payable and accrued liabilities	\$ -	\$ 2,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,501
Due to other funds	-	-	-	-	-	-	390,516	-	-	265,591	656,107
Total liabilities	<u>-</u>	<u>2,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,516</u>	<u>-</u>	<u>-</u>	<u>265,591</u>	<u>658,608</u>
Fund balances											
Restricted											
Stabilization by State Statute	-	-	-	-	-	-	-	-	-	-	-
General government	-	47,920	-	-	-	-	-	229,507	-	-	277,427
Transportation	-	-	313,558	819,378	-	-	-	-	-	-	1,132,936
Cultural and recreational	-	-	-	-	-	-	-	-	200,000	-	200,000
Unassigned	-	-	-	-	-	-	(390,516)	-	-	(265,591)	(656,107)
Total fund balances	<u>-</u>	<u>47,920</u>	<u>313,558</u>	<u>819,378</u>	<u>-</u>	<u>-</u>	<u>(390,516)</u>	<u>229,507</u>	<u>200,000</u>	<u>(265,591)</u>	<u>954,256</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 50,421</u>	<u>\$ 313,558</u>	<u>\$ 819,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,507</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 1,612,864</u>

City of Dunn, North Carolina
 Nonmajor Governmental Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds				Capital Project Funds						Total Nonmajor Governmental Funds
	American Rescue Plan Fund	Grants Fund	Powell Bill Fund	Paving Project Fund	CDBG Housing Rehab Capital Project Fund	Park to Park Trail Project Fund	General Fund Vehicle and Equipment Fund	City Wayfinding Fund	Tart Park Improvements	Stormwater Vehicle and Equipment	
Revenues											
Restricted intergovernmental	\$ -	\$ 50,000	\$ 323,566	\$ -	\$ 139,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513,109
Investment earnings	1,126	2,255	9,964	-	-	-	-	-	-	-	13,345
Total revenues	1,126	52,255	333,530	-	139,543	-	-	-	-	-	526,454
Expenditures											
General government	-	52,295	-	-	138,682	-	390,516	-	-	265,591	847,084
Transportation	-	-	20,609	70,376	-	-	-	-	-	-	90,985
Cultural and recreational	-	-	-	-	-	560,114	-	20,493	-	-	580,607
Debt service	-	-	215,252	-	-	-	-	-	-	-	-
Total expenditures	-	52,295	235,861	70,376	138,682	560,114	390,516	20,493	-	265,591	1,733,928
Revenues over (under) expenses	1,126	(40)	97,669	(70,376)	861	(560,114)	(390,516)	(20,493)	-	(265,591)	(1,207,474)
Other financing sources (uses):											
Loan proceeds from debt issuance	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) other funds	(58,575)	-	191,825	-	635	50,344	-	250,000	200,000	-	634,229
Total other financing sources	(58,575)	-	191,825	-	635	50,344	-	250,000	200,000	-	634,229
Net change in fund balance	(57,449)	(40)	289,494	(70,376)	1,496	(509,770)	(390,516)	229,507	200,000	(265,591)	(573,245)
Fund balance - beginning, as reported	57,449	47,960	-	889,754	(1,496)	509,770	-	-	-	-	1,503,437
Fund balance - restatement	-	-	24,064	-	-	-	-	-	-	-	24,064
Fund balance - beginning, as restated	57,449	47,960	24,064	889,754	(1,496)	509,770	-	-	-	-	1,527,501
Fund balance - ending	\$ -	\$ 47,920	\$ 313,558	\$ 819,378	\$ -	\$ -	\$ (390,516)	\$ 229,507	\$ 200,000	\$ (265,591)	\$ 954,256

SPECIAL REVENUE FUNDS

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

City of Dunn, North Carolina
American Rescue Plan Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024

	2024		Variance Favorable (Unfavorable)
	Final Budget	Actual	
Revenues			
Grant revenues		\$ -	
Investment earnings		1,126	
Total revenues	\$ 58,575	1,126	\$ (57,449)
Expenditures:			
American rescue plan expenditures		-	
Total Expenditures	-	-	-
Revenues Over (Under) Expenditures	58,575	1,126	(57,449)
Other Financing Sources (Uses):			
Transfers from (to) Other Funds	(58,575)	(58,575)	-
Total Other Financing Sources (Uses)	(58,575)	(58,575)	-
Revenues and Other Financing Sources Over (Under) Uses	-	(57,449)	(57,449)
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	(57,449)	\$ (57,449)
Fund Balance:			
Beginning of year		57,449	
End of year		\$ -	

City of Dunn, North Carolina
Grants Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024

	2024		Variance Favorable (Unfavorable)
	Final Budget	Actual	
Revenues			
Grant revenues		\$ 50,000	
Investment earnings		2,255	
Total revenues	<u>100,015</u>	<u>52,255</u>	<u>\$ (47,760)</u>
Expenditures:			
Operating expenditures		52,295	
Total Expenditures	<u>100,015</u>	<u>52,295</u>	<u>47,720</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(40)</u>	<u>(40)</u>
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(40)</u>	<u>\$ (40)</u>
Fund Balance:			
Beginning of Year, July 1		<u>47,960</u>	
End of Year, June 30		<u>\$ 47,920</u>	

City of Dunn, North Carolina
Powell Bill Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2024

	2024		Variance Favorable (Unfavorable)
	Final Budget	Actual	
Revenues			
Restricted intergovernmental		323,566	
Investment earnings		9,964	
Total revenues	<u>300,000</u>	<u>333,530</u>	<u>\$ 33,530</u>
Expenditures:			
Transporation			
Operating expenditures		20,609	
Total Expenditures	<u>269,748</u>	<u>20,609</u>	<u>249,139</u>
Debt service:			
Principal payments		190,115	
Interest payments		25,137	
Total debt service	<u>215,252</u>	<u>215,252</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(185,000)</u>	<u>97,669</u>	<u>282,669</u>
Other financing sources			
Transfer from (to) other funds		191,825	
Total other financing sources	<u>185,000</u>	<u>191,825</u>	<u>6,825</u>
Net change in fund balance	<u>\$ -</u>	289,494	<u>\$ 289,494</u>
Fund balance - beginning, as reported		-	
Fund balance - restatement		24,064	
Fund balance - beginning, as restated		<u>24,064</u>	
Fund balance - ending		<u>\$ 313,558</u>	

City of Dunn, North Carolina
Capital Projects Fund- Paving Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital projects:					
Construction		\$ 1,210,246	\$ 70,376	\$ 1,280,622	
Total expenditures:	\$ 2,100,000	1,210,246	70,376	1,280,622	\$ 819,378
Other financing sources:					
Direct placement installment purchase		1,000,000	-	1,000,000	
Transfers from (to) other funds		1,100,000	-	1,100,000	
Total other financing sources	2,100,000	2,100,000	-	2,100,000	-
Revenues under expenditures	-	889,754	(70,376)	819,378	819,378
Net change in fund balance	\$ -	\$ 889,754		\$ 819,378	\$ 819,378
Fund balance, beginning			889,754		
Fund balance, ending			\$ 819,378		

City of Dunn, North Carolina
Capital Projects Fund - CDBG Housing Rehab
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 574,000	\$ 434,458	139,543	\$ 574,001	\$ 1
Total revenues	<u>574,000</u>	<u>434,458</u>	<u>139,543</u>	<u>574,001</u>	<u>1</u>
Expenditures:					
Capital projects:					
Construction	574,636	435,954	138,682	574,636	-
Total expenditures:	<u>574,636</u>	<u>435,954</u>	<u>138,682</u>	<u>574,636</u>	<u>-</u>
Other financing sources:					
Transfers from (to) other funds	636	-	635	635	(1)
Total other financing sources	<u>636</u>	<u>-</u>	<u>635</u>	<u>635</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,496)</u>	1,496	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			(1,496)		
Fund balance, ending			<u>\$ -</u>		

City of Dunn, North Carolina
Capital Projects Fund - Park to Park Trail
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital projects:					
Construction	\$ 566,094	\$ 5,980	\$ 560,114	\$ 566,094	\$ -
Total expenditures:	<u>566,094</u>	<u>5,980</u>	<u>560,114</u>	<u>566,094</u>	<u>-</u>
Other financing sources:					
Transfers from (to) other funds	566,094	515,750	50,344	566,094	-
Total other financing sources	<u>566,094</u>	<u>515,750</u>	<u>50,344</u>	<u>566,094</u>	<u>-</u>
Revenues under expenditures	<u>-</u>	<u>509,770</u>	<u>(509,770)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 509,770</u>		<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>509,770</u>		
Fund balance, ending			<u>\$ -</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- General Fund Vehicle and Equipment Fund
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Non-departmental:					
Capital outlay:	\$ 595,800	\$ -	\$ 390,516	\$ 390,516	\$ 205,284
Total expenditures	<u>595,800</u>	<u>-</u>	<u>390,516</u>	<u>390,516</u>	<u>205,284</u>
Other financing sources:					
Transfers from (to) other funds	595,800	-	-	-	(595,800)
Total other financing sources	<u>595,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(595,800)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(390,516)</u>	<u>\$ (390,516)</u>	<u>\$ (390,516)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (390,516)</u>		

