

**City of Dunn, North Carolina**

**Annual Comprehensive**

**Financial Report**

**For the Fiscal Year Ended June 30, 2023**

**MAYOR**

William P. Elmore Jr.

**COMMISSIONERS**

J. Wesley Sills, District 1  
April Gaulden, District 2  
Frank McLean, District 3  
Billy N. Tart, District 4  
Charles Turnage, District 5  
David Bradham, District 6

**City Manager**

Steven Neuschafer

**Finance Director**

Cary McNallan

**City Attorney**

P. Tilghman Pope

**City of Dunn, North Carolina  
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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, 2023, 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 City of Dunn as of June 30, 2023, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund and the ARPA 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, 2023, 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 City's Proportionate Share of Net Pension Asset (Liability) and City 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 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 November 28, 2023, 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*

*November 28, 2023*

## 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, 2023. 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

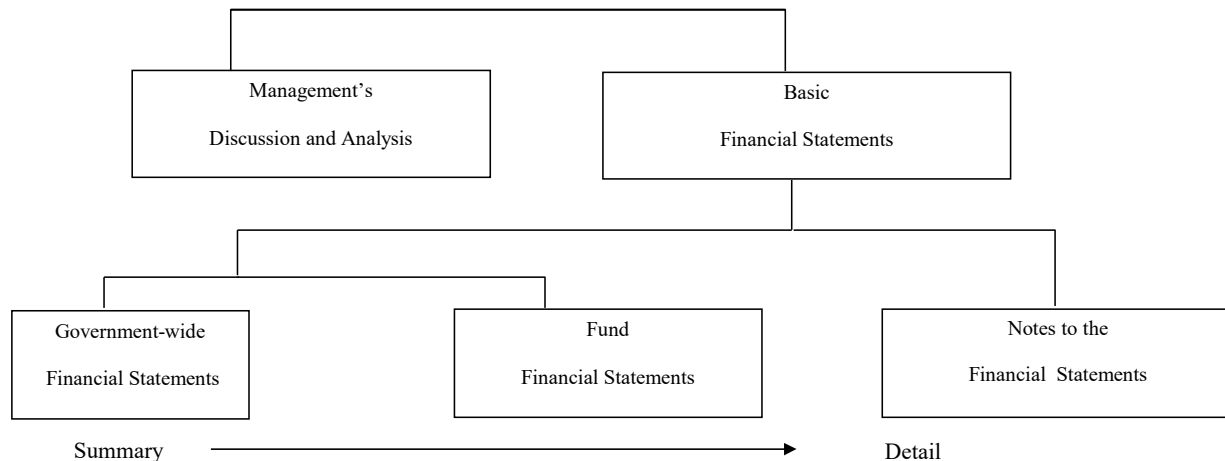
- The assets and deferred outflows of resources of the City of Dunn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$42,855,583 (net position).
- The government's total net position increased from the prior year by \$8,192,129 before prior period adjustment.
- As of the close of the current fiscal year, the City of Dunn governmental funds reported combined ending fund balances of \$8,954,397 with a net increase of \$2,917,361 in fund balance. Approximately 38% of fund balance, or \$3,427,533 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,370,084, or 26% of total general fund expenditures for the fiscal year. The combined unassigned and assigned fund balance for the General Fund was \$4,403,763 or 34% of total General Fund expenditures for the fiscal year.
- The City's total long-term debt increased by \$2,711,413 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	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 14,559,786	\$ 11,847,137	\$ 7,699,767	\$ 5,347,298	\$ 22,259,553	\$ 17,194,435
Capital assets	17,248,308	16,231,110	37,328,209	31,468,489	54,576,517	47,699,599
Deferred outflows of resources	2,962,136	2,147,344	1,059,393	708,624	4,021,529	2,855,968
<b>Total assets</b>	<b>34,770,230</b>	<b>30,225,591</b>	<b>46,087,369</b>	<b>37,524,411</b>	<b>80,857,599</b>	<b>67,750,002</b>
<b>Liabilities:</b>						
Long-term liabilities outstanding	15,859,445	16,879,464	10,840,677	11,007,450	26,700,122	27,886,914
Other liabilities	2,532,244	587,707	3,549,685	1,168,534	6,081,929	1,756,241
Deferred inflows of resources	3,133,906	3,163,365	1,099,207	1,189,094	4,233,113	4,352,459
<b>Total liabilities</b>	<b>21,525,595</b>	<b>20,630,536</b>	<b>15,489,569</b>	<b>13,365,078</b>	<b>37,015,164</b>	<b>33,995,614</b>
<b>Net position:</b>						
Net investment in capital assets	9,167,285	9,056,884	26,741,534	20,950,289	35,908,819	30,007,173
Restricted	5,996,612	5,723,839	-	-	5,996,612	5,723,839
Unrestricted	(2,906,114)	(5,185,668)	3,856,266	3,209,044	950,152	(1,976,624)
<b>Total net position</b>	<b>\$ 12,257,783</b>	<b>\$ 9,595,055</b>	<b>\$ 30,597,800</b>	<b>\$ 24,159,333</b>	<b>\$ 42,855,583</b>	<b>\$ 33,754,388</b>

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 \$42,855,583 as of June 30, 2023. The City's net position for governmental activities and business-type activities were \$12,257,783 and \$30,597,800, respectively. The City's net position increased by \$8,192,129 before prior period adjustment for the fiscal year ended June 30, 2023.

However, the largest portion, \$35,908,819, 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 \$5,996,612 represents resources that are subject to external restrictions on how they may be used. A balance of \$950,152 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	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,882,306	\$ 1,759,948	\$ 7,535,217	\$ 6,804,671	\$ 9,417,523	\$ 8,564,619
Operating grants and contributions	606,138	1,092,174	450,000	351,600	1,056,138	1,443,774
Capital grants and contributions	309,762	312,538	3,219,330	-	3,529,092	312,538
General revenues:						
Property taxes	5,702,779	4,482,439	-	-	5,702,779	4,482,439
Other taxes	4,993,946	3,573,915	-	-	4,993,946	3,573,915
Grants and contributions not restricted to specific programs	3,767,355	150,000	-	-	3,767,355	150,000
Investment earnings	229,540	10,422	55,591	66,827	285,131	77,249
Other	87,319	1,136,574	136,704	91,200	224,023	1,227,774
<b>Total revenues</b>	<b>17,579,145</b>	<b>12,518,010</b>	<b>11,396,842</b>	<b>7,314,298</b>	<b>28,975,987</b>	<b>19,832,308</b>
<b>Expenses:</b>						
General government	3,089,982	3,082,334	-	-	3,089,982	3,082,334
Public safety	5,201,088	4,376,915	-	-	5,201,088	4,376,915
Highways/streets	1,748,470	2,103,316	-	-	1,748,470	2,103,316
Environmental protection	915,263	1,186,671	-	-	915,263	1,186,671
Cultural and recreational	1,608,820	1,265,292	-	-	1,608,820	1,265,292
Library	260,809	-	-	-	260,809	-
Interest on long-term debt	231,718	-	-	-	231,718	-
Water and sewer	-	-	7,082,434	6,454,757	7,082,434	6,454,757
Other	-	555,701	645,274	-	645,274	555,701
<b>Total expenses</b>	<b>13,056,150</b>	<b>12,570,229</b>	<b>7,727,708</b>	<b>6,454,757</b>	<b>20,783,858</b>	<b>19,024,986</b>
Increase in net position, before transfers	4,522,995	(52,219)	3,669,134	859,541	8,192,129	807,322
Transfers	(2,137,716)	-	2,137,716	-	-	-
Increase in net position, after transfers	2,385,279	(52,219)	5,806,850	859,541	8,192,129	807,322
Net position, beginning, previously reported	9,595,055	9,647,274	24,159,333	23,299,792	33,754,388	32,947,066
Prior period adjustment	277,449	-	631,617	-	909,066	-
Net position, beginning, restated	9,872,504	9,647,274	24,790,950	23,299,792	34,663,454	32,947,066
Net position, ending	<b>\$ 12,257,783</b>	<b>\$ 9,595,055</b>	<b>\$ 30,597,800</b>	<b>\$ 24,159,333</b>	<b>\$ 42,855,583</b>	<b>\$ 33,754,388</b>

Governmental activities- Governmental activities increased the City's net position by \$2,385,279, thereby accounting for 29% 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 \$30,597,800 in net position, an increase of \$5,806,850 before prior year adjustment. Positively impacting net position was a \$7,587,011 of revenue from charges for services.

## 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 \$3,370,084, while the total fund balance reached \$7,437,922. 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 26% of total General Fund expenditures, while total fund balance is 57% of total General Fund expenditures.

At June 30, 2023, the governmental funds of the City of Dunn reported a fund balance of \$8,954,397 with a net increase in fund balance of \$2,917,361. Included in this change in fund balance is an increase in fund balance in the General Fund totaling \$847,442.

**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 \$3,856,266. 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, 2023, totals \$54,576,517 (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	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,560,135	\$ 2,536,067	\$ 327,790	\$ 327,790	\$ 2,887,925	\$ 2,863,857
Construction in progress	1,221,304	3,287,423	7,756,492	1,449,634	8,977,796	4,737,057
Building	3,376,355	3,502,287	187,403	-	3,563,758	3,620,615
Equipment	438,096	492,090	1,237,687	1,297,133	1,675,783	1,746,898
Improvements other than buildings	8,323,544	5,517,256	-	-	8,323,544	5,517,256
Plant and Distribution systems	-	-	25,688,576	26,537,895	25,688,576	26,537,895
Vehicles	1,206,915	806,158	1,122,878	1,064,867	2,329,793	1,468,790
Other	121,959	89,829	1,007,383	1,083,708	1,129,342	1,207,231
Total	<u>\$ 17,248,308</u>	<u>\$ 16,231,110</u>	<u>\$ 37,328,209</u>	<u>\$ 31,761,027</u>	<u>\$ 54,576,517</u>	<u>\$ 47,992,137</u>

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, 2023, the City had total bonded debt outstanding of \$273,000. This amount is backed by the full faith, credit, and taxing power of the City of Dunn. Additionally, the City had \$16,640,654 outstanding for installment purchase debt and \$1,754,044 outstanding on water and sewer revolving loans.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ -	\$ -	\$ 273,000	\$ 414,000	\$ 273,000	\$ 414,000
Direct borrowing agreements	8,081,023	7,174,226	8,559,631	6,394,760	16,640,654	13,568,986
Direct placement Water and Sewer revolving loans	-	-	1,754,044	1,973,299	1,754,044	1,973,299
Total	\$ 8,081,023	\$ 7,174,226	\$ 10,586,675	\$ 8,782,059	\$ 18,667,698	\$ 15,956,285

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 \$81,884,553. The City has no bonds authorized but unissued at June 30, 2023.

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](http://www.cityofdunn.org) or send an email to [cmcnallan@dunnc.org](mailto:cmcnallan@dunnc.org) for more information.

## BASIC FINANCIAL STATEMENTS

**City of Dunn, North Carolina**  
**Statement of Net Position**  
**June 30, 2023**

	Primary Government			City of Dunn ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,320,164	\$ 1,362,965	\$ 9,683,129	\$ 536,141
Restricted cash and cash equivalents	410,457	134,207	544,664	-
Taxes receivables	104,656	-	104,656	-
Accounts receivables, net	842,697	1,171,600	2,014,297	-
Due from other governments	1,644,265	3,458,181	5,102,446	-
Inventories	34,723	67,005	101,728	571,009
Prepays	102,824	33,456	136,280	-
Current portion of note receivable	-	135,573	135,573	-
Total current assets	11,459,786	6,362,987	17,822,773	1,107,150
Non-current assets:				
Note receivable, net of current portion	3,100,000	1,336,780	4,436,780	-
Capital Assets:				
Land, non-depreciable improvements, and construction in progress	3,781,439	8,084,282	11,865,721	-
Other capital assets, net of depreciation	13,466,869	29,243,927	42,710,796	430,908
Total non-current assets	20,348,308	38,664,989	59,013,297	430,908
Total assets	31,808,094	45,027,976	76,836,070	1,538,058
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	2,189,756	851,573	3,041,329	98,211
Pension deferrals - LEO	237,983	-	237,983	-
OPEB deferrals	534,397	207,820	742,217	-
Total deferred outflows of resources	2,962,136	1,059,393	4,021,529	98,211
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	1,750,068	805,769	2,555,837	107,655
Accrued interest payable	132,176	104,574	236,750	-
Deferred revenue	650,000	-	650,000	-
Customer deposits	-	134,207	134,207	-
Notes payable - current	886,852	2,455,135	3,341,987	-
Compensated absences - current	100,000	50,000	150,000	-
Total current liabilities	3,519,096	3,549,685	7,068,781	107,655
Long-term liabilities:				
Notes payable - noncurrent	7,194,171	8,131,540	15,325,711	-
Compensated absences - noncurrent	344,015	45,969	389,984	-
Net pension liability	3,353,856	1,304,271	4,658,127	100,982
Total pension liability	1,473,095	-	1,473,095	-
Total OPEB liability	3,494,308	1,358,897	4,853,205	-
Total long-term liabilities	15,859,445	10,840,677	26,700,122	100,982
Total liabilities	19,378,541	14,390,362	33,768,903	208,637
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	665	-	665	-
Pension deferrals - LGERS	14,168	5,511	19,679	911
Pension deferrals - LEO	306,714	-	306,714	-
OPEB deferrals	2,812,359	1,093,696	3,906,055	-
Total deferred inflows of resources	3,133,906	1,099,207	4,233,113	911
NET POSITION				
Net investment in capital assets	9,167,285	26,741,534	35,908,819	430,908
Restricted for:				
Streets	24,064	-	24,064	-
Public safety	123,002	-	123,002	-
Harnett Training School	3,100,000	-	3,100,000	-
Stabilization by State Statute	2,486,155	-	2,486,155	-
USDA debt service	263,391	-	263,391	-
Working capital	-	-	-	123,369
Unrestricted	(2,906,114)	3,856,266	950,152	872,444
Total net position	\$ 12,257,783	\$ 30,597,800	\$ 42,855,583	\$ 1,426,721

