Statement of
CITY OF LAURINBURG
Laurinburg, North Carolina
June 30, 2019

City of Laurinburg, North Carolina
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June 30, 2019

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FINANCIAL SECTION

Roche, Head & Associates, PLLC
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Independent Auditor's Report

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

Report on the Financial Statements

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 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Laurinburg's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

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appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2019, and the respective changes in financial position and cash flows, where appropriate, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 14, the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 58, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 54 and 55, respectively and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 56 and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Laurinburg, North Carolina. The combining and individual fund financial statements, budgetary schedules, other schedules and schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019 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
December 4, 2019

Management's Discussion and Analysis

As management of the City of Laurinburg, we offer readers of the City of Laurinburg's financial statements this narrative overview and analysis of the financial activities of the City of Laurinburg for the fiscal year ended June 30, 2019. 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

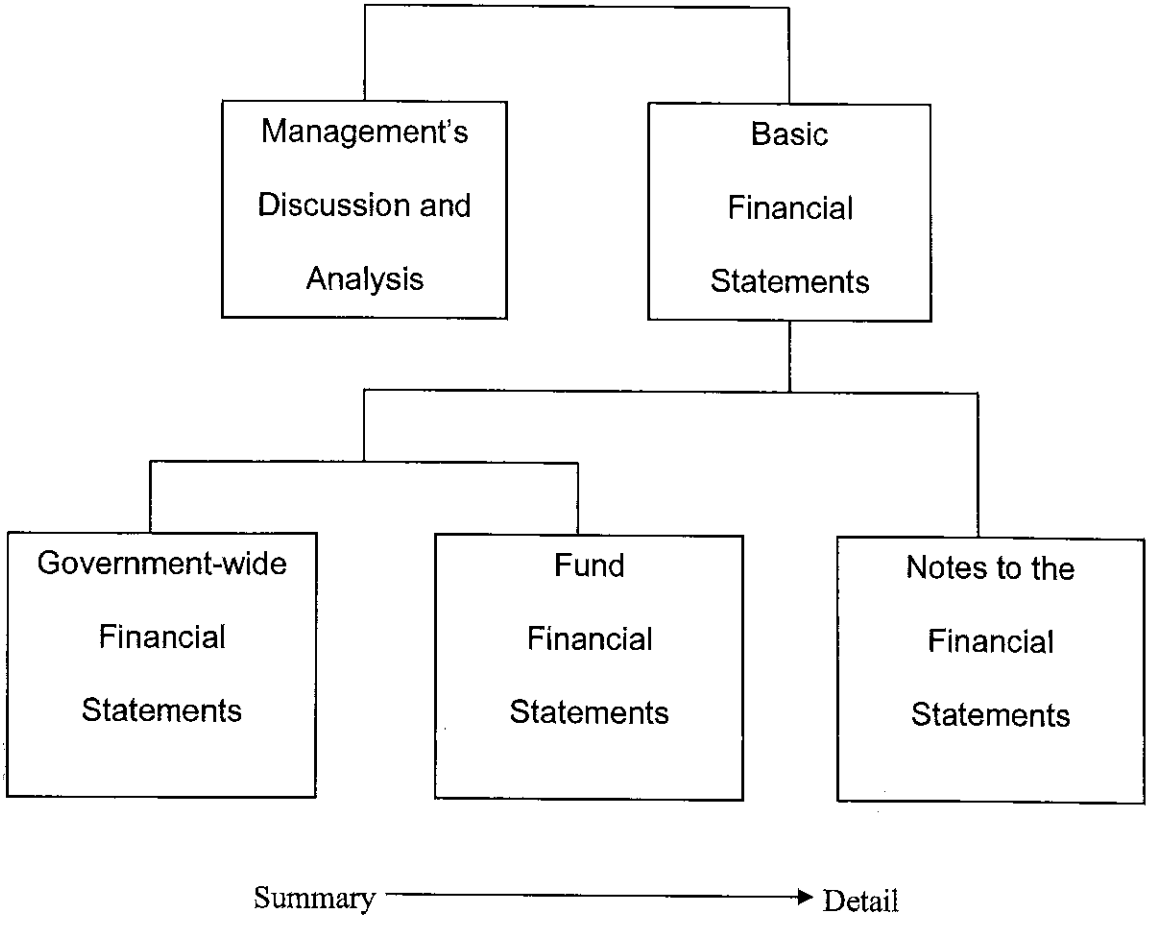
- The assets and the deferred outflows of the City of Laurinburg exceeded its liabilities and deferred inflows at the close of the fiscal year by $53,644,997 (*net position*).
- The government's total net position increased by $3,923,392 primarily due to increased revenues in the general and enterprise funds.
- As of the close of the current fiscal year, the City of Laurinburg's governmental funds reported combined ending fund balances of $3,914,301 a decrease of $4,837,852. Approximately 37.26% of this total amount or $1,458,841 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $507,747 or 6.3% of total general fund expenditures for the fiscal year.
- The City of Laurinburg's total debt decreased by $590,797, 3.00% during the current fiscal year. The key factor in this is payments on installment debt.
- 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 is intended to serve as an introduction to 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 (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Laurinburg.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements
The government-wide financial statements are designed to provide the reader with a broad overview of the 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 they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, 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 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*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or

less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of 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.

Proprietary Funds – City of Laurinburg has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. 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. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. City of Laurinburg has one fiduciary fund, which is an agency fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. **The notes to the financial statements are on pages 26 - 53 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 54** 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.

The City of Laurinburg's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 4,790,714	$ 10,065,515	$ 15,155,307	$ 13,679,780	$ 19,946,021	$ 23,745,295
Capital assets	12,479,138	7,948,672	41,129,297	40,172,019	53,608,435	48,120,691
Deferred outflows of resources	1,390,416	952,929	861,682	499,859	2,252,098	1,452,788
Total assets and deferred outflows of resources	18,660,268	18,967,116	57,146,285	54,351,658	75,806,554	73,318,774
Long-term liabilities outstanding	9,476,900	9,398,188	8,192,422	8,886,462	17,669,322	18,284,650
Other liabilities	798,687	1,270,885	3,311,178	3,769,791	4,109,865	5,040,676
Deferred inflows of resources	264,710	179,192	117,659	92,651	382,369	271,843
Total liabilities and deferred inflows of resources	10,540,297	10,848,265	11,621,259	12,748,904	22,161,556	23,597,169
Net position:						
Net investment in capital assets	6,652,346	1,674,921	36,424,210	34,827,289	43,076,556	36,502,210
Restricted	973,612	5,064,004	-	-	973,612	5,064,004
Unrestricted	494,013	1,379,926	9,100,816	6,775,465	9,594,829	8,155,391
Total net position	$ 8,119,971	$ 8,118,851	$ 45,525,026	$ 41,602,754	$ 53,644,997	$ 49,721,605

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 $53,644,997 as of June 30, 2019. The City's net position increased by $3,923,392 for the fiscal year ended June 30, 2019. However, the largest portion 80.30% 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 1.81% represents resources that are subject to external restrictions on how they may be used. The remaining balance of $9,594,829 is unrestricted.

Particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence and improvement in the collection of property taxes.
- Continued increases in operating income from enterprise funds improved cash flows from operations and operating income.

City of Laurinburg Changes in Net Position
Figure 3

CITY OF LAURINBURG'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 210,130	$ 194,330	$ 24,688,814	$ 24,614,209	$ 24,898,944	$ 24,808,539
Operating grants and contributions	456,912	463,378	1,194,939	75,448	1,651,851	538,826
Capital grants and contributions	-	-	805,280	483,640	805,280	483,640
General revenues:						
Property taxes	3,467,042	3,414,625	-	-	3,467,042	3,414,625
Other taxes	2,738,510	2,854,246	-	-	2,738,510	2,854,246
Other	784,885	115,585	885,837	794,517	1,670,722	910,102
Total revenues	7,657,479	7,042,164	27,574,870	25,967,814	35,232,349	33,009,978
Expenses:						
General government	492,912	354,357	-	-	492,912	354,357
Public safety	4,436,824	4,205,750	-	-	4,436,824	4,205,750
Public works	534,790	502,144	-	-	534,790	502,144
Transportation	687,200	790,406	-	-	687,200	790,406
Animal control	77,496	75,081	-	-	77,496	75,081
Cemetery	213,129	193,716	-	-	213,129	193,716
Community development	1,083,408	1,089,012	-	-	1,083,408	1,089,012
Electric	-	-	14,015,407	14,061,309	14,015,407	14,061,309
Water and sewer	-	-	6,401,129	5,768,408	6,401,129	5,768,408
Interest on long-term debt	157,134	4,415	185,875	-	343,009	4,415
Solid waste	-	-	2,733,992	2,261,560	2,733,992	2,261,560
Total expenses	7,682,893	7,214,881	23,336,403	22,091,277	31,019,296	29,306,158
Increase (decrease) in net position before transfers	(25,414)	(172,717)	4,238,467	3,876,537	4,213,053	3,703,820
Transfers	63,332	3,120,429	(63,332)	(3,120,429)	-	-
Extraordinary item: impairment loss	(36,798)	(116,630)	(252,863)	(1,121,391)	(289,661)	(1,238,021)
Increase (decrease) in net position	1,120	2,831,082	3,922,272	(365,283)	3,923,392	2,465,799
Beginning net position	8,118,851	5,899,481	41,602,754	42,326,187	49,721,605	48,225,668
Net position beginning, restated	-	5,287,768	-	41,968,037	-	47,255,805
Net position, June 30	$ 8,119,971	$ 8,118,851	$ 45,525,026	$ 41,602,754	$ 53,644,997	$ 49,721,605

Governmental activities. Governmental activities increased the City's governmental net position by $1,120. The increase in net position was the result of general operations.

Business-type activities: Business-type activities increased the City of Laurinburg's net position by $3,922,272. The key element of this increase is as follows:

- Continued efficiency in the Enterprise Funds.

Financial Analysis of the City'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 of Laurinburg'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, fund balance available in the General Fund was $2,384,564, while total fund balance reached $2,939,009. The governing body of the City of Laurinburg strives to keep the available fund balance at a level of 8% 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 30% of general fund expenditures, while total fund balance represents 36.59% of the same amount.

At June 30, 2019, the governmental funds of City of Laurinburg reported a combined fund balance of $3,914,301 with a net decrease in fund balance of $4,837,852. Included in this change in fund balance is a decrease in fund balance in the General Fund.

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.

Proprietary Funds. The City of Laurinburg's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to $5,322,048 and those for the Electric Fund amounted to $3,375,712, and those for the Solid Waste Fund amounted to $403,056. 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, 2019 totals $53,608,435 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, and vehicles.

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

- Construction of Water Mains $636,514.
- Construction of City Hall $4,112,888.
- Equipment $891,504.
- Vehicles $849,808.
- Other Infrastructure $1,965,501.

City of Laurinburg Changes in Net Position
Figure 4

CITY OF LAURINBURG'S CAPITAL ASSETS
(NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 280,014	$ 280,014	$ 379,298	$ 291,931	$ 659,312	$ 571,945
Construction in progress	215,521	5,101,006	1,623,465	981,684	1,838,986	6,082,690
Buildings and system	9,332,508	457,575	35,812,165	36,280,168	45,144,673	36,737,743
Improvements other than buildings	1,062,703	528,119	-	-	1,062,703	528,119
Machinery and equipment	319,914	188,514	1,869,617	1,580,680	2,189,531	1,769,194
Infrastructure	365,714	365,714	-	-	365,714	365,714
Vehicles and motorized equipment	902,764	1,027,730	1,444,752	1,037,556	2,347,516	2,065,286
	$ 12,479,138	$ 7,948,672	$ 41,129,297	$ 40,172,019	$ 53,608,435	$ 48,120,691

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

The City of Laurinburg's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment debt	$ 5,826,792	$ 6,273,751	$ 7,268,549	$ 8,399,830	$ 13,095,341	$ 14,673,581
OPEB	1,187,068	1,244,970	824,912	795,964	2,011,980	2,040,934
Pension liability (LGERS)	1,530,132	1,075,052	1,063,312	687,329	2,593,444	1,762,381
Pension related debt (LEO)	1,101,967	1,028,878	-	-	1,101,967	1,028,878
Compensated absences	348,450	278,115	205,497	163,587	553,947	441,702
Total	$ 9,994,409	$ 9,900,766	$ 9,362,270	$ 10,046,710	$ 19,356,679	$ 19,947,476

City of Laurinburg's Outstanding Debt

The City of Laurinburg's total debt increased by $590,797, 3.00% during the past fiscal year. Primarily due to payments on notes payable.

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% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Laurinburg is $68,460,343.

Additional information regarding the City's long-term debt can be found in Note 5-a beginning on Page 49 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 20 the County for the Scotland County Economic Development Corporation and the Laurinburg/Scotland County Chamber of Commerce at $35,000 and $14,000, respectively.

The City finalized an infrastructure improvements, land clearing, and destumping project to land owned by the City to help create another Industrial Park and enhance economic development. This project was made possible by approval of a $708,000 IDF Grant in fiscal 2017. This project provides sewer and an access road to the 200+ acre property, in order to make the property more marketable for potential clients.

In October of 2017, the City secured another $1,500,000 IDF Grant for infrastructure improvements to land recently purchased by the SCEDC (Scotland County Economic Development Corporation). The SCEDC is a partnership between the City and County to provide economic development efforts to our community. These grant funds extended water, sewer and electric infrastructure to the Incubator/Industrial Park on the north side of the City.

