

Financial Statements of
CITY OF LAURINBURG
Laurinburg, North Carolina
June 30, 2023

City of Laurinburg, North Carolina
Table of Contents
For the Year Ended
June 30, 2023

<u>Exhibit</u>		<u>Page No.</u>
	Financial Section:	
	Independent Auditors' Report	1-4
	Management's Discussion and Analysis	5-13
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	14
2	Statement of Activities	15
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	16
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	20
6	Statement of Fund Net Position - Proprietary Funds	21
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	22
8	Statement of Cash Flows - Proprietary Funds	23-24
	Notes to the Financial Statements	25-52

II. Financial Section (Continued):

Required Supplementary Financial Data

A-1	Schedule of Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System	53
A-2	Schedule of Contributions - Local Government Employees' Retirement System	54
A-3	Schedule of Changes in Total Pension Liability - Law Enforcement Officers Special Separation Allowance	55
A-4	Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll - Law Enforcement Officers Special Separation Allowance	56
A-5	Schedule of Changes in the Total OPEB Liabilities and Related Ratios	57

Individual Fund Statements and Schedules:

B-1	Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund	58-62
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - American Rescue Plan Act Fund	63
B-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - North Fire Station	64
C-1	Combining Balance Sheet for Nonmajor Governmental Funds	65
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance for Nonmajor Governmental Funds	66
C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Downtown Revitalization	67
C-4	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Brownsfield Capital Project Fund	68
C-5	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Capital Project Fund	69

Statements of Revenues and Expenditures - Budget and Actual (Non-GAAP)

D-1	Electric Fund	70-72
D-2	Water and Sewer Fund	73-75
D-3	Solid Waste Fund	76-77
D-4	Water Sewer Capital Project - Phase 1 & 2	78
D-5	Electric Substation	79

Other Schedules:

E-1	Schedule of Ad Valorem Taxes Receivable	80
E-2	Analysis of Current Tax Levy - City-Wide Levy	81

III. Compliance Section:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82-83
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance with OMB Uniform Guidance and the State Single Audit Implementation Act	84-86
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance; In Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	87-89
Schedule of Findings and Questioned Costs	90-95
Corrective Action Plan	96-97
Summary Schedule of Prior Year's Findings	98
Schedule of Expenditures of Federal and State Awards	99

FINANCIAL SECTION



Roche, Head & Associates, PLLC

• CERTIFIED PUBLIC ACCOUNTANTS •

Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laurinburg, North Carolina (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laurinburg, North Carolina as of June 30, 2023, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Laurinburg and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of 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 raises substantial doubt about the City of Laurinburg's ability to continue as a going concern for the twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 disclosure in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Laurinburg'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Laurinburg'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 Management's Discussion and Analysis on pages 5 through 13, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 53 through 54, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll on pages 55 and 56 be, and the Changes in Total OPEB Liability and Related Ratios page 57, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, and is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Laurinburg, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subject to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, and other schedules, as well as the accompanying schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024, on our consideration of the City of Laurinburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Laurinburg's internal control over financial reporting and compliance.

Roche, Head & Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC

Laurinburg, North Carolina

February 5, 2024

Management's Discussion and Analysis

As management of the City of Laurinburg, we offer readers of the City of Laurinburg's (the "City") financial statements this narrative overview and analysis of the financial activities of the City of Laurinburg for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

The assets and deferred outflows of resources of the City of Laurinburg exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$65,340,369 (net position).

The government's total net position increased by \$3,146,149 during the current year, primarily due to increases in the governmental-type activities and net income from business-type activities.

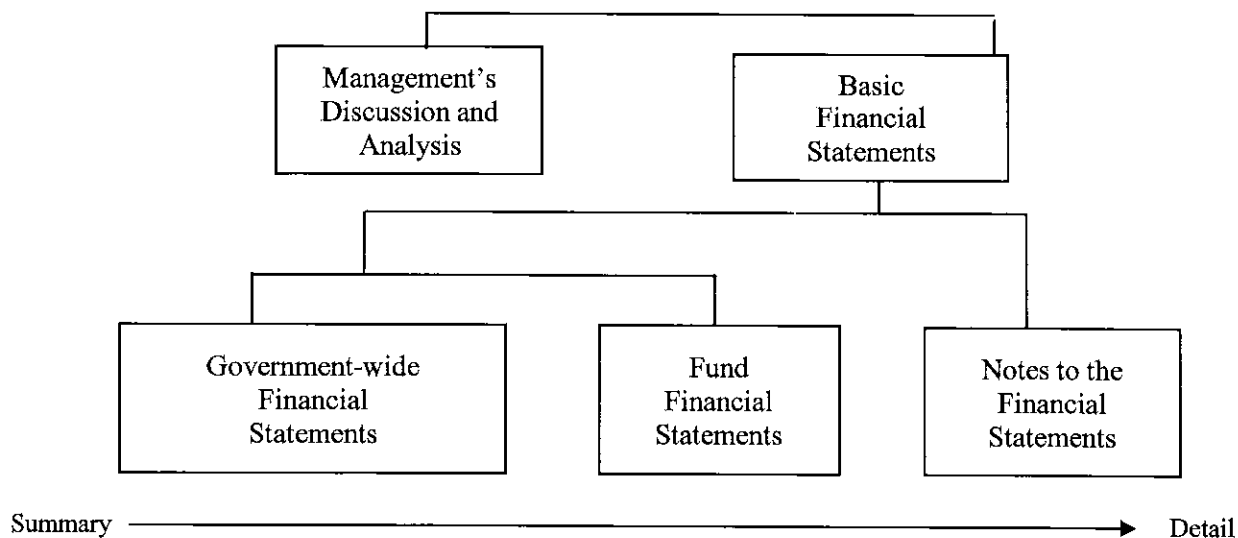
As of the close of the current fiscal year, the City of Laurinburg's governmental funds reported combined ending fund balances of \$7,430,213. Approximately 41.43% percent of this total amount, or \$3,078,317, is available for spending at the government's discretion, known as unassigned fund balance. Available fund balance totals \$3,859,939 which is 36.80% of total general fund expenditures for the fiscal year.

The City of Laurinburg maintained its Baa1 bond rating. The rating was published July 21, 2009.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Laurinburg, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Laurinburg can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

The City of Laurinburg adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the city, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Laurinburg uses enterprise funds to account for its water and sewer activity, its electric operations 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.

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 25-52 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 of Laurinburg's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

Interdependence with Other Entities

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

City of Laurinburg's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 10,641,956	\$ 9,069,936	\$ 9,765,277	\$ 10,816,874	\$ 20,407,233	\$ 19,886,810
Leases receivable non-current	175,600	345,816	-	-	175,600	345,816
Capital assets	15,002,996	12,297,717	54,258,139	51,022,887	69,261,135	63,320,604
Deferred outflows of resources	2,835,394	2,437,899	1,704,256	1,165,160	4,539,650	3,603,059
Total assets and deferred outflows of resources	28,655,946	24,151,368	65,727,672	63,004,921	94,383,618	87,156,289
Long-term liabilities	10,373,006	9,073,264	9,704,536	5,268,698	20,077,542	14,341,962
Other liabilities	3,373,324	3,901,246	4,458,969	3,881,745	7,832,293	7,782,991
Deferred inflows of resources	914,231	1,891,510	219,183	945,606	1,133,414	2,837,116
Total liabilities and deferred inflows of resources	14,660,561	14,866,020	14,382,688	10,096,049	29,043,249	24,962,069
Net position:						
Net investment, capital assets	10,444,814	7,816,954	46,687,745	48,681,795	57,132,559	56,498,749
Restricted	2,199,739	1,630,980	-	-	2,199,739	1,630,980
Unrestricted	1,350,832	(162,586)	4,657,239	4,227,077	6,008,071	4,064,491
Total net position	\$ 13,995,385	\$ 9,285,348	\$ 51,344,984	\$ 52,908,872	\$ 65,340,369	\$ 62,194,220

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Laurinburg exceeded liabilities and deferred inflows by \$65,340,369 as of June 30, 2023. The City's net position increased by \$3,146,149 for the fiscal year ended June 30, 2023. However, the largest portion (87.43%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Laurinburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Laurinburg's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Laurinburg's net position (12.56%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,008,071 (9.20%) is unrestricted.

Governmental activities

City of Laurinburg's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 445,016	\$ 315,246	\$ 23,219,890	\$ 23,891,451	\$ 23,664,906	\$ 24,206,697
Operating grants and contributions	3,306,044	956,717	258,412	-	3,564,456	956,717
Capital grants and contributions	920,000	-	607,842	280,841	1,527,842	280,841
General revenues:						
Property taxes	3,538,199	3,408,116	-	-	3,538,199	3,408,116
Other taxes and licenses	3,247,670	3,385,542	-	-	3,247,670	3,385,542
Other	1,057,038	497,786	408,601	57,035	1,465,639	554,821
Total revenues	12,513,967	8,563,407	24,494,745	24,229,327	37,008,712	32,792,734
Expenses						
General government	813,696	640,165	-	-	813,696	640,165
Public safety	5,210,290	1,358,363	-	-	5,210,290	1,358,363
Public works	559,551	4,751,967	-	-	559,551	4,751,967
Transportation	773,488	262,992	-	-	773,488	262,992
Animal control	72,085	940,150	-	-	72,085	940,150
Cemetery	184,397	78,796	-	-	184,397	78,796
Community development	1,334,008	135,416	-	-	1,334,008	135,416
Electric	-	-	14,281,929	13,960,287	14,281,929	13,960,287
Water and sewer	-	-	7,525,740	6,948,175	7,525,740	6,948,175
Solid waste	-	-	2,886,388	2,606,584	2,886,388	2,606,584
Interest on long-term debt	113,678	77,632	107,313	108,566	220,991	186,198
Total expenses	9,061,193	8,245,481	24,801,370	23,623,612	33,862,563	31,869,093
Increase (decrease) in net position before transfers	3,452,774	317,926	(306,625)	605,715	3,146,149	923,641
Transfers	1,257,263	446,572	(1,257,263)	(446,572)	-	-
Increase (decrease) in net position	4,710,037	764,498	(1,563,888)	159,143	3,146,149	923,641
Net Position						
Beginning of year - July 1	9,285,348	8,121,002	52,908,872	51,303,091	62,194,220	59,424,093
Prior Period Adjustments	-	399,848	-	1,446,638	-	1,846,486
Beginning of year, as restated	9,285,348	8,520,850	52,908,872	52,749,729	62,194,220	61,270,579
End of year - June 30	\$ 13,995,385	\$ 9,285,348	\$ 51,344,984	\$ 52,908,872	\$ 65,340,369	\$ 62,194,220

The City of Laurinburg's overall net position increased \$3,146,149 from the prior year. The reasons for this overall increase are as discussed in the following sections for governmental activities and business-type activities.

Governmental Activities

Governmental activities increased the City's governmental net position by \$4,710,037. The increase in net position was the result of controlled expenditures in the general fund as well as diligent tax collection efforts by the City. In addition, an increase in sales tax revenues as well as intergovernmental revenues increased the net position. Management believes increased investments in the City by new businesses will continue to increase the tax base and allow the City to invest in capital spending for the overall development of the City.

Business-Type Activities

Business-type activities decreased the City of Laurinburg's net position by \$1,563,888. The key element of this decrease is as follows:

Increased expenditures on infrastructure including a new electric substation as well as numerous projects related to water and sewer infrastructure. Some of the expenditures were funded by City money, grants and revolving loans. Management will also increase fees for utilities by the end of fiscal 2024 to help fund the infrastructure upgrades.

Financial Analysis of the City of Laurinburg's Funds

As noted earlier, the City of Laurinburg 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 of Laurinburg's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Laurinburg. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,090,496 while total fund balance reached \$5,789,026. The governing body of the City of Laurinburg strives to keep the available fund balance at a level of 23% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an available fund balance of 36.80% of general fund expenditures, while total fund balance represents 55.18% of the same amount.

At June 30, 2023, the governmental funds of the City of Laurinburg reported a combined fund balance of \$7,430,213 with a net increase in fund balance of \$2,358,625. Included in this change in fund balance are increases in fund balance in the General Fund of \$1,593,148, a decrease in fund balance of the North Fire Station Fund of \$(191,377), and a net increase in the non-major governmental funds of \$956,855.

General Fund Budgetary Highlights

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

There were several reasons the City revised its budget throughout the year. The City anticipated receiving some state grant funds and anticipated expenditures of these funds. Also, the City monitors the budget and makes periodic changes to the budget throughout the year as needed. The City found it necessary to revise the budget for reimbursement from Scotland County for the purchase of a rescue vehicle. The City also found it necessary to increase the budgeted expenditures for implementation of GASB No. 96 as well as general government expenditures.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$2,667,272 and those for the Water and Sewer Fund amounted to \$1,396,352 and those for the Solid Waste Fund amounted to \$593,615. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Laurinburg's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Laurinburg's investment in capital assets for its governmental and business-type activities as of June 30, 2023, is summarized below. These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

Capital Assets (net of depreciation/amortization) (Net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 340,185	\$ 340,185	\$ 561,661	\$ 561,661	\$ 901,846	\$ 901,846
Construction in progress	1,651,471	152,741	4,875,352	6,582,917	6,526,823	6,735,658
Buildings and systems	8,656,413	8,715,903	43,810,480	39,810,821	52,466,893	48,526,724
Improvements	1,809,873	1,944,320	-	-	1,809,873	1,944,320
Machinery & equipment	252,416	53,757	2,049,612	2,067,892	2,302,028	2,121,649
Infrastructure	317,204	317,204	-	-	317,204	317,204
Vehicle & Motorized equipment	1,666,994	773,607	2,961,036	1,999,596	4,628,030	2,773,203
Right to use assets:						
Leases	241,545	345,816	-	-	241,545	345,816
IT Subscriptions	66,895	-	-	-	66,895	-
Total	\$ 15,002,996	\$ 12,643,533	\$ 54,258,141	\$ 51,022,887	\$ 69,261,137	\$ 63,666,420

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

Governmental Activities

- * Three emergency vehicles were purchased at a cost of \$1,044,992 as well as nine other vehicles related to general operations at a cost of \$389,251.
- *Construction on the North Fire Station Capital Project at a cost of \$1,111,742.
- *Other general equipment including safety equipment and mowers were purchased at a cost of \$166,684.

Business-type Activities

- * Seven vehicles to service the water fund at a cost of \$577,592. Water Sewer Capital Projects incurred \$3,637,276 in construction and engineering costs mostly funded by revolving loans.
- *The Electric Fund purchased two tractor vehicles at a cost of \$356,150.
- *The Solid Waste Fund purchased two side loaders and two Freightliners at a cost of \$505,874.

Additional information on the City's capital assets can be found in Note 3. A-4 of the Basic Financial Statements.