City of Dunn, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	City of Dunn ABC Board
Primary government:								
Governmental Activities:								
General government	\$ 3,089,982	\$ 219,178	\$ -	\$ 309,762	\$ (2,561,042)	\$ -	\$ (2,561,042)	
Public safety	5,201,088	243,450	284,337	-	(4,673,301)	-	(4,673,301)	
Transportation	1,748,470	-	321,801	-	(1,426,669)	-	(1,426,669)	
Cultural and recreational	1,608,820	104,160	-	-	(1,504,660)	-	(1,504,660)	
Library	260,809	-	-	-	(260,809)	-	(260,809)	
Environmental protection	915,263	1,315,518	-	-	400,255	-	400,255	
Interest on long-term debt	231,718	-	-	-	(231,718)	-	(231,718)	
Total governmental activities	13,056,150	1,882,306	606,138	309,762	(10,257,944)	-	(10,257,944)	
Business-type activities:								
Water and sewer	7,082,434	7,329,994	50,000	3,219,330	-	3,516,890	3,516,890	
Stormwater	645,274	205,223	400,000	-	-	(40,051)	(40,051)	
Total business-type activities	7,727,708	7,535,217	450,000	3,219,330	-	3,476,839	3,476,839	
Total primary government	\$ 20,783,858	\$ 9,417,523	\$ 1,056,138	\$ 3,529,092	(10,257,944)	3,476,839	(6,781,105)	
Component units:								
ABC Board	\$ 3,107,385	\$ 3,207,597	\$ -	\$ -				\$ 100,212
Total component units	\$ 3,107,385	\$ 3,207,597	\$ -	\$ -				100,212
General revenues:								
Taxes:								
Property taxes, levied for general purpose					5,702,779	-	5,702,779	-
Local option sales tax					3,635,055	-	3,635,055	-
Other taxes and licenses					1,358,891	-	1,358,891	-
Grants and contributions not restricted to specific programs					3,767,355	-	3,767,355	-
Investment earnings, unrestricted					229,540	55,591	285,131	6,477
Miscellaneous, unrestricted					87,319	136,704	224,023	-
Transfers					(2,137,716)	2,137,716	-	-
Total general revenues, special items, and transfers					12,643,223	2,330,011	14,973,234	6,477
Change in net position					2,385,279	5,806,850	8,192,129	106,689
Net position, beginning, previously reported					9,595,055	24,159,333	33,754,388	1,320,032
Prior period adjustment					277,449	631,617	909,066	-
Net position, beginning, restated					9,872,504	24,790,950	34,663,454	-
Net position, ending					\$ 12,257,783	\$ 30,597,800	\$ 42,855,583	\$ 1,426,721

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

**City of Dunn, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	Major Governmental Fund			Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Fund	Paving Project Fund		
ASSETS					
Cash and cash equivalents	\$ 5,015,659	\$ 57,449	\$ 2,018,534	\$ 1,228,522	\$ 8,320,164
Restricted cash	410,457	-	-	-	410,457
Receivables, net:					
Taxes	104,656	-	-	-	104,656
Accounts	841,886	-	-	811	842,697
Due from other governments	1,644,265	-	-	-	1,644,265
Inventory	34,723	-	-	-	34,723
Prepays	102,824	-	-	-	102,824
Total assets	<u>\$ 8,154,470</u>	<u>\$ 57,449</u>	<u>\$ 2,018,534</u>	<u>\$ 1,229,333</u>	<u>\$ 11,459,786</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 611,227	\$ -	\$ 1,128,780	\$ 10,061	\$ 1,750,068
Deferred revenue	-	-	-	650,000	650,000
Total liabilities	<u>611,227</u>	<u>-</u>	<u>1,128,780</u>	<u>660,061</u>	<u>2,400,068</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	104,656	-	-	-	104,656
Prepaid taxes	665	-	-	-	665
Total deferred inflows of resources	<u>105,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,321</u>
FUND BALANCES					
Non Spendable:					
Prepaid items	102,824	-	-	-	102,824
Inventories	34,723	-	-	-	34,723
Restricted For:					
Stabalization by State statute	2,486,155	-	-	811	2,486,966
Transportation	24,064	-	889,754	-	913,818
General government	-	-	-	10,731	10,731
Cultural and recreation	-	-	-	557,730	557,730
Public safety	123,002	-	-	-	123,002
USDA debt service	263,391	-	-	-	263,391
Assigned:					
Subsequent year's expenditures	1,033,679	-	-	-	1,033,679
Unassigned	3,370,084	57,449	-	-	3,427,533
Total fund balances	<u>7,437,922</u>	<u>57,449</u>	<u>889,754</u>	<u>569,272</u>	<u>8,954,397</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,154,470</u>	<u>\$ 57,449</u>	<u>\$ 2,018,534</u>	<u>\$ 1,229,333</u>	<u>\$ 11,459,786</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical costs	26,602,767	
Less: accumulated depreciation	<u>(9,354,459)</u>	\$ 17,248,308

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	2,189,756
Pension deferral - LEO	237,983
OPEB deferral	534,397

Liabilities for earned revenues considered deferred inflows of resources in fund statements 104,656

Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.) (8,081,023)

Accrued interest on long-term liabilities (132,176)

Compensated absences (444,015)

Net pension liability (3,353,856)

Total pension liability (1,473,095)

OPEB liability (3,494,308)

Deferred inflows of resources related to pensions and opeb are not reported in the funds

Pension deferral - LGERS (14,168)

Pension deferral - LEO (306,714)

OPEB deferral (2,812,359)

Net position of governmental activities \$ 12,257,783

**City of Dunn, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>Major Governmental Fund</b>				
	<b>General Fund</b>	<b>American Rescue Plan Fund</b>	<b>Paving Project Fund</b>	<b>Total Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Ad valorem taxes	\$ 5,639,676	\$ -	\$ -	\$ -	\$ 5,639,676
Other taxes and licenses	246,886	-	-	-	246,886
Unrestricted intergovernmental	4,747,060	-	-	-	4,747,060
Restricted intergovernmental	886,814	3,097,102	-	309,762	4,293,678
Permits and fees	243,450	-	-	-	243,450
Sales and services	1,430,422	-	-	-	1,430,422
Investment earnings	158,593	57,449	-	13,498	229,540
Miscellaneous	620,282	-	-	-	620,282
Total revenues	13,973,183	3,154,551	-	323,260	17,450,994
<b>EXPENDITURES</b>					
Current:					
General government	2,821,955	-	-	127,611	2,949,566
Public safety	4,844,798	-	-	-	4,844,798
Transportation	1,710,977	-	1,210,246	-	2,921,223
Culture and recreation	1,270,638	-	-	22,188	1,292,826
Library	247,230	-	-	-	247,230
Environmental protection	893,045	-	-	-	893,045
Debt service					
Principal	959,310	-	-	-	959,310
Interest	219,075	-	-	-	219,075
Total expenditures	12,967,028	-	1,210,246	149,799	14,327,073
Excess (deficiency) of revenues over expenditures	1,006,155	3,154,551	(1,210,246)	173,461	3,123,921
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from (to) other funds	(691,531)	(3,097,102)	1,100,000	550,917	(2,137,716)
Proceeds from direct placement installment purchases	467,770	-	1,000,000	398,338	1,866,108
Proceeds from sale of assets	65,048	-	-	-	65,048
Total other financing sources (uses)	(158,713)	(3,097,102)	2,100,000	949,255	(206,560)
Net change in fund balance	847,442	57,449	889,754	1,122,716	2,917,361
Fund balances, beginning	6,590,480	-	-	(553,444)	6,037,036
Fund balances, ending	\$ 7,437,922	\$ 57,449	\$ 889,754	\$ 569,272	\$ 8,954,397

**City of Dunn, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

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

Net changes in fund balance - total government funds		\$ 2,917,361
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.		
Capital outlay expenditures which were capitalized	\$ 1,520,356	
Depreciation expense for governmental assets	<u>(740,607)</u>	779,749
Loss on sale of assets		(40,000)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		640,736
Benefit payments paid and administrative expense for OPEB are not included on the Statement of Activities		127,893
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in unavailable revenue for tax revenues		63,103
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.		
Loan proceeds	(1,866,107)	
Principal payments	959,310	
Change in accrued interest	<u>(12,643)</u>	(919,440)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(137,299)	
OPEB expense	(111,780)	
Pension expense	<u>(935,044)</u>	(1,184,123)
Total changes in net position of governmental activities		<u>\$ 2,385,279</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, 2023**

	<b>General Fund</b>			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 5,383,600	\$ 5,383,600	\$ 5,639,676	\$ 256,076
Other taxes and licenses	227,000	226,000	246,886	20,886
Unrestricted intergovernmental	3,741,000	4,129,155	4,747,060	617,905
Restricted intergovernmental	642,000	692,000	886,814	194,814
Permits and fees	252,000	253,000	243,450	(9,550)
Sales and services	1,432,800	1,432,800	1,430,422	(2,378)
Investment earnings	3,000	61,000	158,593	97,593
Other revenues	723,600	760,097	620,282	(139,815)
Total revenues	12,405,000	12,937,652	13,973,183	1,035,531
<b>Expenditures:</b>				
Current:				
General government	2,967,100	3,486,514	2,821,955	664,559
Public safety	4,420,100	4,879,229	4,844,798	34,431
Transportation	1,777,200	2,042,827	1,710,977	331,850
Culture and recreation	1,589,800	1,291,636	1,270,638	20,998
Library	303,000	249,122	247,230	1,892
Environmental protection	853,000	899,800	893,045	6,755
Debt service				
Principal retirement	910,905	959,655	959,310	345
Interest	262,395	233,450	219,075	14,375
Total expenditures	13,083,500	14,042,233	12,967,028	1,075,205
Revenues over (under) expenditures	(678,500)	(1,104,581)	1,006,155	(98,426)
Other financing sources (uses):				
Proceeds from direct placement installment purchases	550,000	712,770	467,770	(245,000)
Transfers from (to) other funds	-	(800,917)	(691,531)	(109,386)
Proceeds from sale of assets	25,000	25,000	65,048	40,048
Total other financing sources (uses)	575,000	(63,147)	(158,713)	(221,860)
Fund balance appropriated	103,500	1,167,728	-	1,167,728
Net change in fund balances	\$ -	\$ -	847,442	\$ 847,442
Fund balances, beginning			6,590,480	
Fund balances, ending			<u>\$ 7,437,922</u>	

**City of Dunn, North Carolina**  
**American Rescue Plan Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

	American Rescue Plan Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,600,000	\$ 3,097,102	\$ 3,097,102	\$ -
Investment earnings	-	-	57,449	57,449
Total revenues	1,600,000	3,097,102	3,154,551	57,449
<b>Other financing sources (uses):</b>				
Transfers from (to) other funds	(1,600,000)	(3,097,102)	(3,097,102)	-
Total other financing sources (uses)	(1,600,000)	(3,097,102)	(3,097,102)	-
Fund balance appropriated	-	-	-	-
Net change in fund balances	\$ -	\$ -	57,449	\$ 57,449
Fund balances, beginning			-	
Fund balances, ending			\$ 57,449	

