

**TOWN OF DALLAS
NORTH CAROLINA**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

TOWN OF DALLAS, NORTH CAROLINA

GOVERNANCE

Mayor and Board of Aldermen

Hayley Beaty, Mayor

Sam Martin, Mayor Pro Tem

Jerry Cearley

E. Hoyle Withers

Alan Cloaninger

Frank Milton

Town Administration

Jonathan Newton, Town Manager

J. Thomas Hunn, Town Attorney

Sarah Ballard, Town Clerk/HR

Robert Walls, Police Chief

Bill Trudnak, Public Works Director

Earl Withers, Fire Chief

Alex Wallace, Recreation Director

Lanny Smith, Electric Director

Anthony Smith, Development Services Director

TOWN OF DALLAS, NORTH CAROLINA

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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Financial Section

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 - Basic Financial Statements
 - Notes to the Financial Statements
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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Aldermen
Town of Dallas, North Carolina

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dallas, North Carolina, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Other Postemployment Benefits' Schedule of Changes in Total OPEB Liability and Related Ratios, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by 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 have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dallas' basic financial statements. The combining and individual fund financial statements, budgetary schedules, and 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 Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024 on our consideration of the Town of Dallas' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Dallas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dallas' internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 8, 2024

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Management's Discussion and Analysis

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

Financial Highlights

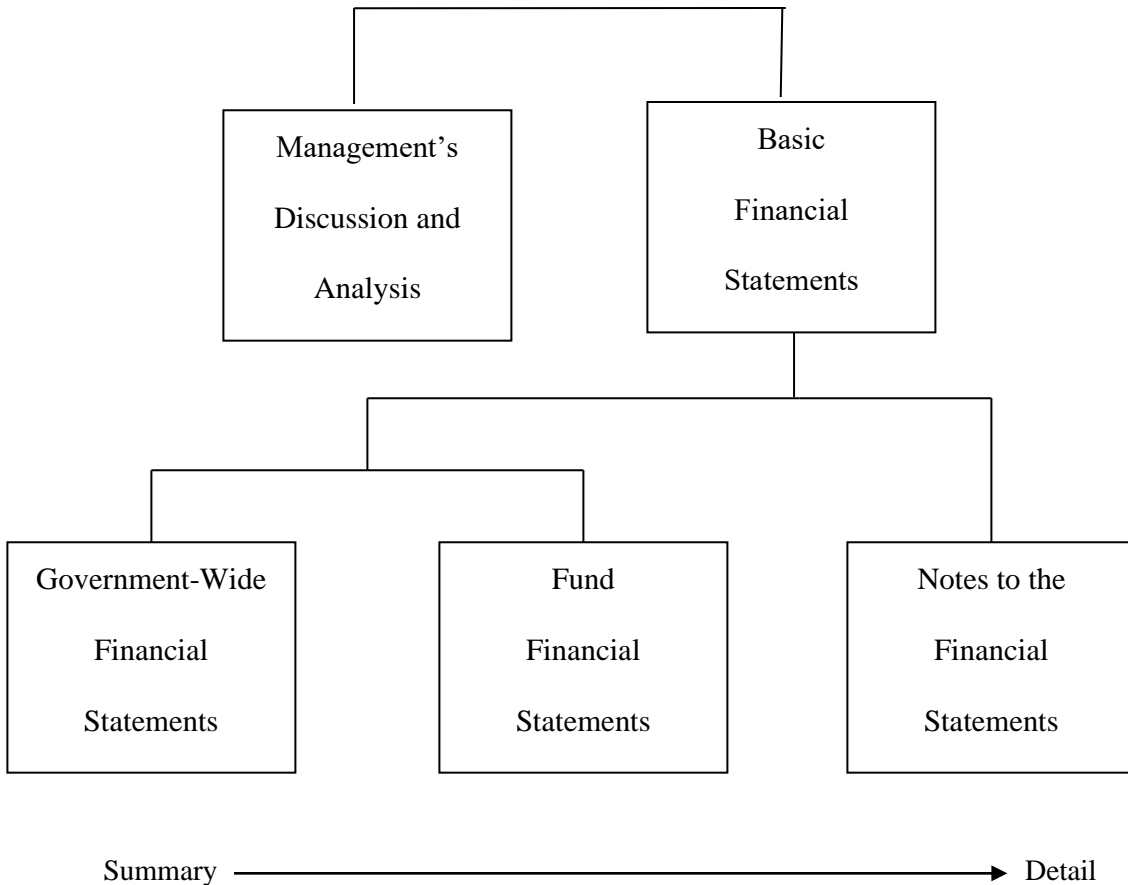
- The assets and deferred outflows of resources of the Town of Dallas exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$32,002,422 (*net position*).
- The government's total net position increased by \$2,694,346, primarily due to increases in the business-type activities net position and a reduction in overall liabilities within business-type activities.
- As of the close of the current fiscal year, the Town of Dallas' governmental funds reported combined ending fund balances of \$8,214,963 with a net increase of \$1,125,020 in fund balance. Approximately 51.3% of this total amount, or \$4,213,501, is non-spendable, restricted, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,007,650, or 77.1%, of total General Fund expenditures (\$5,200,034) for the fiscal year.
- The Town of Dallas' total debt increased by \$307,625 (4.3%) during the current fiscal year. The key factors in this increase were changes in lease liabilities and pension liability.
- The Town's total capital assets (net of accumulated depreciation) increased by \$871,250 (4.5%) during the current fiscal year. The key factor in this increase is construction in progress.

Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the Town of Dallas' basic financial statements. The Town'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 Town 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 Town of Dallas.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibit C through H) are the **fund financial statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental fund statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements. The Town of Dallas has no fiduciary funds, so this part of the Fund Financial Statements is omitted.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town'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 Town's financial status as a whole.

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town'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 Town'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 Town'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 Town charges customers to provide. These include the water and sewer and electric services offered by the Town of Dallas.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Dallas, 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 General Statutes or the Town's budget ordinance. All of the funds of the Town of Dallas 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. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him determine if there are more or less financial resources available to finance the Town'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 part of the fund financial statements.

The Town of Dallas adopts an annual budget for the General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance the current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town 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 in 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 of Aldermen 2) the final budget as amended by the Board of Aldermen 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the differences or variance between the final budget and actual resources and charges.

Proprietary Funds. The Town of Dallas has one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water, sewer, and electric activities. This fund is the same as the functions shown in the business-type activities in the Statement of Net Position and Statement of Activities.

Notes to the Financial Statements. The notes provide additional information that is essential to the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain supplemental information detailing the information provided in the basic financial statements and is presented to allow the reader to gain an in-depth understanding of the financial information presented.

Interdependence with Other Entities. The Town depends on financial resources flowing from, or associated with, both the federal government and the state of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Town of Dallas' Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets and Deferred						
Outflows of Resources:						
Current and other assets	\$ 8,548,304	\$ 8,322,446	\$ 9,852,810	\$ 9,566,455	\$ 18,401,114	\$ 17,888,901
Capital assets	6,115,009	6,033,845	14,336,987	13,546,901	20,451,996	19,580,746
Deferred outflows of resources	984,378	941,727	1,054,366	926,356	2,038,744	1,868,083
Total assets and deferred outflows of resources	15,647,691	15,298,018	25,244,163	24,039,712	40,891,854	39,337,730
Liabilities and Deferred						
Inflows of Resources:						
Long-term liabilities	3,075,282	2,907,345	3,741,629	3,606,190	6,816,911	6,513,535
Other liabilities	597,154	1,521,694	1,258,815	1,761,817	1,855,969	3,283,511
Deferred inflows of resources	169,333	175,303	47,219	57,305	216,552	232,608
Total liabilities and deferred inflows of resources	3,841,769	4,604,342	5,047,663	5,425,312	8,889,432	10,029,654
Net Assets:						
Net investment in capital assets	4,883,142	4,708,441	12,353,529	11,345,774	17,236,671	16,054,215
Restricted	984,854	889,800	-	-	984,854	889,800
Unrestricted	5,937,926	5,095,435	7,842,971	7,268,626	13,780,897	12,364,061
Total net position	\$ 11,805,922	\$ 10,693,676	\$ 20,196,500	\$ 18,614,400	\$ 32,002,422	\$ 29,308,076

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 resources of the Town exceeded liabilities and deferred inflows by \$32,002,422 as of June 30, 2024. The Town's net position increased by \$2,694,346 for the fiscal year ended June 30, 2024. However, the largest portion, \$17,236,671, or (53.9%), reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Dallas' net investment in 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 Town's net position, \$984,854, or 3.1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,780,897 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted government net position:

- Drafted and enforced updated policies on financial and asset management.
- Overall prior maintenance on fixed assets.
- Increased emphasis on competitive bidding to reduce contract costs.
- Reduction of outstanding debt.

Town of Dallas' Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 816,794	\$ 734,729	\$ 13,479,951	\$ 11,302,381	\$ 14,296,745	\$ 12,037,110
Operating grants and contributions	1,163,429	778,180	-	-	1,163,429	778,180
Capital grants and contributions	42,000	54,408	89,883	64,950	131,883	119,358
General revenues:						
Property taxes	2,349,243	1,550,482	-	-	2,349,243	1,550,482
Other taxes	1,086,034	1,037,238	-	-	1,086,034	1,037,238
Unrestricted investment earnings	649,173	401,749	4,760	28,853	653,933	430,602
Other	215,539	371,867	157,500	194,560	373,039	566,427
Total revenues	6,322,212	4,928,653	13,732,094	11,590,744	20,054,306	16,519,397
Expenses:						
General government	915,343	785,923	-	-	915,343	785,923
Public safety	2,652,468	2,492,285	-	-	2,652,468	2,492,285
Transportation	586,382	361,662	-	-	586,382	361,662
Economic and physical development	62,216	59,056	-	-	62,216	59,056
Environmental protection	545,574	680,344	-	-	545,574	680,344
Cultural and recreational	448,537	366,228	-	-	448,537	366,228
Interest on long-term debt	58,625	31,363	-	-	58,625	31,363
Water and sewer	-	-	3,631,495	3,321,707	3,631,495	3,321,707
Electric	-	-	8,459,320	8,333,493	8,459,320	8,333,493
Total expenses	5,269,145	4,776,861	12,090,815	11,655,200	17,359,960	16,432,061
Change in net position before transfers	1,053,067	151,792	1,641,279	(64,456)	2,694,346	87,336
Transfers	59,179	149,733	(59,179)	(149,733)	-	-
Change in net position	1,112,246	301,525	1,582,100	(214,189)	2,694,346	87,336
Net Position:						
Beginning of year, July 1	10,693,676	10,175,846	18,614,400	18,831,490	29,308,076	29,007,336
Prior period adjustment	-	216,305	-	(2,901)	-	213,404
Beginning of year, July 1, as restated	10,693,676	10,392,151	18,614,400	18,828,589	29,308,076	29,220,740
End of year, June 30	\$ 11,805,922	\$ 10,693,676	\$ 20,196,500	\$ 18,614,400	\$ 32,002,422	\$ 29,308,076

Governmental Activities. Governmental activities increased the Town's net position by \$1,112,246, accounting for 41% of the increase. Key elements of this increase are as follows:

- increased operating grants and contributions due to ARPA funds
- increased local option sales taxes and investment earnings
- increased property tax revenue due to revaluation
- increased expenses by only 10% over the prior year

Business-Type Activities. Business-type activities increased the Town’s net position by \$1,582,100, accounting for 59% of the total increase in the government’s net position. Key elements of this increase are as follows:

- 19% increase in operating revenues
- one-time operating transfer from the General Fund
- increases in salary and benefits costs
- overall increase in operating expenses

Financial Analysis of the Town’s Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of \$8,214,963 which is higher than last year's total of \$7,089,943. Included in this change in fund balance is an increase in the General Fund balance of \$939,463. The primary reasons for the increase mirror the governmental activities analysis are highlighted below.

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

Governmental Funds. The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town’s financing requirements. Specifically, unreserved 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 Town of Dallas. At the end of the current fiscal year, the Town of Dallas’ fund balance available in the General Fund was \$4,551,835, while total fund balance reached \$4,985,100. The Governing Body of the Town of Dallas has determined that the Town should maintain an available fund balance of no less than 30%, with a target of 50%, of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 87.5% of General Fund expenditures, while total fund balance represents 95.9% of that same amount.

The American Rescue Plan fund accounts for the Coronavirus State and Local Fiscal Recovery Funds and their future expenditures based on the rules and regulations of the U.S. Department of Treasury. There was no change in fund balance as \$942,792 of revenue was recognized and transferred to the General Fund to cover salaries and benefits.

The Capital Project Fund is used to account for capital projects for the Town’s governmental activities. During the year, fund balance increased from \$1,833,974 to \$2,053,820 due to transfers from the Electric Fund and Stormwater Fund for future projects. There were no capital project fund expenditures during the fiscal year.

At June 30, 2024, the governmental funds of the Town reported a combined fund balance of \$8,214,963, with a net increase in fund balance of \$1,125,020. Included in this change in fund balance are increases in fund balance in the General Fund and the Capital Project Fund.

General Fund:	
General Fund	\$ 939,463
Other Funds:	
Capital Project Fund	219,846
Nonmajor Funds	<u>(34,289)</u>
Total	<u>\$ 1,125,020</u>

Budgetary Highlights

The Town adopted a series of budget amendments during the course of the fiscal year, as approved by the Board of Aldermen, applying to both the General Fund, as well as the Proprietary, or “Enterprise” Funds.

General Fund

There were numerous budget amendments completed in the General Fund in Fiscal Year 2024 due to many scenarios. Administration had an amendment for a Salary Study and a one-time employee bonus. The Police Department had several amendments for: appropriation and accept proceeds for Calendar monies and the 911 Foundation Donation, the others were to cover unexpected expenditures due to: K9 Clever needing a medical procedure, purchase of PD equipment for traffic control and to purchase new vehicles. The Recreation Department had five amendments with three being the same project. Recreation had to purchase new netting at one of the ball fields to protect foul balls, crack sealing on our outdoor basketball court as well as finding termites in our gym in which we had three amendments to cover those repairs. There were two amendments completed for Stormwater that were for the MS4 permit and for engineering and design for a storm drain replacement. Lastly, the Fire Department’s HVAC went out in June and we needed to appropriate funds to cover that expense.