City of Dunn, North Carolina
Capital Projects Fund - City Wayfinding Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital projects:					
Construction	\$ 250,000	\$ -	20,493	\$ 20,493	\$ 229,507
Total expenditures:	<u>250,000</u>	<u>-</u>	<u>20,493</u>	<u>20,493</u>	<u>229,507</u>
Other financing sources:					
Transfers from (to) other funds	250,000	-	250,000	250,000	-
Total other financing sources	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Revenues under expenditures	-	-	229,507	229,507	229,507
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 229,507</u>	<u>\$ 229,507</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 229,507</u>		

City of Dunn, North Carolina
Capital Projects Fund - Tart Park Improvements
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
Total revenues	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Expenditures:					
Capital projects:					
Construction	400,000	-	-	-	400,000
Total expenditures:	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Other financing sources:					
Transfers from (to) other funds	200,000	-	200,000	200,000	-
Total other financing sources	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Revenues under expenditures	-	-	200,000	200,000	200,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 200,000</u>	<u>\$ 200,000</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 200,000</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Stormwater Vehicle and Equipment
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital projects:					
Capital outlay	\$ 266,000	\$ -	\$ 265,591	\$ 265,591	\$ 409
Total expenditures	<u>266,000</u>	<u>-</u>	<u>265,591</u>	<u>265,591</u>	<u>409</u>
Other Financing Sources:					
Loan proceeds	266,000	-	-	-	(266,000)
Total other financing sources	<u>266,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(266,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(265,591)	<u>\$ (265,591)</u>	<u>\$ (265,591)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (265,591)</u>		

ENTERPRISE FUNDS

City of Dunn, North Carolina
Water and Sewer Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Water sales		\$ 4,259,705	
Sewer charges		3,525,731	
Fireline Protection charge		30,403	
Water and sewer tap fee		130,250	
Total charges for services	<u>\$ 8,562,900</u>	<u>7,946,089</u>	<u>\$ (616,811)</u>
Other operating revenues:			
Returned check fees		2,535	
Miscellaneous		94,912	
Total other operating revenues	<u>85,426</u>	<u>97,447</u>	<u>12,021</u>
Non-operating revenues:			
Grant revenue		68,203	
Investment earnings		97,786	
Development fees		193,691	
Tower site rental		99,573	
Total non-operating revenues	<u>110,000</u>	<u>459,253</u>	<u>349,253</u>
Total revenues	<u>8,758,326</u>	<u>8,502,789</u>	<u>(255,537)</u>
Expenditures:			
Water and sewer administration			
Salaries and employee benefits		255,363	
Operating expenses		97,492	
Total	<u>422,220</u>	<u>352,855</u>	<u>69,365</u>
Water Treatment Plant:			
Salaries and employee benefits		602,681	
Operating expenses		886,801	
Total	<u>1,745,162</u>	<u>1,489,482</u>	<u>255,680</u>
Water and Sewer Operations:			
Salaries and employee benefits		968,386	
Operating expenses		661,288	
Total	<u>1,786,128</u>	<u>1,629,674</u>	<u>156,454</u>
Water and Sewer Finance Department:			
Salaries and employee benefits		343,710	
Operating expenses		279,021	
Total	<u>700,436</u>	<u>622,731</u>	<u>77,705</u>

City of Dunn, North Carolina
Water and Sewer Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Sewage treatment plant operations:			
Salaries and employee benefits		700,247	
Operating expenses		910,076	
Total	<u>2,065,447</u>	<u>1,610,323</u>	<u>455,124</u>
Debt Service:			
Interest and fees		217,499	
Principal retirement		2,470,287	
Total	<u>2,871,668</u>	<u>2,687,786</u>	<u>183,882</u>
Capital outlay	<u>573,227</u>	<u>274,409</u>	<u>298,818</u>
Total expenditures	<u>10,164,288</u>	<u>8,667,260</u>	<u>1,497,028</u>
Revenue over (under) expenditures	<u>(1,405,962)</u>	<u>(164,471)</u>	<u>1,241,491</u>
Other Financing Sources/(Uses)			
Installment purchase proceeds		1,436,000	
Transfer from (to) other funds		(1,089,589)	
Insurance proceeds		24,418	
Loss on sale of assets		(385,801)	
Principal payment from Eastover Sanitary District		135,573	
Total other financing (uses)	<u>1,044,575</u>	<u>120,601</u>	<u>923,974</u>
Fund balance appropriated	<u>361,387</u>	<u>-</u>	<u>(361,387)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (43,870)</u>	<u>\$ (43,870)</u>

City of Dunn, North Carolina
Water and Sewer Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
- Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlay		\$ 274,409	
Depreciation		(1,615,934)	
Installment purchase proceeds		(1,436,000)	
Principal retirement		2,470,287	
Capital contributions - capital project funds		8,048,632	
Transfers from (to) other funds - capital project funds		1,089,589	
(Increase) decrease in accrued vacation pay		(5,719)	
(Increase) decrease in net pension liability		(113,147)	
Increase (decrease) in deferred outflows of resources - pension		3,747	
(Increase) decrease in deferred inflows of resources - pension		(44,825)	
(Increase) decrease in other postemployment benefits		(45,291)	
Increase (decrease) in deferred outflows of resources - OPEB		(46,034)	
(Increase) decrease in deferred inflows of resources - OPEB		129,118	
Principal payments on notes receivable		(135,573)	
Total reconciling items		8,573,259	
Change in net position		\$ 8,529,389	

