

FY2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

July 1, 2023 - June 30, 2024

Fayetteville, NC



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2011 2023

 **FAYETTEVILLE** ^{NC}
AMERICA'S CAN DO CITY





Prepared by the City of Fayetteville Finance Department

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Elizabeth Morin - Executive Administrative Assistant

With Special Thanks

Budget and Evaluation

Internal Audit



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City of Fayetteville, North Carolina

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Introductory Section

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- List of Principal Officials
- Organization Chart

City of Fayetteville, North Carolina

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November 2, 2024

The Honorable Mayor,
Members of the City Council and City of Fayetteville Residents
Fayetteville, North Carolina

Dear Mayor, Members of the City Council, and Residents:

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Fayetteville, North Carolina for the fiscal year ended June 30, 2024. State law requires that every local government publish a complete set of audited financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. This report complies with these requirements.

The ACFR consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect City assets and to compile information for the preparation of the City's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore, the internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

PB Mares, LLP, has issued an unmodified ("clean") opinion on the City of Fayetteville's financial statements for the fiscal year ended June 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Fayetteville is the county seat of Cumberland County and covers an area of approximately 150 square miles. The City is situated approximately 60 miles south of Raleigh, the State capital, and 140 miles east of Charlotte, a significant commercial center in the State. The City is located adjacent to Interstate 95, a major north-south corridor that links the City to Washington, D.C., Baltimore and New York to the north, and to Charleston, Orlando and Miami to the south. Major roadways also connects Fayetteville to beaches along the southeast coast and the mountains in the west.

Fayetteville has been recognized four times as an *All-American City* by the National Civic League, most recently in 2023, and is known as a community of *History, Heroes and a Hometown Feeling*. In 1762, the town of Campbellton, located on the Cape Fear River, was chartered by the colonial assembly. In 1778, Campbellton united with the neighboring town of Cross Creek to become Upper and Lower Campbellton. In 1783, the North Carolina General Assembly approved the town's official renaming to Fayetteville in honor of Marquis de Lafayette, the French nobleman who served as a Major General in the Continental Army during the Revolutionary War.

Fort Liberty, located approximately 10 miles from the City's downtown area, is one of the largest and most advanced military complexes in the world, covering nearly 163,000 acres. Fort Liberty has traditionally been known as the home of the Army's XVIII Airborne Corps and the 82nd Airborne Division, as well as the U.S. Army Special Operations Command. In 2011, Fort Liberty became the headquarters for the Army's combat-ready conventional forces and Army Reserve following the move of U.S. Army Forces Command and U.S. Army Reserve Command to the base. The installation is also home to Pope Army Air Field providing fixed wing aviation assets and Simmons Army Airfield providing rotary wing aviation assets in support of Fort Liberty's missions.

Fayetteville is the sixth largest municipality in North Carolina based on population and with approximately 150 square miles is the second largest by land mass in North Carolina. According to the North Carolina Office of State Budget and Management, the City's population has grown from approximately 75,850 in 1990 to approximately 209,975 in 2024.

The City serves as the cultural and arts center for Southeastern North Carolina. Fayetteville's cultural and arts venues include the Cape Fear Regional Theatre, Cape Fear Botanical Gardens, the Crown Complex, and Festival Park, along with 7 museums including the Airborne and Special Operations Museum.

In April 2019 the City opened Segra Stadium, a new 4,800-seat minor league baseball stadium in the downtown area. Segra is home to the Fayetteville Woodpeckers, a Houston Astros single A affiliate. The construction of the stadium has spurred more than \$100 million in public and private investment in downtown.

Fayetteville's council-manager form of government has 9 members of the City Council each elected from their respective districts and a Mayor elected at large. Each of the Council Members and the Mayor serve concurrent two-year terms, and as a body are responsible for policy-making and local legislation affecting the City. The Council is also responsible for the approval of the budget and appointment of the City Manager, City Attorney, Public Works Commission (PWC) and members of other City boards, committees and commissions. The City Manager is responsible for implementing Council policies and City ordinances, managing daily operations and appointing City staff.

The Council is required to adopt a budget by July 1 of each year, and the City is empowered to levy a property tax on both real and personal property located within its boundaries. The City's budget ordinance creates a legal limit on spending authorizations, and serves as the foundation for Fayetteville's strategic efforts, financial planning and controls. The annual budget is authorized at the portfolio level in the General Fund and at the fund level in all other funds, including the Stormwater Management Fund.

The Mayor, Council and City staff take great pride in providing residents with a full range of services, including police and fire protection, solid waste and recycling services, the construction and maintenance of streets, curbs, gutters, sidewalks, stormwater drainage systems and other infrastructure, recreation and cultural activities, fixed-route and demand-response transit service and airport service.

COMMERCE AND INDUSTRY

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City serves as the trade, service, health care, learning and transportation center of the Fayetteville Metropolitan Statistical Area.

The economy of Fayetteville is greatly influenced by the presence of Fort Liberty and the associated defense-related economy and ecosystem. The installation and surrounding community serves and supports approximately 51,000 active-duty soldiers, 20,000 civilian employees and 71,000 active duty family members, and 125,000 retirees and families that call Fort Liberty and Fayetteville home. The military's impact on the local economy varies depending on the number of deployed military personnel, capital projects and appropriation levels. Commercial contracts awarded to local businesses for equipment, material, supplies and construction spending also influence the local economy.

In addition to Fort Liberty and the City, substantial employment is also offered in the government sector through Cumberland County Schools, Fayetteville State University, Fayetteville Technical Community College, County of Cumberland and the Veterans Administration. Other major employers in the area include Cape Fear Valley Health Systems, Goodyear Tire & Rubber Inc., Amazon, Mann + Hummel, Walmart distribution facilities and stores, Food Lion and other service-based and retail outlets.

The City is a major regional trade center in the eastern part of the State, with a significant number and variety of shopping plazas, centers and independent retailers being located throughout the City. Evidence of the strong retail sector is reflected by one of the largest shopping areas in the Carolinas, a two square mile area located within the City where shoppers can visit Cross Creek Mall, a more than one million square foot regional shopping mall, five shopping centers, a variety of department and specialty stores.

The City’s retail sector includes Freedom Town Center, a 450,000-square-foot shopping center including retailers such as Dick’s Sporting Goods, Sprouts Farmers Market, Hobby Lobby and a number of clothing outlets and restaurants.

Fayetteville’s annual unemployment rate, reflecting both the national and state trends, increased from 5.4% at June 30, 2023 to 5.9% at June 30, 2024. Historical unemployment rates for Fayetteville, North Carolina and the United States are provided in the following table.

| NOT-SEASONALLY ADJUSTED UNEMPLOYMENT RATES* | | | |
|--|---------------------|-----------------------|----------------------|
| As of June | Fayetteville | North Carolina | United States |
| 2024 | 5.9 | 4.1 | 4.3 |
| 2023 | 5.4 | 3.6 | 3.8 |
| 2022 | 5.8 | 3.9 | 3.8 |
| 2021 | 8.4 | 5.5 | 6.1 |
| 2020 | 13.5 | 9.9 | 11.2 |
| *NC Department of Commerce, Labor and Economic Analysis Division | | | |

The median household income in Cumberland County for 2022 is an estimated \$53,424, compared to \$75,149 nationwide and \$66,186 state-wide for the same period. Growth in compensation for military workers has helped to fuel local per capita income growth over the past decade.

In 2022, Cumberland County’s total employment was 95,741, with a labor participation rate of 52.3%. The largest industries in Cumberland County are health care, retail trade, accommodation, and food services, with the highest-paying industries being utilities, public administration, professional, and information.

Fayetteville and Cumberland County have a well-educated workforce with skills to handle the technological advances and business complexity of new and expanding businesses. This highly educated, trained and motivated workforce has potential employers taking notice as they look to start, expand or invest in business operations or new facilities.

During fiscal year 2024, the City issued building permits for 421 new single-family residential units valued at \$27 million and 48 new commercial building permits valued at \$101 million. For comparison, during fiscal year 2023, the City issued 317 new single-family residential units valued at \$71 million and 50 new commercial building permits valued at \$108 million.

Taxable sales in Cumberland County for fiscal year 2024 totaled approximately \$6.2 billion, representing a 0.80% increase over 2023. While economic growth remained restrained, tax revenues increased in fiscal year 2023. As the table indicates, taxable sales increased throughout the pandemic and continued in fiscal year 2023. Improved economic conditions can also be attributed to federal and state funding awarded to the City and individuals. The additional funds increased incomes and provided an incentive to spend. Historical sales for Cumberland County

are provided in the following table.

| TAXABLE SALES* | | |
|---|----------------------------|---------------|
| Fiscal Year | Cumberland County** | Change |
| 2024 | \$6.167 | 0.80% |
| 2023 | \$6.118 | 6.53% |
| 2022 | \$5.743 | 9.64% |
| 2021 | \$5.238 | 20.97% |
| 2020 | \$4.330 | 0.28% |
| *NC Department of Revenue, Sales and Use Tax Division | | |
| **Amounts noted in billions. | | |

The adopted annual operating budget for the fiscal year 2025 was \$320.9 million, \$9.9 million more than the adopted annual operating budget for fiscal year 2024, an increase of 3.2%. For the General Fund, the adopted budget for fiscal year 2025 increased by \$8.3 million compared to the adopted budget for fiscal year 2024. The fiscal year 2025 budget anticipated total property tax values to grow by 9.6% over the values projected for the adopted fiscal year 2024 budget. The fiscal year 2025 budget included sales tax revenues of \$64.5 million, \$3 million or 4.5% below the fiscal year 2024 budget. Fayetteville's strong strategic planning process and conservative fiscal management allow the City ensure both the delivery of quality services and financial stability continue to be a high priority.

LONG-TERM FINANCIAL PLANNING and MAJOR INITIATIVES

The City's long-term vision is evident in Fayetteville's strong commitment to neighborhoods, enhancing the local economy, maintaining a vibrant downtown and major corridors, increasing leisure opportunities for its citizens, its diverse culture, rich heritage, and partnership with engaged citizens that have confidence in their local government.

The City Council has committed to key goals and an action agenda consistent with Fayetteville's vision. These goals and targets for action are discussed in the City's strategic plan on the City's website at fayettevillenc.gov.

The fund balance policy adopted by Council establishes a minimum General Fund unassigned fund balance of at least 10% of the succeeding year's General Fund expenditure budget, excluding the budget for the County recreation program. The purpose of this policy is to maintain sufficient resources in the General Fund to cover unexpected expenditures and revenue shortfalls. In addition, the City's practice has been to appropriate unassigned fund balance for one-time expenditures or significant capital needs.

Annually, the City adopts a five-year Capital Improvement Plan for functions such as public safety, parks, transportation, stormwater system, airport and transit. The City also prepares a five-year financial forecast for its General Fund. The purpose of the forecast is to enhance the City's financial planning process. The forecast incorporates the Council- adopted strategic plan, five-year capital improvement plan, capital funding plan and adopted budget.

The City has dedicated an amount equivalent to \$0.0507 of the \$0.5395 ad valorem tax rate for the capital funding plan. In addition, \$0.0142 cents was dedicated to fund parks and recreation projects and bond debt service. Also, certain revenues are specifically earmarked for the repayment of principal and interest on installment financing agreements for facilities and equipment, general obligation debt and future cash funding of major capital improvements.

During fiscal year 2024 the City accomplished or continued work on significant capital projects, financial and economic development goals including the following:

- \$7.7 million to construct a new senior center, a tennis center, renovate parks, and upgrade recreation facilities
- \$1.4 million for park and trail enhancements
- \$1.4 million on Transit capital improvements including bus purchases
- \$2.2 million to construct the Day Resource Center
- \$2.9 million on public safety enhancements
- \$2.4 million for Fayetteville Regional Airport terminal improvements
- \$13 million on street resurfacing, pavement preservation and sidewalk improvements
- \$7 million on stormwater drainage system improvements
- \$1.1 million for the Airport Rescue and Firefighting Vehicle (ARFF)

AWARDS AND ACKNOWLEDGEMENTS

The City was awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ending June 30, 2023. The certificate was awarded by the Government Finance Officers Association of the United States and Canada (GFOA) based upon a review of the City's annual comprehensive financial report for the fiscal year ended June 30, 2023. The Certificate of Achievement is awarded to a government organization who publishes an easy to read and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe that our annual comprehensive financial report for the fiscal year ending June 30, 2023 also meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a Certificate of Achievement.

The City received the Distinguished Budget Presentation Award which is awarded by the GFOA based upon a review of the City's annual budget for fiscal year 2024. In order to receive this award, a governmental organization must publish a budget document that meets specific program criteria as a policy document, an operations guide, a financial plan, and a communications device. The fiscal year 2024 budget has been submitted to the GFOA to determine its eligibility for an award.

Credit for this report is given to the Mayor and members of the City Council for their support of the highest standards of professionalism in the management of Fayetteville's finances. The report is the work of dedicated Finance Department staff. We wish to express our appreciation to members of the department, as well as the entire City staff for their cooperation and assistance.

Respectfully submitted,



Douglas J. Hewett, ICMA-CM
City Manager



Jeffrey Yates
Assistant City Manager
Interim Chief Financial Officer

City of Fayetteville, North Carolina

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fayetteville
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

City of Fayetteville, North Carolina

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City Council Members



Mario Benavente, District 3

D.J. Haire, District 4

Derrick Thompson, District 6

Lynne Greene, District 5

Malik Davis, District 2

Brenda McNair, District 7

Kathy Jensen, Mayor Pro Tem, District 1

Courtney Banks-McLaughlin, District 8

Mitch Colvin, Mayor (Center)

Deno Hondros, District 9

City Administrative, Legal and Financial Staff

Doug Hewett, *City Manager*

Kelly Olivera, *Assistant City Manager*

Adam Lindsay, *Assistant City Manager*

Jeffrey Yates, *Assistant City Manager
and Interim Chief Financial Officer*

Jodi Phelps, *Assistant City Manager*

Pamela Megill, *City Clerk*

Lachelle Pulliam, *City Attorney*

City of Fayetteville, North Carolina

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Organizational Chart



City of Fayetteville, North Carolina

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Report of Independent Auditor

Independent Auditor's Report

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

Report on Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund of the City of Fayetteville, North Carolina (City of Fayetteville or City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Fayetteville'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, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund of the City of Fayetteville, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements as of June 30, 2023 have been restated due change within the reporting entity in accordance with GASB Statement No. 100 – *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 beginning on page C-1, the Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability, the Law Enforcement Officers' Special Separation Allowance – Schedule of Total Pension Liability as a Percentage of Covered Payroll, the Local Government Employees' Retirement System Schedules of the City's Proportionate Share of Net Pension Liability (Asset) and the City of Fayetteville's Contributions, and the Other Postemployment Benefits Retiree Health Plan Schedules of Funding Progress and Employer Contributions on pages G-1 through G-5 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fayetteville's basic financial statements. We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Fayetteville as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated May 9, 2024, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the respective budgetary schedules. The combining and individual fund financial statements and schedules, budgetary schedules and other supplementary data listed in the table of contents as "Supplemental Information", the Schedule of Expenditures of Federal and State Awards, and Passenger Facility Charges, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the State Single Audit Implementation Act and the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration, 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 underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended June 30, 2024 and June 30, 2023 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 other supplemental financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2024 on our consideration of the City of Fayetteville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fayetteville's internal control over financial reporting and compliance.

PBMares, LLP

Morehead City, North Carolina
November 2, 2024

City of Fayetteville, North Carolina

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Management's Discussion & Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

Financial Highlights

The assets and deferred outflows of resources of the City of Fayetteville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$638.2 million (*net position*). Of this amount, unrestricted net position of negative \$74.2 million is used to meet the government's ongoing obligations to residents and creditors. The government's total net position increased by \$20.1 million.

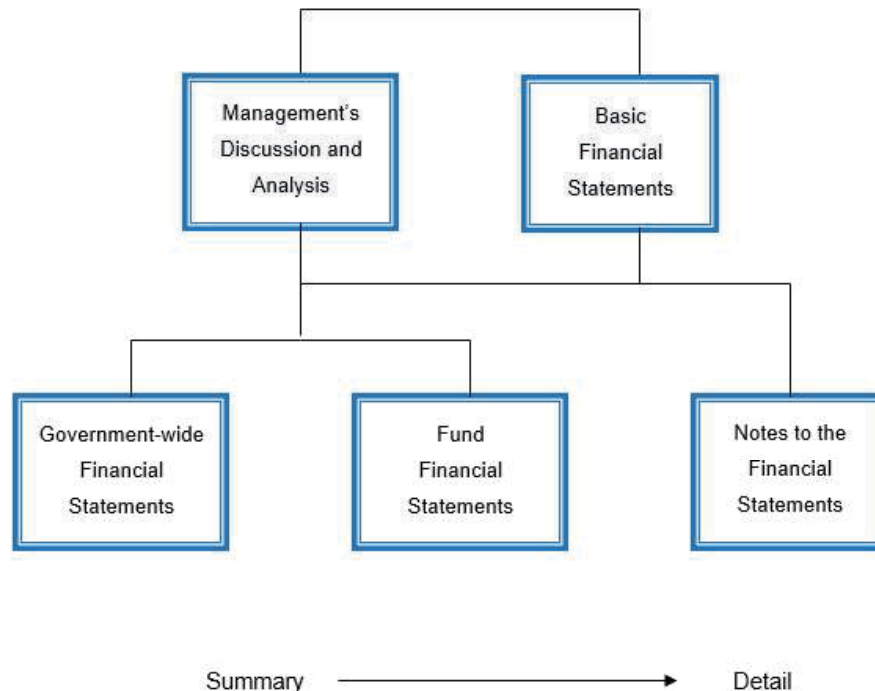
- Net position in the Governmental activities increased \$17.0 million to \$448.6 million in fiscal year 2024, up from \$431.7 million in fiscal year 2023. By far the largest portion of net position, \$433.4 million or 96.6%, reflects the net investment in capital assets less any related debt still outstanding.
- Net position in the Business type activities increased \$3.1 Million to \$189.6 million in fiscal year 2024, up from \$186.5 million in 2023. The largest portion of net position, \$150.9 million or 79.6%, reflects the net investment in capital assets less any related debt still outstanding that was issued to acquire assets in the Stormwater Management, Transit, Airport and Solid Waste activities.
- As of the close of fiscal year 2024, the City's governmental funds reported an ending fund balance of \$145.1 million, a decrease of \$6.5 million in comparison to the prior year. Approximately 67.8% of total fund balance, or \$98.3 million, is non-spendable or restricted.
- At the end of fiscal year 2024, unassigned fund balance for the General Fund was \$20.3 million or 6.3% of the fiscal year 2024 General Fund original adopted budget of \$320.9 million.
- The City's total debt at fiscal year-end 2024 decreased by \$3.0 million. General obligation debt, limited obligation debt, revenue bond debt, installment agreements, lease and subscription liabilities and notes payable decreased \$12.1 million. Compensated absences, net pension liabilities and other postemployment benefits increased by \$9.1 million. The increase was primarily due to the changes in actuarial assumptions, an increase in total members, and the Local Governmental Employees' Retirement System realizing lower than projected gains on investments.
- During fiscal year 2024, the City maintained its Aa1 and AA+ credit rating for its outstanding general obligation bonds from Moody's and Standard & Poor's, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Fayetteville's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements as shown below. The basic financial statements present two different views of the City, through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City. This report includes all funds of the City of Fayetteville, as well as its component units, which are described in the following pages. Note 1 in the financial report includes further discussion of the reporting entity and description of funds.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the City of Fayetteville'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 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, required supplementary information include reports concerning the City's progress in funding its obligations to provide Pension Benefits, the Law Enforcement Officers' Special Separation Allowance, and Other Post-Employment Benefits.

Additional supplementary information is provided to show details about the City's major and non-major governmental funds, proprietary funds and non-major internal service funds. The governmental and internal service funds are added together in one column on the basic financial statements. Budgetary information required by General Statute can also be found in this part of the statements.

Government-wide Financial Statements

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

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

The government-wide statements include activities for the primary government and its component unit. The primary government function is divided into two categories: 1) governmental activities and 2) business-type activities. Governmental activities include most of the City's basic services such as general administration, public safety, environmental protection, transportation, economic and physical development, and recreation and community facilities. Property and other taxes, and state and federal grant funds finance most of these activities. Business-type activities are those that the City charges customers to provide. These include stormwater, airport, transit, and solid waste services offered by the City of Fayetteville.

The Public Works Commission (PWC) is a legally separate authority and is presented as a discretely presented component unit. The City appoints the PWC Commissioners, issues PWC's debt, maintains ownership of PWC capital assets and must approve certain contracts.

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

Fund Financial Statements – The fund financial statements provide a more detailed look at the City of Fayetteville's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in North Carolina, use fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 City of Fayetteville'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 current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps them determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.



The City of Fayetteville adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the residents of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement on page E-5 of this report uses the budgetary basis of accounting, and except for debt service, is presented using the same format as the legally adopted budget. Note A on the bottom of page E-5 provides a reconciliation of differences between expenditure classifications on the budget basis (page E-5) and the modified accrual basis (E-3). The budgetary statement shows four columns: 1) the original budget as adopted by the City Council, 2) the final budget as amended by the City Council, 3) the actual revenues, expenditures and changes in fund balance, and 4) the difference, or variance, in revenues and expenditures between final budget and actual amounts.

Proprietary Funds – The City of Fayetteville has two kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its stormwater, transit, airport and solid waste operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the City. The City uses an internal service fund to account for its insurance and risk management and fleet maintenance activities. These services benefit both governmental functions and business-type activities. These services have been included within their respective predominant activities in the government-wide financial statements.

Fiduciary Funds – Private Purpose Trust funds are used to account for the activities of funds the City holds in trust for others. The City has two private-purpose trust funds. Custodial funds are used to account for assets the City holds on behalf of others. The City maintains two custodial funds. One accounts for collections of Red Light Camera fines and distribution of amounts collected to Cumberland County Schools, the other is the Police Evidence Fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages F-1 through F- 63 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages G-1 through G-5 of this report.

Government-Wide Financial Analysis

Net Position – The following is a summary of net position for the City of Fayetteville at June 30, 2024 with comparative data for June 30, 2023. The City's combined net position increased \$20.1 million, or 3.3%, from fiscal year 2023. Net position may serve over time as one useful indicator of a government's financial condition. The information below provides a more detailed view of the City's net position.

City of Fayetteville's Net Position (dollars in thousands)

Figure 2

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|------------|-----------------------------|------------|------------|------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 232,032 | \$ 254,831 | \$ 67,155 | \$ 62,313 | \$ 299,186 | \$ 317,144 |
| Capital assets, net | 469,439 | 453,553 | 154,574 | 155,653 | 624,012 | 609,206 |
| Total Net Assets | 701,470 | 708,384 | 221,728 | 217,966 | 923,199 | 926,350 |
| Deferred outflows of resources | 46,778 | 46,842 | 6,221 | 6,764 | 52,999 | 53,606 |
| Total Net Assets and Deferred Outflows of Resources | 748,249 | 755,226 | 227,949 | 224,730 | 976,198 | 979,956 |
| Current and other liabilities | 40,114 | 60,395 | 11,096 | 8,780 | 51,210 | 69,175 |
| Long-term liabilities outstanding | 240,348 | 242,269 | 20,975 | 22,007 | 261,323 | 264,276 |
| Total Liabilities | 280,462 | 302,664 | 32,071 | 30,787 | 312,533 | 333,451 |
| Deferred inflows of resources | 19,153 | 20,916 | 6,272 | 7,439 | 25,424 | 28,355 |
| Total Liabilities and Deferred inflows of resources | 299,615 | 323,580 | 38,343 | 38,226 | 337,958 | 361,806 |
| Net Position: | | | | | | |
| Net investment in capital assets | 433,397 | 363,803 | 150,883 | 149,951 | 584,280 | 513,754 |
| Restricted | 81,070 | 66,785 | 3,092 | 3,424 | 84,162 | 70,209 |
| Unrestricted | (65,833) | 1,058 | 35,631 | 33,129 | (30,202) | 34,187 |
| Total Net Position | \$ 448,634 | \$ 431,646 | \$ 189,606 | \$ 186,504 | \$ 638,240 | \$ 618,150 |

The assets and deferred outflows of the City exceeded liabilities and deferred inflows by \$638.2 million as of June 30, 2024. Net position is reported in three categories: net investment in capital assets of \$584.3 million, restricted net position of \$84.1 million, and unrestricted net position of negative \$30.2 million.

The net investment in capital assets category is defined as the City's investment in City owned capital assets (e.g. infrastructure, land, buildings, automobiles, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used.



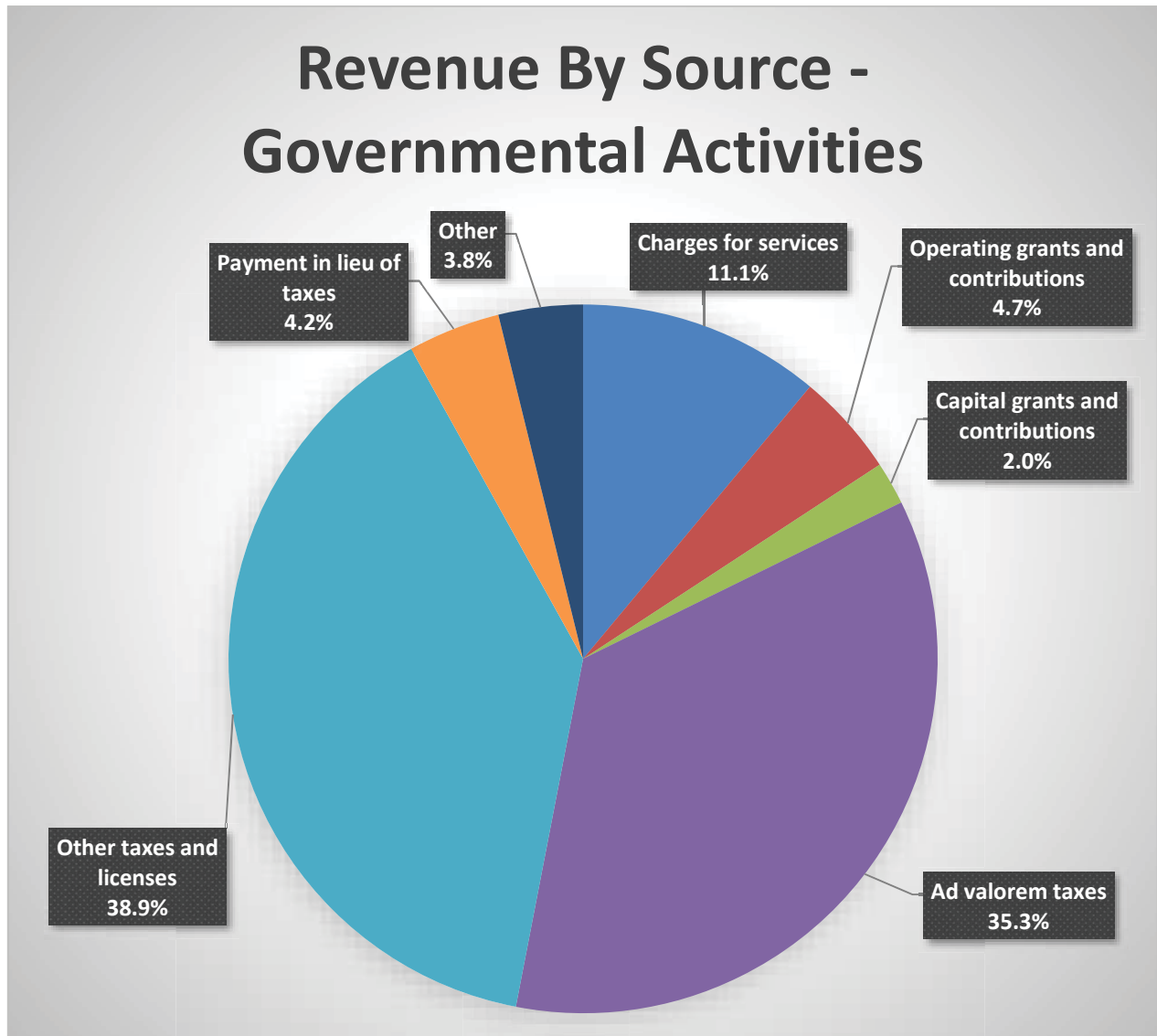
The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to residents and creditors. On June 30, 2024, the City had negative unrestricted net position of \$30.2 million of the reported total net position of \$638.2 million.

City of Fayetteville's Changes in Net Position (dollars in thousands)

Figure 3

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|------------------------------------|-------------|-------------------------------------|-------------|--------------|-------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 25,127 | \$ 15,859 | \$ 34,570 | \$ 29,769 | \$ 59,696 | \$ 45,628 |
| Operating grants and contributions | 10,743 | 32,372 | 3,230 | 7,098 | 13,972 | 39,470 |
| Capital grants and contributions | 4,420 | 13,851 | 5,832 | 5,446 | 10,252 | 19,297 |
| General Revenues: | | | | | | |
| Ad valorem taxes | 80,258 | 73,650 | - | - | 80,258 | 73,650 |
| Other taxes and licenses | 88,429 | 77,982 | 537 | 650 | 88,966 | 78,632 |
| Payment in lieu of taxes | 9,577 | 11,072 | - | - | 9,577 | 11,072 |
| Other | 8,734 | 8,916 | 3,053 | 2,337 | 11,786 | 11,253 |
| Total Revenues | 227,286 | 233,702 | 47,221 | 45,300 | 274,507 | 279,002 |
| Expenses: | | | | | | |
| Administration | 39,371 | 49,056 | - | - | 39,371 | 49,056 |
| Public safety | 95,985 | 101,944 | - | - | 95,985 | 101,944 |
| Environmental protection | 459 | 2,523 | - | - | 459 | 2,523 |
| Transportation | 22,427 | 22,788 | - | - | 22,427 | 22,788 |
| Economic and physical development | 17,157 | 4,729 | - | - | 17,157 | 4,729 |
| Recreation and community facilities | 22,268 | 21,388 | - | - | 22,268 | 21,388 |
| Interest on long-term debt | 3,817 | 4,004 | - | - | 3,817 | 4,004 |
| Stormwater management | - | - | 10,277 | 11,115 | 10,277 | 11,115 |
| Transit | - | - | 15,030 | 14,697 | 15,030 | 14,697 |
| Airport | - | - | 12,731 | 10,834 | 12,731 | 10,834 |
| Solid Waste | - | - | 14,895 | 14,910 | 14,895 | 14,910 |
| Total Expenses | 201,484 | 206,432 | 52,933 | 51,556 | 254,417 | 257,988 |
| Increase (Decrease) in Net Position: | | | | | | |
| before transfers | 25,802 | 27,270 | (5,712) | (6,256) | 20,090 | 21,014 |
| Transfers | (8,814) | (6,931) | 8,814 | 6,931 | - | - |
| Change in net position | 16,988 | 20,339 | 3,102 | 675 | 20,090 | 21,014 |
| Net position, beginning | 431,646 | 411,307 | 186,504 | 185,829 | 618,150 | 597,136 |
| Net position, ending | \$ 448,634 | \$ 431,646 | \$ 189,606 | \$ 186,504 | \$ 638,240 | \$ 618,150 |

Governmental Activities – Revenues for the City's governmental activities were \$227.3 million, while total expenses were \$201.5 million in fiscal year 2024.



The increase in net position for governmental activities, after transfers out, was \$17.0 million.

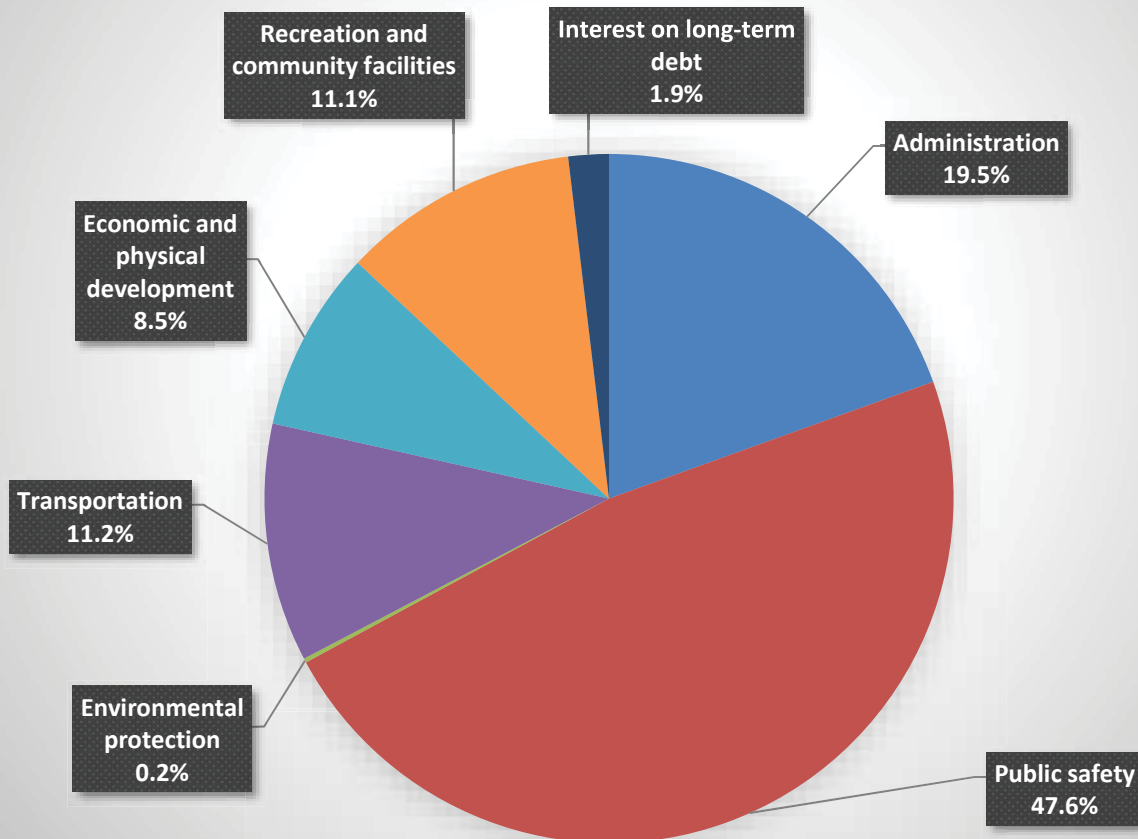
Current year revenues decreased by \$6.4 million due to decreased operating/capital grants and contributions, strong sales tax and property tax collections, and interest income driven by rising interest rates.



Key elements of this change are as follows:

- Other taxes and licenses including sales tax, utilities sales tax, telecommunications sales tax, video franchise tax and vehicle license taxes represent 38.9% and is the largest revenue category. Sales tax of \$64.1 million makes up nearly 72.5% of other taxes and licenses.
- Property taxes of \$80.3 million represent 35.3% of total governmental revenues and is the second largest revenue category. The ad valorem tax rate is 53.95 cents of which 1.42 cents is dedicated to supporting Parks and Recreation bond projects approved in a March 2016 bond referendum. The City's fiscal year 2024 tax collection rate was 99.5%.
- Operating grants and contributions decreased to \$10.7 million during fiscal year 2024, a decrease of 66.8% from 2023. Most of the decrease related to completion of programs funded by federal and state funding for Economic and Physical Development and Environmental Protection measures during the fiscal year.
- Capital grants and contributions decreased to \$4.4 million during fiscal year 2024, a decrease of \$9.4 million from 2023. Most of the decrease was related to receiving fewer federal and state grants for transportation infrastructure including streets, sidewalks and drainage improvements and parks and recreation improvements.
- Another large revenue source supporting the governmental activities include \$9.6 million for payments in lieu of taxes from PWC.
- Charges for services from fee-based programs such as parks and recreation, permitting and inspections, and parking fees increased to \$25.1 million during fiscal year 2024, an increase of \$9.3 million from fiscal year 2023.

Expenses by Function - Governmental Activities



- The cost of all governmental activities this year was \$201.5 million as compared to \$206.4 million reported in fiscal year 2023. These costs were incurred in order to provide municipal services to the residents of Fayetteville. These services include but are not limited to: public safety (police, fire, etc.), administrative (city manager, city attorney, finance, human resources, information technology), transportation (street maintenance), and recreation and community facilities.
- The City's four largest governmental programs – public safety (47.6%), administration (19.5%), transportation (11.2%), and recreation and community facilities (11.1% percent), represent 89.4% of the total governmental activities.



Business-Type Activities – Revenues for the City’s business-type activities were \$47.2 million, while total expenses were \$53.0 million in fiscal year 2024 compared to fiscal year 2023 revenues of \$45.3 million, and total expenses of \$51.6 million. Net position increased to \$189.6 million in 2024, compared to \$186.5 million in 2023.

| Change in Net Position (in thousands) | | | | |
|---------------------------------------|-----------------------|------------|------------|-------------|
| | Stormwater Management | Transit | Airport | Solid Waste |
| 2024 | \$ 55,160 | \$ 21,824 | \$ 101,992 | \$ 10,630 |
| 2023 | 52,512 | 24,131 | 102,135 | 7,726 |
| Change | \$ 2,648 | \$ (2,307) | \$ (143) | \$ 2,904 |

Stormwater Management - Net position in stormwater management activities increased to \$55.5 million in fiscal year 2024. Net investment in storm water capital assets increased \$4.0 million to \$40.7 million.

Transit - The City, federal, and state agencies continue to subsidize transit operations. Net position is \$21.8 million in fiscal year 2024 which represents a 9.6% decrease from 2023. Nearly all of transit’s net position was its \$26.0 million net investment in transit assets. Transit’s reduction of net position is the result of decreased operating and capital grants and contributions received.

Airport - Net position of the airport fund at the end of the year amounted to \$102.0 million, a decrease of \$0.1 million. The increase is primarily due to federal and state contributions for airport enhancements. Net investment in capital assets was \$77.0 million.

Solid Waste - Net position for the solid waste function in fiscal year 2024 was \$10.6 million which represents a 37.6% increase from 2023. Net investment in capital assets used to provide solid waste services was \$7.2 million.

Financial Analysis of the City’s Funds

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

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

The General Fund is the chief operating fund of the City. At the end of fiscal year 2024, unassigned fund balance of the General Fund was \$20.3 million, while total fund balance was \$99.3 million. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 9.9% of total General Fund expenditures and transfers out, while total fund balance represents 48.7% percent of that same amount.



The North Carolina Local Government Commission strongly recommends that local governments maintain an available fund balance of at least 8 percent of annual General Fund expenditures. The City of Fayetteville has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least 10% of the succeeding year's General Fund expenditure budget, excluding the budget for the County Recreation Program. The City's target for unassigned fund balance, however, is at least 12 percent. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the fund balance to the established minimum level within two years.

The fund balance of the City's General Fund increased by \$5.2 million during the current fiscal year. This increase can be primarily attributed to an increase in revenues supporting operations for police, fire, and parks, recreation and cultural services:

- Overall General Fund revenues increased \$9.7 million in fiscal year 2024. Ad valorem tax increased \$6.9 million from the previous year, and other taxes and fees increased \$2.6 million.
- At \$184.7 million, General Fund expenditures increased \$4.0 million in 2024. Debt service principal and interest payments decreased \$1.2 million. Operations expenditures for police and fire decreased by \$8.4 million due to the closeout of several operating grants. Economic and physical development expenditures increased \$12.0 million primarily due to additional activity in 2024 compared to fiscal year 2023.
- Net other financing sources and uses during the year:
 - Installment financing increased by \$1.9 million.
 - Lease and subscription liabilities issued decreased by \$0.1 million, due to lease and subscription payments in fiscal year 2024.

At June 30, 2024, the governmental funds of the City reported a combined fund balance of \$145.1 million, reflecting a decrease in fund balance of \$6.5 million. The decrease is due to the non-major governmental fund balance decrease in fiscal year 2024 of \$14.3 million, compared to the decrease in fiscal year 2023 from issuance of other financing sources of bond proceeds and installment financings. The Federal and State Financial Assistance ending fund balance is \$11.9 million, an increase of \$2.8 million due to a decrease in unearned revenue related to closing FEMA projects. The Environmental Protection ending fund balance is negative \$179 thousand, a decrease of \$112 thousand million due to an increase in interfund payables.

General Fund Budgetary Highlights

The City Council approved a \$208 million General Fund budget for fiscal year 2024 which represented an \$21.0 million increase from the original budget for fiscal year 2024. The general ad valorem tax rate changed to 53.95 cents per \$100 of assessed valuation.

In fiscal year 2024 the City continued to focus on our strategic plan and Vision 2032 Statement that establishes that we are striving to be an attractive, culturally diverse and inclusive city that is safe, prosperous, innovative and unified. The 2024 fiscal year budget provided for continuation of municipal services, improvements to service delivery and technology, and addressed the results of the compensation study commissioned in 2024.

During the past year the City provided funds for a fire heavy rescue truck and two pumper trucks, continued progress on the construction project to relocate Fire Station 4, improvements to City streets, to continue the Corridor Revitalization program, to support the Fayetteville Cumberland Economic Development Corporation and the Center for Economic Empowerment and Development, to subsidize the management cost of the downtown Arts and Entertainment District and to continue the partnership with Cumberland County to fund strategies to assist homeless residents.



The most significant addition to the fiscal year 2024 budget in terms of cost and impact was an adjustment to continue the Police, Fire, and 911 Communications employee pay step plans, with an adjustment to the step to maintain competitive increases. Additionally, all other employees received a 4% increase from their midpoint, and an additional 1% increase to their 401(K) contributions, bringing the city's contribution to 2%. Sworn police officers continued to receive a mandatory 5% city contribution to a 401(K)-contribution plan. The study also recommended increases in compensation for most positions along with a strategy to address pay compression for longer-tenured employees whose salaries are close to those of newly hired employees. All told, the implementation of the study, approximately \$6.6 million, is the most significant addition to the fiscal year 2024 budget. While implementation of the study will help with recruitment and retention issues, more will be needed in upcoming fiscal years in order for the City to remain an Employer of Choice.

The City continues to leverage the more than \$23 million in American Rescue and Recovery Act funding on priorities identified by City Council. That funding joins the more than \$10 million also awarded to the City by the State of North Carolina to address, among other things, parks and recreation projects, historic sites preservation and stormwater infrastructure projects. The voters overwhelmingly approved the \$97 million bond measure on the November 2024 ballot, supporting the City's plans to issue \$97 million in general obligation bonds and spend \$60 in support of projects related to public safety, \$25 million for infrastructure needs and \$12 million for housing.

Actual Revenues Compared to Final Budget – General Fund actual revenue was \$202.4 million and final budgeted revenue was \$201.3 million for fiscal year 2024.

The City's permits and fees continue to be strong revenue source for the General Fund in fiscal year 2024 with \$2.2 million more collected than the budgeted expectations.

The City's investments also performed better than budget expectations due to rising interest rates. Interest earned on investments totaled \$3.8 million.

Actual Expenditures Compared to Budgeted Appropriations – The City budgets General Fund appropriations by portfolio. As shown on the General Fund Budget and Actual Statement on page E-5, expenditures in each portfolio are compared to final budgeted appropriations, with overall actuals being \$23.4 million less than budget. The following is an analysis of actual expenditures compared to budget by portfolio:

- Community investment portfolio expenditures were \$0.8 million less than budget.
- Operations portfolio expenditures were \$17.8 million less than budget.
- Support services portfolio expenditures were \$4.9 million less than budget.
- Law enforcement officer's separation allowance expenditures were \$1.8 million less than budget.
- Other appropriations, excluding debt service, were \$0.6 million less than budget.
- Debt service expenditures were \$0.8 million more than budget.

Capital Asset and Debt Administration

Capital Assets – The City's capital assets for its governmental and business-type activities as of June 30, 2024 total \$624.0 million net of accumulated depreciation and amortization. These assets include land, construction in progress, infrastructure, buildings and improvements, equipment, furniture and fixtures, computer software, vehicles, subscription-based information technology agreements and right to use leased assets.

City of Fayetteville's Capital Assets (dollars in thousands) (Net of Accumulated Depreciation and Amortization)

Figure 4

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land and land rights | \$ 44,209 | \$ 44,122 | \$ 6,196 | \$ 6,163 | \$ 50,405 | \$ 50,285 |
| Construction in progress | 32,104 | 40,329 | 7,317 | 5,636 | 39,421 | 45,965 |
| Infrastructure | 223,986 | 219,242 | 35,439 | 35,065 | 259,425 | 254,307 |
| Buildings and improvements | 133,805 | 113,075 | 83,666 | 86,283 | 217,471 | 199,358 |
| Equipment, furniture, and fixtures | 4,343 | 4,788 | 2,307 | 2,795 | 6,649 | 7,583 |
| Computer software | 2,913 | 2,846 | 152 | 284 | 3,065 | 3,130 |
| Vehicles | 19,352 | 17,660 | 19,355 | 19,192 | 38,707 | 36,852 |
| Intangible right-of-use assets | 8,727 | 11,490 | 142 | 235 | 8,869 | 11,725 |
| Total | <u>\$ 469,438</u> | <u>\$ 453,552</u> | <u>\$ 154,574</u> | <u>\$ 155,653</u> | <u>\$ 624,012</u> | <u>\$ 609,205</u> |

Major capital asset transactions during the year include the following for governmental activities:

- \$7.7 million was spent to construct a new senior center, a tennis center, renovate parks, and upgrade recreation facilities.
- \$2.2 million was spent to construct the Day Resource Center.
- \$2.9 million was spent on public safety enhancements.
- \$1.4 million was spent on other miscellaneous park and trail enhancements.
- \$13.0 million on street resurfacing, pavement preservation, and sidewalk improvements.



Major capital asset transactions during the year include the following for business-type activities:

- \$7.0 million was spent on stormwater drainage system improvements.
- \$1.4 million was spent on transit capital improvements including bus purchases.
- \$2.4 million was spent on airport terminal renovations.
- \$1.1 million was spent on the Airport Rescue and Firefighting Vehicle (ARFF).

Additional information on the City's capital assets can be found in Note 3 of this report.

Long-Term Debt – The City issues debt to finance the acquisition and construction of many of its capital assets. As of June 30, 2024, the City had total outstanding debt of \$103.6 million consisting of general obligation debt, limited obligation debt, leases and subscription debt, revenue bonded debt, installment agreements and notes payable. Long-term debt decreased \$12.1 million over 2024. The City completed \$3.2 million in installment financing for vehicle and equipment purchases in fiscal year 2024. A summary of total long-term debt is shown in Figure 5.