**City of Dunn, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2023**

	<b>Major Enterprise Fund Water and Sewer Fund</b>	<b>Non-Major Enterprise Fund Stormwater Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and equivalents	\$ 1,362,963	\$ 2	\$ 1,362,965
Restricted cash and cash equivalents	134,207	-	134,207
Accounts receivable (net)	1,159,427	12,173	1,171,600
Due from other governments	3,109,181	349,000	3,458,181
Current portion of note receivable	135,573	-	135,573
Inventories	67,005	-	67,005
Prepays	33,456	-	33,456
Total current assets	<u>6,001,812</u>	<u>361,175</u>	<u>6,329,531</u>
Non-current assets:			
Note receivable	1,336,780		1,336,780
Capital assets, land and construction in progress	8,042,999	41,283	8,084,282
Other capital assets, net of depreciation	28,539,528	704,399	29,243,927
Total non-current assets	<u>37,919,307</u>	<u>745,682</u>	<u>38,664,989</u>
Total assets	<u><u>43,921,119</u></u>	<u><u>1,106,857</u></u>	<u><u>45,027,976</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	851,573	-	851,573
OPEB deferrals	207,820	-	207,820
Total deferred outflows of resources	<u>1,059,393</u>	<u>-</u>	<u>1,059,393</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	407,853	397,916	805,769
Accrued interest payable	103,020	1,554	104,574
Notes payables- current	2,455,135	-	2,455,135
Compensated absences - current	50,000	-	50,000
Liabilities payable from restricted assets:			
Customer deposits	134,207	-	134,207
Total current liabilities	<u>3,150,215</u>	<u>399,470</u>	<u>3,549,685</u>
Noncurrent liabilities:			
Notes payables- noncurrent	7,749,128	382,412	8,131,540
Compensated absences - noncurrent	45,969	-	45,969
Net pension liability	1,304,271	-	1,304,271
Total OPEB liability	1,358,897	-	1,358,897
Total noncurrent liabilities	<u>10,458,265</u>	<u>382,412</u>	<u>10,840,677</u>
Total liabilities	<u>13,608,480</u>	<u>781,882</u>	<u>14,390,362</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	5,511	-	5,511
OPEB deferrals	1,093,696	-	1,093,696
Total deferred inflows of resources	<u>1,099,207</u>	<u>-</u>	<u>1,099,207</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,378,264	363,270	26,741,534
Unrestricted	3,894,561	(38,295)	3,856,266
Total net position	<u><u>\$ 30,272,825</u></u>	<u><u>\$ 324,975</u></u>	<u><u>\$ 30,597,800</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, 2023**

	<b>Major Enterprise Fund</b>	<b>Non-Major Enterprise Fund</b>	
	<b>Water and Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 7,247,465	\$ 205,223	\$ 7,452,688
Other operating revenues	82,529	-	82,529
<b>Total operating revenues</b>	<u>7,329,994</u>	<u>205,223</u>	<u>7,535,217</u>
<b>OPERATING EXPENSES</b>			
Water and sewer administration	346,800	-	346,800
Water treatment plant	1,382,457	-	1,382,457
Water and sewer operations	1,378,928	227,670	1,606,598
Water and sewer finance	773,096	-	773,096
Sewage treatment plant operations	1,395,587		
Depreciation	1,598,353	57,616	1,655,969
<b>Total operating expenses</b>	<u>6,875,221</u>	<u>285,286</u>	<u>7,160,507</u>
<b>Operating income (loss)</b>	<u>454,773</u>	<u>(80,063)</u>	<u>374,710</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Interest income	54,797	794	55,591
Grant revenue	50,000	51,000	101,000
Insurance settlement	34,746	-	34,746
Development fees	6,214	-	6,214
Tower site rental	95,744	-	95,744
Loss on sale of assets	(11,239)	-	(11,239)
Interest and other charges	(195,974)	(10,987)	(206,961)
<b>Total nonoperating revenue (expenses)</b>	<u>34,288</u>	<u>40,807</u>	<u>75,095</u>
<b>Income (loss) before contributions and transfers</b>	489,061	(39,256)	449,805
Capital contributions	3,219,330	349,000	3,568,330
Capital project expenditures	-	(349,001)	(349,001)
Transfer from (to) other funds	<u>2,237,716</u>	<u>(100,000)</u>	<u>2,137,716</u>
Change in net position	5,946,107	(139,257)	5,806,850
Net position, beginning, previously reported	23,695,101	464,232	24,159,333
Prior period adjustment	631,617	-	631,617
Net position, beginning, restated	24,326,718	464,232	24,790,950
Net position, ending	<u>\$ 30,272,825</u>	<u>\$ 324,975</u>	<u>\$ 30,597,800</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, 2023**

	<b>Major Enterprise Fund Water and Sewer Fund</b>	<b>Non-Major Enterprise Fund Stormwater Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 4,449,137	\$ 205,223	\$ 4,654,360
Cash paid for goods and services	(3,944,622)	(141,912)	(4,086,534)
Cash paid to employees for services	(1,821,600)	-	(1,821,600)
Net cash provided by operating activities	<u>(1,317,085)</u>	<u>63,311</u>	<u>(1,253,774)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
(Increase) decrease in due to other funds	996,684	27,462	1,024,146
Grants	3,269,330	400,000	3,669,330
Grant expenditures	-	(349,001)	(349,001)
Transfers from (to) other funds	2,237,716	(100,000)	2,137,716
Net cash used in noncapital financing activities	<u>6,503,730</u>	<u>(21,539)</u>	<u>6,482,191</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(7,077,422)	(215,459)	(7,292,881)
Principal payments received on notes receivable	130,177	-	130,177
Proceeds from installment purchases	2,638,163	182,000	2,820,163
Principal paid on installment purchases	(966,864)	(48,683)	(1,015,547)
Debt transfer	(26,791)	26,791	-
Interest and fees paid on installment purchases	(195,974)	(10,987)	(206,961)
Insurance settlement	34,746	-	34,746
Development fees	6,214	-	6,214
Net cash used in capital and related financing activities	<u>(5,457,751)</u>	<u>(66,338)</u>	<u>(5,524,089)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Tower site rental	95,744	-	95,744
Investment income	54,797	794	55,591
Net cash provided by investing activities	<u>150,541</u>	<u>794</u>	<u>151,335</u>
Net increase (decrease) in cash and cash equivalents	<u>(120,565)</u>	<u>(23,772)</u>	<u>(144,337)</u>
Balances, beginning	1,617,735	23,774	1,641,509
Balances, ending	<u>\$ 1,497,170</u>	<u>\$ 2</u>	<u>\$ 1,497,172</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	454,773	(80,063)	374,710
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	\$ 1,598,353	\$ 57,616	\$ 1,655,969
Changes in assets and liabilities			
(Increase) decrease in:			
Accounts receivable	(2,880,857)	(313,712)	(3,194,569)
Inventory	(25,534)	-	(25,534)
Prepays	(33,456)	-	(33,456)
Deferred outflows of resources- pensions	(396,803)	-	(396,803)
Deferred outflows of resources- OPEB	46,034	-	46,034
Increase (decrease) in:			
Accounts payable and accrued liabilities	(523,454)	399,470	(123,984)
Compensated absences	13,073	-	13,073
Net Pension Liability	964,572	-	964,572
Deferred inflows of resources- pensions	(481,487)	-	(481,487)
Deferred inflows of resources- OPEB	391,600	-	391,600
OPEB liability	(443,899)	-	(443,899)
Total adjustments	<u>(1,771,858)</u>	<u>143,374</u>	<u>(1,628,484)</u>
Net cash provided by operating activities	<u>\$ (1,317,085)</u>	<u>\$ 63,311</u>	<u>\$ (1,253,774)</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, 2023**

**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, and construction, sanitation services.

**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.

The City reports the following non-major governmental funds:

**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.

**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.

**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.

The City reports the following non-major enterprise funds:

**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 \$5,000. 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

\$ 24,064

Public Safety

123,002

USDA reserve

263,391

Total governmental activities

\$ 410,457

Business-type Activities

Water and Sewer Fund

Customer deposits

134,207

Total Business-type activities

\$ 134,207

Total Restricted Cash and Cash Investments

\$ 544,664

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, 2023. 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 non-major governmental fund with deficit fund balance as of June 30, 2023. 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, 2024 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, 2023, the City's deposits had a carrying amount of \$3,707,104 and a bank balance of \$4,781,858. Of the bank balance, \$758,135 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 \$528,610 and the bank balance was \$635,692. At June 30, 2023, the ABC Board bank balance exceeded federal depository insurance coverage. The remaining bank balance of \$385,692 was covered by collateral held under the Pooling Method. At June 30, 2023, the City's petty cash fund totaled \$1,190.

## 2. Investments

The City's investment balances were as follows:

Investment Type	Valuation Measurement	Book Value	Maturity	Rating
	Method			
NC Capital Management Trust- Government Portfolio	Fair Value- Level 1		N/A	AAAm
		\$ 6,519,499		
		<u>\$ 6,519,499</u>		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1: debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. 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, 2023.

## 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, 2023. As of June 30, 2023, 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, 2023, the balance on this note receivable was \$1,472,353.

### 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	\$ 22,395
Customer charges	17,110
	<u>\$ 39,505</u>
Proprietary Funds	
Customer charges	<u>\$ 32,946</u>

Accounts receivable consists of the following, net of allowances for doubtful accounts:

General Fund	
Taxes receivable	\$ 104,656
Customer Charges	726,266
Special assessments	116,431
	<u>\$ 947,353</u>
Water and Sewer	
Customer Charges	\$ 915,200
Dunn Development Corporation	100,000
Interest	79,957
Other Receivables	64,270
	<u>\$ 1,159,427</u>
Stormwater	
Customer Charges	<u>\$ 12,173</u>

#### 4. Capital Assets

Capital asset activity for the Primary Government was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,536,067	\$ 64,068	\$ 40,000	\$ 2,560,135
Construction in progress	3,287,423	1,221,304	3,287,423	1,221,304
Total capital assets not being depreciated	5,823,490	1,285,372	3,327,423	3,781,439
Capital assets being depreciated:				
Buildings	6,670,331	-	-	6,670,331
Equipment	2,525,669	52,688	766,416	1,811,941
Improvements	7,370,468	3,005,167	5,047	10,370,588
Vehicles and motorized equipment	3,040,672	397,452	35,618	3,402,506
Other	593,305	67,100	94,443	565,962
Total capital assets being depreciated	20,200,445	3,522,407	901,524	22,821,328
Less accumulated depreciation for:				
Buildings	3,168,044	125,932	-	3,293,976
Equipment	2,032,010	108,251	766,416	1,373,845
Improvements	1,853,212	198,879	5,047	2,047,044
Vehicles and motorized equipment	1,958,634	272,575	35,618	2,195,591
Other	503,476	34,970	94,443	444,003
Total accumulated depreciation	9,792,825	740,607	901,524	9,354,459
Total capital assets being depreciated, net	10,407,620			13,466,869
Governmental activity capital assets, net	\$ 16,231,110			\$ 17,248,308

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

General Government	\$ 51,842
Public Safety	185,152
Transportation	170,340
Environmental Protection	22,218
Cultural and Recreational	303,649
Library	7,406
Total Depreciation Expense	\$ 740,607

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Water &amp; Sewer Fund</b>				
Capital assets not being depreciated:				
Land	\$ 286,507	\$ -	\$ -	\$ 286,507
Construction in progress	1,449,634	6,306,858	-	7,756,492
Total capital assets not being depreciated	1,736,141	1,379,984	-	8,042,999
Capital assets being depreciated:				
Buildings	876,488	77,715	-	954,203
Equipment	2,285,952	104,536	91,065	2,299,423
Plant Distribution Systems	49,915,084	355,194	-	50,270,278
Vehicles	1,141,724	204,682	55,918	1,290,488
Other Assets	901,953	28,437	97,897	832,493
Total capital assets being depreciated	55,121,201	770,564	244,880	55,646,885
Less accumulated depreciation for:				
Buildings	758,160	8,640	-	766,800
Equipment	1,040,207	163,982	91,065	1,113,124
Plant Distribution Systems	23,377,189	1,204,513	-	24,581,702
Vehicles	277,952	116,456	25,703	368,705
Other Assets	270,161	104,762	97,897	277,026
Total accumulated depreciation	25,723,669	1,598,353	214,665	27,107,357
Total capital assets being depreciated, net	29,397,532			28,539,528
Water and Sewer activity capital assets, net	\$ 31,133,673			\$ 36,582,527

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities (cont.):</b>				
<b>Stormwater Fund</b>				
Capital assets not being depreciated:				
Land	\$ 41,283	\$ -	\$ -	\$ 41,283
Total capital assets not being depreciated	41,283	-	-	41,283
Capital assets being depreciated				
Equipment	63,300	-	-	63,300
Vehicles	-	215,459	-	215,459
Other Assets	512,112	-	-	512,112
Total capital assets being depreciated	575,412	215,459	-	790,871
Less accumulated depreciation for:				
Equipment	2,356	9,556	-	11,912
Vehicles	-	14,364	-	14,364
Other Assets	26,501	33,695	-	60,196
Total accumulated depreciation	28,857	57,615	-	86,472
Total capital assets being depreciated, net	546,555			704,399
Stormwater activity capital assets, net	<u>\$ 587,838</u>			<u>\$ 745,682</u>

#### 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	-	-	393,238
Furniture and Equipment	106,725	13,626	-	120,351
Vehicles	-	11,964	-	11,964
Land improvements	34,344	65,190	-	99,534
Total capital assets being depreciated	534,307	90,780	-	625,087
Less accumulated depreciation for:				
Buildings	272,661	7,977	-	280,638
Furniture and Equipment	80,505	5,990	-	86,495
Vehicles	-	1,795	-	1,795
Land Improvements	12,387	4,436	-	16,823
Total accumulated depreciation	365,553	20,198	-	385,751
Total capital assets being depreciated, net	168,754			239,336
Water and Sewer activity capital assets, net	<u>\$ 360,326</u>			<u>\$ 430,908</u>

## 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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic 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, 2023, was 13.04% of compensation for law enforcement officers and 12.15% 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 \$779,294 for the year ended June 30, 2023.