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Wastewater Collection System
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
CDBG grant					
CDBG grant	<u>\$ 1,999,129</u>	<u>\$ 309,702</u>	<u>\$ 69,849</u>	<u>\$ 379,551</u>	<u>\$ (1,619,578)</u>
Total revenues	<u>1,999,129</u>	<u>309,702</u>	<u>69,849</u>	<u>379,551</u>	<u>(1,619,578)</u>
Expenditures:					
Capital projects:					
Admin, engineering, contract services	<u>1,999,129</u>	<u>308,909</u>	<u>69,849</u>	<u>378,758</u>	<u>1,620,371</u>
Total expenditures	<u>1,999,129</u>	<u>308,909</u>	<u>69,849</u>	<u>378,758</u>	<u>1,620,371</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 793</u>	<u>-</u>	<u>\$ 793</u>	<u>\$ 793</u>
Fund balance, beginning			<u>793</u>		
Fund balance, ending			<u>\$ 793</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Wastewater Treatment Plant
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
ARPA Funds	\$ 8,856,100	\$ 3,056,339	\$ 5,799,761	\$ 8,856,100	\$ -
Total revenues	<u>8,856,100</u>	<u>3,056,339</u>	<u>5,799,761</u>	<u>8,856,100</u>	<u>-</u>
Expenditures:					
Capital projects:					
Construction	12,504,620	3,128,859	7,796,007	10,924,866	1,579,754
Total expenditures	<u>12,504,620</u>	<u>3,128,859</u>	<u>7,796,007</u>	<u>10,924,866</u>	<u>1,579,754</u>
Other financing sources:					
Proceeds from issuance of debt	3,626,000	-	3,626,000	3,626,000	-
Transfers from (to) other funds	72,520	72,520	-	72,520	-
Appropriated fund balance	(50,000)	-	-	-	(50,000)
Total other financing sources	<u>3,648,520</u>	<u>72,520</u>	<u>3,626,000</u>	<u>3,698,520</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,629,754	<u>\$ 1,629,754</u>	<u>\$ 1,629,754</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 1,629,754</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Sewer Collection System Rehabilitation
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
CDBG grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Expenditures:					
Capital projects:					
Construction	2,000,000	339,725	24,988	364,713	1,635,287
Total expenditures	<u>2,000,000</u>	<u>339,725</u>	<u>24,988</u>	<u>364,713</u>	<u>1,635,287</u>
Other financing sources:					
Direct placement installment purchase	1,500,000	-	-	-	1,500,000
Total other financing sources	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ (339,725)</u>	 <u>(24,988)</u>	 <u>\$ (364,713)</u>	 <u>\$ (364,713)</u>
Fund balance, beginning			<u>(339,725)</u>		
Fund balance, ending			<u>\$ (364,713)</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Water and Sewer Vehicle and Equipment Fund
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital outlay:					
Capital outlay:	\$ 179,800	\$ -	\$ 179,800	\$ 179,800	\$ -
Total expenditures	<u>179,800</u>	<u>-</u>	<u>179,800</u>	<u>179,800</u>	<u>-</u>
Other financing sources:					
Transfers from (to) other funds	185,200	-	185,200	185,200	-
Appropriated fund balance	(5,400)	-	-	-	5,400
Total other financing sources	<u>179,800</u>	<u>-</u>	<u>185,200</u>	<u>185,200</u>	<u>5,400</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,400	<u>\$ 5,400</u>	<u>\$ 5,400</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 5,400</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Tracy Lane Water and Sewer Extension
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital projects:					
Construction, engineering and admin.	\$ 310,700	\$ -	\$ 23,670	\$ 23,670	\$ 287,030
Total expenditures	<u>310,700</u>	<u>-</u>	<u>23,670</u>	<u>23,670</u>	<u>287,030</u>
Other financing sources:					
Transfers from (to) other funds	361,400	-	361,400	361,400	-
Appropriated fund balance	<u>(50,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,700)</u>
Total other financing sources	<u>310,700</u>	<u>-</u>	<u>361,400</u>	<u>361,400</u>	<u>(50,700)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	337,730	<u>\$ 337,730</u>	<u>\$ 337,730</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 337,730</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Wastewater Collection Rehab Project
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Grants	\$ 1,062,234	\$ -	1,062,234	\$ 1,062,234	\$ -
Total revenues	<u>1,062,234</u>	<u>-</u>	<u>1,062,234</u>	<u>1,062,234</u>	<u>-</u>
Expenditures:					
Capital projects:					
Construction and other costs	2,498,234	1,911,911	586,323	2,498,234	-
Total expenditures	<u>2,498,234</u>	<u>1,911,911</u>	<u>586,323</u>	<u>2,498,234</u>	<u>-</u>
Other financing sources:					
Direct placement installment purchase	1,436,000	1,436,000	-	1,436,000	-
Appropriated fund balance	-	-	-	-	-
Total other financing sources	<u>1,436,000</u>	<u>1,436,000</u>	<u>-</u>	<u>1,436,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (475,911)</u>	475,911	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(475,911)</u>		
Fund balance, ending			<u>\$ -</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Eastside Pump Station/Black River Effluent
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Grants	\$ 18,850,000	\$ -	\$ 1,027,724	\$ 1,027,724	\$ (17,822,276)
Total revenues	<u>18,850,000</u>	<u>-</u>	<u>1,027,724</u>	<u>1,027,724</u>	<u>(17,822,276)</u>
Expenditures:					
Capital projects:					
Construction, engineering, administration	28,126,000	1,250,634	358,809	1,609,443	26,516,557
Total expenditures	<u>28,126,000</u>	<u>1,250,634</u>	<u>358,809</u>	<u>1,609,443</u>	<u>26,516,557</u>
Other financing sources:					
Proceeds from issuance of debt	8,626,000	-	-	-	(8,626,000)
Transfers from (to) other funds	750,000	2,347,102	(2,347,102)	-	(750,000)
Fund balance appropriated	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total other financing sources	<u>9,276,000</u>	<u>2,347,102</u>	<u>(2,347,102)</u>	<u>-</u>	<u>(9,276,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,096,468</u>	<u>(1,678,187)</u>	<u>\$ (581,719)</u>	<u>\$ (581,719)</u>
Fund balance, beginning			<u>1,096,468</u>		
Fund balance, ending			<u>\$ (581,719)</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Machine and Welding Outfall
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Grants	\$ 6,243,900	\$ -	\$ -	\$ -	\$ (6,243,900)
Total revenues	<u>6,243,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,243,900)</u>
Expenditures:					
Capital projects:					
Construction, engineering, administration	8,591,002	-	410,805	410,805	8,180,197
Total expenditures	<u>8,591,002</u>	<u>-</u>	<u>410,805</u>	<u>410,805</u>	<u>8,180,197</u>
Other financing sources:					
Transfers from (to) other funds	2,347,102	-	2,347,102	2,347,102	-
Total other financing sources	<u>2,347,102</u>	<u>-</u>	<u>2,347,102</u>	<u>2,347,102</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,936,297</u>	<u>\$ 1,936,297</u>	<u>\$ 1,936,297</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 1,936,297</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Sewer Asset Inventory
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Grants	\$ 400,000	\$ -	58,300	\$ 58,300	\$ (341,700)
Total revenues	<u>400,000</u>	<u>-</u>	<u>58,300</u>	<u>58,300</u>	<u>(341,700)</u>
Expenditures:					
Capital projects:					
Construction, engineering, administration	400,000	-	58,300	58,300	341,700
Total expenditures	<u>400,000</u>	<u>-</u>	<u>58,300</u>	<u>58,300</u>	<u>341,700</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Ammons Road Meter Vault
From Inception and for the Fiscal Year Ended June 30, 2024

	Actual			Variance Positive (Negative)	
	Project Authorization	Prior Years	Current Year		Total to Date
Expenditures:					
Capital projects:					
Construction, engineering, administration	104,500	-	90,889	90,889	13,611
Total expenditures	<u>104,500</u>	<u>-</u>	<u>90,889</u>	<u>90,889</u>	<u>13,611</u>
Other financing sources:					
Transfers from (to) other funds	109,725	-	90,889	90,889	(18,836)
Fund balance appropriated	(5,225)	-	-	-	5,225
Total other financing sources	<u>104,500</u>	<u>-</u>	<u>90,889</u>	<u>90,889</u>	<u>(13,611)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Convery Champion Pump Station to Gravity
From Inception and for the Fiscal Year Ended June 30, 2024

	Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	
Expenditures:				
Capital projects:				
Construction, engineering, administration	\$ 401,700	\$ -	\$ 9,960	\$ 391,740
Total expenditures	<u>401,700</u>	<u>-</u>	<u>9,960</u>	<u>391,740</u>
Other financing sources:				
Transfers from (to) other funds	452,100	-	452,100	-
Fund balance appropriated	(50,400)			50,400
Total other financing sources	<u>401,700</u>	<u>-</u>	<u>452,100</u>	<u>50,400</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>442,140</u>	<u>\$ 442,140</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ 442,140</u>	

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Lead & Copper Service Assessment
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Grants	\$ 300,000	\$ -	\$ 30,764	\$ 30,764	\$ (269,236)
Total revenues	<u>300,000</u>	<u>-</u>	<u>30,764</u>	<u>30,764</u>	<u>(269,236)</u>
Expenditures:					
Capital projects:					
Construction, engineering, administration	500,000	-	30,764	30,764	469,236
Total expenditures	<u>500,000</u>	<u>-</u>	<u>30,764</u>	<u>30,764</u>	<u>469,236</u>
Other financing sources:					
Installment financing	200,000	-	-	-	(200,000)
Total other financing sources	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Stormwater Fund
From Inception and for the Fiscal Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating income:			
Stormwater fees		\$ 418,809	
Total charges for services	<u>\$ 424,840</u>	<u>418,809</u>	<u>\$ (6,031)</u>
Non-operating revenue:			
Grant revenue		23,700	
Investment earnings		1,554	
Total non-operating revenue	<u>1,000</u>	<u>25,254</u>	<u>24,254</u>
Total revenues	<u>425,840</u>	<u>444,063</u>	<u>18,223</u>
Expenditures:			
Salaries and benefits		26,242	
Operating expenses		154,997	
Total	<u>269,178</u>	<u>181,239</u>	<u>87,939</u>
Capital outlay:			
Capital outlay		96,397	
Total	<u>96,400</u>	<u>96,397</u>	<u>3</u>
Debt Service:			
Principal retirement		41,731	
Interest expense		10,738	
Total	<u>60,262</u>	<u>52,469</u>	<u>7,793</u>
Total expenditures	<u>425,840</u>	<u>330,105</u>	<u>95,735</u>
Revenue over (under) expenditures	<u>-</u>	<u>113,958</u>	<u>(113,958)</u>
Other Financing Sources/(Uses)			
Sale of fixed assets		(913)	
Total other financing (uses)	<u>-</u>	<u>(913)</u>	<u>913</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>113,045</u>	<u>\$ 113,045</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(94,853)	
Capital outlay		96,397	
Capital contributions		265,355	
Principal on bonds and installment notes		41,731	
Transfers from (to) other funds - capital project funds		118,800	
Total reconciling items		<u>427,430</u>	
Change in net position		<u>\$ 540,475</u>	

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Stormwater Mapping Project
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
ARPA Funds	\$ 500,000	\$ 349,000	\$ -	\$ 349,000	\$ (151,000)
Total revenues	<u>500,000</u>	<u>349,000</u>	<u>-</u>	<u>349,000</u>	<u>(151,000)</u>
Expenditures:					
Capital projects:					
Admin, engineering, construction	500,000	349,001	-	349,001	150,999
Total expenditures	<u>500,000</u>	<u>349,001</u>	<u>-</u>	<u>349,001</u>	<u>150,999</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1)</u>	<u>-</u>	<u>\$ (1)</u>	<u>\$ (1)</u>
Fund balance, beginning			<u>(1)</u>		
Fund balance, ending			<u>\$ (1)</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- E Bay St. & S Wilson Stormwater Improvements
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital projects:					
Admin, engineering, construction	\$ 118,800	\$ -	\$ 1,000	\$ 1,000	\$ 117,800
Total expenditures	<u>118,800</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>117,800</u>
Other Financing Sources:					
Transfers from (to)	118,800	-	118,800	118,800	-
Total other financing sources	<u>118,800</u>	<u>-</u>	<u>118,800</u>	<u>118,800</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	117,800	<u>\$ 117,800</u>	<u>\$ 117,800</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 117,800</u>		

City of Dunn, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
Capital Projects Fund- Pearsall St. Culvert
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 890,340	\$ -	\$ 265,355	\$ 265,355	\$ (624,985)
Total revenues	<u>890,340</u>	<u>-</u>	<u>265,355</u>	<u>265,355</u>	<u>(624,985)</u>
Expenditures:					
Capital projects:					
Admin, engineering, construction	890,340	-	266,605	266,605	623,735
Total expenditures	<u>890,340</u>	<u>-</u>	<u>266,605</u>	<u>266,605</u>	<u>623,735</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,250)	<u>\$ (1,250)</u>	<u>\$ (1,250)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (1,250)</u>		

OTHER SCHEDULES

This section includes additional information on property taxes.