Outstanding Debt (dollars in thousands)

Figure 5

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|----------------------------|-------------------|-----------------------------|-----------------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General obligations debt | \$ 29,440 | \$ 31,580 | \$ - | \$ - | \$ 29,440 | \$ 31,580 |
| Direct Placement: | | | | | | |
| Limited obligation debt | 39,320 | 42,120 | - | - | 39,320 | 42,120 |
| Leases and subscription liability | 9,123 | 11,673 | 133 | 238 | 9,256 | 11,911 |
| Revenue bonds | - | - | 2,130 | 2,935 | 2,130 | 2,935 |
| Direct Borrowing: | | | | | | |
| Installing agreements | 22,000 | 24,648 | 1,278 | 2,354 | 23,278 | 27,002 |
| Notes payable | - | - | 150 | 175 | 150 | 175 |
| Total Long-Term Debt | <u>\$ 99,883</u> | <u>\$ 110,021</u> | <u>\$ 3,691</u> | <u>\$ 5,702</u> | <u>\$ 103,574</u> | <u>\$ 115,723</u> |



The City's other long-term obligations are as follows:

- \$64.7 million representing the City's portion of the N.C. Local Government Employers' Retirement System net pension liability, which is managed by the N.C. Department of State Treasurer.
- \$40.1 million net Other Postemployment Benefits (OPEB) liability, which is retiree healthcare benefits for employees hired before July 1, 2014.
- \$19.4 million net Law Enforcement Officers' Special Separation Allowance.
- \$8.4 million compensated absences, a liability for the estimated amount of vacation, compensatory time and banked holiday leave to ultimately be paid.
- \$4.7 million PWC Assessments Payable, which is offset by amounts owed to the City.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property. The legal debt margin for the City is approximately \$1.0 billion.

Additional information regarding the City's long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budget and Rates

The City Council approved a \$320.9 million budget for fiscal year 2025, which represented a \$9.9 million increase from the original budget for fiscal year 2024.

The general ad valorem tax rate of 57.95 cents per \$100 of assessed valuation, representing a slight increase of 0.04 cents to fund compensation increases for our public safety employees as part of the effort to increase retention and recruitment efforts. Additionally, all other employees will receive a 4% increase of their midpoint, and an additional 1% increase to their 401(k) contribution, bringing the city's 401(K) contribution to 3%. Sworn police officers will continue to receive a mandatory 5% city contribution to a 401(k) deferred compensation plan.

For fiscal year 2025, the supporting general fund operating budgets are expected to grow by 3.99% over the values projected for the adopted fiscal year 2024 budget. This year-over-year growth projection serves as an indicator that the local economy continues to grow. Based on expected growth and the increased tax rate, the 2024 general fund budgeted ad valorem tax revenues of \$82.1 million are projected to increase 9.6%.

The City's other major unrestricted revenue is sales tax. Sales tax revenues began to decrease across the state in FY24. The fiscal year 2025 sales taxes are expected to decrease by 4.5% over the 2024 budgeted sales tax revenues, with all of the growth above fiscal year 2022 sales tax revenues, net of hold harmless, being returned to the County as part of the sales tax agreement. The value of the increase from 2025 to fiscal year 2022 is projected to be \$7.1 million.

The FY25 budget provides for the continuation of all municipal services at the same service levels as fiscal year 2024. The budget does make modifications to several areas, largely through improvements in service delivery and improvements using technology. All of the modifications are designed to support the service demands and needs of a growing city. The budget supports funding for studies for the impact of gun violence and the relocation and opening of Fire Station 4. The City will continue the Corridor Revitalization program and fund incentives to add flight destinations or services at the Fayetteville Regional Airport. The budget funds \$9 million in annual pavement preservation and will sustain housing opportunity programs including Housing Trust Funds, Powell Bill Funds, repairs and renovation and homeownership support through grant and bond funding. Also included in the budget is funding for programs to address homelessness and mental health.



The 2025 general property tax rate of 57.95 cents per \$100 value includes 1.42 cents for parks and recreation projects and bond debt service, 5.07 cents for the general capital funding plan, 4.00 cents for the 2024 bond debt service, 4.00 cents for public safety salaries, and 43.46 cents for general operations. The property tax rate for the Central Business Tax District will increase from 10.0 cents to 17.0 cents per \$100 of assessed valuation. The stormwater fee will increase from \$6 per month to \$7 per month, the residential solid waste fee is adopted to increase to \$275 per year, and additional minor fee adjustments are proposed with minimal expected revenue impacts. Bus fares will remain the same and other fee adjustments include adjustments to code enforcement, building permits, taxicab permits, fire inspection fees, and parks and recreational fees to adjust for the net decrease in sales tax revenues. Payment in lieu of taxes from the Public Works Commission (PWC) is projected to be \$12.2 million in FY 25, 16.33% increase from FY 24 budgeted payment of \$10.2 million. This is due to the FY 24 withholding of \$2 million to repay an advance on the PWC's payments made during the COVID-19 pandemic.

The FY25 budget is balanced with a \$1.6 million General Fund appropriation, including \$.6 million from the fund balance assigned for the general capital funding plan, \$.7 million from the fund balance assigned for transit efficiency, and \$.3 million from the fund balance reserved for Cape Fear Regional Theatre. This represents a 73.44% decrease, or \$4.4 million, in the use of unassigned fund balance as compared to the \$5.9 million original fund balance appropriation for fiscal year 2024. This marked decrease is primarily due to the decreased transfers to capital projects, resulting from ARPA funds and other grant funds for infrastructure.

The fiscal year 2025 budget enhances our services as a major metropolitan area – the 6th largest city in the 9th largest state in the most powerful country in history – while also addressing our need to take care of our most valuable resource, our employees.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, City of Fayetteville, 433 Hay Street, Fayetteville, NC 28301. You can also call (910) 433-1474, visit our website www.fayettevillenc.gov/finance.



Basic Financial Statements

CITY OF FAYETTEVILLE
STATEMENT OF NET POSITION

JUNE 30, 2024

| | Primary Government | | | Public Works Commission |
|---|----------------------------|---------------------------------|--------------------------------|-------------------------------|
| | Governmental Activities | Business- Type Activities | Total Primary Government | |
| Assets | | | | |
| Cash and investments | \$ 110,416,228 | \$ 50,623,164 | \$ 161,039,392 | \$ 165,401,126 |
| Taxes receivable | 4,253,428 | - | 4,253,428 | - |
| Accounts receivable | 13,225,507 | 6,304,020 | 19,529,527 | 57,043,033 |
| Leases receivable | 137,702 | 712,340 | 850,042 | 694,223 |
| Assessments receivable | 6,280,181 | - | 6,280,181 | - |
| Due from other governments | 26,044,902 | - | 26,044,902 | - |
| Internal balances | 2,014,714 | (2,014,714) | - | - |
| Notes Receivable | 10,823,474 | - | 10,823,474 | - |
| Inventories | 100,324 | 736,459 | 836,783 | 23,665,370 |
| Prepaid expenses | 4,988,948 | 4,500 | 4,993,448 | - |
| Restricted asset - cash and investments | 45,617,376 | 6,586,226 | 52,203,602 | 341,640,551 |
| Restricted asset - accounts receivable | 2,798,209 | 80,868 | 2,879,077 | 14,200,859 |
| Collateral pledged in lieu of deposits | - | - | - | 684,424 |
| Property held for resale | 27,871 | - | 27,871 | - |
| Leases receivable, noncurrent | 5,302,941 | 4,121,786 | 9,424,727 | 3,191,866 |
| Other assets | - | - | - | 9,215,129 |
| Capital assets: | | | | - |
| Intangible right to use lease assets, net of amortization | 3,019,894 | - | 3,019,894 | 3,875,362 |
| Intangible right to use subscription assets, net of amortization | 5,706,789 | 142,016 | 5,848,805 | - |
| Land and construction in progress | 76,313,326 | 13,227,689 | 89,541,015 | 250,990,175 |
| Other capital assets, net of depreciation and amortization | 384,398,516 | 141,203,847 | 525,602,363 | 1,014,490,153 |
| Total assets | 701,470,330 | 221,728,201 | 923,198,531 | 1,885,092,271 |
| Deferred Outflows of Resources | | | | |
| Charge on refunding | - | - | - | 530,085 |
| OPEB deferrals | 4,459,216 | 819,211 | 5,278,427 | 3,216,722 |
| Pension deferrals | 42,319,059 | 5,401,957 | 47,721,016 | 26,607,380 |
| Total deferred outflow of resources | 46,778,275 | 6,221,168 | 52,999,443 | 30,354,187 |
| Liabilities | | | | |
| Accounts payable and accrued expenses | 14,839,254 | 6,327,173 | 21,166,427 | 45,055,656 |
| Restricted unearned deposits | 720,745 | 1,098,856 | 1,819,601 | 28,500,665 |
| Unearned deposits | - | - | - | 569,278 |
| Unearned revenues | 24,553,935 | 3,670,027 | 28,223,962 | - |
| Long-term liabilities: | | | | |
| Due within one year | 18,209,353 | 2,541,343 | 20,750,696 | 20,045,660 |
| Due in more than one year | 222,138,822 | 18,433,968 | 240,572,790 | 613,103,520 |
| Total liabilities | 280,462,109 | 32,071,367 | 312,533,476 | 707,274,779 |
| Deferred Inflows of Resources | | | | |
| Prepaid and tax receivable | 2,331,816 | - | 2,331,816 | - |
| OPEB deferrals | 8,165,161 | 1,500,039 | 9,665,200 | 2,782,616 |
| Pension deferrals | 3,554,742 | 103,658 | 3,658,400 | 198,190 |
| Lease deferrals | 5,100,862 | 4,668,067 | 9,768,929 | 3,720,946 |
| Total deferred inflow of resources | 19,152,581 | 6,271,764 | 25,424,345 | 6,701,752 |
| Net position | | | | |
| Net investment in capital assets | 433,397,079 | 150,882,587 | 584,279,666 | 836,627,749 |
| Restricted for: | | | | |
| Nonspendable | 8,245,338 | - | 8,245,338 | - |
| Capital projects | - | 3,092,383 | 3,092,383 | 103,376,668 |
| Stabilization by State Statute | 37,498,173 | - | 37,498,173 | - |
| Interfund balances | 2,014,714 | - | - | - |
| For central business district | 115,111 | - | 115,111 | - |
| Recreational and cultural | 15,438,290 | - | 15,438,290 | - |
| Donations | 77,850 | - | 77,850 | - |
| Administration | 2,626,586 | - | 2,626,586 | - |
| Public safety | 7,395,184 | - | 7,395,184 | - |
| Transportation | 5,994,857 | - | 5,994,857 | - |
| Economic and physical development | 1,663,632 | - | 1,663,632 | - |
| Renewable energy | - | - | - | 8,392,851 |
| Other internal restrictions | - | - | - | 138,265,036 |
| Unrestricted | (65,832,899) | 35,631,268 | (30,201,631) | 114,807,623 |
| Total net position | \$ 448,633,915 | \$ 189,606,238 | \$ 636,225,439 | \$ 1,201,469,927 |

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

CITY OF FAYETTEVILLE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

| Functions/Programs Primary government: | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------|-------------------------|--|--|----------------------------|-----------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | |
| | | | | | Governmental Activities | Business-type Activities |
| Governmental activities: | | | | | | |
| Administration | \$ 39,371,017 | \$ 2,217,509 | \$ 158,320 | \$ 200 | \$ (36,994,988) | \$ - |
| Public safety | 95,984,531 | 8,373,612 | 711,440 | - | (86,899,479) | - |
| Environmental protection | 459,433 | 1,162,164 | - | - | 702,731 | - |
| Transportation | 22,426,764 | 7,359,653 | - | 2,691,486 | (12,375,625) | - |
| Economic and physical development | 17,156,986 | 714,747 | 9,872,777 | 744,022 | (5,825,440) | - |
| Recreation and community facilities | 22,268,010 | 5,298,820 | - | 984,516 | (15,984,674) | - |
| Interest and other debt service | 3,817,377 | - | - | - | (3,817,377) | - |
| Total governmental activities | 201,484,118 | 25,126,505 | 10,742,537 | 4,420,224 | (161,194,852) | - |
| Business-type activities: | | | | | | |
| Stormwater management | 10,276,942 | 11,633,543 | - | - | - | 1,356,601 |
| Transit | 15,030,309 | 1,139,340 | 1,050,910 | 1,276,045 | - | (11,564,014) |
| Airport | 12,731,221 | 4,883,159 | 1,693,100 | 4,555,738 | - | (1,599,224) |
| Solid waste | 14,894,511 | 16,913,766 | 485,509 | - | - | 2,504,764 |
| Total business-type activities | 52,932,983 | 34,569,808 | 3,229,519 | 5,831,783 | (9,301,873) | - |
| Total primary government | \$ 254,417,101 | \$ 59,696,313 | \$ 13,972,056 | \$ 10,252,007 | \$ (161,194,852) | \$ (170,496,725) |
| Component Unit | | | | | | |
| Public Works Commission | \$ 370,293,893 | \$ 393,034,077 | \$ 1,467,039 | \$ 10,700,239 | \$ - | \$ 34,907,462 |
| Total component unit | \$ 370,293,893 | \$ 393,034,077 | \$ 1,467,039 | \$ 10,700,239 | \$ - | \$ 34,907,462 |
| General revenues: | | | | | | |
| Ad valorem taxes | | | | | \$ 80,257,654 | \$ - |
| Other taxes | | | | | | |
| Sales tax | | | | | 71,621,352 | - |
| Utilities sales tax | | | | | 11,019,916 | - |
| Telecommunications sales tax | | | | | 633,522 | - |
| Video franchise tax | | | | | 1,582,533 | - |
| Vehicle license tax | | | | | 2,647,463 | - |
| Vehicle gross receipts tax | | | | | 923,931 | - |
| Payment in lieu of taxes | | | | | 9,577,047 | - |
| Interest earned on investments | | | | | 2,774,889 | - |
| Miscellaneous | | | | | 33,082 | - |
| Gain on sale of capital assets | | | | | 244,790 | - |
| Total general revenues not including transfers | | | | | 186,996,921 | 20,133,579 |
| Transfers | | | | | (8,814,331) | - |
| Total general revenues and transfers | | | | | 178,182,590 | 20,133,579 |
| Change in net position | | | | | 16,987,738 | 55,041,041 |
| Net position - beginning | | | | | 431,646,177 | 1,146,428,886 |
| Net position - ending | | | | | \$ 448,633,915 | \$ 1,201,469,927 |

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

CITY OF FAYETTEVILLE

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2024

| | Major Funds | | | Nonmajor | Total |
|---|-----------------------|--|-----------------------------|-----------------------|-----------------------|
| | General | Federal and State Financial Assistance | Environmental Protection | Governmental Funds | Governmental Funds |
| Assets | | | | | |
| Cash and investments | \$ 61,019,465 | \$ - | \$ - | \$ 14,833,818 | \$ 75,853,283 |
| Taxes receivable | 4,253,428 | - | - | - | 4,253,428 |
| Accounts receivable | 1,648,300 | 2,686,865 | 4,887,278 | 2,509,376 | 11,731,819 |
| Due from other governments | 20,925,409 | 438,286 | 2,050,703 | 2,630,504 | 26,044,902 |
| Interfund receivable | 11,537,601 | - | - | - | 11,537,601 |
| Assessments receivable | 1,051,551 | - | - | 5,228,630 | 6,280,181 |
| Prepaid items | 4,733,782 | - | - | - | 4,733,782 |
| Lease receivable | 5,440,643 | - | - | - | 5,440,643 |
| Inventories | 100,323 | - | - | - | 100,323 |
| Restricted cash and investments | 1,978,006 | 17,415,682 | - | 26,223,688 | 45,617,376 |
| Restricted accounts receivable | 507,604 | 2,290,605 | - | - | 2,798,209 |
| Notes receivable | 3,071,352 | 7,752,122 | - | - | 10,823,474 |
| Property held for resale | - | 27,871 | - | - | 27,871 |
| Total assets | \$ 116,267,464 | \$ 30,611,431 | \$ 6,937,981 | \$ 51,426,016 | \$ 205,242,892 |
| Liabilities, deferred inflows of resources and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 5,531,788 | \$ 958,640 | \$ - | \$ 3,610,347 | \$ 10,100,775 |
| Interfund payables | - | - | 7,116,726 | 2,406,161 | 9,522,887 |
| Restricted unearned deposits | 720,745 | - | - | - | 720,745 |
| Unearned revenue | 122,756 | 17,785,129 | - | 6,646,050 | 24,553,935 |
| Restricted accounts payable and accrued expenses | - | - | - | 5,479 | 5,479 |
| Total liabilities | 6,375,289 | 18,743,769 | 7,116,726 | 12,668,037 | 44,903,821 |
| Deferred inflows of resources: | | | | | |
| Taxes receivable | 891,588 | - | - | - | 891,588 |
| Accounts receivable | 3,121,910 | - | - | - | 3,121,910 |
| Assessments receivable | 1,365,933 | - | - | 4,674,159 | 6,040,092 |
| Lease receivable | 5,100,862 | - | - | - | 5,100,862 |
| Prepaid taxes | 74,295 | - | - | - | 74,295 |
| Total deferred inflows of resources | 10,554,588 | - | - | 4,674,159 | 15,228,747 |
| Fund balances: | | | | | |
| Nonspendable | | | | | |
| Inventories | 100,423 | - | - | - | 100,423 |
| Prepays | 4,733,782 | - | - | - | 4,733,782 |
| Loan | 3,071,352 | 7,752,122 | - | - | 10,823,474 |
| Leases | 339,781 | - | - | - | 339,781 |
| Restricted | | | | | |
| Stabilization by State Statute | 37,385,674 | - | 39,054 | 73,445 | 37,498,173 |
| Interfund balances | 11,537,601 | - | - | - | 11,537,601 |
| Central business district | 115,111 | - | - | - | 115,111 |
| County recreation | 1,370,924 | - | - | - | 1,370,924 |
| Donations | 77,850 | - | - | - | 77,850 |
| Administration | - | 1,921,158 | - | 705,428 | 2,626,586 |
| Public safety | - | - | - | 7,395,184 | 7,395,184 |
| Transportation | - | - | - | 5,994,857 | 5,994,857 |
| Economic and physical development | - | - | - | 1,663,632 | 1,663,632 |
| Recreation and community facilities | - | - | - | 14,067,366 | 14,067,366 |
| Committed | | | | | |
| Administration | - | 2,194,382 | - | 4,873,234 | 7,067,616 |
| Public safety | - | - | - | 127,247 | 127,247 |
| Recreation and community facilities | - | - | - | 5,821,353 | 5,821,353 |
| Environmental protection | - | - | 217,800 | - | 217,800 |
| Law Enforcement Officers' Special Separation Allowance | 11,930,701 | - | - | - | 11,930,701 |
| Assigned | | | | | |
| Subsequent year's expenditures | 3,149,046 | - | - | - | 3,149,046 |
| Capital projects | 5,261,546 | - | - | - | 5,261,546 |
| Unassigned (deficit) | 20,263,796 | - | (435,599) | (6,637,926) | 13,190,271 |
| Total fund balances | 99,337,587 | 11,867,662 | (178,745) | 34,083,820 | 145,110,324 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 116,267,464 | \$ 30,611,431 | \$ 6,937,981 | \$ 51,426,016 | \$ 205,242,892 |

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

CITY OF FAYETTEVILLE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

JUNE 30, 2024

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

| | | |
|--|-------------------------|-----------------------|
| Ending fund balance - governmental funds | | \$ 145,110,324 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Land and Construction in Process | \$ 76,313,326 | |
| Capital Assets being depreciated, net | 384,398,516 | |
| | <u>\$ 460,711,842</u> | 460,711,842 |
| Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Right-to-use assets being amortized, net | | 8,726,683 |
| Deferred inflows of resources for taxes and receivables. | | 10,053,590 |
| Accrued tax penalties receivable are not available to pay for current-period expenditures and, therefore, are not recorded in the funds. | | 289,466 |
| Internal service funds are used by management to charge insurance expenses and fleet maintenance expenses to individual funds. The assets and liabilities of the internal service funds are included in governmental activities. | | 29,385,549 |
| Accrued interest payable on long-term debt is not a current expenditure and, therefore, not recorded in the funds. | | (359,409) |
| Accrued federal subsidy receivable associated with accrued interest payable and, therefore, not recorded in the funds. | | 5,673 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of: | | |
| General obligation bonds | \$ (29,440,000) | |
| Unamortized premium | (3,064,003) | |
| Limited obligation bonds | (39,320,000) | |
| Installment agreements | (21,999,930) | |
| Lease and subscription liabilities | (9,122,839) | |
| Assessments due PWC | (4,734,160) | |
| Compensated absences liability | (8,440,090) | |
| Net pension liability | (84,120,190) | |
| Total OPEB liability | (40,106,963) | |
| | <u>\$ (240,348,175)</u> | (240,348,175) |
| Deferred outflows and inflows of resources on the statement of net position related to: | | |
| Pension related deferrals | \$ 42,319,059 | |
| OPEB related deferrals | 4,459,216 | |
| Pension related deferrals | (3,554,742) | |
| OPEB related deferrals | (8,165,161) | |
| | <u>\$ 35,058,372</u> | 35,058,372 |
| Net position of governmental activities | | <u>\$ 448,633,915</u> |

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

CITY OF FAYETTEVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

| | Major Funds | | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---|-------------------------------------|--|---|
| | General | Federal and State Financial Assistance | Environmental Protection | | |
| Revenues | | | | | |
| Ad valorem taxes | \$ 80,769,510 | \$ - | \$ - | \$ - | \$ 80,769,510 |
| Other taxes and fees | 4,101,012 | - | - | - | 4,101,012 |
| Unrestricted intergovernmental | 87,979,466 | - | - | - | 87,979,466 |
| Restricted intergovernmental | 10,732,161 | 10,429,731 | - | 3,933,683 | 25,095,575 |
| Permits and fees | 4,304,246 | - | - | - | 4,304,246 |
| Sales and services | 7,263,718 | - | - | - | 7,263,718 |
| Miscellaneous | 3,508,734 | 221,555 | - | 2,084,654 | 5,814,943 |
| Interest earned on investments | 3,757,190 | 1,222,448 | - | 1,340,914 | 6,320,552 |
| Total revenues | <u>202,416,037</u> | <u>11,873,734</u> | <u>-</u> | <u>7,359,251</u> | <u>221,649,022</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Administration | 33,708,931 | 3,769,811 | 23,407 | 1,634,251 | 39,136,400 |
| Public safety | 86,780,231 | 687,109 | - | 598,352 | 88,065,692 |
| Environmental protection | - | - | 88,888 | - | 88,888 |
| Transportation | 9,796,269 | - | - | - | 9,796,269 |
| Economic and physical development | 9,898,901 | 4,697,102 | - | - | 14,596,003 |
| Recreation and community facilities | 18,110,596 | - | - | - | 18,110,596 |
| Debt service: | | | | | |
| Principal | 14,998,330 | - | - | - | 14,998,330 |
| Interest | 4,006,976 | - | - | - | 4,006,976 |
| Debt issuance costs | 36,575 | - | - | - | 36,575 |
| Capital outlay | 7,343,105 | 948,332 | - | 28,783,344 | 37,074,781 |
| Total expenditures | <u>184,679,914</u> | <u>10,102,354</u> | <u>112,295</u> | <u>31,015,947</u> | <u>225,910,510</u> |
| Revenues over (under) expenditures | <u>17,736,123</u> | <u>1,771,380</u> | <u>(112,295)</u> | <u>(23,656,696)</u> | <u>(4,261,488)</u> |
| Other financing sources (uses) | | | | | |
| Proceeds from sale of capital assets | 880,248 | - | - | - | 880,248 |
| Transfers in | 822,000 | 1,046,273 | - | 9,256,149 | 11,124,422 |
| Transfers out | (19,116,753) | - | - | - | (19,116,753) |
| Proceeds from long term debt | 3,186,000 | - | - | - | 3,186,000 |
| Lease and subscription liabilities issued | 1,729,413 | - | - | - | 1,729,413 |
| Total other financing sources (uses) | <u>(12,499,092)</u> | <u>1,046,273</u> | <u>-</u> | <u>9,256,149</u> | <u>(2,196,670)</u> |
| Net change in fund balance | <u>5,237,031</u> | <u>2,817,653</u> | <u>(112,295)</u> | <u>(14,400,547)</u> | <u>(6,458,158)</u> |
| Fund balance | | | | | |
| Beginning, as previously presented | 94,100,556 | 9,050,009 | - | 48,417,917 | 151,568,482 |
| Change within financial reporting entity (nonmajor to major fund) | - | - | (66,450) | 66,450 | - |
| Beginning, as restated | <u>94,100,556</u> | <u>9,050,009</u> | <u>(66,450)</u> | <u>48,484,367</u> | <u>151,568,482</u> |
| Ending | <u>\$ 99,337,587</u> | <u>\$ 11,867,662</u> | <u>\$ (178,745)</u> | <u>\$ 34,083,820</u> | <u>\$ 145,110,324</u> |

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

CITY OF FAYETTEVILLE**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2024**

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

Net change in fund balances - total governmental funds \$ (6,458,158)

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 or amortization expense. This is the amount by which capital outlays exceeded depreciation or amortization in the current period:

| | | |
|---------------------------------------|---------------------|-----------|
| Capital outlays | 37,074,781 | |
| Depreciation and amortization expense | <u>(29,685,175)</u> | 7,389,606 |

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets. 7,278,640

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

| | | |
|---|----------------|-----------|
| Decrease in deferred taxes | 1,930,368 | |
| Increase in accrued interest receivable | (335,341) | |
| Increase in accrued tax penalties | (84,770) | |
| Other miscellaneous | <u>154,727</u> | 1,664,984 |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of government funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | |
|---|-------------|
| Proceeds from installment purchase agreements | (3,186,000) |
| Lease and subscription liabilities issued | (1,729,413) |
| Principal repayments | 14,998,330 |
| Change in assessments due PWC | 1,309,977 |
| Change in compensated absences | 37,192 |

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 12,506,473

Benefit payments paid and administrative expense for the LEOSA are not included in the Statement of Activities. 775,704

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities. 1,926,303

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:

| | |
|------------------------------------|--------------|
| OPEB expense | (425,661) |
| Pension expense | (23,759,982) |
| Change in accrued interest payable | 43,667 |
| Amortization of bond premium | 267,243 |

Internal service funds are used by management to charge the costs of risk management and fleet maintenance to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities.

4,348,833

Change in net position of governmental activities \$ 16,987,738

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

CITY OF FAYETTEVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget - Positive (Negative) |
|--|--------------------|--------------------|----------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Ad valorem taxes | \$ 72,327,343 | \$ 84,876,562 | \$ 80,769,510 | \$ (4,107,052) |
| Other taxes | 1,738,947 | 1,564,160 | 4,101,012 | 2,536,852 |
| Unrestricted intergovernmental | 85,485,434 | 91,370,151 | 87,979,465 | (3,390,686) |
| Restricted intergovernmental | 12,244,121 | 11,674,309 | 10,732,160 | (942,149) |
| Permits and fees | 2,491,406 | 2,110,600 | 4,304,246 | 2,193,646 |
| Sales and services | 5,439,033 | 5,065,384 | 7,263,718 | 2,198,334 |
| Miscellaneous | 3,119,297 | 3,449,538 | 3,508,739 | 59,201 |
| Interest earned on investments | 121,195 | 1,177,625 | 3,757,187 | 2,579,562 |
| Total revenues | 182,966,776 | 201,288,329 | 202,416,037 | 1,127,708 |
| Expenditures | | | | |
| Current: | | | | |
| Community investment | 6,973,175 | 8,554,791 | 7,784,781 | 770,010 |
| Operations | 122,311,639 | 127,989,220 | 110,187,596 | 17,801,624 |
| Support services and administration | 18,962,807 | 22,479,401 | 17,603,780 | 4,875,621 |
| Other appropriations | 12,849,214 | 18,490,736 | 17,929,532 | 561,204 |
| Parking | 905,662 | 1,184,885 | 2,925,751 | (1,740,866) |
| Central business tax district | 296,125 | 442,466 | 289,739 | 152,727 |
| Law enforcement officers' special separation allowance | 3,148,800 | 3,358,228 | 1,573,749 | 1,784,479 |
| Debt Service: | | | | |
| Principal | 11,695,159 | 14,191,171 | 14,998,330 | (807,159) |
| Interest | 1,376,536 | 4,001,422 | 4,006,976 | (5,554) |
| Bond issuance costs | 26,000 | 36,700 | 36,575 | 125 |
| Capital outlay | - | 7,343,100 | 7,343,105 | (5) |
| Total expenditures | 178,545,117 | 208,072,120 | 184,679,914 | 23,392,211 |
| Revenues over (under) expenditures | 4,421,659 | (6,783,791) | 17,736,123 | 24,519,914 |
| Other financing sources (uses) | | | | |
| Sale of capital assets | 175,400 | 160,000 | 880,248 | 720,248 |
| Transfers in from other funds | 1,222,000 | 1,946,597 | 822,000 | (1,124,597) |
| Transfers out to other funds | (11,267,124) | (22,478,487) | (19,116,753) | 3,361,734 |
| Installment purchase obligations issued | 1,235,743 | 819,285 | 3,186,000 | 2,366,715 |
| Lease and subscription liabilities issued | - | 2,183,452 | 1,729,413 | (454,039) |
| Appropriated fund balance | 4,212,322 | 24,152,944 | - | (24,152,944) |
| Total other financing sources (uses) | (4,421,659) | 6,783,791 | (12,499,092) | (19,282,883) |
| Revenues and other financing sources (uses) over (under) financing (uses) | \$ - | \$ - | 5,237,031 | \$ 5,237,031 |
| Fund balance | | | | |
| Beginning | | | 94,100,556 | |
| Ending | | | 99,337,587 | |
| Adjustments to Modified Accrual GAAP | | | | |
| Capital outlay - leases and subscriptions | | | (1,729,413) | |
| Lease and subscription liabilities issued | | | 1,729,413 | |
| Lease and subscription liabilities expenditures | | | (4,303,418) | |
| Lease and subscription liabilities principal payments | | | 4,166,373 | |
| Lease and subscription liabilities interest payments | | | 137,045 | |
| Fund balance | | | \$ 99,337,587 | |

| Function: | | | | | | | |
|--|----------------------|----------------------|--------------------------|---------------------|-----------------------------------|-------------------------------------|-----------------------|
| Portfolio | Administration | Public Safety | Environmental Protection | Transportation | Economic and Physical Development | Recreation and Community Facilities | Total |
| Community investment | \$ 303,318 | \$ - | \$ - | \$ - | \$ 7,481,463 | \$ - | \$ 7,784,781 |
| Operations | | 85,206,482 | - | 6,870,518 | - | 18,110,596 | 110,187,596 |
| Support services | 15,476,081 | - | - | - | 2,127,699 | - | 17,603,780 |
| Other appropriations | 17,929,532 | - | - | - | - | - | 17,929,532 |
| Parking | - | - | - | 2,925,751 | - | - | 2,925,751 |
| Central business tax district | - | - | - | - | 289,739 | - | 289,739 |
| Law enforcement officer's special separation allowance | - | 1,573,749 | - | - | - | - | 1,573,749 |
| Totals by function | \$ 33,708,931 | \$ 86,780,231 | \$ - | \$ 9,796,269 | \$ 9,898,901 | \$ 18,110,596 | \$ 158,294,928 |

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

CITY OF FAYETTEVILLE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

| | Enterprise Funds | | | | | |
|---|----------------------------------|----------------------|-----------------------|----------------------|-----------------------|------------------------------|
| | Stormwater Management Fund | Transit Fund | Airport Fund | Solid Waste Fund | Total | Internal Service Funds |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and investments | \$ 18,761,333 | \$ 859,320 | \$ 23,171,764 | \$ 7,830,747 | \$ 50,623,164 | \$ 34,562,945 |
| Accounts receivable | 400,893 | 1,953,370 | 3,480,558 | 469,199 | 6,304,020 | 1,337,352 |
| Leases receivable | - | 63,630 | 648,710 | - | 712,340 | - |
| Inventories | - | 681,416 | 4,338 | 50,705 | 736,459 | - |
| Prepaid expenses | - | - | - | 4,500 | 4,500 | 255,166 |
| Total unrestricted current assets | 19,162,226 | 3,557,736 | 27,305,370 | 8,355,151 | 58,380,483 | 36,155,463 |
| Restricted current assets | | | | | | |
| Restricted cash and investments | 130 | - | 6,586,096 | - | 6,586,226 | - |
| Restricted accounts receivable | - | 10,805 | 70,063 | - | 80,868 | - |
| Total restricted current assets | 130 | 10,805 | 6,656,159 | - | 6,667,094 | - |
| Total current assets | 19,162,356 | 3,568,541 | 33,961,529 | 8,355,151 | 65,047,577 | 36,155,463 |
| Noncurrent assets | | | | | | |
| Leases receivable | - | 155,462 | 3,966,324 | - | 4,121,786 | - |
| Capital assets | 42,958,535 | 26,002,167 | 76,938,739 | 8,532,095 | 154,431,536 | 101,938 |
| Right to use assets | - | 17,440 | 124,576 | - | 142,016 | 2,398,023 |
| Total noncurrent assets | 42,958,535 | 26,175,069 | 81,029,639 | 8,532,095 | 158,695,338 | 2,499,961 |
| Total assets | 62,120,891 | 29,743,610 | 114,991,168 | 16,887,246 | 223,742,915 | 38,655,424 |
| Deferred outflows of resources | | | | | | |
| OPEB deferrals | 118,765 | 292,425 | 86,564 | 321,457 | 819,211 | 12,144 |
| Pension deferrals | 878,366 | 2,415,511 | 658,775 | 1,449,305 | 5,401,957 | 592,898 |
| Total deferred outflows of resources | 997,131 | 2,707,936 | 745,339 | 1,770,762 | 6,221,168 | 605,042 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued expenses | 1,684,011 | 817,665 | 1,691,380 | 488,850 | 4,681,906 | 4,379,927 |
| Current portion of long term debt | 940,607 | 225,740 | 97,078 | 1,277,918 | 2,541,343 | 167,440 |
| Interfund payables | - | 2,014,714 | - | - | 2,014,714 | - |
| Total current liabilities | 2,624,618 | 3,058,119 | 1,788,458 | 1,766,768 | 9,237,963 | 4,547,367 |
| Current liabilities to be paid from restricted assets | | | | | | |
| Accounts payable and accrued expenses | - | - | 1,645,267 | - | 1,645,267 | - |
| Unearned deposits | 1,096,800 | 400 | 1,656 | - | 1,098,856 | - |
| Total current liabilities to be paid from restricted assets | 1,096,800 | 400 | 1,646,923 | - | 2,744,123 | - |
| Total current liabilities | 3,721,418 | 3,058,519 | 3,435,381 | 1,766,768 | 11,982,086 | 4,547,367 |
| Noncurrent liabilities | | | | | | |
| OPEB obligation | 1,068,191 | 2,630,120 | 778,593 | 2,891,234 | 7,368,138 | 109,193 |
| Net pension liability | 1,474,693 | 4,055,405 | 1,106,019 | 2,433,243 | 9,069,360 | 995,415 |
| Unearned revenues | - | - | 3,668,265 | 1,762 | 3,670,027 | 11,687 |
| Lease liabilities | - | - | - | - | - | 2,543,608 |
| Subscription lease liabilities | - | 5,684 | 79,515 | - | 85,199 | - |
| Long-term debt | 1,459,181 | 92,350 | 41,040 | 318,700 | 1,911,271 | - |
| Total noncurrent liabilities | 4,002,065 | 6,783,559 | 5,673,432 | 5,644,939 | 22,103,995 | 3,659,903 |
| Total liabilities | 7,723,483 | 9,842,078 | 9,108,813 | 7,411,707 | 34,086,081 | 8,207,270 |
| Deferred inflows of resources | | | | | | |
| OPEB deferrals | 217,467 | 535,452 | 158,508 | 588,612 | 1,500,039 | 22,233 |
| Pension deferrals | 16,858 | 46,355 | 12,638 | 27,807 | 103,658 | 11,375 |
| Lease deferrals | - | 203,898 | 4,464,169 | - | 4,668,067 | - |
| Total deferred inflows of resources | 234,325 | 785,705 | 4,635,315 | 616,419 | 6,271,764 | 33,608 |
| Net position | | | | | | |
| Net investment in capital assets | 40,678,356 | 25,978,840 | 76,971,446 | 7,253,945 | 150,882,587 | - |
| Restricted net position | | | | | | |
| Operating projects | - | - | - | - | - | - |
| Capital projects | - | - | 3,092,383 | - | 3,092,383 | - |
| Unrestricted (deficit) | 14,481,858 | (4,155,077) | 21,928,550 | 3,375,937 | 35,631,268 | 31,019,588 |
| Total net position | \$ 55,160,214 | \$ 21,823,763 | \$ 101,992,379 | \$ 10,629,882 | \$ 189,606,238 | \$ 31,019,588 |

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

CITY OF FAYETTEVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

| | Enterprise Funds | | | | | Internal Service Funds |
|---|----------------------------------|----------------------|-----------------------|----------------------|-----------------------|------------------------------|
| | Stormwater Management Fund | Transit Fund | Airport Fund | Solid Waste Fund | Total | |
| Operating revenues | | | | | | |
| Charges for services | \$ 11,507,552 | \$ 791,053 | \$ 3,957,949 | \$ 16,649,127 | \$ 32,905,681 | \$ - |
| Other revenue from operations | 125,991 | 277,821 | 109,481 | 264,639 | 777,932 | 2,029,346 |
| Interfund charges and employee contributions | - | - | - | - | - | 34,064,731 |
| Total operating revenues | <u>11,633,543</u> | <u>1,068,874</u> | <u>4,067,430</u> | <u>16,913,766</u> | <u>33,683,613</u> | <u>36,094,077</u> |
| Operating expenses | | | | | | |
| Salaries and employee benefits | 3,329,632 | 9,028,765 | 2,212,047 | 5,957,398 | 20,527,842 | 2,737,716 |
| Other operating expenses | 5,284,384 | 4,249,311 | 2,515,619 | 7,465,328 | 19,514,642 | 29,481,437 |
| Depreciation and amortization | 1,587,270 | 1,752,061 | 7,620,308 | 1,403,875 | 12,363,514 | 199,993 |
| Total operating expenses | <u>10,201,286</u> | <u>15,030,137</u> | <u>12,347,974</u> | <u>14,826,601</u> | <u>52,405,998</u> | <u>32,419,146</u> |
| Operating income (loss) | <u>1,432,257</u> | <u>(13,961,263)</u> | <u>(8,280,544)</u> | <u>2,087,165</u> | <u>(18,722,385)</u> | <u>3,674,931</u> |
| Nonoperating revenues (expenses) | | | | | | |
| Interest earned on investments | 1,010,019 | - | 1,371,199 | 393,671 | 2,774,889 | 1,474,604 |
| Interest on lease receivables | - | 7,728 | 135,192 | - | 142,920 | - |
| Federal and State grants | - | 1,050,910 | 103,769 | - | 1,154,679 | - |
| Passenger Facility Charges | - | - | 630,363 | - | 630,363 | - |
| Customer Facility Charge | - | - | 958,968 | - | 958,968 | - |
| Miscellaneous revenue | 12,767 | 15,410 | - | 4,905 | 33,082 | 22,966 |
| Gain (loss) on disposal of capital assets | 55,975 | 103,225 | 85,590 | (52,255) | 192,535 | 6,894 |
| County tax revenue | - | - | - | 485,509 | 485,509 | - |
| Vehicle license tax revenue | - | 536,914 | - | - | 536,914 | - |
| Lease revenues | - | 62,738 | 680,537 | - | 743,275 | - |
| Interest expense | (75,656) | (172) | (2,052) | (14,853) | (92,733) | (78,400) |
| Miscellaneous expense | - | - | (381,195) | (802) | (381,997) | - |
| Total nonoperating revenues (expenses) | <u>1,003,105</u> | <u>1,776,753</u> | <u>3,582,371</u> | <u>816,175</u> | <u>7,178,404</u> | <u>1,426,064</u> |
| Income (loss) before contributions and transfers | <u>2,435,362</u> | <u>(12,184,510)</u> | <u>(4,698,173)</u> | <u>2,903,340</u> | <u>(11,543,981)</u> | <u>5,100,995</u> |
| Capital contributions | - | 1,276,045 | 4,555,738 | - | 5,831,783 | - |
| Transfers in | 213,012 | 8,601,319 | - | - | 8,814,331 | - |
| Transfers out | - | - | - | - | - | (822,000) |
| Change in net position | <u>2,648,374</u> | <u>(2,307,146)</u> | <u>(142,435)</u> | <u>2,903,340</u> | <u>3,102,133</u> | <u>4,278,995</u> |
| Total net position, beginning | <u>52,511,840</u> | <u>24,130,909</u> | <u>102,134,814</u> | <u>7,726,542</u> | <u>186,504,105</u> | <u>26,740,593</u> |
| Total net position, ending | <u>\$ 55,160,214</u> | <u>\$ 21,823,763</u> | <u>\$ 101,992,379</u> | <u>\$ 10,629,882</u> | <u>\$ 189,606,238</u> | <u>\$ 31,019,588</u> |

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

CITY OF FAYETTEVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

| | Enterprise Funds | | | | | Internal Service Funds |
|---|----------------------------------|---------------------|----------------------|---------------------|----------------------|------------------------------|
| | Stormwater Management Fund | Transit Fund | Airport Fund | Solid Waste Fund | Total | |
| Operating activities | | | | | | |
| Cash received from customers | \$ 11,342,148 | \$ 1,104,116 | \$ 5,123,598 | \$ 16,796,206 | \$ 34,366,068 | \$ 35,638,465 |
| Cash received for insurance reimbursements | - | - | - | - | - | 22,966 |
| Cash paid to or on behalf of employees for services | (3,187,358) | (8,606,853) | (2,146,796) | (5,488,389) | (19,429,396) | (2,652,445) |
| Cash paid for goods and services | (5,207,970) | (4,362,244) | (1,247,302) | (7,302,255) | (18,119,771) | (29,328,235) |
| Net cash provided by (used in) operating activities | <u>2,946,820</u> | <u>(11,864,981)</u> | <u>1,729,500</u> | <u>4,005,562</u> | <u>(3,183,099)</u> | <u>3,680,751</u> |
| Noncapital financing activities | | | | | | |
| Transfers in | 213,012 | 8,601,319 | - | - | 8,814,331 | - |
| Intergovernmental contributions | 12,767 | 2,778,571 | 1,693,100 | 490,415 | 4,974,853 | - |
| Transfers out | - | - | - | - | - | (822,000) |
| Vehicle revenue fees | - | 536,914 | - | - | 536,914 | - |
| Net cash provided (used) by noncapital financing activities | <u>225,779</u> | <u>11,916,804</u> | <u>1,693,100</u> | <u>490,415</u> | <u>14,326,098</u> | <u>(822,000)</u> |
| Capital and related financing activities | | | | | | |
| Proceeds from sale of capital assets | 55,975 | 103,225 | 85,590 | (29,277) | 215,513 | 6,894 |
| Contributed capital received | - | 1,276,045 | 4,555,738 | - | 5,831,783 | - |
| Acquisition and construction of capital assets | (4,290,741) | (1,204,516) | (5,834,230) | (272,658) | (11,602,145) | (5,944) |
| Lease revenue | - | 70,466 | - | - | 70,466 | (65) |
| Principal paid on debt maturities | (834,119) | (47,689) | (43,572) | (1,086,008) | (2,011,388) | - |
| Interest paid on debt maturities | (75,656) | (172) | (2,052) | (14,853) | (92,733) | (78,400) |
| Net cash provided (used) by capital and related financing activities | <u>(5,144,541)</u> | <u>197,359</u> | <u>(1,238,526)</u> | <u>(1,402,796)</u> | <u>(7,588,504)</u> | <u>(77,515)</u> |
| Investing activities | | | | | | |
| Interest and dividends | 1,010,019 | - | 1,506,391 | 393,671 | 2,910,081 | 1,474,604 |
| Net cash provided by investing activities | <u>1,010,019</u> | <u>-</u> | <u>1,506,391</u> | <u>393,671</u> | <u>2,910,081</u> | <u>1,474,604</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(961,923)</u> | <u>249,182</u> | <u>3,690,465</u> | <u>3,486,852</u> | <u>6,464,576</u> | <u>4,255,840</u> |
| Cash and cash equivalents | | | | | | |
| Beginning of year | <u>19,723,386</u> | <u>610,138</u> | <u>26,067,395</u> | <u>4,343,895</u> | <u>50,744,814</u> | <u>30,307,105</u> |
| End of year | <u>\$ 18,761,463</u> | <u>\$ 859,320</u> | <u>\$ 29,757,860</u> | <u>\$ 7,830,747</u> | <u>\$ 57,209,390</u> | <u>\$ 34,562,945</u> |
| Unrestricted cash and cash equivalents | \$ 18,761,333 | \$ 859,320 | \$ 23,171,764 | \$ 7,830,747 | \$ 50,623,164 | \$ 34,562,945 |
| Restricted cash and cash equivalents | 130 | - | 6,586,096 | - | 6,586,226 | - |
| Total cash and cash equivalents | <u>\$ 18,761,463</u> | <u>\$ 859,320</u> | <u>\$ 29,757,860</u> | <u>\$ 7,830,747</u> | <u>\$ 57,209,390</u> | <u>\$ 34,562,945</u> |

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

CITY OF FAYETTEVILLE
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

| | Enterprise Funds | | | | | Internal Service Funds |
|--|----------------------------------|------------------------|---------------------|---------------------|-----------------------|------------------------------|
| | Stormwater Management Fund | Transit Fund | Airport Fund | Solid Waste Fund | Total | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Operating income (loss) | \$ 1,432,257 | \$ (13,961,263) | \$ (8,280,544) | \$ 2,087,165 | \$ (18,722,385) | \$ 3,674,931 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation and amortization | 1,587,270 | 1,752,061 | 7,620,308 | 1,403,875 | 12,363,514 | 199,993 |
| Nonoperating payments for goods and services | - | - | (381,195) | (802) | (381,997) | - |
| Nonoperating receipts from customers | - | - | 680,537 | - | 680,537 | 22,966 |
| Change in assets, liabilities and deferrals: | | | | | | |
| (Increase) decrease in accounts and leases receivable and related deferrals | (48,183) | 37,014 | (612,907) | (117,560) | (741,636) | (462,839) |
| (Increase) decrease in inventory | - | (76,447) | 2,706 | (31,303) | (105,044) | - |
| (Increase) decrease in prepaid expenses | - | - | 13,584 | - | 13,584 | (11,343) |
| Increase (decrease) in unearned revenues/deposits | (243,212) | (1,772) | 988,538 | - | 743,554 | 7,227 |
| Increase (decrease) in accounts payable and accrued liabilities | 76,414 | (36,486) | 1,633,222 | 195,178 | 1,868,328 | 164,545 |
| Increase (decrease) in accrued compensated absences | 14,711 | (9,235) | (1,185) | (37,676) | (33,385) | - |
| Increase (decrease) Pension and OPEB expense | 127,563 | 431,147 | 66,436 | 506,685 | 1,131,831 | 85,271 |
| Total adjustments | 1,514,563 | 2,096,282 | 10,010,044 | 1,918,397 | 15,539,286 | 5,820 |
| Net cash provided by (used in) operating activities | \$ 2,946,820 | \$ (11,864,981) | \$ 1,729,500 | \$ 4,005,562 | \$ (3,183,099) | \$ 3,680,751 |

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

CITY OF FAYETTEVILLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2024

| | Private-purpose Trusts | Custodial Funds |
|--|-----------------------------------|----------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,440,956 | \$ - |
| Restricted cash | - | 1,044,768 |
| Total assets | 1,440,956 | 1,044,768 |
| Liabilities | | |
| Total liabilities | - | 1,044,768 |
| Net position | | |
| Restricted for pension benefits and other purposes | 1,440,956 | - |
| Total net position | \$ 1,440,956 | \$ - |

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

CITY OF FAYETTEVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2024

| | Private-purpose Trusts | Custodial Funds |
|---------------------------------------|-----------------------------------|----------------------------|
| Additions | | |
| Other contributions | \$ 190,454 | \$ - |
| Police Evidence fund deposits | - | 103,072 |
| Investment earnings | 59,454 | - |
| Total additions | 249,908 | 103,072 |
| Deductions | | |
| Benefit payments and premiums | 192,188 | - |
| Police Evidence fund releases | - | 986,008 |
| Total deductions | 192,188 | 986,008 |
| Change in net position | 57,720 | (882,936) |
| Total net position - beginning | 1,383,236 | 882,936 |
| Total net position - ending | <u>\$ 1,440,956</u> | <u>\$ -</u> |

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



Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTSJune 30, 2024

Note 1—Summary of significant accounting policies

The City of Fayetteville, North Carolina (the “City”) was established in 1783. The City operates under a council-manager form of government and provides the following services: administration, public safety, environmental protection, transportation, economic and physical development, recreation and community facilities, wastewater and stormwater utilities, transit, airport, and solid waste collection and recycling. The City receives substantial revenues from Federal and State sources. Ad valorem taxes on the City of Fayetteville’s citizens represent a significant portion of the general government revenues.