Proprietary Funds

In the Water Fund there were four amendments: (1) To appropriate funds for the Dallas/Stanley pump station project, (2) Appropriate funds for a System Development Fee study, (3) To appropriate funds for a salary adjustment, (4) To appropriate funds for an AIA wastewater grant.

In the Electric Fund, there were three budget amendments: (1) To appropriate funds to purchase a transformer for a developer expansion (2) To appropriate funds and transfers from Capital Reserve for a May Storm that causes severe damage and (3) To appropriate Duke Energy True Up.

Other Funds

Economic Development Fund – the Town completed 2 amendments in the Economic Development Fund both relating to Façade Grants.

SCIF Grant Fund – an amendment was approved to spend SCIF funds for Town Hall renovations and courthouse upfit

Capital Asset and Debt Administration

Capital Assets. The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2024 totals \$20,451,996 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, leased assets and IT subscriptions.

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

- Police Department received two Dodge Durangos for their fleet.
- Public Works purchased a Leaf Vac Trailer for the autumn months .
- Recreation renovated and replaced the gym floor at the Dennis Franklin Gym.
- Water Sewer continued the Dallas Stanley pump station upgrade.
- Economic Development paid the second payment for a parcel of land.
- Electrical Department had to purchase a lot of infrastructure for new developments.

**Town of Dallas' Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 450,222	\$ 381,182	\$ 189,069	\$ 189,069	\$ 639,291	\$ 570,251
Right of way	-	-	41,648	41,648	41,648	41,648
Buildings and improvements	2,862,382	2,837,317	542,596	573,044	3,404,978	3,410,361
Distribution systems	91,998	95,979	10,195,014	10,079,790	10,287,012	10,175,769
Infrastructure	659,008	696,267	-	-	659,008	696,267
Other improvements	928,932	987,083	-	-	928,932	987,083
Sewer Plant	-	-	776,884	821,370	776,884	821,370
Water Plant	-	-	330,118	385,456	330,118	385,456
Vehicles and equipment	749,629	677,368	887,853	984,342	1,637,482	1,661,710
Construction in progress	98,666	134,706	1,368,006	448,999	1,466,672	583,705
Leased assets	272,938	220,158	542	7,050	273,480	227,208
Subscriptions	1,234	3,785	5,257	16,133	6,491	19,918
Total	\$ 6,115,009	\$ 6,033,845	\$ 14,336,987	\$ 13,546,901	\$ 20,451,996	\$ 19,580,746

Additional information on the Town's capital assets can be found in Note 2.A of the basic financial statements.

Long-Term Debt. As of June 30, 2024, the Town of Dallas had \$2,940,131 of direct placement installment purchase. The installment debt is backed by security interest in the property for which it was issued.

Town of Dallas' Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Direct placement and installment purchases	\$ 959,647	\$ 1,105,992	\$ 1,980,484	\$ 2,182,038	\$ 2,940,131	\$ 3,288,030
Lease liabilities	271,650	216,594	546	7,077	272,196	223,671
Subscription liabilities	570	2,818	2,428	12,012	2,998	14,830
Compensated absences	180,383	161,278	169,469	135,760	349,852	297,038
Total OPEB liability	100,963	75,818	306,328	230,891	407,291	306,709
Pension related debt (LGERS)	1,411,287	1,185,426	1,578,573	1,323,881	2,989,860	2,509,307
Pension related debt (LEO)	453,087	468,205	-	-	453,087	468,205
Total	\$ 3,377,587	\$ 3,216,131	\$ 4,037,828	\$ 3,891,659	\$ 7,415,415	\$ 7,107,790

Town of Dallas' Outstanding Debt

The Town of Dallas' total debt increased by \$307,625 (4.33%) during the past fiscal year, primarily due to an increase in pension liabilities (LGERS) and OPEB liability.

Additional information regarding the Town's long-term debt can be found in Note 2.B of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic highlights are reflective of the fiscal year for the Town of Dallas:

The Town's general fiscal condition, much like the state and national economies, has remained stable and is modestly improving.

- Utility tax revenues continue to see modest increases, mainly due to some increases in single family housing.
- Although unemployment has trended downward, this area remains slightly higher than the state and national averages.
- The Dallas economy is diversified and not tied to any one primary employer or type of economic activity, thus allowing for reasonable insulation from sudden or dramatic impacts to revenues.

Budget Highlights for the Fiscal Year Ending June 30, 2025

In order to maintain the integrity of the Town's core services, functions, and activities, Storm Water Fee and Property Tax rates remained unchanged. This will be year (6) that the Town has passed along the coal ash recovery charge to its citizens and year (5) that the Town has passed along banking fees due to credit card transaction to its citizens. Utility Fees were increased, slightly: Water & Sewer 5% increase, Electric 3% increase and a \$2.50 base rate increase. Solid Waste was also increased by \$2.00.

The fiscal year 2025 budget funds the following ongoing and/or new initiatives or infrastructure upgrades:

General Fund:

- UDO Ordinance Rewrite
- New Roof at Dennis Franklin Gym
- Mezzanine at Fire Department for Storage
- Three new patrol vehicles
- Radio/Handheld updates for Police Dept.
- New lawn mower for recreation

Water and Sewer Fund:

- Dallas Stanley pump station continuation

Electric Fund:

- DC Fast Charging Station
- Purchase of materials needed for new developments

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the Town's information found in this report, or requests for additional information, should be directed to the Director of Finance, Town of Dallas, 210 N. Holland Street, Dallas, N. C. 28034-1625. You can also call 704-922-3176, visit our website at www.dallasnc.net or send an email to jnewton@dallasnc.net for more information.

Basic Financial Statements

The **Basic Financial Statements** present a condensed overview of the financial position and results of operations of the Town as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 7,379,146	\$ 6,173,570	\$ 13,552,716
Taxes receivables, net	31,992	-	31,992
Accounts receivable, net	61,289	2,431,834	2,493,123
Due from other governments	395,369	87,235	482,604
Note receivable	196,800	-	196,800
Inventories	312	837,961	838,273
Restricted cash and cash equivalents	483,396	322,210	805,606
Total current assets	8,548,304	9,852,810	18,401,114
Non-current assets:			
Capital assets:			
Land and construction in progress	548,888	1,598,723	2,147,611
Other capital assets, net of depreciation	5,291,949	12,732,465	18,024,414
Right-to-use assets, net of amortization	274,172	5,799	279,971
Total capital assets	6,115,009	14,336,987	20,451,996
Total non-current assets	6,115,009	14,336,987	20,451,996
Total assets	14,663,313	24,189,797	38,853,110
Deferred Outflows of Resources:			
Pension deferrals	939,041	918,354	1,857,395
OPEB deferrals	45,337	136,012	181,349
Total deferred outflows of resources	984,378	1,054,366	2,038,744
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	149,349	640,406	789,755
Customer deposits - restricted	-	322,210	322,210
Advances from grantors	145,500	-	145,500
Current portion of long-term liabilities	302,305	296,199	598,504
Total current liabilities	597,154	1,258,815	1,855,969

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Long-term liabilities:			
Accrued compensated absences	90,183	84,769	174,952
Net pension liability - LGERS	1,411,287	1,578,573	2,989,860
Total pension liability - LEOSSA	453,087	-	453,087
OPEB liability	100,963	306,328	407,291
Due in more than one year	1,019,762	1,771,959	2,791,721
Total long-term liabilities	3,075,282	3,741,629	6,816,911
Total liabilities	3,672,436	5,000,444	8,672,880
Deferred Inflows of Resources:			
Pension deferrals	157,491	11,694	169,185
OPEB deferrals	11,842	35,525	47,367
Total deferred inflows of resources	169,333	47,219	216,552
Net Position:			
Net investment in capital assets	4,883,142	12,353,529	17,236,671
Restricted for:			
Stabilization by state statute	450,158	-	450,158
Economic development	286,990	-	286,990
Streets - Powell Bill	223,177	-	223,177
Public safety	24,529	-	24,529
Unrestricted	5,937,926	7,842,971	13,780,897
Total net position	\$ 11,805,922	\$ 20,196,500	\$ 32,002,422

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Function / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
General government	\$ 915,343	\$ 736,894	\$ 942,792	\$ 35,500
Public safety	2,652,468	6,217	31,572	-
Transportation	586,382	-	189,065	-
Economic and physical development	62,216	-	-	-
Environmental protection	545,574	-	-	6,500
Cultural and recreational	448,537	73,683	-	-
Interest on long-term debt	58,625	-	-	-
Total governmental activities	<u>5,269,145</u>	<u>816,794</u>	<u>1,163,429</u>	<u>42,000</u>
Business-Type Activities:				
Water and sewer	3,631,495	4,011,403	-	89,883
Electric	8,459,320	9,468,548	-	-
Total business-type activities	<u>12,090,815</u>	<u>13,479,951</u>	<u>-</u>	<u>89,883</u>
Total primary government	<u>\$ 17,359,960</u>	<u>\$ 14,296,745</u>	<u>\$ 1,163,429</u>	<u>\$ 131,883</u>

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Function / Programs			
Primary Government:			
General government	\$ 799,843	\$ -	\$ 799,843
Public safety	(2,614,679)	-	(2,614,679)
Transportation	(397,317)	-	(397,317)
Economic and physical development	(62,216)	-	(62,216)
Environmental protection	(539,074)	-	(539,074)
Cultural and recreational	(374,854)	-	(374,854)
Interest on long-term debt	(58,625)	-	(58,625)
Total governmental activities	(3,246,922)	-	(3,246,922)
Business-Type Activities:			
Water and sewer	-	469,791	469,791
Electric	-	1,009,228	1,009,228
Total business-type activities	-	1,479,019	1,479,019
Total primary government	(3,246,922)	1,479,019	(1,767,903)
General Revenues:			
Taxes:			
Ad valorem taxes	2,349,243	-	2,349,243
Local option sales tax	763,989	-	763,989
Other taxes and licenses	322,045	-	322,045
Investment earnings	649,173	4,760	653,933
Gain on sale of asset	6,575	2,158	8,733
Miscellaneous	208,964	155,342	364,306
Total general revenues, excluding transfers	4,299,989	162,260	4,462,249
Transfers	59,179	(59,179)	-
Total general revenues and transfers	4,359,168	103,081	4,462,249
Change in net position	1,112,246	1,582,100	2,694,346
Net Position:			
Beginning of year, July 1	10,693,676	18,614,400	29,308,076
End of year, June 30	\$ 11,805,922	\$ 20,196,500	\$ 32,002,422

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

TOWN OF DALLAS, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>Major</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	
Assets:					
Cash and cash equivalents	\$ 4,444,747	\$ -	\$ 2,053,820	\$ 880,579	\$ 7,379,146
Taxes receivable, net	31,992	-	-	-	31,992
Accounts receivable, net	44,084	-	-	17,205	61,289
Due from government agencies	388,869	-	-	6,500	395,369
Inventories	312	-	-	-	312
Note receivable	-	-	-	196,800	196,800
Restricted cash	247,706	-	-	235,690	483,396
Total assets	<u>\$ 5,157,710</u>	<u>\$ -</u>	<u>\$ 2,053,820</u>	<u>\$ 1,336,774</u>	<u>\$ 8,548,304</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 140,618	\$ -	\$ -	\$ 8,731	\$ 149,349
Advances from grantors	-	-	-	145,500	145,500
Total liabilities	<u>140,618</u>	<u>-</u>	<u>-</u>	<u>154,231</u>	<u>294,849</u>
Deferred Inflows of Resources:					
Property taxes receivable	31,992	-	-	-	31,992
Other receivables	-	-	-	6,500	6,500
Total deferred inflows of resources	<u>31,992</u>	<u>-</u>	<u>-</u>	<u>6,500</u>	<u>38,492</u>
Fund Balances:					
Non-spendable:					
Inventories	312	-	-	-	312
Restricted:					
Stabilization by state statute	432,953	-	-	17,205	450,158
Economic development	-	-	-	286,990	286,990
Streets - Powell Bill	223,177	-	-	-	223,177
Public Safety	24,529	-	-	-	24,529
Assigned:					
Stormwater	-	-	-	537,352	537,352
Capital projects	-	-	2,053,820	-	2,053,820
T.O.P. T.I.E.R. Program	-	-	-	340,996	340,996
Subsequent year's expenditures	296,479	-	-	-	296,479
Unassigned	4,007,650	-	-	(6,500)	4,001,150
Total fund balances	<u>4,985,100</u>	<u>-</u>	<u>2,053,820</u>	<u>1,176,043</u>	<u>8,214,963</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,157,710</u>	<u>\$ -</u>	<u>\$ 2,053,820</u>	<u>\$ 1,336,774</u>	<u>\$ 8,548,304</u>

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

TOWN OF DALLAS, NORTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Total Governmental Funds
Total fund balances	\$ 8,214,963
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets and right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Gross capital assets at historical cost	\$ 11,133,150
Accumulated depreciation	<u>(5,292,313)</u> 5,840,837
Right-to-use assets	484,597
Accumulated amortization	<u>(210,425)</u> 274,172
Deferred outflows of resources related to pensions and OPEB are not reported in the funds	984,378
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	38,492
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds:	
Compensated absences	(180,383)
Installment purchases, leases, and subscription payable	(1,231,867)
LEO separation allowance	(453,087)
Net pension liability	(1,411,287)
Other post-employment benefits	(100,963)
Deferred inflows of resources related to pensions and OPEB are not reported in the funds.	<u>(169,333)</u>
Net position of the governmental activities	<u>\$ 11,805,922</u>