**City of Laurinburg's Outstanding Debt
General Obligation and Revenue Bonds**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Financing agreement	\$ 4,246,220	\$ 4,480,666	\$ 4,322,076	\$ 4,581,426	\$ 8,568,296	\$ 9,062,092
Lease liability	245,171	345,913	-	-	245,171	345,913
Revolving loans	-	-	3,248,319	-	3,248,319	-
IT subscription liability	66,791	-	-	-	66,791	-
Total OPEB liability	1,440,964	1,699,808	1,043,457	1,086,763	2,484,421	2,786,571
Pension liability (LGERS)	3,057,383	926,513	2,213,967	592,360	5,271,350	1,518,873
Pension related debt (LEOSSA)	1,713,363	1,939,078	-	-	1,713,363	1,939,078
Compensated absences	369,061	423,455	259,796	268,893	628,857	692,348
Total	\$ 11,138,953	\$ 9,815,433	\$ 11,087,615	\$ 6,529,442	\$ 22,226,568	\$ 16,344,875

The City of Laurinburg's total debt increased by \$1,635,473 during the past fiscal year. Primarily due to increases in revolving loans and an increase in the Pension Liability (LGERS).

As mentioned in the financial highlights section of this document, the City of Laurinburg has a bond rating from Moody's Investor Service of Baa1. The date of the bond rating is July 21, 2009.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Laurinburg is \$68,064,054. Additional information pertaining to the City of Laurinburg's long-term debt can be found beginning on Page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Laurinburg continues to show a strong commitment to economic development by continuing to fund in FY 24 the County for the Scotland County Economic Development Corporation and the Laurinburg/Scotland County Area Chamber of Commerce.

Our community has experienced an unprecedented amount of retail growth over the last several years which has greatly increased our tax base. Laurinburg has seen 25+ new retail developments, totaling in over \$21 million in investments come to town during this period.

The City was awarded a Community Development Block Grant-Infrastructure in the amount of \$2,000,000 for the sewer improvements needed in an existing low-income area of the City. This project will be completed this year.

The City continues to support the downtown area through contributions and in kind services to help attract businesses to the downtown locations. The City understands the importance of a thriving downtown and was accepted into the NC Downtown Associate Community Program, which is a program of the NC Main Street Center. The City was named a NC Main Street City on July 1, 2018 and was nationally accredited the last four years.

The City recently finished construction of our 2nd delivery point (substation) for our Electric Department. This allows the City's systems to offer completely redundant electricity to our users. The entire project totaled close to \$4,000,000 and was funded from City Electric funds.

The City is currently working on twelve major capital projects in the Water & Sewer Department. Total costs for these projects exceeds \$31,000,000 and is funded from a combination of City funds, State Loan funds, and State funds.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities

Property tax rate remains at \$.40 per \$100.00 evaluation.

Overall, budgeted operating expenditures in the General Fund remained relatively flat in FY 24. To continue to be good stewards of funds, the City was able to keep expenditures flat for the General Fund and keep the property tax rate at its current position, while also providing funding for a litter pickup contract, continuing public safety concerns, street resurfacing, and continued maintenance of the capital improvement plan.

Business-Type Activities

The operations of the Enterprise funds continue to improve. For fiscal 23-24, water rates were increased to help pay for infrastructure improvements. Electric substation infrastructure improvements are ongoing.

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 Office of the Finance Director, City of Laurinburg, 303 West Church Street, P.O. Box 249, Laurinburg, NC 28353-0249.

Basic Financial Statements

City of Laurinburg, North Carolina
Statement of Net Position
June 30, 2023

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,457,335	\$ 2,286,774	\$ 7,744,109
Receivables (net)	487,745	1,956,536	2,444,281
Other receivables	90,892	-	90,892
Unbilled receivables	-	1,619,232	1,619,232
Leases receivable	66,050	-	66,050
Due from other governments	1,849,889	1,279,870	3,129,759
Inventories	42,490	1,229,406	1,271,896
Prepaid items	8,520	50,820	59,340
Restricted cash	2,639,035	1,342,639	3,981,674
Total current assets	10,641,956	9,765,277	20,407,233
Non-current assets:			
Leases receivable, non- current	175,600	-	175,600
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,991,656	5,437,012	7,428,668
Other capital assets, net of depreciation	12,702,900	48,821,127	61,524,027
Right to use assets, net of amortization	308,440	-	308,440
Total capital assets	15,002,996	54,258,139	69,261,135
Total noncurrent assets	15,178,596	54,258,139	69,436,735
Total assets	25,820,552	64,023,416	89,843,968
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGERS	1,995,625	1,445,107	3,440,732
Pension deferrals - LEOSSA	481,897	-	481,897
OPEB deferrals	357,872	259,149	617,021
Total deferred outflows of resources	2,835,394	1,704,256	4,539,650
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	278,567	2,077,425	2,355,992
Accrued interest payable	26,494	-	26,494
Unearned grant proceeds	2,302,316	-	2,302,316
Current portion of long-term liabilities	765,947	1,383,078	2,149,025
Customer deposits	-	998,466	998,466
Total current liabilities	3,373,324	4,458,969	7,832,293
Long-term liabilities:			
Due in more than one year	10,373,006	9,704,536	20,077,542
Total long-term liabilities	10,373,006	9,704,536	20,077,542
Total liabilities	13,746,330	14,163,505	27,909,835
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	2,179	-	2,179
Deferred revenues	76,375	-	76,375
Leases	226,553	-	226,553
Pension deferrals	418,504	81,147	499,651
OPEB deferrals	190,620	138,036	328,656
Total deferred inflows of resources	914,231	219,183	1,133,414
NET POSITION			
Net investment in capital assets	10,444,814	46,687,745	57,132,559
Restricted for:			
North Fire Station	405	-	405
Downtown revitalization	77,396	-	77,396
Streets - Powell Bill	258,958	-	258,958
Stabilization by state statute	1,862,980	-	1,862,980
Unrestricted	1,350,832	4,657,239	6,008,071
Total net position	\$ 13,995,385	\$ 51,344,984	\$ 65,340,369

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

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

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 813,696	\$ 107,770	\$ 757,605	\$ -	\$ 51,679	\$ -	\$ 51,679
Public safety	5,210,290	173,674	1,978,741	920,000	(2,137,875)	-	(2,137,875)
Public works	559,551	29,483	90,000	-	(440,068)	-	(440,068)
Transportation	773,488	-	479,698	-	(293,790)	-	(293,790)
Animal control	72,085	-	-	-	(72,085)	-	(72,085)
Cemetery	184,397	134,089	-	-	(50,308)	-	(50,308)
Laurinburg's covered-employee payroll	1,334,008	-	-	-	(1,334,008)	-	(1,334,008)
Interest on long-term debt	113,678	-	-	-	(113,678)	-	(113,678)
Total governmental activities	<u>9,061,193</u>	<u>445,016</u>	<u>3,306,044</u>	<u>920,000</u>	<u>(4,390,133)</u>	<u>-</u>	<u>(4,390,133)</u>
Business-type activities:							
Electric	14,310,417	14,397,627	255,172	-	-	342,382	342,382
Water and sewer	7,574,214	6,125,908	2,490	607,842	-	(837,974)	(837,974)
Solid waste	2,916,739	2,696,355	750	-	-	(219,634)	(219,634)
Total business-type activities	<u>24,801,370</u>	<u>23,219,890</u>	<u>258,412</u>	<u>607,842</u>	<u>-</u>	<u>(715,226)</u>	<u>(715,226)</u>
Total primary government	<u>\$ 33,862,563</u>	<u>\$ 23,664,906</u>	<u>\$ 3,564,456</u>	<u>\$ 1,527,842</u>	<u>\$ (4,390,133)</u>	<u>\$ (715,226)</u>	<u>\$ (5,105,359)</u>
General revenues							
Taxes:							
Property taxes, levied for general purposes					3,538,199	-	3,538,199
Other taxes					3,247,670	-	3,247,670
Unrestricted investment earnings					23,821	423,974	447,795
Payments in lieu of taxes					89,960	-	89,960
Contributions from County					728,242	-	728,242
Miscellaneous					190,450	-	190,450
Gain (loss) on disposal of assets					24,565	(15,373)	9,192
Total general revenues not including transfers					7,842,907	408,601	8,251,508
Transfers					1,257,263	(1,257,263)	-
Total general revenues and transfers					9,100,170	(848,662)	8,251,508
Change in net position					4,710,037	(1,563,888)	3,146,149
Net position beginning					9,285,348	52,908,872	62,194,220
Net position, ending					<u>\$ 13,995,385</u>	<u>\$ 51,344,984</u>	<u>\$ 65,340,369</u>

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

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

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	American Rescue Plan Act Fund	North Fire Station		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,786,921	\$ -	\$ 94,718	\$ 1,575,696	\$ 5,457,335
Restricted cash	283,699	1,952,575	325,365	77,396	2,639,035
Taxes receivable (net)	487,745	-	-	-	487,745
Accounts receivable	77,288	-	-	-	77,288
Leases receivable	241,650	-	-	-	241,650
Prepaid expenses	8,520	-	-	-	8,520
Due (to) from other funds	12,178	-	-	(12,178)	-
Due from other governments	1,849,889	-	-	-	1,849,889
Inventories	42,490	-	-	-	42,490
Total assets	<u>6,790,380</u>	<u>1,952,575</u>	<u>420,083</u>	<u>1,640,914</u>	<u>10,803,952</u>
LIABILITIES					
Accounts payable and accrued liabilities	183,761	-	94,678	131	278,570
Unearned grant proceeds	24,741	1,952,575	325,000	-	2,302,316
Total liabilities	<u>208,502</u>	<u>1,952,575</u>	<u>419,678</u>	<u>131</u>	<u>2,580,886</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	487,745	-	-	-	487,745
Deferred revenues	76,375	-	-	-	76,375
Prepaid taxes	2,179	-	-	-	2,179
Leases receivable	226,553	-	-	-	226,553
Total deferred inflows of resources	<u>792,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,852</u>
FUND BALANCES					
Non spendable:					
Inventories	42,490	-	-	-	42,490
Leases	15,097	-	-	-	15,097
Prepaid expenses	8,520	-	-	-	8,520
Perpetual maintenance	-	-	-	590,060	590,060
Restricted:					
Stabilization by state statute	1,862,980	-	-	-	1,862,980
North fire station	-	-	365	-	365
Streets - Powell Bill	258,958	-	-	-	258,958
Downtown revitalization	-	-	-	77,396	77,396
Assigned:					
Future bond debt	510,485	-	-	-	510,485
North fire station	-	-	40	-	40
Downtown revitalization	-	-	-	91,107	91,107
Water distribution	-	-	-	894,398	894,398
Unassigned	3,090,496	-	-	(12,179)	3,078,317
Total fund balances	<u>5,789,026</u>	<u>-</u>	<u>405</u>	<u>1,640,782</u>	<u>7,430,213</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,790,380</u>	<u>\$ 1,952,575</u>	<u>\$ 420,083</u>	<u>\$ 1,640,914</u>	<u>\$ 10,803,952</u>

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

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

Total Fund Balance, Governmental Funds \$ 7,430,213

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

Gross capital assets at historical cost	24,033,682	
Accumulated depreciation	<u>(9,339,126)</u>	14,694,556

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 at historical cost-leases	450,087	
Accumulated amortization	<u>(208,542)</u>	241,545

Right to use assets at historical cost-subscriptions	68,010	
Accumulated amortization	<u>(1,115)</u>	66,895

Deferred outflows of resources:

OPEB	357,871	
LGERS	1,995,625	
LEOSSA	<u>481,897</u>	2,835,393

Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred:

Accrued interest - taxes		13,604
--------------------------	--	--------

Some receivables are not available to pay for current period expenditures, and, therefore, are reported as unavailable revenue in the funds.

Ad valorem taxes		487,745
------------------	--	---------

Deferred inflows of resources:

OPEB	(190,619)	
LGERS	(112,059)	
LEOSSA	<u>(306,445)</u>	(609,123)

Long-term liabilities used in governmental activities are not financial uses, and, therefore, are not reported in the funds.

Gross long-term debt-financing agreements	(4,246,217)	
Lease liabilities	(245,171)	
Subscription liabilities	(66,791)	
Accrued interest payable	(26,494)	
Other retirement liabilities for LEOSSA	(1,713,363)	
Other post employment benefits	(1,440,964)	
Net pension liability - LGERS	(3,057,383)	
Compensated absences	<u>(369,061)</u>	(11,165,444)

Net position of governmental activities		<u>\$ 13,995,385</u>
---	--	----------------------

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

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Act Fund	North Fire Station		
REVENUES					
Ad valorem taxes	\$ 3,551,589	\$ -	\$ -	\$ 27,671	\$ 3,579,260
Other taxes and licenses	1,583,370	-	-	-	1,583,370
Unrestricted intergovernmental	2,280,073	-	-	-	2,280,073
Restricted intergovernmental	897,303	2,408,741	920,000	-	4,226,044
Permits and fees	131,727	-	-	-	131,727
Sales and services	258,938	-	-	24,869	283,807
Laurinburg's covered-employee payroll	6,535	-	365	16,921	23,821
Miscellaneous	244,495	-	-	-	244,495
Total revenues	8,954,030	2,408,741	920,365	69,461	12,352,597
EXPENDITURES					
Current:					
General government	800,909	-	-	-	800,909
Community development	1,298,528	-	-	27,004	1,325,532
Public safety	6,144,321	-	1,111,742	-	7,256,063
Transportation	789,472	-	-	-	789,472
Public works	422,299	-	-	-	422,299
Animal control	85,437	-	-	-	85,437
Cemetery	276,825	-	-	-	276,825
Debt service:					
Principal payments	555,805	-	-	-	555,805
Interest and other charges	116,260	-	-	-	116,260
Total expenditures	10,489,856	-	1,111,742	27,004	11,628,602
Excess of revenues over (under) expenditures	(1,535,826)	2,408,741	(191,377)	42,457	723,995
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	3,084,618	-	-	914,398	3,999,016
Transfers to other funds	(333,012)	(2,408,741)	-	-	(2,741,753)
Payment in lieu of taxes	89,960	-	-	-	89,960
IT subscriptions issued	68,010	-	-	-	68,010
Financing notes issued	219,397	-	-	-	219,397
Total other financing sources (uses)	3,128,973	(2,408,741)	-	914,398	1,634,630
Net change in fund balance	1,593,148	-	(191,377)	956,855	2,358,625
Fund balances-beginning	4,195,878	-	191,782	683,928	5,071,588
Fund balances-ending	\$ 5,789,026	\$ -	\$ 405	\$ 1,640,783	\$ 7,430,214

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

(continued)

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

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

Net changes in fund balances - total governmental funds		\$ 2,358,625
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	3,127,714	
Capital transfer of building from Scotland County	112,470	
Depreciation expense for governmental assets	(843,345)	
Difference in gain or loss on sale of assets	<u>-</u>	2,396,839
Right to use assets which were capitalized:		
- Subscription assets		68,010
Amortization expense - leased assets	(104,271)	
Amortization expense - subscription assets	<u>(1,115)</u>	(105,386)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		545,556
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		40,039
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		108,062
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues	(31,720)	
Change in interest earned on ad valorem taxes	<u>(3,504)</u>	(35,224)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Financing notes issued	(219,397)	
Subscription liabilities issued	(68,010)	
Principal payments on long-term debt	555,805	
(Increase) decrease in accrued interest payable	<u>2,582</u>	270,980
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	54,395	
Pension expense (LGERS)	(713,134)	
Pension expense (LEOSSA)	(214,975)	
OPEB plan expense	<u>(63,751)</u>	(937,465)
Total changes in net position of governmental activities		<u>\$ 4,710,037</u>

