

2024 Popular Annual Financial Report



City of King, North Carolina
Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

About This Report	3
Profile of the City	4
General Fund - Revenues	8
General Fund - Expenditures	9
General Fund-Summary	10
Enterprise Fund - Revenues	11
Enterprise Fund - Expenses	12
Enterprise Fund - Summary	13
Summary of Capital Assets	14
General Fund Debt	15
Enterprise Fund Debt	17



ABOUT THIS REPORT



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of King
North Carolina**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrell

Executive Director/CEO

The financial information presented in the Popular Annual Financial Report (PAFR) is published in order to increase public awareness and provide a user-friendly presentation. The report includes information about our city, a review of revenues and expenditures, information concerning capital assets and debt.

Information is derived from the City's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024. The Annual Report is prepared in conformance with accounting principles generally accepted in the United States (GAAP) and is audited by Gibson & Company, LLC.

Please note that the financial data in this PAFR is presented on a non-GAAP basis which means it contains condensed financial information and does not provide all the financial statements and notes required in the Annual Comprehensive Financial Report. Both reports are available on the City of King website under the Finance Department.

The award certificate for Outstanding Achievement in Popular Annual Finance Reporting from the Government Finance Officers Association was received for Fiscal Year Ended June 30, 2023 (ninth year).

Other Finance Awards

The city received a Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year Ended June 30, 2023 (fourteenth year). The city also received the Distinguished Budget Presentation Award for Fiscal Year Beginning July 1, 2022 (tenth year).

Finally, the city received a newly created Triple Crown designation from the GFOA for 2019 and 2020 based on receiving the above three awards in one year. We hope to receive the same designation for 2021 and 2022.

PROFILE OF THE CITY

The City of King is one of those unique cities that is located in two counties, both Stokes and Forsyth. The majority of the 7,271 population resides in the southwest portion of Stokes County; however, we have a growing population in the northwest corner of Forsyth County. King is located off US Highway 52 (future Interstate 74) north of Winston-Salem. King has been able, even with the rapid growth that we have experienced, to maintain our small-town atmosphere. We are noted for our strong sense of community and civic pride. Originally a stage coach stop, King was founded as a train depot in 1888. The town grew rapidly in the 1970's and was incorporated in 1983.

The city is governed by its Mayor and City Council who are elected for four-year staggered terms in a nonpartisan election. The City Council meets the first Monday of the month at 6:00 pm in the City Hall Council Chambers.

The City Manager is the administrative head of the City and is responsible for directing and managing the daily activities of the City and implementing the policies of the City Council. The City's departments, with 95 full-time authorized positions, include: General Administrative, Engineering, Finance, Planning & Inspections, Police, Fire, Public Works, Public Utilities, Senior Center, Parks & Recreation, and Water Plant. Services include: water/sewer utilities, two parks, senior center, garbage collection, recycling and building inspections.

Demographic Data	
2019 Median Age	46
2020 Median Household Income	\$66,691
Below Poverty	13.0%
2024 (June) Unemployment Rate	3.3%
2019 Percent taking SAT	26.0%
2019 Owner Occupied Housing	15,185
2023 Median Home Value	\$249,231
2023 Renter Occupied Housing	3,090
2023 Median Monthly Rent	\$872

Stokes County Principal Employers
Stokes County Board of Education
Stokes County
Wal-Mart
Weiland Copper Products
Food Lion
Lifebrite Hospital Group
Oasis Ahr LLC
Autumn Corporation
Parkdale America
Defender Services Inc



PROFILE OF THE CITY (cont.)

Full-Time Employees			
General Government	2024	2023	2022
Administration	7	7	7
Finance	6	6	5
Public Works	5	5	4
Engineering	1	1	1
Planning & Inspections	3	2	2
Recreation	3	4	4
Public Safety			
Police (sworn)	26	26	24
Fire	25	23	22
Water/sewer (Business-type activity)			
	19	19	18
Total	95	93	87



City of King Population	
2020 census	2010 census
7,194	6,904
Increase of 4.20%	
Stokes County Population	
2020 census	2010 census
44,520	47,401
Decrease of 6.29%	



FY 2023-2024 OVERVIEW

Factors considered when preparing the budget for FY 23-24 included a COLA for employees, no increases for ad valorem taxes and water rates, and capital items including renovations to the new police department, purchase of police vehicles, streets resurfacing projects and construction of an additional sewer pump station. All of these were able to be accomplished/begun during the year.