The financial statements of the City of Fayetteville, North Carolina have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A - Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units. GASB Statements number 14, 39 and 61 define component units as legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and a) it is able to impose its will on that organization or b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens upon, the primary government.

These statements provide two methods for reporting component units in the financial statements of the primary government: discrete presentation and blending. Discrete presentation means that data will be presented in one or more separate columns to the right of the primary government data columns. Blending means that the component unit’s financial data is reported as though the unit is part of the primary government. If the units provide services or benefits exclusively, or almost exclusively, to the primary government, or if the component units and the primary government have “substantively identical boards,” the legally separate component units should be incorporated by blending. If the units do not meet these criteria, their data should be incorporated by discrete presentation.

Based on evaluating these characteristics, the following is a brief review of the component units in the City’s reporting entity:

Fayetteville Public Works Commission

The Fayetteville Public Works Commission (PWC) was chartered by the North Carolina General Assembly in 1905. The charter has been amended by the General Assembly since then, most recently on June 30, 2016. As a result of these actions, PWC is presented as a discretely presented component unit because it is a legally separate authority, but it would be misleading to exclude it from the City’s financial statements; the City owns the PWC capital assets, approves certain contracts, issues debt for PWC and appoints the Board of Commissioners.

City of Fayetteville Linear Park, Inc.

The City of Fayetteville Linear Park, Inc., is a non-profit corporation formed for the purpose of assisting in the development of the Linear Park downtown. Linear Park, Inc., is shown in a blended presentation as it provides services exclusively to the City. Its operating fund is presented in the accompanying financial statements as a non-major special revenue fund.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

B - Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities, however, interfund services provided and used are not eliminated during the consolidation process. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The Government-wide Statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Fiduciary funds are not included in these statements.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary are presented, even though the fiduciary is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for administration, public safety, parks and recreation, street maintenance, economic and physical development, and environmental protection.

Federal and State Financial Assistance Fund. This special revenue fund accounts for the proceeds of special revenue sources as required by the grants.

Environmental Protection Fund. This capital project fund accounts for projects related to dam restoration and improvements in the City.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

The City reports the following non-major governmental funds:

Special Revenue Funds. Special Revenue Funds account for specific revenue sources that are legally restricted or committed by City Council to expenditures for specific purposes. The Emergency Telephone System Fund accounts for the City's share of the State tax charged to telephone customers to fund the 911 system. The PWC Assessment Fund accounts for the fees assessed by the City for PWC since PWC does not have the power to assess the citizens. The Linear Park Fund accounts for projects associated with development of the Linear Park downtown.

Capital Project Funds. Capital Project Funds account for financial resources to be used for the acquisition or construction of governmental capital assets. The General Government Fund accounts for information technology and other projects supporting the entire government. The Public Safety Fund accounts for projects supporting the public safety services provided by the City. The Transportation Fund accounts for projects to improve transportation and related services throughout the City. The Economic and Physical Development Fund accounts for construction and improvement of various public facilities of the City and downtown development. The Recreational and Cultural Fund and the Bond Fund accounts for resources used for the acquisition, construction and improvements of facilities such as parks, recreation centers and museums. Resources are provided through intergovernmental revenues, facility financing proceeds and transfers from other funds.

The City reports the following major enterprise funds:

Transit Fund. This fund accounts for operation of the municipal transit system, including capital asset acquisition, construction of transit facilities, and related improvements.

Airport Fund. This fund accounts for the operation and capital asset acquisition of the Fayetteville Regional Airport.

Stormwater Management Fund. This fund accounts for the operation and maintenance of stormwater facilities for the customers within the City of Fayetteville.

Solid Waste Fund. This fund accounts for residential solid waste collection and recycling services operations and capital asset acquisition.

The City reports the following fund types:

Internal Service Funds. Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis. The Insurance Fund is used to account for the accumulation and allocation of costs associated with health, workers compensation, and liability claims. The Fleet Maintenance Fund is used to account for the accumulation and allocation of costs associated with repair and maintenance of City vehicles and equipment.

Private-Purpose Trust Funds. These funds are used to account for resources legally held in trust for use by others. The Police Benefit and Firefighter's Benefit Trust Funds account for resources held in trust for these two groups of individuals. All resources of the funds, including any earnings on invested resources, may be used to support the organizations' activities. There is no requirement that any portion of these resources be preserved as capital.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are custodial in nature and do not involve the measurement of operating results. Custodial funds are used to account for assets the City holds on behalf of others. The City maintains the Red Light Camera custodial fund which accounts for collections of “red light camera” fines in excess of City expenses for the program by agreement with Cumberland County School Board on a monthly basis. The City maintains the Police Evidence custodial fund which accounts for police evidence funds until they are authorized for release by court order.

The City had a change to or within the financial reporting entity during fiscal year 2024. The Environmental Protection Fund was previously reported as a nonmajor fund. However, due to an increase in amount due from grantor, the fund will be presented as major for the fiscal year ended June 30, 2024. The effects of that change to or within the financial reporting entity are shown below:

| | Fund Balance June 30, 2023 (as previously reported) | Changes to or within Financial Reporting Entity | Fund Balance June 30, 2023 (as restated) |
|-------------------------------|--|--|---|
| Governmental Funds | | | |
| Major Funds | | | |
| Environmental Protection Fund | \$ - | \$ (66,450) | \$ (66,450) |
| Nonmajor Funds | 48,417,917 | 66,450 | 48,484,367 |

C - Measurement Focus and Basis of Accounting

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

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

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

The City’s proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds’ principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. Operating expenses for the City’s enterprise funds include the costs of sales and services, general and administrative services and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Cumberland County and then remitted to and distributed by the State. 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. Grant revenues which are unearned at year-end are recorded as unearned revenues.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

D - Budgetary Data

Budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, selected special revenue, and enterprise funds, including the PWC Assessment fund. All annual appropriations lapse at fiscal year-end. Project and grant ordinances are adopted for the Federal and State Financial Assistance special revenue fund, Linear Park special revenue fund and capital project funds. Enterprise capital project funds are consolidated with the operating funds for reporting purposes.

The City's internal service funds are intra-governmental service funds, which operate under financial plans that were adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the portfolio level for the general fund, at the fund level for selected special revenue and proprietary funds, and at the project level for selected special revenue and capital project funds. Any revisions that alter total appropriations at the portfolio, fund or project level, as appropriate, of any fund must be approved by the City Council. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

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

Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

The City's investments with maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund maintains an AAAM rating from S&P and AAAMf by Moody's Investor Service. The NCCMT Government Portfolio security is measured at fair value with Level 1 inputs. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

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

Cash and Cash Equivalents

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

Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-136(a)), the City 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 6. The taxes are based on the assessed values as of January 1, 2023.

Receivables

The receivables in the general fund consist primarily of sales taxes and utility taxes due from the State, which total \$16,323,043 and \$2,885,978, respectively. In addition, motor vehicle ad valorem taxes totaling \$854,281 were also due from the State.

The receivables in the enterprise funds consist primarily of customer receivables for services.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

Allowance for Uncollectible Receivables

The City recorded an allowance for uncollectible receivables of \$1,613,601 in the general fund and \$375,155 in the PWC Assessment fund.

The City operates enterprise funds that provide credit in the normal course of business to customers primarily located in Fayetteville, North Carolina. The City performs on-going credit evaluations of its customers and maintains allowances for doubtful accounts by using the experience method to estimate collection losses to be incurred. Credit losses, when realized, have been within the range of the City's estimations and historically have not been significant. Other receivables that historically experience uncollectible accounts are also 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.

The receivables shown on the Statement of Net Position are presented net of the following allowances for doubtful accounts as of June 30, 2024:

| | |
|--|---------------------|
| General Fund | |
| Taxes receivable | \$ 353,272 |
| Accounts receivable | 437,310 |
| Assessments receivable | 823,019 |
| Special Revenue Funds | |
| Assessments receivable | 375,155 |
| Enterprise Funds | |
| Transit Fund - Accounts receivable | 18,324 |
| Airport Fund - Accounts receivable | 157,511 |
| Solid Waste Recycling Fund - Accounts receivable | 39,422 |
| Stormwater Management Fund - Accounts receivable | 20,043 |
| | <u>20,043</u> |
| Total | <u>\$ 2,224,056</u> |

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Interfund receivable" or "Interfund payable" on the balance sheet in the fund financial statements and as "internal balances" on the Statement of Net Position in the government-wide financial statements.

Lease Receivables

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

Inventories and Prepaid Expenses

Governmental inventories of supplies are valued at cost. Other inventories are valued at the lower of average cost or net realizable value. The costs of governmental fund-type inventories, which consist of materials and supplies, are recorded as expenditures when they are consumed rather than when they are purchased. The costs of enterprise fund-type inventories, which consist of fuel, materials and spare parts, are expensed when used rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid expenses. The costs of governmental fund-type prepaid expenses are recorded as expenditures when they are consumed rather than when they are purchased. The costs of enterprise fund-type prepaid expenses are expensed when used rather than when purchased.

Restricted Assets, Restricted Liabilities and Restricted Net Position

In the general, special revenue, capital project and enterprise funds, the City has classified as restricted the assets representing deposits, reserves, capital project appropriations, advance grant funding and unexpended financing proceeds because their use is completely restricted to the purpose for which the financing proceeds were issued or the purpose for which the financing proceeds were set aside. Liabilities due to be repaid from restricted assets are classified as restricted liabilities. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through state statute reduced by liabilities and deferred inflows of resources related to those assets.

The purposes of the restrictions are the same as the corresponding descriptions of restricted fund balance on pages F-13. The restriction for "Recreational and Cultural" incorporates restrictions for county recreation and other recreation and community facilities. Restriction for Downtown is created by enabling legislation. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening local streets per G.S. 136-41.1 through 136-41.4.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

| | Externally Restricted |
|---|--------------------------|
| <u>Governmental Activities</u> | |
| Restricted Cash and Investments | |
| General Fund | |
| For downtown | \$ 168,197 |
| For county recreation | 1,809,809 |
| Federal and State Financial Assistance Fund | |
| Unexpended grant proceeds | 17,415,682 |
| Public Safety Fund | |
| Unexpended debt proceeds | 6,495,038 |
| Economic and Physical Development Fund | |
| For economic and physical development | - |
| Unexpended grant proceeds | 1,463,274 |
| Recreational and Cultural Bond Fund | |
| Unexpended debt proceeds | 12,150,727 |
| Unexpended grant proceeds | |
| Recreational and Cultural Fund | |
| Unexpended grant proceeds | 6,114,649 |
| Total governmental activities - restricted cash and investments | <u>\$ 45,617,376</u> |
| Restricted Receivables | |
| General Fund | |
| For county recreation | \$ 507,604 |
| Federal and State Financial Assistance Fund | |
| For federal and state grants | <u>\$ 2,290,605</u> |
| Total governmental activities - restricted accounts receivable | <u>\$ 2,798,209</u> |
| Restricted Unearned Deposits (general fund) | <u>\$ 720,745</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

| <u>Business-type Activities</u> | Externally Restricted |
|---|----------------------------------|
| Restricted Cash and Investments | |
| Stormwater Fund | |
| Restricted stormwater deposits | \$ 130 |
| Airport Fund | |
| Unexpended grant proceeds and passenger facility charges | 6,586,096 |
| Total business-type activities - restricted cash and investments | <u>\$ 6,586,226</u> |
| Restricted Accounts Receivable - amounts due from federal and state granting agencies | |
| Transit Fund | \$ 10,805 |
| Airport Fund | 70,063 |
| Total business-type activities - restricted accounts receivable | <u>\$ 80,868</u> |
| Restricted Unearned Deposits | |
| Stormwater Fund | \$ 1,096,800 |
| Transit Fund | 400 |
| Airport Fund | 1,656 |
| Total business-type activities - restricted unearned deposits | <u>\$ 1,098,856</u> |

Capital Assets

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 2001 and stormwater network assets acquired prior to July 1, 2004 are reported at estimated historical cost using deflated current cost. 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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Gains and losses on dispositions of capital assets are credited or charged to operations. The City reviews assets for impairment at year end, no assets were impaired on June 30, 2024.

The City holds title to certain PWC capital assets in accordance with PWC's charter. These assets have been reported separately in Note 3. PWC has full use of the assets, and full responsibility for maintenance thereof. The assets are reflected as capital assets in PWC's financial statements.

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

| Asset Class | Estimated Useful Lives (Years) |
|-------------------------|-----------------------------------|
| Infrastructure | 15 - 60 |
| Buildings | 40 |
| Utility plant systems | 20 - 45 |
| Improvements | 5 - 15 |
| Vehicles | 5 - 20 |
| Furniture and equipment | 5 - 10 |
| Computer software | 3 |
| Computer equipment | 3 |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

Depreciation includes amortization of intangible assets.

PWC's capital assets purchased or constructed since 1958 are recorded at cost. Contributed utility assets are recorded at acquisition value at the date of acquisition. Utility assets acquired prior to 1958 are carried on an estimated cost basis. The Utility Plant Systems are depreciated over the estimated useful lives of 20 to 45 years. Other property and equipment are depreciated over estimated useful lives ranging from 5 to 15 years. All capital assets are depreciated using the straight-line method.

Right to Use Lease Assets

The City has recorded right to use lease assets as a result of implementing GASB 87 and GASB 96. 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.

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 City has several items that meet this criterion, unamortized bond refunding charges, other post-employment deferrals (OPEB) and pension deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category on the Statement of Net Position – prepaid taxes, leases, OPEB and pension deferrals. The City's governmental funds balance sheet has five items that meet the criterion for this category - taxes receivable, accounts receivable, assessments receivable, leases receivable and prepaid taxes.

Compensated Absences

The vacation policy of the City provides for the accumulation of up to seven (7) weeks earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences, including compensatory time and holiday pay, and the salary-related payments are recorded as the leave is earned.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

Long-Term Obligations

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

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

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:

Nonspendable Fund Balance - consists of funds that cannot be spent due to their form (e.g. inventories and prepaid amounts) or funds that legally or contractually must be maintained intact.

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

Prepays – portion of fund balance that is not an available resource because it represents future expenses paid in advance, which are not spendable resources.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which are not spendable resources.

Loans receivable - portion of fund balance that is not an available resource because it represents the year-end balance of the loan receivable, which are not spendable resources.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

Restricted Fund Balance - consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

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

Restricted for central business district - portion of fund balance available for appropriation for projects in the Central Business District.

Restricted for county recreation – portion of fund balance available to pay for the recreational activities of Cumberland County.

Restricted for donations - portion of fund balance that is not available for appropriation because it represents donor-imposed restrictions.

Restricted for administration – portion of fund balance restricted for encumbrances related to administration activities outstanding at the end of the fiscal year.

Restricted for public safety – portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures and external grantors, and encumbrances related to public safety activities outstanding at the end of the fiscal year.

Restricted for transportation – portion of fund balance that is restricted by revenue source and encumbrances related to transportation activities outstanding at the end of the fiscal year.

Restricted for economic and physical development – portion of fund balance restricted by revenue source for economic and physical development activities and encumbrances related to economic and physical development activities outstanding at the end of the fiscal year.

Restricted for recreation and community facilities – portion of fund balance restricted for parks and recreation facilities and improvements and other restrictions imposed by granting agencies and encumbrances related to recreation and community facility activities outstanding at the end of the fiscal year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

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

Committed for Law Enforcement Officer's Separation Allowance – portion of fund balance that will be used for Law Enforcement Officer's Separation Allowance obligations.

Committed for administration - portion of fund balance committed by City Council for the construction of specific assets that support the entire government held in the capital project funds.

Committed for public safety - portion of fund balance committed by City Council for the construction of specific assets for public safety held in the capital project funds.

Committed for recreation and community facilities - portion of fund balance committed by City Council for the construction of specific assets for recreational facilities held in the capital project funds.

Committed for environmental protection - portion of fund balance committed by City Council for the construction of specific assets for environmental protection held in the capital project funds.

Assigned Fund Balance - consists of funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision-making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. The City's fund balance policy delegates the authority to assign funds to the City Manager.

Subsequent year's expenditures - portion of fund balance that is appropriated in the adopted 2024 - 2025 budget ordinance that is not already classified as restricted or committed.

Capital projects - portion of fund balance that is assigned to capital related projects.

Unassigned Fund Balance - consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The general fund is the only fund that reports a positive unassigned fund balance amount.

Fund Balance Policy

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

The City of Fayetteville has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least 10% of the succeeding year's general fund expenditure budget, excluding the budget for the County Recreation Program. In the event that the balance drops below the established minimum level, the City Council will develop a plan to replenish the fund balance to the established minimum level within two years.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1—Summary of significant accounting policies (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS.

For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

F - Use of 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 expenses during the reporting period. Actual results could differ from those estimates.

G - Pronouncements Implemented

GASB Statement No. 100, "Accounting Changes and Error Corrections – An Amendment of GASB Statement 62." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to, and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The requirements of this Statement are effective for financial statements starting with the fiscal year that ends June 30, 2024.

Note 2—Cash, cash equivalents and investments, and leases receivable

A - Deposits

All of the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the Federal Depository Insurance coverage level are collateralized with securities held by the City's agents in the City'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 City, these deposits are considered to be held by the City's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 2—Cash, cash equivalents and investments, and leases receivable (continued)

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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The City relies on the State Treasurer to monitor those financial institutions for compliance. The City analyzes the financial soundness of any other financial institution used by the City. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The City's policy for custodial credit risk associated with deposits is to comply with the applicable North Carolina General Statutes.

The City places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The City from time to time may have amounts on deposit in excess of the insured amounts.

At June 30, 2024, the City's demand deposits had a carrying amount of \$12,128,437 and a bank balance of \$13,180,250. Of the bank balance, Federal Deposit Insurance covered \$250,000 and the remainder was covered by collateral under the Pooling Method.

The Firefighter's Fund had deposits totaling \$1,324,418.

The City had \$11,150 in petty cash and change funds.

B - Investments

The funds of the City of Fayetteville are invested in compliance with the provisions of North Carolina General Statutes 159-30 and 159-31. The City's Investment Policy is a board-approved policy.

At June 30, 2024, the City investment balances were as follows:

| Investments by Type | Valuation Measurement Method | Book Value at 6/30/2024 | Maturity | Rating* |
|--|------------------------------------|----------------------------|-----------|---------|
| US Government Treasuries | Fair Value Level 1 | \$ 6,839,039 | < 1 year | AA+ |
| US Government Agencies | Fair Value Level 2 | 16,677,540 | 1-3 years | AA+ |
| Truist Capital Markets - Commercial Paper | Fair Value Level 2 | 76,887,748 | < 1 year | A1/P1 |
| NC Capital Management Trust - Government Portfolio | Fair Value Level 1 | 100,997,219 | N/A | AAAm |
| Total: | | \$ 201,401,546 | | |

*Standard & Poors

All investments valued at fair value are measured using the market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Fair Value Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Fair Value Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides for structuring the investment portfolio so that securities mature to meet cash requirements for the ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities other than Treasuries, Agencies, and North Carolina State and local bonds to a final maturity of no more than three years.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 2—Cash, cash equivalents and investments, and leases receivable (continued)

Credit Risk. The City has no formal policy regarding credit risk; however, the State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The City minimizes credit risk by limiting investments to the types allowed by North Carolina General Statutes 159-30. The City diversifies the investment portfolio to minimize the impact of potential losses from any one security or from any one individual issuer. Also, the City pre-qualifies the financial institutions' brokers/dealers and requires them to meet specific financial and registration conditions. The City's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's. The City's investment in Commercial Paper has an A1/P1 rating as of June 30, 2024. US Government Treasuries and US Government Agencies both hold an AA+ rating by Standard & Poor's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires that investment securities are in the name of the City of Fayetteville and are held by a centralized independent third-party custodian. The City requires that the independent third-party custodian issue a safekeeping receipt to the Chief Financial Officer listing the specific instrument, rate, maturity, and other pertinent information as evidence. All investment security purchases and sales are on a delivery versus payment basis and are made through the independent third-party custodian by written instruction.

Reconciliation to cash and investments:

Totals per footnote:

| | |
|--------------------------------------|-----------------------|
| Total investments (including escrow) | \$ 201,401,545 |
| Cash (demand deposits) | 12,885,249 |
| Firefighter's Relief Fund CDs | 1,430,774 |
| Petty cash | 11,150 |
| Total cash and investments | <u>\$ 215,728,718</u> |

Totals per Statement of Net Position and Fiduciary Net Position:

| | |
|--|-----------------------|
| Cash and investments - unrestricted | \$ 161,039,392 |
| Cash and investments - restricted | 52,203,602 |
| Agency | 1,044,768 |
| Private-purpose trust cash and investments | 1,440,956 |
| Total cash and investments | <u>\$ 215,728,718</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 2—Cash, cash equivalents and investments, and leases receivable (continued)

C - Leases receivable

The City leases City-owned properties such as buildings, land, terminal concessions and other commercial space for offices and business activities. The lease agreements provide for minimum rental payments, have terms of 2 to 25 years and are due to expire at various dates from 2024 to 2048. As of June 30, 2024, the City reported principal lease receivables of \$5,440,643 and \$4,834,126 for its Governmental and Business-type activities, respectively. As a result, the City also reported a deferred inflow of resources in the amount of \$5,100,862 and \$4,668,067 for its Governmental and Business-type activities, respectively, at June 30, 2024. Minimum lease provisions at June 30, 2024 will result in rental income for future years as follows:

Governmental activities

| Year(s) Ending | Principal Payments | Interest Payments | Total |
|-----------------------|---------------------------|--------------------------|---------------------|
| 2025 | \$ 137,702 | \$ 164,222 | \$ 301,924 |
| 2026 | 139,262 | 160,065 | 299,327 |
| 2027 | 143,138 | 155,810 | 298,948 |
| 2028 | 172,069 | 151,668 | 323,737 |
| 2029 | 177,726 | 145,973 | 323,699 |
| 2030-2034 | 940,855 | 648,041 | 1,588,896 |
| 2035-2039 | 1,174,294 | 491,998 | 1,666,292 |
| 2040-2044 | 1,496,899 | 292,000 | 1,788,899 |
| 2045-2049 | 1,058,698 | 57,263 | 1,115,961 |
| | <u>\$ 5,440,643</u> | <u>\$ 2,267,040</u> | <u>\$ 7,707,683</u> |

Business-type activities

| Year(s) Ending | Principal Payments | Interest Payments | Total |
|-----------------------|---------------------------|--------------------------|---------------------|
| 2025 | \$ 712,340 | \$ 121,521 | \$ 833,861 |
| 2026 | 521,108 | 106,150 | 627,258 |
| 2027 | 524,959 | 93,261 | 618,220 |
| 2028 | 212,957 | 84,481 | 297,438 |
| 2029 | 199,068 | 79,491 | 278,559 |
| 2030-2034 | 853,859 | 326,511 | 1,180,370 |
| 2035-2039 | 805,981 | 211,794 | 1,017,775 |
| 2040-2044 | 936,298 | 81,165 | 1,017,463 |
| 2045-2049 | 67,556 | 263 | 67,819 |
| | <u>\$ 4,834,126</u> | <u>\$ 1,104,637</u> | <u>\$ 5,938,763</u> |

In fiscal year 2024, the City recognized \$274,848 of lease revenue and \$176,187 of interest revenue for the Governmental activities leases and \$743,275 of lease revenue and \$142,920 of interest revenue for the Business-type activities leases.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 3—Capital assets

A - Capital assets

Capital asset activity for the year ended June 30, 2024, was as follows:

Primary Government

| | Balance June 30, 2023 | Increases | Decreases | Transfers | Balance June 30, 2024 |
|--|--------------------------|-----------------|--------------|--------------|--------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 44,121,949 | \$ 87,346 | \$ - | \$ - | \$ 44,209,295 |
| Construction in progress | 40,328,976 | 17,866,239 | - | (26,091,184) | 32,104,031 |
| Total capital assets not being depreciated | 84,450,925 | 17,953,585 | - | (26,091,184) | 76,313,326 |
| Capital assets being depreciated or amortized: | | | | | |
| Infrastructure | 546,630,930 | 11,305,794 | - | 5,717,683 | 563,654,407 |
| Buildings and improvements | 194,506,838 | 7,434,065 | - | 20,135,722 | 222,076,625 |
| Equipment, furniture and fixtures | 39,427,379 | 1,617,437 | (765,291) | 52,133 | 40,331,658 |
| Computer software | 9,547,131 | 617,476 | (110,788) | 185,646 | 10,239,465 |
| Vehicles | 48,850,986 | 5,257,045 | (3,733,685) | - | 50,374,346 |
| Intangible right to use assets | 20,283,185 | 1,729,413 | - | - | 22,012,598 |
| Total capital assets being depreciated and amortized | 859,246,449 | 27,961,230 | (4,609,764) | 26,091,184 | 908,689,099 |
| Less accumulated depreciation and amortization for: | | | | | |
| Infrastructure | (327,388,587) | (12,279,932) | - | - | (339,668,519) |
| Buildings and improvements | (81,431,718) | (6,840,170) | - | - | (88,271,888) |
| Equipment, furniture and fixtures | (34,778,229) | (1,974,493) | 763,798 | - | (35,988,924) |
| Computer software | (6,701,569) | (725,190) | 100,464 | - | (7,326,295) |
| Vehicles | (31,190,958) | (3,572,544) | 3,741,143 | - | (31,022,359) |
| Intangible right to use assets | (8,793,075) | (4,492,840) | - | - | (13,285,915) |
| Total accumulated depreciation and amortization | (490,284,136) | \$ (29,885,169) | \$ 4,605,405 | \$ - | (515,563,900) |
| Total capital assets being depreciated, net | 368,962,313 | | | | 393,125,199 |
| General governmental activity capital assets, net | \$ 453,413,238 | | | | \$ 469,438,525 |

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

| | |
|---|---------------|
| Administration | \$ 4,771,930 |
| Public safety | 5,849,272 |
| Environmental protection | 366,954 |
| Transportation | 13,926,043 |
| Economic and physical development | 369,539 |
| Recreation and community facilities | 4,601,431 |
| Total depreciation and amortization expense | \$ 29,885,169 |

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 3—Capital assets (continued)

| | Balance June 30, 2023 | Increases | Decreases | Transfers | Balance June 30, 2024 |
|--|--------------------------|-----------------|--------------|-------------|--------------------------|
| Business-type activities: | | | | | |
| Capital assets not being depreciated | | | | | |
| Land and land rights | \$ 6,162,943 | \$ 22,279 | \$ - | \$ 10,874 | \$ 6,196,096 |
| Construction in progress | 5,636,169 | 4,531,865 | (23,356) | (2,827,325) | 7,317,353 |
| Total capital assets not being depreciated | 11,799,112 | 4,554,144 | (23,356) | (2,816,451) | 13,513,449 |
| Capital assets being depreciated or amortized: | | | | | |
| Buildings and improvements | 167,971,425 | 3,104,100 | - | 1,988,932 | 173,064,457 |
| Equipment, furniture and fixtures | 12,240,755 | 794,737 | (711,681) | - | 12,323,811 |
| Computer software | 1,038,642 | 45,066 | - | - | 1,083,708 |
| Vehicles | 39,474,762 | 3,104,098 | (2,559,006) | - | 40,019,854 |
| Infrastructure | 58,036,909 | - | - | 827,519 | 58,864,428 |
| Intangible right to use assets | 440,268 | - | - | - | 440,268 |
| Total capital assets being depreciated and amortized | 279,202,761 | 7,048,001 | (3,270,687) | 2,816,451 | 285,796,526 |
| Less accumulated depreciation and amortization for: | | | | | |
| Buildings and improvements | (81,687,637) | (7,711,146) | 352 | - | (89,398,431) |
| Equipment, furniture and fixtures | (9,445,847) | (672,735) | 101,526 | - | (10,017,056) |
| Computer software | (754,643) | (177,300) | - | - | (931,943) |
| Vehicles | (20,282,477) | (2,648,335) | 2,265,933 | - | (20,664,879) |
| Infrastructure | (22,972,461) | (1,061,206) | 607,805 | - | (23,425,862) |
| Intangible right to use assets | (205,460) | (92,792) | - | - | (298,252) |
| Total accumulated depreciation and amortization | (135,348,525) | \$ (12,363,514) | \$ 2,975,616 | \$ - | (144,736,423) |
| Total capital assets being depreciated, net | 143,854,236 | | | | 141,060,103 |
| Business-type activity capital assets, net | \$ 155,653,348 | | | | \$ 154,573,552 |

Depreciation expense and amortization was charged to functions/programs of business-type activities of the primary government as follows:

| | |
|---|---------------|
| Stormwater management | \$ 1,587,270 |
| Transportation | 1,752,061 |
| Airport | 7,620,308 |
| Solid Waste | 1,403,875 |
| Total depreciation and amortization expense | \$ 12,363,514 |

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 3—Capital assets (continued)

PWC (discretely presented component unit)

| | Balance June 30, 2023 | Additions | Disposals | Transfers | Balance June 30, 2024 |
|--|--------------------------|---------------|----------------|--------------|--------------------------|
| PWC: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and land rights | \$ 23,869,017 | \$ 415 | \$ - | \$ 312,867 | \$ 24,182,299 |
| Construction in progress | 151,033,715 | 93,590,032 | (1,931,148) | (15,884,724) | 226,807,875 |
| Capital assets being depreciated and amortized: | | | | | |
| Electric utility system | 553,547,671 | 9,997,422 | (1,954,991) | 9,149,861 | 570,739,963 |
| Water system | 470,501,553 | 23,023 | (106,838) | 7,210,616 | 477,628,354 |
| Sewer system | 728,690,533 | 194,032 | (429) | (2,874,171) | 726,009,965 |
| Buildings | 70,601,474 | 179,297 | - | 234,995 | 71,015,766 |
| Equipment and machinery | 37,442,774 | 990,130 | (196,981) | 483,339 | 38,719,262 |
| Intangibles | 31,782,858 | 57,387 | (10,571) | 591,804 | 32,421,478 |
| Computer equipment | 27,426,354 | 57,387 | (16,759) | 775,413 | 28,242,395 |
| Vehicles | 25,194,329 | 2,699,977 | (598,440) | - | 27,295,866 |
| Office equipment | 1,695,166 | - | (16,984) | - | 1,678,182 |
| Right to use assets | 7,129,543 | 805,503 | (946,712) | - | 6,988,334 |
| Total Capital assets being depreciated and amortized | 1,954,012,255 | 15,004,158 | (3,848,705) | 15,571,857 | 1,980,739,565 |
| Less accumulated depreciation and amortization for: | | | | | |
| Electric utility system | (301,151,692) | (16,067,824) | 1,711,316 | - | (315,508,200) |
| Water system | (200,949,185) | (11,668,611) | 96,154 | - | (212,521,642) |
| Sewer system | (276,028,517) | (15,528,675) | - | - | (291,557,192) |
| Buildings | (37,514,186) | (1,885,744) | - | - | (39,399,930) |
| Equipment and machinery | (25,867,456) | (1,736,381) | 195,392 | - | (27,408,445) |
| Intangibles | (27,329,310) | (2,815,041) | 10,571 | - | (30,133,780) |
| Computer equipment | (24,580,768) | (1,486,392) | 16,759 | - | (26,050,401) |
| Vehicles | (13,963,615) | (1,632,584) | 579,941 | - | (15,016,258) |
| Office equipment | (1,647,910) | (34,305) | 16,986 | - | (1,665,229) |
| Right to use assets, accumulated amortization | (2,051,462) | (1,544,070) | 482,560 | - | (3,112,972) |
| Total accumulated depreciation and amortization: | (911,084,101) | (54,399,627) | 3,109,679 | - | (962,374,049) |
| Electric fund capital assets, net | \$ 1,217,830,886 | \$ 54,194,978 | \$ (2,670,174) | \$ - | \$ 1,269,355,690 |

As disclosed in Note 1, the City holds title to certain PWC capital assets in accordance with PWC's charter. PWC has full use of the assets, and full responsibility for maintenance thereof. The assets are reflected as capital assets in PWC's financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 3—Capital assets (continued)

B - Intangible right to use assets

The City has entered into right to use asset contracts covering the lease of buildings, equipment and vehicles, and subscription contracts covering the subscription of software services (SaaS). The related liabilities are discussed in the Lease and subscription subsection of the Liabilities section of this note. The right to use assets are amortized on a straight-line basis over the terms of the related leases.

Intangible right to use asset activities for the City for fiscal year ended June 30, 2024 are as follows:

| | Balance June 30, 2023 | Increases | Decreases | Balance June 30, 2024 |
|--------------------------------------|--------------------------|----------------|-----------|--------------------------|
| Governmental activities | | | | |
| Intangible right to use assets | | | | |
| Leased buildings | \$ 5,101,401 | \$ - | \$ - | \$ 5,101,401 |
| Leased vehicles | 465,817 | - | - | 465,817 |
| Leased equipment | 585,468 | - | - | 585,468 |
| Subscription software | 14,130,500 | 1,729,412 | - | 15,859,912 |
| Total intangible right to use assets | 20,283,186 | 1,729,412 | - | 22,012,598 |
| Less accumulated amortization for: | | | | |
| Leased buildings | (1,193,655) | (627,983) | - | (1,821,638) |
| Leased vehicles | (402,730) | (111,500) | - | (514,230) |
| Leased equipment | (525,918) | (271,006) | - | (796,924) |
| Subscription software | (6,670,772) | (3,482,351) | - | (10,153,123) |
| Total accumulated amortization | (8,793,075) | (4,492,840) | - | (13,285,915) |
| Intangible right to use assets, net | \$ 11,490,111 | \$ (2,763,428) | \$ - | \$ 8,726,683 |

| | Balance June 30, 2023 | Increases | Decreases | Balance June 30, 2024 |
|--------------------------------------|--------------------------|-------------|-----------|--------------------------|
| Business-type activities | | | | |
| Intangible right to use assets | | | | |
| Leased equipment | \$ 84,144 | \$ - | \$ - | \$ 84,144 |
| Subscription software | 356,124 | - | - | 356,124 |
| Total intangible right to use assets | 440,268 | - | - | 440,268 |
| Less accumulated amortization for: | | | | |
| Leased equipment | (56,096) | (28,048) | - | (84,144) |
| Subscription software | (149,364) | (64,744) | - | (214,108) |
| Total accumulated amortization | (205,460) | (92,792) | - | (298,252) |
| Intangible right to use assets, net | \$ 234,808 | \$ (92,792) | \$ - | \$ 142,016 |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 4—Accounts payable

Unrestricted and restricted accounts payable and accrued expenses consist of the following at June 30, 2024:

Governmental activities

| | General | Federal and State Financial Assistance | Environmental Protection | Nonmajor Governmental | Internal Service | Subtotal |
|---------------------------------|---------------------|---|-------------------------------------|----------------------------------|-----------------------------|----------------------|
| Accounts payable | \$ 5,531,788 | \$ 872,348 | \$ - | \$ 3,006,513 | \$ 1,888,466 | \$ 11,299,115 |
| Incurred but not reported | - | - | - | - | 2,485,125 | 2,485,125 |
| Interest payable | - | - | - | - | 6,336 | 6,336 |
| Retainage payable | - | 86,292 | - | 603,834 | - | 690,126 |
| Total | \$ 5,531,788 | \$ 958,640 | \$ - | \$ 3,610,347 | \$ 4,379,927 | 14,480,702 |
| Adjustment for interest payable | | | | | | (6,336) |
| | | | | | | \$ 14,474,366 |

Reconciliation to accounts payable on the financial statements:

| | | | | | | |
|---------------------------------|---------------------|-------------------|-------------|---------------------|---------------------|----------------------|
| Unrestricted | \$ 5,531,788 | \$ 958,640 | \$ - | \$ 3,604,868 | \$ 4,379,927 | \$ 14,475,223 |
| Restricted | - | - | - | 5,479 | - | 5,479 |
| | \$ 5,531,788 | \$ 958,640 | \$ - | \$ 3,610,347 | \$ 4,379,927 | 14,480,702 |
| Adjustment for interest payable | | | | | | (6,336) |
| | | | | | | \$ 14,474,366 |

Business-type activities

| | Stormwater Management | Transit | Airport | Solid Waste | Subtotal |
|---|----------------------------------|-------------------|---------------------|--------------------|---------------------|
| Accounts payable | \$ 1,636,634 | \$ 817,614 | \$ 3,336,461 | \$ 485,051 | \$ 6,275,760 |
| Interest payable | 27,833 | 51 | 186 | 3,799 | 31,869 |
| Retainage payable | 19,544 | - | - | - | 19,544 |
| Total | \$ 1,684,011 | \$ 817,665 | \$ 3,336,647 | \$ 488,850 | \$ 6,327,173 |
| Reconciliation to accounts payable on the financial statements: | | | | | |
| Unrestricted | \$ 1,684,011 | \$ 817,665 | \$ 1,691,380 | \$ 488,850 | \$ 4,681,906 |
| Restricted | - | - | 1,645,267 | - | 1,645,267 |
| | \$ 1,684,011 | \$ 817,665 | \$ 3,336,647 | \$ 488,850 | \$ 6,327,173 |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations

A - General Obligation Indebtedness

The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are collateralized by the full faith, credit, and taxing power of the City. They are serviced by the general fund. Principal and interest payments are appropriated when due. General obligation bonds outstanding for the year ended June 30, 2024 are as follows:

Governmental activities

| | |
|---|----------------------|
| \$2,270,000 Refunding Bonds, Series 2019 due in various annual installments through June 1, 2025; interest at 5.0%. | \$ 340,000 |
| \$16,000,000 Parks and Recreation Bonds, Series 2019 due in various annual installments through June 1, 2039; interest at various rates between 2.0% and 5.0%. | 12,000,000 |
| \$19,000,000 Parks and Recreation Bonds, Series 2022 due in various annual installments through June 1, 2042; interest at various rates between 3.25% and 5.0%. | 17,100,000 |
| | 29,440,000 |
| Add unamortized premium | 2,736,916 |
| Total governmental general obligation bonds and premiums | <u>\$ 32,176,916</u> |

Interest expense related to the general obligation bonds totaled \$1,259,125 for the year ended June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

B - Limited Obligation Indebtedness

The City has issued direct placement limited obligation bonds to provide funds for the construction of capital facilities. The bonds are limited obligations of the City and payments thereon shall be limited to funds appropriated for that purpose by the City Council of the City in its sole discretion. Direct placement limited obligation bonds outstanding for the year ended June 30, 2024 are as follows:

Governmental activities

| | |
|--|---------------|
| \$50,520,000 direct placement taxable limited obligation bonds Series 2018 due in annual installments through June 1, 2038; interest at various rates between 2.87% and 4.24%. | \$ 35,345,000 |
|--|---------------|

| | |
|--|-----------|
| \$2,620,000 direct placement taxable limited obligation bonds Series 2019A due in annual installments through June 1, 2038; interest at various rates between 2.63% and 3.93%. | 1,925,000 |
|--|-----------|

| | |
|---|-----------|
| \$2,740,000 direct placement tax-exempt limited obligation bonds Series 2019B due in annual installments through June 1, 2039; interest at various rates between 4.0% and 5.0%. | 2,050,000 |
|---|-----------|

39,320,000

| | |
|--------------------------|-----------|
| Add: Unamortized Premium | \$327,087 |
|--------------------------|-----------|

| | |
|--|----------------------|
| Total governmental limited obligation bonds and premiums | <u>\$ 39,647,087</u> |
|--|----------------------|

Default events include not paying interest or principal when due, and failure to appropriate funds for payment of interest and principal. In the event of a default under the Trust Agreements, the Trustee may declare the unpaid interest and principal of the bonds outstanding due and payable immediately or exercise the Trustee's rights under the Deed of Trust on mortgaged property. The City is in compliance with all requirements of the Trust Agreements.

C - Revenue Bonds (City)

The City has issued direct placement revenue bonds, which have been used to finance the construction of facilities used in the City's operations. Resources generated by the facilities' operations are retiring the bonds.

In 2011, the City entered into a \$10,595,000 direct placement Stormwater revenue bond due in various annual installments through August 1, 2026; interest at 3.135%. The City issued the bonds in August 2011, to acquire, construct and equip various improvements to the City's natural and structural water and drainage system. In the event of default the trustee may require that the aggregate principal amount of parity indebtedness then outstanding, require the City to endorse all checks and other negotiable instruments representing receipts to the order of the trustee, require the City to deliver to the trustee all money and investment obligations held by the City and notify all account debtors of the City to pay any amounts representing receipts owed to the trustee. As collateral, the City grants the trustee a pledge charge and lien upon the net receipts and a lien upon the money and investment obligations in all of the related accounts of the bond fund.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

Direct placement revenue bonds outstanding for the year ended June 30, 2024 are as follows:

Business-type activities

\$10,595,000 direct placement Stormwater Revenue Bonds, Series 2011
due in various annual installments through August 1, 2026;
interest at 3.135%.

\$ 2,130,000

Total revenue bonds

\$ 2,130,000

Interest expense related to the direct placement revenue bonds totaled \$85,742 for the year ended June 30, 2024.

Revenue bond debt service requirements to maturity are as follows:

Stormwater revenue bonds

| <u>Year(s) Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 835,000 | \$ 60,270 | \$ 895,270 |
| 2026 | 855,000 | 33,936 | 888,936 |
| 2027 | 440,000 | 6,897 | 446,897 |
| | <u>\$ 2,130,000</u> | <u>\$ 101,103</u> | <u>\$ 2,231,103</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

The total principal and interest remaining to be paid on the outstanding direct placement revenue bonds was \$2,231,103 as of June 30, 2024. These revenue bonds are secured by a covenant to budget and collect revenues in the Stormwater system sufficient enough to pay the principal and interest requirements. The City is in compliance with the covenants for the bonds, which require the debt service coverage for parity indebtedness (revenue bonds only, as of June 30, 2024) to be 1.20 and for all indebtedness to be 1.00. Financial information below is from the Stormwater Management Enterprise Fund.

| | | |
|---|---------------|---------------------|
| Income Available for Debt Service | | |
| Stormwater fee revenues | \$ 11,507,552 | |
| Other operating revenues | 125,991 | |
| Nonoperating revenue (expense) | 1,078,761 | |
| Less/plus adjustments for: | | |
| Interest expense | (75,656) | |
| Total revenues | | \$ 12,636,648 |
| Operating expenses | 10,726,242 | |
| Less adjustments for: | | |
| Depreciation | (1,587,270) | |
| Change in OPEB accrual | (43,163) | |
| Total current expenses | | 9,095,809 |
| Income Available for Debt Service | | 3,540,839 |
| Unrestricted Cash, 6/30/23 (prior year) | 18,383,374 | |
| 15% of unrestricted cash | | 2,757,506 |
| Total resources available for debt service | | <u>\$ 6,298,345</u> |
| Parity Indebtedness Debt Service Requirement | | |
| Series 2011 Revenue Bonds – Principal | \$ 805,000 | |
| Series 2011 Revenue Bonds – Interest | 85,742 | |
| | | <u>\$ 890,742</u> |
| Total Available Resources Debt Service Coverage – Parity Indebtedness | | 7.07 |
| Revenue Bond Covenant Requirement | | 1.20 |
| Parity, Subordinated, and System G.O. Debt Service Requirement | | |
| NC Stormwater Note Payable 0196 | \$ 11,613 | |
| NC Stormwater Note Payable 0231 | 13,417 | |
| Series 2011 Revenue Bonds – Principal | 805,000 | |
| Series 2011 Revenue Bonds – Interest | 85,742 | |
| | | <u>\$ 915,772</u> |
| Income Available for Debt Service Debt Service Coverage – All Indebtedness | | 3.87 |
| Revenue Bond Covenant Requirement | | 1.00 |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

D - Notes Payable (City)

In 2010, the City completed two Stormwater projects which were financed through two direct borrowing federal revolving loans for \$464,503 and \$536,692 administered through the State of North Carolina, Department of Environment and Natural Resources. As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the unpaid principal was immediately reduced by one half of the loan amount to \$232,252 and \$268,346 as "Principal Forgiveness". These notes are reported as business-type activities in the Stormwater Management Enterprise Fund. These notes payable are subordinate to the Stormwater Revenue Bonds of the City of Fayetteville.