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

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	General Fund			Variance with Final Budget- Positive (Negative)
	Budget		Actual	
	Original	Final	Amounts	
REVENUES				
Ad valorem taxes	\$ 3,389,190	\$ 3,389,190	\$ 3,551,589	\$ 162,399
Other taxes and licenses	1,452,900	1,452,900	1,583,370	130,470
Unrestricted intergovernmental	1,630,000	2,084,581	2,280,073	195,492
Restricted intergovernmental	557,741	972,076	897,303	(74,773)
Permits and fees	125,600	125,600	131,727	6,127
Sales and services	258,500	258,500	258,938	438
Laurinburg's covered-employee payroll	5,000	5,000	6,535	1,535
Miscellaneous	670,273	315,692	244,495	(71,197)
Total revenues	8,089,204	8,603,539	8,954,030	350,491
EXPENDITURES				
Current:				
General government	427,347	899,569	800,909	98,660
Community development	1,225,560	1,446,560	1,298,528	148,032
Public safety	6,726,925	6,781,577	6,144,320	637,257
Transportation	1,083,768	1,123,103	789,472	333,631
Public works	693,869	693,869	422,299	271,570
Animal control	89,990	89,990	85,437	4,553
Cemetery	352,502	353,814	276,825	76,989
Debt service:				
Principal retirement	528,022	560,311	555,805	4,506
Interest and other charges	-	111,754	116,260	(4,506)
Total expenditures	11,127,983	12,060,547	10,489,855	1,570,692
Revenues over (under) expenditures	(3,038,779)	(3,457,008)	(1,535,825)	1,921,183
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,771,606	3,184,618	3,084,618	(100,000)
Transfers (to) other funds	(333,012)	(333,012)	(333,012)	-
Payments in lieu of taxes	79,058	79,058	89,960	10,902
IT subscriptions issued	-	-	68,010	68,010
Financing- note issued	-	-	219,397	219,397
Total other financing sources (uses)	2,517,652	2,930,664	3,128,973	198,309
Appropriated fund balance	521,128	526,345	-	(526,345)
Net change in fund balance	\$ -	\$ -	1,593,148	\$ 1,593,148
Fund balances, beginning			4,195,878	
Fund balances, ending			\$ 5,789,026	

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

City of Laurinburg, North Carolina
 Proprietary Funds
 Statement of Fund Net Position
 June 30, 2023

	Major Enterprise Funds			June 30, 2023
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,169,948	\$ 667,114	\$ 449,712	\$ 2,286,774
Accounts receivable (net)	1,141,232	553,039	262,265	1,956,536
Due from other governments	62,525	1,178,703	38,642	1,279,870
Unbilled receivables	912,600	514,525	192,107	1,619,232
Inventories	1,029,365	172,271	27,770	1,229,406
Prepaid items	50,820	-	-	50,820
Restricted cash	785,560	212,906	344,173	1,342,639
Total current assets	<u>5,152,050</u>	<u>3,298,558</u>	<u>1,314,669</u>	<u>9,765,277</u>
Land and construction in progress	87,367	5,327,145	22,500	5,437,012
Other capital assets, net of depreciation	10,660,227	36,184,270	1,976,630	48,821,127
Total capital assets	<u>10,747,594</u>	<u>41,511,415</u>	<u>1,999,130</u>	<u>54,258,139</u>
Total assets	<u>15,899,644</u>	<u>44,809,973</u>	<u>3,313,799</u>	<u>64,023,416</u>
Deferred Outflows of Resources				
Pension deferrals	481,702	481,702	481,703	1,445,107
OPEB	86,383	86,383	86,383	259,149
Total deferred outflows of resources	<u>568,085</u>	<u>568,085</u>	<u>568,086</u>	<u>1,704,256</u>
Liabilities and fund equities				
Current liabilities:				
Accounts payable and accrued liabilities	1,027,945	1,005,496	43,984	2,077,425
Compensated absences-current	46,954	51,162	47,458	145,574
Installment financing notes payable	159,941	873,725	203,838	1,237,504
Liabilities payable from restricted assets:				
Customer deposits	785,560	212,906	-	998,466
Total current liabilities	<u>2,020,400</u>	<u>2,143,289</u>	<u>295,280</u>	<u>4,458,969</u>
Non-current liabilities:				
Compensated absences payable	33,534	41,859	38,829	114,222
Net pension liability	737,989	737,988	737,989	2,213,966
Total OPEB liability	347,819	347,819	347,819	1,043,457
Installment financing notes payable	916,499	4,164,818	1,251,574	6,332,891
Total non-current liabilities	<u>2,035,841</u>	<u>5,292,484</u>	<u>2,376,211</u>	<u>9,704,536</u>
Total liabilities	<u>4,056,241</u>	<u>7,435,773</u>	<u>2,671,491</u>	<u>14,163,505</u>
Deferred Inflows of Resources				
Pension deferrals	27,049	27,049	27,049	81,147
OPEB deferrals	46,012	46,012	46,012	138,036
Total inflows of resources	<u>73,061</u>	<u>73,061</u>	<u>73,061</u>	<u>219,183</u>
Net position				
Net investment in capital assets	9,671,155	36,472,872	543,718	46,687,745
Unrestricted	<u>2,667,272</u>	<u>1,396,352</u>	<u>593,615</u>	<u>4,657,239</u>
Total net position	<u>\$ 12,338,427</u>	<u>\$ 37,869,224</u>	<u>\$ 1,137,333</u>	<u>\$ 51,344,984</u>

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

City of Laurinburg, North Carolina
 Proprietary Funds
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2023

	Major Enterprise Funds			June 30,
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	2023
Operating revenues:				
Charges for services	\$ 13,897,345	\$ 5,603,152	\$ 2,685,380	\$ 22,185,877
Water and sewer taps	-	224,411	-	224,411
Fiber optic rental	258,731	-	-	258,731
Other operating revenues	213,860	298,346	11,725	523,931
Total operating revenues	<u>14,369,936</u>	<u>6,125,909</u>	<u>2,697,105</u>	<u>23,192,950</u>
Operating expenses:				
Administration	564,837	1,621,863	-	2,186,700
Solid waste operations	-	-	2,599,950	2,599,950
Finance	495,893	-	-	495,893
Electric operations	2,165,929	-	-	2,165,929
Electric power purchases	10,380,339	-	-	10,380,339
Water and sewer treatment and distribution	-	2,219,712	-	2,219,712
Waste collection and treatment	-	1,940,578	-	1,940,578
Depreciation	584,971	1,743,587	286,438	2,614,996
Total operating expenses	<u>14,191,969</u>	<u>7,525,740</u>	<u>2,886,388</u>	<u>24,604,097</u>
Operating income (loss)	<u>177,967</u>	<u>(1,399,831)</u>	<u>(189,283)</u>	<u>(1,411,147)</u>
Nonoperating revenues (expenses):				
Hurricane recovery reimbursement	282,864	2,490	-	285,354
Investment earnings	423,927	-	47	423,974
Gain (loss) on sale of fixed assets	751	(16,124)	-	(15,373)
Interest and fees	(28,488)	(48,474)	(30,351)	(107,313)
Total nonoperating revenues (expenses)	<u>679,054</u>	<u>(62,108)</u>	<u>(30,304)</u>	<u>586,642</u>
Income (loss) before contributions and transfers	857,021	(1,461,940)	(219,587)	(824,505)
Capital contributions	-	607,842	-	607,842
Payment in lieu of taxes	(89,960)	-	-	(89,960)
Transfers to other funds	<u>(1,257,263)</u>	<u>-</u>	<u>-</u>	<u>(1,257,263)</u>
Change in net position	(490,203)	(854,098)	(219,587)	(1,563,888)
Total net position, beginning	<u>12,828,630</u>	<u>38,723,322</u>	<u>1,356,920</u>	<u>52,908,872</u>
Total net position, ending	<u>\$ 12,338,427</u>	<u>\$ 37,869,224</u>	<u>\$ 1,137,333</u>	<u>\$ 51,344,984</u>

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

City of Laurinburg, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Major Enterprise Funds			Total
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 14,384,732	\$ 5,871,691	\$ 2,683,983	\$ 22,940,406
Cash paid for goods and services	(12,329,012)	(3,550,841)	(1,216,532)	(17,096,385)
Cash paid to or on behalf of employees for services	(1,465,681)	(1,931,536)	(1,274,921)	(4,672,138)
Customer deposits received	99,782	29,138	-	128,920
Other operating revenues	151,335	422,564	143,177	717,076
Net cash provided by operating activities	841,156	841,016	335,707	2,017,879
Laurinburg's covered-employee payroll				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Non-operating hurricane reimbursement	282,864	2,490	-	285,354
Transfers (to) other funds	(1,257,263)	-	-	(1,257,263)
Net cash flows provided by (used in) noncapital financing activities	(974,399)	2,490	-	(971,909)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(605,682)	(4,734,791)	(505,877)	(5,846,350)
Proceeds from issuance of installment debt	-	2,232,174	850,000	3,082,174
Interest paid on bond and installment financing contracts	(28,488)	(48,474)	(30,351)	(107,313)
Principal paid on bond and installment financing contracts	(159,945)	(873,721)	(79,187)	(1,112,853)
Proceeds (loss) from sale of assets	750	1,480	-	2,230
Capital contributions-State grant	-	607,842	-	607,842
Net cash provided by (used in) capital and related financing activities	(793,365)	(2,815,490)	234,585	(3,374,270)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	423,927	-	47	423,974
Net cash provided by investing activities	423,927	-	47	423,974
Net increase (decrease) in cash and cash equivalents	(502,681)	(1,971,984)	570,339	(1,904,326)
Balances, beginning	2,458,189	2,852,004	223,546	5,533,739
Balances, ending	<u>\$ 1,955,508</u>	<u>\$ 880,020</u>	<u>\$ 793,885</u>	<u>\$ 3,629,413</u>

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

(continued)

City of Laurinburg, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Major Enterprise Funds			Total
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 177,967	\$(1,399,831)	\$ (189,283)	\$ (1,411,147)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	584,971	1,743,587	286,438	2,614,996
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) decrease in accounts receivable	139,968	44,128	(31,316)	152,780
(Increase) decrease in due to from other governments	(62,525)	39,910	135,043	112,428
(Increase) in inventory	(212,752)	(103)	(6,075)	(218,930)
Decrease in prepaid items	9,180	-	-	9,180
(Increase) in deferred outflows of resources-pensions	(252,933)	(69,918)	(230,057)	(552,908)
(Increase) decrease in deferred outflows of resources-OPEB	(16,393)	39,599	(9,394)	13,812
Increase in net pension liability	586,102	464,591	570,913	1,621,606
Increase (decrease) in OPEB liability	69,162	(153,764)	41,296	(43,306)
(Decrease) in deferred inflows of resources-pensions	(208,012)	(396,061)	(231,518)	(835,591)
Increase in deferred inflows of resources-OPEB	38,610	32,688	37,870	109,168
Increase (decrease) in accounts payable and accrued liabilities	(107,088)	470,144	(36,343)	326,713
Increase (decrease) in customer deposits	99,782	29,138	(743)	128,177
(Decrease) in accrued vacation pay	(4,883)	(3,091)	(1,124)	(9,098)
Total adjustment	663,189	2,240,848	524,990	3,429,027
Net cash provided by operating activities	\$ 841,156	\$ 841,016	\$ 335,707	\$ 2,017,879

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

City of Laurinburg, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Laurinburg conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Laurinburg is a municipal corporation that is governed by an elected mayor and a five-member council. The City had no component units at June 30, 2023.

B. Basis of Presentation

1. *Government-wide Statements*

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

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

2. *Fund Financial Statements*

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

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

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for general government, community development, public safety, public works, and transportation.

American Rescue Plan Act Fund - This special revenue fund is used to account for grant revenues received from the ARPA Act of

North Fire Station Fund. This capital project is used to account for building a new fire station.

The City reports the following non-major governmental funds:

Downtown Revitalization Special Revenue Fund - This fund is used to account for special revenue that is used for downtown revitalization.

Perpetual Permanent Fund - This fund is used to account for perpetual care of the municipal cemetery.

Capital Reserve Fund - This fund is used to accumulate funds for future infrastructure.

Brownsfield Capital Project Fund - Used to account for environmental related projects.

The City reports the following major enterprise funds and their sub-funds:

- Electric Fund - This fund is used to account for the City's electric fund operations.
 - Electric Substation Fund - Used to account for a substation capital project.
- Water and Sewer Fund - This fund is used to account for the City's water and sewer operations.
 - Water Sewer Phase Project-Phase 1 and 2- Used to account for a Water and Wastewater Capital Project.
- Solid Waste Fund - This fund is used to account for the City's solid waste operations.

Collections of Water Fees

The City collects water fees for local governments from their respective Scotland County local water districts and remits the cash to the local entities within three months or less. Because the funds are held less than three months the City utilizes GASB Statement 84, Paragraph 19 and records the transactions in the water fund instead of custodial fund.

C. Measurement Focus and Basis of Accounting

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

1. Government-wide, and Proprietary, and Fiduciary Fund Financial Statements

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

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

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

2. *Governmental Fund Financial Statements*

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina.

Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 Scotland County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Downtown Revitalization Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the American Rescue Plan Act Special Revenue Fund, the Capital Projects Funds, and the Enterprise Fund Capital Projects Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several immaterial 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.

The Cemetery Permanent Fund is not required to be budgeted.

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

1. *Deposits and Investments*

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 City's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which approximates fair value, and is the NCCMT's share price. Because the NCCMT Government 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.

2. *Cash and Cash Equivalents*

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

3. *Restricted Assets*

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Revitalization Funds are restricted because the funds are contributed by an outside party and restricted for downtown projects. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per [G.S. 136-41.1 through 136-41.4].

City of Laurinburg Restricted Cash

Governmental Activities

General Fund - Advance FEMA	\$ 24,741
General Fund - Powell Bill	258,958
American Rescue Plan Act Fund - unspent grant proceeds	1,952,575
Downtown revitalization	77,396
North Fire Station - restricted/investment earnings	365
North Fire Station - unspent grant proceeds	325,000
Total - Governmental Activities	<u>2,639,035</u>

Business-type Activities

Electric Fund - customer deposits	785,560
Water and Sewer Fund - customer deposits	212,906
Solid Waste Fund - unspent loan proceeds	344,173
Total - Business-Type Activities	<u>1,342,639</u>

Total Restricted Cash

\$ 3,981,674

4. *Ad Valorem Taxes Receivable*

In accordance with State laws [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. *Leases Receivable*

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreements. A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the leases in an amount equal to the initial recording of the leases receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the leases.