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

City of Dunn, North Carolina
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2024

Fiscal Year	Uncollected Balance July 1, 2023	Additions	Collections And Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 5,754,456	\$ 5,702,709	\$ 51,747
2022-2023	44,152	-	25,007	19,145
2021-2022	28,289	-	19,342	8,947
2020-2021	15,381	-	7,543	7,838
2019-2020	9,094	-	4,186	4,908
2018-2019	5,626	-	2,050	3,576
2017-2018	5,073	-	1,843	3,230
2016-2017	6,491	-	1,573	4,918
2015-2016	3,987	-	985	3,002
2014-2015	4,058	-	630	3,428
2013-2014	4,900	-	4,900	-
2012-2013	-	-	-	-
	\$ 127,051	\$ 5,754,456	\$ 5,770,768	\$ 110,739
Less : allowance for uncollectible accounts				(36,450)
Ad valorem taxes receivable - net				\$ 74,289
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 5,826,180
Reconciling items:				
Interest collected				(57,572)
Taxes written off				2,160
Total ad valorem collections				\$ 5,770,768

**City of Dunn, North Carolina
 Analysis of Current Tax Levy
 Town - Wide Levy
 For the Fiscal Year Ended June 30, 2024**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current					
year's rate	\$ 1,150,891,200	0.500	\$ 5,754,456	\$ 5,267,743	\$ 486,713
Total	<u>1,150,891,200</u>		<u>5,754,456</u>	<u>5,267,743</u>	<u>486,713</u>
Net levy			5,754,456	5,267,743	486,713
Uncollected taxes at June 30, 2024			<u>(51,747)</u>	<u>(51,747)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 5,702,709</u>	<u>\$ 5,215,996</u>	<u>\$ 486,713</u>
Current levy collection percentage			<u>99.10%</u>	<u>99.02%</u>	<u>100.00%</u>

STATISTICAL SECTION

(UNAUDITED)

This part of the City of Dunn'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.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Operating Information

These tables 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 financial statements for the relevant fiscal year.

**City of Dunn
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

Table 1

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 4,244,430	\$ 5,696,256	\$ 6,436,177	\$ 6,444,745	\$ 6,512,326	\$ 8,296,835	\$ 8,204,907	\$ 9,056,884	\$ 9,167,285	\$ 10,668,265
Restricted	1,424,244	1,653,746	4,870,545	4,981,763	5,665,759	5,199,177	5,202,266	5,723,839	5,996,612	7,947,511
Unrestricted	(204,386)	(532,383)	(1,745,461)	(2,979,308)	(4,018,335)	(4,886,214)	(3,759,899)	(5,185,668)	(2,906,114)	(4,237,983)
Total governmental activities net position	\$ 5,464,288	\$ 6,817,619	\$ 9,561,261	\$ 8,447,200	\$ 8,159,750	\$ 8,609,798	\$ 9,647,274	\$ 9,595,055	\$ 12,257,783	\$ 14,377,793
Business-type activities										
Net investment in capital assets	\$ 20,284,577	\$ 20,535,568	\$ 20,201,704	\$ 20,102,110	\$ 20,457,636	\$ 17,474,975	\$ 20,100,178	\$ 20,950,289	\$ 26,741,534	\$ 33,022,684
Restricted	-	-	30,000	-	-	-	-	-	-	-
Unrestricted	2,395,563	2,449,400	2,957,415	1,362,055	1,752,501	5,083,484	3,199,614	3,209,044	3,856,266	6,644,980
Total business-type activities net position	\$ 22,680,140	\$ 22,984,968	\$ 23,189,119	\$ 21,464,165	\$ 22,210,137	\$ 22,558,459	\$ 23,299,792	\$ 24,159,333	\$ 30,597,800	\$ 39,667,664
Primary government										
Net investment in capital assets	\$ 24,529,007	\$ 26,231,824	\$ 26,637,881	\$ 26,546,855	\$ 26,969,962	\$ 25,771,810	\$ 28,305,085	\$ 30,007,173	\$ 35,908,819	\$ 43,690,949
Restricted	1,424,244	1,653,746	4,870,545	4,981,763	5,665,759	5,199,177	5,202,266	5,723,839	5,996,612	7,947,511
Unrestricted	2,191,177	1,917,017	1,211,954	(1,617,253)	(2,265,834)	197,270	(560,285)	(1,976,624)	950,152	2,406,997
Total primary government net position	\$ 28,144,428	\$ 29,802,587	\$ 32,720,380	\$ 29,911,365	\$ 30,369,887	\$ 31,168,257	\$ 32,947,066	\$ 33,754,388	\$ 42,855,583	\$ 54,045,457

**City of Dunn
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

**Table 2
Fiscal Year**

Expenses	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General government	\$ 1,590,905	\$ 1,904,648	\$ 2,610,109	\$ 2,447,292	\$ 2,499,021	\$ 2,713,236	\$ 2,717,397	\$ 3,082,334	\$ 3,089,982	\$ 3,473,268
Public safety	3,933,301	3,235,533	3,271,705	3,164,633	4,277,813	3,952,711	4,404,678	4,376,915	5,201,088	4,374,530
Transportation	1,387,484	1,387,659	1,507,138	1,552,433	1,582,991	2,421,171	1,844,043	2,103,316	1,748,470	2,244,777
Environmental protection	622,719	659,849	823,681	826,201	1,012,038	798,707	735,302	1,186,671	915,263	826,783
Cultural and recreational	817,707	720,860	893,959	945,010	1,069,411	704,646	573,046	1,265,292	1,608,820	1,808,482
Library	263,638	257,271	239,948	234,896	307,568	561,116	540,537	267,605	260,809	474,492
Interest on long-term debt	191,693	247,360	219,120	199,655	190,155	104,489	186,172	288,096	231,718	209,160
Total governmental activities expenses	\$ 8,807,447	\$ 8,413,180	\$ 9,565,660	\$ 9,370,120	\$ 10,938,997	\$ 11,256,076	\$ 11,001,175	\$ 12,570,229	\$ 13,056,150	\$ 13,411,492
Business-type activities:										
Water and sewer	4,686,053	4,857,768	4,746,944	5,588,695	4,524,796	5,758,857	6,010,145	6,326,974	7,082,434	8,046,449
Stormwater	-	-	58,192	274,919	5,952	168,136	66,833	127,783	645,274	286,830
Total business-type activities	4,686,053	4,857,768	4,805,136	5,863,614	4,530,748	5,926,993	6,076,978	6,454,757	7,727,708	8,333,279
Total primary government expenses	\$ 13,493,500	\$ 13,270,948	\$ 14,370,796	\$ 15,233,734	\$ 15,469,745	\$ 17,183,069	\$ 17,078,153	\$ 19,024,986	\$ 20,783,858	\$ 21,744,771
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 340,748	\$ 399,857	\$ 414,489	\$ 508,924	\$ 455,025	\$ 520,635	\$ 592,435	\$ 667,443	\$ 219,178	\$ 242,730
Public safety	44,159	188,947	95,082	75,581	51,113	-	-	-	243,450	379,287
Transportation	-	34,659	36,373	29,977	149,344	-	-	-	-	-
Environmental protection	738,992	721,184	818,216	828,234	944,354	947,864	974,078	1,046,889	1,315,518	1,397,708
Cultural and recreational	103,034	87,611	78,409	80,707	77,250	50,786	50,954	45,616	104,160	83,435
Operating grants and contributions	800,634	776,867	764,107	492,699	505,590	906,052	1,417,895	1,092,174	606,138	333,155
Capital grants and contributions	523,000	351,848	54,000	-	138,126	603,778	134,851	312,538	309,762	513,109
Total governmental activities program revenues	\$ 2,550,567	\$ 2,560,973	\$ 2,260,676	\$ 2,016,122	\$ 2,320,802	\$ 3,029,115	\$ 3,170,213	\$ 3,164,660	\$ 2,798,206	\$ 2,949,424
Business-type activities:										
Charges for services:										
Water and sewer	4,807,268	4,859,613	4,771,864	4,793,891	4,932,357	5,903,237	6,189,923	6,573,067	7,329,994	8,043,536
Stormwater	-	-	78,953	79,586	134,153	152,970	192,649	231,604	205,223	418,809
Operating grants and contributions	-	-	-	97,433	51,731	57,160	280,139	351,600	450,000	357,258
Capital grants and contributions	2,841,252	146,153	-	383,882	-	-	-	-	3,219,330	8,048,632
Total business-type activities program revenues	7,648,520	5,005,766	4,850,817	5,354,792	5,118,241	6,113,367	6,662,711	7,156,271	11,204,547	16,868,235
Total primary government program revenues	\$ 10,199,087	\$ 7,566,739	\$ 7,111,493	\$ 7,370,914	\$ 7,439,043	\$ 9,142,482	\$ 9,832,924	\$ 10,320,931	\$ 14,002,753	\$ 19,817,659
Net (expense)/revenue										
Governmental activities	\$ (6,256,880)	\$ (5,852,207)	\$ (7,304,984)	\$ (7,353,998)	\$ (8,618,195)	\$ (8,226,961)	\$ (7,830,962)	\$ (9,405,569)	\$ (10,257,944)	\$ (10,462,068)
Business-type activities	2,962,467	147,998	45,681	(508,822)	587,493	186,374	585,733	701,514	3,476,839	8,534,956
Total primary government net revenue/(expense)	\$ (3,294,413)	\$ (5,704,209)	\$ (7,259,303)	\$ (7,862,820)	\$ (8,030,702)	\$ (8,040,587)	\$ (7,245,229)	\$ (8,704,055)	\$ (6,781,105)	\$ (1,927,112)