Direct placement and direct borrowing notes payable for the year ended June 30, 2024, in the accompanying financial statements are comprised of the following:

Business-type activities

| | |
|---|-------------------|
| \$232,252 direct borrowing Federal revolving loan due in annual installments through May 1, 2030; non-interest bearing, paid annually on May 1. | \$ 69,676 |
| \$268,346 direct borrowing Federal revolving loan due in annual installments through May 1, 2030; non-interest bearing, paid annually on May 1. | 80,504 |
| Total business-type notes payable | <u>\$ 150,180</u> |

The City is in compliance with all repayment requirements for all direct borrowing notes payable.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

E - Installment Purchase Agreements (City)

The City has entered into various installment purchase agreements for financing certain equipment, vehicles, and fixtures. Installment purchase obligations are comprised of the following:

Governmental activities

| | |
|---|------------|
| In 2010, the City entered into a \$5,950,000 direct borrowing installment purchase to finance construction of a downtown parking deck. The obligations are payable in various semi-annual installments of approximately \$221,045 in 2024 including interest at 5.1%. The City receives a subsidy from the Federal Government reducing the effective interest rate. The City executed and delivered a Deed of Trust creating a lien on the mortgaged property as collateral. In case of default, the lender may declare the unpaid principal of the installment immediately due and payable, proceed to appropriate court action to enforce the City's performance of the applicable covenants or avail itself of all available remedies under the agreement. | \$ 623,361 |
| In 2011, the City entered into a \$2,676,943 direct borrowing installment purchase to finance construction of Fire Station 19. The obligations are payable in various semi-annual installments of approximately \$93,893.76 in 2024 including interest of 1.90%. The City executed and delivered a Deed of Trust creating a lien on the mortgaged property as collateral. In case of default, the entire amount of principal and accrued interest will be immediately due and payable, the lender may exercise all remedies available at law or under the Deed of Trust including the sale of the mortgaged property or proceed by appropriate court action to enforce performance by the City. | 365,403 |
| In 2017, the City entered into a \$1,885,000 direct placement installment to renovate City Hall. The obligations are payable in various semiannual installments of approximately \$67,069 in 2024 including fixed rate interest of 3.05%. The City delivered the Deed of Trust creating a lien on the mortgaged property and hereby granting to the Trustee a security interest in all money and securities held by or on behalf of the Trustee as collateral. In the event of default the Trustee may, by a notice in writing to the City, declare the principal of all the bonds then outstanding to be due and payable immediately. | 1,482,897 |
| In 2017, the City entered into a \$3,600,000 direct borrowing to construct Fire Station 12. The obligations are payable in various semi-annual installments of approximately \$122,625 in 2024 including fixed rate interest estimated at 2.50%. The City executed a Deed of Trust as collateral for the debt. In the event of default the lender may require the entire amount of principal and accrued interest due and payable, exercise all remedies available at law or proceed by appropriate court action. | 2,961,000 |
| In 2022, the City entered into a \$10,430,000 direct borrowing to construct Fire Station 4. The obligations are payable in various semi-annual Installments of approximately \$424,003 in 2024 including fixed rate interest of 3.29%. The City executed a Deed of Trust as collateral for the debt. Upon the occurrence of an event of default and to the extent permitted by law, the Deed of Trust Trustee shall have the right to enter upon the mortgaged property to such extent and as often as the Deed of Trust Trustee, in his sole discretion, deems necessary or desirable in order to cure any default by the City. The Deed of Trust is intended to be a security agreement pursuant to the Uniform Commercial Code, as in effect in the State of North Carolina. | 12,319,575 |
| In 2022, the City entered into a \$4,015,000 direct borrowing installment purchase to finance vehicles and equipment. The obligations are payable in various semi-annual installments of approximately \$404,087 in 2024 including interest of 1.35%. The City executed a Security Agreement granting the lender a security interest if any of the events outlined in section 4 of the security agreement should occur, all payments under the agreement may become at once due and payable, regardless of the maturity date or other due date thereof. Upon the occurrence of an event of default, the secured party may proceed against the collateral as provided in and in accordance with the applicable provisions of the UCC. Subject to any limitations imposed by the applicable provisions of the UCC | 1,615,933 |
| In 2023, the City entered into a \$1,265,000 direct borrowing installment purchase to finance vehicles and equipment. The obligations are payable in various semi-annual installments of approximately \$171,020 in 2024 including interest of 3.70%. The City executed a Security Agreement granting the lender a security interest if any of the events outlined in section 4 of the security agreement should occur, all payments under the agreement may become at once due and payable, regardless of the maturity date or other due date thereof. Upon the occurrence of an event of default, the secured party may proceed against the collateral as provided in and in accordance with the applicable provisions of the UCC. Subject to any limitations imposed by the applicable provisions of the UCC | 1,027,289 |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

Governmental activities (continued)

In 2021, the City entered into a \$11,950,000 direct borrowing installment purchase to finance vehicles and equipment. The obligations are payable in various semi-annual installments of approximately \$1,095,612 in 2024 including interest of .63%. The City executed a security agreement granting the lender a security interest in the vehicles and equipment. In the event of default the lender may require the entire principal component of installment payments and unpaid accrued interest to be immediately due and payable, the lender may exercise all remedies available at law, in equity or under the security agreement or the lender may proceed by appropriate court action to enforce performance by the City of applicable covenants of the agreement.

\$ 2,192,020

In 2024, the City entered into a \$3,186,000 direct borrowing installment purchase to finance vehicles and equipment. The obligations are payable in various semi-annual installments of approximately \$437,574 in 2024 including interest of .63%. The City executed a security agreement granting the lender a security interest in the vehicles and equipment. In the event of default the lender may require the entire principal component of installment payments and unpaid accrued interest to be immediately due and payable, the lender may exercise all remedies available at law, in equity or under the security agreement or the lender may proceed by appropriate court action to enforce performance by the City of applicable covenants of the agreement.

3,501,370

26,088,848

4,088,918

Less amount representing interest

Present value of the minimum installment payments

\$ 21,999,930

Business-type activities

In 2022, the City entered into a \$4,015,000 direct borrowing installment purchase to finance vehicles and equipment. The obligations are payable in various semi-annual installments of approximately \$113,118 in 2024 including interest of 1.35%. The City executed a Security Agreement granting the lender a security interest if any of the events outlined in section 4 of the security agreement should occur, all payments under the agreement may become at once due and payable, regardless of the maturity date or other due date thereof. Upon the occurrence of an event of default, the secured party may proceed against the collateral as provided in and in accordance with the applicable provisions of the UCC.

\$ 452,358

In 2021, the City entered into a \$11,950,000 direct borrowing installment purchase to finance vehicles and equipment. The obligations are payable in various semi-annual installments of approximately \$418,466 in 2024 including interest of .63%. The City executed a security agreement granting the lender a security interest in the vehicles and equipment. In the event of default the lender may require the entire principal component of installment payments and unpaid accrued interest to be immediately due and payable, the lender may exercise all remedies available at law, in equity or under the security agreement or the lender may proceed by appropriate court action to enforce performance by the City of applicable covenants of the agreement.

837,233

1,289,591

11,439

Less amount representing interest

Present value of the minimum installment payments

1,278,152

Total Installment Obligations

\$ 23,278,082

The City is in full compliance of all repayment requirements for all direct borrowing installment agreements.

The following is an analysis of property purchased using installment agreements as of June 30, 2024:

| Classes of Property | Cost | Depreciation | Net Book Value |
|---------------------------|----------------------|----------------------|----------------------|
| Equipment | \$ 8,129,097 | \$ 4,604,998 | \$ 3,524,099 |
| Vehicles | 17,389,502 | 10,412,334 | 6,977,168 |
| Buildings and Improvement | 17,544,788 | 5,569,061 | 11,975,727 |
| | <u>\$ 43,063,387</u> | <u>\$ 20,586,393</u> | <u>\$ 22,476,994</u> |

Interest expense related to the installment agreements totaled \$614,496 for the year ended June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

F - Leases and Subscriptions

The City has entered into agreements to lease buildings, equipment, vehicles, and subscriptions for certain software. These agreements qualify as long-term leases and subscription-based information technology arrangements under GASB 87 and GASB 96. They have been recorded at the present value of the future minimum lease and subscription payments as of the date of their inception. The terms of these agreements range from two to thirty five years and may be paid on a monthly, quarterly or annual basis according to the terms of the contract. The lease liability and subscription is measured at a discount rate range of 1.3 to 4.4% based on the City's imputed borrowing rate. As shown in the schedule below, the City has recorded lease principal payments in the amount of \$933,155 and \$28,820 for its Governmental and Business-type Activities, respectively, at June 30, 2024. For SBITAs, the City has recorded principal payments in the amount of \$3,346,833 and \$76,253 for its Governmental and Business-type Activities, respectively, at June 30, 2024.

Governmental activities - Leases

| Year(s) Ending | Principal Payments | Interest Payments | Total |
|----------------|---------------------|-------------------|---------------------|
| 2025 | \$ 557,844 | \$ 84,621 | \$ 642,465 |
| 2026 | 276,316 | 73,097 | 349,413 |
| 2027 | 149,375 | 66,873 | 216,248 |
| 2028 | 141,167 | 62,809 | 203,976 |
| 2029 | 143,187 | 58,413 | 201,600 |
| 2030-2034 | 838,156 | 220,244 | 1,058,400 |
| 2035-2039 | 1,030,707 | 80,613 | 1,111,320 |
| | <u>\$ 3,136,752</u> | <u>\$ 646,670</u> | <u>\$ 3,783,422</u> |

Governmental activities - SBITAs

| Year(s) Ending | Principal Payments | Interest Payments | Total |
|----------------|---------------------|-------------------|---------------------|
| 2025 | \$ 2,539,849 | \$ 143,611 | \$ 2,683,460 |
| 2026 | 1,918,420 | 78,720 | 1,997,140 |
| 2027 | 1,198,968 | 29,796 | 1,228,764 |
| 2028 | 325,432 | 4,470 | 329,902 |
| 2029 | 3,418 | 4 | 3,422 |
| | <u>\$ 5,986,087</u> | <u>\$ 256,601</u> | <u>\$ 6,242,688</u> |

Business-type activities - SBITAs

| Year(s) Ending | Principal Payments | Interest Payments | Total |
|----------------|--------------------|-------------------|-------------------|
| 2025 | \$ 47,434 | \$ 1,467 | \$ 48,901 |
| 2026 | 42,314 | 886 | 43,200 |
| 2027 | 42,885 | 314 | 43,199 |
| | <u>\$ 132,633</u> | <u>\$ 2,667</u> | <u>\$ 135,300</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

G - Changes in Long-Term Obligations (City)

The following is a summary of changes in the City's long-term obligations for the fiscal year ended June 30, 2024.

Governmental compensated absences and pension liabilities typically have been liquidated in the general fund.

| | Balance June 30, 2023 | Increases | Decreases | Balance June 30, 2024 | Current Portion |
|--------------------------------|--------------------------|----------------------|----------------------|--------------------------|----------------------|
| Governmental Activities: | | | | | |
| General obligation debt | \$ 31,580,000 | \$ - | \$ 2,140,000 | \$ 29,440,000 | \$ 2,090,000 |
| Direct placement: | | | | | |
| Limited obligation debt | 42,120,000 | - | 2,800,000 | 39,320,000 | 2,800,000 |
| Plus: Unamortized premium | 3,331,245 | - | 267,242 | 3,064,003 | - |
| Direct borrowing: | | | | | |
| Installment agreements | 24,647,775 | 3,186,000 | 5,833,845 | 21,999,930 | 5,400,937 |
| PWC assessment | 5,129,136 | 950,000 | 1,344,976 | 4,734,160 | - |
| Lease liability | 4,069,907 | - | 933,155 | 3,136,752 | 557,844 |
| Subscription liability | 7,603,507 | 1,729,413 | 3,346,833 | 5,986,087 | 2,539,849 |
| Compensated absences | 8,477,282 | 8,013,193 | 8,050,385 | 8,440,090 | 4,820,723 |
| Net pension liability (LGERS) | 55,318,359 | 9,346,910 | - | 64,665,269 | - |
| Net pension liability (LEOSSA) | 18,264,026 | 1,190,895 | - | 19,454,921 | - |
| OPEB liability | 41,727,606 | - | 1,620,643 | 40,106,963 | - |
| Total long-term obligations | <u>\$ 242,268,843</u> | <u>\$ 24,416,411</u> | <u>\$ 26,337,079</u> | <u>\$ 240,348,175</u> | <u>\$ 18,209,353</u> |

| | Balance June 30, 2023 | Increases | Decreases | Balance June 30, 2024 | Current Portion |
|-------------------------------|--------------------------|---------------------|---------------------|--------------------------|---------------------|
| Business-Type Activities: | | | | | |
| Direct placement: | | | | | |
| Revenue bonds | \$ 2,935,000 | \$ - | \$ 805,000 | \$ 2,130,000 | \$ 835,000 |
| Direct borrowing: | | | | | |
| Notes payable | 175,210 | - | 25,030 | 150,180 | 25,030 |
| Installment agreements | 2,354,437 | - | 1,076,285 | 1,278,152 | 1,063,373 |
| Lease liability | 28,820 | - | 28,820 | - | - |
| Subscription liability | 208,886 | - | 76,253 | 132,633 | 47,434 |
| Compensated absences | 880,233 | 1,155,500 | 1,188,886 | 846,848 | 570,506 |
| Net pension liability (LGERS) | 7,758,447 | 1,310,913 | - | 9,069,360 | - |
| OPEB liability | 7,665,869 | - | 297,731 | 7,368,138 | - |
| Total long-term obligations | <u>\$ 22,006,901</u> | <u>\$ 2,466,413</u> | <u>\$ 3,498,005</u> | <u>\$ 20,975,311</u> | <u>\$ 2,541,343</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

G - Changes in Long-Term Obligations (PWC)

The following is a summary of changes in the PWC's long-term obligations for the fiscal year ended June 30, 2024:

| | Balance June 30, 2023 | Increases | Decreases | Balance June 30, 2024 | Current Portion |
|----------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|----------------------|
| Business-type activities: | | | | | |
| Direct placement: | | | | | |
| Revenue bonds | \$ 333,285,000 | \$ 245,820,000 | \$ 99,955,000 | \$ 479,150,000 | \$ 12,630,000 |
| Plus: Unamortized premium | 23,772,023 | 11,432,528 | - | 35,204,551 | - |
| Notes payable | 41,849,744 | 8,827,058 | 2,281,758 | 48,395,044 | 2,281,758 |
| Unearned deposits | 814,290 | 686,807 | 931,819 | 569,278 | - |
| Compensated absences | 5,415,724 | 5,529,404 | 5,415,724 | 5,529,404 | 3,621,752 |
| Lease and subscription liability | 4,934,538 | 805,503 | 1,998,991 | 3,741,050 | 1,512,150 |
| Net pension liability (LGERS) | 34,249,109 | 4,824,787 | - | 39,073,896 | - |
| Net OPEB liability | 23,637,116 | 1,199,206 | 3,211,820 | 21,624,502 | - |
| Total business-type activities | <u>\$ 467,957,544</u> | <u>\$ 279,125,293</u> | <u>\$ 113,795,112</u> | <u>\$ 633,287,725</u> | <u>\$ 20,045,660</u> |

The Commission has pledged future electric, water and wastewater customer revenues, net of specified operating expenses to repay \$538,660,000 in direct placement revenue and revenue refunding bonds issued at various times from 2014 through 2024. Proceeds from the bonds provided financing for extensions, additions and capital improvements to or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the electric, water, and wastewater systems. The bonds are payable solely from electric, water and wastewater customer net revenues and are payable through 2053. The total principal and interest remaining to be paid on the bonds is \$750,921,139. Principal and interest paid for the current year and total customer revenues were \$27,464,839 and \$393,034,076.

The revenue bond order contains significant covenants respecting annual debt service requirements, use of the system, and minimum revenue bond coverage. The Commission is in compliance with all such significant covenants at June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

H - Maturities of Long-Term Obligations (City)

The following table summarizes the annual requirements to amortize all general long-term debt outstanding (excluding leases, PWC assessments, compensated absences, pension liabilities, and net OPEB liability).

Governmental activities

| Year(s) Ending | General Obligation Bonds | | Limited Obligation Bonds from Direct Placements | |
|----------------|--------------------------|---------------------|--|----------------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 2,090,000 | \$ 1,152,125 | \$ 2,800,000 | \$ 1,594,020 |
| 2026 | 1,750,000 | 1,047,625 | 2,795,000 | 1,491,791 |
| 2027 | 1,750,000 | 960,125 | 2,790,000 | 1,387,122 |
| 2028 | 1,750,000 | 872,625 | 2,790,000 | 1,279,939 |
| 2029 | 1,750,000 | 785,125 | 2,805,000 | 1,170,102 |
| 2030-2043 | 20,350,000 | 4,177,313 | 25,340,000 | 5,330,086 |
| | <u>\$ 29,440,000</u> | <u>\$ 8,994,938</u> | <u>\$ 39,320,000</u> | <u>\$ 12,253,060</u> |

| Year(s) Ending | Construction and Improvement Installment Obligations from Direct Borrowings | | Vehicles and Equipment Installment Obligations from Direct Borrowings | | Total Debt Due | |
|----------------|---|---------------------|---|-------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | \$ 1,371,130 | \$ 437,981 | \$ 4,029,807 | \$ 187,983 | \$ 10,290,937 | \$ 3,372,109 |
| 2026 | 1,172,796 | 389,866 | 1,899,040 | 127,169 | 7,616,836 | 3,056,451 |
| 2027 | 796,000 | 357,772 | 1,145,000 | 72,819 | 6,481,000 | 2,777,837 |
| 2028 | 796,000 | 333,231 | 847,000 | 27,795 | 6,183,000 | 2,513,590 |
| 2029 | 796,000 | 308,690 | - | - | 5,351,000 | 2,263,917 |
| 2030-2043 | 9,147,158 | 1,845,613 | - | - | 54,837,158 | 11,353,012 |
| | <u>\$ 14,079,084</u> | <u>\$ 3,673,153</u> | <u>\$ 7,920,847</u> | <u>\$ 415,766</u> | <u>\$ 90,759,931</u> | <u>\$ 25,336,916</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

The following table includes the City's expected estimated schedule of maturity for the business-type activities noted above, as well as the annual requirements to amortize all business-type long-term debt outstanding (excluding leases, compensated absences, pension liabilities, and net OPEB liability).

Business-type activities

| Year(s) Ending | Revenue Bonds from Direct Placements | | Notes Payable from Direct Borrowings | | Installment Obligations from Direct Borrowings | |
|----------------|---|-------------------|---|-------------|---|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | \$ 835,000 | \$ 60,270 | \$ 25,030 | \$ - | \$ 1,063,373 | \$ 9,180 |
| 2026 | 855,000 | 33,936 | 25,030 | - | 214,779 | 2,259 |
| 2027 | 440,000 | 6,897 | 25,030 | - | - | - |
| 2028 | - | - | 25,030 | - | - | - |
| 2029 | - | - | 25,030 | - | - | - |
| 2030-2043 | - | - | 25,030 | - | - | - |
| | <u>\$ 2,130,000</u> | <u>\$ 101,103</u> | <u>\$ 150,180</u> | <u>\$ -</u> | <u>\$ 1,278,152</u> | <u>\$ 11,439</u> |

| Year(s) Ending | Total Debt Due | |
|----------------|---------------------|-------------------|
| | Principal | Interest |
| 2025 | \$ 1,923,403 | \$ 69,450 |
| 2026 | 1,094,809 | 36,195 |
| 2027 | 465,030 | 6,897 |
| 2028 | 25,030 | - |
| 2029 | 25,030 | - |
| 2030-2043 | 25,030 | - |
| | <u>\$ 3,558,333</u> | <u>\$ 112,542</u> |

I - Legal Debt Margin (City)

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on eight percent of the total assessed value of real and personal property. As of June 30, 2024, the City's legal debt limit was \$1,083,760,262. The outstanding debt subject to this limit was \$106,697,737 leaving a legal debt margin of \$977,062,525.

J - Authorized but Un-issued Debt and Unused Lines of Credit (City)

At June 30, 2024, the City had a total of \$114,978,000 in bonds authorized but un-issued, including \$60,000,000 for Public Safety, \$25,000,000 for Public Infrastructure, \$12,000,000 for Housing Affordability, and \$17,978,000 for Stormwater Revenue Bonds.

At June 30, 2024, the City had no unused lines of credit.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5—Long-term obligations (continued)

K - Net Investment in Capital Assets

| | City | | |
|--|----------------|----------------|------------------|
| | Government | Business-Type | |
| | Activities | Activities | PWC |
| Capital assets, net | \$ 460,711,842 | \$ 154,431,536 | \$ 1,265,480,328 |
| Add: Intangible right to use assets | 8,726,683 | 142,016 | 3,875,362 |
| Less: Long term debt related to capital assets | (21,999,930) | (3,558,332) | (527,545,045) |
| Less: Unamortized bond premium | (3,064,003) | - | (35,204,552) |
| Less: Deferred loss related to unspent bond proceeds | - | - | (257,490) |
| Less: Retainage and payables related to capital assets | (1,854,674) | - | (8,196,579) |
| Add: Deferred loss on bond refunding | - | - | 530,085 |
| Less: Lease and subscription liabilities | (9,122,839) | (132,633) | (3,741,050) |
| Add: Unspent bond/lease proceeds | - | - | 141,686,690 |
| Total net investment in capital assets | \$ 433,397,079 | \$ 150,882,587 | \$ 836,627,749 |

Note 6—Unearned revenue

The governmental and proprietary funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the government-wide financial statement were as follows:

| | Unearned Revenue |
|---|------------------|
| Amounts arising from cash: | |
| Unearned revenue (General) | \$ 122,756 |
| Unearned grant receipts (Special Revenue) | 17,785,129 |
| Unearned assessments (Special Revenue) | 66,350 |
| Unearned grant receipts (Capital Projects) | 6,579,700 |
| Prepaid retiree insurance premiums (Internal Service) | 11,687 |
| Unearned revenue (Enterprise) | 3,670,027 |
| Total | \$ 28,235,649 |

In addition, the City had \$720,745 and \$1,098,856 of restricted unearned deposits in the governmental funds and enterprise funds respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 7—Deferred outflows and inflows of resources

In the government-wide financial statements, deferred outflows of resources is the deferred amount for unamortized refunding charges and the contribution to the pension plan at June 30, 2024.

Gains and losses from debt refunding must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to debt refunding are to be used in determining the carrying value of the new debt issued to finance debt refunding.

City pension plan contributions subsequent to the measurement date and changes in proportion and differences between City contributions and other pension related deferrals were also reported as deferred outflows of resources on the statement of net position at June 30, 2024. The amounts reported totaled \$6,221,214 and \$6,285,259 for governmental activities and business-type activities, respectively, for LGERS.

Deferred inflows of resources in the fund financial statements at year-end are comprised of the following:

| | Unavailable Revenue |
|---|--------------------------------|
| Prepaid taxes (General) | \$ 74,295 |
| Taxes receivable, net (General) | 891,588 |
| Accounts and notes receivable (General) | 3,121,910 |
| Leases receivable (General) | 5,100,862 |
| Special assessments receivable, net (General) | 1,365,933 |
| PWC assessments receivable, net (Special revenue) | 4,674,159 |
| | <u>\$ 15,228,747</u> |

Deferred outflows and inflows of resources for governmental activities in the government-wide financial statements are:

| | Outflows | Inflows |
|--------------------------|----------------------|----------------------|
| Prepaid taxes | \$ - | \$ 2,331,816 |
| OPEB deferrals | 4,459,216 | 8,165,161 |
| Pension deferrals LGERS | 38,516,402 | 738,988 |
| Pension deferrals LEOSSA | 3,802,657 | 2,815,754 |
| Lease deferrals | - | 5,100,862 |
| | <u>\$ 46,778,275</u> | <u>\$ 19,152,581</u> |

Deferred outflows and inflows of resources for business-type activities in the government-wide financial statements are:

| | Outflows | Inflows |
|-------------------|---------------------|---------------------|
| OPEB deferrals | \$ 819,211 | \$ 1,500,039 |
| Pension deferrals | 5,401,957 | 103,658 |
| Lease deferrals | - | 4,668,067 |
| | <u>\$ 6,221,168</u> | <u>\$ 6,271,764</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 8—Risk management

The City is self-insured (self-funded) with respect to insurance claims as follows: health insurance (up to \$175,000 per individual and approximately \$16,221,540 for all employees for the policy period ending June 30, 2024), general liability (up to \$500,000 per occurrence), workers' compensation (\$850,000 per occurrence), public officials liability (up to \$500,000 per occurrence), law enforcement liability (\$500,000 per occurrence), and automobile liability (up to \$500,000 per occurrence). The City maintains excess liability insurance (\$11,000,000) to cover catastrophic losses. Property insurance on City buildings is for replacement value (less \$100,000 self-funded retention). The health insurance coverage for individual large claims also includes a second deductible, known as an Aggregating Specific. If one or more claims exceeds the \$175,000, the claims over that amount are applied to the Aggregating Specific deductible of \$161,835. Once that amount has been exhausted, the stop loss policy will reimburse eligible claims in excess of the individual deductible at 100%. Also, the health insurance plan's excess coverage allows expenditures by the City up to 125% of expected claims adjusted for industry standard trend adjustments, and for expenditures by the City of up to \$175,000 per individual. Losses from asserted claims and from un-asserted claims identified under the City's incident reporting system are accrued based on estimates that incorporate the City's past experience, as well as other considerations including the nature of each claim and relevant trend factors.

The City carries commercial coverage for all other risks of loss. Within the last three fiscal years, the City had no general liability claims that exceeded the City's retention of \$500,000.

At June 30, 2024, a liability for incurred but not reported claims of \$2,485,125 is included in accounts payable and accrued expenses on the accompanying financial statements. An analysis of claims activity for the City is presented below.

| | 2024 | 2023 |
|---|--------------|--------------|
| Liability, beginning | \$ 3,573,317 | \$ 3,363,318 |
| Current year claims and changes in estimate | 16,866,768 | 18,225,076 |
| Actual claim payments | (17,954,960) | (18,015,077) |
| Liability, ending | \$ 2,485,125 | \$ 3,573,317 |

The City carries commercial flood insurance on three properties located at 671 North Eastern Blvd., 225 Ray Avenue, and 300 Bragg Blvd. These properties are covered by separate insurance policies with damage limits of \$500,000 for each building and contents coverage ranging from \$300,000 to \$500,000 per facility, with deductibles ranging from \$1,000 to \$15,000.

In accordance with G.S. 159-29, City employees who have access to \$100 or more of the City's funds at any given time are performance bonded through commercial surety bonds. The City's Chief Financial Officer is individually bonded for \$1,000,000. The remaining employees who have access to funds are bonded under a blanket bond for \$1,000,000 per theft coverage, with a \$10,000 per occurrence deductible.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 9—Commitments and contingent liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. No provision has been made in the accompanying financial statements for the refund of grant money.

The City is a defendant in various lawsuits. Although the outcome of these proceedings is not presently determinable, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is subject to laws and regulations relating to the protection of the environment. While it is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly any future remediation and other compliance efforts, in the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial position, results of operations or cash flows of the City.

The City's bond issues are subject to Federal arbitrage regulations, and the City has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. Although the actual amount to be paid is not presently determinable, the City believes that an adequate provision for arbitrage payables has been provided for in the accompanying financial statements.

The City has authorized expenditures totaling approximately \$487.0 million for capital additions and construction of various administration, public safety, recreation, transportation, economic development, environmental protection, Linear Park, stormwater, transit, airport, and solid waste projects. At June 30, 2024, cumulative expenditures to date totaled approximately \$374.8 million leaving an unexpended balance of \$112.3 million for projects that are expected to be completed at various dates in future fiscal years.

Note 10—Employee retirement systems

A - Local Governmental Employees' Retirement System

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 10—Employee retirement systems (continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The City's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.90% for general employees and firefighters. Contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were \$12,506,473 for the year ended June 30, 2024.

Refunds of Contributions. 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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 10—Employee retirement systems (continued)

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

At June 30, 2024, the City reported a liability of \$73,734,629 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the City's proportion was 1.11330%, which was an decrease of 0.0048% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$20,223,380. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 8,216,221 | \$ 176,881 |
| Changes of assumptions | 3,133,296 | - |
| Net difference between projected and actual earnings on pension plans investments | 19,734,614 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 327,756 | 665,751 |
| City contributions subsequent to the measurement date | 12,506,473 | - |
| Total | <u>\$ 43,918,360</u> | <u>\$ 842,632</u> |

The City reported \$12,506,473 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30

| | |
|------|----------------------|
| 2025 | \$ 11,015,845 |
| 2026 | 5,665,011 |
| 2027 | 13,053,917 |
| 2028 | 834,482 |
| | <u>\$ 30,569,255</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 10—Employee retirement systems (continued)

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study as of December 31, 2019. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|--------------------------|---|
| Fixed Income | 33.00% | 0.90% |
| Global Equity | 38.00% | 6.50% |
| Real Estate | 8.00% | 5.90% |
| Alternatives | 8.00% | 8.20% |
| Credit | 7.00% | 5.00% |
| Inflation Protection | 6.00% | 2.70% |
| Total | 100.00% | |

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.5%. All rates of return and inflation are annualized.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 10—Employee retirement systems (continued)

Discount rate. The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease 5.5% | Discount Rate 6.5% | 1% Increase 7.5% |
|---|------------------|--------------------|------------------|
| City's proportionate share of the net pension liability | \$ 127,742,347 | \$ 73,734,629 | \$ 29,270,415 |

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

B - Law Enforcement Officers' Special Separation Allowance

Plan Description

The City administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85% 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.

The Separation Allowance covers all full-time City law enforcement officers. At December 31, 2023, the Separation Allowance's membership consisted of:

| | |
|-----------------------------|------------|
| Retirees receiving benefits | 71 |
| Active plan members | <u>403</u> |
| Total | <u>474</u> |

Summary of Significant Accounting Policies

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 10—Employee retirement systems (continued)

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% |
| Salary Increases | 3.25 to 7.75%, including inflation and productivity factor |
| Discount Rate | 4.00% |

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2023.

Mortality rates use Pub-2010 amount-weighted tables and are projected from 2010 using generational improvement with Scale MP-2019.

Contributions

The City is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$1,450,610 as benefits came due for the reporting period.

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

At June 30, 2024, the City reported a total pension liability of \$19,454,921. 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 City recognized pension expense of \$1,960,318.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 689,570 | \$ 538,502 |
| Changes of assumptions | 2,337,382 | 2,277,266 |
| City benefit payments and plan administrative expense made subsequent to the measurement date | 775,704 | - |
| Total | \$ 3,802,656 | \$ 2,815,768 |

\$775,704 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 next fiscal year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 10—Employee retirement systems (continued)

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

| Years Ending June 30 | Deferred Outflows of Resources | Deferred Inflows of Resources | Amount Recognized as an Increase/(Decrease) to Pension Expense |
|-----------------------------|---|--|---|
| 2025 | \$ 1,306,317 | \$ 798,996 | \$ 507,321 |
| 2026 | 1,153,437 | 798,783 | 354,654 |
| 2027 | 203,298 | 743,837 | (540,539) |
| 2028 | 203,298 | 474,152 | (270,854) |
| 2029 | 160,602 | - | 160,602 |
| | <u>\$ 3,026,952</u> | <u>\$ 2,815,768</u> | <u>\$ 211,184</u> |

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

| | 1% Decrease 3.00% | Current Discount Rate 4.00% | 1% Increase 5.00% |
|-------------------------|----------------------------------|--|----------------------------------|
| Total pension liability | \$ 21,015,252 | \$ 19,454,921 | \$ 18,039,002 |

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

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

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

| | 2024 |
|---|----------------------|
| Beginning balance | \$ 18,264,026 |
| Service cost | 708,493 |
| Interest on the total pension liability | 755,919 |
| Differences between expected and actual experience in the measurement of the total pension liability | 752,654 |
| Changes of assumptions or other inputs | 424,439 |
| Benefit payments | (1,450,610) |
| Ending balance of the total pension liability | <u>\$ 19,454,921</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 10—Employee retirement systems (continued)

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

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

| | LGERS | LEOSSA | TOTAL |
|--|---------------|--------------|---------------|
| Pension expense | \$ 20,223,380 | \$ 1,960,318 | \$ 22,183,698 |
| Pension liability | 73,734,629 | 19,454,921 | 93,189,550 |
| Proportionate share of the net pension liability | 1.11330% | n/a | - |
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | 8,216,221 | 689,570 | 8,905,791 |
| Changes of assumptions | 3,133,296 | 2,337,382 | 5,470,678 |
| Net difference between projected and actual earnings on plan investments | 19,734,614 | - | 19,734,614 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 327,756 | - | 327,756 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 12,506,473 | 775,704 | 13,282,177 |
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | 176,881 | 538,502 | 715,383 |
| Changes of assumptions | - | 2,277,266 | 2,277,266 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 665,751 | - | 665,751 |

C - Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions for the law enforcement officers to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state’s ACFR includes the 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 G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each law enforcement officer’s salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the Plan.

The City contributed \$1,179,279 for the year ended June 30, 2024.

D - NC 401(k) Plan

The City contributes to the NC 401(k) Plan (401(k)), a defined contribution plan administered by the North Carolina Total Retirement Plans. The City contributes 2% of employee base pay to the 401(k) on behalf of eligible employees. This plan is available to all non-law enforcement employees that are eligible for the NC Retirement System. The City contributed \$1,322,128. for the year ended June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11—Other postemployment benefits (OPEB)

A - Healthcare Benefits

Plan description. Under the terms of a City resolution, the City (excluding the City's Public Works Commission) administers the Other Post Employment Benefit Retiree Healthcare Plan, a single-employer defined benefit healthcare plan. The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. For employees hired on or after February 1, 2008, this plan provides postemployment healthcare benefits to retirees of the City, up to the age of 65 or until they are eligible to receive Medicare benefits, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the City. For employees hired prior to February 1, 2008, employees qualified for similar level benefits after at least five years of creditable service with the City and 10 years of service credit with the System. Employees hired on or after July 1, 2014 are not eligible for this benefit. The City and retirees contribute to the cost of coverage for these benefits through a self-insured plan. Also, the City's retirees can purchase coverage for their eligible dependents at the City's group rates. The City also provides a death benefit through the plan based on the number of years of service at retirement. Retirees that retired prior to June 1, 1988 are provided with a \$1,000 life insurance policy. Retirees that retire on or after June 1, 1988 under NCLGERS and have at least 5 years of service with the City, are provided a life insurance policy based on years of service. The life insurance policy is \$100 per year of service (or fraction thereof) up to a maximum amount of \$3,000. The City may amend the benefit provisions. A separate report was not issued for the plan.

Membership in the healthcare and life insurance benefit plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

| | Law Enforcement | | General | |
|--|----------------------------|---------------------|------------------|--------------|
| | Officers | Firefighters | Employees | Total |
| Retirees and dependents receiving benefits | 184 | 77 | 534 | 795 |
| Active plan members | 195 | 198 | 361 | 754 |
| | | | | <u>1549</u> |

Total OPEB Liability

The City's total OPEB liability of \$47,475,101 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11—Other postemployment benefits (OPEB) (continued)

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 | 2.50% |
| Real wage growth | 0.75% |
| Wage inflation | 3.25% |
| Salary increases including wage inflation | |
| General employees | 3.25% - 8.41% |
| Firefighters | 3.25% - 8.15% |
| Law enforcement officers | 3.25% - 7.90% |
| Municipal bond index rate | |
| Prior measurement date | 3.54% |
| Measurement date | 3.65% |
| Healthcare cost trends | |
| Pre-medicare | 7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033 |

The City 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 discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

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 – December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|---|-----------------------------|
| Balance at June 30, 2023 | \$ 49,393,475 |
| Changes for the year: | |
| Service cost | 1,296,107 |
| Interest | 1,773,357 |
| Change in benefit terms | - |
| Difference between expected and actual experience | (4,808,114) |
| Changes of assumptions or other inputs | 1,020,240 |
| Benefit payments | (1,199,964) |
| Other | - |
| Net changes | (1,918,374) |
| Balance at June 30, 2024 | <u>\$ 47,475,101</u> |

There are no changes in benefit terms since the Prior Measurement Date.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11—Other postemployment benefits (OPEB) (continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

| | 1% Decrease 2.65% | Current Discount Rate 3.65% | 1% Increase 4.65% |
|----------------------|-------------------------|-----------------------------------|-------------------------|
| Total OPEB liability | \$ 51,703,987 | \$ 47,475,101 | \$ 43,696,630 |

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

| | 1% Decrease 6.00% | Current Pre-medicare Rate 7.00% | 1% Increase 8.00% |
|----------------------|-------------------------|---------------------------------------|-------------------------|
| Total OPEB liability | \$ 43,377,258 | \$ 47,475,101 | \$ 52,172,719 |

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$111,976. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 88,631 | \$ 6,604,597 |
| Changes of assumptions | 3,263,493 | 3,060,603 |
| City benefit payments and administrative costs made subsequent to the measurement date | 1,926,303 | - |
| Total | \$ 5,278,427 | \$ 9,665,200 |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11—Other postemployment benefits (OPEB) (continued)

\$1,926,303 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 next fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

| <u>Years Ending June 30:</u> | |
|------------------------------|-----------------------|
| 2025 | \$ (3,443,614) |
| 2026 | (2,655,058) |
| 2027 | (214,404) |
| Total | <u>\$ (6,313,076)</u> |

B - Death Benefits

The City provides regular full-time and part-time employees with a \$3,000 death benefit during their first year of employment, unless the employee already has one year of membership in the North Carolina Retirement System. The benefit is effective on the first day of the month following 30 days of service. If eligible, the death benefit is discontinued after one year of employment, when the employee becomes qualified for the State Death Benefit Plan. The City considers these benefit payments to be immaterial.

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 12—Interfund receivables, payables and transfers

Interfund Receivables and Payables

The following schedule makes up the interfund balances at June 30, 2024 as follows:

Interfund Receivables/Payables

| Receivable Fund | Payable Fund | Amount |
|--|--------------------------------|----------------------|
| General Fund | Environmental Protection Fund | \$ 7,116,726 |
| General Fund | Transit Fund | 2,014,714 |
| General Fund | Nonmajor Capital Projects Fund | 2,406,161 |
| Total Interfund Receivables and Payables | | <u>\$ 11,537,601</u> |

Interfund receivables and payables were recorded due to timing differences in the receipt of funds from intergovernmental payments due to the City from federal and state sources related expenditures and other grant related expenditures. These balances represent overnight loans at fiscal year end from the receivable fund to the payable fund to cover cash deficits in the payable fund. The amounts are reversed on the first day of the next fiscal year. The fund with the cash deficit then has a liability to the pooled cash and investments.

Transfers to/from Other Funds

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

| Transfer out: | Transfer in: | | | | | Total |
|------------------|-------------------|------------------------------|-----------------------|---------------------|-------------------|----------------------|
| | General | Federal and State Assistance | Nonmajor Governmental | Transit | Stormwater | |
| General | \$ - | \$ 1,046,273 | \$ 9,256,149 | \$ 8,601,319 | \$ 213,012 | \$ 19,116,753 |
| Internal Service | 822,000 | - | - | - | - | 822,000 |
| Totals | <u>\$ 822,000</u> | <u>\$ 1,046,273</u> | <u>\$ 9,256,149</u> | <u>\$ 8,601,319</u> | <u>\$ 213,012</u> | <u>\$ 19,938,753</u> |

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, and include amounts provided as matching funds for various grant programs.

Transfers totaling \$11,124,422 were made during the fiscal year from the general fund to major and non-major governmental funds. Of this total, transfers to capital projects consisted of: \$4,700,000 for transportation projects including street resurfacing and improvements, and sidewalk and intersection improvements; \$4,437,700 for general government projects including major facility maintenance projects, computer replacements and technology enhancements and upgrades; \$280,000 for recreation and cultural projects including parks and trails; \$388,351 for public security system enhancements and records management system upgrade; \$187,500 for environmental protection projects. Transfers to special revenue funds of \$364,288 which included funds for operations in the Emergency Telephone System fund and for local match required for Federal and State funded programs.

The general fund transfers to enterprise funds consisted of support of transit system operations, planning functions and capital purchases in the amount of \$8,814,331.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13—Fund balance

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

| | |
|--|---------------|
| Total Fund Balance - General Fund | \$ 99,337,587 |
| Less: | |
| Nonspendable | |
| Inventories | 100,423 |
| Prepays | 4,733,782 |
| Loan | 3,071,352 |
| Leases | 339,781 |
| Restricted | |
| Stabilization by State Statute | 37,385,674 |
| Interfund balances | 11,537,601 |
| For downtown | 115,111 |
| For county recreation | 1,370,924 |
| Donations | 77,850 |
| Committed | |
| Law Enforcement Officer's Separation Allowance | 11,930,701 |
| Assigned | |
| Subsequent years expenditures | 3,149,046 |
| Capital funding plan | 5,261,546 |
| Unassigned | 20,263,796 |
| Working capital/fund balance policy | 21,256,536 |
| Remaining fund balance | \$ (992,740) |

The City has adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least 10% of the succeeding year's general fund expenditure budget, excluding the budget for the County Recreation Program.

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

| Total Encumbrances | General Fund | Other Major Funds | Non-Major Funds |
|-----------------------|---------------|----------------------|--------------------|
| \$ 40,676,862 | \$ 14,453,208 | \$ 3,535,296 | \$ 22,688,358 |

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 14—Related party transactions

PWC operates as a discretely presented component unit of the City of Fayetteville, North Carolina. As such, the Commission provides electric and water/wastewater services to the City. Services, which are billed and paid monthly, totaled \$2,381,528 in 2024. In addition, intergovernmental transactions are made in amounts as determined by the respective governing Boards. Net intergovernmental transactions with PWC amounted to \$11,023,515 in 2024. Balances due to/from PWC at June 30, 2024, were as follows:

| | |
|----------------------------------|--------------|
| Receivables (due from PWC) | \$ 324,237 |
| Payables (due to PWC) | \$ 37,787 |
| Assessments (due to PWC) | 4,674,152 |
| Assessment interest (due to PWC) | 488,121 |
| Total due to PWC | \$ 5,200,060 |

Note 15—Subsequent events

Management has evaluated subsequent events through November 2, 2024 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

The City received notification from Cumberland County of its intent to change the sales tax distribution method from per capita basis to ad valorem basis beginning in fiscal year 2026. In addition, modification to the existing annexation payment agreement caps the City's sales tax revenue to the amount realized during fiscal year 2022 for fiscal years 2024 and 2025, repaying all growth to the County. The City is carefully analyzing and planning for the impact of this decision on future years revenue and expenditure projections in the budget and financial planning process.

Note 16—Recently issued accounting pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirement of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The City is evaluating the requirements of the above statements and their impact on reporting.



Required Supplementary Information

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

- Law Enforcement Officers' Special Separation Allowance
 - Schedule of Changes in Total Pension Liability
- Law Enforcement Officers' Special Separation Allowance
 - Schedule of Total Pension Liability as a Percentage of Covered Payroll
- Local Government Employee' Retirement System
 - Proportionate Share of Net Pension Liability (Asset)
- Local Government Employees' Retirement System
 - City of Fayetteville's Contributions
- Other Post-Employment Benefit Retiree Healthcare Plan
 - Schedule of Changes in the Total OPEB Liability and Related Ratios

City of Fayetteville, North Carolina

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CITY OF FAYETTEVILLE
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

YEAR ENDED JUNE 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Beginning balance | \$ 18,264,026 | \$ 21,729,345 | \$ 22,389,920 | \$ 16,619,221 | \$ 15,458,716 | \$ 15,352,794 | \$ 13,966,229 | \$ 13,773,620 |
| Service cost | 708,493 | 945,922 | 1,003,287 | 679,308 | 667,499 | 718,542 | 636,795 | 663,903 |
| Interest on the total pension liability | 755,919 | 474,374 | 420,589 | 524,602 | 544,971 | 471,047 | 524,852 | 480,452 |
| Differences between expected and actual experience in the measurement of the total pension liability | 752,654 | (508,499) | (341,250) | (127,731) | 430,533 | 400,850 | 56,460 | - |
| Changes of assumptions or other inputs | 424,439 | (3,084,984) | (547,733) | 5,748,819 | 491,465 | (592,010) | 906,489 | (320,609) |
| Benefit payments | (1,450,610) | (1,292,132) | (1,195,468) | (1,054,299) | (973,963) | (892,507) | (738,031) | (631,137) |
| Ending balance of the total pension liability | \$ 19,454,921 | \$ 18,264,026 | \$ 21,729,345 | \$ 22,389,920 | \$ 16,619,221 | \$ 15,458,716 | \$ 15,352,794 | \$ 13,966,229 |

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

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

CITY OF FAYETTEVILLE
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

YEAR ENDED JUNE 30, 2024

| | 2024 | 2023 | 2021 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total pension liability | \$ 19,454,921 | \$ 18,264,026 | \$ 22,389,920 | \$ 22,389,920 | \$ 16,619,221 | \$ 15,458,716 | \$ 15,352,794 | \$ 13,966,229 |
| Covered-employee payroll | 24,966,083 | 22,820,388 | 23,750,289 | 23,750,289 | 24,819,535 | 24,646,632 | 24,885,304 | 25,442,283 |
| Total pension liability as a percentage of covered payroll | 77.93% | 80.03% | 94.27% | 94.27% | 66.96% | 62.72% | 61.69% | 54.89% |

Notes to the schedules:

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

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

CITY OF FAYETTEVILLE
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS * (UNAUDITED)
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

YEAR ENDED JUNE 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------|
| City's proportion of the net pension liability (asset) (%) | 1.11330% | 1.11810% | 1.08950% | 1.13896% | 1.22078% | 1.26649% | 1.30809% | 1.36508% | 1.37320% | 1.91929% |
| City's proportion of the net pension liability (asset) (\$) | \$ 73,734,629 | \$ 63,076,806 | \$ 16,708,528 | \$ 40,699,893 | \$ 33,338,550 | \$ 30,045,474 | \$ 19,984,020 | \$ 28,971,603 | \$ 6,162,839 | \$ (11,318,942) |
| City's covered payroll | \$ 90,088,736 | \$ 82,972,586 | \$ 79,589,030 | \$ 76,891,064 | \$ 80,645,990 | \$ 73,736,914 | \$ 85,036,524 | \$ 74,606,039 | \$ 107,418,002 | \$ 104,285,543 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 81.85% | 76.02% | 20.99% | 52.93% | 41.34% | 40.75% | 23.50% | 38.83% | 5.74% | -10.85% |
| Plan fiduciary net position as a percentage of the total pension liability** | 82.49% | 84.14% | 95.51% | 88.61% | 90.86% | 91.63% | 94.18% | 91.47% | 98.09% | 102.64% |

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

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

CITY OF FAYETTEVILLE
REQUIRED SUPPLEMENTARY INFORMATION LAST TEN FISCAL YEARS (UNAUDITED)
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

YEAR ENDED JUNE 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Contractually required contribution | \$ 12,506,473 | \$ 11,108,771 | \$ 9,538,462 | \$ 8,196,813 | \$ 7,014,979 | \$ 6,446,996 | \$ 5,265,753 | \$ 6,365,576 | \$ 5,145,668 | \$ 9,552,218 |
| Contributions in relation to the contractually required contribution | 12,506,473 | 11,108,771 | 9,538,462 | 8,196,813 | 7,014,979 | 6,446,996 | 5,265,753 | 6,365,576 | 5,145,668 | 9,552,218 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's covered payroll | \$ 92,589,171 | \$ 90,088,736 | \$ 82,972,586 | \$ 79,589,030 | \$ 76,891,064 | \$ 80,645,990 | \$ 73,736,914 | \$ 85,036,524 | \$ 74,606,039 | \$ 107,418,002 |
| Contributions as a percentage of covered payroll | 13.51% | 12.33% | 11.50% | 10.30% | 9.12% | 7.99% | 7.14% | 7.49% | 6.90% | 8.89% |

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

CITY OF FAYETTEVILLE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

JUNE 30, 2024

| Total OPEB Liability | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018* |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service cost | \$ 1,296,107 | \$ 1,683,019 | \$ 2,300,829 | \$ 1,704,683 | \$ 1,686,605 | \$ 1,739,025 | \$ 1,871,877 |
| Interest | 1,773,357 | 1,210,309 | 1,352,062 | 1,847,285 | 1,659,402 | 1,511,364 | 1,287,302 |
| Differences between expected and actual experience | (4,808,114) | (798,589) | (12,277,971) | (1,226,681) | 5,012,551 | (521,183) | 273,055 |
| Changes of assumption or other inputs | 1,020,240 | (6,386,945) | 5,311,663 | 6,501,921 | 1,166,756 | (1,340,403) | (2,314,880) |
| Benefit payments | (1,199,964) | (1,321,224) | (1,110,203) | (935,077) | (1,277,933) | (1,094,114) | (1,764,005) |
| Net change in total OPEB liability | (1,918,374) | (5,613,430) | (4,423,620) | 7,892,131 | 8,247,381 | 294,689 | (646,651) |
| Total OPEB liability - beginning | 49,393,475 | 55,006,905 | 59,430,525 | 51,538,394 | 43,291,013 | 42,996,324 | 43,642,975 |
| Total OPEB liability - ending | \$ 47,475,101 | \$ 49,393,475 | \$ 55,006,905 | \$ 59,430,525 | \$ 51,538,394 | \$ 43,291,013 | \$ 42,996,324 |

Covered payroll

Total OPEB liability as a percentage of covered payroll

| | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | \$ 38,488,837 | \$ 43,865,202 | \$ 43,865,202 | \$ 50,949,158 | \$ 50,949,158 | \$ 55,195,292 | \$ 55,195,292 |
| | 123.35% | 112.60% | 125.40% | 116.65% | 101.16% | 78.43% | 77.90% |

Notes to Schedule

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

| <u>Fiscal year</u> | <u>Rate</u> |
|--------------------|-------------|
| 2024 | 3.65% |
| 2023 | 3.54% |
| 2022 | 2.16% |
| 2021 | 2.21% |
| 2020 | 3.50% |
| 2019 | 3.89% |
| 2018 | 3.56% |

The City of Fayetteville has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

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

* Information reported for 2018 is updated to reflect a corrected valuation report.