6. *Allowances for Doubtful Accounts*

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

7. *Inventory and Prepaid Items*

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

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

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

8. *Capital Assets*

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. The minimum cost for an asset to be capitalized is \$5,000 with the exception of Infrastructure. Infrastructure is capitalized at a minimum cost of \$50,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30 years
Buildings	50 years
Improvements	25 years
Vehicles	6 years
Furniture and equipment	10 years
Computer equipment	3 years
Computer software	5 years

9. *Right to Use Assets*

The City's capital assets also include certain right to use assets. These right to use assets arise in association with agreement where the City reports a lease (only applies when the City is the lessee) or agreements where the City reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

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 at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription assets. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

10. *Deferred Outflows/Inflows of Revenues*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criteria, which is pension deferrals and OPEB deferrals for the 2023 fiscal year. In addition to liabilities, the statement of financial 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 - prepaid taxes, property taxes receivable, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), leases, and pension and OPEB deferrals.

11. *Long-Term Obligations*

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

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

12. *Compensated Absences*

The vacation policies of the City provide for the accumulation of up to thirty days 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 and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

13. Reimbursements for Pandemic-related Expenditures

In Fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was allocated \$4,781,100 of fiscal recovery funds to be paid in two equal installments. The first installment of \$2,390,550 was received in July 2021. The second installment was received in mid-2022. City staff and the Board elected to use \$425,000 of the ARPA funds for premium pay in the prior fiscal year. The City has used the rest of the funds under the revenue replacement category in fiscal 2023. In addition, \$388,816 was used for pump station renovations.

14. Net Position/Fund Balance

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Prepaid expenses - portion of fund balance that is not an available resource because it represents the prepaid expenses, which are not spendable resources.

Perpetual maintenance - Cemetery resources that are required to be retained in perpetuity for maintenance of the City of Laurinburg Cemetery.

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

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

Restricted for Downtown Revitalization - portion of fund balance that is restricted for the purposes of revitalizing the downtown area of the City.

Committed Fund Balance – This portion of fund balance can only be used for specific purposes imposed by majority vote by a quorum of the City of Laurinburg’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. Any changes or removal of specific purpose requires majority action by the governing body.

Assigned fund balance – This portion of fund balance represents the amount the City of Laurinburg intends to use for specific purposes.

Future bond debt – portion of fund balance that is assigned to pay future debt service payments.

Downtown revitalization – portion of fund balance that is assigned for the purposes of revitalizing the downtown area of the City.

Unassigned fund balance – This portion of fund balance has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Laurinburg 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.

15. *Defined Benefit Cost-Sharing Plans*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension 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.

Note 2 - Stewardship, Compliance, and Accountability

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

1. *Noncompliance with North Carolina General Statutes*

The Brownsfield Capital Project has negative fund balance as of June 30, 2023 in the amount of (\$12,179). A corrective action plan has been outlined in the compliance section of this report. See significant deficiency 2023-002 in the Schedule of Findings and Questioned Costs.

Note 3 - Detailed Notes on All Funds

A. Assets

1. *Deposits*

All the deposits of the City 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 these units’ names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, 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. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-30 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the City's deposits had a carrying amount (including petty cash) of \$1,697,016 and a bank balance of \$1,786,217. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the City's petty cash fund totaled \$500.

2. *Investments*

At June 30, 2023, the City of Laurinburg had \$10,040,445 invested with the North Carolina Capital Management Trust's cash portfolio which carried a credit rating of AAAm by Standard and Poors. The City has no policy regarding credit risk.

Investment Type	Valuation Measurement Method	Book Value at 6/30/2023	Maturity	Rating
NCCMT - Gov Portfolio	Fair Value - Level 1	\$ 10,040,445	N/A	AAAm

3. *Receivables*

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2023, are net of the following allowances for doubtful accounts:

Fund	6/30/2023
General Fund:	
Taxes receivable	\$ 192,433
Enterprise Funds	112,200
Total	<u>\$ 304,633</u>

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2023 was as follows:

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 152,741	\$ 1,111,742	\$ -	\$ 1,264,483
Land	340,185	-	-	340,185
Other assets not being depreciated	-	386,988	-	386,988
Total capital assets not being depreciated	492,926	1,498,730	-	1,991,656
Capital assets being depreciated:				
Buildings	10,447,992	145,370	-	10,593,362
Other improvements	2,923,718	129,609	-	3,053,327
Equipment	2,128,884	419,220	194,106	2,353,998
Vehicles and motorized equipment	4,057,684	1,047,255	112,260	4,992,679
Infrastructure	1,048,660	-	-	1,048,660
Total capital assets being depreciated	20,606,938	1,741,454	306,366	22,042,026
Less accumulated depreciation				
Buildings	1,732,089	204,860	-	1,936,949
Other improvements	979,398	264,056	-	1,243,454
Equipment	2,075,127	220,561	194,106	2,101,582
Vehicles and motorized equipment	3,284,077	153,868	112,260	3,325,685
Infrastructure	731,456	-	-	731,456
Total accumulated depreciation	8,802,147	843,345	306,366	9,339,126
Total capital assets being depreciated, net	11,804,791			12,702,900
Capital assets being amortized:				
Right to use assets:				
Leased computer equipment	450,087	-	-	450,087
IT subscriptions	-	68,010	-	68,010
Total capital assets being amortized	450,087	68,010	-	518,097
Less accumulated amortization for:				
Right to use assets:				
Leased equipment	104,271	104,271	-	208,542
IT subscriptions	-	1,115	-	1,115
Total accumulated amortization	104,271	105,386	-	209,657
Total capital assets being amortized, net	\$ 345,816			\$ 308,440
Governmental activities capital assets, net	\$ 12,643,533			\$ 15,002,996

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

General government	\$ 89,936
Public safety	542,873
Transportation	134,905
Public works	152,892
Cemetery	28,124
Total depreciation expense	\$ 948,730

Business-type activities:**Electric Fund****Capital assets not being depreciated:**

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 87,367	\$ -	\$ -	\$ 87,367
Construction in progress	4,692,447	21,502	4,713,949	-
Total capital assets not being depreciated	4,779,814	21,502	4,713,949	87,367

Capital assets being depreciated:

Substations, lines, and related equipment	14,846,088	4,713,949	-	19,560,037
Furniture and maintenance equipment	960,550	247,533	-	1,208,083
Vehicles	1,254,323	358,150	-	1,612,473
Total capital assets being depreciated	17,060,961	5,319,632	-	22,380,593

Less accumulated depreciation for:

Substations, lines, and related equipment	9,718,058	256,632	-	9,974,690
Furniture and maintenance equipment	595,394	233,534	-	828,928
Vehicles	821,943	94,805	-	916,748

Total accumulated depreciation

	11,135,395	584,971	-	11,720,366
Total capital assets being depreciated, net	5,925,566	\$ 4,734,661	\$ -	10,660,227
Electric fund capital assets, net	\$ 10,705,380			\$ 10,747,595

	Beginning Balances	Increases	Decreases	Ending Balances
--	-----------------------	-----------	-----------	--------------------

Water and Sewer Fund**Capital assets not being depreciated:**

Land	\$ 474,294	\$ -	\$ -	\$ 474,294
Construction in progress	1,867,970	3,637,276	652,394	4,852,852
Total capital assets not being depreciated	2,342,264	3,637,276	652,394	5,327,146

Capital assets being depreciated:

Plant and distribution systems	61,294,286	1,094,439	54,726	62,333,999
Furniture and maintenance equipment	2,970,164	77,877	101,479	2,946,562
Vehicles	2,804,078	577,593	37,148	3,344,523
Total capital assets being depreciated	67,068,528	1,749,909	193,353	68,625,083

Less accumulated depreciation

Plant and distribution systems	26,933,100	1,457,131	-	28,390,231
Furniture and maintenance equipment	2,474,433	85,723	138,601	2,421,555
Vehicles	1,465,443	200,732	37,148	1,629,027

Total accumulated depreciation

	30,872,976	1,743,587	175,749	32,440,813
Total capital assets being depreciated, net	36,195,552	\$ 6,322	\$ 17,604	36,184,270
Water and sewer fund capital assets, net	\$ 38,537,816			\$ 41,511,415

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 22,500	\$ -	\$ -	\$ 22,500
Total capital assets not being depreciated	22,500	-	-	22,500
Capital assets being depreciated:				
Plant and distribution systems	513,455	-	-	513,455
Furniture and maintenance equipment	1,423,855	-	-	1,423,855
Vehicles	2,844,643	505,877	-	3,350,520
Total capital assets being depreciated	4,781,953	505,877	-	5,287,830
Less accumulated depreciation for:				
Plant and distribution systems	191,850	40,240	-	232,090
Furniture and maintenance equipment	216,850	61,555	-	278,405
Vehicles	2,616,062	184,643	-	2,800,705
Total accumulated depreciation	3,024,762	286,438	-	3,311,200
Total capital assets being depreciated, net	1,757,191	\$ 219,439	\$ -	1,976,630
Sanitation fund capital assets, net	\$ 1,779,691			\$ 1,999,130
Business type activities capital assets, net	\$ 51,022,887			\$ 54,258,141

5. *Construction Commitments*

The government has active construction projects as of June 30, 2023. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
North Fire Station	\$ 1,221,883	\$ 1,659,014
Water Sewer Project-Wastewater Phase 1 & 2	5,505,245	29,340,022
Substation Fund Project	4,713,947	-
Brownsfield	12,179	487,821
Total	\$ 11,453,254	\$ 31,486,857

B. Liabilities

1. Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City 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, 2023, was 13.04% of compensation for law enforcement officers and 12.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were \$945,396 for the year ended June 30, 2023.

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

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

At June 30, 2023, the City reported a liability of \$5,271,350 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the City's proportion was .09344%, which was a decrease of .0056% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$1,346,079. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 227,138	\$ 22,270
Change of assumptions	525,963	-
Net difference between projected and actual earnings on pension plan investments	1,742,236	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to measurement date	945,396	170,935
Total	<u>\$ 3,440,733</u>	<u>\$ 193,205</u>

\$945,396 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2024	\$ 689,521
2025	611,896
2026	170,681
2027	830,034
2028	-
Thereafter	-
Total	<u>\$ 2,302,132</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, which includes 3.25% inflation and productivity factor
Investment rate of return	6.50 percent, 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. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of	
		Return	
Fixed Income	33.0%	0.9%	
Global Equity	38.0%	6.5%	
Real Estate	8.0%	5.9%	
Alternatives	8.0%	8.2%	
Credit	7.0%	5.0%	
Inflation Protection	6.0%	2.7%	
Total	<u>100.0%</u>		

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 9,514,108	\$ 5,271,350	\$ 1,775,071

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

Law Enforcement Officers Special Separation Allowance

Plan Description. The City of Laurinburg 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 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	38
Total	43

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 and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.254% - 7.75%
Discount Rate	4.314% per annum, compounded annually

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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 \$86,609 as benefits came due for the reporting period.

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

At June 30, 2023, the City reported a total pension liability of \$1,713,363. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$214,975.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 155,817	\$ 18,796
Change of assumptions	286,041	287,649
Benefit payments and admin expenses subsequent to measurement date	40,039	-
Total	\$ 481,897	\$ 306,445

\$40,039 paid as benefits came due subsequent to the measurement date and have been reported as deferred outflows of resources. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2024	\$ 74,077
2025	65,588
2026	43,708
2027	(14,744)
2028	(33,216)
Thereafter	-
	<u>\$ 135,413</u>

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 4.31 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease 3.31%	Discount Rate 4.31%	1% Increase 5.31%
City's proportionate share of the net pension liability (asset)	\$ 1,850,881	\$ 1,713,363	\$ 1,587,808

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

Beginning balance:	\$ 1,939,078
Service cost	92,700
Interest on total pension liability	42,688
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	19,777
Changes of assumption of other inputs	(297,218)
Benefit payments	(83,662)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,713,363</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent at December 31, 2021 (measurement date) to 4.31 percent at December 31, 2022 (measurement date).

Changes in benefit terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

Total Expense, Liabilities, and Deferred Outflows and 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 expenses	\$ 2,101,854	\$ 214,975	\$ 2,316,829
Pension liability	5,271,350	1,713,363	6,984,713
Proportionate share of the net pension liability	0.09344%	N/A	-
Deferred Outflows of Resources			
Difference between expected and actual experience	227,138	155,817	382,955
Changes of assumptions	525,963	286,041	812,004
Net difference between projected and actual earnings on plan investments	1,742,236	-	1,742,236
Benefit payments and administrative costs paid subsequent to the measurement date	945,396	40,039	985,435
Deferred Inflows of Resources			
Differences between expected and actual experience	22,270	18,796	41,066
Changes of assumptions	-	287,649	287,649
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	170,935	-	170,935

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the 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 general employee and five percent of each officer's salary, and all amounts are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023 for general employees and law enforcement officers, respectively, were \$258,688 and \$104,865, which consisted of \$363,352 from the City and \$83,278 from the general employees and \$54,571 from the law enforcement officers. No amounts were forfeited.

Other Postemployment Benefits

Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Laurinburg, to the Firefighters' and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 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 Firefighters' and Rescue Workers' Pension Fund 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 the Fund. 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, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 and 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statutes 58-86 and may be amended only by the North Carolina General Assembly.

Refunds or Contributions - Plan members who are no longer eligible or choose not to participate in the plan may file an application for refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individuals right to employer contributions or any other benefit provided by FRSWPF.

Healthcare Benefits

Plan Description. Under a City resolution adopted May 18, 1999, the City of Laurinburg provides health care benefits through FirstCarolina Care (FCC Plan) as a fully funded plan to cover retirees of the City who retire with full services under the provisions of the North Carolina Local Government Employees' Retirement System (NCLGERS), have 15 years of continuous service with the City immediately prior to retiring and have reached the age 55. The FCC Plan is available to qualified retirees at 100% until the retiree is employed by another employer offering health insurance benefits, upon reaching the age of 65 or becoming Medicare eligible, whichever is sooner.

A separate report was not issued for the plan. No assets were accumulated in a trust.

Membership of the FCC Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents of receiving benefits	11	5
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	101	40
Total	112	45

Funding Policy. The City Council established the contribution requirements of the plan member and may be amended by the Board. The City's members pay a minimum \$462 per month for dependent coverage. Per a City resolution, the City has chosen to fund the healthcare benefits on a pay as you go basis.

Total OPEB Liability

The City's total OPEB liability of \$2,484,420 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 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 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	Medical - 7.00%
	Prescription - 7.00%
	Admin Expenses - 4.50%

The discount rate is based on the yield of the General Obligation 20 Year Municipal Bond Index as of the measurement date.

Changes in the total OPEB Liability

Total OPEB liability

Balance at July 1, 2022	\$ 2,786,571
Changes for the year:	
Service cost	100,694
Interest	60,741
Changes in benefit terms	-
Difference between expected and actual experience	(9,573)
Changes in assumptions or other inputs	(302,861)
Benefit payments	(151,152)
Net Changes	(302,151)
Balance at June 30, 2023	<u>\$ 2,484,420</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019, adopted by the LGERS Board.