**City of Dunn
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Table 2
Fiscal Year**

Table 2 (cont.)

General Revenues and Other Changes in Net Position	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 3,844,346	\$ 3,990,356	\$ 4,272,245	\$ 4,260,553	\$ 4,273,456	\$ 4,206,987	\$ 4,460,198	\$ 4,482,439	\$ 5,702,779	\$ 5,795,813
Other taxes	2,327,549	2,460,359	2,781,240	2,985,066	3,259,876	3,441,957	3,679,772	3,573,915	4,993,946	4,878,929
Unrestricted grants and contributions	110,000	128,800	144,500	125,000	125,000	150,000	95,750	150,000	3,767,355	787,156
Unrestricted investment earnings	14,606	29,593	7,968	39,913	101,189	75,419	2,548	10,422	229,540	325,865
Miscellaneous	431,073	439,986	545,659	514,387	571,224	802,646	638,335	1,136,574	87,319	913,115
Gain/(Loss) on Disposal of Equipment	2,582	-	-	-	-	-	-	-	-	-
Special items - sale of assets	-	25,404.00	6,363	-	-	-	-	-	-	-
Special items - donated assets	-	131,040	-	-	-	-	-	-	-	-
Special items - loss on investment	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	(2,137,716)	(118,800)
Total government activities	\$ 6,730,156	\$ 7,205,538	\$ 7,757,975	\$ 7,924,919	\$ 8,330,745	\$ 8,677,009	\$ 8,876,603	\$ 9,353,350	\$ 12,643,223	\$ 12,582,078
Business-type activities:										
Unrestricted investment earnings	97,930	93,470	90,967	86,547	81,903	77,050	72,216	66,827	55,591	99,339
Miscellaneous	60,075	63,360	67,503	182,519	76,575	84,898	83,384	91,200	136,704	316,769
Gain/(Loss) on Disposal of Equipment	11,576	-	-	-	-	-	-	-	-	-
Special items - donated assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	2,137,716	118,800
Total business-type activities	169,581	156,830	158,470	269,066	158,478	161,948	155,600	158,027	2,330,011	534,908
Total primary government	\$ 6,899,737	\$ 7,362,368	\$ 7,916,445	\$ 8,193,985	\$ 8,489,223	\$ 8,838,957	\$ 9,032,203	\$ 9,511,377	\$ 14,973,234	\$ 13,116,986
Change in Net Position										
Governmental activities	\$ 877,949	\$ (99,446)	\$ 334,034	\$ 570,921	\$ (287,450)	\$ 450,048	\$ 1,045,641	\$ (52,219)	\$ 2,385,279	\$ 2,120,010
Business-type activities	317,579	202,511	(239,301)	(239,756)	745,971	348,322	741,333	859,541	5,806,850	9,069,864
Total primary government	\$ 1,195,528	\$ 103,065	\$ 94,733	\$ 331,165	\$ 458,521	\$ 798,370	\$ 1,786,974	\$ 807,322	\$ 8,192,129	\$ 11,189,874

City of Dunn
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Non Spendable	\$ 30,625	\$ 32,142	\$ 46,556	\$ 33,079	\$ 45,302	\$ 22,037	\$ 41,107	\$ 164,901	\$ 137,547	\$ 190,862
Restricted	1,424,244	1,653,747	1,770,545	1,824,228	2,526,116	2,295,569	2,525,221	2,623,839	2,896,612	4,570,084
Assigned	-	-	98,000	6,000	5,000	300,000	350,000	360,000	1,033,679	245,433
Unassigned	2,117,478	1,985,379	2,069,164	2,792,512	2,839,790	3,133,787	4,201,962	3,441,740	3,370,084	4,345,895
Total General Fund	\$ 3,572,347	\$ 3,671,268	\$ 3,984,265	\$ 4,655,819	\$ 5,416,208	\$ 5,751,393	\$ 7,118,290	\$ 6,590,480	\$ 7,437,922	\$ 9,352,274
All other governmental funds										
Restricted	-	-	-	51,289	35,554	35,554	35,554	-	1,459,026	1,642,670
Assigned	67,468	186,772	75,667	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(960,671)	(513,614)	(553,444)	57,449	(1,097,405)
Total all other governmental funds	\$ 67,468	\$ 186,772	\$ 75,667	\$ 51,289	\$ 35,554	\$ (925,117)	\$ (478,060)	\$ (553,444)	\$ 1,516,475	\$ 545,265

City of Dunn
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Ad valorem taxes	\$ 3,887,947	\$ 4,012,290	\$ 4,284,741	\$ 4,262,407	\$ 4,273,456	\$ 4,246,782	\$ 4,463,883	\$ 4,476,903	\$ 5,639,676	\$ 5,826,180
Other taxes and licenses	43,942	36,190	37,369	36,003	180,715	218,807	228,304	205,237	246,886	230,591
Unrestricted intergovernmental	2,393,607	2,539,169	2,868,871	3,074,062	3,163,499	3,373,150	3,547,218	3,518,678	4,747,060	4,648,338
Restricted intergovernmental	1,248,868	1,093,605	920,038	568,857	697,171	1,509,830	1,552,746	1,404,712	4,293,678	1,234,956
Permits and fees	216,875	206,985	200,541	226,317	170,430	247,905	291,232	377,198	243,450	379,287
Sales and services	1,003,235	1,002,666	1,112,743	1,102,925	1,307,400	1,271,380	1,326,235	1,382,750	1,430,422	1,539,709
Investment earnings	14,606	29,593	7,968	39,913	101,189	75,419	2,548	10,422	229,540	325,865
Miscellaneous	513,106	711,504	592,511	658,500	757,687	802,646	638,335	1,136,574	620,282	776,542
Total revenues	\$ 9,322,186	\$ 9,632,002	\$ 10,024,782	\$ 9,968,984	\$ 10,651,547	\$ 11,745,919	\$ 12,050,501	\$ 12,512,474	\$ 17,450,994	\$ 14,961,468
Expenditures										
General government	1,535,053	1,707,135	2,146,402	2,139,977	2,260,448	2,498,605	2,533,580	2,973,660	2,701,782	3,918,897
Public Safety	3,254,461	3,000,794	3,055,693	3,098,846	3,460,284	3,340,732	3,847,092	4,029,312	4,594,105	4,758,307
Transportation	1,309,052	1,308,013	1,341,992	1,436,435	1,300,908	2,127,335	1,558,170	1,891,733	1,495,457	1,720,992
Environmental protection	607,313	647,025	799,224	807,616	978,691	791,620	728,215	1,179,765	893,045	817,953
Culture and recreation	725,807	612,267	683,268	687,331	723,613	619,618	510,039	1,224,790	1,270,638	1,956,238
Library	251,963	247,091	227,154	239,603	264,608	245,750	233,375	267,605	247,230	95,497
<u>Debt service</u>										
Principal	519,237	615,919	865,540	515,733	522,792	589,409	762,369	897,589	959,310	1,086,114
Interest and other charges	184,019	212,112	234,114	211,601	198,032	200,794	194,299	221,053	219,075	217,610
Capital outlay	3,379,997	1,388,561	894,471	180,874	660,816	2,441,390	2,276,018	905,161	1,946,431	404,119
Total expenditures	11,766,902	9,738,917	10,247,858	9,318,016	10,370,192	12,855,253	12,643,157	13,590,668	14,327,073	14,975,727
Excess of revenues over (under) expenditures	(2,444,716)	(106,915)	(223,076)	650,968	281,355	(1,109,334)	(592,656)	(1,078,194)	3,123,921	(14,259)
Other financing sources (uses)										
Transfers in	-	777,857	-	-	-	-	2,000	35,554	-	-
Transfers out	(498,713)	(777,857)	(75,000)	-	-	-	(2,000)	(35,554)	(2,137,716)	(118,800)
Sale of capital assets	14,494	25,404	7,669	-	-	-	-	-	65,048	719,201
Capital Lease Proceeds	23,777	-	-	-	-	-	-	-	-	-
Installment purchase obligations	2,860,757	296,243	434,000	-	454,000	483,849	2,436,010	475,000	1,866,108	357,000
Total other financing sources (uses)	2,400,315	321,647	366,669	-	454,000	483,849	2,436,010	475,000	(206,560)	957,401
Net change in fund balances	\$ (44,401)	\$ 214,732	\$ 143,593	\$ 650,968	\$ 735,355	\$ (625,485)	\$ 1,843,354	\$ (603,194)	\$ 2,917,361	\$ 943,142
Debt service as a percentage of noncapital expenditures	8.4%	9.9%	11.8%	8.0%	7.4%	7.6%	9.2%	8.8%	9.5%	8.9%