The City recently finalized an Asset Inventory and Assessment (AIA) Project on all water and wastewater infrastructure. This project was accomplished by securing a grant for $214,625. The AIA provides assessment of our water and sewer infrastructure for determining future capital improvement needs.

The City was also 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 will be a multi-year project over the next couple of fiscal years.

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.

Budget Highlights for the Fiscal Year Ending June 30, 2020
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 19. 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, the addition of two (2) police officers, street resurfacing, and continued maintenance of the capital improvement plan.

Business-type activities: The Enterprise Funds financial condition has improved as a result of increased fees in previous fiscal years. Management, with Council approval, has kept water/sewer and solid waste fees the same going forward to continue to strengthen those Enterprise Funds and to provide needed funding for future capital projects to maintain and improve infrastructure. The electric fund was financially strong enough to start construction on our 2nd substation, while maintaining the financial condition of the fund and continuing to make needed equipment replacements and infrastructure improvements.

Request for Information
This report is designed to provide 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 Director of Finance, 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, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,975,628	$ 10,174,827	$ 13,150,455
Receivables (net)	566,828	1,927,875	2,494,703
Due from other governments	520,058	911,284	1,431,342
Inventories	26,805	1,236,443	1,263,248
Prepaid items	7,580	53,573	61,153
Restricted cash	693,815	851,305	1,545,120
Total current assets	4,790,714	15,155,307	19,946,021
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	495,535	2,002,763	2,498,298
Other capital assets, net of depreciation	11,983,603	39,126,534	51,110,137
Total capital assets	12,479,138	41,129,297	53,608,435
Total assets	$ 17,269,852	$ 56,284,604	$ 73,554,456
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGRS	1,188,724	826,062	2,014,786
Pension deferrals - LEO	150,435	-	150,435
OPEB deferrals - LEO	51,257	35,620	86,877
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	$ 281,178	$ 1,290,025	$ 1,571,203
Current portion of long-term liabilities	517,509	1,169,848	1,687,357
Customer deposits	-	851,305	851,305
Total current liabilities	798,687	3,311,178	4,109,865
Long-term liabilities:			
Due in more than one year	9,476,900	8,192,422	17,669,322
Total liabilities	10,275,587	11,503,600	21,779,187
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	4,214	-	4,214
Prepaid FEMA funds	24,741	-	24,741
Pension deferrals	159,776	64,860	224,636
OPEB deferrals	75,979	52,799	128,778
Total deferred inflows of resources	264,710	117,659	382,369
NET POSITION			
Net investment in capital assets	6,652,346	36,424,210	43,076,556
Restricted for:			
Downtown revitalization	36,621	-	36,621
Stabilization by state statute	520,059	-	520,059
City hall project	416,932	-	416,932
Unrestricted	494,013	9,100,816	9,594,829
Total net position	$ 8,119,971	$ 45,525,026	$ 53,644,997

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, 2019

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue & Changes in Net Position: Primary Governmental Activities	Net (Expense) Revenue & Changes in Net Position: Business-type Activities	Net (Expense) Revenue & Changes in Net Position: Total
Primary government:							
Governmental activities:							
General government	$ 492,912	$ 12,809	$ -	$ -	$ (480,103)	$ -	$ (480,103)
Public safety	4,436,824	104,910	-	-	(4,331,914)	-	(4,331,914)
Public works	534,790	-	-	-	(534,790)	-	(534,790)
Transportation	687,200	-	451,610	-	(235,590)	-	(235,590)
Animal control	77,496	-	-	-	(77,496)	-	(77,496)
Cemetery	213,129	73,551	-	-	(139,578)	-	(139,578)
Community development	1,083,408	18,860	5,302	-	(1,059,246)	-	(1,059,246)
Interest on long-term debt	157,134	-	-	-	(157,134)	-	(157,134)
Total governmental activities	7,682,893	210,130	456,912	-	(7,015,851)	-	(7,015,851)
Business-type activities:							
Electric	14,060,958	14,983,070	267,868	67,110	-	1,257,090	1,257,090
Water and sewer	6,534,617	7,354,489	440,110	738,170	-	1,998,152	1,998,152
Solid waste	2,740,828	2,351,255	486,961	-	-	97,388	97,388
Total business-type activities	23,336,403	24,688,814	1,194,939	805,280	-	3,352,630	3,352,630
Total primary government	$ 31,019,296	$ 24,898,944	$ 1,651,851	$ 805,280	$ (7,015,851)	$ 3,352,630	$ (3,663,221)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					3,467,042	-	3,467,042
Other taxes					2,738,510	-	2,738,510
Unrestricted investment earnings					22,760	253,548	276,308
Miscellaneous					762,125	632,289	1,394,414
Extraordinary item: Impairment loss					(36,798)	(252,863)	(289,661)
Total general revenues not including transfers					6,953,639	632,974	7,586,613
Transfers					63,332	(63,332)	-
Total general revenues and transfers					7,016,971	569,642	7,586,613
Change in net position					1,120	3,922,272	3,923,392
Net position beginning					8,118,851	41,602,754	49,721,605
Net position ending					$ 8,119,971	$ 45,525,026	$ 53,644,997

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

City of Laurinburg, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	City Hall Project Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	$ 2,453,889	$ -	$ 521,739	$ 2,975,628
Restricted cash	24,741	632,453	36,621	693,815
Taxes receivable (net)	566,828	-	-	566,828
Prepaid insurance	7,580	-	-	7,580
Due from other governments	520,060	-	-	520,060
Inventories	26,805	-	-	26,805
Total assets	3,599,903	632,453	558,360	4,790,716
LIABILITIES				
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	65,111	215,521	-	280,632
Total liabilities	65,111	215,521	-	280,632
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	566,828	-	-	566,828
Prepaid FEMA funds	24,741	-	-	24,741
Prepaid taxes	4,214	-	-	4,214
Total deferred inflows of resources	595,783	-	-	595,783
Fund balances				
Non spendable:				
Inventories	26,805	-	-	26,805
Prepaid expenses	7,581	-	-	7,581
Perpetual maintenance	-	-	450,843	450,843
Restricted:				
Stabilization by state statute	520,059	-	-	520,059
City hall construction	-	416,932	-	416,932
Downtown revitalization	-	-	36,621	36,621
Assigned			-	
Subsequent year's expenditures	544,931	-	-	544,931
Future bond debt	1,181,886	-	-	1,181,886
Litigation settlement	150,000	-	-	150,000
Downtown revitalization	-	-	70,896	70,896
Unassigned	507,747	-	-	507,747
Total fund balances	2,939,009	416,932	558,360	3,914,301
Total liabilities, deferred inflows of resources and fund balances	$ 3,599,903	$ 632,453	$ 558,360	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total Fund Balance, Governmental Funds				$ 3,914,301
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				
Gross capital assets at historical cost			19,044,254	
Accumulated depreciation			(6,565,118)	12,479,136
Deferred outflows of resources related to pensions are not reported in the funds - LGRS			1,188,724	
- LEO			150,435	1,339,159
Deferred outflows of resources related to OPEB are not reported in the funds				51,257
Liabilities for earned revenues considered deferred inflows of resources in fund statements.				
Deferred taxes				566,282
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			(5,826,792)	
Other post employment benefits			(1,187,068)	
Other retirement liabilities for LEO			(1,101,967)	
Compensated absences			(348,450)	
Net pension liability-LGERS			(1,530,132)	(9,994,409)
Deferred inflows of resources related to pensions are not reported in the funds - LGRS				(101,447)
Deferred inflows of resources related to pensions are not reported in the funds - LEO				(58,329)
Deferred inflows of resources related to OPEB are not reported in the funds				(75,979)
Net position of governmental activities				$ 8,119,971