Sensitivity of the total OPEB liability to changes in the discount rate. The following present 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 (2.54%) or 1-percentage point higher (4.54%) than the current discount rate:

Discount Rate Sensitivity:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 2,700,050	\$ 2,484,420	\$ 2,288,139

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 healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

Healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 2,229,665	\$ 2,484,420	\$ 2,779,664

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$143,375. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,502	\$ 8,572
Change of assumptions	453,456	320,083
Benefit payments and administrative costs made subsequent to the measurement date	108,062	-
Total	<u>\$ 617,020</u>	<u>\$ 328,655</u>

\$108,062 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2024	\$ 29,096
2025	29,096
2026	32,688
2027	42,528
2028	46,661
Thereafter	234
Total	<u>\$ 180,303</u>

Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan.

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.

Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year - LGERS	\$ 945,396
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	40,039
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	108,062
Differences between expected and actual experience	438,457
Change of assumptions	1,265,460
Net difference between projected and actual	1,742,236
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total deferred outflows	\$ 4,539,650

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

Source	Statement Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 2,179	\$ 2,179
Deferred revenues	76,375	76,375
Taxes receivable, less penalties (General Fund)	-	487,745
Leases receivable	226,553	226,553
Changes in assumptions	607,732	-
Differences between expected and actual experience	49,638	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	170,937	-
Total deferred inflows	\$ 1,133,414	\$ 792,852

2. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$5 million and \$5 million per occurrence, respectively, and property coverage up to the total insured values of the property policy. City of Laurinburg is self-funded for worker's compensation and the North Carolina League of Municipalities handles the processing of claims as TPA. Worker's compensation is covered up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the City each year. Stop loss insurance is purchased by the City to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the City can be obtained by contacting the Midwest Employers Casualty Company. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$150,000 and \$100,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond of \$250,000.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Claims, Judgments and Contingent Liabilities

At the date of this report, there are no lawsuits.

3. Long-Term Obligations

Leases

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

On November 15, 2019, the City entered into a 41 month lease as Lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$5,440 for the General Fund. As of June 30, 2023, the value of the lease liability for the General Fund is \$2,788. The City is required to make quarterly fixed payments of \$471. The lease has an interest rate of 1.6%. The value of the right to use leased asset of the General Fund as of June 30, 2023 of \$5,440 with accumulated amortization of \$3,390 is included with Equipment on the Right to Use Asset Schedule.

On December 18, 2019, the City entered into a 45 month lease as Lessee for the use of a copy machine and printer. An initial lease liability was recorded in the amount of \$21,862 for the General Fund. As of June 30, 2023, the value of the lease liability for the General Fund is \$10,346. The City is required to make monthly fixed payments of \$500. The lease has an interest rate of 1.6%. The value of the right to use leased asset of the General Fund as of June 30, 2023 of \$21,862 with accumulated amortization of \$11,652 is included with Equipment on the Right to Use Asset Schedule.

On June 30, 2022, the City entered into a 21 month lease as Lessee for the use of a printer. An initial lease liability was recorded in the amount of \$1,953 for the General Fund. As of June 30, 2023, the value of the lease liability for the General Fund is \$871. The City is required to make monthly fixed payments of \$97. The lease has an interest rate of 1.6%. The value of the right to use leased asset of the General Fund as of June 30, 2023 of \$1,953 with accumulated amortization of \$249 is included with Equipment on the Right to Use Asset Schedule.

On April 2, 2019, the City entered into a 33 month lease as Lessee for the use of printers and copy machines. An initial lease liability was recorded in the amount of \$68,186 for the General Fund. As of June 30, 2023, the value of the lease liability for the General Fund is \$19,614. The City is required to make monthly fixed payments of \$2,778. The lease has an interest rate of 1.6%. The value of the right to use leased asset of the General Fund as of June 30, 2023 of \$68,186 with accumulated amortization of \$49,590 is included with Equipment on the Right to Use Asset Schedule.

On April 8, 2020, the City entered into a 62 month lease as Lessee for the use of Tsunami equipment. An initial lease liability was recorded in the amount of \$352,646 to the General Fund. As of June 30, 2023, the value of the lease liability for the General Fund is \$211,552. The City is required to make annual fixed payments of \$72,800. The lease has an interest rate of 1.6%. The value of the right to use leased asset of the General Fund as of June 30, 2023 of \$352,646 with accumulated amortization of \$141,058 is included with Equipment on the Right to Use Asset Schedule.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Governmental Activities	
	Principal Payments	Interest Payments
2024	\$ 97,674	\$ 3,531
2025	75,788	2,325
2026	71,709	1,152
2027	-	-
2028	-	-
Total Lease Obligations	<u>\$ 245,171</u>	<u>\$ 7,008</u>

Subscriptions

For the year ended June 30, 2023, the City implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements. There were no subscriptions with balances in the prior fiscal year.

During the current year, the City entered into a new subscription license agreement related to bulk software. The term of the agreement is 60 months. The subscription does not have a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 3% was used to discount the subscription payments. The initial liability for the subscription was \$68,010. The liability balance remaining at June 30, 2023 was \$66,791. Payments are \$1,219.00 per month. The asset and liability are serviced by the general fund.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	12,799	1,829	14,628
2025	13,189	1,439	14,628
2026	13,590	1,038	14,628
2027	14,003	624	14,627
2028	13,210	132	13,342
	<u>66,791</u>	<u>5,062</u>	<u>71,853</u>

Equipment Financing Purchase

In October of 2013, the City entered into a \$7,718,880 installment contract with PNC Bank to finance construction of a water tower infrastructure. The financing contract requires principal payments beginning in the fiscal year 2014-2015 with an interest rate of 2.24%. The loan requires interest only payments as well as principal and interest payments. The remaining principal balance owed at June 30, 2023 is \$771,892. The loan is serviced by the Water Sewer Fund.

In October of 2013, the City entered into a \$581,120 installment contract with PNC Bank to finance construction of an electric infrastructure. The financing contract requires principal payments beginning in the fiscal year 2014-2015 with an interest rate of 2.24%. The loan requires interest only payments as well as principal and interest payments. The remaining principal balance owed at June 30, 2023 is \$58,108. The loan is serviced by the Electric Fund.

In November of 2015, the City entered into a \$258,980 installment contract with First Bank to finance the purchase of a side loader. The financing contract requires principal payments beginning in the fiscal year 2016-2017 with an interest rate of 1.80%. The loan is secured by the side loader as collateral. The remaining principal balance owed at June 30, 2023 is \$82,941. The loan is serviced by the Solid Waste Fund.

In fiscal 2018, the City entered into a \$9,165,000 installment-direct placement agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$6,110,000 of the total debt is serviced by the General Fund and the principal balance owed at June 30, 2023 is \$4,073,336. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal 2018, the City entered into a \$9,165,000 installment-direct placement agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$1,527,500 of the total debt is serviced by the Electric Fund and the principal balance owed at June 30, 2023 is \$1,018,332. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal 2018, the City entered into a \$9,165,000 installment-direct placement agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$1,527,500 of the total debt is serviced by the Water Sewer Fund and the principal balance owed at June 30, 2023 is \$1,018,332. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal year 2022, the City entered into a \$575,000 installment agreement to purchase recycling bins and a yard waste incinerator at a fixed rate of 1.610 percent. No payments were made in the fiscal year 2022 with interest and principal payments to begin in fiscal year 2023. \$575,000 of the total debt is serviced by the Solid Waste Fund and the principal balance owed at June 30, 2023 is \$522,471. This note is secured by the underlying asset.

In fiscal year 2023, the City entered into a \$850,000 installment agreement with Truist to purchase sanitation vehicles at a fixed rate of 3.22 percent. No payments were made in the fiscal year 2023 with interest and principal payments to begin in fiscal year 2024. \$850,000 of the total debt is serviced by the Solid Waste Fund and the principal balance owed at June 30, 2023 is \$850,000. This note is secured by the underlying assets.

In fiscal year 2023, the City entered into a \$103,247 installment agreement for the purchase of body cameras. The term of the agreement is five years. The agreement does not have a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 3% was used to discount the note payable balance and payments. The liability balance remaining at June 30, 2023 was \$81,360. The liability is serviced by the general fund.

In fiscal year 2023, the City entered into a \$116,149 installment agreement for the purchase of tasers. The term of the agreement is five years. The agreement does not have a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 3% was used to discount the note payable balance and payments. The liability balance remaining at June 30, 2023 was \$91,526. The asset and liability are serviced by the general fund.

Annual debt service payments of the installment purchases as of June 30, 2023, including interest, are as follows:

	Installment Agreements		Installment Agreements	
	Governmental Activities		Business-Type Activities	
2024	\$ 452,490	\$ 105,798	\$ 1,237,504	\$ 104,234
2025	451,174	93,968	408,893	77,043
2026	449,897	82,100	410,306	67,135
2027	448,658	70,194	383,075	57,229
2028	407,333	58,249	384,010	47,586
2029-2033	2,036,667	132,383	1,498,291	94,982
2034-2038	-	-	-	-
Total Annual Debt	\$ 4,246,219	\$ 542,692	\$ 4,322,079	\$ 448,209

At June 30, 2023, the City of Laurinburg had a legal debt margin of \$68,064,054.

Revolving Loans

\$10,315,000 NC Dept. of Environmental Quality Division of Water Infrastructure -Revolving Loan

In October of 2022, the City entered into a revolving loan agreement to finance the Leith Creek WWTP Influent Pump Station. The total approved loan is \$10,315,000, the interest rate is 1.02%. The City expends its own funds and then draws down the loan funds equal to the project expenditures. The loan payable increases each year by the amount of the draws up to the approved loan amount. The amount of the draws in fiscal 2023 was \$2,862,222. The loan is for 20 years and payments start when the project is completed. The balance owed at June 30, 2023 is \$2,862,222 and is serviced by the water fund. The loan amount is subject to change upon completion of the project.

\$7,150,000 NC Dept. of Environmental Quality Division of Water Infrastructure -Revolving Loan

In October of 2022, the City entered into a revolving loan agreement to finance the Water Distribution System Phase 2 Project. The total loan is \$7,150,000, the interest rate is 1.13%. The City expends its own funds and then draws down the loan funds equal to the project expenditures. The loan payable increases each year by the amount of the draws up to the approved loan amount. The amount of draws in fiscal 2023 was \$386,097. The loan is for 20 years and payments start when the project is completed. The balance owed at June 30, 2023 is \$386,097 and is serviced by the water fund. The loan amount is subject to change upon completion of the project.

\$8,951,000 NC Dept. of Environmental Quality Division of Water Infrastructure -Revolving Loan

In November of 2022, the City entered into a revolving loan agreement to finance the Sanitation Sewer Rehab Phase 2 Project. The total loan is \$8,951,000, the interest rate is 1.13%. The City expends its own funds and then draws down the loan funds equal to the project expenditures. The loan payable increases each year by the amount of the draws up to the approved loan amount. The amount of draws in fiscal 2023 was \$-0-. The loan is for 20 years and payments will start when the project is completed. The balance owed at June 30, 2023 is \$-0- and is serviced by the water fund. The loan amount is subject to change upon completion of the project.

Year Ending June 30	Business-Type Accounts	
	Revolving Loans	
	Principal	Interest
2024	-	-
2025	162,416	-
2026	162,416	-
2027	162,416	-
2028	162,416	-
Thereafter	2,598,655	-
Total	\$ 3,248,319	\$ -

Changes in long term liabilities at June 30, 2023, consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities					
Installment agreement	\$ 4,480,666	\$ 219,397	\$ 453,843	\$ 4,246,220	\$ 452,490
Lease liability	345,913	-	100,742	245,171	97,674
IT subscription liabilities	-	68,010	1,219	66,791	12,799
Net pension liability-LGERS	926,513	2,130,870	-	3,057,383	-
Net pension obligation (LEOSSA)	1,939,078	-	225,715	1,713,363	-
Total OPEB liability	1,699,808	-	258,844	1,440,964	-
Compensated absences	423,455	215,757	270,151	369,061	202,984
Governmental activities long-term liabilities	\$ 9,815,433	\$ 2,634,034	\$ 1,310,514	\$ 11,138,953	\$ 765,947
Business-type activities					
Electric Fund					
Installment agreement	\$ 1,236,389	\$ -	\$ 159,949	\$ 1,076,440	\$ 159,941
Net pension liability-LGERS	151,887	586,102	-	737,989	-
Total OPEB liability	278,657	69,162	-	347,819	-
Compensated absences	85,371	61,295	66,178	80,488	46,954
	\$ 1,752,304	\$ 716,559	\$ 226,127	\$ 2,242,736	\$ 206,895
Water and Sewer Fund					
Installment agreement	\$ 2,663,947	\$ -	\$ 873,723	\$ 1,790,224	\$ 873,725
Revolving loans	-	3,248,319	-	3,248,319	-
Net pension liability-LGERS	273,397	464,591	-	737,988	-
Total OPEB liability	501,583	-	153,764	347,819	-
Compensated absences	96,112	58,580	61,671	93,021	51,162
	\$ 3,535,039	\$ 3,771,490	\$ 1,089,158	\$ 6,217,371	\$ 924,887
Solid Waste Fund					
Installment agreement	\$ 681,090	\$ 850,000	\$ 75,678	\$ 1,455,412	\$ 203,838
Net pension liability-LGERS	167,076	570,912	-	737,988	-
Total OPEB liability	306,523	41,296	-	347,819	-
Compensated absences	87,410	52,384	53,507	86,287	47,458
	\$ 1,242,099	\$ 1,514,592	\$ 129,185	\$ 2,627,506	\$ 251,296
Business type activities long-term liabilities	\$ 6,529,442	\$ 6,002,641	\$ 1,444,470	\$ 11,087,613	\$ 1,383,078

Compensated absences typically have been liquidated in the General Fund.

D. On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$22,780 or the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2023. Under State law the local board of trustees for the Fund received an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

The calculation for Net Investment in Capital Assets is shown as follows:

	Governmental Activities	Business Type Activities	Total
Assets			
Net tangible capital assets	\$ 14,694,556	\$ 54,258,141	\$ 68,952,697
Right-to-use Leased Assets, Net of Amortization	308,440	-	308,440
Less: Long-term debt	4,558,182	7,570,396	12,128,578
Net investment in capital assets	<u>\$ 10,444,814</u>	<u>\$ 46,687,745</u>	<u>\$ 57,132,559</u>

F. 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	5,789,026
Less:	
Non-spendable - Prepaid expenses	8,520
Non-spendable - Leases	15,097
Non-spendable - Inventories	42,490
Stabilization by State Statute - Restricted	1,850,802
Streets - Powell Bill - Restricted	258,958
Future bond debt - City hall - Assigned	510,485
Remaining fund balance (unassigned)	<u>3,102,674</u>

Interfund Balances and Activity

Transfer to/from other funds at June 30, 2023, consists of the following:

From the Electric Fund to the General Fund for payment in lieu of taxes	\$ 89,960
From the Electric Fund to the General Fund in accordance with ~ 159B-39	675,877
From the General Fund to the Downtown Revitalization Fund for revitalization of downtown	20,000
From the American Rescue Plan Act Fund to the General Fund for premium payments	2,408,741
From the General Fund to the Capital Reserve Fund for future infrastructure	313,012
From the Electric Fund to the Capital Reserve Fund for future infrastructure	581,386
Total	<u>\$ 4,088,976</u>

In the current year, the Brownsfield Capital Project borrowed \$12,179 from the General Fund. The amount is short term and will be repaid within one year.