*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, 2023, the City reported a liability of \$4,658,127 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022, the City's proportion was 0.08257%, which was an increase of 0.00346% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the City recognized pension expense of \$1,342,761. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 200,714	\$ 19,679
Changes of assumptions	464,777	-
Net difference between projected and actual earnings on pension plan investments	1,539,560	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	56,984	-
City's contributions subsequent to the measurement date	779,294	-
Total	<u>\$ 3,041,329</u>	<u>\$ 19,679</u>

\$779,294 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, 2023.

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>	
2024	\$ 718,629
2025	604,313
2026	185,939
2027	733,475
	<u>\$ 2,242,356</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	100%	

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)	\$8,407,320	\$4,658,127	\$1,568,575

*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, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Active plan members	41
Total	<u>46</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, 2021, valuation. The total pension liability in the December 31, 2021, 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	4.31 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 \$100,400 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, 2023, the City reported a total pension liability of \$1,473,095. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 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, 2023, the City recognized pension expense of \$152,088.

	<b>Deferred Outflows of Resources</b>	<b>Inflows of Resources</b>
Differences between expected and actual experience	\$ 37,311	\$ 33,855
Changes of assumptions	200,672	272,859
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	<u>\$ 237,983</u>	<u>\$ 306,714</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, 2023.

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**

2024	\$ 8,788
2025	11,223
2026	2,382
2027	(52,493)
2028	(38,631)
	<u>\$ (68,731)</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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	<b>1% Decrease (3.31%)</b>	<b>Discount Rate (4.31%)</b>	<b>1% Increase (5.31%)</b>
Total pension liability	\$ 1,602,420	\$ 1,473,095	\$ 1,356,960

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

Beginning balance	\$ 1,690,679
Service Cost	90,011
Interest on the total pension liability	36,911
Differences between expected and actual experience in the measurement of the total pension liability	38,105
Changes of assumptions or other inputs	(282,211)
Benefit payments	(100,400)
Ending balance of the total pension liability	<u>\$ 1,473,095</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	\$ 1,342,761	\$ 152,088	\$ 1,494,849
Pension liability	4,658,127	1,473,095	6,131,222
Proportionate share of the net pension liability	0.082570%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	200,714	37,311	238,025
Changes of assumptions	464,777	200,672	665,449
Net difference between projected and actual earnings on plan investments	1,539,560	-	1,539,560
Changes in proportion and differences between contributions and proportionate share of contributions	56,984	-	56,984
Benefit payments and administrative costs paid subsequent to the measurement date	779,294	-	779,294
Deferred of Inflows of Resources			
Differences between expected and actual experience	19,679	33,855	53,534
Changes of assumptions	-	272,859	272,859
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-

**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, 2023 were \$194,155, which consisted of \$121,709 from the City and \$72,446 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, 2023, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
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 \$4,853,205 was measured as of December 31, 2022 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	3.65%
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	\$ 374,068
Interest	231,402
Employer Contributions	(177,629)
Benefit payments	-
Experience (Gains)/Losses	(1,815,784)
Changes in assumptions or other inputs	(197,412)
Net changes	(1,585,355)
Balance, beginning	6,438,560
Balance, ending	<u>\$ 4,853,205</u>

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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	Discount Rate		
	1% Decrease (2.65%)	(3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 5,467,180	\$ 4,853,205	\$ 4,329,799

*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		
	(2.65%)	(3.65%)	(4.65%)
Total OPEB liability	\$ 4,211,106	\$ 4,853,205	\$ 5,643,002

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$155,250. At June 30, 2023, 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	\$ 11,502	\$ (2,649,470)
Changes of assumptions	730,715	(1,256,585)
Total	<u>\$ 742,217</u>	<u>\$ (3,906,055)</u>

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>	
2024	\$ (450,220)
2025	(447,455)
2026	(421,589)
2027	(462,732)
2028	(462,732)
Thereafter	(919,110)
	\$ (3,163,838)

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	\$	2,170,941
\$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	\$	140,000
\$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	\$	1,544,284
\$125,000 loan in March 2017 to finance five police vehicles due in annual installments of \$19,875 including interest through March 2024; interest at 2.75 percent	\$	19,341
\$181,000 loan in March 2017 to finance public works equipment due in annual installments of \$20,949 including interest through March 2027; interest at 2.75 percent	\$	78,336
\$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	\$	120,628
\$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	\$	57,270
\$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	\$	57,270
\$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	\$	180,000
\$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	\$	41,288

\$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	\$	125,000
\$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	\$	41,400
\$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	\$	75,315
\$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	\$	1,871,119
\$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	\$	49,098
\$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	\$	134,816
\$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	\$	80,832
\$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	\$	341,440
\$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.	\$	799,745
\$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.	\$	152,900
	<u>\$</u>	<u>8,081,023</u>

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

	Principal	Interest	Total
Year Ending June 30			
2024	\$ 886,852	\$ 222,862	\$ 1,109,714
2025	882,655	197,145	1,079,800
2026	793,498	173,345	966,843
2027	773,364	150,839	924,203
2028	512,700	130,042	642,742
2029-2033	2,914,815	424,806	3,339,620
2034-2038	1,317,139	127,619	1,444,758
Total	<u>\$ 8,081,023</u>	<u>\$ 1,426,658</u>	<u>\$ 9,507,681</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	\$	1,486,568
\$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	\$	133,976
\$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	\$	2,475,000
\$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	\$	148,982

\$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	\$	640,596
\$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	\$	126,682
\$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	\$	360,670
\$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	\$	448,854
\$1,436,000 loan in August 2022 to finance a water/sewer project. Interest rate of 3.22%. Maturity date of April 1, 2024.	\$	1,436,000
\$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.	\$	341,306
\$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.	\$	182,000
\$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.	\$	778,997
	<u>\$</u>	<u>8,559,631</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 2,097,879	\$ 171,547	\$ 2,269,426
2025	674,636	150,339	824,974
2026	687,758	131,153	818,911
2027	662,160	84,184	746,344
2028	513,210	70,403	583,613
2029-2033	2,294,494	185,872	2,480,366
2034-2038	1,052,999	26,203	1,079,202
2039-2042	576,497	3,493	579,990
Total	<u>\$ 8,559,631</u>	<u>\$ 823,194</u>	<u>\$ 9,382,825</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
2024	\$ 138,000	\$ 5,842	\$ 143,842
2025	135,000	2,889	137,889
Total	<u>\$ 273,000</u>	<u>\$ 8,731</u>	<u>\$ 281,731</u>

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, 2023.

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 219,256	\$ 43,851	\$ 263,107
2025	219,256	38,370	257,626
2026	219,256	32,888	252,144
2027	219,256	27,407	246,663
2028	219,256	21,925	241,181
2029-2031	657,764	32,888	690,652
Total	<u>\$ 1,754,044</u>	<u>\$ 197,329</u>	<u>\$ 1,951,373</u>

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
<b>Governmental Activities:</b>					
Direct borrowing agreements	\$ 7,174,226	\$ 1,866,107	\$ 959,310	\$ 8,081,023	\$ 886,852
Net pension liability (LGRS)	873,528	2,480,328	-	3,353,856	-
Total pension liability (LEO)	1,690,679	-	217,584	1,473,095	-
Total OPEB liability	4,635,764	-	1,141,456	3,494,308	-
Compensated absences	306,716	239,757	102,458	444,015	100,000
Total governmental activity long-term liabilities	<u>\$ 14,680,913</u>	<u>\$ 4,586,192</u>	<u>\$ 2,420,808</u>	<u>\$ 16,846,297</u>	<u>\$ 986,852</u>
<b>Business-type activities:</b>					
Direct borrowing agreements	\$ 6,394,760	\$ 2,820,163	\$ 655,292	\$ 8,559,631	\$ 2,097,879
General obligation bonds	414,000	-	141,000	273,000	138,000
Direct placement water pollution control revolving agreement	1,973,299	-	219,255	1,754,044	219,256
Total OPEB liability	1,802,796	-	443,899	1,358,897	-
Net pension liability (LGRS)	339,699	964,572	-	1,304,271	-
Compensated absences	82,896	265,602	252,529	95,969	50,000
Total business-type long-term liabilities	<u>\$ 11,007,450</u>	<u>\$ 4,050,337</u>	<u>\$ 1,711,975</u>	<u>\$ 13,345,812</u>	<u>\$ 2,505,135</u>

Compensated absences for governmental activities have typically been liquidated in the General Fund. At June 30, 2023, 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, 2023, consist of the following:

From the ARPA Fund to the General Fund	\$ 3,097,102
From the General Fund to the Paving Project Fund	\$ 1,000,000
From Stormwater Fund to the Paving Project Fund	\$ 100,000
From the General Fund to the Tart Park Renovations Capital Project Fund	\$ 35,167
From the General Fund to the Park to Park Trail Project Fund	\$ 515,750
From the Water & Sewer Fund to the General Fund	\$ 109,386
From General Fund to Water and Sewer Project Fund	\$ 2,347,102

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	\$ 7,437,922
Less:	
Prepaid items	102,824
Inventories	34,723
Stabilization by State	2,486,155
Transportation	24,064
Public Safety	123,002
USDA debt service	263,391
Subsequent year's expenditures	1,033,679
Remaining Fund Balance	<u>\$ 3,370,084</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 Averbosboro 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.

H. Prior Period Adjustment

The City's Fixed Assets in previous years realized more depreciation per year than the life of the assets. This resulted in the governmental assets fund balance being understated by \$277,449 and the proprietary fund balance being understated by \$631,617.

Required  
Supplementary Financial Data

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This section contains additional information required by generally accepted accounting principals

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- 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>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>	<u>2014</u>
City's proportion of the net pension liability (asset) (%)	0.08257%	0.07911%	0.07850%	0.07770%	0.07436%	0.07854%	0.07440%	0.08436%	0.0911%	0.0899%
City's proportion of the net pension liability (asset) (\$)	\$ 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	\$ 3,851,173	\$ 3,554,236	\$ 3,579,240	\$ 3,343,756	\$ 3,173,479	\$ 18,838,684	\$ 17,874,894	\$ 17,410,807	\$ 3,111,883	\$ 3,229,714
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	120.95%	34.13%	78.37%	63.46%	55.59%	39.22%	51.41%	12.83%	( 12.78%)	96.45%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	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>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>	<u>2014</u>
Contractually required contribution	\$ 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	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	\$ 6,239,982	\$ 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
Contributions as a percentage of covered-employee payroll	12.49%	11.42%	16.50%	14.14%	12.71%	11.75%	11.55%	10.53%	12.02%	0.00%

**City of Dunn, North Carolina**  
**Statement of Net Position**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2023**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	1,690,679	1,706,197	1,261,058	1,214,771	1,186,225	1,031,368	1,018,865
Service Cost	90,011	93,677	63,460	55,663	54,575	48,393	51,994
Interest on the total pension liability	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	38,105	(24,807)	2,663	(56,952)	27,950	41,130	-
Changes of assumptions or other inputs	(282,211)	(47,226)	387,901	37,625	(49,534)	76,023	(27,442)
Benefit payments	(100,400)	(69,422)	(49,194)	(33,654)	(41,278)	(49,544)	(47,573)
Ending balance of the total pension liability	<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, 2023**

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 1,473,095	\$ 1,690,679	\$ 1,706,197	\$ 1,261,058	\$ 1,214,771	\$ 1,186,225	\$ 1,031,368
Covered payroll	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	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, 2023\***