In the Fiscal Year 2023-2024, three police vehicles were purchased. All were to replace aging units. The cost of the vehicles including related graphics and equipment was \$192,500. Portions of twelve streets were resurfaced with an infrastructure grant received from the state. An F-250 service truck, \$31,000, was purchased for Parks and some fencing and ballfield lights were upgraded at Recreation Acres Park at a combined cost of \$283,426. The inclusive playground, also at Recreation Acres, received a refresh on the surface, \$25,800, and renovations costing in excess of \$700,000 were almost completed at the building purchased in a prior year for the police department.

Construction began on an additional sewer pump station (Muddy Creek). One pickup truck was purchased for the water plant, \$43,031, and a 2024 sewer pump truck, \$163,600, was purchased for wastewater.

The city's overall financial picture is healthy at June 30, 2024. Both funds saw an increase in overall fund balance and the employee count increased. Major employers, with a mix of manufacturing, elder care and retail, remained virtually the same and the tax base remained stable. Unemployment remained low at 3.3% and an economic benefit is anticipated as the I-74 corridor construction is completed.

Looking forward, approximately 1,200 new homes are in various stages of planning/approval. While new homes lead to additional revenues for utilities, ad valorem taxes, and possibly sales taxes, the city will have an increased service burden to be eased by additional employees and equipment to be handled in the FY 24-25 budget and beyond. Renovations/more frequent maintenance for facilities and infrastructure will also be warranted.



GENERAL FUND - REVENUES

The General Fund is used to account for ordinary operations of the city and to account for all revenues and expenditures that are not required to be accounted for in a separate fund. The most significant revenue source is ad valorem (property) tax and the most significant expenditure is public safety.

Ad Valorem Taxes: tax levied on the assessed value of real personal property within the city.

Unrestricted Intergovernmental: funds that are received from another government agency and that may be used for any purpose in this fund. An example is local option sales tax.

Restricted Intergovernmental: funds that are received from another government agency and that have a restricted use. An example is Powell Bill funding that may only be used for streets.

Permits and Fees: charges for permits such as building inspections.

Sales and services: fees paid for services such as facility rentals.

Interest earnings: interest earned on the city's bank accounts.

Other Revenues: revenues that do not fall into the categories above.

Other Financing Sources: funds not considered as operating revenues, such as loans.

General Fund Revenues 2024

Ad valorem taxes	\$ 3,836,040	34.86%
Unrestricted intergovernmental	2,924,512	26.58%
Restricted intergovernmental	1,669,490	15.17%
Permits and fees	496,422	4.51%
Sales and services	67,613	0.61%
Investment earnings	200,851	1.83%
Other revenues	128,830	1.17%
Other financing sources	1,680,303	15.27%
Total revenues	\$11,004,061	

General Fund Revenues 2023

Ad valorem taxes	\$ 3,613,190	38.43%
Unrestricted intergovernmental	2,805,667	29.84%
Restricted intergovernmental	1,661,891	17.68%
Permits and fees	314,117	3.34%
Sales and services	76,700	0.82%
Investment earnings	124,747	1.33%
Other revenues	124,340	1.32%
Other financing sources	681,076	7.24%
Total revenues	\$9,401,728	

General Fund Revenues 2022

Ad valorem taxes	\$ 3,470,290	42.39%
Unrestricted intergovernmental	2,397,900	29.29%
Restricted intergovernmental	1,416,705	17.30%
Permits and fees	334,368	4.08%
Sales and services	70,463	0.86%
Investment earnings	5,842	0.07%
Other revenues	159,501	1.95%
Other financing sources	332,289	4.06%
Total revenues	\$8,187,358	

GENERAL FUND - EXPENDITURES

General Fund Expenditures 2024		
General government	\$ 872,682	8.43%
Public safety	6,063,543	58.55%
Transportation	431,200	4.16%
Environmental protection	765,631	7.39%
Culture and recreation	548,055	5.29%
Debt Principal	467,626	4.52%
Debt Interest	36,802	0.36%
Non-Departmental	1,170,895	11.31%
Total expenditures	\$ 10,356,434	