City of Fayetteville, North Carolina

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Supplementary Information

Combining and Individual Fund Financial Statements and Schedules

These statements/schedules provide a more detailed view of the “Basic Financial Statements” as presented in the preceding subsection.

Combining statements are presented where there is more than one fund of a given type. Individual fund statements are presented only if one fund exists in a given type.

City of Fayetteville, North Carolina

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Governmental Funds

- General Fund
- Federal and State Financial Assistance Fund
- Environmental Protection Fund
- Nonmajor Governmental Funds
 - Special Revenue Funds
 - Capital Project Funds

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than net income.

City of Fayetteville, North Carolina

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General Fund

The General Fund is the principal fund of the City and is used to account for the receipt and expenditure of resources that are traditionally associated with local governments and that are not required to be accounted for in another fund.

Resources are provided primarily through taxes, intergovernmental revenues and transfers, and are expended for services deemed not susceptible to a user charge financing method.

The fund is accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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CITY OF FAYETTEVILLE
COMPARATIVE BALANCE SHEETS GENERAL FUND

JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash and investments | \$ 61,019,465 | \$ 73,591,644 |
| Taxes receivable | 4,253,428 | 1,038,780 |
| Accounts receivable | 1,648,300 | 5,643,951 |
| Due from other governments | 20,925,409 | 20,936,675 |
| Assessments receivable | 1,051,551 | 925,969 |
| Interfund receivable | 11,537,601 | 3,593,259 |
| Lease receivable | 5,440,643 | 5,612,521 |
| Inventories | 100,323 | 105,691 |
| Prepaid items | 4,733,782 | 2,491,166 |
| Restricted accounts receivable | 507,604 | 337,390 |
| Notes Receivable | 3,071,352 | - |
| Restricted cash and investments | 1,978,006 | 3,460,396 |
| Total assets | \$ 116,267,464 | \$ 117,737,442 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 5,531,788 | \$ 11,992,571 |
| Restricted unearned deposits | 720,745 | 799,608 |
| Unearned revenue | 122,756 | 97,831 |
| Total liabilities | 6,375,289 | 12,890,010 |
| Deferred inflows of resources | | |
| Taxes receivable | 891,588 | 1,038,780 |
| Prepaid taxes | 74,295 | 54,918 |
| Accounts receivable | 3,121,910 | 3,121,910 |
| Leases receivable | 5,100,862 | 5,375,710 |
| Assessment receivable | 1,365,933 | 1,155,558 |
| Total deferred inflows of resources | 10,554,588 | 10,746,876 |
| Fund balance | | |
| Nonspendable | | |
| For inventories | 100,423 | 105,691 |
| For prepaids | 4,733,782 | 2,491,166 |
| For loan | 3,071,352 | |
| For leases | 339,781 | 236,811 |
| Restricted | | |
| Stabilization by State Statute | 37,385,674 | 30,145,347 |
| Interfund receivables | 11,537,601 | 3,593,259 |
| For central business district | 115,111 | 119,454 |
| For county recreation | 1,370,924 | 2,838,957 |
| For donations | 77,850 | 49,441 |
| Committed | | |
| Law Enforcement Officers' Special Separation Allowance | 11,930,701 | 10,340,293 |
| Assigned | | |
| For subsequent year's expenditures | 3,149,046 | 5,928,086 |
| For special purpose | - | 3,300,000 |
| For capital projects | 5,261,546 | 6,748,577 |
| Unassigned | 20,263,796 | 28,203,474 |
| Total fund balance | 99,337,587 | 94,100,556 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 116,267,464 | \$ 117,737,442 |

CITY OF FAYETTEVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

| | Budget | Variance Positive (Negative) | 2024 Actuals | 2023 Actuals |
|---|--------------------|---|-------------------------|-------------------------|
| Revenues | | | | |
| Ad Valorem Taxes | | | | |
| Current year | \$ 84,085,537 | \$ (3,929,603) | \$ 80,155,934 | \$ 73,150,901 |
| Prior years | 401,754 | (108,666) | 293,088 | 370,711 |
| Interest and penalties | 389,271 | (68,783) | 320,488 | 335,299 |
| Total ad valorem taxes | 84,876,562 | (4,107,052) | 80,769,510 | 73,856,911 |
| Other Taxes | | | | |
| Vehicle license tax | 676,460 | 2,500,621 | 3,177,081 | 649,931 |
| Gross receipts tax on rental property | 887,700 | 36,231 | 923,931 | 852,176 |
| Total Other Taxes | 1,564,160 | 2,536,852 | 4,101,012 | 1,502,107 |
| Unrestricted intergovernmental | | | | |
| Local option sales tax | 67,546,074 | (3,415,536) | 64,130,538 | 63,591,544 |
| Payment in lieu of taxes | 10,243,713 | (666,666) | 9,577,047 | 11,072,379 |
| Utilities sales tax | 10,971,100 | 682,337 | 11,653,437 | 11,145,668 |
| Video franchise fee | 1,725,400 | (142,867) | 1,582,533 | 1,761,157 |
| Beer and wine tax | 883,864 | 152,046 | 1,035,910 | 971,075 |
| Total unrestricted intergovernmental | 91,370,151 | (3,390,686) | 87,979,465 | 88,541,823 |
| Restricted intergovernmental | | | | |
| Federal | 124,396 | 65,016 | 189,412 | 400,569 |
| State | 6,578,000 | 82,685 | 6,660,685 | 6,056,692 |
| Local | 4,971,913 | (1,089,850) | 3,882,063 | 5,997,330 |
| Total restricted intergovernmental | 11,674,309 | (942,149) | 10,732,160 | 12,454,591 |
| Permits and Fees | 2,110,600 | 2,193,646 | 4,304,246 | 3,308,455 |
| Sales and Services | | | | |
| Leases | 546,240 | (299,852) | 246,388 | 465,690 |
| Engineering services | 480,700 | 27,114 | 507,814 | 394,913 |
| Planning services | 143,100 | 28,647 | 171,747 | 197,082 |
| Public safety services | 1,416,360 | 11,502 | 1,427,862 | 1,400,747 |
| Recreation and cultural services | 1,403,311 | 353,798 | 1,757,109 | 1,818,627 |
| Parking revenues | 742,246 | (35,642) | 706,604 | 769,605 |
| Other fees and services | 333,427 | 2,112,767 | 2,446,194 | 545,882 |
| Total sales and services | 5,065,384 | 2,198,334 | 7,263,718 | 5,592,546 |
| Miscellaneous | 3,449,538 | 59,201 | 3,508,739 | 3,591,182 |
| Interest earned on investments | 1,177,625 | 2,579,562 | 3,757,187 | 3,880,103 |
| Total revenues | 201,288,329 | 1,127,708 | 202,416,037 | 192,727,718 |
| Expenditures | | | | |
| Current | | | | |
| Community Investment | | | | |
| Economic and Community Development | 2,055,901 | 799,500 | 1,256,401 | 1,308,823 |
| Development Services | 6,157,060 | (68,002) | 6,225,062 | 5,091,482 |
| Human relations | 341,830 | 38,512 | 303,318 | 247,586 |
| Total Community Investment | 8,554,791 | 770,010 | 7,784,781 | 6,647,891 |
| Operations | | | | |
| Fire | 38,669,295 | 4,332,948 | 34,336,347 | 34,249,884 |
| Parks, recreation and maintenance | 26,378,290 | 8,267,694 | 18,110,596 | 22,151,200 |
| Police | 54,264,626 | 3,394,491 | 50,870,135 | 56,718,634 |
| Public Services | 8,677,009 | 1,806,491 | 6,870,518 | 7,879,043 |
| Total Operations | 127,989,220 | 17,801,624 | 110,187,596 | 120,998,761 |

CITY OF FAYETTEVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

| | Budget | Variance Positive (Negative) | 2024 Actuals | 2023 Actuals |
|---|--------------------|------------------------------------|---------------------|----------------------|
| Support Services and Administration | | | | |
| Budget and Evaluation | \$ 641,694 | \$ 53,703 | \$ 587,991 | \$ 495,432 |
| Marketing & Communications | 992,612 | 6,721 | 985,891 | 916,997 |
| City Manager's Office | 3,030,764 | (232,343) | 3,263,107 | 2,614,908 |
| City Attorney's Office | 2,090,072 | 39,118 | 2,050,954 | 2,010,772 |
| Finance | 4,127,819 | 63,650 | 4,064,169 | 3,598,658 |
| Human Resources Development | 1,730,864 | (104,680) | 1,835,544 | 1,694,753 |
| Information Technology | 8,474,429 | 5,074,999 | 3,399,430 | 6,619,071 |
| Mayor, Council and City Clerk | 1,391,147 | (25,547) | 1,416,694 | 1,187,520 |
| Total Support Services and Administration | 22,479,401 | 4,875,621 | 17,603,780 | 19,138,111 |
| Other Appropriations | 18,490,736 | 561,204 | 17,929,532 | 14,369,325 |
| Parking | 1,184,885 | (1,740,866) | 2,925,751 | 867,473 |
| Central business tax district | 442,466 | 152,727 | 289,739 | 199,730 |
| Law Enforcement Officers' | | | | |
| Special Separation Allowance | 3,358,228 | 1,784,479 | 1,573,749 | 1,492,757 |
| Debt Service | | | | |
| Operations | | | | |
| Principal | - | - | - | 1,750,000 |
| Interest | - | - | - | 1,371,268 |
| Total debt service - operations | - | - | - | 3,121,268 |
| Other Appropriations | | | | |
| Principal | 14,191,171 | (807,159) | 14,998,330 | 9,499,503 |
| Interest | 4,001,422 | (5,554) | 4,006,976 | 2,476,045 |
| Issuance cost | 36,700 | 125 | 36,575 | 28,375 |
| Total debt service - other appropriations | 18,229,293 | (812,588) | 19,041,881 | 12,003,923 |
| Total Debt Service | 18,229,293 | (812,588) | 19,041,881 | 15,125,191 |
| Capital Outlay | 7,343,100 | 7,343,100 | 7,343,105 | 9,499,503 |
| Total Expenditures | 208,072,120 | 30,735,311 | 184,679,914 | 188,338,742 |
| Revenues over (under) expenditures | (6,783,791) | 31,863,019 | 17,736,123 | 13,888,479 |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of capital assets | 160,000 | 720,248 | 880,248 | 128,342 |
| Appropriated fund balance | 24,152,944 | (24,152,944) | - | - |
| Transfers in from other funds | 1,946,597 | (1,124,597) | 822,000 | 1,111,000 |
| Transfers (out) - Community Investment | (723,032) | (58,555) | (781,587) | (286,309) |
| Transfers (out) - Operations | (11,239,599) | 1,859,679 | (9,379,920) | (9,023,657) |
| Transfers (out) - Support Services & Administration | (1,877,563) | 212,020 | (1,665,543) | (987,700) |
| Transfers (out) - Other Appropriations | (8,638,293) | 1,348,590 | (7,289,703) | (7,160,492) |
| Proceeds from long term debt | 819,285 | 2,366,715 | 3,186,000 | 1,265,000 |
| Lease and subscription liabilities issued | 2,183,452 | (454,039) | 1,729,413 | - |
| Total Other Financing Sources (Uses) | 6,783,791 | (18,828,844) | (12,499,092) | (14,953,816) |
| Revenues and Other Financing Sources (Uses) Over (Under) | | | | |
| Expenditures | \$ - | \$ 13,034,175 | 5,237,031 | (1,065,337) |
| Fund Balance | | | | |
| Beginning | | | 94,100,556 | 95,165,893 |
| Ending | | | <u>99,337,587</u> | <u>\$ 94,100,556</u> |

City of Fayetteville, North Carolina

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Federal and State Financial Assistance Fund

The Federal and State Financial Assistance Fund is a Special Revenue Fund used to account for the proceeds of special revenue sources or to finance specific activities as required by law or administrative regulation.

The fund is accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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CITY OF FAYETTEVILLE
COMPARATIVE BALANCE SHEETS
FEDERAL AND STATE FINANCIAL ASSISTANCE FUND

JUNE 30, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Assets | | |
| Accounts receivable | \$ 2,686,865 | \$ 2,793,845 |
| Due from other governments | 438,286 | 2,442,696 |
| Restricted cash and investments | 17,415,682 | 28,063,673 |
| Restricted accounts receivable | 2,290,605 | |
| Notes receivable | 7,752,122 | 6,730,778 |
| Property held for resale | 27,871 | 27,871 |
| Total assets | <u>\$ 30,611,431</u> | <u>\$ 40,058,863</u> |
| Liabilities, deferred inflows of resources and fund balances | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 958,640 | \$ 621,520 |
| Unearned revenue | 17,785,129 | 24,650,005 |
| Restricted accounts payable and accrued expenses | - | 2,446,533 |
| Interfund payables | - | 3,290,796 |
| Total liabilities | <u>18,743,769</u> | <u>31,008,854</u> |
| Fund balances: | | |
| Nonspendable | | |
| Loan | 7,752,122 | - |
| Restricted | | |
| Administration | 1,921,158 | 3,921,202 |
| Public safety | - | 1,912,856 |
| Transportation | - | 713,382 |
| Recreation and community facilities | - | 448,420 |
| Economic and physical development | - | 793,036 |
| Committed | | |
| Administration | 2,194,382 | 198,911 |
| Public safety | - | 1,361,687 |
| Recreation and community facilities | - | 8,330 |
| Economic and physical development | - | 8,119,768 |
| Environmental protection | - | 2,306,492 |
| Unassigned | - | (10,734,075) |
| Total fund balances | <u>11,867,662</u> | <u>9,050,009</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 30,611,431</u> | <u>\$ 40,058,863</u> |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FEDERAL AND STATE FINANCIAL ASSISTANCE FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | Project Authorization | Prior Years | Current Year | Total |
|--|----------------------------------|------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Federal grants and contributions | \$ 97,846,093 | \$ 60,487,760 | \$ 10,138,411 | \$ 70,626,171 |
| State grants and contributions | 22,183,858 | 5,249,996 | 275,390 | 5,525,386 |
| Local | 1,184,228 | 107,457 | 15,930 | 123,387 |
| Total restricted intergovernmental | <u>121,214,179</u> | <u>65,845,213</u> | <u>10,429,731</u> | <u>76,274,944</u> |
| Miscellaneous | <u>1,674,194</u> | <u>541,441</u> | <u>221,555</u> | <u>762,996</u> |
| Interest earned on investments | <u>49,708</u> | <u>1,202,957</u> | <u>1,222,448</u> | <u>2,425,405</u> |
| Total revenues | <u>122,938,081</u> | <u>67,589,611</u> | <u>11,873,734</u> | <u>79,463,345</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | 37,108,395 | 13,298,864 | 3,769,811 | 17,068,675 |
| Public safety | 10,243,825 | 8,102,756 | 687,109 | 8,789,865 |
| Environmental protection | 16,436,517 | 12,669,808 | - | 12,669,808 |
| Economic and physical development | 59,629,379 | 34,474,706 | 4,697,102 | 39,171,808 |
| Recreation and community facilities | 1,465,106 | 1,001,552 | 948,332 | 1,949,884 |
| Total current | <u>124,883,222</u> | <u>69,547,686</u> | <u>10,102,354</u> | <u>79,650,040</u> |
| Debt service | <u>310,890</u> | <u>310,890</u> | <u>-</u> | <u>310,890</u> |
| Total expenditures | <u>125,194,112</u> | <u>69,858,576</u> | <u>10,102,354</u> | <u>79,960,930</u> |
| Revenues over (under) expenditures | <u>(2,256,031)</u> | <u>(2,268,965)</u> | <u>1,771,380</u> | <u>(497,585)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 2,263,247 | 2,409,468 | 1,046,273 | 3,455,741 |
| Transfers out | (7,216) | (9,582) | - | (9,582) |
| Total other financing sources (uses) | <u>2,256,031</u> | <u>2,399,886</u> | <u>1,046,273</u> | <u>3,446,159</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 130,921</u> | <u>2,817,653</u> | <u>\$ 2,948,574</u> |
| Fund balance | | | | |
| Beginning | | | 9,050,009 | |
| Ending | | | <u>\$ 11,867,662</u> | |



Environmental Protection Fund

The Environmental Protection Fund accounts for projects related to dam restoration and improvements in the City.

The fund is accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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CITY OF FAYETTEVILLE
COMPARATIVE BALANCE SHEETS
ENVIRONMENTAL PROTECTION FUND

JUNE 30, 2024 AND 2023

| | 2024 | Unaudited 2023 |
|---|---------------------|---------------------------|
| Assets | | |
| Accounts receivable | \$ 4,887,278 | \$ 4,910,685 |
| Due from other governments | 2,050,703 | 2,050,703 |
| Total assets | \$ 6,937,981 | \$ 6,961,388 |
| Liabilities, deferred inflows of resources and fund balances | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ - | \$ 4,590 |
| Interfund payables | 7,116,726 | 7,023,248 |
| Total liabilities | 7,116,726 | 7,027,838 |
| Fund balances: | | |
| Restricted | | |
| Stabilization by State Statute | 39,054 | - |
| Environmental protection | - | 59,128 |
| Committed | | |
| Environmental protection | 217,800 | |
| Unassigned | (435,599) | (125,578) |
| Total fund balances | (178,745) | (66,450) |
| Total liabilities, deferred inflows of resources and fund balances | \$ 6,937,981 | \$ 6,961,388 |

CITY OF FAYETTEVILLE**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE BUDGET AND ACTUAL - ENVIRONMENTAL PROTECTION FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Federal grants and contributions | \$ 6,730,128 | \$ 6,299,584 | \$ - | \$ 6,299,584 |
| State grants and contributions | 2,243,376 | 2,099,861 | - | 2,099,861 |
| Total restricted intergovernmental | <u>8,973,504</u> | <u>8,399,445</u> | <u>-</u> | <u>8,399,445</u> |
| Miscellaneous | | | | |
| Other | 50,000 | 50,000 | - | 50,000 |
| Total miscellaneous | <u>50,000</u> | <u>50,000</u> | <u>-</u> | <u>50,000</u> |
| Total revenues | <u>9,023,504</u> | <u>8,449,445</u> | <u>-</u> | <u>8,449,445</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Environmental protection | | | | |
| Administration | 175,000 | - | 23,407 | 23,407 |
| Environmental protection projects | 9,467,493 | 8,803,395 | 88,888 | 8,892,283 |
| Revenues over (under) expenditures | <u>(618,989)</u> | <u>(353,950)</u> | <u>(112,295)</u> | <u>(466,245)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 618,989 | 287,500 | - | 287,500 |
| Total other financing sources (uses) | <u>618,989</u> | <u>287,500</u> | <u>-</u> | <u>287,500</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ (66,450)</u> | <u>(112,295)</u> | <u>\$ (178,745)</u> |
| Fund balance | | | | |
| Beginning | | | (66,450) | |
| Ending | | | <u>\$ (178,745)</u> | |
| | | | - | |



Nonmajor Governmental Funds

City of Fayetteville, North Carolina

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Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of special revenue sources or to finance specific activities as required by law or administrative regulation.

The following comprise the City's Special Revenue Funds:

- Emergency Telephone System Fund
- Linear Park Fund
- PWC Assessment Fund

All Special Revenue Funds are accounted for on the modified accrual basis of accounting.

City of Fayetteville, North Carolina

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CITY OF FAYETTEVILLE
COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2024

| | Special Revenue Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|---|--------------------------------------|--------------------------------------|--|
| Assets | | | |
| Cash and investments | \$ 1,182,532 | \$ 13,651,286 | \$ 14,833,818 |
| Accounts receivable | 30,238 | 2,479,138 | 2,509,376 |
| Assessments receivable | 5,228,630 | - | 5,228,630 |
| Due from other governments | 43,207 | 2,587,297 | 2,630,504 |
| Restricted cash and investments | - | 26,223,688 | 26,223,688 |
| Total assets | \$ 6,484,607 | \$ 44,941,409 | \$ 51,426,016 |
| Liabilities, deferred inflows of resources and fund balances | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 494,923 | \$ 3,115,424 | \$ 3,610,347 |
| Unearned revenue | 66,350 | 6,579,700 | 6,646,050 |
| Restricted accounts payable and accrued expenses | - | 5,479 | 5,479 |
| Interfund payable | - | 2,406,161 | 2,406,161 |
| Total liabilities | 561,273 | 12,106,764 | 12,668,037 |
| Deferred inflows of resources: | | | |
| Assessments receivable | 4,674,159 | - | 4,674,159 |
| Total deferred inflows of resources | 4,674,159 | - | 4,674,159 |
| Fund balances: | | | |
| Restricted | | | |
| Stabilization by State Statute | 73,445 | - | 73,445 |
| Administration | - | 705,428 | 705,428 |
| Public safety | 1,146,765 | 6,248,419 | 7,395,184 |
| Transportation | - | 5,994,857 | 5,994,857 |
| Recreation and community facilities | 28,965 | 14,038,401 | 14,067,366 |
| Economic and physical development | - | 1,663,632 | 1,663,632 |
| Committed | | | |
| Administration | - | 4,873,234 | 4,873,234 |
| Public safety | - | 127,247 | 127,247 |
| Recreation and community facilities | - | 5,821,353 | 5,821,353 |
| Unassigned | - | (6,637,926) | (6,637,926) |
| Total fund balances | 1,249,175 | 32,834,645 | 34,083,820 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 6,484,607 | \$ 44,941,409 | \$ 51,426,016 |

CITY OF FAYETTEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

| | Special Revenue Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|---|--------------------------------------|--------------------------------------|--|
| Revenues | | | |
| Restricted intergovernmental | \$ 363,303 | \$ 3,570,380 | \$ 3,933,683 |
| Miscellaneous | 1,363,762 | 720,892 | 2,084,654 |
| Interest earned on investments | 334,763 | 1,006,151 | 1,340,914 |
| Total revenues | 2,061,828 | 5,297,423 | 7,359,251 |
| Expenditures | | | |
| Current: | | | |
| Administration | 1,634,251 | - | 1,634,251 |
| Public safety | 598,352 | - | 598,352 |
| Capital Outlay | 250 | 28,783,094 | 28,783,344 |
| Total expenditures | 2,232,853 | 28,783,094 | 31,015,947 |
| Revenues over (under) expenditures | (171,025) | (23,485,671) | (23,656,696) |
| Other financing sources (uses) | | | |
| Transfers in | - | 9,256,149 | 9,256,149 |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | 9,256,149 | 9,256,149 |
| Net change in fund balances | (171,025) | (14,229,522) | (14,400,547) |
| Fund balances | | | |
| Beginning, as previously presented | 1,420,200 | 46,997,717 | 48,417,917 |
| Change within financial reporting entity (nonmajor to major fund) | - | 66,450 | 66,450 |
| Beginning, as restated | 1,420,200 | 47,064,167 | 48,484,367 |
| Ending | \$ 1,249,175 | \$ 32,834,645 | \$ 34,083,820 |

CITY OF FAYETTEVILLE
COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2024

| | Emergency Telephone System Fund | Linear Park Fund | PWC Assessment Fund | Total Nonmajor Special Revenue Funds |
|---|--|---------------------------------|------------------------------------|---|
| Assets | | | | |
| Cash and investments | \$ 1,153,567 | \$ 28,965 | \$ - | \$ 1,182,532 |
| Accounts receivable | 30,238 | - | - | 30,238 |
| Assessments receivable | - | - | 5,228,630 | 5,228,630 |
| Due from other governments | 43,207 | - | - | 43,207 |
| Total assets | \$ 1,227,012 | \$ 28,965 | \$ 5,228,630 | \$ 6,484,607 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 6,802 | \$ - | \$ 488,121 | \$ 494,923 |
| Unearned revenue | - | - | 66,350 | 66,350 |
| Total liabilities | 6,802 | - | 554,471 | 561,273 |
| Deferred inflows of resources | | | | |
| Assessments receivable | - | - | 4,674,159 | 4,674,159 |
| Total deferred inflows of resources | - | - | 4,674,159 | 4,674,159 |
| Fund balances: | | | | |
| Restricted | | | | |
| Stabilization by State Statute | 73,445 | - | - | 73,445 |
| Public safety | 1,146,765 | - | - | 1,146,765 |
| Recreation and community facilities | - | 28,965 | - | 28,965 |
| Total fund balances | 1,220,210 | 28,965 | - | 1,249,175 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,227,012 | \$ 28,965 | \$ 5,228,630 | \$ 6,484,607 |

CITY OF FAYETTEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2024

| | Emergency Telephone System Fund | Linear Park Fund | PWC Assessment Fund | Total Nonmajor Special Revenue Funds |
|--|--|---------------------------------|------------------------------------|---|
| Revenues | | | | |
| Restricted intergovernmental | \$ 363,303 | \$ - | \$ - | \$ 363,303 |
| Assessment revenue | - | - | 1,363,762 | 1,363,762 |
| Interest earned on investments | 62,858 | 1,416 | 270,489 | 334,763 |
| Total revenues | <u>426,161</u> | <u>1,416</u> | <u>1,634,251</u> | <u>2,061,828</u> |
| Expenditures | | | | |
| Current: | | | | |
| Administration | - | - | 1,634,251 | 1,634,251 |
| Public safety | 598,352 | - | - | 598,352 |
| Recreation and community facilities | - | 250 | - | 250 |
| Total expenditures | <u>598,352</u> | <u>250</u> | <u>1,634,251</u> | <u>2,232,853</u> |
| Revenues over (under) expenditures | <u>(172,191)</u> | <u>1,166</u> | <u>-</u> | <u>(171,025)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>(172,191)</u> | <u>1,166</u> | <u>-</u> | <u>(171,025)</u> |
| Fund balances | | | | |
| Beginning | 1,392,401 | 27,799 | - | 1,420,200 |
| Ending | <u>\$ 1,220,210</u> | <u>\$ 28,965</u> | <u>\$ -</u> | <u>\$ 1,249,175</u> |

CITY OF FAYETTEVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EMERGENCY TELEPHONE SYSTEM FUND

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | Budget | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|--|---------------|---|------------------------|------------------------|
| Revenues | | | | |
| Restricted intergovernmental | \$ 959,725 | \$ (596,422) | \$ 363,303 | \$ 363,581 |
| Interest earned on investments | 628 | 62,230 | 62,858 | 45,855 |
| Total revenues | 960,353 | (534,192) | 426,161 | 409,436 |
| Expenditures | | | | |
| Current | | | | |
| Public safety | | | | |
| Other operating expenditures | 1,153,249 | 554,897 | 598,352 | 459,872 |
| Total expenditures | 1,153,249 | 554,897 | 598,352 | 459,872 |
| Revenues over (under) expenditures | (192,896) | 20,705 | (172,191) | (50,436) |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | 192,896 | (192,896) | - | - |
| Transfers in | - | - | - | 62,028 |
| Total other financing sources (uses) | 192,896 | (192,896) | - | 62,028 |
| Revenues and other financing sources (uses) over (under) expenditures | \$ - | \$ (172,191) | (172,191) | 11,592 |
| Fund balance | | | | |
| Beginning | | | 1,392,401 | 1,380,809 |
| Ending | | | <u>\$ 1,220,210</u> | <u>\$ 1,392,401</u> |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LINEAR PARK FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | Project Authorization | Prior Years | Current Year | Total |
|--|----------------------------------|------------------------|-------------------------|------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| County grants and contributions | \$ 135,560 | \$ 130,000 | \$ - | \$ 130,000 |
| Total restricted intergovernmental | <u>135,560</u> | <u>130,000</u> | <u>-</u> | <u>130,000</u> |
| Miscellaneous | | | | |
| Other (donations) | 1,944,094 | 1,944,094 | - | 1,944,094 |
| Total miscellaneous | <u>1,944,094</u> | <u>1,944,094</u> | <u>-</u> | <u>1,944,094</u> |
| Interest earned on investments | <u>49,337</u> | <u>50,400</u> | <u>1,416</u> | <u>51,816</u> |
| Total revenues | <u>2,128,991</u> | <u>2,124,494</u> | <u>1,416</u> | <u>2,125,910</u> |
| Expenditures | | | | |
| Current | | | | |
| Recreational and community facilities | | | | |
| Linear Park | 2,179,070 | 2,146,774 | 250 | 2,147,024 |
| Total expenditures | <u>2,179,070</u> | <u>2,146,774</u> | <u>250</u> | <u>2,147,024</u> |
| Revenues over (under) expenditures | <u>(50,079)</u> | <u>(22,280)</u> | <u>1,166</u> | <u>(21,114)</u> |
| Other financing sources (uses) | | | | |
| Transfers in (out) | 50,079 | 50,079 | - | 50,079 |
| Total other financing sources (uses) | <u>50,079</u> | <u>50,079</u> | <u>-</u> | <u>50,079</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 27,799</u> | <u>1,166</u> | <u>\$ 28,965</u> |
| Fund balance | | | | |
| Beginning | | | <u>27,799</u> | |
| Ending | | | <u>\$ 28,965</u> | |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL PWC ASSESSMENT FUND**

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | Budget | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|---|------------------|---|------------------------|------------------------|
| Revenues | | | | |
| Assessment revenue | \$ 2,850,000 | \$ (1,486,238) | \$ 1,363,762 | \$ 1,506,677 |
| Interest earned on investments | 560,000 | (289,511) | 270,489 | 253,549 |
| Total revenues | <u>3,410,000</u> | <u>(1,775,749)</u> | <u>1,634,251</u> | <u>1,760,226</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | | | | |
| Intergovernmental expense - assessment | 3,410,000 | 1,775,749 | 1,634,251 | 1,760,226 |
| Total expenditures | <u>3,410,000</u> | <u>1,775,749</u> | <u>1,634,251</u> | <u>1,760,226</u> |
| Revenues over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance | | | | |
| Beginning | | | - | |
| Ending | | | <u>\$ -</u> | |

City of Fayetteville, North Carolina

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Capital Project Funds

Capital Project Funds account for all resources used for the acquisition and construction of major facilities other than those financed by the Proprietary Funds.

The following comprise the City's Capital Project Funds:

- General Government Fund
- Public Safety Fund
- Transportation Fund
- Recreational and Cultural Fund
- Recreational and Cultural Bond Fund
- Economic and Physical Development Fund

All Capital Project Funds are accounted for on the modified accrual basis of accounting

City of Fayetteville, North Carolina

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CITY OF FAYETTEVILLE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

JUNE 30, 2024

| | General Government Fund | Public Safety Fund | Transportation Fund | Recreational and Cultural Fund | Recreational and Cultural Bond Fund | Formerly Nonmajor Fund Environmental Protection Fund | Economic and Physical Development Fund | Total Nonmajor Capital Project Funds |
|---|-------------------------------|--------------------------|------------------------|--------------------------------------|---|---|---|--|
| Assets | | | | | | | | |
| Cash and investments | \$ 5,539,439 | \$ - | \$ 1,828,981 | \$ 4,798,144 | \$ 1,484,722 | | \$ - | \$ 13,651,286 |
| Accounts receivable | 107 | - | 477,633 | 141,665 | 36,900 | | 1,822,833 | 2,479,138 |
| Due from other governments | 132,339 | 90,963 | 285,511 | 1,775,517 | 220,021 | | 82,946 | 2,587,297 |
| Restricted cash and investments | - | 6,495,038 | - | 6,114,649 | 12,150,727 | | 1,463,274 | 26,223,688 |
| Interfund receivable | - | - | - | - | - | | - | - |
| Total assets | \$ 5,671,885 | \$ 6,586,001 | \$ 2,592,125 | \$ 12,829,975 | \$ 13,892,370 | | \$ 3,369,053 | \$ 44,941,409 |
| Liabilities, deferred inflows of resources and fund balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ 93,223 | \$ 283,311 | \$ 831,518 | \$ 45,123 | \$ 1,018,224 | | \$ 844,025 | \$ 3,115,424 |
| Unearned revenue | - | - | 493,430 | 5,523,230 | 276,014 | | 287,026 | 6,579,700 |
| Restricted accounts payable and accrued expenses | - | - | - | - | - | | 5,479 | 5,479 |
| Interfund payables | - | 1,739,752 | - | - | - | | 666,409 | 2,406,161 |
| Total liabilities | 93,223 | 2,023,063 | 1,324,948 | 5,568,353 | 1,294,238 | | 1,802,939 | 12,106,764 |
| Fund balances: | | | | | | | | |
| Restricted | | | | | | | | |
| Administration | 705,428 | - | - | - | - | | - | 705,428 |
| Public safety | - | 6,248,419 | - | - | - | | - | 6,248,419 |
| Transportation | - | - | 5,994,857 | - | - | | - | 5,994,857 |
| Economic and physical development | - | - | - | - | - | | 1,663,632 | 1,663,632 |
| Recreation and community facilities | - | - | - | 1,440,269 | 12,598,132 | | - | 14,038,401 |
| Committed | | | | | | | | |
| Administration | 4,873,234 | - | - | - | - | | - | 4,873,234 |
| Public safety | - | 127,247 | - | - | - | | - | 127,247 |
| Recreation and community facilities | - | - | - | 5,821,353 | - | | - | 5,821,353 |
| Unassigned | - | (1,812,728) | (4,727,680) | - | - | | (97,518) | (6,637,926) |
| Total fund balances | 5,578,662 | 4,562,938 | 1,267,177 | 7,261,622 | 12,598,132 | | 1,566,114 | 32,834,645 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 5,671,885 | \$ 6,586,001 | \$ 2,592,125 | \$ 12,829,975 | \$ 13,892,370 | | \$ 3,369,053 | \$ 44,941,409 |

CITY OF FAYETTEVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECT FUNDS

YEAR ENDED JUNE 30, 2024

| | General Government Fund | Public Safety Fund | Transportation Fund | Recreational and Cultural Fund | Recreational and Cultural Bond Fund | Formerly Nonmajor Fund Environmental Protection Fund | Economic and Physical Development Fund | Total Nonmajor Capital Project Funds |
|--|-------------------------------|--------------------------|------------------------|--------------------------------------|---|--|---|--|
| Revenues | | | | | | | | |
| Restricted intergovernmental | \$ - | \$ - | \$ 1,654,367 | \$ 1,293,594 | \$ 61,555 | | \$ 560,864 | \$ 3,570,380 |
| Miscellaneous | - | - | 74,437 | - | - | | 646,455 | 720,892 |
| Interest earned on investments | - | 650 | 69,920 | 323,818 | 554,087 | | 57,676 | 1,006,151 |
| Total revenues | - | 650 | 1,798,724 | 1,617,412 | 615,642 | | 1,264,995 | 5,297,423 |
| Expenditures | | | | | | | | |
| Capital outlay | 1,798,435 | 2,910,376 | 12,987,692 | 1,411,398 | 7,650,427 | | 2,024,766 | 28,783,094 |
| Total expenditures | 1,798,435 | 2,910,376 | 12,987,692 | 1,411,398 | 7,650,427 | | 2,024,766 | 28,783,094 |
| Revenues over (under) expenditures | (1,798,435) | (2,909,726) | (11,188,968) | 206,014 | (7,034,785) | | (759,771) | (23,485,671) |
| Other financing sources (uses) | | | | | | | | |
| Transfers in | 1,665,543 | 544,606 | 4,554,000 | 446,000 | 2,000,000 | | 46,000 | 9,256,149 |
| Transfers out | - | - | - | - | - | | - | - |
| Total other financing sources (uses) | 1,665,543 | 544,606 | 4,554,000 | 446,000 | 2,000,000 | | 46,000 | 9,256,149 |
| Revenues and other financing sources (uses) over (under) expenditures | (132,892) | (2,365,120) | (6,634,968) | 652,014 | (5,034,785) | | (713,771) | (14,229,522) |
| Fund balance | | | | | | | | |
| Beginning, as previously presented | 5,711,554 | 6,928,058 | 7,902,145 | 6,609,608 | 17,632,917 | (66,450) | 2,279,885 | 46,997,717 |
| Change within financial reporting entity (nonmajor to major fund) | - | - | - | - | - | 66,450 | - | 66,450 |
| Beginning, as restated | 5,711,554 | 6,928,058 | 7,902,145 | 6,609,608 | 17,632,917 | - | 2,279,885 | 47,064,167 |
| Ending | \$ 5,578,662 | \$ 4,562,938 | \$ 1,267,177 | \$ 7,261,622 | \$ 12,598,132 | | \$ 1,566,114 | \$ 32,834,645 |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL GOVERNMENT FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Federal grants | \$ 342,702 | \$ 196,620 | \$ - | \$ 196,620 |
| State grants | 390,056 | 241,538 | - | 241,538 |
| Local | 10,000 | 10,000 | - | 10,000 |
| Total restricted intergovernmental | <u>742,758</u> | <u>448,158</u> | <u>-</u> | <u>448,158</u> |
| Miscellaneous | | | | |
| Other | <u>142,812</u> | <u>142,812</u> | <u>-</u> | <u>142,812</u> |
| Interest earned on investments | <u>1,391</u> | <u>41,201</u> | <u>-</u> | <u>41,201</u> |
| Total revenues | <u>886,961</u> | <u>632,171</u> | <u>-</u> | <u>632,171</u> |
| Expenditures | | | | |
| General government administration projects | <u>33,418,394</u> | <u>21,148,381</u> | <u>1,798,435</u> | <u>22,946,816</u> |
| Revenues over (under) expenditures | <u>(32,531,433)</u> | <u>(20,516,210)</u> | <u>(1,798,435)</u> | <u>(22,314,645)</u> |
| Other financing sources (uses) | | | | |
| Issuance of debt | 4,832,152 | 3,502,644 | - | 3,502,644 |
| Transfers in | <u>29,184,824</u> | <u>22,725,120</u> | <u>1,665,543</u> | <u>24,390,663</u> |
| Total other financing sources (uses) | <u>34,016,976</u> | <u>26,227,764</u> | <u>1,665,543</u> | <u>27,893,307</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ 1,485,543</u> | <u>\$ 5,711,554</u> | <u>(132,892)</u> | <u>\$ 5,578,662</u> |
| Fund balance | | | | |
| Beginning | | | <u>5,711,554</u> | |
| Ending | | | <u>\$ 5,578,662</u> | |

CITY OF FAYETTEVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE BUDGET AND ACTUAL - PUBLIC SAFETY FUND

FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024

| | Project Authorization | Prior Years | Current Year | Total |
|---|----------------------------------|------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Federal grants and contributions | \$ 428,258 | \$ 379,161 | \$ - | \$ 379,161 |
| Total restricted intergovernmental | <u>428,258</u> | <u>379,161</u> | <u>-</u> | <u>379,161</u> |
| Miscellaneous | | | | |
| Other | 35,000 | 35,001 | - | 35,001 |
| Total miscellaneous | <u>35,000</u> | <u>35,001</u> | <u>-</u> | <u>35,001</u> |
| Interest earned on investments | <u>-</u> | <u>16,831</u> | <u>650</u> | <u>17,481</u> |
| Total revenues | <u>463,258</u> | <u>430,993</u> | <u>650</u> | <u>431,643</u> |
| Expenditures | | | | |
| Public safety projects | <u>28,144,321</u> | <u>20,517,673</u> | <u>2,910,376</u> | <u>23,428,049</u> |
| Revenues over (under) expenditures | <u>(27,681,063)</u> | <u>(20,086,680)</u> | <u>(2,909,726)</u> | <u>(22,996,406)</u> |
| Other financing sources (uses) | | | | |
| Issuance of debt | 24,400,080 | 24,077,682 | - | 24,077,682 |
| Transfers in | 5,603,083 | 5,259,156 | 544,606 | 5,803,762 |
| Transfers out | <u>(2,322,100)</u> | <u>(2,322,100)</u> | <u>-</u> | <u>(2,322,100)</u> |
| Total other financing sources (uses) | <u>27,681,063</u> | <u>27,014,738</u> | <u>544,606</u> | <u>27,559,344</u> |
| Revenues and other financing sources | | | | |
| (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 6,928,058</u> | <u>(2,365,120)</u> | <u>\$ 4,562,938</u> |
| Fund balance | | | | |
| Beginning | | | 6,928,058 | |
| Ending | | | <u>\$ 4,562,938</u> | |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | Project Authorization | Prior Years | Current Year | Total |
|--|----------------------------------|------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Federal grants | \$ 6,640,547 | \$ 3,951,343 | \$ (939) | \$ 3,950,404 |
| State grants | 6,453,715 | 3,776,495 | 1,655,306 | 5,431,801 |
| Total restricted intergovernmental | <u>13,094,262</u> | <u>7,727,838</u> | <u>1,654,367</u> | <u>9,382,205</u> |
| Miscellaneous | | | | |
| Owner contributions | 402,737 | 500,266 | 74,437 | 574,703 |
| Other | 111,420 | 10,204 | - | 10,204 |
| Total miscellaneous | <u>514,157</u> | <u>510,470</u> | <u>74,437</u> | <u>584,907</u> |
| Interest earned on investments | <u>6,524</u> | <u>132,788</u> | <u>69,920</u> | <u>202,708</u> |
| Total revenues | <u>13,614,943</u> | <u>8,371,096</u> | <u>1,798,724</u> | <u>10,169,820</u> |
| Expenditures | | | | |
| Transportation projects | <u>57,768,898</u> | <u>44,636,972</u> | <u>12,987,692</u> | <u>57,624,664</u> |
| Revenues (over) under expenditures | <u>(44,153,955)</u> | <u>(36,265,876)</u> | <u>(11,188,968)</u> | <u>(47,454,844)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 50,110,656 | 45,264,639 | 4,554,000 | 49,818,639 |
| Transfers out | (1,096,618) | (1,096,617) | - | (1,096,617) |
| Total other financing sources (uses) | <u>49,014,038</u> | <u>44,168,022</u> | <u>4,554,000</u> | <u>48,722,022</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ 4,860,083</u> | <u>\$ 7,902,146</u> | <u>(6,634,968)</u> | <u>\$ 1,267,178</u> |
| Fund balance | | | | |
| Beginning | | | 7,902,145 | |
| Ending | | | <u>\$ 1,267,177</u> | |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECREATIONAL AND CULTURAL FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Federal grants and contributions | \$ 1,414,629 | \$ 1,282,865 | \$ - | \$ 1,282,865 |
| State grants and contributions | 11,459,412 | 4,818,748 | 1,093,594 | 5,912,342 |
| Local | 18,750 | 3,995 | 200,000 | 203,995 |
| Total restricted intergovernmental | <u>12,892,791</u> | <u>6,105,608</u> | <u>1,293,594</u> | <u>7,399,202</u> |
| Miscellaneous | | | | |
| Other | 1,209,385 | 874,129 | - | 874,129 |
| Donations | 565,671 | 533,588 | - | 533,588 |
| Total miscellaneous | <u>1,775,056</u> | <u>1,407,717</u> | <u>-</u> | <u>1,407,717</u> |
| Interest earned on investments | <u>462,453</u> | <u>725,060</u> | <u>323,818</u> | <u>1,048,878</u> |
| Total revenues | <u>15,130,300</u> | <u>8,238,385</u> | <u>1,617,412</u> | <u>9,855,797</u> |
| Expenditures | | | | |
| Recreational and cultural projects | <u>26,242,785</u> | <u>15,617,284</u> | <u>1,411,398</u> | <u>17,028,682</u> |
| Revenues over (under) expenditures | <u>(11,112,485)</u> | <u>(7,378,899)</u> | <u>206,014</u> | <u>(7,172,885)</u> |
| Other financing sources (uses) | | | | |
| Issuance of debt | 3,139,414 | 3,134,715 | - | 3,134,715 |
| Sale of capital assets | 712,600 | 712,600 | - | 712,600 |
| Transfers in | 7,291,626 | 10,172,347 | 446,000 | 10,618,347 |
| Transfers out | (31,155) | (31,155) | - | (31,155) |
| Total other financing sources (uses) | <u>11,112,485</u> | <u>13,988,507</u> | <u>446,000</u> | <u>14,434,507</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 6,609,608</u> | <u>652,014</u> | <u>\$ 7,261,622</u> |
| Fund balance | | | | |
| Beginning | | | 6,609,608 | |
| Ending | | | <u>\$ 7,261,622</u> | |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECREATIONAL AND CULTURAL BOND FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | Project Authorization | Prior Years | Current Year | Total |
|--|----------------------------------|------------------------|-------------------------|----------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| State grants and contributions | \$ 2,250,000 | \$ 1,912,661 | \$ 61,555 | \$ 1,974,216 |
| Local | 100,000 | - | - | - |
| Total restricted intergovernmental | <u>2,350,000</u> | <u>1,912,661</u> | <u>61,555</u> | <u>1,974,216</u> |
| Miscellaneous | | | | |
| Other | 67,900 | 67,900 | - | 67,900 |
| Total miscellaneous | <u>67,900</u> | <u>67,900</u> | <u>-</u> | <u>67,900</u> |
| Interest earned on investments | <u>226,251</u> | <u>1,236,556</u> | <u>554,087</u> | <u>1,790,643</u> |
| Total revenues | <u>2,644,151</u> | <u>3,217,117</u> | <u>615,642</u> | <u>3,832,759</u> |
| Expenditures | | | | |
| Recreational bond projects | <u>43,697,906</u> | <u>24,659,974</u> | <u>7,650,427</u> | <u>32,310,401</u> |
| Revenues over (under) expenditures | <u>(41,053,755)</u> | <u>(21,442,857)</u> | <u>(7,034,785)</u> | <u>(28,477,642)</u> |
| Other financing sources (uses) | | | | |
| Issuance of debt | 35,000,000 | 35,000,000 | - | 35,000,000 |
| Premium/Discount on bonds | 3,115,755 | 3,137,774 | - | 3,137,774 |
| Transfers in | <u>2,938,000</u> | <u>938,000</u> | <u>2,000,000</u> | <u>2,938,000</u> |
| Total other financing sources (uses) | <u>41,053,755</u> | <u>39,075,774</u> | <u>2,000,000</u> | <u>41,075,774</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 17,632,917</u> | <u>(5,034,785)</u> | <u>\$ 12,598,132</u> |
| Fund balance | | | | |
| Beginning | | | <u>17,632,917</u> | |
| Ending | | | <u>\$ 12,598,132</u> | |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ECONOMIC AND PHYSICAL DEVELOPMENT FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Federal grants | \$4,990,000 | \$ 4,990,000 | \$ - | \$ 4,990,000 |
| State grants | 1,250,000 | 407,589 | 560,864 | 968,453 |
| County | 250,243 | 250,242 | - | 250,242 |
| Local | 242,105 | 76,218 | - | 76,218 |
| Total restricted intergovernmental | <u>6,732,348</u> | <u>5,724,049</u> | <u>560,864</u> | <u>6,284,913</u> |
| Miscellaneous | | | | |
| Segra Stadium capital maintenance & improve. | 380,000 | 819,954 | 646,455 | 1,466,409 |
| Contributions and donations - all other | 1,118,517 | 791,183 | - | 791,183 |
| Total miscellaneous | <u>1,498,517</u> | <u>1,611,137</u> | <u>646,455</u> | <u>2,257,592</u> |
| Interest earned on investments | <u>661,788</u> | <u>725,881</u> | <u>57,676</u> | <u>783,557</u> |
| Total revenues | <u>8,892,653</u> | <u>8,061,067</u> | <u>1,264,995</u> | <u>9,326,062</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Economic and development projects | <u>81,394,627</u> | <u>78,313,158</u> | <u>2,024,766</u> | <u>80,337,924</u> |
| Revenues over (under) expenditures | <u>(72,501,974)</u> | <u>(70,252,091)</u> | <u>(759,771)</u> | <u>(71,011,862)</u> |
| Other financing sources (uses) | | | | |
| Issuance of debt | 53,140,000 | 53,140,000 | - | 53,140,000 |
| Transfers in | 19,431,974 | 19,461,975 | 46,000 | 19,507,975 |
| Transfers out | <u>(70,000)</u> | <u>(70,000)</u> | <u>-</u> | <u>(70,000)</u> |
| Total other financing sources (uses) | <u>72,501,974</u> | <u>72,531,975</u> | <u>46,000</u> | <u>72,577,975</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 2,279,884</u> | <u>(713,771)</u> | <u>\$ 1,566,113</u> |
| Fund balance | | | | |
| Beginning | | | <u>2,279,885</u> | |
| Ending | | | <u>\$ 1,566,114</u> | |



Proprietary Funds

- Enterprise Funds
- Internal Service Funds

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

City of Fayetteville, North Carolina

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Enterprise Funds

Enterprise Funds account for operations that are either financed or operated in a manner similar to private businesses or for operations that the City has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy, or other purposes.