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

City of Laurinburg, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General Fund	City Hall Project Fund		
REVENUES				
Ad valorem taxes	$ 3,417,725	$ -	$ 20,902	$ 3,438,627
Other taxes and licenses	1,185,451	-	-	1,185,451
Unrestricted intergovernmental	1,553,059	-	-	1,553,059
Restricted intergovernmental	456,912	-	-	456,912
Permits and fees	18,860	-	-	18,860
Sales and services	178,461	-	20,685	199,146
Investment earnings	22,760	-	-	22,760
Hurricane reimbursement	239,334	-	-	239,334
Miscellaneous	155,126	239	13,070	168,435
Total revenues	7,227,688	239	54,657	7,282,584
EXPENDITURES				
Current:				
General government	450,704	-	-	450,704
Community development	1,145,467	4,112,888	39,371	5,297,726
Public safety	4,322,167	-	-	4,322,167
Transportation	805,300	-	-	805,300
Public works	437,540	-	-	437,540
Animal control	75,806	-	-	75,806
Cemetery	190,434	-	-	190,434
Debt service:				
Principal payments	446,956	-	-	446,956
Interest and other charges	157,134	-	-	157,134
Total expenditures	8,031,508	4,112,888	39,371	12,183,767
Excess of revenues over (under) expenditures	(803,820)	(4,112,649)	15,286	(4,901,183)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	63,332	-	20,000	83,332
Transfers to other funds	(20,000)	-	-	(20,000)
Financing note issued	-	-	-	-
Total other financing sources	43,332	-	20,000	63,332
Net change in fund balance	(760,488)	(4,112,649)	35,286	(4,837,851)
Fund balances-beginning	3,699,497	4,529,581	523,074	8,752,152
Fund balances-ending	$ 2,939,009	$ 416,932	$ 558,360	$ 3,914,301

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, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ (4,837,851)
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	4,766,403	
Depreciation expense for governmental assets	(545,618)	
Asset impairment loss	(36,798)	4,183,987
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		341,952
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		55,216
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		81,595
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated assets	346,479	
Change in unavailable revenue for tax revenues	28,414	374,893
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.		
Principal payments on long-term debt		446,956
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	(70,335)	
Pension expense (LGERS)	(400,970)	
Pension expense (LEO)	(100,741)	
OPEB plan expense	(73,582)	(645,628)
Total changes in net position of governmental activities		$ 1,120

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

City of Laurinburg, North Carolina
General Fund and Annually Budgeted Major Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	General Fund				City Hall Project Fund			
	Budget		Actual	Variance with Final Budget-Positive	Budget		Actual	Variance with Final Budget-Positive
	Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)
REVENUES								
Ad valorem taxes	$ 3,424,190	$ 3,424,190	$ 3,417,725	$ (6,465)	$ -	$ -	$ -	$ -
Other taxes and licenses	1,435,900	1,435,900	1,185,451	(250,449)	-	-	-	-
Unrestricted intergovernmental	1,565,000	1,565,000	1,553,059	(11,941)	-	-	-	-
Restricted intergovernmental	485,000	485,000	456,912	(28,088)	-	-	-	-
Permits and fees	9,100	9,100	18,860	9,760	-	-	-	-
Sales and services	168,500	168,500	178,461	9,961	-	-	-	-
Investment earnings	5,700	5,700	22,760	17,060	-	-	239	239
Hurricane reimbursement	-	264,075	239,334	(24,741)	-	-	-	-
Miscellaneous	291,284	221,809	155,126	(66,683)	-	-	-	-
Total revenues	7,384,674	7,579,274	7,227,688	(351,586)	-	-	239	239
EXPENDITURES								
General government	498,000	544,809	450,704	94,105	-	-	-	-
Community development	985,555	1,180,347	1,145,467	34,880	9,055,665	9,055,665	4,112,888	4,942,777
Public safety	4,634,434	4,694,074	4,322,167	371,907	-	-	-	-
Transportation	781,735	836,582	805,300	31,282	-	-	-	-
Public works	447,441	460,555	437,540	23,015	-	-	-	-
Animal control	82,112	82,112	75,806	6,306	-	-	-	-
Cemetery	196,214	201,276	190,434	10,842	-	-	-	-
Debt service:								
Principal retirement	446,956	446,956	446,956	-	-	-	-	-
Interest and other charges	157,134	157,133	157,134	(1)	-	-	-	-
Total expenditures	8,229,581	8,603,844	8,031,508	572,336	9,055,665	9,055,665	4,112,888	4,942,777
Excess (deficiency) of revenues over expenditures	(844,907)	(1,024,570)	(803,820)	220,750	9,055,665	9,055,665	(4,112,649)	4,943,016
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	87,000	87,000	63,332	(23,668)	9,165,000	9,165,000	-	(9,165,000)
Transfers to other funds	(20,000)	(20,000)	(20,000)	-	(109,335)	(109,335)	-	109,335
Total other financing sources (uses)	67,000	67,000	43,332	(23,668)	9,055,665	9,055,665	-	(9,055,665)
Appropriated fund balance	777,907	957,570	-	(957,570)	-	-	-	-
Net change in fund balance	$ -	$ -	(760,488)	$ (760,488)	$ -	$ -	(4,112,649)	$ (4,112,649)
Fund balances-beginning of year			3,699,497				4,529,581	
Fund balances-end of year			$ 2,939,009				$ 416,932	