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service cost	\$ 374,068	\$ 506,180	\$ 532,694	\$ 389,537	\$ 258,525	\$ 272,002
Interest	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	(2,013,196)	(1,321,587)	38,463	1,000,686	379,926	(269,443)
Benefit payments	(177,629)	(174,619)	(277,975)	(275,262)	(212,791)	(209,744)
<b>Net change in total OPEB liability</b>	<b>(1,585,355)</b>	<b>(829,456)</b>	<b>(1,109,571)</b>	<b>1,376,990</b>	<b>654,666</b>	<b>38,616</b>
<b>Total OPEB liability - beginning</b>	<b>6,438,560</b>	<b>7,268,016</b>	<b>8,377,587</b>	<b>7,000,597</b>	<b>6,345,931</b>	<b>6,307,315</b>
<b>Total OPEB liability - ending</b>	<b>\$ 4,853,205</b>	<b>\$ 6,438,560</b>	<b>\$ 7,268,016</b>	<b>\$ 8,377,587</b>	<b>\$ 7,000,597</b>	<b>\$ 6,345,931</b>
City's covered-employee payroll	\$ 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	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>
2023	3.65%
2022	3.54%
2021	2.16%
2020	2.20%
2019	3.50%
2018	3.90%

## GENERAL FUND

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

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**City of Dunn, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		\$ 5,639,676	
Total revenue	\$ 5,383,600	5,639,676	\$ 256,076
Other taxes and licenses			
Motor vehicle licenses		246,886	
Total	226,000	246,886	20,886
Unrestricted intergovernmental:			
Local option sales tax		3,635,055	
ABC profit distribution		215,000	
Utility franchise tax		849,976	
Solid Waste Disposal		8,355	
Beer and wine tax		38,674	
Total	4,129,155	4,747,060	617,905
Restricted intergovernmental:			
Powell Bill allocation		294,238	
USDA Grant		100,000	
Police Grants		130,240	
N.C. Department of Transportation		27,563	
Harnett County BOE School Resource Officer		216,305	
NC DOT Highway Safety Grant		32,573	
Other revenue		50,436	
Controlled substance tax		35,459	
Total	692,000	886,814	194,814
Permits and fees:			
Permits and fees		243,450	
Total	253,000	243,450	(9,550)
Sales and services:			
Cemetery lots		105,902	
Cemetery opening/closing fee		108,200	
Recreation department, concessions, entry fees		50,072	
Rentals		64,832	
Garbage and recycling collection		1,101,416	
Total	1,432,800	1,430,422	(2,378)
Investment earnings	61,000	158,593	97,593

**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, 2023**

	Budget	Actual	Variance Positive (Negative)
Other revenues			
Dunn Area Tourism- Downtown Revitalization		20,000	
Tourism Reimbursement for Salary & Benefits		134,346	
Miscellaneous		20,944	
Donations and Gifts		1,327	
Parks and recreation pledges		54,088	
Harnett Health Contractual Payment		389,577	
Total	760,097	620,282	(139,815)
 Total Revenues	 12,937,652	 13,973,183	 1,035,531
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and benefits		24,616	
Operating expense		80,180	
Total	135,600	104,796	30,804
Administration:			
Salaries and benefits		656,246	
Operating expense		57,333	
Total	863,920	713,579	150,341
Finance:			
Salaries and benefits		247,556	
Operating expense		155,212	
Total	412,008	402,768	9,240
Building inspector:			
Salaries and benefits		281,576	
Operating expense		285,958	
Capital outlay		-	
Total	675,801	567,534	108,267
Non-Departmental			
Operating expense		913,105	
Capital outlay		120,173	
Total	1,399,185	1,033,278	365,907
Total general government	3,486,514	2,821,955	664,559
Public Safety:			
Police:			
Salaries and benefits		3,839,532	
Operating expense		639,573	
Capital outlay		250,693	
Total	4,764,229	4,729,798	34,431

**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, 2023**

	Budget	Actual	Variance Positive (Negative)
Police athletic league:			
Donation		115,000	
Total	115,000	115,000	-
Total public safety	4,879,229	4,844,798	34,431
Transportation:			
Streets:			
Salaries and benefits		902,356	
Operating expense		534,664	
Capital outlay		215,520	
Total	1,980,827	1,652,540	328,287
Powell Bill- street repairs and construction			
Operating expense		58,437	
Total	62,000	58,437	3,563
Total transportation	2,042,827	1,710,977	331,850
Culture and recreation:			
Parks and recreation:			
Salaries and benefits		677,377	
Operating expense		533,267	
Capital outlay		-	
Total	1,231,636	1,210,644	20,992
Senior center operations:			
Operating expense		59,994	
Total	60,000	59,994	6
Total culture and recreation	1,291,636	1,270,638	20,998
Library:			
Salaries and benefits		45,915	
Operating expense		201,315	
Total library	249,122	247,230	1,892
Environmental protection:			
Operating expense		893,045	
Total environmental protection	899,800	893,045	6,755
Debt service:			
Principal		959,310	
Interest		219,075	
Total debt service	1,193,105	1,178,385	14,720
Total expenditures	14,042,233	12,967,028	1,075,205
Revenue over (under) expenditures	(1,104,581)	1,006,155	(98,426)

**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, 2023**

	Budget	Actual	Variance Positive (Negative)
<b>Other financing sources/(uses):</b>			
Proceeds from installment purchases		467,770	
Transfers from (to) other funds		(691,531)	
Proceeds from sale of assets		65,048	
Total other financing sources (uses)	1,104,581	(158,713)	945,868
Fund balance appropriated	-	-	
Net change in fund balance	\$ -	847,442	\$ 847,442
 Fund balance, beginning		6,590,480	
Fund balance, ending		\$ 7,437,922	

## SPECIAL REVENUE FUNDS

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

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**City of 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, 2023**

	2023		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Grant revenues		\$ 3,097,102	
Investment earnings		57,449	
Total revenues	<u>\$ 3,097,102</u>	<u>3,154,551</u>	<u>\$ 57,449</u>
Expenditures:			
America rescue plan expenditures		-	
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>3,097,102</u>	<u>3,154,551</u>	<u>57,449</u>
Other Financing Sources (Uses):			
Transfers from (to) Other Funds	<u>(3,097,102)</u>	<u>(3,097,102)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,097,102)</u>	<u>(3,097,102)</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Uses	-	57,449	57,449
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	57,449	<u><u>\$ 57,449</u></u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		<u><u>\$ 57,449</u></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, 2023**

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
Capital projects:					
Construction		\$ -	\$ 1,210,246	\$ 1,210,246	
Total expenditures:	\$ 2,100,000	-	1,210,246	1,210,246	\$ 889,754
<b>Other financing sources:</b>					
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	889,754	889,754
Net change in fund balance	\$ -	\$ -		\$ 889,754	\$ 889,754
Fund balance, beginning			-		
Fund balance, ending			\$ 889,754		

City of Dunn, North Carolina  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2023

	Tart Park Renovations Capital Project Fund	Grants Fund	CDBG Housing Rehab Capital Project Fund	SCIF Project Fund	Park to Park Trail Project Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ -	47,960	\$ 1,774	\$ 663,038	\$ 515,750	\$ 1,228,522
Accounts receivable	-	-	811	-	-	811
Total assets	<u>\$ -</u>	<u>\$ 47,960</u>	<u>\$ 2,585</u>	<u>\$ 663,038</u>	<u>\$ 515,750</u>	<u>\$ 1,229,333</u>
<b>Liabilities and Fund Balances:</b>						
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,081	\$ -	\$ 5,980	\$ 10,061
Deferred revenue	-	-	-	650,000	-	650,000
Total liabilities	<u>-</u>	<u>-</u>	<u>4,081</u>	<u>650,000</u>	<u>5,980</u>	<u>660,061</u>
Fund balances						
Restricted						
Stabilization by State Statute	-	-	811	-	-	811
General government	-	-	(2,307)	13,038	-	10,731
Cultural and recreational	-	47,960	-	-	509,770	557,730
Total fund balances	<u>-</u>	<u>47,960</u>	<u>(1,496)</u>	<u>13,038</u>	<u>509,770</u>	<u>569,272</u>
<b>Total liabilities and fund balance</b>	<u>\$ -</u>	<u>\$ 47,960</u>	<u>\$ 2,585</u>	<u>\$ 663,038</u>	<u>\$ 515,750</u>	<u>\$ 1,229,333</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, 2023

	<b>Tart Park Renovations Capital Project Fund</b>	<b>Grants Fund</b>	<b>CDBG Housing Rehab Capital Project Fund</b>	<b>SCIF Project Fund</b>	<b>Park to Park Trail Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>						
Restricted intergovernmental	\$ -	\$ 50,000	\$ 259,762	\$ -	\$ -	\$ 309,762
Investment earnings	-	460	-	13,038	-	13,498
Total revenues	-	50,460	259,762	13,038	-	323,260
<b>Expenditures</b>						
General government	-	2,500	125,111	-	-	127,611
Cultural and recreational	16,208	-	-	-	5,980	22,188
Total expenditures	16,208	2,500	125,111	-	5,980	149,799
Revenues over (under) expenses	(16,208)	47,960	134,651	13,038	(5,980)	173,461
<b>Other financing sources (uses):</b>						
Loan proceeds from debt issuance	398,338	-	-	-	-	398,338
Transfers from (to) other funds	35,167	-	-	-	515,750	550,917
Total other financing sources	433,505	-	-	-	515,750	949,255
Net change in fund balance	417,297	47,960	134,651	13,038	509,770	1,122,716
Fund balance, beginning	(417,297)	-	(136,147)	-	-	(553,444)
Fund balance, ending	\$ -	\$ 47,960	\$ (1,496)	\$ 13,038	\$ 509,770	\$ 569,272

**City of Dunn, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**Capital Projects Fund - Tart Park Renovations**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 850,000	\$ 850,000	\$ -	\$ 850,000	\$ -
Total revenues	<u>850,000</u>	<u>850,000</u>	<u>-</u>	<u>850,000</u>	<u>-</u>
<b>Expenditures:</b>					
Capital projects:					
Administration, Construction, and contingency	3,005,167	2,976,580	16,208	2,992,788	12,379
Total expenditures	<u>3,005,167</u>	<u>2,976,580</u>	<u>16,208</u>	<u>2,992,788</u>	<u>12,379</u>
Revenues under expenditures	<u>(2,155,167)</u>	<u>(2,126,580)</u>	<u>16,208</u>	<u>(2,142,788)</u>	<u>(12,379)</u>
<b>Other financing sources/(uses):</b>					
Loan proceeds from debt issuance	2,120,000	1,709,283	398,338	2,107,621	12,379
Transfers from (to) other funds	<u>35,167</u>	<u>-</u>	<u>35,167</u>	<u>35,167</u>	<u>-</u>
Total other financing sources	<u>2,155,167</u>	<u>1,709,283</u>	<u>433,505</u>	<u>2,142,788</u>	<u>12,379</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (417,297)</u>	<u>417,297</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(417,297)</u>		
Fund balance, ending			<u>\$ -</u>		

**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, 2023**

	2023		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Grant revenues		\$ 50,000	
Investment earnings		460	
Total revenues	<u>\$ 50,000</u>	<u>50,460</u>	<u>\$ 460</u>
Expenditures:			
Operating expenditures		2,500	
Total Expenditures	<u>50,000</u>	<u>2,500</u>	<u>47,500</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>47,960</u>	<u>47,960</u>
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>47,960</u>	<u><u>\$ 47,960</u></u>
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		<u><u>\$ 47,960</u></u>	

**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, 2023**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 574,000	\$ 174,696	259,762	\$ 434,458	\$ (139,542)
Total revenues	<u>574,000</u>	<u>174,696</u>	<u>259,762</u>	<u>434,458</u>	<u>(139,542)</u>
<b>Expenditures:</b>					
Capital projects:					
Construction	<u>574,000</u>	<u>310,843</u>	<u>125,111</u>	<u>435,954</u>	<u>138,046</u>
Total expenditures:	<u>574,000</u>	<u>310,843</u>	<u>125,111</u>	<u>435,954</u>	<u>138,046</u>
Revenues under expenditures	<u>-</u>	<u>(136,147)</u>	<u>134,651</u>	<u>(1,496)</u>	<u>(1,496)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (136,147)</u>		<u>\$ (1,496)</u>	<u>\$ (1,496)</u>
Fund balance, beginning			<u>(136,147)</u>		
Fund balance, ending			<u>\$ (1,496)</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, 2023**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 650,000	\$ -	\$ -	\$ -	\$ (650,000)
Investment earnings			13,038	13,038	13,038
Total revenues	<u>650,000</u>	<u>-</u>	<u>13,038</u>	<u>13,038</u>	<u>(636,962)</u>
<b>Expenditures:</b>					
Capital projects:					
Construction	<u>650,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,000</u>
Total expenditures:	<u>650,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650,000</u>
Revenues under expenditures	<u>-</u>	<u>-</u>	<u>13,038</u>	<u>13,038</u>	<u>13,038</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 13,038</u>	<u>\$ 13,038</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 13,038</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, 2023**