City of Dunn
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

Fiscal Year	Real Property (3)	Personal Property (4)	Total Assessed Value	Ratio of Assessed Value to Estimated Actual Value (1)	Property Tax Rate (2)
2015	701,263,136	57,067,989	758,331,125	100%	0.50
2016	738,999,170	54,300,322	793,299,492	100%	0.50
2017	782,593,029	61,229,571	843,822,600	100%	0.50
2018	782,586,835	61,147,365	843,734,200	100%	0.50
2019	773,225,934	70,971,466	844,197,400	100%	0.50
2020	776,648,160	72,901,440	849,549,600	100%	0.50
2021	785,553,296	75,124,910	860,678,206	100%	0.50
2022	818,424,000	74,354,656	892,778,656	100%	0.50
2023 ⁽⁵⁾	1,032,404,400	88,752,800	1,121,157,200	100%	0.50
2024	1,053,548,600	97,342,600	1,150,891,200	100%	0.50

Notes:

(1) Assessed value is established by the Harnett County Tax Department at 100% estimated market value.

(2) Rate per \$100 of assessed valuation.

(3) Real Property comes from Harnett County Projected Revenue Report Total Taxable Real Value and Personal Value for City of Dunn and Dunn Special Downtown District. Harnett County ACFR

(4) Personal Property comes from Harnett county Projected Revenue Report Motor Vehicle value for City of Dunn and Dunn Special Downtown District. Harnett County ACFR

(5) The Property Reappraisal took effect 1/1/22, all information listed was pulled from: Dunn Audit Real and Personal Property Value and Levys FY 2023 Excel Sheet retrieved from Amy Bain, Deputy Tax Collector for Harnett County.

**City of Dunn
Property Tax Rates
Direct(1) and Overlapping(2) Governments
Last Ten Fiscal Years**

Table 6

Fiscal Year	City of Dunn⁽¹⁾	Harnett County⁽²⁾	Dunn Emergency Services⁽²⁾	Averasboro School District⁽²⁾	Combined Tax Rate Per \$100 of Assessed Value
2015	0.50	0.750	0.07	0.02	1.340
2016	0.50	0.750	0.09	0.02	1.360
2017	0.50	0.750	0.09	0.02	1.360
2018	0.50	0.750	0.09	0.02	1.360
2019	0.50	0.750	0.09	0.02	1.360
2020	0.50	0.750	0.09	0.02	1.360
2021	0.50	0.750	0.09	0.02	1.360
2022	0.50	0.591	0.09	0.02	1.201
2023	0.50	0.591	0.09	0.02	1.201
2024	0.50	0.591	0.09	0.02	1.201

Notes:

(1) -The City tax is completely applicable to general government and not divided among other components.

(2) - Overlapping rates are those of local and county governments that apply to property owners within the City of Dunn.

**City of Dunn
Principal Property Taxpayers
June 30, 2024**

Table 7

Taxpayer	Type of Enterprise	2024			2015 ⁽¹⁾		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
ROOMS TO GO DISTRIBUTION CO LLC	Distribution	\$ 79,993,497	1	7.59%	\$ 23,765,430	1	3.13%
FAMILY MEDICAL SUPPLY INC	Healthcare	\$ 25,060,141	2	2.38%			
WAL-MART REAL ESTATE BUSINESS TRUST	Retail Store	\$ 12,818,236	3	1.22%	\$ 12,318,880	2	1.62%
STONE RUN PROPERTIES LLC	Real Estate	\$ 10,416,410	4	0.99%			
DUKE ENERGY PROGRESS INC	Utility Company	\$ 8,722,444	5	0.83%	\$ 10,601,998	3	1.40%
DUNN HOSPITALITY VENTURES LLC	Hospitality	\$ 7,495,050	6	0.71%			
WINCOR PROPERTIES LLC	Real Estate	\$ 7,358,080	7	0.70%	\$ 8,212,261	4	1.08%
RCG-DUNN LLC (Harnett Crossing)	Real Estate	\$ 6,975,320	8	0.66%			
MCRT3 DUNN LLC	Hospitality	\$ 6,891,819	9	0.65%			
Piedmont Natural Gas	Utility Company	\$ 6,750,744	10	0.64%			
RPH Harnett Crossing	Shopping Center				\$ 8,065,690	5	1.06%
CAROLINA TELEPHONE	Real Estate				\$ 7,021,022	6	0.93%
APPLE EIGHT NC LP	Packaging Plant				\$ 6,996,400	7	0.92%
NWD-T/A DUNBAR	Manufacturer				\$ 4,777,090	8	0.63%
GRAY PROPERTINS OF NC, LLC	Real Estate				\$ 4,723,560	9	0.62%
GG RETAIL PROPERTIES LLC	Real Estate				\$ 4,694,300	10	0.62%
	Totals	<u>\$ 172,481,741</u>		16.37%	<u>\$ 91,176,631</u>		12.02%
	Total Assessed Value	<u>\$ 1,053,548,600</u>			<u>\$ 758,331,125</u>		

Source: Harnett County Assessor's Office

**City of Dunn
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 8

Fiscal Year	Tax Levy	Current Tax Collections	Percent of Taxes Collected	Delinquent Tax Collections (1)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2015	3,783,906	3,761,518	99.41%	-	3,761,518	99.41%
2016	3,966,497	3,942,458	99.39%	17,032	3,942,458	99.39%
2017	4,219,113	4,195,846	99.45%	26,269	4,222,115	100.07%
2018	4,218,671	4,185,643	99.22%	21,167	4,206,810	99.72%
2019	4,220,987	4,192,397	99.32%	24,870	4,217,267	99.91%
2020	4,246,746	4,183,334	98.51%	24,112	4,207,446	99.07%
2021	4,400,215	4,364,259	99.18%	35,206	4,399,465	99.98%
2022	4,463,893	4,435,351	99.36%	4,784	4,440,135	99.47%
2023	5,596,066	5,505,378	98.38%	8,841	5,514,219	98.54%
2024	5,754,456	5,702,709	99.10%	7,824	5,710,533	99.24%

Notes:

(1) - Includes discoveries, releases, and adjustments.