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, 2019

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	June 30, 2019
Assets				
Current assets:				
Cash and cash equivalents	$ 3,663,452	$ 6,510,447	$ 928	$ 10,174,827
Accounts receivable (net)	1,226,549	509,365	191,961	1,927,875
Due from other governments	233,515	167,914	509,855	911,284
Inventories	1,083,836	137,917	14,690	1,236,443
Prepaid items	53,000	573	-	53,573
Restricted cash and equivalents	695,079	156,226	-	851,305
Total current assets	6,955,431	7,482,442	717,434	15,155,307
Land and construction in progress	154,477	1,848,286	-	2,002,763
Other capital assets net of depreciation	5,937,490	31,984,080	1,204,964	39,126,534
Capital assets				
Total noncurrent assets	6,091,967	33,832,366	1,204,964	41,129,297
Total assets	$ 13,047,398	$ 41,314,808	$ 1,922,398	$ 56,284,604
Deferred Outflows of Resources				
Pension deferrals	$ 201,479	$ 362,661	$ 261,922	$ 826,062
OPEB	8,688	15,638	11,294	35,620
Liabilities and fund equities				
Current liabilities:				
Accounts payable and accrued liabilities	1,117,761	120,423	51,841	1,290,025
Compensated absences-current	12,265	15,720	12,514	40,499
Installment financing notes payable	159,945	873,721	95,683	1,129,349
Liabilities payable from restricted assets:				
Due to other funds	-	(124,313)	124,313	-
Customer deposits	695,079	156,226	-	851,305
Total current liabilities	1,985,050	1,041,777	284,351	3,311,178
Non-current liabilities:				
Compensated absences payable	49,059	62,879	53,060	164,998
Net pension liability	259,344	466,820	337,148	1,063,312
Total OPEB liability	201,198	362,156	261,557	824,911
Installment financing notes payable	1,556,280	4,411,388	171,533	6,139,201
Total non-current liabilities	2,065,881	5,303,243	823,298	8,192,422
Total liabilities	4,050,931	6,345,020	1,107,649	11,503,600
Deferred Inflows of Resources				
Pension deferrals	16,631	29,935	18,294	64,860
OPEB deferrals	12,878	23,180	16,741	52,799
Net position				
Net investment in capital assets	5,801,412	29,972,924	649,874	36,424,210
Unrestricted	3,375,712	5,322,048	403,056	9,100,816
Total net position	$ 9,177,124	$ 35,294,972	$ 1,052,930	$ 45,525,026

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
Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	June 30, 2019
Operating revenues:				
Charges for services	$ 14,686,949	$ 7,293,082	$ 2,351,255	$ 24,331,286
Water and sewer taps	-	61,407	-	61,407
Fiber optic rental	296,121	-	-	296,121
Hurricane recovery	267,868	512,771	486,961	1,267,600
Other operating revenues	276,641	274,686	61,614	612,941
Total operating revenues	15,527,579	8,141,946	2,899,830	26,569,355
Operating expenses:				
Administration	596,971	1,484,010	2,487,318	4,568,299
Finance	461,580	-	-	461,580
Electric operations	1,425,835	-	-	1,425,835
Electric power purchases	11,122,894	-	-	11,122,894
Water and sewer treatment and distribution	-	1,448,555	-	1,448,555
Waste collection and treatment	-	1,933,188	-	1,933,188
Depreciation	408,127	1,535,376	246,674	2,190,177
Total operating expenses	14,015,407	6,401,129	2,733,992	23,150,528
Operating income	1,512,172	1,740,817	165,838	3,418,827
Nonoperating revenues (expenses):				
Investment earnings	253,548	7,664	929	262,141
Gain on sale of fixed assets	-	-	5,205	5,205
State grants	-	101,304	-	101,304
Interest and fees	(45,551)	(133,488)	(6,836)	(185,875)
Total nonoperating revenues (expenses)	207,997	(24,520)	(702)	182,775
Income before contributions and transfers	1,720,169	1,716,297	165,136	3,601,602
Capital contributions	1,725,000	4,186,866	-	5,911,866
Extraordinary item: Impairment loss	(54,527)	(198,336)	-	(252,863)
Transfers to other funds	(1,788,332)	(3,550,000)	-	(5,338,332)
Change in net position	1,602,309	2,154,827	165,136	3,922,272
Total net position-beginning	7,574,815	33,140,145	887,794	41,602,754
Total net position-ending	$ 9,177,124	$ 35,294,972	$ 1,052,930	$ 45,525,026

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, 2019

	Business-type Activities Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 15,169,926	$ 7,339,252	$ 2,347,927	$ 24,857,105
Cash paid for goods and services	(12,930,374)	(2,823,256)	(1,109,895)	(16,863,525)
Cash paid to or on behalf of employees for services	(952,953)	(1,761,229)	(1,290,529)	(4,004,711)
Customer deposits received	165,002	18,123	-	183,125
Customer deposits returned	(202,736)	(10,663)	-	(213,399)
Other operating revenues	310,994	501,179	38,720	850,893
Net cash provided by (used in) operating activities	1,559,859	3,263,406	(13,777)	4,809,488
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase (decrease) in due from other funds	-	(124,313)	124,313	-
Transfers to (from) other funds	(63,332)	636,866	-	573,534
Total cash flows provided by (used in) noncapital financing activities	(63,332)	512,553	124,313	573,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(666,114)	(2,233,658)	(534,539)	(3,434,311)
Interest paid on bond and installment financing contracts	(45,551)	(133,488)	(6,836)	(185,875)
Principal paid on bond and installment financing contracts	(159,945)	(873,720)	(97,614)	(1,131,279)
Cash received from sale of assets	-	-	5,205	5,205
Capital contributions-State grant	-	101,304	-	101,304
Net cash (used in) capital and related financing activities	(871,610)	(3,139,562)	(633,784)	(4,644,956)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	253,548	7,664	929	262,141
Net increase (decrease) in cash and cash equivalents	878,465	644,061	(522,319)	1,000,207
Balances - beginning of the year	3,480,066	6,022,612	523,248	10,025,926
Balances - end of the year	$ 4,358,531	$ 6,666,673	$ 929	$ 11,026,133

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, 2019

	Business-type Activities Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 1,512,172	$ 1,740,817	$ 165,838	$ 3,418,827
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	408,127	1,535,376	246,674	2,190,177
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) decrease in accounts receivable	(294,892)	364,601	(489,655)	(419,946)
Increase (decrease) in allowance for doubtful accounts	2,878	(10,253)	-	(7,375)
(Increase) decrease in inventory	(5,284)	(3,893)	228	(8,949)
(Increase) decrease in prepaid items	(3,000)	26	-	(2,974)
(Decrease) in deferred outflows of resources-pensions	(73,310)	(131,957)	(120,936)	(326,203)
(Decrease) in deferred outflows of resources-OPEB	(8,688)	(15,638)	(11,294)	(35,620)
Increase in net pension liability	83,106	149,591	143,286	375,983
Increase in deferred inflows of resources-pensions	1,776	3,196	1,954	6,926
Increase in deferred inflows of resources-OPEB	3,976	7,157	6,949	18,082
(Decrease) in accounts payable and accrued liabilities	(36,173)	(394,701)	(9,150)	(440,024)
Increase (decrease) in customer deposits	(37,734)	7,460	-	(30,274)
Increase in accrued vacation pay	9,800	16,836	15,275	41,911
Increase (decrease) in OPEB liability	(2,895)	(5,212)	37,054	28,947
Total adjustment	47,687	1,522,589	(179,615)	1,390,661
Net cash provided by (used in) operating activities	$ 1,559,859	$ 3,263,406	$ (13,777)	4,809,488

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

Exhibit 9

City of Laurinburg, North Carolina
Statement of Agency Fund Net Position
Agency Fund
For the Year Ended June 30, 2019

	Agency Fund
Assets	
Cash and cash equivalents	$106,431
Liabilities	
Intergovernmental payable	106,431
Total liabilities	$106,431

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

I. 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, 2019.

B. Basis of Presentation

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.