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Major</u>			<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>Capital Reserve Fund</u>		
Revenues:					
Ad valorem taxes	\$ 2,336,846	\$ -	\$ -	\$ -	\$ 2,336,846
Other taxes and licenses	72,015	-	-	-	72,015
Unrestricted intergovernmental revenues	1,014,019	-	-	-	1,014,019
Restricted intergovernmental revenues	225,003	942,792	-	34,500	1,202,295
Permits and fees	38,033	-	-	-	38,033
Sales and services	560,070	-	-	-	560,070
Investment earnings	547,520	-	97,579	4,074	649,173
Miscellaneous	208,964	-	-	-	208,964
Storm water fees	-	-	-	215,325	215,325
Total revenues	<u>5,002,470</u>	<u>942,792</u>	<u>97,579</u>	<u>253,899</u>	<u>6,296,740</u>
Expenditures:					
Current:					
General government	814,390	-	-	-	814,390
Public safety	2,529,228	-	-	-	2,529,228
Transportation	648,313	-	-	-	648,313
Economic and physical development	-	-	-	62,216	62,216
Environmental protection	357,286	-	-	137,892	495,178
Cultural and recreational	535,987	-	-	-	535,987
Debt service:					
Principal	256,205	-	-	-	256,205
Interest	58,625	-	-	-	58,625
Total expenditures	<u>5,200,034</u>	<u>-</u>	<u>-</u>	<u>200,108</u>	<u>5,400,142</u>
Revenues over (under) expenditures	<u>(197,564)</u>	<u>942,792</u>	<u>97,579</u>	<u>53,791</u>	<u>896,598</u>
Other Financing Sources (Uses):					
Lease liabilities issued	162,668	-	-	-	162,668
Sale of capital asset	4,200	-	-	2,375	6,575
Transfers in	1,420,159	-	122,267	-	1,542,426
Transfers out	(450,000)	(942,792)	-	(90,455)	(1,483,247)
Total other financing sources (uses)	<u>1,137,027</u>	<u>(942,792)</u>	<u>122,267</u>	<u>(88,080)</u>	<u>228,422</u>
Net change in fund balance	939,463	-	219,846	(34,289)	1,125,020
Fund Balances:					
Beginning of year, July 1	<u>4,045,637</u>	<u>-</u>	<u>1,833,974</u>	<u>1,210,332</u>	<u>7,089,943</u>
End of year, June 30	<u>\$ 4,985,100</u>	<u>\$ -</u>	<u>\$ 2,053,820</u>	<u>\$ 1,176,043</u>	<u>\$ 8,214,963</u>

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

TOWN OF DALLAS, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net changes in fund balances - total governmental funds	\$ 1,125,020
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Capital outlay expenditures, which were capitalized	645,777
Depreciation expense for governmental assets	(446,871)
Amortization expense for right to use assets	(117,742)
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 and grant revenues	18,897
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. This transaction has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
New long-term debt, leases, and subscriptions issued	(162,668)
Principal payments on long-term debt, leases, and subscriptions	256,205
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.	
Change in compensated absences	(19,105)
Change in LGERS pension expense:	
Changes in deferred outflows	57,254
Changes in net pension liability	(225,861)
Changes in deferred inflows	5,126
Change in LEO separation allowance expense:	
Change in deferred outflows	(35,751)
Change in total pension liability	15,118
Change in deferred inflows	(591)
Change in OPEB expense:	
Change in deferred outflows	21,148
Change in total OPEB liability	(25,145)
Change in deferred inflows	1,435
Total changes in net position of governmental activities	<u><u>\$ 1,112,246</u></u>

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

TOWN OF DALLAS, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 1,883,020	\$ 1,883,020	\$ 2,336,846	\$ 453,826
Other taxes and licenses	69,200	69,200	72,015	2,815
Unrestricted intergovernmental	951,939	951,939	1,014,019	62,080
Restricted intergovernmental	288,267	288,267	225,003	(63,264)
Permits and fees	33,083	33,083	38,033	4,950
Sales and services	534,695	534,695	560,070	25,375
Investment earnings	268,683	268,683	547,520	278,837
Miscellaneous	158,466	175,485	208,964	33,479
Total revenues	<u>4,187,353</u>	<u>4,204,372</u>	<u>5,002,470</u>	<u>798,098</u>
Expenditures:				
Current:				
General government	946,079	986,882	814,390	172,492
Public safety	2,829,127	2,930,861	2,529,228	401,633
Transportation	663,625	680,778	648,313	32,465
Environmental protection	488,083	482,750	357,286	125,464
Cultural and recreational	522,238	581,121	535,987	45,134
Debt service:				
Principal	230,134	261,634	256,205	5,429
Interest	<u>51,188</u>	<u>59,188</u>	<u>58,625</u>	<u>563</u>
Total expenditures	<u>5,730,474</u>	<u>5,983,214</u>	<u>5,200,034</u>	<u>783,180</u>
Revenues over (under) expenditures	<u>(1,543,121)</u>	<u>(1,778,842)</u>	<u>(197,564)</u>	<u>1,581,278</u>
Other Financing Sources (Uses):				
Lease liabilities issued	-	-	162,668	162,668
Sale of capital asset	1,250	1,250	4,200	2,950
Proceeds from capital financing	132,000	171,500	-	(171,500)
Appropriated fund balance	474,213	635,934	-	(635,934)
Transfers in	1,385,658	1,420,158	1,420,159	1
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,543,121</u>	<u>1,778,842</u>	<u>1,137,027</u>	<u>(641,815)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>939,463</u>	<u>\$ 939,463</u>
Fund Balance:				
Beginning of year, July 1			<u>4,045,637</u>	
End of year, June 30			<u>\$ 4,985,100</u>	

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	<u>Major Enterprise Funds</u>		
	<u>Water and Sewer Fund</u>	<u>Electric Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,063,384	\$ 3,110,186	\$ 6,173,570
Accounts receivable (net)	562,169	1,956,900	2,519,069
Inventories	292,134	545,827	837,961
Restricted cash and cash equivalents	89,312	232,898	322,210
Total current assets	<u>4,006,999</u>	<u>5,845,811</u>	<u>9,852,810</u>
Non-current assets:			
Capital assets:			
Land, CIP, and other non-depreciable assets	1,526,915	71,808	1,598,723
Capital assets, net of depreciation	7,774,060	4,958,405	12,732,465
Right-to-use assets, net of amortization	2,749	3,050	5,799
Total non-current assets	<u>9,303,724</u>	<u>5,033,263</u>	<u>14,336,987</u>
Total assets	<u>13,310,723</u>	<u>10,879,074</u>	<u>24,189,797</u>
Deferred Outflows of Resources:			
Pension deferrals	463,318	455,036	918,354
OPEB deferrals	79,794	56,218	136,012
Total deferred outflows of resources	<u>543,112</u>	<u>511,254</u>	<u>1,054,366</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	186,610	453,796	640,406
Compensated absences - current	43,000	41,700	84,700
Customer deposits - restricted	89,312	232,898	322,210
Long-term debt payable - current	187,476	24,023	211,499
Total current liabilities	<u>506,398</u>	<u>752,417</u>	<u>1,258,815</u>

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	<u>Major Enterprise Funds</u>		
	<u>Water and Sewer Fund</u>	<u>Electric Fund</u>	<u>Total</u>
Non-current liabilities:			
Long-term debt payable	1,748,806	23,153	1,771,959
Accrued compensated absences	43,062	41,707	84,769
Net pension liability	801,151	777,422	1,578,573
Net OPEB liability	178,331	127,997	306,328
Total non-current liabilities	<u>2,771,350</u>	<u>970,279</u>	<u>3,741,629</u>
Total liabilities	<u>3,277,748</u>	<u>1,722,696</u>	<u>5,000,444</u>
Deferred Inflows of Resources:			
Pension deferrals	1,460	10,234	11,694
OPEB deferrals	20,841	14,684	35,525
Total deferred inflows of resources	<u>22,301</u>	<u>24,918</u>	<u>47,219</u>
Net Position:			
Net investment in capital assets	7,367,442	4,986,087	12,353,529
Unrestricted	3,186,344	4,656,627	7,842,971
Total net position	<u>\$ 10,553,786</u>	<u>\$ 9,642,714</u>	<u>\$ 20,196,500</u>

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Major Enterprise Funds</u>		
	<u>Water and Sewer Fund</u>	<u>Electric Fund</u>	<u>Total</u>
Operating Revenues:			
Electricity sales	\$ -	\$ 9,375,110	\$ 9,375,110
Water sales	2,102,679	-	2,102,679
Sewer charges	1,198,894	-	1,198,894
Water and sewer taps	31,314	-	31,314
Other operating revenues	678,516	93,438	771,954
Total operating revenues	<u>4,011,403</u>	<u>9,468,548</u>	<u>13,479,951</u>
Operating Expenses:			
Electrical operations	-	2,827,296	2,827,296
Electrical power purchases	-	5,202,549	5,202,549
Water and sewer operations	1,927,730	-	1,927,730
Water treatment and distribution	668,396	-	668,396
Waste collection and treatment	542,607	-	542,607
Depreciation and amortization	415,974	427,738	843,712
Total operating expenses	<u>3,554,707</u>	<u>8,457,583</u>	<u>12,012,290</u>
Operating income (loss)	<u>456,696</u>	<u>1,010,965</u>	<u>1,467,661</u>
Non-Operating Revenues (Expenses):			
Investment earnings	-	4,760	4,760
Rental income	54,767	-	54,767
Sale of surplus property	-	2,158	2,158
Grant revenue	89,883	-	89,883
Coal ash recovery revenue	-	100,575	100,575
Interest on long-term debt	(76,788)	(1,737)	(78,525)
Total non-operating revenues (expenses)	<u>67,862</u>	<u>105,756</u>	<u>173,618</u>
Income (loss) before transfers	<u>524,558</u>	<u>1,116,721</u>	<u>1,641,279</u>
Transfers from (to) other funds:			
General Fund	450,000	(442,867)	7,133
Capital Reserve Fund	-	(66,312)	(66,312)
Total other financing sources (uses)	<u>450,000</u>	<u>(509,179)</u>	<u>(59,179)</u>
Change in net position	974,558	607,542	1,582,100
Net Position:			
Beginning of year, July 1	<u>9,579,228</u>	<u>9,035,172</u>	<u>18,614,400</u>
End of year, June 30	<u>\$ 10,553,786</u>	<u>\$ 9,642,714</u>	<u>\$ 20,196,500</u>

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Major Enterprise Funds</u>		
	<u>Water and Sewer Fund</u>	<u>Electric Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 3,865,516	\$ 8,448,947	\$ 12,314,463
Customer deposits received			
Cash paid for goods and services	(1,860,308)	(5,741,298)	(7,601,606)
Cash paid to or on behalf of employees for services	(1,344,904)	(2,706,567)	(4,051,471)
Net cash provided (used) by operating activities	<u>660,304</u>	<u>1,082</u>	<u>661,386</u>
 Cash Flows from Non-Capital Financing Activities:			
Transfers (from) to other funds	<u>450,000</u>	<u>(509,179)</u>	<u>(59,179)</u>
 Cash from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(956,994)	(676,804)	(1,633,798)
Proceeds from sale of assets	-	2,158	2,158
Grant revenues	89,883	-	89,883
Payment of coal ash - net of receipts	-	100,575	100,575
Principal paid on long-term debt	(190,022)	(27,647)	(217,669)
Interest paid on long-term debt	(76,788)	(1,737)	(78,525)
Net cash provided (used) by capital and related financing activities	<u>(1,133,921)</u>	<u>(603,455)</u>	<u>(1,737,376)</u>
 Cash Flows from Investing Activities:			
Rental income	54,767	-	54,767
Investment earnings	-	4,760	4,760
Net cash provided (used) by investment activities	<u>54,767</u>	<u>4,760</u>	<u>59,527</u>
 Net increase (decrease) in cash and cash equivalents	31,150	(1,106,792)	(1,075,642)
 Cash and Cash Equivalents:			
Beginning of year, July 1	<u>3,121,546</u>	<u>4,449,876</u>	<u>7,571,422</u>
 End of year, June 30	<u>\$ 3,152,696</u>	<u>\$ 3,343,084</u>	<u>\$ 6,495,780</u>

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

TOWN OF DALLAS, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Major Enterprise Funds</u>		
	<u>Water and Sewer Fund</u>	<u>Electric Fund</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 456,696	\$ 1,010,965	\$ 1,467,661
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Amortization	11,073	6,311	17,384
Depreciation	404,901	421,427	826,328
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(154,806)	(1,038,000)	(1,192,806)
(Increase) decrease in inventory	(72,071)	(97,120)	(169,191)
(Increase) decrease in deferred outflows - pensions	(32,891)	(31,672)	(64,563)
(Increase) decrease in deferred outflows - OPEB	(37,222)	(26,225)	(63,447)
Increase (decrease) in net pension liability	129,749	124,943	254,692
Increase (decrease) in net OPEB liability	44,256	31,181	75,437
Increase (decrease) in accounts payable and accrued liabilities	(99,421)	(441,629)	(541,050)
Increase (decrease) in accrued vacation pay	6,592	27,117	33,709
Increase (decrease) in customer deposits	8,919	18,399	27,318
Increase (decrease) in deferred inflows - pensions	(2,944)	(2,835)	(5,779)
Increase (decrease) in deferred inflows - OPEB	(2,527)	(1,780)	(4,307)
Total adjustments	<u>203,608</u>	<u>(1,009,883)</u>	<u>(806,275)</u>
Net cash provided (used) by operating activities	<u>\$ 660,304</u>	<u>\$ 1,082</u>	<u>\$ 661,386</u>

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

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TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1. Summary of Significant Accounting Policies

The financial statements of the Town of Dallas conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The Town of Dallas is located in Gaston County, which is in the Piedmont area of North Carolina. The Town has a population of approximately 6,084. The Town provides electric, water and sewer services to its residents.

The Town of Dallas is a municipal corporation governed by an elected Mayor and a five-member Board of Aldermen. As required by generally accepted accounting principles, these financial statements present the Town financial position.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display the information about the government. These statements include the activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or 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 Town and for each function of the Town'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 and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational and 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 Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The Town 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 nonmajor funds.

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

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those 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, and sanitation services.

The American Rescue Plan Fund. The American Rescue Plan Fund is a grant project special revenue fund used to account for the Town's portion of the American Rescue Plan Act (ARPA) funding.

Capital Reserve Fund. This fund is used to account for funds that are committed for use for capital outlay.

The Town reports the following nonmajor governmental funds:

Stormwater Fund. This fund is used to account for fees collected, and monies spent, in connection with the Town's storm water run-off.

"T.O.P. T.I.E.R." (Targeted Options Providing Tangible Investment in Economic Revitalization) Fund. This fund is an economic development program funded and maintained by the Town to offer limited, but targeted, public economic assistance in support of private sector investment in assets needed to spur job creation, business sector growth, and overall economic vitality.

The CDBG Grant Fund. The CDBG Grant Fund is used to account for a mortgage receivable loaned through a federal grant program.

SCIF Grant Fund. This fund is used to account for grant funds received from a State Capital and Infrastructure Fund Directed Grant.

Stormwater Grant Fund. This fund is used to account for various stormwater grant projects.

The Town reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. The Water and Sewer Capital Project Fund is a separately budgeted, which is consolidated within the Water and Sewer Fund for financial reporting purposes.