General Fund Expenditures 2023		
General government	\$ 720,303	8.46%
Public safety	5,075,942	59.63%
Transportation	314,748	3.70%
Environmental protection	684,784	8.04%
Culture and recreation	504,360	5.93%
Debt Principal	467,476	5.49%
Debt Interest	47,049	0.81%
Non-Departmental	697,685	8.20%
Total expenditures	\$ 8,512,347	

General Fund Expenditures 2022		
General government	\$ 655,640	18.69%
Public safety	4,774,195	63.29%
Transportation	172,822	2.29%
Environmental protection	649,283	8.61%
Culture and recreation	541,114	7.17%
Debt Principal	452,644	6.00%
Debt Interest	51,070	0.68%
Non-Departmental	246,731	3.27%
Total expenditures	\$ 7,543,499	

General government: Governing Body, Administration, Finance, Planning/Inspections, Public Buildings

Public Safety: Police and Fire

Transportation: Streets

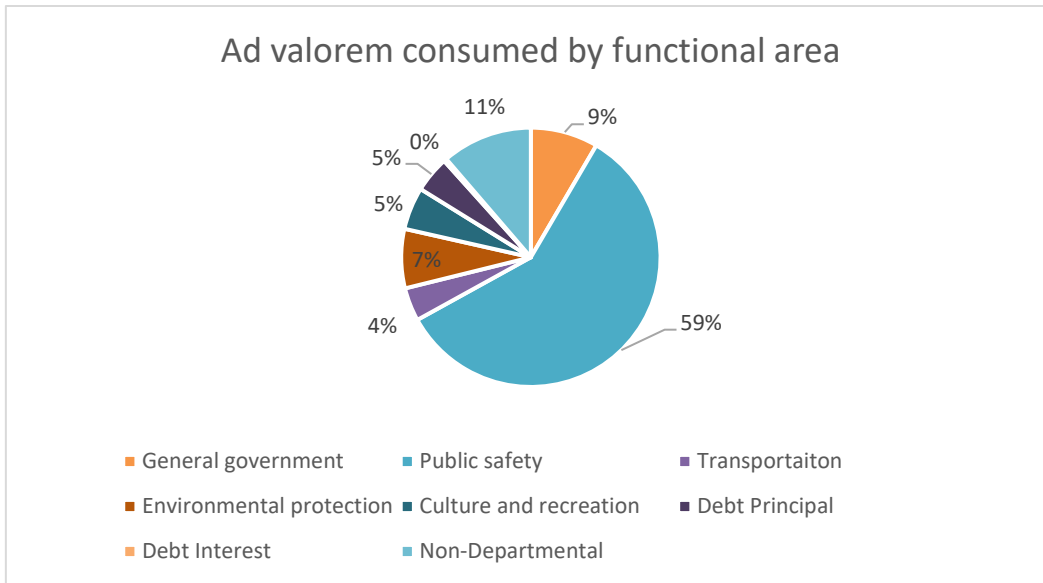
Environmental Protection: Public Works and Solid Waste

Culture and Recreation: Parks and Recreation, Senior Center, Community Development, Library

Debt principal and interest: loan payments

Non-Departmental: items not categorized in a department such as property/liability insurance premiums and overall data processing costs. This line also accounts for transfers from other funds such as ARPA.

GENERAL FUND - SUMMARY



The graph above illustrates the percentage of each penny of ad valorem taxes consumed by functional area.

The charts below illustrate the portion of fund balance restricted/committed for various purposes and the portion (unassigned) that is available for appropriation.

Fund Balance	2024	2023	2022
Total Fund Balance	\$ 5,402,376	\$ 4,754,748	\$3,865,365
Less:			
Prepays	0	488,475	1,165
Stabilization by state statute	729,548	281,455	679,370
Streets-Powell Bill	155,805	87,939	26,124
Appropriated FB in next year	569,835	150,000	0
Committed-Public Safety	512,878	433,571	360,072
Committed-Streets	54,206	135,019	65,531
Committed-Parks/Concessions	705	0	0
Fund Balance per Policy	2,160,950	2,120,456	1,887,502
Unassigned	1,218,449	1,057,833	845,601

ENTERPRISE FUND - REVENUES

Water sales: fees charged for water consumption; directly related expenses below are Water Treatment and Distribution

Enterprise Fund Revenues 2024		
Water sales	\$ 3,379,740	46.02%
Sewer charges	3,672,427	50.00%
Other	292,459	3.98%
Total revenues	\$ 7,344,626	

Sewer charges: fees charged for sewer treatment; directly related expenses below are Waste Collection and Treatment

Enterprise Fund Revenues 2023		
Water sales	\$ 2,916,172	40.80%
Sewer charges	3,613,865	50.56%
Other	626,766	8.64%
Total revenues	\$ 7,156,803	

Other: charges for miscellaneous services such as new connection fees, and interest income.