		Actual			Variance
	Project	Prior Years	Current Year	Total to Date	Positive
	Authorization				(Negative)
<b>Expenditures:</b>					
Capital projects:					
Construction	\$ 515,750	\$ -	\$ 5,980	\$ 5,980	\$ 509,770
Total expenditures:	<u>515,750</u>	<u>-</u>	<u>5,980</u>	<u>5,980</u>	<u>509,770</u>
<b>Other financing sources:</b>					
Transfers from (to) other funds	515,750	-	515,750	515,750	-
Total other financing sources	<u>515,750</u>	<u>-</u>	<u>515,750</u>	<u>515,750</u>	<u>-</u>
Revenues under expenditures	<u>-</u>	<u>-</u>	<u>509,770</u>	<u>509,770</u>	<u>509,770</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 509,770</u>	<u>\$ 509,770</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 509,770</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, 2023**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for services:			
Water sales		\$ 3,951,807	
Sewer charges		3,264,633	
Fireline Protection charge		31,025	
Total charges for services	\$ 6,898,000	7,247,465	\$ 349,465
Other operating revenues:			
Returned check fees		3,550	
Miscellaneous		78,979	
Total other operating revenues	89,233	82,529	(6,704)
Non-operating revenues:			
Grant revenue		50,000	
Investment earnings		54,797	
Development fees		6,214	
Tower site rental		95,744	
Total non-operating revenues	100,300	206,755	106,455
Total revenues	7,087,533	7,536,749	449,216
<b>Expenditures:</b>			
Water and sewer administration			
Salaries and employee benefits		226,544	
Operating expenses		107,183	
Total	410,605	333,727	76,878
Water Treatment Plant:			
Salaries and employee benefits		533,174	
Operating expenses		849,282	
Total	3,400,029	1,382,456	2,017,573
Water and Sewer Operations:			
Salaries and employee benefits		793,672	
Operating expenses		585,256	
Total	4,200,029	1,378,928	2,821,101
Water and Sewer Finance Department:			
Salaries and employee benefits		379,331	
Operating expenses		393,765	
Total	887,482	773,096	114,386
Sewage treatment plant operations:			
Salaries and employee benefits		775,641	
Operating expenses		539,929	
Total	1,535,049	1,315,570	219,479

**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, 2023**

	Budget	Actual	Variance Positive (Negative)
<b>Debt Service:</b>			
Interest and fees		195,975	
Principal retirement		796,292	
Total	1,435,500	992,267	443,233
<b>Capital outlay</b>	800,000	770,564	29,436
Total expenditures	8,468,665	6,946,608	1,522,057
Revenue over (under) expenditures	(1,381,132)	590,141	1,971,273
<b>Other Financing Sources/(Uses)</b>			
Installment purchase proceeds		550,263	
Transfer from (to) other funds		(181,225)	
Insurance proceeds		34,746	
Loss on sale of assets		(11,239)	
Principal payment from Eastover Sanitary District		130,177	
Total other financing (uses)	1,381,132	522,722	858,410
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	\$ 1,112,863	\$ 1,112,863
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Capital Outlay		\$ 770,564	
Depreciation		(1,598,353)	
Installment purchase proceeds		(550,263)	
Principal retirement		796,292	
Capital contributions - capital project funds		3,219,330	
Transfers from (to) other funds - capital project funds		2,418,941	
(Increase) decrease in accrued vacation pay		(13,073)	
(Increase) decrease in net pension liability		(964,572)	
Increase (decrease) in deferred outflows of resources - pension		396,803	
(Increase) decrease in deferred inflows of resources - pension		481,487	
(Increase) decrease in other postemployment benefits		443,899	
Increase (decrease) in deferred outflows of resources - OPEB		(46,034)	
(Increase) decrease in deferred inflows of resources - OPEB		(391,600)	
Principal payments on notes receivable		(130,177)	
Total reconciling items		4,833,244	
Change in net position		\$ 5,946,107	

**City of Dunn, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual (Non-GAAP)**  
**Capital Projects Fund- Water Distribution Rehab Project**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

		Actual			Variance
	Project	Prior Years	Current Year	Total to Date	Positive
	Authorization				(Negative)
<b>Expenditures:</b>					
Capital projects:					
Construction	\$ 826,482	\$ 789,415	\$ 37,067	\$ 826,482	\$ -
Total expenditures	<u>826,482</u>	<u>789,415</u>	<u>37,067</u>	<u>826,482</u>	<u>-</u>
<b>Other financing sources:</b>					
Direct placement installment purchase	827,163	175,263	651,900	827,163	-
Transfers from (to) other funds	<u>(681)</u>	<u></u>	<u>(681)</u>	<u>(681)</u>	<u>-</u>
Total other financing sources	<u>826,482</u>	<u>175,263</u>	<u>651,219</u>	<u>826,482</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (614,152)</u>	614,152	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(614,152)</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- Wastewater Collection Rehab Project**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Capital projects:					
Construction and other costs	\$ 3,269,201	\$ 72,550	\$ 1,839,361	\$ 1,911,911	\$ 1,357,290
Total expenditures	<u>3,269,201</u>	<u>72,550</u>	<u>1,839,361</u>	<u>1,911,911</u>	<u>1,357,290</u>
<b>Other financing sources:</b>					
Direct placement installment purchase	3,559,201	-	1,436,000	1,436,000	(2,123,201)
Appropriated fund balance	<u>(290,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,000</u>
Total other financing sources	<u>3,269,201</u>	<u>-</u>	<u>1,436,000</u>	<u>1,436,000</u>	<u>(1,833,201)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (72,550)</u>	<u>(403,361)</u>	<u>\$ (475,911)</u>	<u>\$ (475,911)</u>
Fund balance, beginning			<u>(72,550)</u>		
Fund balance, ending			<u>\$ (475,911)</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, 2023**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>Expenditures:</b>					
Capital projects:					
Construction, engineering, administration	\$ 9,341,002	\$ 84,418	\$ 1,166,216	\$ 1,250,634	\$ 8,090,368
Total expenditures	<u>9,341,002</u>	<u>84,418</u>	<u>1,166,216</u>	<u>1,250,634</u>	<u>8,090,368</u>
<b>Other financing sources:</b>					
American rescue plan earmark	6,243,900	-		-	(6,243,900)
Installment financing	750,000	-		-	(750,000)
Transfers from (to) other funds	<u>2,347,102</u>	<u>-</u>	<u>2,347,102</u>	<u>2,347,102</u>	<u>-</u>
Total other financing sources	<u>9,341,002</u>	<u>-</u>	<u>2,347,102</u>	<u>2,347,102</u>	<u>(6,993,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (84,418)</u>	1,180,886	<u>\$ 1,096,468</u>	<u>\$ 1,096,468</u>
Fund balance, beginning			(84,418)		
Fund balance, ending			<u>\$ 1,096,468</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 System**  
**From Inception and for the Fiscal Year Ended June 30, 2023**

		<u>Actual</u>			<u>Variance</u>
	<u>Project</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
	<u>Authorization</u>				<u>(Negative)</u>
<b>Revenues:</b>					
CDBG grant	<u>\$ 1,999,129</u>	<u>\$ 146,711</u>	<u>\$ 162,991</u>	<u>\$ 309,702</u>	<u>\$ (1,689,427)</u>
Total revenues	<u>1,999,129</u>	<u>146,711</u>	<u>162,991</u>	<u>309,702</u>	<u>(1,689,427)</u>
<b>Expenditures:</b>					
Capital projects:					
Admin, engineering, contract services	<u>1,999,129</u>	<u>238,179</u>	<u>70,730</u>	<u>308,909</u>	<u>1,690,220</u>
Total expenditures	<u>1,999,129</u>	<u>238,179</u>	<u>70,730</u>	<u>308,909</u>	<u>1,690,220</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (91,468)</u>	92,261	<u>\$ 793</u>	<u>\$ 793</u>
Fund balance, beginning			<u>(91,468)</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, 2023**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
ARPA Funds	8,856,100	\$ -	\$ 3,056,339	\$ 3,056,339	\$ (5,799,761)
Total revenues	8,856,100	-	3,056,339	3,056,339	(5,799,761)
<b>Expenditures:</b>					
Capital projects:					
Construction	12,504,620	21,600	3,107,259	3,128,859	9,375,761
Total expenditures	12,504,620	21,600	3,107,259	3,128,859	9,375,761
<b>Other financing sources:</b>					
Direct placement installment purchase	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	3,648,520	-	72,520	72,520	3,576,000
Net change in fund balance	\$ -	\$ (21,600)	21,600	\$ -	\$ -
Fund balance, beginning			(21,600)		
Fund balance, ending			\$ -		

**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, 2023**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>Revenues:</b>					
CDBG grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
<b>Expenditures:</b>					
Capital projects:					
Construction	2,000,000	253,501	86,224	339,725	1,660,275
Total expenditures	<u>2,000,000</u>	<u>253,501</u>	<u>86,224</u>	<u>339,725</u>	<u>1,660,275</u>
<b>Other financing sources:</b>					
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>\$ (253,501)</u>	 <u>(86,224)</u>	 <u>\$ (339,725)</u>	 <u>\$ (339,725)</u>
 Fund balance, beginning			<u>(253,501)</u>		
Fund balance, ending			<u>\$ (339,725)</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, 2023**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating income:			
Stormwater fees		\$ 205,223	
Total charges for services	400,000	205,223	\$ (194,777)
Non-operating revenue:			
Grant revenue		51,000	
Investment earnings		794	
Total non-operating revenue	-	51,794	51,794
<b>Expenditures:</b>			
Engineering		128,467	
Stormwater contracted services		83,665	
Materials		15,538	
Total	2,738,119	227,670	2,510,449
<b>Debt Service:</b>			
Principal retirement		48,683	
Interest expense		10,987	
Total	70,381	59,670	10,711
Total expenditures	2,808,500	287,340	2,521,160
Revenue over (under) expenditures	(2,408,500)	(30,323)	(2,378,177)
<b>Other Financing Sources/(Uses)</b>			
Transfers to other funds	(100,000)	(100,000)	
Debt proceeds	2,500,000	182,000	
Total other financing (uses)	2,400,000	82,000	2,318,000
Fund balance appropriated	8,500	-	8,500
Net change in fund balance	\$ -	51,677	\$ 51,677
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation		(57,616)	
Capital contributions		349,000	
Principal on bonds and installment notes		48,683	
Proceeds from issuance of debt		(182,000)	
Project expenditures		(349,001)	
Total reconciling items		(190,934)	
Change in net position		\$ (139,257)	

**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, 2023**

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

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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

**City of Dunn, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Fiscal Year Ended June 30, 2023**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 5,605,786	\$ 5,561,634	\$ 44,152
2021-2022	28,542	-	253	28,289
2020-2021	15,374	7	-	15,381
2019-2020	9,079	15	-	9,094
2018-2019	5,626	-	-	5,626
2017-2018	5,073	-	-	5,073
2016-2017	6,491	-	-	6,491
2015-2016	3,987	-	-	3,987
2014-2015	4,058	-	-	4,058
2013-2014	4,901	-	1	4,900
2012-2013	4,637	-	4,637	-
2011-2012	8,066	-	8,066	-
	<u>\$ 95,834</u>	<u>\$ 5,605,808</u>	<u>\$ 5,561,887</u>	<u>127,051</u>
Less : allowance for uncollectible accounts				<u>(22,395)</u>
Ad valorem taxes receivable - net				<u>\$ 104,656</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				\$ 5,639,676
Reconciling items:				
Interest collected				(80,405)
Taxes written off				2,616
Total ad valorem collections				<u>\$ 5,561,887</u>

**City of Dunn, North Carolina  
Analysis of Current Tax Levy  
Town - Wide Levy  
For the Fiscal Year Ended June 30, 2023**

	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	\$ 1,121,157,200	0.500	\$ 5,605,786	\$ 5,162,022	\$ 443,764
Total	<u>1,121,157,200</u>		<u>5,605,786</u>	<u>5,162,022</u>	<u>443,764</u>
Net levy			5,605,786	5,162,022	443,764
Uncollected taxes at June 30, 2023			<u>(44,152)</u>	<u>(44,152)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 5,561,634</u>	<u>\$ 5,117,870</u>	<u>\$ 443,764</u>
Current levy collection percentage			<u>99.21%</u>	<u>99.14%</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 3,627,133	\$ 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
Restricted	1,726,667	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
Unrestricted	173,560	(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)
Total governmental activities net position	\$ 5,527,360	\$ 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
Business-type activities										
Net investment in capital assets	\$ 17,951,590	\$ 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
Restricted	-	-	-	30,000	-	-	-	-	-	-
Unrestricted	1,784,948	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
Total business-type activities net position	\$ 19,736,538	\$ 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
Primary government										
Net investment in capital assets	\$ 21,578,723	\$ 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
Restricted	1,726,667	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
Unrestricted	1,958,508	2,191,177	1,917,017	1,211,954	(1,617,253)	(2,265,834)	197,270	(560,285)	(1,976,624)	950,152
Total primary government net position	\$ 25,263,898	\$ 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