Electric Fund. This fund is used to account for the Town's electric operations. The Electric Capital Project Fund is a separately budgeted, which is consolidated within the Electric Fund for financial reporting purposes.

C. Measurement Focus and Basis of Accounting

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

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, includes 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 the producing and delivering of goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town 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/amortization 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. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financial sources.

The Town considers all revenue available if they are collected within 60 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.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the state at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Gaston 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town 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 Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, CDBG Fund, Storm Water Fund, "T.O.P. T.I.E.R." Program Fund, and the enterprise funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for capital projects funds, the SCIF fund, and the American Rescue Plan Fund. The enterprise fund projects are consolidated with their respective operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Budget ordinances allow for the transfer of funds within the departmental level for all annually budgeted funds, and at the project level for the multi-year funds. Expenditures may not legally exceed appropriations at the activity level for enterprise funds, the project level for multi-year funds, and the department level for all other funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. All amendments must be approved by the governing board, and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

State law [G.S. 159-31] authorizes the Town 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 Town's investments are generally reported at fair value. North Carolina Capital Management Trust (NCCMT) Government Portfolio is a SEC-registered money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 159-

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAA-m by S&P and AAA-mf by Moody's Investor Services and is reported at fair value.

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursements and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Federal Asset Seizure Funds are also classified as restricted cash, because they can only be expended for the purposes of the expenses associated with forfeited operations or used to finance general investigative expenses. Unspent SCIF, and CDBG grant funds are also classified as restricted cash, because they can only be expended for the purposes of the expenses associated with these specific funds.

Governmental Activities:

Streets - Powell Bill	\$ 223,177
Public Safety	24,529
Unspent SCIF grant funds	145,500
Unspent CDBG grant funds	<u>90,190</u>
Total governmental activities	<u>483,396</u>

Business-Type Activities:

Water Fund:	
Customer deposits	89,312
Electric Fund:	
Customer deposits	<u>232,898</u>
Total business-type activities	<u>322,210</u>

Total restricted cash	<u>\$ 805,606</u>
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Ad Valorem Taxes Receivable

In accordance with state law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (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.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

Inventories and Prepaid Items

The inventory of the Town is valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventories of the Town's enterprise funds 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.

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. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$5,000. 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 after July 1, 1980, and are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Infrastructure	30 years
Buildings	30-40 years
Improvements	25 years
Vehicles	3-10 years
Furniture and equipment	7-10 years
Distribution systems:	
Water and Sewer	40 years
Electric	30 years

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Right-to-Use Assets

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

The Town's capital assets also include certain has right to use IT subscription assets related to subscription-based information technology arrangements (SBITAs) as a result of implementing GASB 96. The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right to use IT subscription assets are amortized on a straight-line basis over the life of the related SBITA.

Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, pension deferrals and OPEB deferrals for the 2024 fiscal year. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criteria for this category - pension deferrals and OPEB deferrals as presented on the Statement of Net Position, and property taxes and other receivables additionally reported on the Balance Sheet – Governmental Funds.

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 statements of net position. Bond premiums and discounts 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 premium or discount. Bond issuance cost, except for prepaid insurance costs are expensed over the life of the debt. In fund financial statements, the governmental fund type recognizes 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to twenty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town 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 considered to be immaterial, therefore, no current liability has been reflected in the government-wide financial statements.

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

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 represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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:

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

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

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

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by state statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

Restricted for Public Safety – portion of fund balance that is used to account for narcotic enforcement.

Restricted for Economic Development – portion of fund balance that is restricted by revenue source to be used for future CDBG projects.

Committed Fund Balance. Committed fund balance is the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Dallas’ governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that Town of Dallas intends to use for specific purposes but does not meet the criteria to be classified as committed. The Board of Aldermen has the authority to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Assigned for Stormwater – the portion of fund balance that has been budgeted by the Board for maintenance of stormwater.

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

Assigned for T.O.P. T.I.E.R. Program – the portion of fund balance that has been budgeted by the Board for economic development.

Assigned for Subsequent Year’s Expenditures – the portion of fund balance that is appropriated in the next year’s budget that is not already classified as restricted or committed. The governing body approves the appropriation.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

The Town of Dallas does not have a formal revenue spending policy that provides guidance for programs with multiple revenue sources. However, the Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local, non-Town funds, and Town 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 Town.

The Town of Dallas has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that the available fund balance is at least equal to, or greater than, 30% of budgeted expenditures. Any portion of the General Fund balance in excess of 70% of budgeted expenditures may be appropriated for one-time capital expenditures or transfer the excess to a Capital Reserve Fund.

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

Total Fund Balance - General Fund	\$ 4,985,100
Less:	
Inventories	312
Stabilization by state statute	432,953
Total available fund balance	<u>\$ 4,551,835</u>

At June 30, 2024, the Town had no outstanding encumbrances in the General Fund.

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. Town of Dallas' employer contributions are recognized when due, and Town of Dallas 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.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Estimates

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

2. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Town 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 Town's agents in the Town's name. 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 Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization. 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 Town 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 Town complies with the provisions of G.S, 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the Town's deposits had a carrying amount of \$901,409 and a bank balance of \$1,642,198. The bank balances of the Town were covered by \$250,000 of federal depository insurance. The remaining balance of deposits is collateralized under the Pooling Method as enumerated above. At June 30, 2024, the Town's petty cash fund totaled \$1,156.

Investments

At June 30, 2024, the Town had \$13,455,757 invested with the North Carolina Capital Management Trust's (NCCMT) Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's and AAA-mf by Moody's Investor Service. The Town has no policy regarding credit risk.

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2024 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 12,894
Accounts receivable	1,337
Storm Water Fund - accounts receivable	174
	14,405
 Enterprise Funds:	
Electric Fund - accounts receivable	66,483
Water and Sewer Fund - accounts receivable	18,735
	85,218
Total	\$ 99,623

Due from Other Governments

Due from other governments that is owed to the Town consists of the following:

Governmental Activities:	
Local option sales tax	\$ 144,036
Sales tax refund receivable	150,630
Other	100,703
	\$ 395,369
 Business-Type Activities:	
Grants	\$ 87,235

Note Receivable

Pursuant to an agreement dated August 26, 2002 between the Town of Dallas and the North Carolina Department of Commerce, Division of Community Assistance, the Town received a Community Development Block Grant in the amount of \$250,000. The purpose of this grant was the renovation/refurbishing of the Dallas High School building into apartments, including street, water and sewer improvements, as well as historic preservation. The project was completed by a private business, which now owns the building. Under the agreement, that business is to repay a mortgage held by the Town in the original amount of \$230,000, with interest accruing at 2% annually. The modified loan repayment agreement requires annual payments of \$3,720, and the remaining unpaid principal and interest is due in full on December 10, 2024.

Year	Principal	Interest
2025	\$ 196,800	\$ 164

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2024 is as follows:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2024</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 381,182	\$ 33,000	\$ -	\$ 36,040	\$ 450,222
Construction in progress	<u>134,706</u>	<u>-</u>	<u>-</u>	<u>(36,040)</u>	<u>98,666</u>
Total non-depreciable assets	<u>515,888</u>	<u>33,000</u>	<u>-</u>	<u>-</u>	<u>548,888</u>
Depreciable Capital Assets:					
Buildings	4,576,900	147,460	-	-	4,724,360
Distribution	115,707	-	-	-	115,707
Other improvements	1,442,723	-	-	-	1,442,723
Vehicles and equipment	3,050,603	297,346	-	-	3,347,949
Infrastructure	<u>953,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>953,523</u>
Total depreciable assets	<u>10,139,456</u>	<u>444,806</u>	<u>-</u>	<u>-</u>	<u>10,584,262</u>
Right to Use Leased Assets:					
Leased vehicles	336,121	149,799	(25,831)	-	460,089
Leased equipment	-	18,172	-	-	18,172
Subscriptions	<u>6,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,336</u>
Total right to use leased assets	<u>342,457</u>	<u>167,971</u>	<u>(25,831)</u>	<u>-</u>	<u>484,597</u>
Less Accumulated Depreciation:					
Buildings	1,739,583	122,395	-	-	1,861,978
Distribution	19,728	3,981	-	-	23,709
Other Improvements	455,640	58,151	-	-	513,791
Vehicles and equipment	2,373,235	225,085	-	-	2,598,320
Infrastructure	<u>257,256</u>	<u>37,259</u>	<u>-</u>	<u>-</u>	<u>294,515</u>
Total accumulated depreciation	<u>4,845,442</u>	<u>446,871</u>	<u>-</u>	<u>-</u>	<u>5,292,313</u>
Less Accumulated Amortization:					
Leased vehicles	115,963	110,257	(25,831)	-	200,389
Leased equipment	-	4,934	-	-	4,934
Subscriptions	<u>2,551</u>	<u>2,551</u>	<u>-</u>	<u>-</u>	<u>5,102</u>
Total accumulated amortization	<u>118,514</u>	<u>117,742</u>	<u>(25,831)</u>	<u>-</u>	<u>210,425</u>
Governmental activities capital assets, net	<u>\$ 6,033,845</u>				<u>\$ 6,115,009</u>

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

Governmental Activities:	
General government	\$ 122,455
Public safety	288,298
Environmental protection	36,005
Culture and recreation	72,291
Streets	<u>45,564</u>
Total	<u>\$ 564,613</u>

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital asset activity for the business-type activities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Business-Type Activities:				
Water and Sewer Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 117,261	\$ -	\$ -	\$ 117,261
Construction in progress	448,999	919,007	-	1,368,006
Right of way	41,648	-	-	41,648
Total non-depreciable capital assets	607,908	919,007	-	1,526,915
Depreciable Capital Assets:				
Buildings	300,869	-	-	300,869
Distribution systems	11,596,550	-	-	11,596,550
Equipment	1,163,262	37,987	-	1,201,249
Sewer plant	2,098,048	-	-	2,098,048
Water plant	2,140,330	-	-	2,140,330
Total depreciable capital assets	17,299,059	37,987	-	17,337,046
Right to Use Leased Assets:				
Leased vehicles	20,066	-	-	20,066
Subscriptions	11,337	-	-	11,337
Total right to use leased assets	31,403	-	-	31,403
Less Accumulated Depreciation:				
Buildings	155,675	7,418	-	163,093
Distribution systems	5,002,035	257,232	-	5,259,267
Equipment	968,823	40,427	-	1,009,250
Sewer plant	1,276,678	44,486	-	1,321,164
Water plant	1,754,874	55,338	-	1,810,212
Total accumulated depreciation	9,158,085	404,901	-	9,562,986
Less Accumulated Amortization:				
Leased vehicles	13,016	6,508	-	19,524
Subscriptions	4,565	4,565	-	9,130
Total accumulated amortization	17,581	11,073	-	28,654
Total depreciable capital assets, net	8,154,796			7,776,809
Water and Sewer Fund capital assets, net	\$ 8,762,704			\$ 9,303,724

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Electric Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 71,808	\$ -	\$ -	\$ 71,808
Construction in progress	-	-	-	-
Total non-depreciable capital assets	71,808	-	-	71,808
Depreciable Capital Assets:				
Buildings	701,898	-	-	701,898
Distribution system	7,700,639	571,463	-	8,272,102
Equipment	3,099,755	105,341	-	3,205,096
Total depreciable capital assets	11,502,292	676,804	-	12,179,096
Right to Use Assets:				
Subscriptions	15,672	-	-	15,672
Less Accumulated Depreciation:				
Buildings	274,048	23,030	-	297,078
Distribution system	4,215,364	199,007	-	4,414,371
Equipment	2,309,852	199,390	-	2,509,242
Total accumulated depreciation	6,799,264	421,427	-	7,220,691
Less Accumulated Amortization:				
Subscriptions	6,311	6,311	-	12,622
Total depreciable capital assets, net	4,712,389			4,961,455
Electric Fund capital assets, net	4,784,197			5,033,263
Business-type capital assets, net	\$ 13,546,901			\$ 14,336,987

Construction Commitments

The Town had active construction projects as of June 30, 2024. At year-end, the outstanding commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Dallas Stanley Pump Station Upgrade	\$ 1,061,024	\$ 184,212

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2024 were as follows:

	Vendors	Salaries & Benefits	Total
Governmental Activities:			
General	\$ 77,331	\$ 72,018	\$ 149,349
Business-Type Activities:			
Electric Fund	\$ 417,006	\$ 36,790	\$ 453,796
Water & Sewer Fund	148,196	38,414	186,610
Total - business-type activities	\$ 565,202	\$ 75,204	\$ 640,406

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Dallas is a participating employer in the state-wide 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, and 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 Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the 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

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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. The Town of Dallas employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Dallas' contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.85% 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 Town of Dallas were \$489,376 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Town reported a liability of \$2,989,860 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the Town's proportion was 0.04514%, which was an increase of 0.00066% from its proportion measured as of June 30, 2022.

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

For the year ended June 30, 2024, the Town recognized pension expense of \$837,206. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 333,159	\$ 7,172
Changes of assumptions	127,052	-
Net difference between projected and actual earnings on pension plan investments	800,217	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	31,852
Town contributions subsequent to the measurement date	489,376	-
Total	\$ 1,749,804	\$ 39,024

\$489,376 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2025	\$ 437,861
2026	219,050
2027	530,656
2028	33,837
2029	-
Thereafter	-
Total	\$ 1,221,404

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	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 and methods used in the December 31, 2022 actuarial valuation, were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future and ad hoc cost of living adjustment 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	<u>6.0%</u>	2.7%
Total	<u>100.00%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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 Town’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town’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%)
Town's proportionate share of the net pension liability (asset)	\$ 5,179,815	\$ 2,989,860	\$ 1,186,884

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.

Law Enforcement Officers Special Allowance

Plan Description. The Town administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

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

Retirees receiving benefits	2
Active plan members	15
Total	17

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Summary of Significant Accounting Policies

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

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

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and real wage growth
Discount rate	4.00 percent

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

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

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

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

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

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

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Contributions. The Town 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 Town’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 Town paid \$24,883 as benefits came due for the reporting period.