The following comprise the City's Enterprise Funds:

- Stormwater Management Fund
- Transit Fund
- Airport Fund
- Solid Waste Fund

City of Fayetteville, North Carolina

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CITY OF FAYETTEVILLE
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL (NON-GAAP) STORMWATER MANAGEMENT FUND

YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | Budget | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|--|--------------------|---|------------------------|------------------------|
| Operating revenues | | | | |
| Charges for services | \$ 11,550,447 | \$ (42,895) | \$ 11,507,552 | \$ 11,404,395 |
| Other revenue from operations | 132,141 | (6,150) | 125,991 | 125,991 |
| Total operating revenues | <u>11,682,588</u> | <u>(49,045)</u> | <u>11,633,543</u> | <u>11,530,386</u> |
| Operating expenditures | | | | |
| Salaries and employee benefits | 4,361,137 | 1,031,510 | 3,329,627 | 3,096,270 |
| Other operating expenditures | 3,592,567 | 1,237,379 | 2,355,188 | 2,007,075 |
| Cost redistribution | 75,000 | - | 75,000 | 75,000 |
| Total operating expenditures | <u>8,028,704</u> | <u>2,268,889</u> | <u>5,759,815</u> | <u>5,178,345</u> |
| Operating income (loss) | <u>3,653,884</u> | <u>2,219,844</u> | <u>5,873,728</u> | <u>6,352,041</u> |
| Nonoperating revenues (expenditures) | | | | |
| Federal grants | - | - | - | (18,318) |
| State grants | - | - | - | 299 |
| Miscellaneous | - | 68,742 | 68,742 | 3,070 |
| Interest earned on investments | 36,516 | 44,151 | 80,667 | 160,506 |
| Debt service - principal payment | (845,097) | 10,978 | (834,119) | (825,297) |
| Interest expense | (86,014) | 10,358 | (75,656) | (89,917) |
| Nonoperating revenues (expenditures) | <u>(894,595)</u> | <u>134,229</u> | <u>(760,366)</u> | <u>(769,657)</u> |
| Revenues over (under) expenditures | <u>2,759,289</u> | <u>2,354,073</u> | <u>5,113,362</u> | <u>5,582,384</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (9,075,103) | 161,945 | (8,913,158) | (9,418,500) |
| Appropriated fund balance | 6,315,814 | (6,315,814) | - | - |
| Total other financing sources (uses) | <u>(2,759,289)</u> | <u>(6,153,869)</u> | <u>(8,913,158)</u> | <u>(9,418,500)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ (3,799,796)</u> | <u>\$ (3,799,796)</u> | <u>\$ (3,836,116)</u> |
| Reconciliation of change in net position | | | | |
| Total revenues | | | \$ 11,782,952 | \$ 11,675,943 |
| Total expenditures | | | 15,582,748 | 15,512,059 |
| Subtotal | | | <u>(3,799,796)</u> | <u>(3,836,116)</u> |
| Depreciation and amortization | | | (1,587,270) | (1,492,956) |
| Decrease (increase) in accrued vacation | | | (14,711) | (1,020) |
| Net OPEB expense | | | 40,823 | (20,676) |
| LGERS expense | | | (154,339) | (114,427) |
| Lease and subscription principal payments | | | 4,089 | 4,155 |
| Principal payment | | | 830,030 | 825,297 |
| Capital outlay | | | 426,199 | - |
| Bad debt expense | | | (3,490) | (6,345) |
| Accrued interest | | | - | (10,667) |
| Subtotal | | | <u>(458,669)</u> | <u>(816,639)</u> |
| Change in net position | | | <u>\$ (4,258,465)</u> | <u>\$ (4,652,755)</u> |

CITY OF FAYETTEVILLE**SCHEDULE OF CHANGES IN THE STATUS OF STORMWATER MANAGEMENT FUND***FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024*

| | Project Authorization | Prior Years | Current Year | Total |
|--|----------------------------------|------------------------|-------------------------|----------------------|
| Revenues | | | | |
| Restricted intergovernmental | | | | |
| Federal grants | \$ 10,550,000 | \$ - | \$ - | \$ - |
| State grants | 2,985,097 | 343,928 | (8,105) | 335,823 |
| Total restricted intergovernmental | <u>13,535,097</u> | <u>343,928</u> | <u>(8,105)</u> | <u>335,823</u> |
| Interest earned on investments | <u>207,325</u> | <u>1,421,449</u> | <u>929,352</u> | <u>2,350,801</u> |
| Total revenues | <u>13,742,422</u> | <u>1,765,377</u> | <u>921,247</u> | <u>2,686,624</u> |
| Expenditures | | | | |
| Current | | | | |
| Environmental Protection | | | | |
| Stormwater capital projects | <u>67,704,755</u> | <u>24,463,297</u> | <u>7,005,120</u> | <u>31,468,417</u> |
| Total expenditures | <u>67,704,755</u> | <u>24,463,297</u> | <u>7,005,120</u> | <u>31,468,417</u> |
| Revenues over (under) expenditures | <u>(53,962,333)</u> | <u>(22,697,920)</u> | <u>(6,083,873)</u> | <u>(28,781,793)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 53,901,333 | 40,609,999 | 9,126,170 | 49,736,169 |
| Capital leases | <u>61,000</u> | <u>60,644</u> | <u>-</u> | <u>60,644</u> |
| Total other financing sources (uses) | <u>53,962,333</u> | <u>40,670,643</u> | <u>9,126,170</u> | <u>49,796,813</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 17,972,723</u> | <u>\$ 3,042,297</u> | <u>\$ 21,015,020</u> |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Revenues over (under) expenditures | | | \$ 3,042,297 | |
| Capital outlay | | | 7,005,120 | |
| Non-capitalizable items | | | <u>(3,140,578)</u> | |
| Change in net position | | | <u>\$ 6,906,839</u> | |

CITY OF FAYETTEVILLE
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL (NON-GAAP) TRANSIT FUND

FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | Budget | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|--|---------------------|---|------------------------|------------------------|
| Operating revenues | | | | |
| Charges for services | \$ 973,495 | \$ (182,442) | \$ 791,053 | \$ 15,200 |
| Other revenues from operations | 348,405 | (70,584) | 277,821 | 249,861 |
| Total operating revenues | <u>1,321,900</u> | <u>(253,026)</u> | <u>1,068,874</u> | <u>265,061</u> |
| Operating expenditures | | | | |
| Salaries and employee benefits | 8,845,176 | 131,094 | 8,714,082 | 8,143,079 |
| Other operating expenditures | 4,844,762 | 1,006,399 | 3,838,363 | 3,874,569 |
| Capital outlay | 57,713 | 23,291 | 34,422 | - |
| Total operating expenditures | <u>13,747,651</u> | <u>1,160,784</u> | <u>12,586,867</u> | <u>12,017,648</u> |
| Operating loss | <u>(12,425,751)</u> | <u>907,758</u> | <u>(11,517,993)</u> | <u>(11,752,587)</u> |
| Nonoperating revenues (expenditures) | | | | |
| Interest on lease receivables | - | 7,728 | 7,728 | 9,190 |
| Federal grants | 2,540,000 | (2,540,000) | - | 2,895,538 |
| State grants | 730,000 | 16,023 | 746,023 | 746,023 |
| Vehicle fee revenue | 653,550 | (116,636) | 536,914 | 649,744 |
| Miscellaneous | 1,360 | 14,050 | 15,410 | 16,910 |
| Interest expense | - | (172) | (172) | (1,316) |
| Debt service - principal payment | - | (47,689) | (47,689) | - |
| Total nonoperating revenues (expenditures) | <u>3,924,910</u> | <u>(2,619,007)</u> | <u>1,305,903</u> | <u>4,316,089</u> |
| Revenues over (under) expenditures | <u>(8,500,841)</u> | <u>(1,711,249)</u> | <u>(10,212,090)</u> | <u>(7,436,498)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 8,223,160 | 378,159 | 8,601,319 | 6,978,925 |
| Transfers out | - | (378,159) | (378,159) | (980,325) |
| Proceeds from sale of capital assets | - | 13,310 | 13,310 | 6,560 |
| Lease revenues | - | 62,738 | 62,738 | 62,738 |
| Fund balance appropriation | 277,681 | (277,681) | - | - |
| Total other financing sources (uses) | <u>8,500,841</u> | <u>(201,633)</u> | <u>8,299,208</u> | <u>6,067,898</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ (1,912,882)</u> | <u>\$ (1,912,882)</u> | <u>\$ (1,368,600)</u> |
| Reconciliation of change in net position: | | | | |
| Total revenues | | | \$ 11,052,316 | \$ 11,630,689 |
| Total expenditures | | | <u>12,917,509</u> | <u>12,999,289</u> |
| Subtotal | | | <u>(1,865,193)</u> | <u>(1,368,600)</u> |
| Depreciation and amortization | | | (1,752,061) | (1,745,895) |
| Net OPEB expense | | | 100,514 | (49,784) |
| Net LGERS expense | | | (424,430) | (314,674) |
| Change in inventory | | | 13,068 | (30,681) |
| Decrease (increase) in accrued vacation | | | 9,235 | 3,834 |
| Bad debt expense | | | 86,206 | (16,880) |
| Lease and subscription principal payments | | | 47,689 | 47,890 |
| Capital outlay | | | 34,422 | - |
| Proceeds from sale of assets | | | - | (6,560) |
| Gain (loss) on disposal of assets | | | - | (48,888) |
| Subtotal | | | <u>(1,885,357)</u> | <u>(2,161,638)</u> |
| Change in net position | | | <u>\$ (3,750,550)</u> | <u>\$ (3,530,238)</u> |

CITY OF FAYETTEVILLE
SCHEDULE OF CHANGES IN THE STATUS OF TRANSIT FUND

FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024

| | Project Authorization | Prior Years | Current Year | Total |
|--|----------------------------------|------------------------|-------------------------|---------------------|
| Revenues | | | | |
| Federal grants | \$24,508,104 | \$ 17,698,149 | \$ 1,277,486 | \$ 18,975,635 |
| State grants | 1,622,321 | 1,455,633 | (1,441) | 1,454,192 |
| Miscellaneous | - | 43,000 | - | 43,000 |
| Total revenues | <u>26,130,425</u> | <u>19,196,782</u> | <u>1,276,045</u> | <u>20,472,827</u> |
| Expenditures | | | | |
| Transit capital projects | <u>30,236,957</u> | <u>21,251,982</u> | <u>1,434,275</u> | <u>22,686,257</u> |
| Total expenditures | <u>30,236,957</u> | <u>21,251,982</u> | <u>1,434,275</u> | <u>22,686,257</u> |
| Revenues over (under) expenditures | <u>(4,106,532)</u> | <u>(2,055,200)</u> | <u>(158,230)</u> | <u>(2,213,430)</u> |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | - | 6,250 | - | 6,250 |
| Transfers in | 5,137,807 | 5,387,834 | 378,159 | 5,765,993 |
| Transfers out | <u>(1,031,275)</u> | <u>(1,031,275)</u> | <u>-</u> | <u>(1,031,275)</u> |
| Total other financing sources (uses) | <u>4,106,532</u> | <u>4,362,809</u> | <u>378,159</u> | <u>4,740,968</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 2,307,609</u> | <u>\$ 219,929</u> | <u>\$ 2,527,538</u> |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Revenues over (under) expenditures | | | \$ 219,929 | |
| Capital outlay | | | 1,434,275 | |
| Non-capitalizable items | | | <u>(264,181)</u> | |
| Change in net position | | | <u>\$ 1,390,023</u> | |

CITY OF FAYETTEVILLE
SCHEDULE OF CHANGES IN THE STATUS OF TRANSIT II FUND

FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|------------------|
| Revenues | | | | |
| Intergovernmental | | | | |
| Federal grants | \$ 2,792,978 | \$ 1,737,586 | \$ 304,887 | \$ 2,042,473 |
| Total intergovernmental | <u>2,792,978</u> | <u>1,737,586</u> | <u>304,887</u> | <u>2,042,473</u> |
| Total revenues | <u>2,792,978</u> | <u>1,737,586</u> | <u>304,887</u> | <u>2,042,473</u> |
| Expenditures | | | | |
| Current | | | | |
| Transportation | <u>3,048,915</u> | <u>2,044,555</u> | <u>251,506</u> | <u>2,296,061</u> |
| Total expenditures | <u>3,048,915</u> | <u>2,044,555</u> | <u>251,506</u> | <u>2,296,061</u> |
| Revenues over (under) expenditures | <u>(255,937)</u> | <u>(306,969)</u> | <u>53,381</u> | <u>(253,588)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | <u>255,937</u> | <u>319,798</u> | <u>-</u> | <u>319,798</u> |
| Total other financing sources (uses) | <u>255,937</u> | <u>319,798</u> | <u>-</u> | <u>319,798</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 12,829</u> | <u>\$ 53,381</u> | <u>\$ 66,210</u> |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Revenues over (under) expenditures | | | <u>53,381</u> | |
| Change in net position | | | <u>\$ 53,381</u> | |

CITY OF FAYETTEVILLE
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL (NON-GAAP) AIRPORT FUND

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | Budget | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|--|------------------|---|------------------------|------------------------|
| Operating revenues | | | | |
| Charges for services | \$ 4,310,764 | \$ (611,012) | \$ 3,699,752 | \$ 3,471,919 |
| Other revenues from operations | 128,200 | (18,719) | 109,481 | 104,146 |
| Total operating revenues | <u>4,438,964</u> | <u>(629,731)</u> | <u>3,809,233</u> | <u>3,576,065</u> |
| Operating expenditures | | | | |
| Salaries and employee benefits | 2,182,998 | 71,619 | 2,111,379 | 2,004,728 |
| Other operating expenditures | 2,392,744 | (69,206) | 2,461,950 | 1,732,806 |
| Capital outlay | 354,206 | 86,063 | 268,143 | 263,562 |
| Total operating expenditures | <u>4,929,948</u> | <u>88,476</u> | <u>4,841,472</u> | <u>4,001,096</u> |
| Operating income (loss) | <u>(490,984)</u> | <u>(541,255)</u> | <u>(1,032,239)</u> | <u>(425,031)</u> |
| Nonoperating revenues (expenditures) | | | | |
| Interest earned on investments | 18,400 | 562,615 | 581,015 | 394,071 |
| Interest on lease receivables | - | 135,192 | 135,192 | 147,763 |
| Miscellaneous | 220,715 | (163,474) | 57,241 | 319,864 |
| Federal and State grants | 130,772 | (27,003) | 103,769 | 1,108,423 |
| Debt service - principal payment | - | (43,572) | (43,572) | - |
| Interest expense | - | (2,052) | (2,052) | (2,634) |
| Public safety reimbursements | (450,500) | 288,735 | (161,765) | (462,854) |
| Total nonoperating revenues | <u>(80,613)</u> | <u>750,441</u> | <u>669,828</u> | <u>1,504,633</u> |
| Revenues over (under) expenditures | <u>(571,597)</u> | <u>209,186</u> | <u>(362,411)</u> | <u>1,079,602</u> |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | - | 85,730 | 85,730 | - |
| Transfers out | (1,100,000) | 774,282 | (325,718) | (821,326) |
| Lease revenues | - | 680,537 | 680,537 | 693,245 |
| Appropriated fund balance | 1,671,597 | (1,671,597) | - | - |
| Total other financing sources (uses) | <u>571,597</u> | <u>(131,048)</u> | <u>440,549</u> | <u>(128,081)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 78,138</u> | <u>\$ 78,138</u> | <u>\$ 951,521</u> |
| Reconciliation of change in net position | | | | |
| Total revenues | | | \$ 5,452,717 | \$ 6,239,431 |
| Total expenditures | | | 5,331,007 | 5,287,910 |
| Subtotal | | | <u>121,710</u> | <u>951,521</u> |
| Depreciation and amortization | | | (7,620,308) | (6,443,282) |
| Decrease (increase) in accrued vacation | | | 1,185 | (9,410) |
| Net OPEB expense | | | 29,755 | (9,337) |
| Net LGERS expense | | | (115,754) | (85,817) |
| Change in inventory | | | (2,706) | 4,695 |
| Capital outlay | | | 268,143 | 263,562 |
| Lease and subscription principal payments | | | 43,572 | 45,965 |
| Subtotal | | | <u>(7,396,113)</u> | <u>(6,233,624)</u> |
| Change in net position | | | <u>\$ (7,274,403)</u> | <u>\$ (5,282,103)</u> |

CITY OF FAYETTEVILLE
SCHEDULE OF CHANGES IN THE STATUS OF AIRPORT FUND

FROM INCEPTION AND FOR YEAR ENDED JUNE 30, 2024

| | Project Authorization | Prior Years | Current Year | Total |
|--|----------------------------------|------------------------|-------------------------|----------------------|
| Revenues | | | | |
| Federal grants | \$ 37,673,489 | \$ 32,393,678 | \$ 2,418,520 | \$ 34,812,198 |
| State grants | 15,861,895 | 10,143,679 | 2,137,218 | 12,280,897 |
| Passenger facility charges | 7,109,945 | 6,858,647 | 630,363 | 7,489,010 |
| Customer facility charges | 1,794,333 | 7,582,279 | 958,968 | 8,541,247 |
| Investment income | 172,632 | 1,322,352 | 790,184 | 2,112,536 |
| Total revenues | <u>62,612,294</u> | <u>58,300,635</u> | <u>6,935,253</u> | <u>65,235,888</u> |
| Expenditures | | | | |
| Airport capital projects | <u>77,194,434</u> | <u>60,119,045</u> | <u>5,695,090</u> | <u>65,814,135</u> |
| Total expenditures | <u>77,194,434</u> | <u>60,119,045</u> | <u>5,695,090</u> | <u>65,814,135</u> |
| Revenues over (under) expenditures | <u>(14,582,140)</u> | <u>(1,818,410)</u> | <u>1,240,163</u> | <u>(578,247)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 14,582,140 | 14,613,559 | 325,718 | 14,939,277 |
| Proceeds from sale of capital assets | - | 1,934 | - | 1,934 |
| Total other financing sources (uses) | <u>14,582,140</u> | <u>14,615,493</u> | <u>325,718</u> | <u>14,941,211</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 12,797,083</u> | <u>\$ 1,565,881</u> | <u>\$ 14,362,964</u> |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Revenues over (under) expenditures | | | \$ 1,565,881 | |
| Capital outlay | | | 5,695,090 | |
| Non-capitalizable items | | | <u>(129,003)</u> | |
| Change in net position | | | <u>\$ 7,131,968</u> | |

CITY OF FAYETTEVILLE
SCHEDULE OF REVENUES AND EXPENDITURES –
BUDGET AND ACTUAL (NON-GAAP) SOLID WASTE FUND

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | Budget | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|--|-------------------|---|------------------------|------------------------|
| Charges for services | \$ 16,717,357 | \$ (68,230) | \$ 16,649,127 | \$ 14,110,624 |
| Other revenue from operations | 284,559 | (19,920) | 264,639 | 287,427 |
| Total operating revenues | 17,001,916 | (88,150) | 16,913,766 | 14,398,051 |
| Operating expenditures | | | | |
| Personnel | 6,134,322 | (780,416) | 6,914,738 | 5,214,731 |
| Other operating expenditures | 8,109,964 | 1,716,044 | 6,393,920 | 7,764,336 |
| Capital outlay | 2,205,620 | 1,932,962 | 272,658 | 2,503,131 |
| Total operating expenditures | 16,449,906 | 2,868,590 | 13,581,316 | 15,482,198 |
| Operating income (loss) | 552,010 | 2,780,440 | 3,332,450 | (1,084,147) |
| Nonoperating revenues (expenditures) | | | | |
| Federal and State grants | - | - | - | (8,590) |
| County revenue | 481,315 | 4,194 | 485,509 | 527,875 |
| Miscellaneous | - | 4,905 | 4,905 | 1,946 |
| Donations | 25,000 | (25,000) | - | 25,000 |
| Interest earned on investments | 16,000 | 369,597 | 385,597 | 261,258 |
| Payments to agencies | (3,859) | 3,059 | (800) | (2,416) |
| Interest expense | (17,626) | 2,773 | (14,853) | (26,320) |
| Debt service - principal payment | (1,061,400) | (24,608) | (1,086,008) | (1,052,593) |
| Nonoperating revenues (expenditures) | (560,570) | 334,920 | (225,650) | (273,840) |
| Revenues over (under) expenditures | (8,560) | 3,115,360 | 3,106,800 | (1,357,987) |
| Other financing sources (uses) | | | | |
| Proceeds (losses) from sale of capital assets | 8,560 | (60,815) | (52,255) | 17,398 |
| Transfers out | - | - | - | (139,144) |
| Total other financing sources (uses) | 8,560 | (60,815) | (52,255) | (121,746) |
| Revenues and other financing sources (uses) over (under) expenditures | \$ - | \$ 3,054,545 | \$ 3,054,545 | \$ (1,479,733) |
| Reconciliation of change in net position | | | | |
| Total revenues | | | \$ 17,737,522 | \$ 15,222,938 |
| Total expenditures | | | 14,682,977 | 16,702,671 |
| Subtotal | | | 3,054,545 | (1,479,733) |
| Depreciation and amortization | | | (1,403,875) | (1,386,747) |
| Decrease (increase) in accrued vacation | | | 37,676 | 12,850 |
| Net OPEB expense | | | 110,493 | (322,739) |
| Net LGERS expense | | | (254,658) | (188,808) |
| Change in inventory | | | - | (2,891) |
| Bad debt expense | | | (7,581) | (7,049) |
| Capital outlay | | | 272,658 | 2,503,131 |
| Debt principal payment | | | 1,076,285 | 1,052,593 |
| Lease and subscription principal payments | | | 9,723 | 9,882 |
| Accrued interest | | | - | (1,389) |
| Subtotal | | | (159,279) | 1,668,833 |
| Change in net position | | | \$ 2,895,266 | \$ 189,100 |

CITY OF FAYETTEVILLE**SCHEDULE OF CHANGES IN THE STATUS OF SOLID WASTE FUND**

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|-------------------|
| Revenues | | | | |
| State grants | \$ 11,500 | \$ 11,500 | \$ - | \$ 11,500 |
| Interest earned on investments | - | | 8,074 | 8,074 |
| Total revenues | <u>11,500</u> | <u>11,500</u> | <u>8,074</u> | <u>19,574</u> |
| Expenditures | | | | |
| Cart Management System | 137,289 | - | - | - |
| Recycling Project | 15,210 | 15,210 | - | 15,210 |
| Total expenditures | <u>152,499</u> | <u>15,210</u> | <u>-</u> | <u>15,210</u> |
| Revenues over (under) expenditures | <u>(140,999)</u> | <u>(3,710)</u> | <u>8,074</u> | <u>4,364</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 140,999 | 140,999 | - | 140,999 |
| Total other financing sources (uses) | <u>140,999</u> | <u>140,999</u> | <u>-</u> | <u>140,999</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 137,289</u> | <u>\$ 8,074</u> | <u>\$ 145,363</u> |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Excess of revenues over expenditures | | | \$ 8,074 | |
| Capital outlay | | | - | |
| Non-capitalizable items | | | - | |
| Change in net position | | | <u>\$ 8,074</u> | |



Internal Service Funds

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

The following comprise the City's Internal Service Funds:

- Risk Management Fund
- Fleet Maintenance Fund

All Internal Service Funds are accounted for using the accrual basis of accounting.

City of Fayetteville, North Carolina

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CITY OF FAYETTEVILLE
COMBINING STATEMENT OF FUND NET POSITION INTERNAL SERVICE FUNDS

JUNE 30, 2024

| | Risk Management Fund | Fleet Maintenance Fund | Total |
|---|-------------------------------------|---------------------------------------|---------------|
| Assets | | | |
| Current assets | | | |
| Cash and investments | \$ 34,091,004 | \$ 471,941 | \$ 34,562,945 |
| Accounts receivable | 678,622 | 658,730 | 1,337,352 |
| Prepaid expenses | 255,166 | - | 255,166 |
| Total current assets | 35,024,792 | 1,130,671 | 36,155,463 |
| Noncurrent assets | | | |
| Capital assets | - | 101,938 | 101,938 |
| Right to use leased assets | - | 2,398,023 | 2,398,023 |
| Total noncurrent assets | - | 2,499,961 | 2,499,961 |
| Total assets | 35,024,792 | 3,630,632 | 38,655,424 |
| Deferred outflows of resources | | | |
| OPEB deferrals | 12,144 | - | 12,144 |
| Pension deferrals | 153,714 | 439,184 | 592,898 |
| Total deferred outflows of resources | 165,858 | 439,184 | 605,042 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued expenses | 3,374,062 | 1,005,865 | 4,379,927 |
| Current portion of long term debt | 7,637 | 45,221 | 52,858 |
| Lease liability | - | 114,582 | 114,582 |
| Total current liabilities | 3,381,699 | 1,165,668 | 4,547,367 |
| Noncurrent liabilities | | | |
| OPEB obligation | 109,193 | - | 109,193 |
| Net pension liability | 258,069 | 737,346 | 995,415 |
| Unearned revenues | 11,687 | - | 11,687 |
| Lease liability | - | 2,543,608 | 2,543,608 |
| Total noncurrent liabilities | 378,949 | 3,280,954 | 3,659,903 |
| Total liabilities | 3,760,648 | 4,446,622 | 8,207,270 |
| Deferred inflows of resources | | | |
| OPEB deferrals | 22,233 | - | 22,233 |
| Pension deferrals | 2,948 | 8,427 | 11,375 |
| Total deferred inflows of resources | 25,181 | 8,427 | 33,608 |
| Net position | | | |
| Net investment in capital assets | - | - | - |
| Unrestricted | 31,404,821 | (385,233) | 31,019,588 |
| Total net position | \$ 31,404,821 | \$ (385,233) | \$ 31,019,588 |

CITY OF FAYETTEVILLE**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
POSITION INTERNAL SERVICE FUNDS**

YEAR ENDED JUNE 30, 2024

| | Risk Management Fund | Fleet Maintenance Fund | Total |
|---|-------------------------------------|---------------------------------------|----------------------|
| Operating Revenues | | | |
| Other revenue from operations | \$ 2,029,346 | \$ - | \$ 2,029,346 |
| Interfund charges and employee contributions | 25,884,219 | 8,180,512 | 34,064,731 |
| Total operating revenues | <u>27,913,565</u> | <u>8,180,512</u> | <u>36,094,077</u> |
| Operating expenses | | | |
| Salaries and employee benefits | 512,478 | 2,225,238 | 2,737,716 |
| Other operating expenses | 23,720,822 | 5,960,608 | 29,681,430 |
| Capital outlay | - | - | - |
| Total operating expenses | <u>24,233,300</u> | <u>8,185,846</u> | <u>32,419,146</u> |
| Operating income (loss) | <u>3,680,265</u> | <u>(5,334)</u> | <u>3,674,931</u> |
| Nonoperating revenues (expenses) | | | |
| Interest earned on investments | 1,474,604 | - | 1,474,604 |
| Interest - leases | - | (78,400) | (78,400) |
| Miscellaneous revenue | 22,966 | - | 22,966 |
| Total nonoperating revenues (expenses) | <u>1,497,570</u> | <u>(78,400)</u> | <u>1,419,170</u> |
| Income (loss) before transfers | <u>5,177,835</u> | <u>(83,734)</u> | <u>5,094,101</u> |
| Other financing sources (uses) | | | |
| Proceeds from sale of capital assets | - | 6,894 | 6,894 |
| Transfers out | (822,000) | - | (822,000) |
| Total other financing sources (uses) | <u>(822,000)</u> | <u>6,894</u> | <u>(815,106)</u> |
| Change in net position | <u>4,355,835</u> | <u>(76,840)</u> | <u>4,278,995</u> |
| Total net position - beginning | <u>27,048,986</u> | <u>(308,393)</u> | <u>26,740,593</u> |
| Total net position - ending | <u>\$ 31,404,821</u> | <u>\$ (385,233)</u> | <u>\$ 31,019,588</u> |

CITY OF FAYETTEVILLE
COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICES FUNDS

YEAR ENDED JUNE 30, 2024

| | Risk Management Fund | Fleet Maintenance Fund | Total |
|---|-------------------------------------|---------------------------------------|----------------------|
| Operating activities | | | |
| Cash received from customers | \$ 27,823,057 | \$ 7,815,408 | \$ 35,638,465 |
| Cash received for insurance reimbursements | 22,966 | - | 22,966 |
| Cash paid to or on behalf of employees for services | (504,376) | (2,148,069) | (2,652,445) |
| Cash paid for goods and services | (23,842,550) | (5,485,685) | (29,328,235) |
| Net cash provided by operating activities | <u>3,499,097</u> | <u>181,654</u> | <u>3,680,751</u> |
| Noncapital financing activities | | | |
| Transfers out | (822,000) | - | (822,000) |
| Net cash provided (used) in noncapital financing activities | <u>(822,000)</u> | <u>-</u> | <u>(822,000)</u> |
| Capital and related financing activities | | | |
| Proceeds from sale of capital assets | - | 6,894 | 6,894 |
| Acquisition and construction of capital assets | - | (5,944) | (5,944) |
| Lease proceeds (payments) | 1,510 | (1,575) | (65) |
| Interest payments | - | (78,400) | (78,400) |
| Net cash provided (used) by capital and related financing activities | <u>1,510</u> | <u>(79,025)</u> | <u>(77,515)</u> |
| Investing activities | | | |
| Interest and dividends | 1,474,604 | - | 1,474,604 |
| Net cash provided by investing activities | <u>1,474,604</u> | <u>-</u> | <u>1,474,604</u> |
| Net increase in cash and cash equivalents | <u>4,153,211</u> | <u>102,629</u> | <u>4,255,840</u> |
| Cash and cash equivalents | | | |
| Beginning of year | <u>29,937,793</u> | <u>369,312</u> | <u>30,307,105</u> |
| End of year | <u>\$ 34,091,004</u> | <u>\$ 471,941</u> | <u>\$ 34,562,945</u> |
| Unrestricted cash and cash equivalents | <u>\$ 34,091,004</u> | <u>\$ 471,941</u> | <u>\$ 34,562,945</u> |
| Total cash and cash equivalents | <u>\$ 34,091,004</u> | <u>\$ 471,941</u> | <u>\$ 34,562,945</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 3,680,265 | \$ (5,334) | \$ 3,674,931 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | - | 199,993 | 199,993 |
| Nonoperating receipts from customers | 22,966 | - | 22,966 |
| Change in assets, liabilities and deferrals: | | | |
| (Increase) decrease in accounts and leases receivable and related deferrals | (97,735) | (365,104) | (462,839) |
| (Increase) decrease in inventory | - | - | - |
| (Increase) decrease in prepaid expenses | (11,343) | - | (11,343) |
| Increase (decrease) in unearned revenues/deposits | 7,227 | - | 7,227 |
| Increase (decrease) in accounts payable and accrued liabilities | (110,385) | 274,930 | 164,545 |
| Increase (decrease) in accrued | | | |
| Increase (decrease) Pension and OPEB expense | 8,102 | 77,169 | 85,271 |
| Total adjustments | <u>(181,168)</u> | <u>186,988</u> | <u>5,820</u> |
| Net cash provided by operating activities | <u>\$ 3,499,097</u> | <u>\$ 181,654</u> | <u>\$ 3,680,751</u> |

CITY OF FAYETTEVILLE

SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL (NON-GAAP) RISK MAINTENANCE INTERNAL SERVICE FUND

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | Financial Plan | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|---|-------------------|------------------------------------|---------------------|---------------------|
| Operating revenues | | | | |
| Other revenues from operations | \$ - | \$ 2,029,346 | 2,029,346 | \$ (20,417) |
| Interfund charges and employee contributions | 25,299,000 | 585,219 | 25,884,219 | 24,850,568 |
| Total operating revenues | <u>25,299,000</u> | <u>2,614,565</u> | <u>27,913,565</u> | <u>24,830,151</u> |
| Operating expenditures | | | | |
| Salaries and employee benefits | 479,185 | (8,946) | 488,131 | 464,127 |
| Other operating expenditures | 24,982,315 | 1,066,086 | 23,916,229 | 22,281,377 |
| Total operating expenditures | <u>25,461,500</u> | <u>1,057,140</u> | <u>24,404,360</u> | <u>22,745,504</u> |
| Operating income (loss) | <u>(162,500)</u> | <u>3,671,705</u> | <u>3,509,205</u> | <u>2,084,647</u> |
| Nonoperating revenues (expenditures) | | | | |
| Federal grants | - | - | - | 50 |
| Interest earned on investments | 142,500 | 1,332,104 | 1,474,604 | 1,034,196 |
| Miscellaneous | 20,000 | 2,966 | 22,966 | 26,070 |
| Total nonoperating revenues (expenditures) | <u>162,500</u> | <u>1,335,070</u> | <u>1,497,570</u> | <u>1,060,316</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>5,006,775</u> | <u>5,006,775</u> | <u>3,144,963</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | 118,649 |
| Transfers out | 1,083,000 | (1,905,000) | (822,000) | (1,111,000) |
| Appropriated fund balance | (1,083,000) | 1,083,000 | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(822,000)</u> | <u>(822,000)</u> | <u>(992,351)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 4,184,775</u> | <u>\$ 4,184,775</u> | <u>\$ 2,152,612</u> |
| Reconciliation from financial plan basis (modified accrual) to full accrual: | | | | |
| Total revenues | | | \$ 29,411,135 | \$ 26,009,116 |
| Total expenditures | | | 25,226,360 | 23,856,504 |
| Subtotal | | | <u>4,184,775</u> | <u>2,152,612</u> |
| Decrease (increase) in accrued vacation | | | (1,510) | (992) |
| Change in net OPEB expense | | | 4,173 | 15,650 |
| Decrease (increase) in insurance liability | | | 195,407 | 6,945 |
| LGERS expense | | | (27,010) | (20,021) |
| Subtotal | | | <u>171,060</u> | <u>1,582</u> |
| Change in net position | | | <u>\$ 4,355,835</u> | <u>\$ 2,154,194</u> |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL
(NON-GAAP) FLEET MAINTENANCE INTERNAL SERVICE FUND**

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023)

| | Financial Plan | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|---|------------------|------------------------------------|--------------------|---------------------|
| Operating revenues | | | | |
| Interfund charges | \$ 7,306,812 | \$ 873,700 | \$ 8,180,512 | \$ 7,657,015 |
| Total operating revenues | <u>7,306,812</u> | <u>873,700</u> | <u>8,180,512</u> | <u>7,657,015</u> |
| Operating expenditures | | | | |
| Salaries and employee benefits | 2,633,971 | 484,327 | 2,149,644 | 1,841,906 |
| Other operating expenditures | 4,639,731 | (1,304,775) | 5,944,506 | 5,792,044 |
| Capital outlay | 33,110 | 33,110 | - | 47,512 |
| Total operating expenditures | <u>7,306,812</u> | <u>(787,338)</u> | <u>8,094,150</u> | <u>7,681,462</u> |
| Operating income (loss) | <u>-</u> | <u>86,362</u> | <u>86,362</u> | <u>(24,447)</u> |
| Nonoperating revenues (expenditures) | | | | |
| Nonoperating revenues (expenditures) | - | (78,400) | (78,400) | (81,310) |
| Miscellaneous | - | - | - | 3,272 |
| Total nonoperating revenues (expenditures) | <u>-</u> | <u>(78,400)</u> | <u>(78,400)</u> | <u>(78,038)</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>7,962</u> | <u>7,962</u> | <u>(102,485)</u> |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | - | 6,894 | 6,894 | 5,913 |
| Total other financing sources (uses) | <u>-</u> | <u>6,894</u> | <u>6,894</u> | <u>5,913</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ 14,856</u> | <u>\$ 14,856</u> | <u>\$ (96,572)</u> |
| Reconciliation from financial plan basis (modified accrual) to full accrual: | | | | |
| Total revenues | | | \$ 8,187,406 | \$ 7,666,200 |
| Total expenditures | | | 8,172,550 | 7,762,772 |
| Subtotal | | | <u>14,856</u> | <u>(96,572)</u> |
| Depreciation and amortization | | | (199,993) | (190,617) |
| Net LGERS expense | | | (77,169) | (242,598) |
| Decrease (increase) in accrued vacation | | | 1,575 | (17,538) |
| Capital outlay | | | - | 47,512 |
| Lease principal payments | | | 183,891 | 192,982 |
| Subtotal | | | <u>(91,696)</u> | <u>(210,259)</u> |
| Change in net position | | | <u>\$ (76,840)</u> | <u>\$ (306,831)</u> |



Fiduciary Funds

The following comprise the City's Fiduciary Funds:

- Private-Purpose Trust Funds
- Custodial Fund

The focus of the Fiduciary Fund measurement differs among the various types of funds that may be encompassed by this classification.

City of Fayetteville, North Carolina

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Trust & Custodial Funds

Trust Funds are used to account for assets held by the City in a trustee capacity. The following comprise the City's Trust Funds:

- Private-Purpose Trust Funds
 - Police Benefit Trust Fund
 - Firefighters' Benefit Trust Fund
- Custodial Fund
 - Red Light Camera Fund
 - Police Evidence Fund

CITY OF FAYETTEVILLE
COMBINING STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST
FUNDS

JUNE 30, 2024

| | Police Benefit Trust Fund | Firefighters' Benefit Trust Fund | Total |
|--|--|---|---------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 642 | \$ 1,440,314 | \$ 1,440,956 |
| Total assets | 642 | 1,440,314 | 1,440,956 |
| Net position | | | |
| Restricted for benefits and other purposes | 642 | 1,440,314 | 1,440,956 |
| Total net position | <u>\$ 642</u> | <u>\$ 1,440,314</u> | <u>\$ 1,440,956</u> |

CITY OF FAYETTEVILLE**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUNDS***JUNE 30, 2024*

| | Police Benefit | Firefighters' Benefit Trust Fund | Total |
|---------------------------------------|---------------------------|---|---------------------|
| Additions | | | |
| Contributions | \$ - | \$ 190,454 | \$ 190,454 |
| Investment earnings | - | 59,454 | 59,454 |
| Total additions | - | 249,908 | 249,908 |
| Deductions | | | |
| Benefit payments and premiums | - | 192,188 | 192,188 |
| Total deductions | - | 192,188 | 192,188 |
| Change in net position | - | 57,720 | 57,720 |
| Total net position - beginning | 642 | 1,382,594 | 1,383,236 |
| Total net position - ending | <u>\$ 642</u> | <u>\$ 1,440,314</u> | <u>\$ 1,440,956</u> |

CITY OF FAYETTEVILLE
COMBINING STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUNDS

JUNE 30, 2024

| | Red Light Camera Program | Police Evidence Fund | Total |
|---------------------------|---|---------------------------------|--------------|
| Assets | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Restricted cash | - | 1,044,768 | 1,044,768 |
| Total assets | - | 1,044,768 | 1,044,768 |
| Liabilities | | | |
| Intergovernmental payable | - | 1,044,768 | 1,044,768 |
| Total liabilities | - | 1,044,768 | 1,044,768 |
| Net position | | | |
| Restricted by | - | - | - |
| Restricted by court order | - | - | - |
| Total net position | \$ - | \$ - | \$ - |

CITY OF FAYETTEVILLE**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS***JUNE 30, 2024*

| | Red Light Camera Program | Police Evidence Fund | Total |
|---------------------------------------|---|---------------------------------|--------------|
| | | | |
| Additions | | | |
| Red Light Program Revenue | \$ - | \$ - | \$ - |
| Transfer in | - | - | - |
| Police Evidence fund deposits | - | 103,072 | 103,072 |
| Total additions | - | 103,072 | 103,072 |
| | | | |
| Deductions | | | |
| Payments to school | - | - | - |
| Police Evidence fund releases | - | 986,008 | 986,008 |
| Total deductions | - | 986,008 | 986,008 |
| | | | |
| Change in net position | - | (882,936) | (882,936) |
| Total net position - beginning | - | 882,936 | 882,936 |
| Total net position - ending | \$ - | \$ - | \$ - |

City of Fayetteville, North Carolina

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Other Supplemental Financial Data

The current tax levy and taxes receivable supplemental data is presented to provide a more detailed view. These schedules are not funds and do not measure results of operations.

The Emergency Telephone System Unspent Balance PSAP reconciliation is presented to provide the State 911 board expenditure tracking.

CITY OF FAYETTEVILLE
SCHEDULE OF CURRENT TAX LEVY

YEAR ENDED JUNE 30, 2024

| | Total Property Valuation | Rate Per \$100 | Amount of Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
|---|---|-------------------------------|---------------------------|---|--|
| Original Levy: | | | | | |
| General Fund (Including VTS) | \$ 14,936,922,439 | \$ 0.5395 | \$ 80,584,696 | \$ 71,057,957 | \$ 9,526,739 |
| Late Listing Penalties: | | | | | |
| General Fund | | | 131,055 | 131,055 | - |
| Subtotal | | | 80,715,751 | 71,189,012 | 9,526,739 |
| Discoveries: | | | | | |
| General Fund | 46,808,864 | 0.5395 | 252,534 | 252,534 | - |
| Late Listing Penalties: | | | | | |
| General Fund | | | (36,366) | (36,366) | - |
| Subtotal | | | 216,168 | 216,168 | - |
| Releases | | | | | |
| General Fund | (52,637,931) | 0.5395 | (283,982) | (283,982) | - |
| Late Listing Penalties: | | | | | |
| General Fund | | | (10,347) | (10,347) | - |
| Subtotal | | | (294,329) | (294,329) | - |
| Adjusted Tax Levy | | | 80,637,591 | 71,110,851 | 9,526,739 |
| Uncollected Current Year Taxes at 6/30/2024 | | | (316,523) | (316,523) | - |
| City-wide Current Year's Taxes Collected | | | <u>\$ 80,321,068</u> | <u>\$ 70,794,328</u> | <u>\$ 9,526,739</u> |
| City-wide Current Levy Collection Percentage | | | <u>99.61%</u> | <u>99.55%</u> | <u>100.00%</u> |

CITY OF FAYETTEVILLE
SCHEDULE OF TAXES RECEIVABLE

JUNE 30, 2024

| Fiscal Years Ended | Uncollected Balance June 30, 2023 | Additions & Releases | Collections | Uncollected Balance June 30, 2024 |
|---|--|-------------------------------------|----------------------|--|
| 2024 | \$ - | \$ 80,637,591 | \$ 80,321,068 | \$ 316,523 |
| 2023 | 326,157 | (2,803) | 194,233 | 129,121 |
| 2022 | 131,782 | (1,747) | 38,782 | 91,253 |
| All Prior | 988,373 | (524,968) | 34,232 | 429,173 |
| | 1,446,312 | <u>\$ 80,108,073</u> | <u>\$ 80,588,315</u> | 966,070 |
| Less allowance for Uncollectible Taxes | | | | |
| General Fund | (214,587) | | | (351,982) |
| | <u>\$ 1,231,725</u> | | | <u>\$ 614,088</u> |
| General Fund Taxes Receivable per the fund financial statements | | | | \$ 649,387 |
| Less CBTD Taxes Receivable | | | | (2,356) |
| Less vehicle License Fee Receivable | | | | (32,943) |
| General Fund Ad Valorem Taxes Receivable | | | | <u><u>\$ 614,088</u></u> |

**Reconciliations of collections and credit
with revenues**

| | |
|--|-----------------------------|
| Ad Valorem Taxes per the fund financial statements | \$ 80,769,510 |
| Less Penalties & Interest | (84,342) |
| Less Taxes - CBTD | (148,363) |
| Less collection of amounts not reported by County | - |
| General Fund Ad Valorem Taxes | <u><u>\$ 80,536,805</u></u> |

CITY OF FAYETTEVILLE
EMERGENCY TELEPHONE SYSTEM UNSPENT FUND PSAP RECONCILIATION

JUNE 30, 2024

| | |
|---|---------------------|
| Net Change in Fund Balance, reported on Budget to Actual | \$ (172,191) |
| Beginning Balance, PSAP Revenue-Expenditure Report | 1,389,700 |
| Net Change in Fund Balance, PSAP Revenue-Expenditure Report | <u>(174,824)</u> |
| Ending Balance, PSAP Revenue-Expenditure Report | <u>\$ 1,214,876</u> |
| Ending Fund Balance, reported on Budget to Actual | <u>1,220,210</u> |
| Amount to be adjusted in (next fiscal year) | \$ (5,334) |

CITY OF FAYETTEVILLE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - EMERGENCY TELEPHONE SYSTEM FUND***YEAR ENDED JUNE 30, 2024**(WITH COMPARATIVE ACTUAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023)*

| | Budget | Variance Positive (Negative) | 2024 Actual | 2023 Actual |
|--|------------------|---|------------------------|------------------------|
| Revenues | | | | |
| Restricted intergovernmental | \$ 959,725 | \$ (596,422) | \$ 363,303 | \$ 363,581 |
| Interest earned on investments | 628 | 62,230 | 62,858 | 45,855 |
| Total revenues | <u>960,353</u> | <u>(534,192)</u> | <u>426,161</u> | <u>409,436</u> |
| Expenditures | | | | |
| Current | | | | |
| Public Safety | | | | |
| Other operating expenditures | 1,153,249 | 554,897 | 598,352 | 459,872 |
| Total public safety | <u>1,153,249</u> | <u>554,897</u> | <u>598,352</u> | <u>459,872</u> |
| Total expenditures | <u>1,153,249</u> | <u>554,897</u> | <u>598,352</u> | <u>459,872</u> |
| Revenues over (under) expenditures | <u>(192,896)</u> | <u>20,705</u> | <u>(172,191)</u> | <u>(50,436)</u> |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | 192,896 | (192,896) | - | - |
| Transfers in | - | - | - | 62,028 |
| Total other financing sources (uses) | <u>192,896</u> | <u>(192,896)</u> | <u>-</u> | <u>62,028</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ -</u> | <u>\$ (172,191)</u> | <u>(172,191)</u> | <u>11,592</u> |
| Fund balance | | | | |
| Beginning | | | 1,392,401 | 1,380,809 |
| Ending | | | <u>\$ 1,220,210</u> | <u>\$ 1,392,401</u> |

City of Fayetteville, North Carolina

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Statistical Section

City of Fayetteville, North Carolina

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Statistical Section (Unaudited)

This part of the City of Fayetteville's Annual Comprehensive Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures, and required supplementary information depicts the government's overall financial health.