Note 4 – Jointly Governed Organization

The City, in conjunction with thirty-one other local governments, is a member of the North Carolina Eastern Municipal Power Agency (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The thirty-two members, which receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2023 were \$10,380,339.

The City, in conjunction with the Town of Maxton, participates in a regional airport. Each participating government appoints three members to the six-member board. The Airport is a jointly governed organization established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence for many years and is self-sustaining. The City has no financial responsibility for the Airport. The participating governments do not have any equity interest in the organization, so no equity interest has been reflected in the financial statements at June 30, 2023. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at Maxton, North Carolina.

The City, in conjunction with four counties and twenty-two other municipalities, established the Lumber River Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees to the Council during the fiscal year ended June 30, 2023 in the amount of \$6,141.

Note 5 – Related Organization

The five-member board of the City of Laurinburg Housing Authority is appointed by the mayor of the City of Laurinburg. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Laurinburg is also disclosed as a related organization in the notes to the financial statements for the City of Laurinburg Housing Authority.

Note 6 – Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Note 7 - Significant Effects of Subsequent Events

Management has evaluated subsequent events through February 5, 2024, the date which the financial statements were available to be issued.

Note 8 - Rounding

The financial statements have been rounded to the nearest dollar. This may result in minor differences in subtotals in the statements. Any differences are considered insignificant.

Required
Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage Of Covered-Employee Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liabilities and Related Ratios

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

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019
Laurinburg's proportion of the net pension liability (asset) (%)	0.09344%	0.09904%	0.10360%	0.11074%	0.10932%
Laurinburg's proportion of the net pension liability (asset) (\$)	5,271,350	1,518,873	3,702,069	3,024,223	2,593,444
Laurinburg's covered-payroll	7,343,830	7,009,505	7,202,313	7,360,981	6,295,300
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	69.03%	21.67%	51.40%	41.08%	41.20%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	91.63%	94.18%	91.47%
	2018	2017	2016	2015	2014
Laurinburg's proportion of the net pension liability (asset) (%)	0.11536%	0.11442%	0.11703%	-0.11291%	0.10479%
Laurinburg's proportion of the net pension liability (asset) (\$)	1,762,381	2,428,375	525,268	(665,882)	1,263,242
Laurinburg's covered-payroll	6,244,611	6,202,795	5,896,860	5,774,114	5,615,223
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	28.22%	39.15%	8.91%	-11.53%	22.50%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	98.07%	102.64%	94.35%	96.45%

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

Local Government Employee's Retirement System

	2023	2022	2021	2020	2019
Contractually required contribution	945,396	850,243	728,062	644,607	570,476
Contributions in relation to the contractually required contribution	<u>945,396</u>	<u>850,243</u>	<u>728,062</u>	<u>644,607</u>	<u>570,476</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Laurinburg's covered-payroll	7,636,627	7,343,830	7,009,505	7,202,313	7,360,981
Contributions as a percentage of covered-payroll	12.37%	11.58%	10.39%	8.95%	7.75%
	2018	2017	2016	2015	2014
Contractually required contribution	487,905	468,631	420,613	422,356	410,782
Contributions in relation to the contractually required contribution	<u>487,905</u>	<u>468,631</u>	<u>420,613</u>	<u>422,356</u>	<u>410,782</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Laurinburg's covered-payroll	6,295,300	6,244,611	6,202,795	5,896,860	5,774,114
Contributions as a percentage of covered-payroll	7.75%	7.50%	6.78%	7.16%	7.11%

City of Laurinburg, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Seven Fiscal Years

	2023	2022	2021	2020
Beginning balance	1,939,078	\$ 1,786,134	\$ 1,268,194	\$ 1,101,967
Service cost	92,700	102,017	60,992	55,680
Interest on the total pension liability	42,688	33,793	40,235	39,123
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	19,777	139,233	(35,184)	87,573
Changes of assumptions or other inputs	(297,218)	(51,705)	519,856	38,149
Benefit payments	(83,662)	(70,394)	(67,959)	(54,298)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,713,363</u>	<u>\$ 1,939,078</u>	<u>\$ 1,786,134</u>	<u>\$ 1,268,194</u>

	2019	2018	2017
Beginning balance	\$ 1,028,878	\$ 961,796	\$ 976,112
Service Cost	56,108	48,244	51,545
Interest on the total pension liability	31,516	35,772	33,511
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	92,736	(12,202)	-
Changes of assumptions or other inputs	(44,168)	-	-
Benefit payments	(63,103)	65,402	(24,500)
Other changes	-	(70,134)	(74,872)
Ending balance of the total pension liability	<u>\$ 1,101,967</u>	<u>\$ 1,028,878</u>	<u>\$ 961,796</u>

Notes to the Schedule:

The amounts 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 Laurinburg, North Carolina
 Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll
 Law Enforcement Officers' Special Separation Allowance
 Last Seven Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 1,713,363	\$ 1,913,078	\$ 1,786,134
Covered-employee payroll	2,068,207	2,147,756	2,098,788
Total pension liability as a percentage of covered-employee payroll	82.84%	89.07%	85.10%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,268,194	\$ 1,101,967	\$ 1,028,878	961,796
Covered-employee payroll	2,119,510	1,961,580	1,936,174	1,983,614
Total pension liability as a percentage of covered-employee payroll	59.83%	56.18%	53.14%	48.49%

Notes to the Schedule:

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

City of Laurinburg, North Carolina
Schedule of Changes in Total OPEB Liabilities and Related Ratios
Last Five Fiscal Years

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 100,694	\$ 108,517	\$ 80,108	\$ 74,985	\$ 77,470
Interest	60,741	53,952	74,301	75,888	70,455
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(9,573)	21,643	28,370	31,972	5,969
Changes of assumptions	(302,861)	347,380	255,470	41,641	(58,014)
Benefit payments	(151,152)	(154,473)	(141,733)	(123,430)	(124,834)
Net change in total OPEB liability	(302,151)	377,019	296,516	101,056	(28,954)
Total OPEB liability - beginning	2,786,571	2,409,552	2,113,036	2,011,980	2,040,934
Total OPEB liability - ending	<u>\$ 2,484,420</u>	<u>\$ 2,786,571</u>	<u>\$ 2,409,552</u>	<u>\$ 2,113,036</u>	<u>\$ 2,011,980</u>
Covered payroll	\$ 6,728,975	\$ 6,728,975	\$ 6,756,937	\$ 6,756,937	\$ 5,846,417
Total OPEB liability as a percentage of covered payroll	36.92%	41.41%	35.66%	31.27%	34.41%

Notes to the Schedule:

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

Fiscal year	Rate
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.56%

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

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive Negative
Revenues:			
Ad valorem taxes:			
Taxes		\$ 3,448,166	
Penalties and interest		103,423	
Total	3,389,190	3,551,589	162,399
Other taxes and licenses:			
Local option sales tax		1,582,214	
Animal taxes		576	
Privilege licenses		580	
Total	1,452,900	1,583,370	130,470
Unrestricted intergovernmental:			
Utility franchise tax		1,000,124	
Beer and wine tax		68,144	
Cable franchise		472,285	
Contributions from local county		615,773	
Tax refunds - sales and gasoline		123,747	
Total	2,084,581	2,280,073	195,492
Restricted intergovernmental:			
Federal government grants		42,605	
State government grants	375,000	375,000	
Powell Bill allocation		479,698	
Total	972,076	897,303	(74,773)
Permits and fees:			
Court fees		1,533	
Municipal vehicle fee		107,770	
Inspection fees		22,423	
Total	125,600	131,727	6,127
Sales and services:			
Fire protection		149,718	
Cemetery lots		109,220	
Total	258,500	258,938	438
Investment earnings	5,000	6,535	1,535
Miscellaneous:			
Sale of materials and other assets		24,565	
Concessions and rentals		29,483	
Other		190,449	
Total	315,692	244,496	(71,196)
Total revenues	8,603,539	8,954,030	350,491

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

Expenditures:**General government:****Governing body:**

Salaries and employee benefits	115,147		
Membership dues and subscriptions	24,752		
Other operating expenditures	28,188		
Reimbursement - proprietary funds	(167,911)		
Total	28,395	176	28,219

Administration:

Salaries and employee benefits	272,878		
Other operating expenditures	90,313		
Reimbursement - proprietary funds	(262,828)		
Total	101,482	100,362	1,120

Personnel/safety:

Salaries and employee benefits	190,989		
Other operating expenditures	429,987		
Capital outlay	11,881		
Reimbursement - proprietary funds	(223,978)		
Total	439,938	408,879	31,059

Finance:

Salaries and employee benefits	327,399		
Other operating expenditures	28,361		
Reimbursement - proprietary funds	(284,249)		
Total	76,975	71,511	5,464

Taxes:

Salaries and employee benefits	80,411		
Collection fees	(8,057)		
Other operating expenditures	19,841		
Total	112,301	92,195	20,106

Public buildings:

Salaries and employee benefits	29,111		
Other operating expenditures	30,224		
Total	71,909	59,335	12,574

Information technology:

Other operating expenditures	304,515		
Capital outlay	99,149		
Reimbursement - proprietary funds	(335,213)		
Total	68,569	68,451	118

Total general government	899,569	800,909	98,660
---------------------------------	----------------	----------------	---------------

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

Expenditures - Continued:

Community development:

Administration:

Salaries and employee benefits	157,073		
Other operating expenditures	59,817		
Contributions to local organizations	492,347		
Total	<u>768,965</u>	<u>709,237</u>	<u>59,728</u>

Planning:

Salaries and employee benefits	86,175		
Other operating expenditures	31,024		
Total	<u>129,391</u>	<u>117,200</u>	<u>12,191</u>

Engineering:

Salaries and employee benefits	49,491		
Other operating expenditures	30,273		
Reimbursement - proprietary funds	(69,319)		
Total	<u>14,229</u>	<u>10,446</u>	<u>3,783</u>

Beautification:

Salaries and employee benefits	323,619		
Other operating expenditures	138,026		
Total	<u>533,975</u>	<u>461,645</u>	<u>72,330</u>

Total community development

<u>1,446,560</u>	<u>1,298,528</u>	<u>148,032</u>
------------------	------------------	----------------

Public safety:

Police:

Salaries and employee benefits	2,623,063		
Vehicle maintenance	219,486		
Other operating expenditures	390,633		
Capital outlay	546,423		
Total	<u>4,350,865</u>	<u>3,779,604</u>	<u>571,261</u>

Fire:

Salaries and employee benefits	580,677		
Vehicle maintenance	73,666		
Other operating expenditures	400,020		
Capital outlay	500,864		
Total	<u>1,562,224</u>	<u>1,555,226</u>	<u>6,998</u>

Rescue units:

Operating expenditures	126,643		
Capital outlay	682,848		
Total	<u>868,488</u>	<u>809,491</u>	<u>58,997</u>

Total public safety

<u>6,781,577</u>	<u>6,144,321</u>	<u>637,256</u>
------------------	------------------	----------------

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

Expenditures - Continued:

Transportation:

Streets and highways:

Salaries and employee benefits	447,496		
Other operating expenditures	206,167		
Capital outlay	135,808		
Total	<u>1,123,103</u>	<u>789,472</u>	<u>333,631</u>

Public works:

Administration:

Salaries and employee benefits	257,379		
Other operating expenditures	14,668		
Reimbursement proprietary funds	(243,792)		
Total	<u>45,432</u>	<u>28,255</u>	<u>17,177</u>

Storm drainage:

Salaries and employee benefits	137,906		
Other operating expenditures	100,721		
Total	<u>486,723</u>	<u>238,627</u>	<u>248,096</u>

Garage:

Salaries and employee benefits	124,372		
Other operating expenditures	31,044		
Total	<u>161,714</u>	<u>155,417</u>	<u>6,297</u>

Total public works

<u>693,869</u>	<u>422,299</u>	<u>271,570</u>
----------------	----------------	----------------

Animal control:

Salaries and employee benefits	79,660		
Other operating expenditures	5,776		
Total	<u>89,990</u>	<u>85,437</u>	<u>4,553</u>

Cemetery:

Salaries and employee benefits	143,547		
Other operating expenditures	26,267		
Capital outlay	107,011		
Total	<u>353,814</u>	<u>276,825</u>	<u>76,989</u>

Debt service

Principal retirement	555,805		
Interest and other charges	116,260		
Total	<u>672,066</u>	<u>672,066</u>	<u>1</u>

Total expenditures

<u>12,060,548</u>	<u>10,489,855</u>	<u>1,570,693</u>
-------------------	-------------------	------------------

Revenues over (under) expenditures
carried forward

<u>(3,457,009)</u>	<u>(1,535,825)</u>	<u>1,921,184</u>
--------------------	--------------------	------------------

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

Revenues over (under) expenditures brought forward	(3,457,009)	(1,535,825)	1,921,184
Other financing sources (uses):			
Transfers from other funds:			
Governmental funds:			
American Rescue Plan Act Fund		2,408,741	
Enterprise funds:			
Electric fund - pilot		89,960	
Electric fund - GS ~ 159b-39		675,877	
Transfers to other funds:			
To special revenue and capital project funds		(333,012)	
Other financing uses - IT subscriptions issued		68,010	
Other financing uses - financing note issued		219,397	
Total other financing sources (uses)	<u>2,930,664</u>	<u>3,128,973</u>	<u>198,309</u>
Fund balance appropriated	<u>526,345</u>	-	<u>(526,345)</u>
Net change in fund balance	<u>\$ -</u>	1,593,148	<u>\$ 1,593,148</u>
Fund balance, beginning			
Beginning of year, July 1		4,195,878	
End of year, June 30		<u>\$ 5,789,026</u>	

City of Laurinburg, North Carolina
American Rescue Plan Act Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total Project to Date	Variance Positive (Negative)
Revenues:					
American Rescue Plan:					
State Government Grants	\$ 4,781,100	\$ 425,000	\$2,408,741	\$ 2,833,741	\$ (1,947,359)
Total revenues	<u>4,781,100</u>	<u>425,000</u>	<u>2,408,741</u>	<u>\$ 2,833,741</u>	<u>(1,947,359)</u>
Expenditures:					
American Rescue Plan:					
Capital outlay	1,947,359	-	-	-	1,947,359
Total expenditures	<u>1,947,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,947,359</u>
Revenues over expenditures	<u>2,833,741</u>	<u>425,000</u>	<u>2,408,741</u>	<u>2,833,741</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers to other funds:					
General fund	(2,833,741)	(425,000)	(2,408,741)	(2,833,741)	-
Total other financing uses	<u>(2,833,741)</u>	<u>(425,000)</u>	<u>(2,408,741)</u>	<u>(2,833,741)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