At June 30, 2024, the Town reported a total pension liability of \$453,087. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$40,616.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,954	\$ 52,868
Changes of assumptions	45,054	77,293
Town benefit payments and plan administrative expense made subsequent to the measurement date	9,583	-
Total	<u>\$ 107,591</u>	<u>\$ 130,161</u>

\$9,583 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ 9,580
2026	7,977
2027	(13,314)
2028	(23,803)
2029	(8,507)
Thereafter	(4,086)
Total	<u>\$ (32,153)</u>

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Sensitivity of the Town’s Total Pension Liability to Changes in the Discount Rate. The following presents the Town’s total pension liability calculated using the discount rate of 4.00%, as well as what the Town’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	<u>\$ 499,646</u>	<u>\$ 453,087</u>	<u>\$ 411,567</u>

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

	2024
Beginning balance	\$ 468,205
Service cost	26,434
Interest on the total pension liability	19,643
Differences between expected and actual experience	(48,654)
Changes of assumptions or other inputs	12,342
Benefit payments	<u>(24,883)</u>
Ending balance of the total pension liability	<u>\$ 453,087</u>

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:

	LGERS	LEOSSA	Total
Pension expense	\$ 837,206	\$ 40,616	\$ 877,822
Pension liability	2,989,860	453,087	3,442,947
Proportion of the net pension liability	0.04514%	NA	-

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 333,159	\$ 52,954	\$ 386,113
Changes of assumptions	127,052	45,054	172,106
Net difference between projected and actual earnings on pension plan investments	800,217	-	800,217
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	489,376	9,583	498,959
Total	\$ 1,749,804	\$ 107,591	\$ 1,857,395
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 7,172	\$ 52,868	\$ 60,040
Changes of assumptions	-	77,293	77,293
Changes in proportion and differences between Town contributions and proportionate share of contributions	31,852	-	31,852
Total	\$ 39,024	\$ 130,161	\$ 169,185

Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees

Plan Description. The Town 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 and other employed by the Town. Article 5 of GS 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 Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of GS Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer’s salary and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$34,014 for the reporting year. No amounts were forfeited.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town contributes each month an amount equal to five percent of other employees' salaries, and all amounts contributed are vested immediately. Also, the other employees may make voluntary contributions to the plan. The Town made contributions of \$48,061 for the reporting year. No amounts were forfeited.

Supplemental Retirement Income Plan for Employees Other than Law Enforcement Officers

Plan Description. All full-time employees of the Town can elect to participate in the Supplemental Retirement Income Plan, a defined contribution plan.

Funding Policy. The Town voluntarily contributes, each month, an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan.

The Town made contributions of \$127,172 for the reporting year. No amounts were forfeited.

Other Post-Employment Benefit Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan). Under the terms of the Town of Dallas, North Carolina's Healthcare Policy, the Board of Aldermen has the authority to establish and amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Upon retirement from the Town of Dallas, fulltime employees that have at least twenty-five (25) years of continuous service with the Town of Dallas and thirty (30) years of creditable* service with the North Carolina Local Government Employees' Retirement System (LGERS) and have not reached the current Medicare Eligible age shall continue to be covered under the Town's Group Health Insurance Plan until such time as the employee reaches the current Medicare Eligible age. If the Town provides a choice of medical plans to employees, the retiree will receive coverage only under the Base Medical Plan** provided to fulltime employees. Medical coverage will extend to the retired employee only. Dependents (spouse, children, etc.) will not be eligible to receive nor purchase coverage under the Town Group Plan.

At such time as the retired employee reaches Medicare Eligible age, group coverage under the Town of Dallas plan will cease and the retired employee will be responsible for obtaining Medicare, and any Supplemental Insurance as they deem necessary, at their own cost. Further, any retiree eligible for coverage continuation shall lose that eligibility and coverage if, and when, the retiree becomes employed following retirement from the Town, and as a result becomes eligible for coverage under the new employers' plan,

*Creditable Service with LGERS is defined as having accumulated a combination of years of service and sick hours to yield 30 years of service with the North Carolina Local Government Employees' Retirement System.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

**Base Medical Plan is the plan provided to full-time Town of Dallas employees at no cost to the employee.

Membership of the HCB Plan consisted of the following on June 30, 2023, the date of the last actuarial valuation:

	<u>Employees</u>
Retirees receiving benefits	4
Active plan members	<u>60</u>
Total	<u><u>64</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$407,291 was measured as of June 30, 2023 and was determined by an actuarial valuation as June 30, 2023. Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General employees	3.25 - 8.41 percent
Law Enforcement Officers	3.25 - 7.90 percent
Municipal Bond Index Rate	
Prior measurement date	3.54 percent
Measurement date	3.65 percent
Healthcare cost trend rates	
Pre-Medicare medical and prescription drug	7.00 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2033

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	\$ 306,709
Changes for the year	
Service cost	20,297
Interest	11,163
Differences between expected and actual experience	83,267
Changes in assumptions or other inputs	9,382
Benefit payments	(23,527)
Net changes	100,582
Balance at June 30, 2024	\$ 407,291

Changes in assumptions and other inputs reflect a change in the discount rate of from 3.54% to 3.65% and changes in the medical trend.

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town'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:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 451,521	\$ 407,291	\$ 368,329

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the Town, as well as what the Town’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:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 362,754	\$ 407,291	\$ 459,995

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$49,566. At June 30, 2024, the Town 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	\$ 116,058	\$ -
Changes of assumptions	36,827	47,367
Town benefit payments and plan administrative expense made subsequent to the measurement date	28,464	-
Total	\$ 181,349	\$ 47,367

\$28,464 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ 13,233
2026	13,233
2027	13,233
2028	13,233
2029	13,233
Thereafter	39,353
Total	\$ 105,518

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (the 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 Town, the Town does not determine the number of eligible participants. The Town 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 Town considers these contributions to be immaterial.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Deferred outflows - LGERS	\$ 1,749,804
Deferred outflows - LEOSSA	107,591
Deferred outflows - OPEB	181,349
Total	<u>\$ 2,038,744</u>

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

	<u>Statement of Net Position</u>	<u>Governmental Balance Sheet</u>
Taxes receivable, net (General Fund)	\$ -	\$ 31,992
Other receivables	-	6,500
Deferred inflows - LGERS	39,024	-
Deferred inflows - LEOSSA	130,161	-
Deferred inflows - OPEB	47,367	-
Total	<u>\$ 216,552</u>	<u>\$ 38,492</u>

Commitments

In 2008, the Town entered into a (20) twenty-year agreement with Duke Energy for the purchase of wholesale electric power, which the Town then distributes to individual residential, commercial, and industrial retail accounts. Rates charged to the Town under the terms of the

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

agreement are tentatively set each year in advance, based on market forces, expected demand, and on Duke's overall expenses incurred in generating such power. The Town can positively impact the overall cost by the contractually detailed generating of power at "peak" times during the year. At the conclusion of each contract year, the purchase power costs are "trued-up" to reflect actual costs, as well as the Town's efficiency in "peak-shaving generation." In recent years, Dallas has received substantive, year-end, "true-up" payments to balance against the expenses otherwise incurred. While historically, the rates charged by Duke have trended upward year-over-year in a manner slightly exceeding the rate of inflation, this year's likely increase has moderated due to the continued low costs of natural gas; and such trend could continue for several more years.

In August 2019, the Town received cost estimates for Duke Coal Ash Recovery. The Town of Dallas is a wholesale customer of Duke Energy. Due to a major Duke Energy coal ash spill, the Town is required to make annual coal ash payments to Duke Energy for coal ash recovery costs. The estimated cost to the Town of Dallas is \$1,491,353. To recover the costs, amounts will be added to the monthly regular Duke Energy bill. The amount recovered was \$100,575 for the year ended June 30, 2024, The coal ash recovery charge was \$100,000 for the year ended June 30, 2024.

Risk Management

The Town is exposed to various liabilities and risks of loss related to torts; theft of, damage to, and/or destruction of assets; as well as for errors and omissions; injuries to employees or citizens; and resulting from natural disasters. To protect against such threat of loss, the Town participates in a self-funded, risk-financing pool administered by the North Carolina League of Municipalities (NCLM), as well as purchasing umbrella coverage for general liability and auto and property insurance from a regional, private brokerage firm. The NCLM Pool provides the Town with workers' compensation coverage up to statutory limits, and then the pool is reinsured through commercial carriers for single occurrence claims in excess of \$300,000 to the maximum allowed by state law. The Town has experienced no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry flood insurance, because there are no known Town-owned or controlled assets existing within an identified flood plain as determined by state or federal designation. In accordance with G.S. 159-29, the Town's employees who are authorized to have custody of \$100 or more in Town funds, or access to Town inventories, as well as the Town's designated Finance Officer, are each required to be performance-bonded through a commercial surety bond. The Finance Officer is individually bonded for \$1,000,000, while employees with custody of funds, or access to inventories, are covered under a blanket policy against crime, fraud, or theft.

Long-Term Obligations

Lease Liabilities

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

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

On July 1, 2021, the Town entered into a 37-month lease for the use of a vehicle. An initial lease liability of \$20,066 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 0.411%. At June 30, 2024, the value of the lease liability was \$545. The Town is required to make monthly fixed payments of \$611. The related right-to-use asset has a carrying value of \$542. The lease has a guaranteed residual value payment of \$8,735.

On July 1, 2021, the Town entered into a 43-month lease for the use of a vehicle. An initial lease liability of \$36,128 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 0.560%. At June 30, 2024, the value of the lease liability was \$5,929. The Town is required to make monthly fixed payments of \$878. The related right-to-use asset has a carrying value of \$5,881. The lease has a guaranteed residual value payment of \$4,422.

On July 1, 2021, the Town entered into a 43-month lease for the use of a vehicle. An initial lease liability of \$35,972 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 0.560%. At June 30, 2024, the value of the lease liability was \$5,902. The Town is required to make monthly fixed payments of \$875. The related right-to-use asset has a carrying value of \$5,856. The lease has a guaranteed residual value payment of \$4,445.

On July 1, 2021, the Town entered into a 43-month lease for the use of a vehicle. An initial lease liability of \$36,091 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 0.560%. At June 30, 2024, the value of the lease liability was \$5,922. The Town is required to make monthly fixed payments of \$878. The related right-to-use asset has a carrying value of \$5,875. The lease has a guaranteed residual value payment of \$4,417.

On July 1, 2021, the Town entered into a 42-month lease for the use of a vehicle. An initial lease liability of \$26,009 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 0.560%. At June 30, 2024, the value of the lease liability was \$3,745. The Town is required to make monthly fixed payments of \$675. The related right-to-use asset has a carrying value of \$3,715. The lease has a guaranteed residual value payment of \$3,634.

On July 1, 2021, the Town entered into a 49-month lease for the use of a vehicle. An initial lease liability of \$24,279 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 0.560%. At June 30, 2024, the value of the lease liability was \$6,493. The Town is required to make monthly fixed payments of \$567. The related right-to-use asset has a carrying value of \$6,441. The lease has a guaranteed residual value payment of \$8,100.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

On December 1, 2022, the Town entered into a 60-month lease for the use of a vehicle. An initial lease liability of \$52,045 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 3.445%. At June 30, 2024, the value of the lease liability was \$36,785. The Town is required to make monthly fixed payments of \$993. The related right-to-use asset has a carrying value of \$36,875. The lease has a guaranteed residual value payment of \$4,416.

On March 31, 2023, the Town entered into a 60-month lease for the use of a vehicle. An initial lease liability of \$47,400 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 2.822%. At June 30, 2024, the value of the lease liability was \$36,116. The Town is required to make monthly fixed payments of \$916. The related right-to-use asset has a carrying value of \$36,825. The lease has a guaranteed residual value payment of \$4,595.

On March 31, 2023, the Town entered into a 60-month lease for the use of a vehicle. An initial lease liability of \$47,400 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 2.822%. At June 30, 2024, the value of the lease liability was \$36,116. The Town is required to make monthly fixed payments of \$916. The related right-to-use asset has a carrying value of \$36,825. The lease has a guaranteed residual value payment of \$4,595.

On September 1, 2023, the Town entered into a 36-month lease for the use of equipment. An initial lease liability of \$7,315 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 0.308%. At June 30, 2024, the value of the lease liability was \$5,343. The Town is required to make monthly fixed payments of \$199. The related right-to use asset has a carrying value of \$5,329.

On September 1, 2023, the Town entered into a 36-month lease for the use of equipment. An initial lease liability of \$10,857 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 0.308%. At June 30, 2024, the value of the lease liability was \$7,931. The Town is required to make monthly fixed payments of \$295. The related right-to use asset has a carrying value of \$7,909.

On July 17, 2023, the Town entered into a 60-month lease for the use of a vehicle. An initial lease liability of \$72,150 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 2.822%. At June 30, 2024, the value of the lease liability was \$60,603. The Town is required to make monthly fixed payments of \$1,392. The related right-to use asset has a carrying value of \$59,722. The lease has a guaranteed residual value payment of \$7,062.

On July 17, 2023, the Town entered into a 60-month lease for the use of a vehicle. An initial lease liability of \$72,346 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate 2.822%. At June 30, 2024, the value of the lease liability was \$60,765. The Town is required to make monthly fixed payments of \$1,392. The related right-to use asset has a carrying value of \$61,685.