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

**Table 2**

Expenses	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
General government	\$ 1,548,470	\$ 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
Public safety	4,024,211	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
Transportation	1,481,341	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
Environmental protection	599,302	622,719	659,849	823,681	826,201	1,012,038	798,707	735,302	1,186,671	915,263
Cultural and recreational	852,692	817,707	720,860	893,959	945,010	1,069,411	704,646	573,046	1,265,292	1,608,820
Library	246,004	263,638	257,271	239,948	234,896	307,568	561,116	540,537	267,605	260,809
Interest on long-term debt	45,353	191,693	247,360	219,120	199,655	190,155	104,489	186,172	288,096	231,718
Total governmental activities expenses	\$ 8,797,373	\$ 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
Business-type activities:										
Water and sewer	5,122,206	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
Stormwater	-	-	-	58,192	274,919	5,952	168,136	66,833	127,783	645,274
Total business-type activities	5,122,206	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
Total primary government expenses	\$ 13,919,579	\$ 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
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 461,784	\$ 340,748	\$ 399,857	\$ 414,489	\$ 508,924	\$ 455,025	\$ 520,635	\$ 592,435	\$ 667,443	\$ 219,178
Public safety	-	44,159	188,947	95,082	75,581	51,113	-	-	-	243,450
Transportation	34,941	-	34,659	36,373	29,977	149,344	-	-	-	-
Environmental protection	678,051	738,992	721,184	818,216	828,234	944,354	947,864	974,078	1,046,889	1,315,518
Cultural and recreational	83,670	103,034	87,611	78,409	80,707	77,250	50,786	50,954	45,616	104,160
Operating grants and contributions	967,699	800,634	776,867	764,107	492,699	505,590	906,052	1,417,895	1,092,174	606,138
Capital grants and contributions	528,495	523,000	351,848	54,000	-	138,126	603,778	134,851	312,538	309,762
Total governmental activities program revenues	\$ 2,754,640	\$ 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
Business-type activities:										
Charges for services:										
Water and sewer	4,672,187	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
Stormwater	-	-	-	78,953	79,586	134,153	152,970	192,649	231,604	205,223
Operating grants and contributions	-	-	-	-	97,433	51,731	57,160	280,139	351,600	450,000
Capital grants and contributions	-	2,841,252	146,153	-	383,882	-	-	-	-	3,219,330
Total business-type activities program revenues	4,672,187	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
Total primary government program revenues	\$ 7,426,827	\$ 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
Net (expense)/revenue										
Governmental activities	\$ (6,042,733)	\$ (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)
Business-type activities	(450,019)	2,962,467	147,998	45,681	(508,822)	587,493	186,374	585,733	701,514	3,476,839
Total primary government net revenue/(expense)	\$ (6,492,752)	\$ (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)

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

**Table 2 (cont.)**

	Fiscal Year									
General Revenues and Other Changes in Net Position	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 3,985,873	\$ 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
Other taxes	2,089,472	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
Unrestricted grants and contributions	110,000	110,000	128,800	144,500	125,000	125,000	150,000	95,750	150,000	3,767,355
Unrestricted investment earnings	17,850	14,606	29,593	7,968	39,913	101,189	75,419	2,548	10,422	229,540
Miscellaneous	405,279	431,073	439,986	545,659	514,387	571,224	802,646	638,335	1,136,574	87,319
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)
Total government activities	6,608,474	\$ 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
Business-type activities:										
Unrestricted investment earnings	101,992	97,930	93,470	90,967	86,547	81,903	77,050	72,216	66,827	55,591
Miscellaneous	55,104	60,075	63,360	67,503	182,519	76,575	84,898	83,384	91,200	136,704
Gain/(Loss) on Disposal of Equipment	-	11,576	-	-	-	-	-	-	-	-
Special items - donated assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	2,137,716
Total business-type activities	157,096	169,581	156,830	158,470	269,066	158,478	161,948	155,600	158,027	2,330,011
Total primary government	\$ 6,765,570	\$ 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
<b>Change in Net Position</b>										
Governmental activities	\$ 351,594	\$ 877,949	\$ (99,446)	\$ 334,034	\$ 570,921	\$ (287,450)	\$ 450,048	\$ 1,045,641	\$ (52,219)	\$ 2,385,279
Business-type activities	3,119,563	317,579	202,511	(239,301)	(239,756)	745,971	348,322	741,333	859,541	5,806,850
Total primary government	\$ 3,471,157	\$ 1,195,528	\$ 103,065	\$ 94,733	\$ 331,165	\$ 458,521	\$ 798,370	\$ 1,786,974	\$ 807,322	\$ 8,192,129

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

**Table 3**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non Spendable	\$ 116,246	\$ 30,625	\$ 32,142	\$ 46,556	\$ 33,079	\$ 45,302	\$ 22,037	\$ 41,107	\$ 164,901	\$ 137,547
Restricted	1,425,142	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
Assigned	-	-	-	98,000	6,000	5,000	300,000	350,000	360,000	1,033,679
Unassigned	1,999,838	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
Total General Fund	\$ 3,541,226	\$ 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
All other governmental funds										
Restricted	301,525	-	-	-	51,289	35,554	35,554	35,554	-	1,459,026
Assigned	(160,305)	67,468	186,772	75,667	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(960,671)	(513,614)	(553,444)	57,449
Total all other governmental funds	\$ 141,220	\$ 67,468	\$ 186,772	\$ 75,667	\$ 51,289	\$ 35,554	\$ (925,117)	\$ (478,060)	\$ (553,444)	\$ 1,516,475

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

**Table 4**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Ad valorem taxes	\$ 3,959,238	\$ 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
Other taxes and licenses	66,558	43,942	36,190	37,369	36,003	180,715	218,807	228,304	205,237	246,886
Unrestricted intergovernmental	2,132,914	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
Restricted intergovernmental	932,179	1,248,868	1,093,605	920,038	568,857	697,171	1,509,830	1,552,746	1,404,712	4,293,678
Permits and fees	289,552	216,875	206,985	200,541	226,317	170,430	247,905	291,232	377,198	243,450
Sales and services	933,953	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
Investment earnings	17,850	14,606	29,593	7,968	39,913	101,189	75,419	2,548	10,422	229,540
Miscellaneous	570,373	513,106	711,504	592,511	658,500	757,687	802,646	638,335	1,136,574	620,282
Total revenues	\$ 8,902,617	\$ 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
<b>Expenditures</b>										
General government	1,474,587	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
Public Safety	3,676,533	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
Transportation	1,376,111	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
Environmental protection	584,670	607,313	647,025	799,224	807,616	978,691	791,620	728,215	1,179,765	893,045
Culture and recreation	730,745	725,807	612,267	683,268	687,331	723,613	619,618	510,039	1,224,790	1,270,638
Library	231,410	251,963	247,091	227,154	239,603	264,608	245,750	233,375	267,605	247,230
<b>Debt service</b>										
Principal	408,678	519,237	615,919	865,540	515,733	522,792	589,409	762,369	897,589	959,310
Interest and other charges	75,063	184,019	212,112	234,114	211,601	198,032	200,794	194,299	221,053	219,075
Capital outlay	805,119	3,379,997	1,388,561	894,471	180,874	660,816	2,441,390	2,276,018	905,161	1,946,431
Total expenditures	9,362,916	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
Excess of revenues over (under) expenditures	(460,299)	(2,444,716)	(106,915)	(223,076)	650,968	281,355	(1,109,334)	(592,656)	(1,078,194)	3,123,921
<b>Other financing sources (uses)</b>										
Transfers in	-	-	777,857	-	-	-	-	2,000	35,554	
Transfers out	-	(498,713)	(777,857)	(75,000)	-	-	-	(2,000)	(35,554)	(2,137,716)
Sale of capital assets	17,497	14,494	25,404	7,669	-	-	-	-	-	65,048
Capital Lease Proceeds	-	23,777	-	-	-	-	-	-	-	
Installment purchase obligations	132,000	2,860,757	296,243	434,000	-	454,000	483,849	2,436,010	475,000	1,866,108
Total other financing sources (uses)	149,497	2,400,315	321,647	366,669	-	454,000	483,849	2,436,010	475,000	(206,560)
Net change in fund balances	\$ (310,802)	\$ (44,401)	\$ 214,732	\$ 143,593	\$ 650,968	\$ 735,355	\$ (625,485)	\$ 1,843,354	\$ (603,194)	\$ 2,917,361
Debt service as a percentage of noncapital expenditures	5.7%	8.4%	9.9%	11.8%	8.0%	7.4%	7.6%	9.2%	8.8%	9.5%

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

**Table 5**

<b>Fiscal Year</b>	<b>Real Property (3)</b>	<b>Personal Property (4)</b>	<b>Total Assessed Value</b>	<b>Ratio of Assessed Value to Estimated Actual Value (1)</b>	<b>Property Tax Rate (2)</b>
2014	705,496,295	33,648,039	739,144,334	100%	0.50
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 <sup>(5)</sup>	1,032,404,400	88,752,800	1,121,157,200	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<sup>(1)</sup> and Overlapping<sup>(2)</sup> Governments  
Last Ten Fiscal Years**

**Table 6**

<b>Fiscal Year</b>	<b>City of Dunn<sup>(1)</sup></b>	<b>Harnett County<sup>(2)</sup></b>	<b>Dunn Emergency Services<sup>(2)</sup></b>	<b>Averasboro School District<sup>(2)</sup></b>	<b>Combined Tax Rate Per \$100 of Assessed Value</b>
2014	0.50	0.725	0.07	0.02	1.319
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

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, 2023**

**Table 7**

Taxpayer	Type of Enterprise	2023			2014		
		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	\$ 79,546,776	1	7.71%			
DUKE ENERGY PROGRESS INC	Utility Company	\$ 15,364,253	2	1.49%	\$ 10,601,998	2	1.43%
WAL-MART REAL ESTATE BUSINESS TRUST	Retail Store	\$ 13,051,468	3	1.26%	\$ 12,318,880	1	1.67%
WINCOR PROPERTIES LLC	Real Estate	\$ 7,853,456	4	0.76%	\$ 8,212,261	3	1.11%
Piedmont Natural Gas	Utility Company	\$ 4,540,600	5	0.44%			
CSX TRANSPORTATION	Freight/Shipping	\$ 2,897,713	6	0.28%			
JAMES WEST/WEST PROPERTIES/OFFICE VALUE	Wholesale Store	\$ 2,891,696	7	0.28%			
CAROLINA TELEPHONE	Utility Company	\$ 2,641,306	8	0.26%			
J A DINKINS INVESTMENTS LLC (BADCOCK FURNITURE)	Retail Store	\$ 1,471,178	9	0.14%			
HOUSE OF GODWINS LLC	Retail Store	\$ 1,452,314	10	0.14%			
RPH Harnett Crossing	Shopping Center				\$ 8,065,690	4	1.09%
CAROLINA TELEPHONE	Real Estate				\$ 7,021,022	5	0.95%
APPLE EIGHT NC LP	Packaging Plant				\$ 6,996,400	6	0.95%
NWD-T/A DUNBAR	Manufacturer				\$ 4,777,090	7	0.65%
GRAY PROPERTINS OF NC, LLC	Real Estate				\$ 4,723,560	8	0.64%
GG RETAIL PROPERTIES LLC	Real Estate				\$ 4,694,300	9	0.64%
TILGHMAN MEDICAL ASSOC.	Real Estate				\$ 4,644,790	10	0.63%
<b>Totals</b>		<b>\$ 131,710,760</b>		<b>12.76%</b>	<b>\$ 72,055,991</b>		<b>9.75%</b>
<b>Total Assessed Value</b>		<b>\$ 1,032,404,400</b>			<b>\$ 739,144,334</b>		

Source: Harnett County Assessor's Office

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

**Table 8**

<b>Fiscal Year</b>	<b>Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Taxes Collected</b>	<b>Delinquent Tax Collections (1)</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
2014	3,678,336	3,626,198	98.58%	-	3,626,198	98.58%
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%

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			
2014		\$ 5,288,337	\$ 74,370	\$ 1,540,000	\$ 2,402,819	\$ 3,727,347	\$ 13,032,873	1.80%	\$ 1,357
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

**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.

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

**Table 10**

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>Percentage of Assessed Property Value</b>	<b>Per Capita (2)</b>
2014	1,540,000	0.21%	161
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

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, 2023**

**Table 11**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable To Town <sup>(1)</sup></b>	<b>Estimated Share of Overlapping Debt</b>
Harnett County Debt Outstanding <sup>(3)</sup>	\$ 124,974,386	0.078195867	\$ 9,772,481
Subtotal, overlapping debt			9,772,481
City of Dunn direct debt			<u>8,081,023</u> <sup>(2)</sup>
Total direct and overlapping debt			<u><u>\$ 17,853,504</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, 2022.