Enterprise Fund Revenues 2022		
Water sales	\$ 2,778,537	41.92%
Sewer charges	3,442,930	51.94%
Other	407,455	6.15%
Total revenues	\$ 6,628,922	



ENTERPRISE FUND - EXPENSES

Governing Body, Administration, Finance and Engineering: expenses including salaries, supplies, and other departmental expenses.

Water treatment and distribution: expenses for salaries, water plant operations and distribution endeavors.

Waste collection and treatment: expenses for salaries, supplies and other related to wastewater.

Non-Departmental: items not categorized in a department.

Depreciation: annual cost of capital assets; value decreases over time.

Enterprise Fund Expenses 2024		
Governing Body	\$ 58,439	0.86%
Administration	216,531	3.20%
Finance	422,151	6.25%
Water Treatment and distribution	2,608,115	38.59%
Waste collection and treatment	2,113,112	31.26%
Engineering	127,665	1.89%
Non-Departmental	126,620	1.87%
Depreciation and amortization	1,086,370	16.07%
Total expenses	\$ 6,759,004	

Enterprise Fund Expenses 2023		
Governing Body	\$ 47,378	0.71%
Administration	178,043	2.70%
Finance	379,281	5.68%
Water Treatment and distribution	2,328,889	34.90%
Waste collection and treatment	2,512,986	37.66%
Engineering	35,020	0.52%
Non-Departmental	147,625	2.21%
Depreciation and amortization	1,043,880	15.62%
Total expenses	\$ 6,673,461	

Enterprise Fund Expenses 2022		
Governing Body	\$ 51,366	0.85%
Administration	206,355	3.40%
Finance	338,650	5.78%
Water Treatment and distribution	1,969,869	32.48%
Waste collection and treatment	2,168,990	35.77%
Engineering	158,391	2.61%
Non-Departmental	119,120	21.96%
Depreciation and amortization	1,039,679	17.14%
Total expenses	\$ 6,064,050	

ENTERPRISE FUND - SUMMARY

Utility Customer Concentration

Account Class	2024	2023	2022
Church	54	54	55
Commercial	379	377	381
Government	6	6	6
Industrial	7	7	7
Other	-	-	-
Residential	8,229	8,091	7,959
Schools	12	12	12
Total	8,687	8,547	8,419

The table above illustrates customer concentration by account class.

The table below illustrates net position and the portion (unrestricted) that is available for appropriation.



Net Position	2024	2023	2022
Net investment in capital assets	\$ 18,046,582	\$ 17,945,276	\$ 17,506,188
Unrestricted	9,341,460	7,827,289	7,699,842
Total net position	\$27,388,042	\$ 25,772,565	\$ 25,206,030

SUMMARY OF CAPITAL ASSETS

Capital Assets are land, building, improvements, equipment and infrastructure owned by the city and purchased as needed. For the fiscal year ended June 30, 2024, the General Fund's assets, net of accumulated depreciation, were \$11,940,742 and the Enterprise Fund's assets, also net of accumulated depreciation, were \$29,099,597. The below tables illustrate assets at June 30, 2024, June 30, 2023 and June 30, 2022.