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024 are as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 89,903	\$ 6,069	\$ 95,972	\$ 546	\$ 1	\$ 547
2026	64,511	4,313	68,824	-	-	-
2027	61,311	2,572	63,883	-	-	-
2028	50,893	843	51,736	-	-	-
2029	5,032	18	5,050	-	-	-
Total	\$ 271,650	\$ 13,815	\$ 285,465	\$ 546	\$ 1	\$ 547

Subscriptions

The Town has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On July 1, 2022, the Town entered into a 29-month subscription for the use of software. An initial subscription liability of \$26,415 was recorded at the present value of future minimum subscription payments using the Town’s incremental borrowing rate 2.1937%. At June 30, 2024, the value of the subscription liability was \$2,998. The Town is required to make quarterly fixed payments of \$3,015. The related right-to-use asset has a carrying value of \$6,491.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2024 were as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 570	\$ 3	\$ 573	\$ 2,428	\$ 13	\$ 2,441

TOWN OF DALLAS, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Installment purchases consist of the following at June 30, 2024:

Serviced by the General Fund:

\$1,500,000 loan for a fire station, with principal and interest payments of \$51,141, due semi-annually in April and October, at the annual interest rate of 4.33%, through 2033, secured by the fire station building.	\$ 768,376
\$349,944 loan for a fire truck, with principal and interest payments of \$31,325, due annually in July, at an annual rate of 3.914%, through 2028, secured by fire truck.	139,661
\$146,597 loan for a sanitation truck, with principal and interest payments \$26,517, due annually in October, at an annual interest of 2.39% through 2025, secured by a sanitation truck.	<u>51,610</u>
Total serviced by the General Fund	<u>959,647</u>

Serviced by the Water and Sewer Fund:

\$3,600,000 loan for water and sewer capital projects, with principal and interest payments of \$225,367, due annually in June, at an annual rate of 3.59% through 2033, secured by water lines and other personal property financed with the proceeds.	<u>1,934,717</u>
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Serviced by the Electric Fund:

\$132,265 loan for a sanitation truck, with principal and interest payments of \$23,924, due annually in October, at an annual rate of 2.39% through 2025, secured by a sanitation truck.	<u>45,767</u>
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Total installment purchases	<u><u>\$ 2,940,131</u></u>
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The future minimum payments of governmental activities installment purchases as of June 30, 2024 are as follows:

Year Ending	Principal	Interest	Total
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 121,632	\$ 42,474	\$ 164,106
2026	126,877	37,228	164,105
2027	105,631	31,740	137,371
2028	110,674	26,698	137,372
2029	116,090	21,286	137,376
2030-2033	<u>378,743</u>	<u>383,389</u>	<u>762,132</u>
Total	<u><u>\$ 959,647</u></u>	<u><u>\$ 542,815</u></u>	<u><u>\$ 1,502,462</u></u>

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The future minimum payments of business-type activities installment purchase as of June 30, 2024 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 208,525	\$ 70,550	\$ 279,075
2026	215,739	63,336	255,367
2027	199,499	55,868	255,367
2028	206,661	48,706	255,367
2029	214,080	41,287	255,367
2030-2033	935,980	85,485	1,021,465
Total	<u>\$ 1,980,484</u>	<u>\$ 365,232</u>	<u>\$ 2,322,008</u>

At June 30, 2024, the Town's legal debt margin is \$41,793,448.

A summary of changes in long-term obligations follows:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Compensated absences	\$ 161,278	\$ 72,663	\$ 53,558	\$ 180,383	\$ 90,200
Net pension liability - LEOSSA	468,205	-	15,118	453,087	-
Net pension liability - LGERS	1,185,426	225,861	-	1,411,287	-
Net OPEB liability	75,818	25,145	-	100,963	-
Direct placement installment purchases	1,105,992	-	146,345	959,647	121,632
Lease liabilities	216,594	162,668	107,612	271,650	89,903
Subscription liabilities	2,818	-	2,248	570	570
Total governmental activities	<u>\$ 3,216,131</u>	<u>\$ 486,337</u>	<u>\$ 324,881</u>	<u>\$ 3,377,587</u>	<u>\$ 302,305</u>
Business-Type Activities:					
Water and Sewer Fund:					
Compensated absences	\$ 79,470	\$ 65,929	\$ 59,337	\$ 86,062	\$ 43,000
Net pension liability - LGERS	671,402	129,749	-	801,151	-
Net OPEB liability	134,075	44,256	-	178,331	-
Direct placement installment purchases	2,114,185	-	179,468	1,934,717	185,911
Lease liabilities	7,077	-	6,531	546	546
Subscription liabilities	5,042	-	4,023	1,019	1,019
Water and Sewer Fund long-term liabilities	<u>3,011,251</u>	<u>239,934</u>	<u>249,359</u>	<u>3,001,826</u>	<u>230,476</u>
Electric Fund:					
Compensated absences	56,290	89,208	62,091	83,407	41,700
Net pension liability - LGERS	652,479	124,943	-	777,422	-
Net OPEB liability	96,816	31,181	-	127,997	-
Direct placement installment purchases	67,853	-	22,086	45,767	22,614
Subscription liabilities	6,970	-	5,561	1,409	1,409
Electric Fund long-term liabilities	<u>880,408</u>	<u>245,332</u>	<u>89,738</u>	<u>1,036,002</u>	<u>65,723</u>
Business-type activity long-term liabilities	<u>\$ 3,891,659</u>	<u>\$ 485,266</u>	<u>\$ 339,097</u>	<u>\$ 4,037,828</u>	<u>\$ 296,199</u>

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Compensated absences, pensions and other post-employment benefits liabilities have typically been liquidated in the General Fund. Compensated absences are accounted for on a last-in, first-out (LIFO) basis, assuming that employees are taking leave time as it is earned.

C. Interfund Balances and Activity

Transfers to / from funds for the year ended June 30, 2024 consist of the following:

Governmental Activities:

<u>From:</u>	<u>To:</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	Supplement operations	\$ 450,000
ARPA Fund	General Fund	ARPA grant expenditures	942,792
SCIF Fund	General Fund	SCIF grant expenditures	34,500
Storm Water Fund	Capital Reserve Fund	Fund future capital project	55,955
			<u>\$ 1,483,247</u>

Business-Type Activities:

<u>From:</u>	<u>To:</u>	<u>Purpose</u>	<u>Amount</u>
Electric Fund	General Fund	Payment in lieu of taxes	\$ 442,867
Electric Fund	Capital Reserve Fund	Excess funds for future capital	66,312
			<u>\$ 509,179</u>

Transfers are used to: (1) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, (2) move funds from the fund with collection authorization to other funds to stabilize rates.

D. Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net	\$ 6,115,009	\$ 14,336,987
Less:		
Long-term debt	(1,231,867)	(1,983,458)
Net investment in capital assets	<u>\$ 4,883,142</u>	<u>\$ 12,353,529</u>

3. Jointly Governed Organization

The Town, in conjunction with nine counties and seventy-four other municipalities, established the Centralina Council of Governments (the Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$1,449 to the Council during the fiscal year ended June 30, 2024.

TOWN OF DALLAS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

4. Related Party Transactions

North Gaston Service Company

North Gaston Service Company is a company that provides heating and air conditioning services and installation to its customers. A member of the Town's Board of Aldermen has ownership over a third of the North Gaston Service Company and has been made aware of the Town's conflict of interest policies. The related party-board member recuse themselves from voting on actions that involve the North Gaston Service Company.

The payments made to North Gaston Service Company during FY24 were \$2,722.

The Country Kitchen

The Country Kitchen is a restaurant in Dallas, NC that offers food and services to its customers. A member of the Town's Board of Aldermen has ownership over The Country Kitchen and have been made aware of the Town's conflict of interest policies. The related party-board member recuse themselves from voting on actions that involve The Country Kitchen.

The payments made to The Country Kitchen during FY24 were \$1,418.

5. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

6. Reimbursement for Pandemic-Related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The Town was allocated \$1,528,792 of fiscal recovery funds to be paid in two equal installments. The first installment of \$764,396 was received in July 2021, and the second equal installment was received in July 2022. The Town and the Board of Aldermen elected to use \$586,000 of the ARPA funds for water and sewer fund salaries and benefits during fiscal year 2023 and the remaining \$942,792 ARPA funds for public safety salaries and benefits during fiscal year 2024.

Required Supplemental Financial Data

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

<i>Law Enforcement Officers’ Special Separation Allowance –</i>	Schedule of Changes in Total Pension Liability and Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll
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<i>Local Governmental Employees’ Retirement System –</i>	Schedule of Proportionate Share of Net Pension Liability (Asset) and Schedule of Town Contributions
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<i>Other Post-Employment Benefits –</i>	Schedule of Changes in the Total OPEB Liability and Related Ratios
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TOWN OF DALLAS, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST EIGHT FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	2024	2023	2022	2021
Beginning balance	\$ 468,205	\$ 573,604	\$ 496,720	\$ 367,852
Service cost on total pension liability	26,434	34,511	38,353	23,892
Interest	19,643	12,471	9,129	11,377
Differences between expected and actual experience in the measurement of the total pension liability	(48,654)	(12,033)	94,638	23,503
Changes of assumptions or other inputs	12,342	(101,695)	(17,769)	107,831
Benefit payments	(24,883)	(38,653)	(47,467)	(37,735)
Ending balance of the total pension liability	<u>\$ 453,087</u>	<u>\$ 468,205</u>	<u>\$ 573,604</u>	<u>\$ 496,720</u>

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

Pension schedules are intended to show information for ten years. The additional years' information will be displayed as it becomes available.

TOWN OF DALLAS, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST EIGHT FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 390,041	\$ 466,520	\$ 418,375	\$ 412,459
Service cost interest on total pension liability	14,630	19,987	16,223	19,207
Interest	13,769	14,370	15,695	14,397
Differences between expected and actual experience in the measurement of the total pension liability	(36,068)	(72,872)	15,851	-
Changes of assumptions or other inputs	9,019	(14,425)	23,915	(9,350)
Benefit payments	<u>(23,539)</u>	<u>(23,539)</u>	<u>(23,539)</u>	<u>(18,338)</u>
Ending balance of the total pension liability	<u>\$ 367,852</u>	<u>\$ 390,041</u>	<u>\$ 466,520</u>	<u>\$ 418,375</u>

TOWN OF DALLAS, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE
OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST EIGHT FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	2024	2023	2022	2021
Total pension liability	\$ 453,087	\$ 468,205	\$ 573,604	\$ 496,720
Covered-employee payroll	904,476	786,575	790,368	737,438
Total pension liability as a percentage of covered-employee payroll	50.09%	59.52%	72.57%	67.36%

Notes to the Schedules:

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

Pension schedules are intended to show information for ten years. The additional years' information will be displayed as it becomes available.

TOWN OF DALLAS, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE
OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST EIGHT FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	2020	2019	2018	2017
Total pension liability	\$ 367,852	\$ 390,041	\$ 466,520	\$ 418,375
Covered-employee payroll	581,161	674,988	623,345	666,556
Total pension liability as a percentage of covered-employee payroll	63.30%	57.78%	74.84%	62.77%

TOWN OF DALLAS, NORTH CAROLINA

**TOWN OF DALLAS' PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2024	2023	2022	2021	2020
Dallas' proportion of the net pension liability (asset) (%)	0.04514%	0.04448%	0.04462%	0.04468%	0.04379%
Dallas' proportion of the net pension liability (asset) (\$)	\$ 2,989,860	\$ 2,509,307	\$ 684,291	\$ 1,596,607	\$ 1,195,871
Dallas' covered payroll	\$ 3,558,068	\$ 3,233,436	\$ 2,891,209	\$ 2,937,722	\$ 2,787,616
Dallas' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.03%	77.60%	23.67%	54.35%	42.90%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

* 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.

TOWN OF DALLAS, NORTH CAROLINA

**TOWN OF DALLAS' PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2019	2018	2017	2016	2015
Dallas' proportion of the net pension liability (asset) (%)	0.04507%	0.04380%	0.04282%	0.04216%	0.03938%
Dallas' proportion of the net pension liability (asset) (\$)	\$ 1,069,215	\$ 669,143	\$ 908,784	\$ 189,212	\$ (232,242)
Dallas' covered payroll	\$ 2,726,848	\$ 2,571,122	\$ 2,435,404	\$ 1,716,527	\$ 1,724,960
Dallas' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.21%	26.03%	37.32%	11.02%	(13.46%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	91.47%	98.09%	99.07%	102.64%

TOWN OF DALLAS, NORTH CAROLINA

TOWN OF DALLAS' CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATON
LAST TEN FISCAL YEARS

Local Governmental Employees' Retirement System					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 489,376	\$ 439,276	\$ 372,923	\$ 298,412	\$ 269,655
Contributions in relation to the contractually required contribution	<u>489,376</u>	<u>439,276</u>	<u>372,923</u>	<u>298,412</u>	<u>269,655</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Dallas' covered payroll	\$ 3,779,270	\$ 3,558,068	\$ 3,233,436	\$ 2,891,209	\$ 2,937,722
Contributions as a percentage of covered payroll	12.95%	12.35%	11.53%	10.32%	9.18%

TOWN OF DALLAS, NORTH CAROLINA

**TOWN OF DALLAS' CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATON
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 217,988	\$ 205,057	\$ 187,034	\$ 159,467	\$ 163,404
Contributions in relation to the contractually required contribution	<u>217,988</u>	<u>205,057</u>	<u>187,034</u>	<u>159,467</u>	<u>163,404</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Dallas' covered payroll	\$ 2,787,616	\$ 2,726,848	\$ 2,571,122	\$ 2,435,404	\$ 1,716,527
Contributions as a percentage of covered payroll	7.82%	7.52%	7.27%	6.55%	9.52%

TOWN OF DALLAS, NORTH CAROLINA

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

Other Post-Employment Benefits			
	2024	2023	2022
Service cost	\$ 20,297	\$ 26,071	\$ 24,651
Interest	11,163	6,656	5,246
Differences between expected and actual experience	83,267	51,793	-
Changes of assumptions or other inputs	9,382	(58,851)	40,519
Benefit payments	<u>(23,527)</u>	<u>(2,093)</u>	<u>-</u>
Net change in total OPEB liability	100,582	23,576	70,416
Total OPEB liability - beginning	<u>306,709</u>	<u>283,133</u>	<u>212,717</u>
Total OPEB liability - ending	<u>\$ 407,291</u>	<u>\$ 306,709</u>	<u>\$ 283,133</u>
Covered-employee payroll	\$ 3,323,456	\$ 2,712,191	\$ 2,712,191
Total OPEB liability as a percentage of covered employee payroll	12.26%	11.31%	10.44%

Notes to the Required Schedules:

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

Fiscal Year	Rate
2024	3.65%
2023	3.54%
2022	2.16%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available. There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

Governmental Activities Major Funds

The **General Fund** is the main operating fund of the Town. This fund is used to account for all financial resources traditionally associated with government activities that are not required legally or by sound financial management to be accounted for in other funds.

The **American Rescue Plan Fund** is used to account for the Town's portion of the American Rescue Plan Act (ARPA) funds.

The **Capital Reserve Fund** is used to accumulate resources for general capital projects for the Town's governmental activities.