**City of Dunn
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Table 9

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Debt as a % of Assessed Valuation (1)	Per Capita (2)
	Capital Leases	Installment Purchases	Capital Leases	GO Bonds	Installment Purchases	Revolving Water and Sewer Loan			
2015	\$ 17,868	7,653,635 (3)	69,598	1,410,000	2,071,259	3,508,091	14,730,451	1.90%	\$ 1,533
2016	9,368	7,324,590	50,970	1,275,000	1,609,835	3,288,835	13,558,598	1.80%	\$ 1,450
2017	1,229	6,901,189	31,874	1,180,000	1,345,393	3,069,579	12,529,264	1.80%	\$ 1,299
2018	-	6,386,138	15,911	1,026,000	1,074,864	2,850,323	11,353,236	1.35%	\$ 1,166
2019	-	6,317,894 (4)	-	869,000	2,713,309 (5)	2,631,067	12,531,270	1.48%	\$ 1,313
2020	-	6,126,609 (6)	-	715,000	2,535,362 (7)	2,411,813	11,788,784	1.39%	\$ 1,233
2021	-	7,947,118 (8)	-	563,000	3,454,513 (9)	4,667,557 (10)	16,632,189	1.93%	\$ 1,965
2022	-	7,174,226 (11)	-	414,000	6,394,760 (12)	1,973,299 (13)	15,956,285	1.79%	\$ 1,870
2023	-	8,081,023 (14)	-	273,000	8,559,631 (15)	1,754,044	18,667,698	1.67%	\$ 2,187
2024	-	7,351,909 (16)	-	135,000	11,466,867 (17)	1,534,790	20,488,566	1.78%	\$ 2,381

Notes:

- (1) - Total primary government debt divided by assessed valuation. Assessed valuations can be found in Table 5.
- (2) - Total Debt divided by population. Population figures from <https://demography.osbm.nc.gov> NC State Demographer Certified Population Estimates
- (3) - Total installment purchases executed during fiscal year 2015 in the amount of \$2,884,535 for Phase II of Tyler Park, Harnett Training School, Gym Equipment & Police Cars
- (4) - Total installment purchases executed during fiscal year 2019 for governmental activities in the amount of \$454,000 for Police vehicles
- (5) - Total installment purchases executed during fiscal year 2019 for business-type activities in the amount of \$1,898,000 for electronically read water meters
- (6) - Total installment purchases executed during fiscal year 2020 for governmental activities in the amount of \$482,929 for computers, police cars, paving equipment and vehicles
- (7) - Total installment purchases executed during fiscal year 2020 for business-type activities in the amount of \$210,040 for tractor, generator, and vehicles
- (8) - Total installment purchases executed during fiscal year 2021 for governmental activities in the amount of \$2,435,000 for leaf truck, computer purchases, and Tart Park improvements.
- (9) - Total installment purchases executed during fiscal year 2021 for business-type activities in the amount of \$1,035,000 for these sewer projects: Lakeshore Dr and Watauga Ave
- (10) - Total State Revolving Loans executed during fiscal year 2021 for business-type activities in the amount of \$2,750,000 for the Wastewater Treatment Plant aeration project.
- (11) - Total installment purchases executed during fiscal year 2022 for governmental activities in the amount of \$475,000 for four police cars and North McKay land purchase.
- (12) - Total installment purchases executed during fiscal year 2022 for business-type activities in the amount of \$1,149,422 for pipeline inspection equipment, vacuum truck, Elm/Bay project
- (13) - Total State Revolving Loans executed during fiscal year 2022 for business-type activities in the amount of \$827,163 for a water distribution rehab project.
- (14) - Total installment purchases executed during fiscal year 2023 for governmental activities in the amount of \$1,467,770 for five police cars, boom truck, pavement improvements.
- (15) - Total installment purchases executed during fiscal year 2023 for business-type activities in the amount of \$1,993,000 for street sweeper, and sewer line repairs.
- (16) - Total installment purchases executed during fiscal year 2024 for governmental activities in the amount of \$357,000 for four new police cars and two new public works vehicles.
- (17) - Total installment purchases executed during fiscal year 2024 for business-type activities in the amount of \$5,062,000 for Black River Waste Water Treatment Plant and water and sewer projects.

**City of Dunn
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Table 10

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Percentage of Assessed Property Value</u>	<u>Per Capita (2)</u>
2015	1,410,000	0.19%	148
2016	1,275,000	0.16%	133
2017	1,180,000	0.14%	122
2018	1,026,000	0.12%	105
2019	869,000	0.10%	91
2020	715,000	0.08%	75
2021	563,000	0.07%	67
2022	414,000	0.05%	49
2023	273,000	0.02%	32
2024	135,000	0.01%	16

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

(1) - Includes General Obligation Bonds from business-type activities.

(2) - Population data obtained from NC State demographer

City of Dunn
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable To Town ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Harnett County Debt Outstanding ⁽³⁾	\$ 123,359,118	0.086201853	\$ 10,633,785
Subtotal, overlapping debt			10,633,785
City of Dunn direct debt			<u>7,351,909</u> ⁽²⁾
Total direct and overlapping debt			<u><u>\$ 17,985,694</u></u>

Notes:

(1) - The percentage of overlapping debt applicable to the town is estimated using assessed property values. The applicable percentage represents the town's total assessed value divided by Harnett County's total assessed value.

(2) - Includes all governmental activities debt.

(3) The Harnett County Debt Outstanding is from the County's Audited Financial Statements Dated June 30, 2023.

**City of Dunn
Legal Debt Margin Information
Last Ten Fiscal Years**

Table 12

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 60,666,490	\$ 63,463,959	67,505,808	67,498,736	67,535,792	67,963,968	68,854,256	71,422,292	89,692,576	92,071,296
Total net debt applicable to limit	13,232,984	12,615,086	11,349,264	10,327,236	12,531,270	11,788,782	16,173,084	15,956,285	18,667,698	20,488,566
Legal debt margin	<u>\$ 47,433,506</u>	<u>\$ 50,848,873</u>	<u>\$ 56,156,544</u>	<u>\$ 57,171,500</u>	<u>\$ 55,004,522</u>	<u>\$ 56,175,186</u>	<u>\$ 52,681,172</u>	<u>\$ 55,466,007</u>	<u>\$ 71,024,878</u>	<u>\$ 71,582,730</u>
Total net debt applicable to the limit as a percentage of debt limit	21.81%	19.88%	16.81%	15.30%	18.56%	17.35%	23.49%	22.34%	20.81%	22.25%

Legal Debt Margin Calculation for Fiscal Year 2024 ⁽¹⁾

Assessed Value	\$ 1,150,891,200
Debt Limit (8% of total assessed value)	92,071,296
Debt applicable to limit:	
General obligation bonds	135,000
Non bonded debt	<u>20,353,566</u>
Total net debt applicable to limit	<u>20,488,566</u>
Total debt limit capacity available	<u>\$ 71,582,730</u>

Notes:

(1) - Under North Carolina general statutes, the legal debt limit should not exceed 8% of total assessed property value. By law, the statutes provide exclusions for bonded debt which has been issued for water and sewer systems, provided the criteria for excluding the debt has been satisfied by the unit of government

Harnett County (1)
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 13

Fiscal Year	Population (2)	Personal Income (2)	Per Capita Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2015	125,717	2,400,566,115	19,095	34	20,099	7.3%
2016	127,348	2,431,710,060	19,095	34	20,269	5.4%
2017	130,881	2,730,701,184	20,864	34	20,357	4.8%
2018	132,754	2,816,243,356	21,214	34	20,390	3.7%
2019	134,214	3,163,558,194	23,571	35	20,685	5.4%
2020	135,239	2,803,910,187	20,733	43	20,615	8.8%
2021	133,568	3,174,510,656	23,767	34	19,513	5.5%
2022	135,966	3,357,408,438	24,693	36	36,825	5.0%
2023	138,832	3,743,188,384	26,962	36	19,705	4.2%
2024	141,477	4,198,754,406	29,678	36	20,050	3.6%

Notes:

(1) - Information is presented for the County, city information is not available

(2) - US Census Bureau. Latest figures available are reflected.

(3) - NC Department of Public Instruction. Latest figures available are reflected.

(4) - NC Department of Commerce. Latest figures available are reflected.

**City of Dunn
Principal Employers
Last Ten Fiscal Years**

Table 14

Employer	2024 (1)		2015 (2)	
	Employees	Rank	Employees	Rank
Harnett County Schools	1,000+	1	1,000+	1
Food Lion	1,000+	2	1,000+	2
Harnett Health System (Betsy Johnson)	500-999	3	500-999	3
Wal-Mart Associates Inc.	500-999	4	250-499	5
Carlie C's Operation Center Inc.	250-499	5	250-499	4
Rooms To Go	250-499	6		
Godwin Manufacturing Co Inc.	100-249	7	100-249	9
Tri-Arc Food Systems Inc.	100-249	8	100-249	7
Champion Home Builders	100-249	9		
Boon Edam	100-249	10		
City of Dunn			100-249	10
KTL McDonalds LLC			100-249	8
Family Medical Supply			100-249	6

(1) - Earliest data available from Harnett County Economic Development. There was no information available for the total number of individuals employed within the City. Therefore, the percentage of total employment for each employer has not been provided.