CONTENTS

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance has changed over time.

Revenue Capacity

These schedules contain trend information to help the reader access the City's most significant local revenue sources.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

CITY OF FAYETTEVILLE
NET POSITION BY COMPONENT

SCHEDULE 1

LAST TEN FISCAL YEARS (ACCURAL BASIS OF ACCOUNTING) (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Investment in capital assets | \$ 330,625,569 | \$ 338,293,438 | \$ 329,434,958 | \$ 335,025,076 | \$ 333,857,014 | \$ 330,863,790 | \$ 335,817,027 | \$ 350,198,457 | \$ 363,802,556 | \$ 433,397,079 |
| Restricted for: | | | | | | | | | | |
| Other purposes | 43,756,156 | 41,001,564 | 54,544,864 | 43,761,893 | 45,667,826 | 46,691,849 | 34,354,204 | 59,722,337 | 66,786,121 | 81,069,735 |
| Grant compliance | 1,930,863 | 801,855 | 349,930 | - | - | - | - | - | - | - |
| Unrestricted | 26,744,127 | 27,543,627 | 6,879,303 | 2,162,493 | 8,772,466 | 16,112,820 | 27,352,998 | 1,385,952 | 1,057,503 | (65,832,899) |
| Total governmental activities net position | \$ 403,056,715 | \$ 407,640,484 | \$ 391,209,055 | \$ 380,949,462 | \$ 388,297,306 | \$ 393,668,459 | \$ 397,524,229 | \$ 411,306,746 | \$ 431,646,180 | \$ 448,633,915 |
| Business-type activities | | | | | | | | | | |
| Investment in capital assets | \$ 642,548,862 | \$ 96,012,428 | \$ 101,703,182 | \$ 109,091,148 | \$ 122,813,747 | \$ 127,557,082 | \$ 138,352,881 | \$ 149,577,261 | \$ 149,950,995 | \$ 150,882,587 |
| Restricted for: | | | | | | | | | | |
| Operating projects | - | - | - | - | - | - | - | - | - | - |
| Capital projects | 63,903,304 | 1,336,609 | - | 3,146,639 | 2,736,638 | 3,240,358 | 3,219,178 | 3,715,377 | 3,422,666 | 3,092,383 |
| Debt service | 1,920,080 | - | - | - | - | - | - | - | - | - |
| Other purposes | 1,020 | 1,020 | - | 1,020 | 1,020 | - | - | - | - | - |
| Unrestricted | 256,367,823 | 23,900,354 | 29,904,548 | 20,436,378 | 27,030,464 | 29,228,083 | 34,347,206 | 32,536,772 | 33,129,314 | 35,631,268 |
| Total business-type activities net position | \$ 964,741,089 | \$ 121,250,411 | \$ 131,607,730 | \$ 132,675,185 | \$ 152,581,869 | \$ 160,023,523 | \$ 175,919,265 | \$ 185,829,410 | \$ 186,504,104 | \$ 189,606,238 |
| Primary government | | | | | | | | | | |
| Investment in capital assets | \$ 973,174,431 | \$ 434,305,866 | \$ 431,138,140 | \$ 444,116,224 | \$ 456,670,761 | \$ 458,420,872 | \$ 474,169,908 | \$ 499,775,718 | \$ 513,753,551 | \$ 584,279,666 |
| Restricted for: | | | | | | | | | | |
| Operating projects | - | - | - | - | - | - | - | - | - | - |
| Capital projects | 63,903,304 | 1,336,609 | - | 3,146,639 | 2,736,638 | 3,240,358 | 3,219,178 | 3,715,377 | 3,422,666 | 3,149,046 |
| Debt service | 1,920,080 | - | - | - | - | - | - | - | - | - |
| Other purposes | 43,757,176 | 41,002,584 | 54,544,864 | 43,762,913 | 45,668,846 | 46,691,849 | 34,354,204 | 59,722,337 | 66,786,121 | 113,554,237 |
| Grant compliance | 1,930,863 | 801,855 | 349,930 | - | - | - | - | - | - | - |
| Unrestricted | 283,111,950 | 51,443,981 | 36,783,851 | 22,598,871 | 35,802,930 | 45,338,903 | 61,700,204 | 33,922,724 | 34,186,817 | (71,096,725) |
| Total primary government net position | \$ 1,367,797,804 | \$ 528,890,895 | \$ 522,816,785 | \$ 513,624,647 | \$ 540,879,175 | \$ 553,691,982 | \$ 573,443,494 | \$ 597,136,156 | \$ 618,150,284 | \$ 638,240,153 |

Note: Due to the City implementing GASB statements 63 and 65 in fiscal year 2013; terminology changes have been updated for compliance.

CITY OF FAYETTEVILLE
CHANGES IN NET POSITION

SCHEDULE 2

LAST TEN FISCAL YEARS (ACCURAL BASIS OF ACCOUNTING) (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Administration | \$ 25,909,939 | \$ 28,126,514 | \$ 27,154,948 | \$ 27,725,160 | \$ 32,006,971 | \$ 33,146,241 | \$ 35,374,041 | \$ 34,232,321 | \$ 48,952,419 | \$ 39,371,017 |
| Public safety | 76,505,137 | 84,190,564 | 87,298,393 | 87,955,537 | 88,029,051 | 91,791,490 | 95,161,063 | 93,856,122 | 101,943,643 | 95,984,531 |
| Environmental protection | 458,342 | 536,121 | 757,612 | 1,968,606 | 1,055,261 | 543,604 | 9,445,358 | 2,443,253 | 2,523,298 | 459,433 |
| Transportation | 20,620,224 | 21,400,512 | 22,297,364 | 21,615,802 | 20,211,384 | 21,926,105 | 20,387,913 | 22,782,662 | 22,787,727 | 22,426,764 |
| Economic and physical development | 5,541,090 | 6,573,922 | 5,785,839 | 12,017,640 | 6,927,799 | 7,660,987 | 6,169,848 | 21,738,956 | 4,729,127 | 17,156,986 |
| Recreation and community facilities | 13,905,171 | 14,997,725 | 15,921,506 | 16,080,896 | 17,299,901 | 17,454,989 | 18,293,574 | 18,264,188 | 21,388,242 | 22,268,010 |
| Debt service: Interest and fees | 811,174 | 708,588 | 604,659 | 845,337 | 2,662,901 | 3,309,552 | 3,052,371 | 3,260,018 | 4,107,142 | 3,817,377 |
| Total governmental activities | 143,751,077 | 156,533,946 | 159,820,321 | 168,208,978 | 168,193,268 | 175,832,968 | 187,884,168 | 196,517,520 | 206,431,598 | 201,484,118 |
| Business-type activities | | | | | | | | | | |
| Electric | 203,441,960 | - | - | - | - | - | - | - | - | - |
| Water and wastewater | 75,205,401 | - | - | - | - | - | - | - | - | - |
| Stormwater management | 4,569,999 | 4,755,537 | 4,662,158 | 5,098,148 | 4,755,536 | 7,481,723 | 9,292,133 | 11,466,611 | 11,115,325 | 10,276,942 |
| Transit | 8,886,160 | 9,401,907 | 10,449,142 | 11,294,000 | 11,560,359 | 12,206,930 | 12,375,100 | 12,434,235 | 14,696,947 | 15,030,309 |
| Airport | 6,510,834 | 7,235,478 | 7,537,690 | 7,723,260 | 7,833,020 | 8,016,695 | 8,694,307 | 9,302,780 | 10,834,113 | 12,731,221 |
| Solid waste | 10,044,425 | 10,266,780 | 11,763,102 | 11,353,828 | 14,162,893 | 13,285,435 | 13,695,011 | 16,313,584 | 14,909,905 | 14,894,511 |
| Total business-type activities | 308,658,779 | 31,659,702 | 34,412,092 | 35,469,236 | 38,311,808 | 40,990,783 | 44,056,551 | 49,517,210 | 51,556,290 | 52,932,983 |
| Total primary government | \$ 452,409,856 | \$ 188,193,648 | \$ 194,232,413 | \$ 203,678,214 | \$ 206,505,076 | \$ 216,823,751 | \$ 231,940,719 | \$ 246,034,730 | \$ 257,987,888 | \$ 254,417,101 |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Administration | | | | | | | | | | |
| Charges for services | \$ 1,811,598 | \$ 2,087,923 | \$ 1,105,173 | \$ 6,883,834 | \$ 5,028,557 | \$ 4,276,174 | \$ 4,731,688 | \$ 5,107,219 | \$ 4,406,766 | \$ 2,217,509 |
| Operating grants and contributions | 8,485 | 4,610 | 5,893,754 | 804,547 | 695,832 | 809,180 | 711,890 | 2,000 | 13,421,103 | 158,320 |
| Capital grants and contributions | - | - | - | 50,869 | 39,380 | 181,520 | 17,984 | - | - | 200 |
| Public Safety | | | | | | | | | | |
| Charges for services | 3,423,674 | 3,652,223 | 977,480 | 3,768,313 | 3,280,798 | 3,334,167 | 3,239,887 | 5,283,717 | 7,792,954 | 8,373,612 |
| Operating grants and contributions | 3,781,759 | 3,755,940 | 1,925,656 | 3,794,588 | 4,466,823 | 4,494,475 | 5,397,409 | 4,159,422 | 3,916,012 | 711,440 |
| Capital grants and contributions | 302,007 | 649,569 | 1,583,563 | 225,345 | 99,114 | 199,172 | 44,878 | 455 | - | - |
| Environmental Protection | | | | | | | | | | |
| Charges for services | 36,020 | 45,075 | - | 36,165 | 57,560 | 72,505 | 56,260 | 75,660 | 29,100 | 1,162,164 |
| Operating grants and contributions | 6,098 | - | - | 854,225 | 319,733 | 107,560 | 106,878 | 1,694,340 | 1,462,443 | - |
| Capital grants and contributions | - | - | - | 483,445 | 1,607,220 | 3,539,088 | 576,073 | 1,592,213 | - | - |
| Transportation | | | | | | | | | | |
| Charges for services | 1,337,933 | 907,196 | 150,317 | 1,115,587 | 1,338,267 | 924,635 | 882,498 | 901,265 | 1,815,650 | 7,359,653 |
| Operating grants and contributions | 5,568,092 | 7,227,243 | 5,372,792 | 5,601,534 | 5,283,529 | 5,184,685 | 5,035,628 | 6,024,613 | 6,063,305 | - |
| Capital grants and contributions | 173,144 | 6,622,200 | 1,234,697 | 6,763,426 | 1,953,068 | 4,535,676 | 3,202,006 | 3,388,774 | 7,180,039 | 2,691,486 |
| Economic and physical development | | | | | | | | | | |
| Charges for services | 376,160 | 479,286 | 510,298 | 305,422 | - | - | - | - | - | 714,747 |
| Operating grants and contributions | 2,702,616 | 2,186,935 | 1,706,081 | 3,756,194 | 2,809,201 | 3,996,716 | 3,677,513 | 17,181,397 | 2,975,910 | 9,872,777 |
| Capital grants and contributions | - | 3,114 | 149,452 | 199,741 | 779,753 | 430,109 | 195,400 | 1,482,226 | 4,209,382 | 744,022 |
| Recreation and community facilities | | | | | | | | | | |
| Charges for services | 4,990,974 | 4,725,666 | 1,735,367 | 2,433,093 | 7,256,828 | 4,613,071 | 3,953,219 | 1,516,462 | 1,814,063 | 5,298,820 |
| Operating grants and contributions | 218,258 | 418,295 | 2,432,942 | 408,590 | 669,909 | 454,957 | 8,226,114 | 4,069,511 | 4,532,737 | - |
| Capital grants and contributions | 1,179,024 | 1,409,404 | 33,564 | 577,221 | 256,490 | 533,430 | 1,830,180 | 74,100 | 2,461,858 | 984,516 |
| Interest and fees | | | | | | | | | | |
| Operating grants and contributions | 88,737 | - | - | - | - | - | - | - | - | - |
| Total governmental activities programs | 26,004,579 | 34,174,679 | 24,811,136 | 38,062,139 | 35,942,062 | 37,687,120 | 41,885,485 | 52,553,374 | 62,081,322 | 40,289,266 |

CITY OF FAYETTEVILLE
CHANGES IN NET POSITION (CONTINUED)

SCHEDULE 2

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Business-type activities | | | | | | | | | | |
| Electric | | | | | | | | | | |
| Charges for services | \$ 223,663,832 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | 96,819 | - | - | - | - | - | - | - | - | - |
| Water and wastewater | | | | | | | | | | |
| Charges for services | 76,820,546 | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | 7,708,126 | - | - | - | - | - | - | - | - | - |
| Stormwater management | | | | | | | | | | |
| Charges for services | 6,224,941 | 6,792,851 | 6,866,159 | 7,873,798 | 11,191,384 | 11,251,367 | 11,326,022 | 11,477,216 | 11,530,386 | 11,633,543 |
| Operating grants and contributions | - | 131,991 | 42,261 | 33,451 | 68,169 | 10,572 | 36,357 | 1,051 | (18,019) | - |
| Capital grants and contributions | - | - | 177,509 | - | 409,530 | 488,542 | - | - | 34,428 | - |
| Transit | | | | | | | | | | |
| Charges for services | 1,349,877 | 1,394,009 | 1,373,694 | 1,303,820 | 1,280,317 | 1,080,959 | 274,435 | 89,663 | 265,061 | 1,139,340 |
| Operating grants and contributions | 2,725,732 | 3,004,558 | 3,497,224 | 3,421,241 | 3,613,076 | 5,656,620 | 6,652,266 | 6,938,851 | 3,935,501 | 1,050,910 |
| Capital grants and contributions | 2,278,449 | 5,698,273 | 5,618,316 | 480,798 | 1,106,100 | 2,604,204 | 171,920 | 4,159,431 | 1,574,533 | 1,276,045 |
| Airport | | | | | | | | | | |
| Charges for services | 4,316,716 | 4,380,202 | 4,724,908 | 4,504,547 | 5,077,961 | 3,821,146 | 3,367,131 | 4,110,448 | 3,576,065 | 4,883,159 |
| Operating grants and contributions | 110,580 | 107,080 | 2,219,477 | 2,271,723 | 2,271,723 | 3,366,372 | 4,156,101 | 4,701,090 | 2,648,833 | 1,693,100 |
| Capital grants and contributions | 5,918,190 | 6,057,017 | 3,148,014 | 3,685,139 | 11,034,310 | 2,737,016 | 11,328,237 | 9,097,519 | 3,837,047 | 4,555,738 |
| Solid waste | | | | | | | | | | |
| Charges for services | 2,949,501 | 3,211,073 | 2,938,196 | 6,883,837 | 11,957,684 | 12,005,824 | 14,215,982 | 14,249,274 | 14,388,051 | 16,913,766 |
| Operating grants and contributions | 135,815 | 135,056 | 2,560,822 | 444,840 | 3,376,440 | 506,300 | 617,330 | 473,256 | 530,785 | 485,509 |
| Capital grants and contributions | - | - | - | - | - | - | 353,641 | - | - | - |
| Total business-type activities programs | 334,299,124 | 30,912,110 | 33,189,196 | 30,950,948 | 51,386,674 | 43,528,922 | 52,499,422 | 55,297,799 | 42,313,671 | 43,631,110 |
| Total primary government programs | \$ 360,303,703 | \$ 65,086,789 | \$ 58,000,332 | \$ 69,013,087 | \$ 87,328,736 | \$ 81,216,042 | \$ 94,384,907 | \$ 107,851,173 | \$ 104,394,993 | \$ 83,920,376 |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (117,746,498) | \$ (122,359,267) | \$ (135,009,185) | \$ (130,146,839) | \$ (132,251,206) | \$ (138,145,848) | \$ (145,998,683) | \$ (143,964,146) | \$ (144,350,276) | \$ (161,194,852) |
| Business-type activities | 25,640,345 | (747,592) | (1,222,896) | (4,518,288) | 13,074,866 | 2,538,139 | 8,442,871 | 5,780,589 | (9,242,619) | (9,301,873) |
| Total primary government net expense | \$ (92,106,153) | \$ (123,106,859) | \$ (136,232,081) | \$ (134,665,127) | \$ (119,176,340) | \$ (135,607,709) | \$ (137,555,812) | \$ (138,183,557) | \$ (153,592,895) | \$ (170,496,725) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Ad Valorem taxes | \$ 68,090,990 | \$ 68,907,943 | \$ 72,112,845 | \$ 69,226,879 | \$ 70,312,277 | \$ 70,904,252 | \$ 72,172,159 | \$ 72,478,217 | \$ 73,650,346 | \$ 80,257,654 |
| Other taxes | 53,005,270 | 53,902,375 | 54,832,387 | 56,057,367 | 58,466,738 | 59,592,005 | 66,556,778 | 73,501,492 | 77,982,691 | 88,428,717 |
| Payment in lieu of taxes | - | 9,487,800 | 9,966,765 | 10,428,117 | 10,938,256 | 11,098,087 | 11,450,266 | 11,853,127 | 11,072,379 | 9,577,047 |
| Unrestricted grants and contributions | 1,003,800 | 916,625 | 1,536,981 | 904,062 | 896,930 | 1,899,042 | 3,886,429 | 844,186 | 971,075 | - |
| Interest earned on investments | 468,468 | 514,449 | 810,961 | 1,594,656 | 3,364,326 | 2,503,187 | 764,112 | 726,704 | 7,045,829 | 7,582,907 |
| Miscellaneous | 385,836 | 501,294 | 3,593,019 | 920,408 | 563,803 | 922,672 | 428,531 | 888,903 | 772,648 | 274,848 |
| Gain on sale of capital assets | 178,557 | 144,204 | (133,937) | - | - | - | 590,233 | 312,704 | 125,522 | 875,748 |
| Transfers | (26,001) | (10,758,599) | (10,367,645) | (5,863,929) | (4,943,280) | (3,402,244) | (5,994,657) | (2,858,671) | (6,930,780) | (8,814,331) |
| Special item | - | - | - | - | - | - | - | - | - | - |
| Total governmental activities | 123,106,920 | 123,616,091 | 132,351,376 | 133,267,560 | 139,599,050 | 143,517,001 | 149,854,452 | 157,746,662 | 164,689,710 | 178,182,590 |
| Business-type activities | | | | | | | | | | |
| Other taxes | 638,129 | 632,073 | 636,467 | 630,806 | 642,073 | 630,563 | 669,937 | 639,490 | 649,744 | 536,914 |
| Interest earned on investments | 1,600,725 | 141,069 | 179,472 | 414,760 | 771,987 | 587,796 | 69,048 | 105,983 | 1,795,658 | 2,774,889 |
| Miscellaneous | 466,468 | 439,571 | 403,307 | 282,524 | 377,556 | 282,493 | 685,629 | 496,056 | 523,743 | 33,082 |
| Transfers | 26,001 | 10,758,599 | 10,367,645 | 5,863,929 | 4,943,280 | 3,402,244 | 5,994,657 | 2,858,671 | 6,930,780 | 8,814,331 |
| Gain on sale of capital assets | 38,470 | 1,694 | (6,681) | 154,043 | 96,922 | 419 | 33,600 | 29,356 | 17,398 | 244,790 |
| Extraordinary item | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities | 2,769,793 | 11,973,006 | 11,580,210 | 7,450,062 | 6,831,818 | 4,903,515 | 7,452,871 | 4,129,556 | 9,917,323 | 12,404,006 |
| Total primary government | \$ 125,876,713 | \$ 135,589,097 | \$ 143,931,586 | \$ 140,717,622 | \$ 146,430,868 | \$ 148,420,516 | \$ 157,307,323 | \$ 161,876,218 | \$ 174,607,033 | \$ 190,586,596 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 5,360,422 | \$ 1,256,824 | \$ (2,657,809) | \$ 3,120,721 | \$ 7,347,844 | \$ 5,371,153 | \$ 3,855,769 | \$ 13,782,516 | \$ 20,339,434 | \$ 16,987,738 |
| Business-type activities | 28,410,138 | 11,225,414 | 10,357,314 | 2,931,774 | 19,906,684 | 7,441,654 | 15,895,742 | 9,910,145 | 674,704 | 3,102,133 |
| Total primary government | \$ 33,770,560 | \$ 12,482,238 | \$ 7,699,505 | \$ 6,052,495 | \$ 27,254,528 | \$ 12,812,807 | \$ 19,751,511 | \$ 23,692,661 | \$ 21,014,138 | \$ 20,089,871 |

CITY OF FAYETTEVILLE

FUND BALANCES OF GOVERNMENTAL FUNDS

SCHEDULE 3

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 117,022 | \$ 72,638 | \$ 1,173,189 | \$ 1,192,169 | \$ 273,969 | \$ 85,790 | \$ 2,048,090 | \$ 2,530,227 | \$ 2,833,668 | \$ 8,245,338 |
| Restricted | 24,408,566 | 24,304,919 | 27,898,312 | 27,546,240 | 23,007,626 | 24,799,126 | 28,487,867 | 42,515,890 | 36,746,458 | 50,487,160 |
| Committed | - | 3,774,601 | 4,672,755 | 5,433,945 | 6,164,494 | 6,789,253 | 7,250,083 | 8,530,243 | 10,340,293 | 11,930,701 |
| Assigned | 14,381,101 | 10,645,774 | 8,914,212 | 15,429,544 | 21,387,384 | 25,706,053 | 31,729,070 | 19,012,219 | 15,976,663 | 8,410,592 |
| Unassigned | 21,630,019 | 23,070,485 | 21,649,065 | 19,566,580 | 25,103,217 | 25,196,717 | 23,573,760 | 22,577,314 | 28,203,474 | 20,263,796 |
| Total General Fund | \$ 60,536,708 | \$ 61,868,417 | \$ 64,307,533 | \$ 69,168,478 | \$ 75,936,690 | \$ 82,576,939 | \$ 93,088,870 | \$ 95,165,893 | \$ 94,100,556 | \$ 99,337,587 |
| Economic and Physical Development Fund¹ | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ 39,638,107 | \$ 2,657,769 | \$ 690,802 | \$ - | \$ - | \$ - | \$ - |
| Committed | - | - | - | 4,467,471 | 817,605 | 1,898,182 | - | - | - | - |
| Total Economic and Physical Development Fund | \$ - | \$ - | \$ - | \$ 44,105,578 | \$ 3,475,374 | \$ 2,588,984 | \$ - | \$ - | \$ - | \$ - |
| Federal and State Financial Assistance Fund² | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,752,122 |
| Restricted | - | - | - | - | - | - | 3,844,263 | 4,192,255 | 7,788,896 | 1,921,158 |
| Committed | - | - | - | - | - | - | 17,625,604 | 10,354,866 | 11,995,188 | 2,194,382 |
| Unassigned | - | - | - | - | - | - | (11,654,849) | (6,650,605) | (10,734,075) | - |
| Total Federal and State Financial Assistance Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,815,018 | \$ 7,896,516 | \$ 9,050,009 | \$ 11,867,662 |
| Recreational and Cultural Bond Fund³ | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,628,487 | \$ - | \$ - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Total Recreational and Cultural Bond Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,628,487 | \$ - | \$ - |
| Environmental Protection | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 39,054 |
| Committed | - | - | - | - | - | - | - | - | - | 217,800 |
| Unassigned | - | - | - | - | - | - | - | - | - | (435,599) |
| Total Recreational and Cultural Bond Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (178,745) |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 22,959,252 | 17,498,500 | 26,996,482 | 25,430,435 | 45,422,911 | 34,726,067 | 19,123,560 | 22,337,786 | 32,936,150 | 29,889,912 |
| Committed | 7,307,120 | 6,638,069 | 6,423,088 | 6,136,749 | 2,391,443 | 20,223,527 | 22,770,668 | 12,929,291 | 15,607,345 | 10,821,834 |
| Unassigned | (1,598,518) | (704,521) | (7,108,571) | (7,586,331) | (8,795,974) | (14,585,548) | (8,726,581) | (181,247) | (125,578) | (6,637,926) |
| Total all other governmental funds | \$ 28,667,854 | \$ 23,432,048 | \$ 26,310,999 | \$ 23,980,853 | \$ 39,018,380 | \$ 40,364,046 | \$ 33,167,647 | \$ 35,085,830 | \$ 48,417,917 | \$ 34,083,820 |

¹ The Economic and Physical Development Fund was reported as a non-major fund in all fiscal years except 2018, 2019, and 2020.² The Federal and State Financial Assistance Fund became a major fund in fiscal year 2021.³ The Recreational and Cultural Bond Fund was reported as a non-major fund in all fiscal years except 2022.

CITY OF FAYETTEVILLE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

SCHEDULE 4

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------|----------------|---------------|---------------|-----------------|---------------|---------------|---------------|----------------|----------------|
| Revenues | | | | | | | | | | |
| Ad valorem taxes | \$ 68,573,807 | \$ 69,176,547 | \$ 71,974,910 | \$ 69,236,205 | \$ 70,447,225 | \$ 70,643,946 | \$ 72,227,580 | \$ 72,856,395 | \$ 73,856,911 | \$ 80,769,510 |
| Other taxes | 2,185,731 | 1,310,019 | 1,354,312 | 1,308,855 | 1,381,888 | 1,386,447 | 1,466,005 | 1,605,850 | 1,502,107 | 4,101,012 |
| Intergovernmental | | | | | | | | | | |
| Unrestricted intergovernmental | 52,471,036 | 63,665,595 | 64,981,821 | 66,749,531 | 69,618,821 | 71,922,612 | 81,337,095 | 85,207,809 | 88,541,823 | 94,434,370 |
| Restricted intergovernmental | 16,134,374 | 17,377,544 | 16,374,101 | 18,825,639 | 20,588,484 | 23,434,585 | 28,416,035 | 35,783,831 | 41,719,925 | 18,640,671 |
| Local | - | 2,102 | 595,893 | 2,086,287 | 2,573,170 | 1,287,214 | 2,173,775 | - | - | - |
| Other functional | | | | | | | | | | |
| Permits and fees | 2,324,735 | 2,377,031 | 2,200,113 | 2,686,636 | 2,002,660 | 1,946,372 | 2,190,060 | 3,063,489 | 3,308,455 | 4,304,246 |
| Sales and services | 4,102,986 | 4,449,582 | 4,478,635 | 4,722,334 | 4,959,379 | 3,945,921 | 3,515,432 | 5,294,274 | 5,592,546 | 7,263,718 |
| Miscellaneous | 3,457,945 | 5,767,858 | 3,593,019 | 3,084,122 | 3,789,792 | 4,727,644 | 2,805,244 | 6,300,285 | 5,413,521 | 5,814,943 |
| Interest earned on investments | 531,400 | 507,858 | 512,557 | 1,517,086 | 2,712,051 | 2,030,016 | 596,789 | 528,333 | 5,979,619 | 6,320,552 |
| Total revenues | 149,782,014 | 164,634,136 | 166,065,361 | 170,216,695 | 178,073,470 | 181,324,757 | 194,728,015 | 210,640,266 | 225,914,907 | 221,649,022 |
| Expenditures | | | | | | | | | | |
| Administration | 26,654,879 | 30,025,265 | 26,894,226 | 29,412,602 | 31,698,800 | 31,756,835 | 34,804,709 | 36,189,044 | 41,917,528 | 39,136,400 |
| Public safety | 73,986,004 | 78,695,634 | 80,141,845 | 79,243,759 | 82,643,758 | 80,848,250 | 83,837,521 | 89,305,955 | 94,044,468 | 88,065,692 |
| Environmental protection | 291,281 | 335,188 | 524,951 | 1,737,096 | 829,058 | 253,573 | 9,090,119 | 2,108,117 | 2,171,347 | 88,888 |
| Transportation | 7,314,779 | 8,014,406 | 8,711,851 | 3,575,692 | 6,405,962 | 7,279,888 | 7,534,799 | 10,186,179 | 9,617,796 | 9,796,269 |
| Economic and physical development | 4,579,644 | 5,136,300 | 4,715,831 | 8,417,336 | 5,549,625 | 5,602,559 | 5,185,449 | 21,164,182 | 4,335,903 | 14,596,003 |
| Recreation and community facilities | 12,194,892 | 12,829,765 | 12,903,835 | 13,174,362 | 14,752,768 | 14,222,385 | 13,845,891 | 14,375,440 | 16,927,391 | 18,110,596 |
| Capital outlay | 14,351,276 | 19,966,233 | 15,906,532 | 38,046,963 | 64,924,053 | 24,447,823 | 21,190,311 | 47,505,360 | 43,108,988 | 37,074,781 |
| Debt service | | | | | | | | | | |
| Principal | 5,471,456 | 6,935,883 | 4,481,128 | 8,515,090 | 8,784,805 | 8,586,864 | 9,272,823 | 10,882,006 | 16,125,426 | 14,998,330 |
| Interest and fees | 975,588 | 875,040 | 630,308 | 677,172 | 2,625,437 | 3,352,404 | 3,142,133 | 2,930,123 | 4,107,142 | 4,006,976 |
| Issuance costs | - | - | 70,738 | - | 29,471 | 27,884 | 11,439 | - | 28,375 | 36,575 |
| Total expenditures | 145,819,799 | 162,813,514 | 154,981,245 | 182,800,072 | 218,243,737 | 176,378,485 | 187,915,194 | 234,646,406 | 232,384,364 | 225,910,510 |
| Excess (deficiency) of revenues over (under) expenditures | 3,962,215 | 1,820,622 | 11,084,116 | (12,583,377) | (40,170,267) | 4,946,292 | 6,812,821 | (24,006,140) | (6,469,457) | (4,261,488) |
| Other financing sources (uses) | | | | | | | | | | |
| Refunding bonds issued | - | - | - | - | 2,270,000 | - | - | - | - | - |
| Proceeds from leases, bonds and other debt | 4,257,748 | 1,878,677 | 4,240,977 | 60,916,009 | 23,910,000 | 4,746,405 | 8,647,221 | 48,602,786 | 3,072,191 | 880,248 |
| Transfers in | 27,543,908 | 13,808,925 | 11,275,323 | 12,416,885 | 12,575,737 | 14,348,430 | 13,032,521 | 16,923,373 | 11,548,839 | 11,124,422 |
| Transfers out | (26,960,636) | (24,879,567) | (21,303,731) | (19,677,171) | (17,516,732) | (17,056,914) | (18,647,084) | (18,618,864) | (17,488,158) | (19,116,753) |
| Proceeds from sale of capital assets | 168,430 | 140,302 | 169,922 | 5,564,030 | 306,689 | 115,312 | 696,088 | 316,985 | 128,342 | 3,186,000 |
| Payment to refund bond escrow agent | - | - | - | - | (2,500,000) | - | - | - | - | - |
| Lease and subscription liabilities issued | - | - | - | - | - | - | - | - | - | - |
| Premium on bonds | - | - | - | - | 2,300,109 | - | - | 1,487,054 | - | 1,729,413 |
| Total other financing sources (uses) | 5,009,450 | (9,051,663) | (5,617,509) | 59,219,753 | 21,345,803 | 2,153,233 | 3,728,746 | 48,711,334 | (2,738,786) | (2,196,670) |
| Net change in fund balances | \$ 8,971,665 | \$ (7,231,041) | \$ 5,466,607 | \$ 46,636,376 | \$ (18,824,464) | \$ 7,099,525 | \$ 10,541,567 | \$ 24,705,194 | \$ (9,208,243) | \$ (6,458,158) |
| Debt service as a percentage of noncapital expenditures | 4.90% | 5.47% | 3.68% | 6.35% | 7.44% | 7.86% | 7.45% | 7.38% | 10.69% | 10.06% |

CITY OF FAYETTEVILLE

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

SCHEDULE 5

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

| Fiscal Year | Ad Valorem | Sales Tax | Utility Taxes ¹ | Vehicle License Tax | Privilege License | Beer and Wine Tax | Rental Property Gross Receipts | Total |
|-------------|---------------|---------------|----------------------------|---------------------|-------------------|-------------------|--------------------------------|----------------|
| 2024 | \$ 80,769,510 | \$ 64,130,538 | \$ 13,235,970 | \$ 2,680,406 | \$ 13,514 | \$ 1,035,910 | \$ 923,931 | \$ 162,789,779 |
| 2023 | 73,856,911 | 63,591,544 | 12,906,825 | 649,931 | 14,527 | 971,075 | 852,176 | 152,842,989 |
| 2022 | 72,856,395 | 59,244,981 | 12,685,860 | 639,948 | 16,573 | 827,614 | 949,329 | 147,220,700 |
| 2021 | 72,227,580 | 52,364,572 | 12,756,367 | 671,406 | 14,041 | 872,389 | 780,558 | 139,686,913 |
| 2020 | 70,643,946 | 45,332,265 | 12,899,834 | 630,246 | 14,061 | 899,042 | 742,141 | 131,161,535 |
| 2019 | 70,447,224 | 43,633,583 | 13,476,266 | 634,397 | 20,252 | 896,930 | 727,239 | 129,835,891 |
| 2018 | 69,236,205 | 41,189,439 | 13,596,188 | 630,565 | 25,831 | 904,062 | 652,459 | 126,234,749 |
| 2017 | 71,974,910 | 39,922,499 | 13,555,577 | 639,089 | 16,989 | 942,161 | 698,234 | 127,749,459 |
| 2016 | 69,176,547 | 38,764,144 | 13,864,508 | 635,258 | 17,118 | 916,625 | 657,643 | 124,031,843 |
| 2015 | 68,573,807 | 37,214,408 | 13,674,457 | 669,877 | 914,705 | 1,003,800 | 601,149 | 122,652,203 |

¹ Effective January 1, 2007, video programming broadcast services became subject to state sales taxes and proceeds are now reported with Utility Taxes. Only ancillary services remained subject to a local cablevision franchise tax from January 1, 2007 through the August 31, 2012 termination date of the local franchise agreement.

² Effective January 1, 2008, separate local and state 911 taxes on wireline and wireless phone services were replaced by a consolidated state 911 fee. Tax revenues reported for fiscal year 2008 and prior reflect the combined total of the previous local and state taxes.

CITY OF FAYETTEVILLE

SCHEDULE 6

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

| Fiscal Year Ended June 30 | Real Property | Personal Property | Public Services Property ¹ | Less: Tax Exempt Real Property ² | Total Assessed Value | City General Tax Rate | Estimated Actual Taxable Value | Sales Assessment Ratio ³ |
|---------------------------|------------------|-------------------|---------------------------------------|---|----------------------|-----------------------|--------------------------------|-------------------------------------|
| 2024 | \$14,712,906,311 | \$ 2,439,413,701 | \$ 216,026,956 | \$ 2,163,599,132 | \$ 15,204,747,836 | 0.5395 | \$ 18,577,540,535 | 58.18% |
| 2023 | 14,282,863,108 | 2,347,347,180 | 197,829,761 | 2,163,599,132 | 14,664,440,917 | 0.4995 | 16,003,042,706 | 75.89% |
| 2022 | 14,200,979,991 | 2,227,740,706 | 191,941,461 | 2,181,116,229 | 14,439,545,929 | 0.4995 | 16,003,042,706 | 88.65% |
| 2021 | 14,132,203,402 | 2,212,156,883 | 194,509,106 | 2,166,223,481 | 14,372,645,910 | 0.4995 | 15,104,013,103 | 94.24% |
| 2020 | 12,166,838,362 | 2,011,050,731 | 213,874,876 | 286,290,426 | 14,105,473,543 | 0.4995 | 14,601,785,630 | 95.99% |
| 2019 | 12,041,300,117 | 2,004,752,958 | 218,665,782 | 264,857,453 | 13,999,861,404 | 0.4995 | 14,134,456,127 | 98.87% |
| 2018 ⁵ | 11,910,788,026 | 1,922,225,242 | 196,690,912 | 245,808,939 | 13,783,895,241 | 0.4995 | 13,837,802,116 | 99.54% |
| 2017 | 12,445,237,310 | 1,955,171,158 | 190,188,186 | 235,523,304 | 14,355,073,350 | 0.486 | 13,764,805,486 | 105.08% |
| 2016 | 12,274,027,723 | 1,880,707,190 | 185,334,874 | 218,086,491 | 14,121,983,296 | 0.486 | 13,523,883,950 | 105.22% |
| 2015 | 12,156,853,512 | 1,867,670,393 | 153,629,753 | 209,378,587 | 13,968,775,071 | 0.456 | 13,461,954,100 | 104.43% |

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. A County-wide revaluation of real property was effective with the tax levy for fiscal year 2009-2010 and again for fiscal year 2017-2018. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

¹ Public service companies' property includes real and personal property of utilities, railroad and buslines, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

² Exempt real estate only.

³ Estimated actual values and the ratio of total assessed value to total estimated actual value have been adjusted to reflect updated sales assessment ratio percentages from the North Carolina Department of Revenue.

⁴ Excludes values for properties annexed from March 27, 2012 to June 30, 2012, and for which taxes were assessed only for the three-month period of April, May and June 2012.

⁵ Denotes the year in which a revaluation was effective January 1st and reflected in the following fiscal year's property value.

CITY OF FAYETTEVILLE

DIRECT AND OVERLAPPING PROPERTY TAX RATES

SCHEDULE 7

LAST TEN FISCAL YEARS
(PER \$100 OF ASSESSED VALUE) (UNAUDITED)

| Fiscal Year Ended June 30 | City General Tax Rate | Central Business Tax District Rate | Lake Valley Drive Municipal Service District Rate ² | Overlapping Rates 1 | |
|------------------------------|--------------------------|--|--|---------------------|-------------|
| | | | | Cumberland County | County Wide |
| 2024 | 0.5395 | 0.100 | - | | 0.799 |
| 2023 | 0.4995 | 0.100 | - | | 0.799 |
| 2022 | 0.4995 | 0.100 | - | | 0.799 |
| 2021 | 0.4995 | 0.100 | 0.175 | | 0.799 |
| 2020 | 0.4995 | 0.100 | 0.394 | | 0.799 |
| 2019 | 0.4995 | 0.100 | 0.394 | | 0.799 |
| 2018 | 0.4995 | 0.100 | 0.394 | | 0.799 |
| 2017 | 0.4995 | 0.100 | 0.394 | | 0.799 |
| 2016 | 0.486 | 0.100 | 0.336 | | 0.740 |
| 2015 | 0.486 | 0.100 | 0.245 | | 0.740 |

Source: Cumberland County Tax Office

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Fayetteville.

² The Lake Valley Drive Municipal Service District was effective for the first time in fiscal year 2012 and ended fiscal year 2021

CITY OF FAYETTEVILLE

PRINCIPAL PROPERTY TAXPAYERS TEN YEAR COMPARISON (UNAUDITED)

SCHEDULE 8

LAST TEN FISCAL YEARS

| | 2024 ¹ | | | 2015 ² | | |
|--|--------------------------------------|---------------------------|------|--|---------------------------|------|
| | Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank |
| | Cross Creek Mall LLC | \$ 158,821,102 | 1 | 1.04% | \$ 133,819,700 | 1 |
| | Fayetteville VA Co LLC | 91,139,174 | 2 | 0.60% | - | - |
| | Project Bronco Fayetteville LLC | 78,540,439 | 3 | 0.52% | - | - |
| | Mann + Hummell Purolater Filters LLC | 72,664,255 | 4 | 0.48% | - | - |
| | Wal-Mart | 67,001,117 | 5 | 0.44% | 39,981,345 | 4 |
| | Spectrum Southeast LLC | 36,080,144 | 6 | 0.24% | - | - |
| | Campbell Soup Supply Co LLC | 40,678,722 | 7 | 0.27% | - | - |
| | West Park Apartments LLC | 32,697,200 | 8 | 0.22% | 25,118,700 | 7 |
| | Westlake at Morganton LLC | 27,800,714 | 9 | 0.18% | 28,107,800 | 5 |
| | Independence Place West Fayetteville | 25,913,600 | 10 | 0.17% | 26,605,101 | 6 |
| | Suso 5 Fayetteville LP | 25,790,300 | | 0.17% | - | - |
| | Hidden Creek Village | 23,711,795 | | 0.16% | 24,803,500 | 8 |
| | Eagle Point Village Apartments | 21,927,400 | | 0.14% | - | - |
| | Astoria Apartments LLC | 21,743,700 | | 0.14% | - | - |
| | Allison Holdings LLC | 8,914,432 | | 0.06% | - | - |
| | Fayetteville NC Senior Property LLC | 7,137,000 | | 0.05% | - | - |
| | Carolina Telephone | - | | - | 45,121,868 | 2 |
| | Piedmont Natural Gas | - | | - | 44,078,078 | 3 |
| | DDRM Fayetteville Pavilion LLC | - | | - | 23,862,500 | 9 |
| | Cape Fear Multifamily LLC | - | | - | 23,086,399 | 10 |
| | | \$ 740,561,094 | | 4.48% | \$ 414,584,991 | |

¹ Assessed valuations are as of January 1, 2023 and the associated tax levies were due in the fiscal year ended June 30, 2024.

² Assessed valuations are as of January 1, 2014 and the associated tax levies were due in the fiscal year ended June 30, 2015.

Source: Cumberland County Tax Office

CITY OF FAYETTEVILLE
PROPERTY TAX LEVIES AND COLLECTIONS 1
LAST TEN FISCAL YEARS (UNAUDITED)

SCHEDULE 9

| Fiscal Years Ending June 30 | Taxes Levied for the Fiscal Year | Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-----------------------------|--|-------------------------|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2024 | \$ 80,637,591 | \$ 80,321,068 | 99.61% | \$ - | \$ 80,321,068 | 99.61% |
| 2023 | 73,318,343 | 72,992,186 | 99.56% | 267,246 | 73,259,432 | 99.92% |
| 2022 | 72,203,354 | 71,819,894 | 99.47% | 238,780 | 72,058,674 | 99.80% |
| 2021 | 71,832,074 | 71,226,078 | 99.16% | 484,883 | 71,710,961 | 99.83% |
| 2020 | 70,544,316 | 69,884,651 | 99.06% | 532,412 | 70,417,063 | 99.82% |
| 2019 | 70,051,209 | 69,549,403 | 99.28% | 300,931 | 69,850,334 | 99.71% |
| 2018 | 68,869,870 | 68,409,559 | 99.33% | 426,325 | 68,835,884 | 99.95% |
| 2017 | 71,686,530 | 71,209,890 | 99.34% | 423,566 | 71,633,456 | 99.93% |
| 2016 | 68,718,397 | 68,299,578 | 99.39% | 343,653 | 68,643,231 | 99.89% |
| 2015 | 67,898,129 | 67,458,548 | 99.35% | 369,169 | 67,827,717 | 99.90% |

¹ Schedule reflects the general tax levy only.

Source: Cumberland County Tax Office

CITY OF FAYETTEVILLE

RATIOS OF OUTSTANDING DEBT BY

SCHEDULE 10

LAST TEN FISCAL YEARS (UNAUDITED)

| Fiscal Year ² | Governmental Activities | | | | | Business-type Activities | | | | | | | |
|-----------------------------|-----------------------------|--------------------------------|---------------------------|------------------|---------------------|--------------------------------|------------------|---------------|---------------------------|---------------------|-----------------------------|---|-------------------------|
| | General Obligation Bonds | Limited Obligation Bonds | Installment Agreements | Notes Payable | Leases ⁴ | General Obligation Bonds | Revenue Bonds | Notes Payable | Installment Agreements | Leases ⁴ | Total Primary Government | Percentage of Personal Income ¹ | Per Capita ¹ |
| 2024 | \$ 32,226,915 | \$ 39,647,088 | \$ 23,278,083 | \$ 150,179 | \$ 9,182,839 | \$ - | \$ 2,130,000 | \$ 150,179 | \$ 1,278,152 | \$ 132,633 | \$ 108,176,068 | N/A | \$ 515 |
| 2023 | 34,562,444 | 42,468,801 | 24,647,775 | - | 11,673,414 | - | 2,935,000 | 175,209 | 2,354,437 | 237,706 | 119,054,786 | N/A | 559 |
| 2022 | 36,886,413 | 45,297,049 | 29,682,277 | - | 14,853,818 | - | 3,720,000 | 200,239 | 3,422,298 | 340,918 | 134,403,012 | 0.867% | 627 |
| 2021 | 17,699,936 | 48,120,896 | 23,001,510 | - | - | - | 4,475,000 | 225,269 | 3,738,444 | - | 97,261,055 | 0.617% | 459 |
| 2020 | 18,974,835 | 50,940,213 | 19,618,019 | - | - | - | 5,210,000 | 250,299 | 1,057,681 | - | 96,051,047 | 0.668% | 460 |
| 2019 | 20,206,168 | 53,744,715 | 19,238,150 | 75,000 | - | - | 5,925,000 | 275,329 | 1,518,799 | - | 100,983,161 | 0.748% | 483 |
| 2018 | 2,971,717 | 50,520,000 | 22,579,714 | 150,000 | - | - | 6,615,000 | 300,359 | 2,232,018 | - | 85,368,808 | 0.662% | 411 |
| 2017 | 3,517,147 | - | 20,094,321 | 225,000 | - | - | 7,280,000 | 325,389 | 1,295,460 | - | 32,737,317 | 0.263% | 157 |
| 2016 ³ | 4,396,267 | - | 19,419,617 | 300,000 | - | - | 7,925,000 | 350,419 | 434,563 | - | 32,825,866 | 0.265% | 158 |
| 2015 | 8,577,821 | - | 20,606,769 | 375,000 | - | 2,741,682 | 242,101,959 | 34,167,522 | 575,942 | - | 309,146,695 | 2.548% | 1,484 |

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

¹ See schedule 15 Demographic and Economic Statistics for per capita personal income and population data.