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TOWN OF DALLAS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 1,850,159	\$ 2,330,538	\$ 480,379
State board assessed	27,405	-	(27,405)
Interest and penalties	5,456	6,308	852
Total	<u>1,883,020</u>	<u>2,336,846</u>	<u>453,826</u>
Other Taxes and Licenses:			
Privilege licenses	1,600	1,090	(510)
Motor vehicle licenses	40,240	40,810	570
Alcohol beverage tax	27,360	30,115	2,755
Total	<u>69,200</u>	<u>72,015</u>	<u>2,815</u>
Unrestricted Intergovernmental Revenues:			
Local option sales tax	728,977	763,989	35,012
Utility franchise tax	158,240	181,644	23,404
Excise tax on piped natural gas	13,862	21,212	7,350
Sales tax on telecommunications	28,934	26,908	(2,026)
Sales tax on video programming	17,209	15,393	(1,816)
Solid waste disposal tax	4,717	4,873	156
Total	<u>951,939</u>	<u>1,014,019</u>	<u>62,080</u>
Restricted Intergovernmental Revenues:			
Powell Bill street aid allocation	168,787	189,065	20,278
Drug forfeiture revenue	-	990	990
Grant revenue	24,000	1,000	(23,000)
Federal and state grants	95,480	33,948	(61,532)
Total	<u>288,267</u>	<u>225,003</u>	<u>(63,264)</u>
Permits and Fees:			
Zoning fees	<u>33,083</u>	<u>38,033</u>	<u>4,950</u>
Sales and Services:			
Arrest fees	3,154	2,851	(303)
Refuse collection fees	442,160	450,730	8,570
Recreation fees and concessions	68,831	73,683	4,852
Other	20,550	32,806	12,256
Total	<u>534,695</u>	<u>560,070</u>	<u>25,375</u>

TOWN OF DALLAS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Interest Earnings:			
Investment earnings	268,683	535,013	266,330
Investment earnings - Powell	-	12,507	12,507
Total	<u>268,683</u>	<u>547,520</u>	<u>278,837</u>
Miscellaneous:			
Insurance proceeds	-	86	86
ABC wholesale distribution	41,165	43,354	2,189
Other	134,320	165,524	31,204
Total	<u>175,485</u>	<u>208,964</u>	<u>33,479</u>
Total revenues	<u>4,204,372</u>	<u>5,002,470</u>	<u>798,098</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits	64,849	64,161	688
Other operating expenditures	11,008	11,500	(492)
Total	<u>75,857</u>	<u>75,661</u>	<u>196</u>
Administrative:			
Salaries and employee benefits	116,289	103,514	12,775
Professional services	50,385	51,120	(735)
Maintenance and repairs	86,286	70,932	15,354
Other operating expenditures	257,879	237,235	20,644
Total	<u>510,839</u>	<u>462,801</u>	<u>48,038</u>
Public Buildings:			
Salaries and employee benefits	191,218	135,990	55,228
Professional services	120,561	59,196	61,365
Total	<u>311,779</u>	<u>195,186</u>	<u>116,593</u>
Courthouse:			
Professional services	11,275	10,584	691
Maintenance and repairs	38,167	31,065	7,102
Other operating expenditures	38,965	39,093	(128)
Total	<u>88,407</u>	<u>80,742</u>	<u>7,665</u>
Total general government	<u>986,882</u>	<u>814,390</u>	<u>172,492</u>

TOWN OF DALLAS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Public Safety:			
Police:			
Salaries and employee benefits	1,921,358	1,592,418	328,940
Maintenance and repairs	49,564	57,379	(7,815)
Other operating expenditures	321,956	280,241	41,715
Capital outlay	152,000	162,668	(10,668)
Total	<u>2,444,878</u>	<u>2,092,706</u>	<u>352,172</u>
Fire Department:			
Salaries and employee benefits	237,185	228,171	9,014
Maintenance and repairs	94,473	93,612	861
Operating expenditures	114,450	114,739	(289)
Capital outlay	39,875	-	39,875
Total	<u>485,983</u>	<u>436,522</u>	<u>49,461</u>
Total public safety	<u>2,930,861</u>	<u>2,529,228</u>	<u>401,633</u>
Transportation:			
Street Maintenance:			
Salaries and employee benefits	305,197	305,013	184
Maintenance and repairs	13,756	11,725	2,031
Street lights	35,250	33,971	1,279
Contracted services	2,482	2,375	107
Other operating expenditures	45,047	36,686	8,361
Capital outlay	116,510	116,509	1
Powell Bill expenditures	162,536	142,034	20,502
Total transportation	<u>680,778</u>	<u>648,313</u>	<u>32,465</u>
Environmental Protection:			
Solid Waste:			
Salaries and employee benefits	264,099	165,045	99,054
Maintenance and repairs	77,000	71,181	5,819
Other operating expenditures	46,565	37,632	8,933
Tipping fees	95,086	83,428	11,658
Total environmental protection	<u>482,750</u>	<u>357,286</u>	<u>125,464</u>

TOWN OF DALLAS, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Cultural and Recreational:			
Parks and Recreation:			
Salaries and employee benefits	205,498	162,315	43,183
Maintenance and repairs	51,171	52,157	(986)
Operating expenditures	<u>324,452</u>	<u>321,515</u>	<u>2,937</u>
Total cultural and recreational	<u>581,121</u>	<u>535,987</u>	<u>45,134</u>
Debt Service:			
Principal retirement	261,634	256,205	5,429
Interest	<u>59,188</u>	<u>58,625</u>	<u>563</u>
Total debt service	<u>320,822</u>	<u>314,830</u>	<u>5,992</u>
Total expenditures	<u>5,983,214</u>	<u>5,200,034</u>	<u>783,180</u>
Revenues over (under) expenditures	<u>(1,778,842)</u>	<u>(197,564)</u>	<u>1,581,278</u>
Other Financing Sources (Uses):			
Lease liabilities issued	-	162,668	162,668
Sale of capital assets	1,250	4,200	2,950
Proceeds from capital financing	171,500	-	(171,500)
Appropriated fund balance	635,934	-	(635,934)
Transfers from (to) other funds:			
Electric Fund	442,867	442,867	-
Water Fund	(450,000)	(450,000)	-
American Rescue Plan Fund	942,791	942,792	1
SCIF Grant Fund	<u>34,500</u>	<u>34,500</u>	<u>-</u>
Total other financing sources (uses)	<u>1,778,842</u>	<u>1,137,027</u>	<u>(641,815)</u>
Net change in fund balance	<u>\$ -</u>	<u>939,463</u>	<u>\$ 939,463</u>
Fund Balance:			
Beginning of year, July 1		<u>4,045,637</u>	
End of year, June 30		<u>\$ 4,985,100</u>	

TOWN OF DALLAS, NORTH CAROLINA

MAJOR SPECIAL REVENUE FUND - AMERICAN RESCUE PLAN FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental revenues	\$ 1,528,792	\$ 586,000	\$ 942,792	\$ 1,528,792	\$ -
Other Financing Sources (Uses):					
Transfer to General Fund	(942,792)	-	(942,792)	(942,792)	-
Transfer to Water and Sewer Fund	(586,000)	(586,000)	-	(586,000)	-
Total other financing sources (uses)	(1,528,792)	(586,000)	(942,792)	(1,528,792)	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF DALLAS, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND - CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 64,301	\$ 97,579	\$ 161,880	\$ 161,880
Revenues over (under) expenditures	-	64,301	97,579	161,880	161,880
Other Financing Sources (Uses):					
Transfers to other funds	(616,567)	-	-	-	616,567
Transfer from Storm Water Fund	-	33,142	55,955	89,097	89,097
Transfer from Electric Fund	499,330	1,390,643	66,312	1,456,955	957,625
Transfer from General Fund	117,237	345,888	-	345,888	228,651
Total other financing sources (uses)	-	1,769,673	122,267	1,891,940	1,891,940
Net change in fund balance	\$ -	\$ 1,833,974	\$ 219,846	\$ 2,053,820	\$ 2,053,820

Nonmajor Funds

Special Revenue Funds are used to account for revenues that are legally restricted to expenditures for a particular purpose.

The Town has the following Special Revenue Funds:

Stormwater Fund – This fund is used to account for fees collected and monies spent in connection with the Town’s storm water run-off.

“T.O.P. T.I.E.R.” Fund (Targeted Options Providing Tangible Investment in Economic Revitalization Fund) – This fund is an economic development program that is funded and maintained by the Town to offer limited, but targeted, public economic assistance in support of private sector investment in assets needed to spur job creation, business sector growth, and overall economic vitality.

CDBG Grant Fund – This fund is used to account for a mortgage receivable loaned through a federal grant program.

Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities other than those financed by Enterprise Funds.

The Town has the following Capital Project Funds:

SCIF Grant Fund – This fund is used to account for Passive Park improvements.

Stormwater Capital Project Fund – This fund is used to account for capital projects related to the Town’s stormwater activities.

TOWN OF DALLAS, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds		
	Stormwater Fund	T.O.P. T.I.E.R. Program Fund	CDBG Grant Fund
Assets:			
Cash and cash equivalent	\$ 539,583	\$ 340,996	\$ -
Restricted cash	-	-	90,190
Accounts receivable (net)	17,205	-	-
Note receivable	-	-	196,800
Total assets	<u>\$ 556,788</u>	<u>\$ 340,996</u>	<u>\$ 286,990</u>
Liabilities, Deferred Inflows, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,231	\$ -	\$ -
Advance from grantors	-	-	-
Total liabilities	<u>2,231</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:			
Other receivables	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	17,205	-	-
Economic development	-	-	286,990
Assigned:			
Storm water	537,352	-	-
T.O.P. T.I.E.R. program	-	340,996	-
Unassigned	-	-	-
Total fund balances	<u>554,557</u>	<u>340,996</u>	<u>286,990</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 556,788</u>	<u>\$ 340,996</u>	<u>\$ 286,990</u>

TOWN OF DALLAS, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Capital Project Funds		Nonmajor Governmental Funds
	SCIF Grant Fund	Stormwater Capital Project Fund	
Assets:			
Cash and cash equivalent	\$ -	\$ -	\$ 880,579
Restricted cash	145,500	-	235,690
Accounts receivable (net)	-	6,500	23,705
Note receivable	-	-	196,800
Total assets	<u>\$ 145,500</u>	<u>\$ 6,500</u>	<u>\$ 1,336,774</u>
Liabilities, Deferred Inflows, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 6,500	\$ 8,731
Advance from grantors	<u>145,500</u>	<u>-</u>	<u>145,500</u>
Total liabilities	<u>145,500</u>	<u>6,500</u>	<u>154,231</u>
Deferred Inflows of Resources:			
Other receivables	<u>-</u>	<u>6,500</u>	<u>6,500</u>
Total deferred inflows of resources	<u>-</u>	<u>6,500</u>	<u>6,500</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	-	-	17,205
Economic development	-	-	286,990
Assigned:			
Storm water	-	-	537,352
T.O.P. T.I.E.R. program	-	-	340,996
Unassigned	<u>-</u>	<u>(6,500)</u>	<u>(6,500)</u>
Total fund balances	<u>-</u>	<u>(6,500)</u>	<u>1,176,043</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 145,500</u>	<u>\$ 6,500</u>	<u>\$ 1,336,774</u>

TOWN OF DALLAS, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue Funds		
	Stormwater Fund	T.O.P. T.I.E.R Program Fund	CDBG Grant Fund
Revenues:			
Storm water fees	\$ 215,325	\$ -	\$ -
Restricted intergovernmental revenues	-	-	-
Investment earnings	-	-	4,074
Total revenues	<u>215,325</u>	<u>-</u>	<u>4,074</u>
Expenditures:			
Current:			
Salaries and employee benefits	38,959	-	-
Supplies	421	-	-
Contracted services	47,630	12,702	-
Repairs and maintenance	2,802	-	-
Other operating expenditures	5,239	15,000	-
Capital outlay	36,341	34,514	-
Total expenditures	<u>131,392</u>	<u>62,216</u>	<u>-</u>
Revenues over (under) expenditures	<u>83,933</u>	<u>(62,216)</u>	<u>4,074</u>
Other Financing Sources (Uses):			
Sale of capital asset	-	2,375	-
Transfers (to) from other funds	<u>(55,955)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(55,955)</u>	<u>2,375</u>	<u>-</u>
Net change in fund balance	27,978	(59,841)	4,074
Fund Balances:			
Beginning of year, July 1	<u>526,579</u>	<u>400,837</u>	<u>282,916</u>
End of year, June 30	<u>\$ 554,557</u>	<u>\$ 340,996</u>	<u>\$ 286,990</u>

TOWN OF DALLAS, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Capital Project Funds		Nonmajor Governmental Funds
	SCIF Grant Fund	Stormwater Capital Project Fund	
Revenues:			
Storm water fees	\$ -	\$ -	\$ 215,325
Restricted intergovernmental revenues	34,500	-	34,500
Investment earnings	-	-	4,074
Total revenues	<u>34,500</u>	<u>-</u>	<u>253,899</u>
Expenditures:			
Current:			
Salaries and employee benefits	-	-	38,959
Supplies	-	-	421
Contracted services	-	-	60,332
Repairs and maintenance	-	-	2,802
Other operating expenditures	-	-	20,239
Capital outlay	-	6,500	77,355
Total expenditures	<u>-</u>	<u>6,500</u>	<u>200,108</u>
Revenues over (under) expenditures	<u>34,500</u>	<u>(6,500)</u>	<u>53,791</u>
Other Financing Sources (Uses):			
Sale of capital asset	-	-	2,375
Transfers (to) from other funds	(34,500)	-	(90,455)
Total other financing sources (uses)	<u>(34,500)</u>	<u>-</u>	<u>(88,080)</u>
Net change in fund balance	-	(6,500)	(34,289)
Fund Balances:			
Beginning of year, July 1	<u>-</u>	<u>-</u>	<u>1,210,332</u>
End of year, June 30	<u>\$ -</u>	<u>\$ (6,500)</u>	<u>\$ 1,176,043</u>

TOWN OF DALLAS, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Stormwater fees	\$ 213,550	\$ 215,325	\$ 1,775
Expenditures:			
Salaries and employee benefits	78,290	38,959	39,331
Supplies	600	421	179
Contracted services	56,382	47,630	8,752
Repairs and maintenance	13,542	2,802	10,740
Other operating expenditures	11,459	5,239	6,220
Capital outlay	42,000	36,341	5,659
Total expenditures	<u>202,273</u>	<u>131,392</u>	<u>70,881</u>
Revenues over (under) expenditures	<u>11,277</u>	<u>83,933</u>	<u>72,656</u>
Other Financing Sources (Uses):			
Transfers to Capital Reserve Fund	(55,955)	(55,955)	-
Appropriated fund balance	44,678	-	(44,678)
Total other financing sources (uses)	<u>(11,277)</u>	<u>(55,955)</u>	<u>(44,678)</u>
Net change in fund balance	<u>\$ -</u>	<u>27,978</u>	<u>\$ 27,978</u>
Fund Balance:			
Beginning of year, July 1		<u>526,579</u>	
End of year, June 30		<u>\$ 554,557</u>	