City of Laurinburg, North Carolina
North Fire Station Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Grant revenues					
Golden Leaf	\$ 1,625,000	\$ -	\$ -	\$ -	\$ (1,625,000)
NCSCIF	920,000	-	920,000	920,000	-
FEMA	135,897	-	-	-	(135,897)
Investment revenue	-	-	365	365	365
Total revenue	2,680,897	-	920,365	920,365	(1,760,532)
Expenditures:					
Construction	2,800,897	71,424	1,103,368	1,174,792	1,626,105
Contracted services	80,000	38,717	8,374	47,091	32,909
Total expenditures	2,880,897	110,141	1,111,742	1,221,883	1,659,014
Revenues (under) expenditures	(200,000)	(110,141)	(191,377)	(301,518)	(101,518)
Other financing sources:					
Transfers from other funds:					
General fund	200,000	301,923	-	301,923	101,923
Total other financing sources	200,000	301,923	-	301,923	101,923
Net change in fund balance	\$ -	\$ 191,782	(191,377)	\$ 405	\$ 405
Fund balances, beginning			191,782		
Fund balances, ending			\$ 405		

City of Laurinburg, North Carolina
Combining Balance Sheet
Nonmajor Governmental Fund
June 30, 2023

	Special Revenue Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Downtown Revitalization	Brownsfield Project	Capital Reserve	Cemetery Perpetual Fund	
Assets:					
Cash	\$ 91,238	\$ -	\$ 894,398	\$ 590,060	\$ 1,575,696
Restricted cash	77,396	-	-	-	77,396
Total assets	168,634	-	894,398	590,060	1,653,092
Liabilities and Fund Balances					
Due to General Fund	-	12,179	-	-	12,179
Payables	131	-	-	-	131
Total liabilities	131	12,179	-	-	12,310
Fund balance:					
Restricted:					
Downtown revitalization	77,396	-	-	-	77,396
Assigned:					
Downtown revitalization	91,107	-	-	-	91,107
General Fund	-	-	313,012	-	313,012
Electric Fund	-	-	581,386	-	581,386
Non spendable-perpetual maintenance	-	-	-	590,060	590,060
Unassigned	-	(12,179)	-	-	(12,179)
Total fund balances	168,503	(12,179)	894,398	590,060	1,640,782
Total liabilities and fund balances	\$ 168,634	\$ -	\$ 894,398	\$ 590,060	\$ 1,653,092

City of Laurinburg, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Downtown Revitalization	Brownsfield Project Funds	Capital Reserve	Cemetery Perpetual Fund	
Revenues:					
Ad valorem tax	\$ 27,671	\$ -	\$ -	\$ -	\$ 27,671
Sales and services	-	-	-	24,869	24,869
Interest	-	-	-	16,921	16,921
Total revenues	27,671	-	-	41,790	69,461
Expenditures:					
Current:					
Downtown revitalization	14,825	-	-	-	14,825
Contracted services	-	12,179	-	-	12,179
Total expenditures	14,825	12,179	-	-	27,004
Revenues over (under) expenditures	12,846	(12,179)	-	41,790	42,457
Other financing sources:					
Transfers from General Fund	20,000	-	313,012	-	333,012
Transfers from Electric Fund	-	-	581,386	-	581,386
Total financing sources	20,000	-	894,398	-	914,398
Net change in fund balance	32,846	(12,179)	894,398	41,790	956,855
Fund balance, beginning of year	135,658	-	-	548,270	683,928
Fund balance, end of year	\$ 168,504	\$ (12,179)	\$ 894,398	\$ 590,060	\$ 1,640,782

City of Laurinburg, North Carolina
Downtown Revitalization
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budget	Current Year	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ -	\$ 27,671	\$ 27,671
Total revenue	-	27,671	27,671
Expenditures:			
Downtown revitalization	67,000	14,825	52,175
Total expenditures	67,000	14,825	52,175
Revenues over (under) expenditures	(67,000)	12,846	79,846
Other financing sources:			
Transfers from other funds:			
General fund	-	20,000	20,000
Total other financing sources	-	20,000	20,000
Fund balance appropriated	67,000	-	(67,000)
Net change in fund balance	\$ -	32,846	\$ 32,846
Fund balances - beginning		135,658	
Fund balances, ending		\$ 168,504	

City of Laurinburg, North Carolina
Brownsfield Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Positive (Negative)
Revenues:					
Grant revenues					
Federal Government Grants	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenue	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Expenditures:					
Construction	500,000	-	12,179	12,179	487,821
Total expenditures	<u>500,000</u>	<u>-</u>	<u>12,179</u>	<u>12,179</u>	<u>487,821</u>
Revenues (under) expenditures	<u>-</u>	<u>-</u>	<u>(12,179)</u>	<u>(12,179)</u>	<u>(12,179)</u>
Other financing sources (uses):					
None	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(12,179)</u>	<u>\$ (12,179)</u>	<u>\$ (12,179)</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ (12,179)</u>		

City of Laurinburg, North Carolina
Capital Reserve Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Positive (Negative)
Revenues:					
Grant revenues					
Federal Government Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	-	-	-	-	-
Expenditures:					
Equipment replacement	894,398	-	-	-	894,398
Total expenditures	894,398	-	-	-	894,398
Revenues over (under) expenditures	(894,398)	-	-	-	894,398
Other financing sources:					
Transfers from other funds:					
General fund	313,012	-	313,012	313,012	-
Electric fund	581,386	-	581,386	581,386	-
Total other financing sources	894,398	-	894,398	894,398	-
Net change in fund balance	\$ -	\$ -	894,398	\$ 894,398	\$ 894,398
Fund balances, beginning			-		
Fund balances, ending			\$ 894,398		

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Electricity sales		\$ 13,275,895	
Municipal sales		621,450	
Fiber optic rental		258,731	
Total	14,896,699	14,156,076	(740,623)
Other operating revenues			
Other operating revenues		213,860	
Total other operating revenues	213,000	213,860	860
Total operating revenues	15,109,699	14,369,936	(739,763)
Nonoperating revenues			
Other hurricane recovery reimbursement		282,864	
Interest earnings		423,927	
Gain on sale of fixed assets		751	
Total nonoperating revenue	28,378	707,542	679,164
Total revenues	15,138,077	15,077,478	(60,599)
Expenditures:			
Administration:			
Salaries and employee benefits		142,860	
Utilities		318	
Management fees		360,948	
Other operating expenditures		10,158	
Total	725,182	514,284	210,898
Consumer billing and receiving:			
Salaries and employee benefits		287,120	
Maintenance		59,685	
Other operating expenditures		107,697	
Total	503,457	454,502	48,955

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Electrical operations:			
Salaries and employee benefits		1,004,389	
Supplies		116,792	
Contracted maintenance		175,585	
Vehicle maintenance		71,057	
Utilities		66,722	
Other operating expenditures		799,342	
Total	2,611,178	2,233,887	377,291
Electrical power purchases	10,790,019	10,380,339	409,680
Debt service:			
Interest expense		28,488	
Principal retirement		159,945	
Total debt service	128,337	188,433	60,096
Capital outlay:			
Electrical consumer billing		34,256	
Electrical operations		571,426	
Total capital outlay	702,614	605,682	96,932
Total expenditures	15,460,787	14,377,128	1,083,659
Revenues over (under) expenditures	(322,710)	700,350	1,023,060
Other financing sources (uses):			
Transfers to other funds:			
General fund - GS ~ 159B-39	(675,877)	(675,877)	
General fund - (payment in lieu of taxes)	(90,000)	(89,960)	
Capital reserve fund	(581,386)	(581,386)	
Total other financing sources (uses)	(1,347,263)	(1,347,223)	40
Fund balance appropriated	1,669,973	-	(1,669,973)
Revenues and other financing sources over (under) expenditures and other financing (uses) carried forward	\$ -	(646,873)	\$ (646,873)

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues and other financing sources over (under) expenditures and other financing (uses) brought forward	<u>\$ -</u>	(646,873)	<u>\$ (646,873)</u>

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

Principal retirement	159,945
Inventory change	212,752
Capital outlay	605,682
Bad debts	(25,086)
Decrease in accrued vacation pay	4,883
Depreciation	(584,971)
Increase in deferred outflows of resources - pensions	252,933
(Increase) in net pension liability	(586,102)
Decrease in deferred inflows of resources - pensions	208,013
Increase in deferred outflows of resources - OPEB	16,393
(Increase) in deferred inflows of resources - OPEB	(38,610)
(Increase) in net OPEB liability	(69,162)
Total reconciling items	<u>156,670</u>
Change in net position	<u>\$ (490,203)</u>

City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 3,071,187	
Sewer charges		2,531,965	
Water and sewer taps		224,411	
Total	6,638,769	5,827,563	(811,206)
Other operating revenues			
Other operating revenues		298,346	
Total other operating revenues	333,555	298,346	(35,209)
Total operating revenues	6,972,324	6,125,909	(846,415)
Nonoperating revenues			
Other hurricane recovery reimbursement		2,490	
Interest earnings		-	
(Loss) on sale of fixed assets		(16,124)	
Total nonoperating revenues	100	(13,634)	(13,734)
Total revenues	6,972,424	6,112,274	(860,150)
Expenditures:			
Administration:			
Salaries and employee benefits		286,359	
Travel		400	
Supplies		16,661	
Insurance		2,120	
Maintenance		65,813	
Utilities		2,919	
Management fees		1,145,678	
Other operating expenditures		111,082	
Total	1,698,635	1,631,032	67,603
Water treatment and distribution:			
Water production and treatment plant:			
Salaries and employee benefits		322,724	
Chemicals		260,629	
Supplies		47,886	
Utilities		230,130	
Management fees		242,122	
Other operating expenditures		40,457	
Total	1,352,020	1,143,948	208,072

**City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2023**

	Budget	Actual	Variance Positive (Negative)
Water distribution:			
Salaries and employee benefits		467,778	
Supplies		316,952	
Other operating expenditures		326,310	
Total	1,185,092	1,111,041	74,051
Total water treatment and distribution	2,537,112	2,254,989	282,123
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits		377,703	
Supplies		45,359	
Other operating expenditures		107,743	
Total	649,811	530,805	119,006
Primary waste treatment:			
Salaries and employee benefits		476,972	
Chemicals		55,790	
Supplies		47,937	
Utilities		356,199	
Maintenance		146,605	
Other operating expenditures		364,310	
Total	1,653,724	1,447,813	205,911
Total waste collection and treatment:	2,303,535	1,978,617	324,918
Debt service:			
Interest and fees		48,474	
Principal retirement		873,721	
Total debt service	943,451	922,195	21,256
Capital outlay:			
Waste production and treatment		140,140	
Waste distribution		195,850	
Waste collection and treatment		363,479	
Primary waste treatment		398,046	
Total capital outlay	1,097,515	1,097,515	-
Total expenditures	8,580,248	7,884,348	695,900
Revenues (under) expenditures carried forward	(1,607,824)	(1,772,073)	(164,249)

City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues (under) expenditures brought forward	(1,607,824)	(1,772,073)	(164,249)
Other financing sources (uses):			
None	-	-	-
Fund balance appropriated	1,607,823	-	(1,607,823)
Revenues and other sources (under) expenditures and other financing (uses)	\$ -	(1,772,073)	\$ (1,772,073)

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

Principal retirement	873,721
Inventory change	103
Bad debts	(3,577)
Capital outlay	1,097,515
Capital contributions	607,842
Decrease in accrued vacation pay	3,093
Depreciation	(1,743,587)
Increase in deferred outflows of resources - pensions	69,918
(Increase) in net pension liability	(464,591)
Decrease in deferred inflows of resources - pensions	396,062
(Decrease) in deferred outflows of resources - OPEB	(39,600)
(Increase) in deferred inflows of resources - OPEB	(32,688)
Decrease in OPEB liability	153,764
Total reconciling items	917,975
Change in net position	\$ (854,098)

City of Laurinburg, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Sales:			
Residential		\$ 1,699,886	
Commercial and industrial		985,494	
Total	2,648,167	2,685,380	37,213
Other operating revenues:			
Other operating income		10,975	
Total other operating revenues	20,000	10,975	(9,025)
Total operating revenues	2,668,167	2,696,355	28,188
Nonoperating revenues:			
Other hurricane recovery reimbursement		750	
Interest earnings		47	
Total nonoperating revenues	5,050	797	(4,253)
Total revenues	2,673,217	2,697,153	23,936
Expenditures			
Solid waste operations			
Salaries and employee benefits		1,275,162	
Contracted services		9,887	
Supplies		14,987	
Tipping fee		553,498	
Maintenance		378,975	
Utilities		7,728	
Management fees		63,355	
Other operating expenditures		111,457	
Total	2,982,802	2,415,049	567,753
Debt service:			
Interest expense		33,851	
Principal retirement		75,687	
Total	109,538	109,538	-

City of Laurinburg, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Capital outlay:			
Equipment	505,877	505,877	-
Total expenditures	3,598,217	3,030,464	567,753
Revenues over (under) expenditures	(925,000)	(333,311)	591,689
Other financing sources:			
Proceeds from installment loans		850,000	
Water sewer fund	925,000		
Total other financing sources	925,000	850,000	(75,000)
Revenues and other financing sources over expenditures and other financing sources	\$ -	516,689	\$ 516,689

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

Principal retirement	75,687
Inventory change	6,075
Proceeds from installment financing	(850,000)
Bad debts	(9,489)
Decrease in accrued vacation pay	1,122
Depreciation	(286,438)
Capital outlay	505,877
Increase in deferred outflows of resources - pensions	230,057
(Increase) in net pension liability	(570,913)
Decrease in deferred inflows of resources - pensions	231,519
Increase in deferred outflows of resources - OPEB	9,393
(Increase) in deferred inflows of resources - OPEB	(37,870)
(Increase) in OPEB liability	(41,296)
Total reconciling items	(736,276)
Change in net position	\$ (219,587)

City of Laurinburg, North Carolina
Water Sewer Capital Project - Phase 1 and 2
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grants	\$ 7,360,000	\$ -	\$ 512,842	\$ 512,842	\$ (6,847,158)
Other grants	475,000	-	95,000	95,000	(380,000)
Total revenues	<u>7,835,000</u>	<u>-</u>	<u>607,842</u>	<u>607,842</u>	<u>(7,227,158)</u>
Expenditures - water sewer project:					
Administration	339,267	-	301,742	301,742	37,525
Construction	31,676,000	592,019	2,605,471	3,197,490	28,478,510
Engineering/design	2,830,000	1,275,950	730,063	2,006,013	823,987
Total expenditures	<u>34,845,267</u>	<u>1,867,969</u>	<u>3,637,276</u>	<u>5,505,245</u>	<u>29,340,022</u>
Other financing sources (uses):					
Loan proceeds-state revolving loan fund-draws	22,167,781	-	3,248,319	3,248,319	(18,919,462)
Transfers from other funds					
From Water Sewer Fund	4,842,486	1,421,117	-	1,421,117	(3,421,369)
Total other financing sources (uses)	<u>27,010,267</u>	<u>1,421,117</u>	<u>3,248,319</u>	<u>4,669,436</u>	<u>(22,340,831)</u>
Revenues and other sources over expenditures (uses)	<u>\$ -</u>	<u>\$ (446,852)</u>	<u>\$ 218,885</u>	<u>\$ (227,967)</u>	<u>\$ (227,967)</u>