² Beginning fiscal year 2013, the outstanding debt presented is net of premiums and discounts as reported in the basic financial statements and the notes to the financial statements.

³ On June 30, 2016 the PWC Charter was amended by the North Carolina Assembly, as a result of these actions PWC is now presented as a discretely presented component unit; fiscal year 2016 reflects these changes.

⁴ GASB Statements 87 and 96 were implemented beginning in fiscal year 2022.

CITY OF FAYETTEVILLE

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

SCHEDULE 11

LAST TEN FISCAL YEARS (UNAUDITED)

| Fiscal Year ⁴ | General Bonded Debt Outstanding | | | | | | Total Primary Government | Percentage of Actual Total Assessed Value of Property ¹ | Per Capita ² |
|--------------------------|---------------------------------|------------|--------------------------|------------|---------------|-------------|--------------------------|--|-------------------------|
| | General Obligation Bonds | | Limited Obligation Bonds | | Revenue Bonds | | | | |
| | \$ | 32,226,915 | \$ | 39,647,088 | \$ | 2,130,000 | | | |
| 2024 | | 34,562,444 | | 42,468,801 | | 2,935,000 | 74,004,003 | 0.49% | 352 |
| 2023 | | 36,886,413 | | 45,297,049 | | 3,720,000 | 79,966,245 | 0.55% | 375 |
| 2022 | | 17,699,936 | | 48,120,896 | | 4,475,000 | 85,903,462 | 0.59% | 401 |
| 2021 | | 18,974,835 | | 50,940,213 | | 5,210,000 | 70,295,832 | 0.49% | 332 |
| 2020 | | 20,206,168 | | 53,744,715 | | 5,925,000 | 75,125,048 | 0.53% | 360 |
| 2019 | | 2,971,717 | | 50,520,000 | | 6,615,000 | 79,875,883 | 0.57% | 382 |
| 2018 | | 3,517,147 | | N/A | | 7,280,000 | 60,106,717 | 0.44% | 290 |
| 2017 | | 4,336,988 | | N/A | | 7,925,000 | 10,797,147 | 0.08% | 52 |
| 2016 ³ | | 8,635,000 | | N/A | | 227,025,000 | 12,261,988 | 0.09% | 59 |
| 2015 | | | | | | | 235,660,000 | 1.69% | 1,131 |

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

¹ See Schedule 6 for property value data.

² Population data can be found in Schedule 15.

³ On June 30, 2016 the PWC Charter was amended by the North Carolina Assembly; as a result of these actions

PWC is now presented as a discretely presented component unit; fiscal year 2016 reflects these changes.

⁴ Beginning fiscal year 2013, the outstanding debt presented is net of premiums and discounts as reported in the basic financial statements and the notes to the financial statements.

CITY OF FAYETTEVILLE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

FISCAL YEAR ENDING JUNE 30, 2024 (UNAUDITED)

SCHEDULE 12

| Governmental Unit | Debt Outstanding ¹ | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|-----------------------------------|-------------------------------|---------------------------------|-------------------------------------|
| Debt repaid with property taxes: | | | |
| Cumberland County | \$ 44,448,848 | 59.44% | \$ 26,420,330 |
| Subtotal, overlapping debt | | | 26,420,330 |
| City of Fayetteville direct debt | | | 103,006,773 |
| Total direct and overlapping debt | | | \$ 129,427,103 |

Sources: Assessed value data used to estimate applicable percentages provided by the Cumberland County Tax Administrator. Debt outstanding provided by Cumberland County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of The City of Fayetteville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Cumberland County's taxable assessed value that is within the city's boundaries and dividing it by Cumberland County's total taxable assessed value.

CITY OF FAYETTEVILLE

CITY OF FAYETTEVILLE, NORTH CAROLINA LEGAL DEBT MARGIN INFORMATION

SCHEDULE 13

LAST TEN FISCAL YEARS (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Debt Limit | \$ 1,117,502,006 | \$ 1,129,758,664 | \$ 1,148,407,468 | \$ 1,101,893,334 | \$ 1,119,988,912 | \$ 1,128,437,883 | \$ 1,149,811,673 | \$ 1,155,163,674 | \$ 1,173,155,273 | \$ 1,216,379,827 |
| Total net debt applicable to limit | 66,244,784 | 24,491,168 | 25,111,914 | 78,449,391 | 92,480,134 | 88,329,793 | 92,560,787 | 130,482,774 | 115,944,577 | 105,745,710 |
| Legal debt margin | \$ 1,051,257,222 | \$ 1,105,267,496 | \$ 1,123,295,554 | \$ 1,023,443,943 | \$ 1,027,508,778 | \$ 1,040,108,090 | \$ 1,057,250,886 | \$ 1,024,680,900 | \$ 1,057,210,696 | \$ 1,110,634,117 |
| Total net debt applicable to the limit as a percentage of debt limit | 5.93% | 2.17% | 2.19% | 7.12% | 8.26% | 7.83% | 8.05% | 11.30% | 9.88% | 8.69% |
| Legal Debt Margin Calculation for Fiscal Year 2024 | | | | | | | | | | |
| Assessed Value | \$ 15,204,747,836 | | | | | | | | | |
| Debt Limit (8% of total assessed value) | 1,216,379,827 | | | | | | | | | |
| Debt applicable to limit: | | | | | | | | | | |
| Bonded debt | 32,226,915 | | | | | | | | | |
| Limited obligation bonds | 39,647,088 | | | | | | | | | |
| Lease and subscription obligations (Governmental and Business) | 9,315,472 | | | | | | | | | |
| Installment agreements (Governmental and Business) | 24,556,235 | | | | | | | | | |
| Subtotal | 105,745,710 | | | | | | | | | |
| Authorized and unissued debt | 114,978,000 | | | | | | | | | |
| Total Gross Debt | 220,723,710 | | | | | | | | | |
| Less: Statutory deductions | (114,978,000) | | | | | | | | | |
| Bonds authorized but unissued | 105,745,710 | | | | | | | | | |
| Total Debt Applicable to Limit | \$ 1,110,634,117 | | | | | | | | | |
| Legal Debt Margin | | | | | | | | | | |

CITY OF FAYETTEVILLE

PLEDGED REVENUE COVERAGE - STORMWATER

SCHEDULE 14

LAST TEN FISCAL YEARS (UNAUDITED)

| Fiscal Year Ended June 30 | Stormwater Service Charges | Less: Operating Expenses ¹ | Net Available Revenue | Debt Service Requirements ⁴ | | Coverage ³ |
|---------------------------------|----------------------------------|---|-----------------------------|--|-----------------------|-----------------------|
| | | | | Principal | Interest ² | |
| 2024 | 12,636,648 | 9,079,562 | 3,557,086 | 805,000 | 85,742 | 3.99 |
| 2023 | 11,404,395 | 9,521,785 | 1,882,610 | 785,000 | 110,509 | 2.10 |
| 2022 | 11,351,225 | 9,685,598 | 1,665,627 | 755,000 | 134,413 | 1.87 |
| 2021 | 11,260,752 | 7,690,346 | 3,570,406 | 735,000 | 157,612 | 4.00 |
| 2020 | 11,214,252 | 6,194,015 | 5,020,237 | 715,000 | 180,184 | 5.61 |
| 2019 | 11,160,120 | 3,671,047 | 7,489,073 | 690,000 | 193,098 | 8.48 |
| 2018 | 7,844,450 | 4,060,584 | 3,783,866 | 665,000 | 233,055 | 4.21 |
| 2017 | 6,833,895 | 3,682,835 | 3,151,060 | 645,000 | 243,432 | 3.55 |
| 2016 | 6,769,910 | 3,609,029 | 3,160,881 | 625,000 | 194,167 | 3.86 |
| 2015 | 6,203,349 | 3,489,698 | 2,713,651 | 610,000 | 208,936 | 3.31 |

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

¹ Operating expenses include operating expenses exclusive of depreciation and all other amortization.

² Interest represents accrual based interest.

³ Coverage ratios do not represent coverage calculations as defined in the bond order.

⁴ Debt service includes revenue bonds and excludes notes payable.

CITY OF FAYETTEVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS

SCHEDULE 15

LAST TEN CALENDAR YEARS (UNAUDITED)

| Year | City | | County | | | |
|------|-------------------------|--------------------------------|------------------------------|---|--------------------------------|---------------------------------------|
| | Population ¹ | Unemployment Rate ² | Personal Income ³ | Per Capita Personal Income ³ | School Enrollment ⁴ | Retail Sales in Billions ⁵ |
| 2024 | 209,975 | 5.0% | N/A | N/A | 49,183 | \$6.167 |
| 2023 | 213,032 | 5.3% | N/A | N/A | 50,246 | \$6.118 |
| 2022 | 214,255 | 5.5% | 15,496,282,000 | 46,024 | 48,796 | 5.743 |
| 2021 | 211,705 | 7.5% | 15,766,028,000 | 46,992 | 50,879 | 5.238 |
| 2020 | 208,878 | 10.0% | 14,387,295,000 | 43,028 | 50,880 | 4.330 |
| 2019 | 209,028 | 5.4% | 13,498,407,000 | 40,233 | 53,361 | 4.318 |
| 2018 | 207,583 | 5.6% | 12,887,624,000 | 38,780 | 50,937 | 4.049 |
| 2017 | 208,729 | 6.2% | 12,252,634,000 | 36,990 | 51,480 | 4.040 |
| 2016 | 208,158 | 6.8% | 11,983,381,000 | 35,954 | 51,846 | 3.849 |
| 2015 | 208,373 | 6.5% | 11,984,830,000 | 36,178 | 50,939 | 3.693 |

Sources:

1. Office of State Budget and Management, Certified Municipal Population Estimates
2. NC Employment Security Commission. Calendar year annual average unemployment statistics for Fayetteville, NC.
3. Bureau of Economic Analysis, US Department of Commerce. Data presented for Cumberland County, NC. 2023 data not available.
4. Cumberland County Schools Annual Report
5. North Carolina Department of Revenue, Policy Analysis and Statistics Division. State Sales and Use Tax Statistics.

**CITY OF FAYETTEVILLE
PRINCIPAL EMPLOYERS**

SCHEDULE 16

CURRENT YEAR AND TEN YEARS AGO (UNAUDITED)

| | 2024 | | | | 2015 | | | |
|---|----------|-----------|--------|---------------------------------------|-----------|--------|---------------------------------------|--|
| | Employer | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment | |
| U.S. Dept. of Defense (Civilian) ¹ | 10,999 | 1 | 8.98% | 8,757 | 1 | 7.47% | | |
| Cape Fear Valley Health System | 7,500 | 2 | 6.13% | 5,900 | 3 | 5.03% | | |
| Cumberland County Board of Education | 5,779 | 3 | 4.72% | 6,453 | 2 | 5.50% | | |
| Goodyear Tire & Rubber Company | 2,900 | 4 | 2.37% | 2,500 | 5 | 2.13% | | |
| Veterans Administration | 2,331 | 5 | 1.90% | 1,000 | 9 | 0.85% | | |
| Wal-Mart Associates, Inc. | 1,293 | 9 | 1.06% | 2,860 | 4 | 2.44% | | |
| City of Fayetteville | 1,937 | 7 | 1.58% | 2,120 | 7 | 1.81% | | |
| Cumberland County Government | 2,069 | 6 | 1.69% | 2,362 | 6 | 2.01% | | |
| Food Lion | 1,012 | 10 | 0.83% | | | 0.00% | | |
| Fayetteville Technical Community College | 1,315 | 8 | 1.07% | 1,057 | 8 | 0.90% | | |
| Fayetteville State University | | | 0.00% | 900 | 10 | 0.77% | | |
| Total Employment (Ten Largest Civilian Employers) | 37,135 | | 30.33% | 33,909 | | 28.92% | | |

¹ Only includes Dept. of Defense Civilian Employees. Does not include contract employees or non-appropriated funds employees.

Sources: NC Department of Commerce, Military INSTALLATIONS, Cape Fear Valley Health System, Cumberland County Board of Education, Fayetteville Cumberland County Economic Development Corporation, Cumberland County, FAY NC VA Coastal Health Care System, City of Fayetteville, Fayetteville Technical Community College, Food Lion

CITY OF FAYETTEVILLE

FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

SCHEDULE 17

LAST TEN FISCAL YEARS (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Administration | 117 | 125 | 121 | 104 | 133 | 134 | 126 | 121 | 130 | 132 |
| Public Safety | 930 | 950 | 915 | 951 | 940 | 929 | 897 | 888 | 880 | 837 |
| Environmental Protection | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 13 |
| Transportation | 75 | 79 | 70 | 63 | 71 | 78 | 79 | 74 | 66 | 65 |
| Economic and physical development | 22 | 27 | 13 | 21 | 24 | 21 | 20 | 61 | 65 | 65 |
| Recreation and community facilities | 117 | 115 | 170 | 236 | 115 | 115 | 118 | 129 | 153 | 153 |
| Internal Service ¹ | 5 | 4 | 4 | 3 | 2 | 3 | 6 | 21 | 25 | 29 |
| Transit | 98 | 113 | 104 | 112 | 112 | 108 | 104 | 119 | 121 | 125 |
| Airport | 23 | 23 | 17 | 17 | 23 | 22 | 23 | 17 | 17 | 16 |
| Stormwater | 37 | 43 | 47 | 41 | 33 | 36 | 38 | 38 | 38 | 20 |
| Solid Waste | 67 | 70 | 74 | 69 | 67 | 61 | 62 | 67 | 67 | 78 |
| Total | 1,496 | 1,554 | 1,540 | 1,622 | 1,525 | 1,512 | 1,478 | 1,539 | 1,566 | 1,533 |

Source: City Finance Office

¹ Fleet Maintenance became an Internal Service function in fiscal year ended 2022

CITY OF FAYETTEVILLE
OPERATING INDICATORS BY FUNCTION/PROGRAM

SCHEDULE 18

LAST TEN FISCAL YEARS (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------|---------|------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Public Safety | | | | | | | | | | |
| Fire ⁽¹⁾ | | | | | | | | | | |
| Emergency responses | 29,987 | 29,963 | 31,443 | 29,707 | 30,017 | 24,536 | 23,557 | 28,764 | 28,063 | 28,339 |
| Fires extinguished | 682 | 812 | 978 | 831 | 852 | 820 | 913 | 1397(1) | 1973(1) | 1,219 |
| Fire inspections | 4,582 | 4,516 | 4,031 | 5,826 | 5,460 | 8,196 | 9,771 | 8,530 | 7,042 | 7,175 |
| Police ⁽²⁾ | | | | | | | | | | |
| Number of law violations: | | | | | | | | | | |
| Physical arrests | 6,594 | 7,083(2) | 6,524 | 6,606 | 6,099 | 5,001 | 4,092 | 4,554 | 5,434 | 6,347 |
| Traffic citations | 23,630 | 24,860(2) | 17,263 | 17,443 | 16,634 | 12,222 | 9,534 | 19,913 | 32,728 | 26,746 |
| Warning citations | 38,326 | 53,553(2) | 38,389 | 32,695 | 28,102 | 16,460 | 9,703 | 10,094 | 8,499 | 23,393 |
| Calls for service | 272,350 | 277,688(2) | 296,609 | 288,896 | 278,560 | 258,008 | 238,894 | 243,002 | 273,714 | 281,355 |
| Development Services | | | | | | | | | | |
| Number of permits issued: | | | | | | | | | | |
| Residential: | | | | | | | | | | |
| New single family | 308 | 290 | 249 | 275 | 223 | 229 | 302 | 392 | 317 | 394 |
| New multi-family | | | | | | | | | | |
| Number of units | 170 | 311 | 64 | 54 | 35 | 148 | 80 | 644 | 298 | 270 |
| Renovations | 1,461 | 1,382 | 1,011 | 924 | 728 | 394 | 413 | 373 | 511 | 659 |
| Commercial: | | | | | | | | | | |
| New | 69 | 69 | 52 | 56 | 53 | 77 | 60 | 43 | 50 | 44 |
| Renovations | 509 | 431 | 450 | 371 | 420 | 394 | 350 | 401 | 499 | 350 |
| Other: | | | | | | | | | | |
| Miscellaneous | 12,467 | 11,825 | 11,556 | 9,092 | 8,891 | 8,762 | 9,151 | 9,407 | 9,659 | 12,935 |
| Yard sale | 727 | 702 | 601 | 572 | 460 | 304 | 278 | 312 | 276 | 208 |

CITY OF FAYETTEVILLE

OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)

SCHEDULE 18

LAST TEN FISCAL YEARS (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cultural and Recreational⁽³⁾ | | | | | | | | | | |
| Youth Sports participants | 11,687 | 15,209 | 17,057 | 15,970 | 19,182 | 15,841 | 1,831 | 9,191 | 13,883 | 12,499 |
| Adult Sports participants | 761 | 944 | 998 | 717 | 778 | 107 | 37 | 440 | 338 | 744 |
| Senior participants | 90,311 | 109,289 | 97,603 | 92,300 | 88,842 | 59,729 | 23,497 | 20,260 | 25,327 | 117,073 |
| Therapeutic participants | 23,021 | 52,942 | 57,171 | 56,955 | 47,049 | 29,920 | 374 | 2,741 | 1,436 | 9,956 |
| Aquatics participants | 22,345 | 38,099 | 66,446 | 72,140 | 73,200 | 39,668 | 22,604 | 75,248 | 78,856 | 97,457 |
| Park programs participants | 28,367 | 30,589 | 30,920 | 35,609 | 32,576 | 19,437 | 8,286 | 15,401 | 23,784 | 22,854 |
| Special events participants | 20,642 | 22,446 | 15,692 | 18,821 | 8,970 | 15,336 | 43,768 | 33,820 | 33,028 | 41,758 |
| Permitted events | 81 | 96 | 105 | 110 | 238 | 137 | 34 | 129 | 80 | 216 |
| Mobile stage/bleacher rentals | 47 | 92 | 137 | 116 | 108 | 104 | 1 | 28 | 34 | 40 |
| Recreation center participants | 592,061 | 621,664 | 631,514 | 816,726 | 661,301 | 558,602 | 99,550 | 604,341 | 832,565 | 803,551 |
| Historical properties participants | 63,531 | 73,109 | 60,661 | 60,152 | 46,641 | 58,707 | 8,002 | 41,073 | 41,995 | 32,712 |
| Picnic shelter rentals | 38,484 | 36,687 | 43,122 | 57,290 | 37,802 | 17,723 | 10,035 | 33,635 | 33,788 | 37,814 |
| Festival Park | | | | | | | | | | |
| Tier 1 Events (0 - 500 Attendees) | 5 | 5 | 9 | 36 | 7 | 4 | 33 | 19 | 10 | 8 |
| Tier 2 Events (501 - 2,500 Attendees) | 15 | 2 | 3 | 2 | 16 | 4 | 0 | 7 | 5 | 7 |
| Tier 3 Events (2,501 - 5,000 Attendees) | 16 | 2 | 7 | 6 | 6 | 1 | 1 | 7 | 0 | 4 |
| Tier 4 Events (5,001 - 10,000 Attendees) | N/A | 10 | 8 | 10 | 2 | 1 | 0 | 7 | 11 | 4 |
| Tier 5 Events (10,001 + Attendees) | N/A | 19 | 15 | 19 | 13 | 4 | 0 | 7 | 19 | 19 |
| Transportation | | | | | | | | | | |
| Street Maintenance | | | | | | | | | | |
| Streets maintained (miles) | 735.69 | 740.69 | 740.68 | 743.40 | 744.13 | 745.96 | 747.72 | 749.59 | 751.46 | 753.65 |
| Street resurfacing and cape sealing (miles) | 17.50 | 20.09 | 13.50 | 8.31 | 13.16 | 11.26 | 17.87 | 26.09 | 44.60 | 50.42 |
| Number of traffic signals maintained ⁽⁴⁾ | 214 | 214 | 225 | 230 | 231 | 233 | 239 | 239 | 241 | 240 |
| Engineering | | | | | | | | | | |
| Driveway permits (residential) | | | | | | | | | | |
| Driveway permits (commercial) | 382 | 388 | 287 | 227 | 214 | 223 | 248 | 225 | 209 | 217 |
| | 28 | 23 | 23 | 27 | 46 | 50 | 36 | 44 | 48 | 68 |
| Airport | | | | | | | | | | |
| Number of enplaned passengers | 161,635 | 224,489 | 229,684 | 238,178 | 231,003 | 167,835 | 148,577 | 123,531 | 166,500 | 170,929 |
| Number of deplaned passengers | 219,312 | 221,292 | 228,562 | 235,835 | 230,958 | 166,761 | 147,027 | 122,056 | 165,182 | 167,666 |

CITY OF FAYETTEVILLE
CAPITAL ASSETS STATISTICS BY FUNCTION

SCHEDULE 19

LAST TEN FISCAL YEARS (UNAUDITED)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Public Safety | | | | | | | | | | |
| Fire | | | | | | | | | | |
| Number of stations | 16 | 16 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Police | | | | | | | | | | |
| Number of stations | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Cultural and Recreational | | | | | | | | | | |
| Mini parks (.5 - 3 acres) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Neighborhood parks (7 - 15 acres) | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 12 |
| Community parks (30 - 50 acres) | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 14 |
| Sports complexes (40 - 80 acres) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Green spaces | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 1 |
| Neighborhood school-parks | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 38 |
| Community school-parks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| Linear parks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Special use parks | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 13 |
| Program sites | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 6 |
| Regional parks (100 - 250 acres) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Community center with gym | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 17 | 17 |
| Pools | 1 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 6 |
| Transportation | | | | | | | | | | |
| Street Maintenance | | | | | | | | | | |
| Streets maintained (miles) | 735.69 (1) | 740.69 | 740.68 | 743.40 | 744.13 | 745.96 | 747.72 | 749.59 | 751.46 | 753.65 |
| Number of traffic signals ⁽²⁾ | 29 | 29 | 30 | 30 | 31 | 33 | 33 | 33 | 33 | 32 |

(1) Reflects correction of presentation of previous data

(2) Reflects the number of traffic signals owned by the City of Fayetteville

Source: Information provided by various city departments.



Compliance Section

- Independent Auditor's 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 on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and the Passenger Facility Charge Program
- Independent Auditor's Report on Compliance for each Major State Program and on Internal Control Over Compliance in Accordance with the State Single Audit Implementation Act
- Schedule of Findings and Questioned Costs
- Correction Action Plan
- Summary Schedule of Prior Audit Findings
- Schedule of Expenditures of Federal and State Awards
- Notes to the Schedule of Expenditures of Federal and State Awards
- Schedule of Expenditures of Passenger Facility Charges
- Notes to the Schedule of Expenditures of Passenger Facility Charges

City of Fayetteville, North Carolina

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**Independent Auditor's 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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund of the City of Fayetteville, North Carolina (City of Fayetteville or City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Fayetteville's basic financial statements, and have issued our report thereon dated November 2, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Fayetteville'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the Schedule of Findings and Questioned Costs as Findings 2024-001 and 2024-002, that we consider to be a material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fayetteville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

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

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 City of Fayetteville'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 City of Fayetteville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
November 2, 2024



**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance;
and Report on Compliance and Internal Control Over Compliance
with the Passenger Facility Charge Program**

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

Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program

Opinion on Each Major Federal Program

We have audited the City of Fayetteville, North Carolina's (City of Fayetteville or City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*; the *Audit Manual for Governmental Auditors* issued by the North Carolina Local Government Commission; and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that could have a direct and material effect on each of the City of Fayetteville's major federal programs and the passenger facility charge program for the year ended June 30, 2024. The City of Fayetteville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Other Matter — Federal Expenditures Not Included in the Compliance Audit

The City of Fayetteville's basic financial statements include the operations of Fayetteville Public Works Commission, a discretely presented component unit, which expended \$7,624,053 in federal awards which is not included in the City of Fayetteville's schedule of expenditures of federal and state awards during the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 and the Audit Guide. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
November 2, 2024



**Independent Auditor's Report on Compliance for Each Major State Program
and Report on Internal Control Over Compliance Required
by the State Single Audit Implementation Act**

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

Report on Compliance for Each Major State Program

We have audited City of Fayetteville, North Carolina's (the City of Fayetteville or City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Fayetteville's major State programs for the year ended June 30, 2024. The City of Fayetteville's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Other Matter — State Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of Fayetteville Public Works Commission, a discretely presented component unit, which expended \$1,203,005 in state awards which is not included in the City's schedule of expenditures of federal and state awards during the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
November 2, 2024

City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 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? | <u> X </u> | Yes | <u> </u> | No |
| • Significant deficiency(ies) identified? | <u> </u> | Yes | <u> X </u> | None |

| | | | | |
|---|-------------------|-----|------------------|----|
| Noncompliance material to financial statements noted? | <u> </u> | Yes | <u> X </u> | No |
|---|-------------------|-----|------------------|----|

Federal Awards

Internal control over major federal programs:

- | | | | | |
|---|-------------------|-----|------------------|---------------|
| • Material weakness(es) identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency(ies) identified? | <u> </u> | Yes | <u> X </u> | None Reported |

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

| | | | | |
|---|-------------------|-----|------------------|----|
| Any audit findings disclosed that are required to reported in accordance with 2 CFR 200.516(a)? | <u> </u> | Yes | <u> X </u> | No |
|---|-------------------|-----|------------------|----|

Identification of major federal programs:

| Federal Assistance Listing # | Program Name |
|------------------------------|---|
| 21.027 | Coronavirus State and Local Fiscal Recovery Funds |
| 14.892 | Choice Neighborhoods Planning Grants |

| | | | | |
|---|-------------------|---------|------------------|----|
| Dollar threshold used to distinguish between Type A and Type B Programs | \$ | 750,000 | | |
| Auditee qualified as low-risk auditee? | <u> </u> | Yes | <u> X </u> | No |

City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2024

Section 1. Summary of Auditor's Results (Continued)

State Awards

Internal control over State 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 State program: Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
the State Single Audit Implementation Act?

_____ Yes X No

Identification of major State programs:

Non-State Street Aid Allocation

State Aid to Airports Program

Auditee qualified as low-risk auditee?

_____ Yes X No

City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2024

Section 2. Financial Statement Findings

Finding: 2024-001: Material Weakness in Internal Control – Accounts Payable Cutoff

Criteria: Accounting Principles Generally Accepted in the United States require expenditures to be recorded in the period in which they were incurred.

Condition and context: There were numerous invoices recorded as expenditures recorded in the June 30, 2025 year end that should have been accrued and recorded in the June 30, 2024 year end.

Effect: Accounts payable, expenses, and construction in progress were understated by \$636,755, \$486,223, and \$149,052 respectively in the Stormwater Management fund. Accounts payable and expenses were each understated by \$409,000 in the Economic and Physical Development fund. Both funds were adjusted to reflect these changes.

Cause: The City utilized a high threshold for cutoff for accrual after year end and additionally cut-off their accruals for construction projects in August versus September.

Recommendation: We recommend the City establish accrual thresholds by fund to ensure material items are appropriately accrued for. Additionally, we recommend construction project invoices reviewed for accrual beyond the standard cut-off period as contractor invoices are generally significantly larger than standard AP invoices.

Management's response: See Corrective Action Plan

Finding: 2024-002: Material Weakness in Internal Control – Recording of Loan Receivable

Criteria: Loans receivable should be recorded in the modified-accrual fund statements and the government-wide statements in the period the are incurred.

Condition and context: The City loaned a recipient funds through the American Rescue Plan loan program and failed to record the appropriate receivable related to the loan.

Effect: Loans receivable were understated and expenses were overstated by \$1,250,000 in the Federal and State Financial Assistance fund prior to adjustment.

Cause: Insufficient review of the disbursement supporting documentation to determine payment was for a loan versus an expense.

Recommendation: We recommend the City adhere to their invoice/disbarment review process to ensure appropriate coding of disbursements as expenses or loans.

Management's response: See Corrective Action Plan

**City of Fayetteville, North Carolina
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2024**

Section 3. Findings and Questioned Costs for Federal Awards

None reported

Section 4. Findings and Questioned Costs for State Awards

None reported

Section 5. Findings and Questioned Costs for the Passenger Facility Charge Program

None reported.



City of Fayetteville, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2024

Section 2. Financial Statement Findings

Finding: 2024-001: Material Weakness in Internal Control – Accounts Payable Cutoff

Management's Response: The City agrees with the audit recommendations.

Responsible Party: Jeffrey Yates, Assistant City Manager and Interim Chief Financial Officer

Corrective Action Plan: The corrective action plan will consist of the following measures:

1. The City will work with our financial services consultants to review policies and procedures to ensure compliance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls.
2. The appropriate staff will receive the written policies, appropriate training, and regular retraining to ensure the policies and procedures are followed.
3. The City will review all disbursements before and after the balance sheet date to prepare an accurate and complete listing of accounts payable.

Proposed Implementation Date: March 1, 2025, with the close of FY 2025

Finding: 2024-002: Material Weakness in Internal Control – Recording of Loan Receivable

Management's Response: The City agrees with the audit recommendations.

Responsible Party: Jeffrey Yates, Assistant City Manager and Interim Chief Financial Officer

Corrective Action Plan: The corrective action plan will consist of the following measures:

1. The City will work with our financial services consultants to review policies and procedures to ensure compliance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls.
2. The City's financial system will be configured to track loans and Loan agreements will be entered into the City's accounts receivable system for appropriate recording and tracking.
3. The appropriate staff will receive the written policies, appropriate training, and regular retraining to ensure the policies and procedures are followed.

Proposed Implementation Date: March 1, 2025, with the close of FY 2025

Respectfully submitted,

A handwritten signature in blue ink, reading "Douglas J. Hewett".

Douglas J. Hewett, ICMA-CM
City Manager

A handwritten signature in blue ink, reading "Jeffrey Yates".

Jeffrey Yates,
Assistant City Manager and Interim Chief
Financial Officer



**City of Fayetteville, North Carolina
Corrective Action Plan – Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2024**

Finding 2023-001: Material Compliance Violation and Material Weakness in Internal Control over Compliance-Timeliness of Audited Financial Statements Submission

Corrected

Finding 2023-002: Significant Deficiency in Internal Control Over Compliance – Timeliness Reporting – CDBG Quarterly Reports

Corrected

Respectfully submitted,

A handwritten signature in blue ink, reading "Douglas J. Hewett".

Douglas J. Hewett, ICMA-CM
City Manager

A handwritten signature in blue ink, reading "Jeffrey Yates".

Jeffrey Yates,
Assistant City Manager and
Interim Chief Financial Officer

CITY OF FAYETTEVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

| Grantor/Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | State/Pass-Through Grantor's Number | Federal (Direct & Pass-Through) Expenditures | State Expenditures | Total Expenditures |
|--|-----------------------------------|-------------------------------------|--|--------------------|--------------------|
| Federal awards: | | | | | |
| U.S. Department of Housing and Urban Development: | | | | | |
| Direct programs: | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | \$ 1,327,198 | \$ - | 1,327,198 |
| COVID-19 - Community Development Block Grant Program | 14.218 | | 9,303 | - | 9,303 |
| CDBG Disaster Recovery Grants Cluster | | | | | |
| Total Community Development Block Grant Program Cluster | | | 1,336,501 | - | 1,336,501 |
| HOME Investment Partnerships Program | 14.239 | | 230,127 | - | 230,127 |
| Passed through NC Dept of Health and Human Services: | | | | | |
| Housing Opportunities for Persons with AIDS | 14.241 | | 731,788 | - | 731,788 |
| Office of Public Housing Investments FY2020 Choice Neighborhoods Planning | 14.892 | NC4F533CNP120 | 1,129 | - | 1,129 |
| Public Housing Operating Fund | | | | | |
| Fayetteville Metro Housing Authority | 14.850 | | 366,979 | - | 366,979 |
| Total U.S. Department of Housing and Urban Development | | | 2,666,524 | - | 2,666,524 |
| U.S. Department of the Interior | | | | | |
| Passed through NC Department of Natural and Cultural Resources | | | | | |
| Historic Preservation Fund Grants-In-Aid | 15.904 | | 36,840 | - | 36,840 |
| Total U.S. Department of the Interior | | | 36,840 | - | 36,840 |
| U.S. Department of Justice: | | | | | |
| Direct programs: | | | | | |
| Juvenile Justice and Delinquency Prevention - FPD Youth Empowerment & Safety Program | 16.540 | | 13,685 | - | 13,685 |
| Bulletproof Vest Partnership Program | | | | | |
| OCDETF Overtime Reimbursement Grant (Up in Smoke) | 16.607 | | 10,105 | - | 10,105 |
| Bureau of Alcohol, Tobacco & Firearms OT Reimbursement | 16.607 | | 16,211 | - | 16,211 |
| Drug Enforcement Administration OT Reimbursement | 16.607 | | 13,490 | - | 13,490 |
| FBI OT Reimbursement | 16.607 | | 96,142 | - | 96,142 |
| U.S. Postal Inspection Service OT Reimbursement | 16.607 | | 25,062 | - | 25,062 |
| United States Marshals Service OT Reimbursement | 16.607 | | 6,292 | - | 6,292 |
| Total Bulletproof Vest Partnership Program | | | 167,302 | - | 167,302 |
| National Sexual Assault Kit Initiative | 16.833 | | 151,999 | - | 151,999 |
| Equitable Sharing Program | 16.922 | | 98,624 | - | 98,624 |
| Total U.S. Department of Justice | | | 431,610 | - | 431,610 |

CITY OF FAYETTEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

| Grantor/Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | State/ Pass-Through Grantor's Number | Federal (Direct & Pass-Through) Expenditures | State Expenditures | Total Expenditures |
|---|-----------------------------------|--------------------------------------|--|--------------------|--------------------|
| U.S. Department of Transportation: | | | | | |
| Direct programs: | | | | | |
| Federal Aviation Administration | | | | | |
| Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment & Jobs Act Program | 20.106 | | \$ 185,768 | \$ - | 185,768 |
| Federal Transit Administration Direct Programs: | | | | | |
| Federal Transit Cluster: | | | | | |
| Federal Transit Formula Grants | 20.507 | | 1,601,400 | - | 1,601,400 |
| Total Federal Transit Cluster | | | 1,601,400 | - | 1,601,400 |
| Passed through NC Dept of Transportation: | | | | | |
| Highway planning and construction cluster: | | | | | |
| Skibo Road TADA Sidewalks | 20.205 | | 63,816 | - | 63,816 |
| Hope Mills TADA Sidewalks | 20.205 | | 10,660 | - | 10,660 |
| Total Highway Planning and Construction Cluster | | | 74,476 | - | 74,476 |
| Total U.S. Department of Transportation | | | 1,861,644 | - | 1,861,644 |
| U.S. Department of the Treasury | | | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | | 7,268,265 | - | 7,268,265 |
| Stormwater Drainage Improvements | Unknown | | 83,265 | 83,265 | 166,530 |
| Total U.S. Department of Treasury | | | 7,351,530 | 83,265 | 7,434,795 |
| U.S. Department of Health and Human Services | | | | | |
| Passed through NC Department of Health & Human Services | | | | | |
| Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 93.044 | | 50,429 | - | 50,429 |
| Total U.S. Department of Health and Human Services | | | 50,429 | - | 50,429 |

CITY OF FAYETTEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

| Grantor/Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | State/ Pass-Through Grantor's Number | Federal (Direct & Pass-Through) Expenditures | State Expenditures | Total Expenditures |
|---|-----------------------------------|--------------------------------------|--|--------------------|--------------------|
| U.S. Department of Homeland Security: | | | | | |
| Passed through Hazard Mitigation Grant Program | | | | | |
| Neville Street Drainage Improvements | 97,039 | | \$ 417,798 | \$ - | 417,798 |
| Direct Programs: | | | | | |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97,083 | EMW-2019-FF-00370 | 377,927 | - | 377,927 |
| Law Enforcement Officer Reimbursement Agreement Programs | 97,090 | HSTS0216HSLR733 | 103,769 | - | 103,769 |
| Total U.S. Department of Homeland Security | | | 899,494 | - | 899,494 |
| Total federal awards expended | | | 13,298,071 | 83,265 | 13,381,336 |

(Continued)

CITY OF FAYETTEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

| Grantor/Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | State/ Pass-Through Grantor's Number | Federal (Direct & Pass-Through) Expenditures | State Expenditures | Total Expenditures |
|--|-----------------------------------|--------------------------------------|--|--------------------|--------------------|
| State awards: | | | | | |
| N.C. Department of Transportation: | | | | | |
| Direct programs: | | | | | |
| Powell Bill | | 32570 | \$ - | \$ 4,326,226 | 4,326,226 |
| State Maintenance Assistance Program | | 36234.8.13.2 | - | 746,023 | 746,023 |
| Rosehill Road Sidewalks | | | | 103 | 103 |
| Division of Aviation | | | | | |
| State Aid for Airport Projects | | 36244.27.16.1 | - | 1,228 | 1,228 |
| State Aid for Airport Projects | | 36244.27.16.1 | - | 354,163 | 354,163 |
| State Aid for Airport Projects | | 36244.27.16.1 | - | 111,472 | 111,472 |
| State Aid for Airport Projects | | 36244.27.17.1 | - | 104,829 | 104,829 |
| State Aid for Airport Projects | | 36244.27.18.1 | - | 2,413,218 | 2,413,218 |
| State Aid for Airport Projects | | 36244.27.18.1 | - | 420,736 | 420,736 |
| Total N.C. Department of Transportation | | | - | 8,477,998 | 8,477,998 |
| N.C. Office of State Budget and Management | | | | | |
| State Capital and Infrastructure Fund (SCIF) | | | | | |
| Mable C. Smith Park | | | - | 254,959 | 254,959 |
| Old City Hall | | | - | 110,140 | 110,140 |
| Historic Buildings and Sites | | | - | 697,597 | 697,597 |
| Park & Recreation Trail Upgrades | | | - | 93,293 | 93,293 |
| Lake Rim Park | | | - | 192,565 | 192,565 |
| Pedestrian Safety Improvements | | | - | 1,872,784 | 1,872,784 |
| Affordable Housing Trust | | | - | 121,578 | 121,578 |
| Day Resource Center | | | - | 728,968 | 728,968 |
| Total N.C. Office of State Budget and Management | | | - | 4,071,884 | 4,071,884 |

CITY OF FAYETTEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

| Grantor/Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | State/ Pass-Through Grantor's Number | Federal (Direct & Pass-Through) Expenditures | State Expenditures | Total Expenditures |
|--|-----------------------------------|--------------------------------------|--|--------------------|--------------------|
| N.C. Department of Commerce: | | | | | |
| Direct programs: | | | | | |
| Downtown Parking | | | \$ - | \$ 473 | \$ 473 |
| Total N.C. Department Commerce | | | - | 473 | 473 |
| N.C. Department of Insurance: | | | | | |
| Office of State Marshal | | | - | 6,000 | 6,000 |
| BCBS Summer Fire Camp Award | 586824 | | - | 6,000 | 6,000 |
| Total N.C. Department of Insurance | | | - | 6,000 | 6,000 |
| N.C. Department of Public Safety: | | | | | |
| Direct programs: | | | | | |
| Hazmat (RRT Grant) | | RRT - 3 2024 | - | 69,000 | 69,000 |
| N.C. Hazardous Materials Regional Response Team | | RRT - 3 #202401.19.332 | - | 80,133 | 80,133 |
| Wayland Drive Drainage Improvements | | | - | - | - |
| Juvenile Justice and Delinquency Prevention - Juvenile Restitution | | 526-10413 | - | 54,550 | 54,550 |
| N.C. Unauthorized Substances Tax | | | - | 2,643 | 2,643 |
| N.C Opioid Settlement | | | - | 34,680 | 34,680 |
| N.C. Golden Leaf | | G-202303-07426 | - | 131,070 | 131,070 |
| N.C. Golden Leaf | | | - | 81,896 | 81,896 |
| Total N.C. Department of Public Safety | | | - | 453,972 | 453,972 |
| Total state awards expended | | | - | 13,010,327 | 13,010,327 |
| Total federal and state awards expended | | | \$ 13,298,071 | \$ 13,093,592 | \$ 26,391,663 |

CITY OF FAYETTEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

Note 4 – Reporting Entity

For the year ended June 30, 2024, Fayetteville Public Works Commission (PWC) has elected to have a separate single audit performed in accordance with the Uniform Guidance and The State Single Audit Implementation Act. Therefore, the expenditure of Federal and State awards by PWC have not been included in this schedule.

CITY OF FAYETTEVILLE, NORTH CAROLINA
SCHEDULE OF PASSENGER FACILITY CHARGES

YEAR ENDED JUNE 30, 2024

| | Cumulative Receipts June 30, 2023 | Receipts Year End June 30, 2024 | Cumulative Receipts June 30, 2024 | Amount of Collection Approval |
|--|---|---------------------------------------|---|-------------------------------------|
| PFC Revenue Received | \$ 11,534,726 | \$ 630,363 | \$ 12,165,089 | \$ - |
| Interest Earned | 403,805 | - | 403,805 | - |
| Total PFC Revenue Received | 11,938,531 | 630,363 | 12,568,894 | 26,055,160 |
| PFC Net Accrued Revenues | 131,397 | 179,080 | 310,477 | - |
| PFC Net Accrued Investment Income | 14,746 | 21,054 | 35,800 | - |
| Total PFC Revenues | \$ 12,084,673 | \$ 830,497 | \$ 12,915,171 | \$ 26,055,160 |

| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
|--|---|---|---|------------------------------|
| Application No. 00-01-C-04-FAY & 02-02-U-02-FAY | | | | |
| Use Approval | | | | |
| Closed Application | \$ 1,061,391 | \$ - | \$ 1,061,391 | \$ 1,061,391 |
| Total Use Approval | 1,061,391 | - | 1,061,391 | 1,061,391 |
| Total Application No. 00-01-C-04-FAY & 02-02-U-02-FAY | \$ 1,061,391 | \$ - | \$ 1,061,391 | \$ 1,061,391 |

| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
|---|---|---|---|------------------------------|
| Application No. 05-03-C-01-FAY | | | | |
| Use Approval | | | | |
| Closed Application | \$ 324,231 | \$ - | \$ 324,231 | \$ 324,232 |
| Total Use Approval | 324,231 | - | 324,231 | 324,232 |
| Total Application No. 05-03-C-01-FAY | \$ 324,231 | \$ - | \$ 324,231 | \$ 324,232 |

| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
|---|---|---|---|------------------------------|
| Application No. 09-04-C-00-FAY | | | | |
| Use Approval | | | | |
| Closed Application | \$ 1,701,088 | \$ - | \$ 1,701,088 | \$ 1,701,089 |
| Total Use Approval | 1,701,088 | - | 1,701,088 | 1,701,089 |
| Total Application No. 09-04-C-00-FAY | \$ 1,701,088 | \$ - | \$ 1,701,088 | \$ 1,701,089 |

CITY OF FAYETTEVILLE, NORTH CAROLINA
SCHEDULE OF PASSENGER FACILITY CHARGES

YEAR ENDED JUNE 30, 2024

| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
|---|--|--|--|---------------------------------------|
| Application No. 13-05-C-00-FAY | | | | |
| Use Approval | | | | |
| Closed Application | \$ 1,277,433 | \$ - | \$ 1,277,433 | \$ 1,277,433 |
| Total Use Approval | 1,277,433 | - | 1,277,433 | 1,277,433 |
| Total Application No. 15-06-C-00-FAY | \$ 1,277,433 | \$ - | \$ 1,277,433 | \$ 1,277,433 |
| | | | | |
| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
| Application No. 15-06-C-00-FAY | | | | |
| Use Approval | | | | |
| Airport Master Plan (AMP) Update, Part 1, Airline Term Area | \$ 33,750 | \$ - | \$ 33,750 | \$ 33,750 |
| Air Carrier Apron Rehabilitation Phase II | 228,378 | - | 228,378 | 277,929 |
| Taxiway J&K Rehabilitation | 333,809 | - | 333,809 | 359,627 |
| Airport Master Plan Update, Part 2, Incl 18B Mapping and NAVAIDs Planning | 59,882 | - | 59,882 | 60,000 |
| Total Use Approval | 655,819 | - | 655,819 | 731,306 |
| Total Application No. 15-06-C-00-FAY | \$ 655,819 | \$ - | \$ 655,819 | \$ 731,306 |
| | | | | |
| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
| Application No. 16-07-U-00-FAY | | | | |
| Use Approval | | | | |
| Design & Construct-Airline Terminal Improvements | \$ 1,544,893 | \$ - | \$ 1,544,893 | \$ 2,819,997 |
| Total Use Approval | 1,544,893 | - | 1,544,893 | 2,819,997 |
| Total Application No. 16-07-U-00-FAY | \$ 1,544,893 | \$ - | \$ 1,544,893 | \$ 2,819,997 |
| | | | | |
| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
| Application No. 19-08-C-00-FAY | | | | |
| Use Approval | | | | |
| Airline Terminal Improvements-Phase 1 (Design, Bidding and Contruction Administration) | \$ 2,970,209 | \$ 7,615 | \$ 2,977,824 | \$ 3,342,987 |
| Total Use Approval | 2,970,209 | 7,615 | 2,977,824 | 3,342,987 |
| Total Application No. 19-08-C-00-FAY | \$ 2,970,209 | \$ 7,615 | \$ 2,977,824 | \$ 3,342,987 |

CITY OF FAYETTEVILLE, NORTH CAROLINA
SCHEDULE OF PASSENGER FACILITY CHARGES

YEAR ENDED JUNE 30, 2024

| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
|---|--|--|--|---------------------------------------|
| Application No. 21-09-C-00-FAY | | | | |
| Use Approval | | | | |
| Purchase ARFF Vehicle | \$ - | \$ 999,999 | \$ 999,999 | \$ 999,999 |
| Total Use Approval | - | 999,999 | 999,999 | 999,999 |
| Total Application No. 21-09-C-00-FAY | \$ - | \$ 999,999 | \$ 999,999 | \$ 999,999 |
| | | | | |
| | Cumulative Expenditures June 30, 2023 | Expenditures Year End June 30, 2024 | Cumulative Expenditures June 30, 2024 | Amount of Use Approval |
| Application No. 24-10-C-00-FAY | | | | |
| Use Approval | | | | |
| ARFF Vehicle Foam Testing Unit | \$ - | \$ - | \$ - | \$ 6,500 |
| Gate 4 Passenger Boarding Bridge Replacements | | | | \$ 150,000 |
| Terminal Renovations Phase III | | | | \$ 187,045 |
| Total Use Approval | - | - | - | 343,545 |
| Total Application No. 24-10-C-00-FAY | \$ - | \$ - | \$ - | \$ 343,545 |
| | | | | |
| | Cumulative Totals June 30, 2023 | Year End June 30, 2024 | Cumulative June 30, 2024 | Amount of Use Approval |
| Total PFC Revenues | \$ 12,084,673 | \$ 830,497 | \$ 12,915,171 | \$ 12,601,979 |
| Total PFC Expenditures | (9,535,064) | (1,007,614) | (10,542,678) | (12,601,979) |
| Balance of PFC's at June 30, 2024 | \$ 2,549,609 | \$ (177,117) | \$ 2,372,493 | \$ - |

Notes to the Schedule of Passenger Facility Charges

Note 1—Basis of presentation

The accompanying schedule of passenger facility charges includes the passenger facility charges of the City of Fayetteville, North Carolina and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration.

City of Fayetteville, North Carolina

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