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

**Table 12**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 59,131,547	\$ 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
Total net debt applicable to limit	11,418,503	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
Legal debt margin	<u>\$ 47,713,044</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	19.31%	21.81%	19.88%	16.81%	15.30%	18.56%	17.35%	23.49%	22.34%	20.81%

**Legal Debt Margin Calculation for Fiscal Year 2022 <sup>(1)</sup>**

Assessed Value	\$ 1,121,157,200
Debt Limit (8% of total assessed value)	89,692,576
Debt applicable to limit:	
General obligation bonds	273,000
Non bonded debt	<u>18,394,698</u>
Total net debt applicable to limit	<u>18,667,698</u>
Total debt limit capacity available	<u><u>\$ 71,024,878</u></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**

<b>Fiscal Year</b>	<b>Population (2)</b>	<b>Personal Income (2)</b>	<b>Per Capita Income (2)</b>	<b>Median Age (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2014	123,316	2,370,873,416	19,226	34	19,868	7.4%
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%

**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**

<b>Employer</b>	<b>2023 <sup>(1)</sup></b>		<b>2014 <sup>(2)</sup></b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
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 Manufacuring Co Inc.	100-249	7		
Tri-Arc Food Systems Inc.	100-249	8	100-249	8
Affinity Health Services	100-249	9	100-249	10
Gray Metal South Inc.	100-249	10		
City of Dunn			100-249	9
KTL McDonalds LLC			100-249	6
Family Medical Supply			100-249	7

(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 2014 CAFR

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

**Table 15**

<b>Function</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023<sup>(1)</sup></b>
<i>General Government</i>										
Administration	6	6	6	6	7	7	7	7	7	7
Finance	3	3	3	3	3	3	3	3	7	5
<i>Economic &amp; Physical Development</i>										
Planning	1	1	1	1	1	2	3	3	3	3
Inspections	3	3	4	5	5	5	4	4	1	1
<i>Public Safety - Law Enforcement</i>										
Officers	36	36	39	39	39	44	45	45	48	48
Civilians	16	5	4	4	4	4	3	2	2	4
<i>Public Works</i>										
Streets	16	16	16	14	15	18	19	20	22	17
Solid Waste	2	2	2	2	2	0	0	0	0	0
Fleet Maintenance	1	1	1	1	1	2	2	3	2	2
<i>Parks, Recreation, &amp; Cultural Resources</i>										
Parks & Recreation	10	10	9	8	8	10	6	6	5	11
Library	4	4	4	4	4	4	3	4	4	0
<i>Public Utilities-Water/Sewer</i>										
Finance	5	5	5	5	3	3	3	3	4	3
Distribution	8	8	8	8	10	11	10	10	9	17
Water Treatment	8	8	8	9	8	8	8	8	8	8
WasteWater Treatment	9	9	9	9	9	10	9	10	9	9
<b>Total</b>	<b>128</b>	<b>117</b>	<b>119</b>	<b>118</b>	<b>119</b>	<b>131</b>	<b>125</b>	<b>128</b>	<b>131</b>	<b>135</b>

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

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

**Table 16**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Function:</b>										
Public Safety										
Arrests	3,299	2,190	1,231	1,274	1,040	1,183	949	1,141	795	965
Traffic violations	3,613	3,396	3,186	3,236	3,523	3,471	2,305	2,390	3,964	4,819
Highways and streets										
Street resurfacing (miles)	1	2	0	0	0	-	1	1	13	5
Potholes repaired	615	750	210	191	214	212	115	94	105	147
Sidewalk repaired (linear ft.)	7,500	600	4,841	3,324	146	100	150	100	5	372
Street sweeping (miles)	2,000	2,000	2,000	1,782	1,656	1,700	1,700	1,500	2,508	794
Inspections										
Building permits issued	380	362	385	476	431	439	537	624	727	701
Sanitation										
Residential waste collected (tons/year)	2,742	2,663	2,814	2,782	2,624	2,934	2,545	2,662	2,900	2,177
Yard waste collected (tons/year)	2,637	2,642	825	1,148	2,010	2,808	2,079	557	638	435
Trash pick-up fee	16	17	17	17	17	23	23	24	25	26
Library *										
Admissions	76,119	83,423	65,704	60,797	55,792	56,826	40,641	29,202	31,638	N/A
Volumes in Collection	41,913	42,630	44,784	45,112	45,399	44,397	43,743	45,432	46,691	N/A
Recreation										
Youth participation:										
Fall sports	359	360	343	291	295	356	293	378	327	355
Winter sports	213	220	314	216	212	347	330	186	121	143
Spring Sports	510	450	325	339	347	316	315	214	441	507
Water										
Utility customers	4,628	4,635	4,700	4,701	4,704	4,707	4,706	4,743	4,774	4,826
Average utility bill	48	52	55	58	60	60	73	107	111	120
New Customer Connections	10	10	12	13	10	26	11	31	33	52
Average daily consumption (MGD)	3	3	3	3	3	3	3	3	3	3
Wastewater										
Average daily sewage treatment (MGD)	2	3	3	3	2	3	3	3	2	2
Sanitary Sewer Overflows (SSO)	6	6	5	7	-	6	4	11	3	4

(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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Function</b>										
Public safety										
Police stations	1	1	1	1	1	3	3	3	3	3
Police patrol units	4	4	4	4	4	4	4	4	4	4
Police vehicles	47	43	43	45	45	45	52	59	59	67
911 Centers	1	1	0	0	0	0	0	0	0	0
Sanitation										
Collection trucks	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	65	65	65	65	65	65	65	66	66	66
Traffic signals	5	5	5	5	5	5	5	5	5	5
Culture and recreation										
Parks acreage	32	32	32	36	36	36	36	54	54	54
Parks	3	3	3	3	3	3	3	4	4	4
Baseball/Softball Fields	7	7	7	8	8	8	8	8	8	8
Pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	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	454,080	459,360	459,360	459,360	607,200 (1)	607,200	607,200	607,200
Maximum daily capacity (millions of gallons per day)	6.0	6.0	6.0	6.0	6.0	6.0	8.0	8.0	8.0	8.0
Sewer										
Sewer Lines (feet)	396,000	396,000	396,000	406,560	406,560	406,560	498,015 (1)	498,015	498,015	498,015
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

## COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 103  
Wilmington, North Carolina 28403  
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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 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 City of Dunn, North Carolina, as of and for the year ended June 30, 2023 and the related notes to the financial statement, which collectively comprises City of Dunn's basic financial statements, and have issued our report thereon dated November 28, 2023. Our report includes a reference to other auditors who audited the financial statements of the City of Dunn ABC Board, as described in our report on City of Dunn's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of City of Dunn ABC Board were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

### **City of Dunn's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Dunn's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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  
November 28, 2023



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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, 2023. 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, 2023.

#### ***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., P.A

Wilmington, North Carolina

November 28, 2023



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## **Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; OMB Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

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

##### ***Opinion on Each Major State 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 State programs for the year ended June 30, 2023. The City of Dunn's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 State programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 State 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 State 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 State 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 the 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 the 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 the 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 State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in 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*

*November 28, 2023*

**CITY OF DUNN, NORTH CAROLINA  
DUNN, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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Section I. Summary of Auditor's Results

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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:

Assistance Listing No's.

Names of Federal Program or Cluster

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

State Awards

Internal control over major State programs:

• Material Weakness(es) identified? ☐ Yes ☒ No

• Significant deficiency(s) identified that are not considered to be a material weakness. ☐ Yes ☒ None Reported

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

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

Identification of major State programs:

Program Name

Powell Bill

Dollar threshold used to determin a State major program \$ 500,000

Auditee qualified as State 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, 2023**

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Section II. Financial Statement Findings

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**Significant Deficiency**

**Findings: 2023-001 Prior Period Adjustment**

**Criteria:** Prior Period Adjustment

**Condition:** Restatement of previously issued financial statements to reflect the correction of a misstatement.

**Effect:** Restatement of Net Position to reflect an overstatement of accumulated depreciation.

**Cause:** The City did not properly reconcile the 2022 financial statements to the City's ledgers and records.

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

**Recommendation:** The City will review the financial statements and reconcile to City's ledgers and records.

**View of responsible officials and planned corrective actions:** The City council and Finance department will implement the above procedure immediately.

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Section III. Federal Award Findings and Questioned Costs

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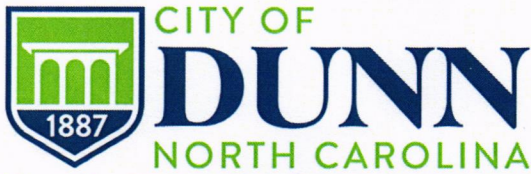
**None.**

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Section IV. State Award Findings and Questioned Costs

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**None.**



401 E Broad St • PO Box 1065 • Dunn, North Carolina 28335  
(910) 230-3500 • CityofDunn.org

**Mayor**  
William P. Elmore Jr.  
**Mayor Pro Tem**  
Dr. David L. Bradham  
**Council Members**  
J. Wesley Sills  
April L. Gauden  
Frank McLean  
Billy Tart  
Chuck Turnage  
**City Manager**  
Steven Neuschafer

December 14, 2023

Thompson, Price, Scott, Adams & Co., P.A.  
Attn: Austin Eubanks, CPA, CFE – Audit Manager  
4024 Oleander Drive Suite 3  
Wilmington, NC 28403

Dear Mr. Eubanks:

This letter is in response to the audit finding noted in the FY23 Annual Comprehensive Financial Report (ACFR). The ACFR listed a significant deficiency finding #2023-001 of a prior period adjustment which resulted in the restatement of net position to reflect an overstatement of accumulated depreciation.

As a result of this finding, the City of Dunn's Finance Director has established a corrective action plan by immediately implementing the following:

- Provided additional training to accounting staff.
- Created additional ledger reports from the Tyler accounting software program along with new excel spreadsheets to assist with reconciliation of these reports to the ACFR.
- Implemented a variety of reconciliation procedures to prevent this type of finding in future reports.
- Initiated monthly reconciliations of the fixed asset reports to the balance sheet amounts.
- City staff will review the financial statements and reconcile them to the City's ledgers and records to verify that they are reported accurately.

Please accept this letter as our corrective action plan for the FY23 ACFR finding. If you have any questions, please contact us.

Sincerely,

Steven Neuschafer  
City Manager

Cary McNallan  
Finance Director

**CITY OF DUNN, NORTH CAROLINA  
DUNN, NORTH CAROLINA  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2023**

Status:	2022-001	Corrected.
	2022-002	Corrected.

**City of Dunn, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>State/ Pass-through Grantor's No.</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to subrecipients</u>
<b>Federal Grants:</b>					
<b>Cash Programs:</b>					
<u>U.S. Dept. of Agriculture</u>					
Community Facilities Loans and Grants	10.766	00-28	\$ 50,000	\$ -	\$ -
Community Facilities Loans and Grants	10.766	00-32	50,000	-	-
Community Facilities Loans and Grants	10.766	00-34	51,000	-	-
<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	125,111	-	-
Passed-through N.C. Department of Environmental Quality:					
Community Development Block Grant - Wastewater Collection System	14.228	20-I-3606	70,730	-	-
<u>U.S. Dept. of Justice</u>					
Bulletproof Vest Partnership Program	16.607		8,840	-	-
Community Oriented Policing Service	16.710		119,562	-	-
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Governor's Highway Safety	20.600		32,573	-	-
<u>U.S. Dept. of Treasury</u>					
Coronavirus State and Local Fiscal Recovery	21.027	4192022	3,097,102	-	-
Passed-through the N.C. Department of Environmental Quality					
Coronavirus State and Local Fiscal Recovery	21.027	SRP-W-ARP-0033	3,107,259	-	-
<u>U.S. Dept. of Health and Human Services</u>					
Division of Aging and Adult Services					
Passed through Mid Carolina Council of Governments					
Older American's Act	93.044		19,127	-	-
Total assistance - federal programs			<u>6,731,305</u>	<u>-</u>	<u>-</u>
<b>State Grants:</b>					
<b>Cash Assistance:</b>					
<u>N.C. Department of Environmental Quality:</u>					
Division of Water Infrastructure					
Infrastructure Investments (LASII)					
Stormwater		SRP-SW-ARP-0003	-	349,000	-
Water Merger/Regionalization Feasibility Grant		H-MRF-D-21-0046	-	37,800	-
<u>N.C. Department of Transportation:</u>					
Powell Bill		O 50000001 80	-	827,404	-
Total assistance - State programs			<u>-</u>	<u>1,214,204</u>	<u>-</u>
Total assistance			<u>\$ 6,731,305</u>	<u>\$1,214,204</u>	<u>\$ -</u>

**City of Dunn, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2023**

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

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**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Dunn under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. 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.