TOWN OF DALLAS, NORTH CAROLINA

T.O.P. T.I.E.R. FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Contracted services	\$ 52,710	\$ 12,702	\$ 40,008
Other operating expenditures	47,000	15,000	32,000
Capital outlay	<u>602,360</u>	<u>34,514</u>	<u>567,846</u>
Total expenditures	<u>702,070</u>	<u>62,216</u>	<u>639,854</u>
Revenues over (under) expenditures	<u>(702,070)</u>	<u>(62,216)</u>	<u>639,854</u>
Other Financing Sources (Uses):			
Sale of fixed asset	9,248	2,375	(6,873)
Transfer from Electric Fund	180,000	-	(180,000)
Appropriated fund balance	<u>512,822</u>	<u>-</u>	<u>(512,822)</u>
Total other financing sources (uses)	<u>702,070</u>	<u>2,375</u>	<u>(699,695)</u>
Net change in fund balance	<u>\$ -</u>	<u>(59,841)</u>	<u>\$ (59,841)</u>
Fund Balance:			
Beginning of year, July 1		<u>400,837</u>	
End of year, June 30		<u>\$ 340,996</u>	

TOWN OF DALLAS, NORTH CAROLINA

CDBG GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and services	\$ 70,949	\$ 13,656	\$ (57,293)
Investment earnings	<u>-</u>	<u>4,074</u>	<u>4,074</u>
Total revenues	<u>70,949</u>	<u>17,730</u>	<u>(53,219)</u>
Expenditures:			
Historic preservation	<u>70,949</u>	<u>-</u>	<u>70,949</u>
Net change in fund balance	<u>\$ -</u>	<u>17,730</u>	<u>\$ 17,730</u>
Reconciliation from Budgetary Basis to Modified Accrual Basis:			
Current year loan repayments		<u>(13,656)</u>	
Net change in fund balance - modified accrual basis		4,074	
Fund Balance:			
Beginning of year, July 1		<u>282,916</u>	
End of year, June 30		<u>\$ 286,990</u>	

TOWN OF DALLAS, NORTH CAROLINA

SCIF GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental:					
Grant revenue - SCIF	\$ 180,000	\$ -	\$ 34,500	\$ 34,500	\$ (145,500)
Expenditures:					
Economic and physical development	145,500	-	-	-	145,500
Revenues over (under) expenditures	34,500	-	34,500	34,500	-
Other Financing Sources (Uses):					
Transfer to General Fund	(34,500)	-	(34,500)	(34,500)	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF DALLAS, NORTH CAROLINA

**STORMWATER CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental:					
Grant revenue - EEG grant	\$ 49,500	\$ -	\$ -	\$ -	\$ (49,500)
Grant revenue - LASII grant	400,000	-	-	-	(400,000)
Total revenues	<u>449,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(449,500)</u>
Expenditures:					
Dallas streambank stabilization	110,000	-	6,500	6,500	103,500
Stormwater assessment and planning	400,000	-	-	-	400,000
Total expenditures	<u>510,000</u>	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>503,500</u>
Revenues over (under) expenditures	(60,500)	-	(6,500)	(6,500)	54,000
Other Financing Sources (Uses):					
Transfer from Stormwater Fund	<u>60,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,500)</u>	<u>\$ (6,500)</u>	<u>\$ (6,500)</u>

Enterprise Funds

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

The Town has the following Enterprise Funds:

Electric Fund – This fund accounts for the Town’s electric operations.

Water and Sewer Fund – This fund accounts for the Town’s water and sewer operations.

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TOWN OF DALLAS, NORTH CAROLINA

**ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Electricity sales	\$ 9,866,773	\$ 9,375,110	\$ (491,663)
Other operating revenues	94,900	93,438	(1,462)
Total operating revenues	<u>9,961,673</u>	<u>9,468,548</u>	<u>(493,125)</u>
Non-operating revenues:			
Coal ash recovery revenue	130,000	100,575	(29,425)
Investment earnings	25,528	4,760	(20,768)
Total non-operating revenues	<u>155,528</u>	<u>105,335</u>	<u>(50,193)</u>
Total revenues	<u>10,117,201</u>	<u>9,573,883</u>	<u>(543,318)</u>
Expenditures:			
Electrical operations:			
Salaries and employee benefits	1,518,828	1,421,753	97,075
Supplies	251,188	220,251	30,937
Contracted services	216,081	163,033	53,048
Insurance	162,383	147,158	15,225
Repairs and maintenance	729,091	646,048	83,043
Other operating expenditures	243,280	108,324	134,956
Total electrical operations	<u>3,120,851</u>	<u>2,706,567</u>	<u>414,284</u>
Purchased resources - electricity	<u>5,748,581</u>	<u>5,202,549</u>	<u>546,032</u>
Debt service:			
Principal retirement	28,086	27,647	439
Interest	1,822	1,737	85
Total debt service	<u>29,908</u>	<u>29,384</u>	<u>524</u>
Capital outlay	<u>911,112</u>	<u>676,804</u>	<u>234,308</u>
Total expenditures	<u>9,810,452</u>	<u>8,615,304</u>	<u>1,195,148</u>

TOWN OF DALLAS, NORTH CAROLINA

**ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	306,749	958,579	651,830
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
General Fund - payment in lieu of taxes	(442,867)	(442,867)	-
Capital Reserve Fund	(66,312)	(66,312)	-
Sale of surplus property	-	2,158	2,158
Total other financing sources (uses)	<u>(509,179)</u>	<u>(507,021)</u>	<u>2,158</u>
Appropriated fund balance	<u>202,430</u>	<u>-</u>	<u>(202,430)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 451,558</u>	<u>\$ 451,558</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Net change in fund balance		<u>\$ 451,558</u>	
Reconciling items:			
Capital outlay		676,804	
Compensated absences		(27,117)	
Payment of debt principal		27,647	
Pension expense		(90,436)	
OPEB expense		(3,176)	
Depreciation and amortization		<u>(427,738)</u>	
Total reconciling items		<u>155,984</u>	
Change in net position		<u>\$ 607,542</u>	

TOWN OF DALLAS, NORTH CAROLINA

**WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Revenues:			
Charges for services:			
Water sales	\$ 2,173,918	\$ 2,102,679	\$ (71,239)
Water taps	28,574	16,332	(12,242)
Sewer sales	1,252,083	1,198,894	(53,189)
Sewer taps	18,112	14,982	(3,130)
System development fees	177,606	590,235	412,629
Other operating revenues	85,631	88,281	2,650
Total operating revenues	3,735,924	4,011,403	275,479
Non-operating revenues:			
Rental income	40,224	54,767	14,543
Grant revenue	150,000	2,648	(147,352)
Total non-operating revenues	190,224	57,415	(132,809)
Total revenues	3,926,148	4,068,818	142,670
Expenditures:			
Operating expenditures			
Water and sewer operations:			
Salaries and employee benefits	943,537	849,685	93,852
Travel	10,000	8,942	1,058
Supplies	577,662	472,256	105,406
Insurance	121,862	113,688	8,174
Repairs and maintenance	176,695	145,472	31,223
Other operating expenditures	240,618	190,982	49,636
Total water and sewer operations	2,070,374	1,781,025	289,349
Water treatment and distribution:			
Salaries and employee benefits	457,479	383,296	74,183
Supplies	30,429	25,459	4,970
Chemicals	90,000	92,821	(2,821)
Other operating expenditures	223,388	163,524	59,864
Total water treatment and distribution	801,296	665,100	136,196
Waste collection and treatment:			
Salaries and employee benefits	214,696	216,936	(2,240)
Chemicals	52,645	56,300	(3,655)
Supplies	3,786	2,112	1,674
Other operating expenditures	404,382	225,012	179,370
Total waste collection and treatment	675,509	500,360	175,149

TOWN OF DALLAS, NORTH CAROLINA

**WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Debt service:			
Principal	191,192	190,022	1,170
Interest	77,095	76,788	307
Total debt service	<u>268,287</u>	<u>266,810</u>	<u>1,477</u>
Capital outlay:			
Water and sewer operations	1,088,130	956,994	131,136
Water treatment of and distribution	148,000	-	148,000
Total capital outlay	<u>1,236,130</u>	<u>956,994</u>	<u>279,136</u>
Total expenditures	<u>5,051,596</u>	<u>4,170,289</u>	<u>881,307</u>
Revenues over (under) expenditures	(1,125,448)	(101,471)	1,023,977
Other Financing Sources (Uses):			
Transfer from General Fund	450,000	450,000	-
Appropriated fund balance	675,448	-	(675,448)
Net change in fund balance	<u>\$ -</u>	<u>\$ 348,529</u>	<u>\$ 348,529</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Net change in fund balance		<u>\$ 348,529</u>	
Reconciling items:			
From Capital Project Fund:			
Grant revenues		87,235	
Expenditures, not capitalized		(87,235)	
Pension expense		(93,914)	
OPEB expense		(4,507)	
Capital outlay		956,994	
Principal retirement		190,022	
Change in compensated absences		(6,592)	
Depreciation and amortization		<u>(415,974)</u>	
Total reconciling items		<u>626,029</u>	
Change in net position		<u>\$ 974,558</u>	

TOWN OF DALLAS, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	Project Authorization	Actual			Variance Over/Under
		Prior Year	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
Grant revenue - AIA	\$ 350,000	\$ -	\$ 87,235	\$ 87,235	\$ (262,765)
Grant revenue - SL 2023-134	840,800	-	-	-	(840,800)
Total revenues	<u>1,190,800</u>	<u>-</u>	<u>87,235</u>	<u>87,235</u>	<u>(1,103,565)</u>
Expenditures:					
Lead service line inventory	200,000	-	44,988	44,988	155,012
Wastewater asset inventory and assessment	150,000	-	42,247	42,247	107,753
Sewer force main	840,800	-	-	-	840,800
Total expenditures	<u>1,190,800</u>	<u>-</u>	<u>87,235</u>	<u>87,235</u>	<u>1,103,565</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Additional Financial Data

This section contains additional information on property taxes and principal taxpayers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

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TOWN OF DALLAS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 2,348,513	\$2,323,322	\$ 25,191
2022-2023	12,664	-	5,500	7,164
2021-2022	4,571	-	2,196	2,375
2020-2021	1,993	-	262	1,731
2019-2020	1,974	-	237	1,737
2018-2019	1,699	-	97	1,602
2017-2018	1,580	-	237	1,343
2016-2017	1,663	-	315	1,348
2015-2016	1,514	-	26	1,488
2014-2015	930	-	23	907
2013-2014	589	-	589	-
Total	\$ 29,177	\$ 2,348,513	\$ 2,332,804	44,886
Less: allowance for uncollectible taxes receivable				<u>(12,894)</u>
Ad valorem taxes receivable - net				<u>\$ 31,992</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 2,336,846
Reconciling items:				
Write-offs				589
Other adjustments				<u>(4,631)</u>
Total collections and credits				<u>\$ 2,332,804</u>

TOWN OF DALLAS, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2024

	Town-Wide		Tax Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxes	\$ 510,221,667	\$ 0.420	\$ 2,142,931	\$ 2,142,931	\$ -
Motor vehicles	47,288,571	0.420	198,612	-	198,612
Total	<u>557,510,238</u>		<u>2,341,543</u>	<u>2,142,931</u>	<u>198,612</u>
Discoveries:					
Current year taxes	2,255,238	0.420	9,472	9,472	-
Releases	<u>(595,714)</u>	0.420	<u>(2,502)</u>	<u>(2,502)</u>	<u>-</u>
Total	<u>1,659,524</u>		<u>6,970</u>	<u>6,970</u>	<u>-</u>
Total property valuation	<u>\$ 559,169,762</u>				
Net Levy			2,348,513	2,149,901	198,612
Uncollected taxes at June 30, 2024			<u>(25,191)</u>	<u>(25,191)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 2,323,322</u>	<u>\$ 2,124,710</u>	<u>\$ 198,612</u>
Current Levy Collection Percentage			<u>98.93%</u>	<u>98.83%</u>	<u>100.00%</u>

Compliance Section

- 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*
 - Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act
 - Schedule of Findings, Responses, and Questioned Costs
 - Schedule of Prior Year Audit Findings
 - Schedule of Expenditures of Federal and State Awards
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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Aldermen
Town of Dallas, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dallas, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Dallas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 8, 2024

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

“A Professional Association of Certified Public Accountants and Management Consultants”

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor’s Report

To the Honorable Mayor and
Members of the Board of Aldermen
Town of Dallas, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Dallas, North Carolina’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Dallas’ major federal programs for the year ended June 30, 2024. The Town of Dallas’ major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 8, 2024

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TOWN OF DALLAS, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

1. Summary of Auditor’s Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Non-compliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X 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 X No

Identification of major federal programs:

Program Name
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

AL#
21.027

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

TOWN OF DALLAS, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

2. Financial Statement Findings

None reported.

3. Federal Award Findings, Responses, and Questioned Costs

None reported.

TOWN OF DALLAS, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Finding 2023-001: Corrected.

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TOWN OF DALLAS, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL # Number</u>	<u>State/Pass- Through Grantor's Number</u>	<u>Federal (Direct & Pass- Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-Through to Subrecipients</u>
Federal Programs:					
<u>U.S. Department of Treasury</u>					
Direct Program:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0113	\$ 942,792	\$ -	\$ -
Passed-through N.C. Department of Environmental Quality					
Department of Water Infrastructure:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds:					
State Reserve Funds - Lead Service Line Inventory	21.027	AIA-D-ARP-0221	44,988	-	-
State Reserve Funds - Wastewater System AIA	21.027	AIA-W-ARP-0148	42,247	-	-
State Reserve Funds - Stormwater Assessment and Planning	21.027	SRP-SW-ARP-0094	6,500	-	-
Total U.S. Department of Treasury			<u>1,036,527</u>	<u>-</u>	<u>-</u>
Total federal awards			<u>\$ 1,036,527</u>	<u>-</u>	<u>-</u>
State Programs:					
<u>N.C. Department of Transportation:</u>					
Powell Bill		4000049167		142,117	-
<u>N.C. Office of State Budget and Management</u>					
State Capital and Infrastructure Fund		20491		<u>34,500</u>	<u>-</u>
Total state awards				<u>\$ 176,617</u>	<u>\$ -</u>

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

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 Town of Dallas under the programs of the federal government and the state of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rates

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

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