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 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

City Hall Project Fund: The City Hall Project Fund is used to account for the construction of a new city hall. It is funded by debt proceeds which are paid for by the General, Electric, and Water Sewer Funds.

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 Care Fund. This fund is used to account for perpetual care of the municipal cemetery.

The City reports the following major enterprise funds:
Electric Fund. This fund is used to account for the City's electric fund operations.

Water and Sewer Fund. This fund is used to account for the City's water and sewer operations.

IDF Capital Project Fund. This fund is used to account for a capital project fund that is restricted for a capital project.

Solid Waste Fund. This fund is used to account for the City's solid waste operations.

The City reports the following fund types:
Agency Funds. Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the City holds on behalf of others. The City maintains the following agency fund: The Scotland County Water District's Fund, which accounts for moneys collected for billing residents within the Scotland County Water Districts. Once the City collects the funds from residents the money is immediately transferred to Scotland County.

C. Measurement Focus and Basis of Accounting
In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements . The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as the 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 of Laurinburg 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 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, the Perpetual Care Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Grant Projects Special Revenue Fund, the Capital Projects Fund, 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 functional 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 by more than $2,500. 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, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

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
Downtown revitalization	36,621
City hall project	632,453
Total governmental activities	693,815
Business-Type Activities	
Electric fund customer deposits	695,079
Water & sewer fund customer deposits	156,226
Total business-type activities	851,305
Total restricted cash	1,545,120

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2005. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

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.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. 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:

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criteria, which is pension deferrals made in the 2019 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 position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

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

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

10. Compensated Absences

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.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, 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 government fund types classify fund balances as follows:

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

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 Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of 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 - portion of fund balance that City of Laurinburg intends to use for specific purposes.

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

Unassigned Fund Balance - the portion of fund balance that 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.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Laurinburg's employer contributions are recognized when due and the City of Laurinburg has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance and Accountability

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

1. Noncompliance with North Carolina General Statutes

None were noted.

III. Detail 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-collaterization, 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, 2019, the City's deposits had a carrying amount of $612,308 and a bank balance of $338,932. 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, 2019, the City's petty cash fund totaled $1,700.

2. Investments

At June 30, 2019, the City of Laurinburg had $14,187,998 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.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Fund	06/30/19
General Fund:	
Taxes receivable	$ 174,088
Enterprise Funds	59,727
Total	$ 233,815

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
General Fund				
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 5,101,006	$ 4,112,888	$ 8,998,373	$ 214,521
Land	280,014	-	-	280,014
Total capital assets not being depreciated	5,381,020	4,112,888	8,998,373	495,535
Capital assets being depreciated:				
Buildings	1,951,471	8,962,728	466,207	10,447,992
Other improvements	918,819	631,519	132,038	1,418,300
Equipment	1,643,071	334,645	111,973	1,865,743
Vehicles and motorized equipment	3,782,361	69,475	83,812	3,768,024
Infrastructure	1,048,660	-	-	1,048,660
Total capital assets being depreciated	9,344,382	9,998,367	794,030	18,548,719
Less accumulated depreciation for:				
Buildings	1,493,896	87,795	466,207	1,115,484
Other improvements	390,700	77,652	112,755	355,597
Equipment	1,454,557	185,730	94,458	1,545,829
Vehicles and motorized equipment	2,754,631	194,441	83,812	2,865,260
Infrastructure	682,946	-	-	682,946
Total accumulated depreciation	6,776,730	545,618	757,232	6,565,116
Total capital assets being depreciated, net	$ 2,567,652			$11,983,603
Governmental activity capital assets, net	$ 7,948,672			$12,479,138

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

General government	$ 54,562
Public safety	300,090
Transportation	81,843
Public works	92,755
Cemetery	16,368
Total depreciation expense	$ 545,618

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Electric Fund				
Capital assets not being depreciated:				
Land	$ -	$ 87,367	$ -	$ 87,367
Construction in progress	-	67,110	-	67,110
Total capital assets not being depreciated	-	154,477	-	154,477
Capital assets being depreciated:				
Substations, lines, and related equipment	14,375,526	220,897	321,610	14,274,813
Furniture and maintenance equipment	770,982	290,741	-	1,061,723
Vehicles	974,240	-	-	974,240
Total capital assets being depreciated	16,120,748	511,638	321,610	16,310,776
Less accumulated depreciation for:				
Substations, lines, and related equipment	9,173,653	275,325	267,083	9,181,895
Furniture and maintenance equipment	467,110	68,640	-	535,750
Vehicles	591,476	64,162	-	655,638
Total accumulated depreciation	10,232,239	408,127	267,083	10,373,283
Total capital assets being depreciated, net	5,888,509			5,937,493
Electric fund capital assets, net	5,888,509			6,091,970
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	291,931	-	-	291,931
Construction in progress	957,611	636,514	37,770	1,556,355
Total capital assets not being depreciated	1,249,542	636,514	37,770	1,848,286
Capital assets being depreciated:				
Plant and distribution systems	60,102,561	1,065,003	562,223	60,605,341
Furniture and maintenance equipment	2,623,418	193,440	-	2,816,858
Vehicles	1,515,145	342,471	-	1,857,616
Total capital assets being depreciated	64,241,124	1,600,914	562,223	65,279,815
Less accumulated depreciation for:				
Plant and distribution systems	29,024,266	1,252,237	363,887	29,912,616
Furniture and maintenance equipment	2,000,182	194,935	-	2,195,117
Vehicles	1,099,798	88,204	-	1,188,002
Total accumulated depreciation	32,124,246	1,535,376	363,887	33,295,735
Total capital assets being depreciated, net	32,116,878			31,984,080
Water and Sewer fund capital assets, net	33,366,420			33,832,366
Solid Waste Fund				
Capital assets not being depreciated:				
Construction in progress	24,073	-	24,073	-
Total capital assets not being depreciated	24,073	-	24,073	-
Capital assets being depreciated:				
Plant and distribution systems	123,246	48,082	-	171,328
Furniture and maintenance equipment	779,918	72,678	-	852,596
Vehicles	2,635,150	437,862	143,487	2,929,525
Total capital assets being depreciated	3,538,314	558,622	143,487	3,953,449
Less accumulated depreciation for:				
Plant and distribution systems	140,677	4,129	-	144,806
Furniture and maintenance equipment	108,915	21,778	-	130,693
Vehicles	2,395,705	220,767	143,487	2,472,985
Total accumulated depreciation	2,645,297	246,674	143,487	2,748,484
Total capital assets being depreciated, net	893,017			1,204,965
Solid Waste fund capital assets, net	917,090			1,204,965
Business-type activities capital assets, net	$ 40,172,019			$ 41,129,297