City of Laurinburg, North Carolina
Electric Capital Project - Electric Substation
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures - substation project:					
Construction	\$ 3,648,900	\$ 4,016,945	\$ 7,138	\$ 4,024,083	\$ (375,183)
Engineering/design	300,000	283,187	14,364	297,551	2,449
Equipment	500,000	234,550	-	234,550	265,450
Other improvements	500,000	157,763	-	157,763	342,237
Total expenditures	<u>4,948,900</u>	<u>4,692,445</u>	<u>21,502</u>	<u>4,713,947</u>	<u>234,953</u>
Other financing sources:					
Transfers from other funds					
From Electric Fund	4,948,900	4,400,000	-	4,400,000	(548,900)
Insurance recovery	-	548,900	255,171	804,071	804,071
Total other financing sources	<u>4,948,900</u>	<u>4,948,900</u>	<u>255,171</u>	<u>5,204,071</u>	<u>255,171</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 256,455</u>	<u>\$ 233,669</u>	<u>\$ 490,124</u>	<u>\$ 490,124</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

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

City of Laurinburg, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 3,403,203	\$ 3,230,648	\$ 172,555
2021-2022	154,979	-	49,828	105,151
2020-2021	109,431	-	30,840	78,591
2019-2020	99,996	-	30,619	69,377
2018-2019	90,516	-	22,644	67,872
2017-2018	69,760	-	20,930	48,830
2016-2017	63,318	24	18,097	45,245
2015-2016	52,550	250	13,764	39,036
2014-2015	41,983	(2)	11,448	30,533
2013-2014	33,321	-	10,334	22,987
2012-2013	28,665	-	28,665	-
	<u>\$ 744,519</u>	<u>\$ 3,403,475</u>	<u>\$ 3,467,817</u>	<u>\$ 680,178</u>

Less: Allowance for uncollectible accounts - General Fund 192,433

Ad valorem taxes receivable - net \$ 487,745

Reconciliation with revenues:

Ad valorem taxes - General Fund \$ 3,551,589

Reconciling items:

Penalties and interest collected (103,423)

Tax releases, written off & adjustments 19,651

Subtotal (83,772)

Total collections and credits \$ 3,467,817

City of Laurinburg, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Year Ended June 30, 2023

	City-Wide Levy			Total Levy	
	Property		Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Valuation	Rate			
Original levy:					
Property taxed at current rate	\$ 833,520,425	0.40	\$ 3,334,082	\$ 2,907,791	\$ 426,290
Discoveries	18,254,920	0.40	73,020	73,020	-
Abatements	(974,673)	0.40	(3,899)	(3,899)	-
Total property valuation	<u>\$ 850,800,672</u>	0.40		2,976,912	426,290
Net levy			3,403,203	2,976,912	426,290
Unpaid (by taxpayer) taxes at June 30, 2023			<u>172,555</u>	<u>172,555</u>	<u>-</u>
Current year's taxes collected			<u>\$ 3,230,648</u>	<u>\$ 2,804,357</u>	<u>\$ 426,290</u>
Current levy collection percentage			<u>94.93%</u>	<u>94.20%</u>	<u>100.00%</u>

COMPLIANCE SECTION



Roche, Head & Associates, PLLC

• CERTIFIED PUBLIC ACCOUNTANTS •

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 Laurinburg, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laurinburg, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises City of Laurinburg's basic financial statements, and have issued our report thereon dated February 5, 2024.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and

82

corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be significant deficiencies.

Report on Compliance and Other Matters

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

City of Laurinburg Response to Findings

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

Purpose of this Report

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

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC

LAURINBURG, NC

February 5, 2024



Roche, Head & Associates, PLLC

• CERTIFIED PUBLIC ACCOUNTANTS •

**Report On Compliance For Each Major Federal
Program; Report On Internal Control Over Compliance With OMB
Uniform Guidance And The State Single Audit Implementation Act**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Laurinburg, North Carolina's 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 Laurinburg's major federal programs for the year ended June 30, 2023. The City of Laurinburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Laurinburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Laurinburg's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Laurinburg's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Laurinburg'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

Our consideration of internal control over compliance was for the limited purpose described in 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 function, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Laurinburg's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Laurinburg's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City of Laurinburg is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City of Laurinburg's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 requirement of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Roche, Head & Associates, PLLC
ROCHE, HEAD & ASSOCIATES, PLLC
LAURINBURG, NC
February 5, 2024



Roche, Head & Associates, PLLC

• CERTIFIED PUBLIC ACCOUNTANTS •

Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Laurinburg, North Carolina's 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 Laurinburg's major State programs for the year ended June 30, 2023. The City of Laurinburg'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 of Laurinburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Laurinburg'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, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Laurinburg's compliance with the requirements of each major State program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Laurinburg's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City of Laurinburg's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Laurinburg'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.

Other Matters.

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-005. Our opinion on the major State program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Laurinburg's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Laurinburg's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-005 and 2023-006 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Laurinburg's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Laurinburg's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City of Laurinburg is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City of Laurinburg's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Roche, Head & Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC

LAURINBURG, NORTH CAROLINA

February 5, 2024

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(s) identified? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(s) identified? ☒ yes ☐ none reported

Type of report issued on compliance for major federal program Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516 (a) ☒ yes ☐ no

Identification of major federal program:

<u>ALG No.</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Fund
21.027	Coronavirus - Pump Station Renovations
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

Section I. Summary of Auditor's Results

Internal control over major State programs:

● Material weakness(es) identified? ___ yes X no

● Significant deficiency(s) identified? X yes ___ none reported

Type of report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act X yes no

Identification of major State programs:

Program Name

NC Office of State Budget and Management
-NC State Infrastructure Fire Station Grant

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

Auditee qualified as State low-risk auditee? yes X no

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - FINANCIAL STATEMENT FINDINGS

Finding: 2023-001 Inventory valuations and journal entries
MATERIAL WEAKNESS/INTERNAL CONTROL

Criteria: Management should have a system in place to ensure that accurate inventory counting procedures are conducted prior to year end and that all journal entries are posted prior to the audit, in order to submit a timely audit.

Condition: For fiscal year end June 30, 2023, inventory procedures in both the electric and general fund were inaccurate and required material journal entries to correct. Some balance sheet accounts were materially misstated and required correcting journal entries. This resulted in the audit being submitted late.

Effect: Inaccurate inventory counts and journal entry procedures caused the financial statements to be materially misstated and submitted late.

Cause: Lack of oversight by personnel during year end inventory and errors in posting year end journal entries.

Recommendation: Control activities should be strengthened such as department heads reviewing inventory counts and summarized inventory sheets for significant fluctuations as well as conducting spot checks of large items on the inventory sheets. Large fluctuations in balance sheet accounts should be reviewed prior to the independent audit.

View of Responsible Officials and Planned The City agrees with this finding. Please refer to corrective action plan for details.

Corrective Actions:

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - FINANCIAL STATEMENT FINDINGS

Finding: 2023-002 Deficit in Fund Balance
SIGNIFICANT DEFICIENCY/INTERNAL CONTROL

Criteria: Any Individual funds with deficits in fund balances or net assets should be disclosed with a corrected action plan. Currently the Brownsfield capital project fund (A Governmental Fund) has a deficit of (\$12,179) in fund balance.

Condition: The Brownsfield capital project fund has a deficit in fund balance due to lack of transfers to support the fund until grants are earned and received.

Effect: The City could continue to increase the deficit in the Brownsfield capital project fund if transfers are not made into the fund to support it until grants are earned and received.

Cause: The City failed to transfer funds to the project to fund it until grants are earned and received.

Recommendation: Budgetary procedures should provide for transfers to the fund to support the operations until other sources are received.

View of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. Please refer to corrective action plan for details.

Finding: 2023-003 Preparation of the Schedule of Expenditures of Federal and State Awards (SEFSA)
SIGNIFICANT DEFICIENCY/INTERNAL CONTROL

See Section III Finding 2023-04

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Schedule of Expenditures of Federal and State Awards

Finding: 2023-004 Preparation of the Schedule of Expenditures of Federal and State Awards
SIGNIFICANT DEFICIENCY/INTERNAL CONTROL

Criteria: Management should have controls in place to ensure that the Schedule of Federal and State Expenditures is accurately prepared prior to the independent audit.

Condition: For fiscal year end June 30, 2023, the Schedule of Expenditures of Federal and State Awards required multiple adjustments to ensure accuracy.

Effect: An inaccurate Schedule of Expenditures of Federal and State Awards could cause the wrong Federal and State programs to be audited.

Cause: Lack of oversight by personnel preparing the Schedule of Expenditures of Federal and State Awards.

Recommendation: A more thorough process should be followed when identifying Federal and State awards and what is considered an expenditure for purposes of preparing the report.

View of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. Please refer to corrective action plan for details.

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

NC Office of State Budget and Management
NC State Capital Infrastructure Grant

Finding: 2023-005 Reporting - Interest Income

SIGNIFICANT DEFICIENCY/INTERNAL CONTROLS

Criteria: The Grant agreement requires the recipient to provide an accounting that includes interest earned on advanced funds.

Condition: The City does not have adequate internal controls in place to monitor compliance with the reporting requirements as the accounting to the grantor did not include interest earned of \$365.00 on advanced funds.

Effect: Incorrect accounting to the grantor could result in inaccurate reports being filed with the grantor.

Cause: Lack of Oversight by personnel completing the accounting to the grantor.

Recommendation: We recommend the City obtain a more thorough understanding of accounting and reporting requirements related to grants by more carefully reviewing the grant documents for specific requirements.

View of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. Please refer to corrective action plan for details.

Finding: 2023-006 Preparation of the Schedule of Expenditures of Federal and State Awards (SEFSA)

SIGNIFICANT DEFICIENCY/INTERNAL CONTROLS

See Section III Finding 2023-04

**Corrective Action Plan
For the Year Ended June 30, 2023**

Section II - FINANCIAL STATEMENT FINDINGS

Finding: 2023-001

Name of Contact Person: Carrie H. Neal, Director of Finance

Corrective Action: Control activities have been strengthened to include department heads reviewing the year end inventory counts as well as conducting spot checks for complete, accurate and timely reporting of inventory numbers. Journal entries are tied to the trial balance and subsidiary ledgers in order to provide more accurate timely audit information to be audited.

Proposed Completion Date: This has been implemented.

Finding: 2023-002

Name of Contact Person: Carrie H. Neal, Director of Finance

Corrective Action: The City will coordinate with the Grant Administrators, on a quarterly basis, to estimate upcoming grant expenditures for the fiscal year. Accordingly, a budget amendment for a transfer of operating cash to the grant project cash can be processed in a timely manner to support the grant until a reimbursement is received.

Proposed Completion Date: This has been implemented.

Finding: 2023-003

Name of Contact Person: Carrie H. Neal, Director of Finance

Corrective Action: See 2023-004

Proposed Completion Date: This has been implemented.

**Corrective Action Plan
For the Year Ended June 30, 2023**

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2023-004

Name of Contact Person: Carrie H. Neal, Director of Finance

Corrective Action: Identification of grants and their expenditures will be supervised more closely and will involve department heads throughout the year. Models for the Schedule of Expenditures of Federal and State Awards will be followed more closely.

Proposed Completion Date: This has been implemented.

Section IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2023-005

Name of Contact Person: Carrie H. Neal, Director of Finance

Corrective Action: Communications regarding all grant requirements have been improved between departments responsible for grant reporting.

Proposed Completion Date: This has been implemented.

Finding: 2023-006

Name of Contact Person: Carrie H. Neal, Director of Finance

Corrective Action: See 2023-004

Proposed Completion Date: This has been implemented.

City of Laurinburg, North Carolina
Summary Schedule of Prior Year's Findings
For the Fiscal Year Ended June 30, 2023

Finding 2022-001

Status: Corrected

Finding 2022-002

Status: Partially corrected, material accruals are posted, some journal entries needed for the independent audit still need improvement, see current Finding 2023-001.

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

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
Federal Awards:				
U.S. Department of Transportation				
Passed-through N.C. Department of Transportation Highway Research and Planning Program B-5003 Commonwealth Bridge No. 81	20.205	BRSTP-0821(S)	40,058	-
U.S. Dept. of Treasury				
Covid 19-Coronavirus State and Local Fiscal Recovery Fund	21.027	QKFNNWL82XK2	2,408,741	-
Passed through the N.C. Department of Environmental Quality Covid 19-Pump Station Renovations	21.027	SRP-W-ARP-0169	388,816	-
Total U.S. Dept. of Treasury			2,797,557	-
Environmental Protection Agency				
Passed-through N.C. Department of Environmental Quality Brownsfield Multipurpose, Assessment, Revolving Funds, and Cleanup	66.818	02D31322	12,179	-
Passed-through N.C. Department of Environmental Quality Division of Water Resources Capitalization Grants for Drinking Water Fund Distribution System Phase 2	66.468	WIF-2024	386,097	-
Leith Creek WWTW Influent Pump Station	66.458	CS370924-01	2,862,222	-
Sanitation Sewer Rehab Phase 2	66.458	CS370924-02	127,578	-
			2,989,800	-
Total Environmental Protection Agency			3,388,076	-
U. S. Department of Homeland Security				
Passed-through N.C. Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-165-37220-00	20,272	-
Total Federal Awards			\$ 6,245,963	\$ -
State Awards:				
Division of Water Infrastructure				
Wastewater System AIA Update with Rate Study		AIA-W-ARP-	-	54,725
Water System AIA Update with Rate Study		AIA-W-ARP-	-	29,579
Water/Merger Regionalization Study		MRF-D-0054	-	38,631
Powell Bill		38570	-	326,343
NC Office of State Budget and Management				
NC State Capital Infrastructure Grant North Fire Station		Contract #10221	-	920,000
NC State Capital Infrastructure Grant Fire Truck		Contract #10222	-	386,988
N.C. Department of Environmental Quality:				
Community Waste Reduction and Recycling Grant Program		7585	-	2,000
Total State Awards			-	1,756,265
Total Federal and State Awards			\$ 6,245,963	\$1,756,265

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the City of Laurinburg under the programs of Federal government and the State of North Carolina for the year ended June 30, 2023. The information in this Schedule of Expenditures of Federal and State Awards 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 Laurinburg, it is not to and does not present the financial position, changes in net position, or cash flows of the City of Laurinburg.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Loans Outstanding

The City had the following loan balances outstanding at June 30, 2023 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans are incurred once the City spends its own money and then draws the funds down from the grantor. The money spent up front is considered grant funds expended. The balance of loans outstanding at June 30, 2023 consist of:

Program Title	CFDA No.	Pass-through Grantor's Number	Amount Outstanding
Capitalization grants for Clean Water State Revolving Funds	66.458 and 66.468		\$ 2,862,222 \$ 386,097