(2)-Data from 2015 CAFR

City of Dunn
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

Table 15

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023⁽¹⁾	2024
<i>General Government</i>										
Administration	6	6	6	7	7	7	7	7	7	8
Finance	3	3	3	3	3	3	3	7	5	3
<i>Economic & Physical Development</i>										
Planning	1	1	1	1	2	3	3	3	3	1
Inspections	3	4	5	5	5	4	4	1	1	2
<i>Public Safety - Law Enforcement</i>										
Officers	36	39	39	39	44	45	45	48	48	43
Civilians	5	4	4	4	4	3	2	2	4	4
<i>Public Works</i>										
Streets	16	16	14	15	18	19	20	22	17	16
Solid Waste	2	2	2	2	0	0	0	0	0	0
Fleet Maintenance	1	1	1	1	2	2	3	2	2	2
<i>Parks, Recreation, & Cultural Resources</i>										
Parks & Recreation	10	9	8	8	10	6	6	5	11	12
Library	4	4	4	4	4	3	4	4	0	0
<i>Public Utilities-Water/Sewer</i>										
Finance	5	5	5	3	3	3	3	4	3	3
Distribution	8	8	8	10	11	10	10	9	17	13
Water Treatment	8	8	9	8	8	8	8	8	8	8
WasteWater Treatment	9	9	9	9	10	9	10	9	9	9
Total	117	119	118	119	131	125	128	131	135	124

(1).The Library operations were transferred to Harnett County in September 2022.

**City of Dunn
Operating Indicators by Function
Last Ten Years**

Table 16

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function:										
Public Safety										
Arrests	2,190	1,231	1,274	1,040	1,183	949	1,141	795	965	1,055
Traffic violations	3,396	3,186	3,236	3,523	3,471	2,305	2,390	3,964	4,819	5,570
Highways and streets										
Street resurfacing (miles)	2	0	0	0	-	1	1	13	5	-
Potholes repaired	750	210	191	214	212	115	94	105	147	171
Sidewalk repaired (linear ft.)	600	4,841	3,324	146	100	150	100	5	372	150
Street sweeping (miles)	2,000	2,000	1,782	1,656	1,700	1,700	1,500	2,508	794	967
Inspections										
Building permits issued	362	385	476	431	439	537	624	727	701	594
Sanitation										
Residential waste collected (tons/year)	2,663	2,814	2,782	2,624	2,934	2,545	2,662	2,900	2,177	2,803
Yard waste collected (tons/year)	2,642	825	1,148	2,010	2,808	2,079	557	638	435	528
Trash pick-up fee	17	17	17	17	23	23	24	25	26	344
Library ⁽¹⁾										
Admissions	83,423	65,704	60,797	55,792	56,826	40,641	29,202	31,638	N/A	N/A
Volumes in Collection	42,630	44,784	45,112	45,399	44,397	43,743	45,432	46,691	N/A	N/A
Recreation										
Youth participation:										
Fall sports	360	343	291	295	356	293	378	327	355	355
Winter sports	220	314	216	212	347	330	186	121	143	150
Spring Sports	450	325	339	347	316	315	214	441	507	316
Water										
Utility customers	4,635	4,700	4,701	4,704	4,707	4,706	4,743	4,774	4,826	4,807
Average utility bill	52	55	58	60	60	73	107	111	120	129
New Customer Connections	10	12	13	10	26	11	31	33	52	70
Average daily consumption (MGD)	3	3	3	3	3	3	3	3	3	3
Wastewater										
Average daily sewage treatment (MGD)	3	3	3	2	3	3	3	2	2	2
Sanitary Sewer Overflows (SSO)	6	5	7	-	6	4	11	3	4	10

(1). The Library operations were transferred to Harnett County in September 2022.

**City of Dunn
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Table 17

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Police stations	1	1	1	1	3	3	3	3	3	3
Police patrol units	4	4	4	4	4	4	4	4	4	4
Police vehicles	43	43	45	45	45	52	59	59	67	64
911 Centers	1	0	0	0	0	0	0	0	0	0
Sanitation										
Collection trucks	2	2	2	2	2	2	2	2	2	4
Highways and streets										
Streets (miles)	65	65	65	65	65	65	66	66	66	66
Traffic signals	5	5	5	5	5	5	5	5	5	5
Culture and recreation										
Parks acreage	32	32	36	36	36	36	54	54	54	55
Parks	3	3	3	3	3	3	4	4	4	4
Baseball/Softball Fields	7	7	8	8	8	8	8	8	8	8
Pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	3	3	3	3	3	3	3	3
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (feet)	454,080	454,080	459,360	459,360	459,360	607,200 ⁽¹⁾	607,200	607,200	607,200	633,600
Maximum daily capacity (millions of gallons per day)	6.0	6.0	6.0	6.0	6.0	8.0	8.0	8.0	8.0	8.0
Sewer										
Sewer Lines (feet)	396,000	396,000	406,560	406,560	406,560	498,015 (1)	498,015	498,015	498,015	501,600
Max daily treatment capacity (millions of gallons per day)	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75

(1) New CIS System was implemented making estimations more accurate than years prior

City of Dunn
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Rate</u>
2015	3,887,947	0.50
2016	4,012,290	0.50
2017	4,272,245	0.50
2018	4,260,553	0.50
2019	4,273,456	0.50
2020	4,247,748	0.50
2021	4,460,198	0.50
2022	4,482,439	0.50
2023	5,702,779	0.50
2024	5,754,456	0.50

COMPLIANCE SECTION



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dunn, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the City of Dunn's basic financial statements, and have issued our report thereon dated October 14, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dunn's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Wilmington, North Carolina

October 14, 2024



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Report On Compliance for Each Major Federal Program; Report on Internal Control over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

To the Board of City Council
City of Dunn, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Dunn, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Dunn's major federal programs for the year ended June 30, 2024. The City of Dunn's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Dunn complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. 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 Dunn 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 provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Dunn'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 City of Dunn federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Dunn'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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance 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 judgment made by a reasonable user of the report on compliance about City of Dunn's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City of Dunn'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 City of Dunn'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, but not for the purpose of expressing an opinion on the effectiveness of City of Dunn'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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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.

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

Wilmington, North Carolina

October 14, 2024

**CITY OF DUNN, NORTH CAROLINA
DUNN, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant Deficiency(s) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes No

Significant Deficiency(s) identified? Yes 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)? Yes No

Identification of major federal programs:

<u>Assistance Listing No's.</u>	<u>Names of Federal Program or Cluster</u>
10.766	Community Facilities Loans and Grants
21.027	Coronavirus State Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? Yes No

**CITY OF DUNN, NORTH CAROLINA
DUNN, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

None.

**CITY OF DUNN, NORTH CAROLINA
DUNN, NORTH CAROLINA
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024**

Status: None.

City of Dunn, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's No.	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to subrecipients
Federal Grants:					
Cash Programs:					
<u>U.S. Dept. of Agriculture</u>					
Community Facilities Loans and Grants	10.766		\$ 17,693	\$ -	\$ -
Community Facilities Loans and Grants	10.766		328,889	-	-
Community Facilities Loans and Grants	10.766		237,500	-	-
Community Facilities Loans and Grants	10.766		586,323	-	-
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Department of Commerce:					
Community Development Block Grant - Neighborhood Revitalization	14.228	17-C-2995	138,682	-	-
Passed-through N.C. Department of Environmental Quality:					
Community Development Block Grant - Wastewater Collection System	14.228	20-I-3606	69,849	-	-
<u>U.S. Dept. of Justice</u>					
Bulletproof Vest Partnership Program	16.607		8,840	-	-
Community Oriented Policing Service	16.710		104,740	-	-
<u>U.S. Dept. of Transportation</u>					
Highway Safety Cluster					
Passed-through the N.C. Department of Transportation:					
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.600		5,995	-	-
<u>U.S. Dept. of Treasury</u>					
Passed-through the N.C. Department of Environmental Quality					
Coronavirus State and Local Fiscal Recovery Fund	21.027	SRP-W-ARP-0033	5,799,761	-	-
Coronavirus State and Local Fiscal Recovery Fund	21.027	CS370417-06	24,988	-	-
Coronavirus State and Local Fiscal Recovery Fund	21.027	SRP-W-ARP-0288	358,224	-	-
Coronavirus State and Local Fiscal Recovery Fund	21.027	AIA-W-ARP-0203	58,300	-	-
Coronavirus State and Local Fiscal Recovery Fund	21.027	SRP-SW-ARP-0098	23,700	-	-
Coronavirus State and Local Fiscal Recovery Fund	21.027	SRP-SW-ARP-0098	266,605	-	-
<u>U.S. Dept. of Health and Human Services</u>					
Division of Aging and Adult Services					
Passed through Mid Carolina Council of Governments					
Special Programs for the Aging--Title III, Part B--Grants for Supportive Services and Senior Centers	93.044		20,555	-	-
Total assistance - federal programs			8,050,644	-	-
State Grants:					
Cash Assistance:					
<u>N.C. Department of Environmental Quality:</u>					
Lead & Copper Service Assessment		SRF-D-LSL-0013	-	30,764	-
<u>N.C. Department of Transportation:</u>					
Powell Bill		O 50000001 80	-	226,368	-
<u>Office of State Budget and Management:</u>					
State Capital and Infrastructure Fund (SCIF)		22-SCIF-10802-01	-	135,228	-
Total assistance - State programs			-	392,359	-
Total assistance			\$ 8,050,644	\$ 392,359	\$ -

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 Dunn under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. 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 Dunn, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Dunn.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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