Construction Commitments

The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
City Hall Project	$ 8,639,525	$ 416,140
Water Sewer Project	$ 1,128,051	$ 6,629,949
Electricity Fund Project	$ 67,110	$ 3,632,890

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. 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 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. LGERS provides retirement and disability benefits to plan members and beneficiaries. 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Laurinburg employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Laurinburg's contractually required contribution rate for the year ended June 30, 2019, was 8.5% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Laurinburg were $570,476 for the year ended June 30, 2019.

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, 2019, the City reported a liability of $2,593,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the City's proportion was .109%, which was a decrease of (.006)% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of $686,200. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 400,107	$ 13,426
Changes of assumptions	688,200	-
Net difference between projected and actual earnings on pension plan investments	356,003	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	152,880
City contributions subsequent to the measurement date	570,476	-
Total	$ 2,014,786	$ 166,306

$570,476 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	639,340
2020	404,347
2021	48,978
2022	185,339
2023	-
	1,278,004

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2017 valuation were based on the results of actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	6,229,678	2,593,444	(445,049)

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

b. Law Enforcement Officers Special Separation Allowance

1. 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.

All full time City law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	41
Total	45

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

The entry age actual cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP2015 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid $63,103 as benefits came due for the reporting period.

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

At June 30, 2019, the City reported a total pension liability of $1,101,967. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of $100,741.

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	$ 77,730	$ 8,292
Changes of assumptions	44,440	5,037
County benefit payments and plan administrative expense made subsequent to the measurement date	28,265	-
Total	$ 150,435	$ 13,329

$28,265 paid as benefits came due subsequent to the measurement date and have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	$ 2,103
2020	2,103
2021	2,009
2022	1,312
2023	461
Thereafter	-

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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease 2.64%	Discount Rate 3.64%	1% Increase 4.64%
City's proportionate share of the net pension liability	$ 1,196,186	$ 1,101,967	1,015,987

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

	2019
Beginning balance	1,028,878
Service cost	56,108
Interest on the total pension liability	31,516
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	92,736
Changes of assumptions or other inputs	(44,168)
Benefit payments	(63,103)
Other changes	-
Ending balance of the total pension liability	1,101,967

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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 expense	$ 686,200	$ 100,741	$ 786,941
Pension liability	2,593,444	1,101,967	3,695,411
Proportionate share of the net pension liability	0.10932%	N/A	-
Deferred outflows of resources			
Differences between expected and actual experience	400,107	77,730	477,837
Changes of assumptions	688,200	44,440	732,640
Net difference between projected and actual earnings on plan investments	356,003	-	356,003
Benefit payments and administrative costs paid subsequent to the measurement date	570,476	28,265	598,741
Deferred inflows of resources			
Differences between expected and actual experience	13,426	8,292	21,718
Changes of assumptions	-	50,037	50,037
Changes in proportion and differences between contributions and proportionate share of contributions	152,880	-	152,880

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, NC 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 officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were $142,282, which consisted of $106,918 from the City and $35,364 from the law enforcement officers.

d. 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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.

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 of 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.

e. Other Post-Employment Benefits

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 service 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 of 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.

Membership of the FCC Plan consisted of the following at June 30, 2018 the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	10	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	102	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 $2,011,980 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	Medical - 7.5% Prescription - 7.5% Admin Expenses - 3.00%

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, 2018	2,040,934
Changes for the year	
Service cost	77,470
Interest	70,455
Changes of benefit terms	-
Differences between expected and actual experience	5,969
Changes in assumptions or other inputs	(58,014)
Benefit payments	(124,834)
Net changes	(28,954)
Balances at June 30, 2019	2,011,980

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvement using scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease	Discount Rate (3.89%)	1% Increase
Total OPEB liability	$ 2,193,906	$ 2,011,980	$ 1,847,809

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 that the current healthcare cost trend rates:

	(Medical-5.5%, Prescription-6.25%, Admin Expenses 2.00%)	Discount Rate (Medical-6.5%, Prescription-7.25%, Admin Expenses-3.00%)	(Medical -7.50%, Prescription - 8.25%, Admin Expenses - 4.00%)
Total OPEB liability	$ 1,796,597	$ 2,011,980	$ 2,265,542

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

For the year ended June 30, 2019, the City recognized OPEB expense of $84,992. At June 30, 2019, 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	$ 5,282	$ 527
Changes of assumptions	-	128,251
Benefit payments and administrative costs made subsequent to the measurement date	81,595	-
Total	$ 86,877	$ 128,778

$81,595 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	(17,565)
2020	(17,565)
2021	(17,565)
2022	(17,565)
2023	(17,565)
Thereafter	(35,671)

Other Employment Benefits

The City has also 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. 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. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City made no contributions to the State for death benefits. Due to surplus, a decision was made to temporarily stop employer contributions to the LGERS Death Benefit Plan.

2. 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 - LGRS	$ 570,476
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date	28,276
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	81,595
Differences between expected and actual experience	483,119
Changes of assumptions	732,640
Net difference between projected and actual	355,992
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	$ 2,252,098

Deferred inflows of resources at year end is composed of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	4,214	4,214
Prepaid FEMA funds	24,741	24,741
Taxes receivable, less penalties (General Fund)	-	566,828
Changes in assumptions	178,288	-
Differences between expected and actual experience	22,245	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	152,880	-
Total	382,369	595,783

3. 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 one self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the City obtains general liability and auto liability coverage of $2 million and $1 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. Workers' 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.

The City carried limited flood insurance of $5 million with a $50,000 deductible for certain areas in the City considered flood areas.

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 $100,000 and $50,000, 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.

4. Claims, Judgments and Contingent Liabilities

At the date of this report and subsequent to June 30, 2019, the City settled a potential lawsuit. The settlement was reached with parties involved and the total cost to the City after insurance coverage was $250,000, paid in two installments, with the first installment of $100,000 paid in fiscal year 2019 and the second installment was paid in fiscal 2020 for $150,000.

5. Long-Term Obligations

a. Equipment Financing Purchase

In fiscal 2012, the City entered into a $384,348 financing agreement to purchase a fire truck at a fixed interest rate of 2.180 percent. The remaining balance owed at June 30, 2019 is $124,125 and is being serviced by the General Fund. The loan is secured by the asset.