Governmental Activities	2024	2023	2022
Land and Construction in Progress	\$ 6,088,052	\$ 5,496,967	\$ 5,388,051
Buildings and improvements	1,781,486	1,854,838	1,839,671
Infrastructure	1,388,274	1,174,970	1,220,771
Equipment, furniture and fixtures	345,006	448,114	315,730
Right to use leased assets	62,725	56,800	-
Other, including vehicles	2,275,200	2,045,333	2,171,925
Total assets, net of depreciation	\$ 11,940,742	\$ 11,077,022	\$ 10,836,148

Business-type Activities	2024	2023	2022
Land and Construction in Progress	\$ 7,276,705	\$ 3,870,249	\$ 3,427,714
Buildings and improvements	141,098	149,619	158,139
Infrastructure	21,245,161	22,167,847	-
Equipment, furniture and fixtures	128,315	170,012	-
Right to use leased assets	10,131	15,215	-
Other, including vehicles	298,188	179,882	14,555,789
Total assets, net of depreciation	\$ 29,099,597	\$ 26,552,822	\$19,659,438



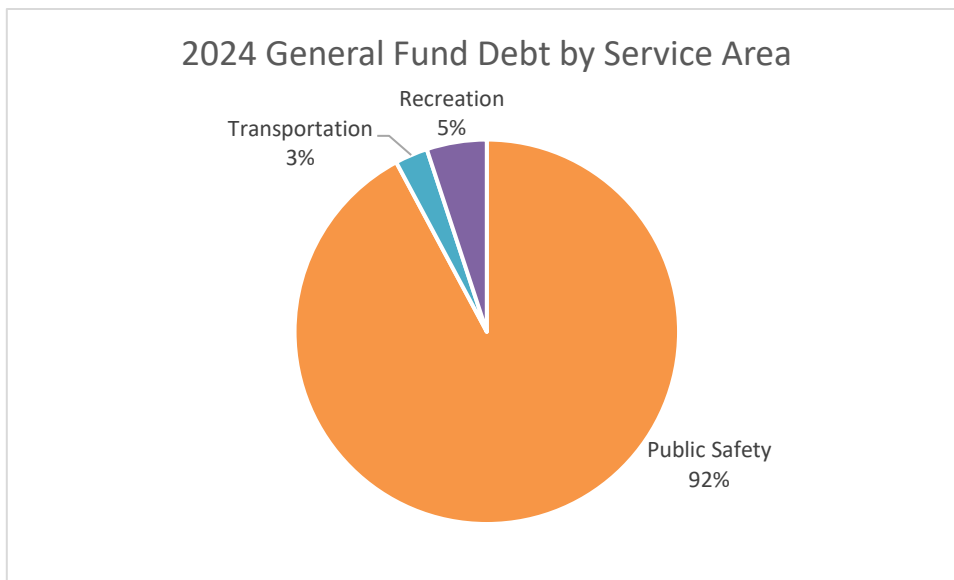
DEBT

The city utilizes long-term debt to finance capital purchases and projects. While simultaneously benefiting from its use, the city has traditionally maintained a conservative position regarding the use of debt which is regulated by the North Carolina General Statutes. The city has no bonds and, therefore, no bond rating.

GENERAL FUND DEBT

General Fund Debt As of June 30, 2024

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2024
PD Vehicles 20-21	8/24/2020	1.640%	\$ 240,000	\$ 48,774
Ladder Truck 20-21	12/7/2020	2.150%	450,000	271,083
2017 Sutphen S3	8/31/2017	2.290%	525,000	167,043
Police Dept 621 Ingram Drive 18-19	4/12/2019	3.500%	900,000	546,000
Streets Paving 19-20	5/20/2020	2.100%	233,074	40,050
PD Vehicles 21-22	9/24/2021	1.490%	179,000	90,142
PD Vehicles 22-23	10/14/2022	3.500%	130,000	61,300
PD Vehicles 23-24	10/13/2023	5.400%	192,500	156,056
Streets Paving/Fountain 20-21	10/13/2020	1.700%	216,885	73,496
Total			\$ 3,066,459	\$ 1,453,944



ENTERPRISE FUND DEBT

Enterprise Fund Debt As of June 30, 2024

Purpose of Issue	Date of Issue	Interest Rate	Amount Issued	Principal Outstanding June 30, 2024
Water Plant DENR Loan	11/5/2014	0.000%	\$ 12,964,312	\$ 7,130,049
Belt Filter Press	4/12/2019	3.180%	1,038,266	559,679
Kensington Pump Station	5/22/2020	2.190%	288,380	49,617
Muddy Creek	10/10/2023	5.400%	3,720,000	3,286,126
Goff Road Pump Station	3/8/2016	2.390%	254,000	27,545
Total			\$ 18,264,958	\$ 11,053,015