In fiscal 2012, the City entered into a $434,442 financing agreement to purchase a refuse truck at a fixed rate of interest of 1.830 percent. The remaining principal balance owed at June 30, 2019 is $57,814 and is being serviced by the Solid Waste Fund. The loan is secured by the asset.

In fiscal 2011, the City entered into a $115,645 financing agreement with BB&T bank to purchase a leaf blower truck at a fixed rate of 2.62 percent. The remaining principal balance owed at June 30, 2019 is $25,581. The loan is serviced by the Solid Waste Fund. The loan is secured by the asset.

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, 2019 is $3,859,442. 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, 2019 is $290,558. The loan is serviced by the Electric Fund.

In November of 2015, the City entered into a $258,980 installment contract 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, 2019 is $183,820. The loan is serviced by the Solid Waste Fund.

In fiscal 2018, the City entered into a $9,165,000 non-general obligation bond financing agreement to 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, 2019 is $5,702,667. 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 non-general obligation bond financing agreement to 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, 2019 is $1,425,667. 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 non-general obligation bond financing agreement to 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 Fund and the principal balance owed at June 30, 2019 is $1,425,667. This note is secured by a deed of trust and security interest in the new City Hall.

Annual debt service payments of the installment purchases as of June 30, 2019, including $1,809,773 of interest, are as follows:

	Governmental Activities		Business-Type Activities	
Ending June 30	Principal	Interest	Principal	Interest
2020	447,819	145,680	1,129,349	160,172
2021	448,702	134,206	1,072,328	134,432
2022	449,604	122,715	1,059,844	108,734
2023	407,333	111,202	1,060,324	85,368
2024	407,333	100,611	1,060,812	60,990
2025-2029	2,036,667	344,197	1,071,222	173,377
2030-2034	1,629,333	84,725	814,670	42,364
Total	$5,826,792	$1,043,336	$ 7,268,549	$ 765,437

At June 30, 2019, the City of Laurinburg had a legal debt margin of $68,460,343.

c. Changes in Long-term Liabilities

	Beginning Balance July 1, 2018	Increases	Decreases	Ending Balance June 30, 2019	Current Portion of Balance
Governmental activities:					
Financing agreement	$ 6,273,751	$ -	$ 446,959	$ 5,826,792	$ 447,819
Net pension liability (LGERS)	1,075,052	455,080	-	1,530,132	-
Net pension obligation (LEO)	1,028,878	73,089	-	1,101,967	-
Total OPEB liability	1,244,970	-	57,902	1,187,068	-
Compensated absences	278,115	214,708	144,373	348,450	69,690
Governmental activities long-term liabilities	$ 9,900,766	742,877	649,234	9,994,409	517,509
Business-type activities:					
Electric fund					
Financing agreement	$ 1,876,171	$ -	$ 159,946	$ 1,716,225	$ 159,945
Net pension liability (LGERS)	176,238	83,106	-	259,344	-
Total OPEB liability	204,093	-	2,895	201,198	-
Compensated absences	51,524	42,229	32,429	61,324	12,265
Electric fund activity long-term liabilities	2,308,026	125,335	195,270	2,238,091	172,210
Water and sewer fund					
Financing agreement	$ 6,158,830	$ -	$ 873,721	$ 5,285,109	$ 873,721
Net pension liability (LGERS)	317,229	149,591	-	466,820	-
Total OPEB liability	367,368	-	5,212	362,156	-
Compensated absences	61,764	56,313	39,478	78,599	15,720
Water and sewer activity long-term liabilities	6,905,191	205,904	918,411	6,192,684	889,441
Solid waste fund					
Financing agreement	$ 364,829	$ -	$ 97,614	$ 267,215	$ 95,683
Net pension liability (LGERS)	193,862	143,286	-	337,148	-
Total OPEB liability	224,503	37,055	-	261,558	-
Compensated absences	50,299	46,495	31,220	65,574	12,514
Solid waste activity long-term liabilities	833,493	226,836	128,834	931,495	108,197
Business activity long-term liabilities	$ 10,046,710	$ 558,075	$ 1,242,515	$ 9,362,270	$ 1,169,848

Compensated absences typically have been liquidated in the General Fund.

C. Revenues, Expenditures, and Expenses

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 $24,480 for 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, 2019. 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.

	Governmental	Business-Type
Net Investment in Capital Assets		
Capital assets	$12,479,138	$ 40,841,426
Less: Long-term debt	5,826,792	4,417,216
Net investment in capital assets	$ 6,652,346	$ 36,424,210

Because the City Hall Project is not carried in the business-type activities, the related debt is not netted against the capital assets of the business-type activities.

D. Fund Balance

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

Total fund balance - General Fund	2,939,009
Less:	
Non-spendable - Prepaid expenses	7,581
Non-spendable - Inventories	26,805
Stabilization by State Statute	520,059
Streets	-
Appropriated fund balance in 2020 budget	544,931
Future bond debt	1,181,886
Litigation settlement	150,000
Remaining fund balance	507,747

Interfund Balances and Activity

Transfer to/from other funds at June 30, 2019, consists of the following:

From the Electric Fund to the General Fund for payment in lieu of taxes.	$ 63,332
From the Electric Fund to fund the Electric Capital Project Fund	1,725,000
From the General Fund to the Downtown Revitalization Fund for revitalization of downtown.	20,000
From the Water Sewer Fund to fund the Water Sewer Fund Capital Project	3,550,000
Total	$ 5,358,332

IV. 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, 2019 were $11,122,894.

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, 2019. 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, 2019 in the amount of $5,267.

V. 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.

VI. 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 moneys.

VII. Significant Effects of Subsequent Events

Management has evaluated subsequent events through December 4, 2019, the date which the financial statements were available to be issued.

VIII. Extraordinary Event

During the year, the City experienced catastrophic hurricane damage and record breaking flooding. Various assets were damaged or considered unusable. In the general fund an impairment loss of $36,798 is recognized. In the electric fund an impairment loss of $54,527 is recognized and the water sewer fund recognized an impairment loss of $198,336. Minimal insurance proceeds were used to offset the losses.

IX. 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 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 Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liabilities

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

Local Government Employees' Retirement System

	2019	2018	2017
Laurinburg's proportion of the net pension liability (asset) (%)	0.10932%	0.11536%	0.11442%
Laurinburg's proportion of the net pension liability (asset) ($)	2,593,444	1,762,381	2,428,375
Laurinburg's covered-employee payroll	7,136,857	6,295,300	6,244,611
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.34%	28.00%	38.89%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%

*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 Three Fiscal Years

Local Government Employee's Retirement System

	2019	2018	2017
Contractually required contribution	570,476	487,905	468,631
Contributions in relation to the contractually required contribution	570,476	487,905	468,631
Contribution deficiency (excess)	-	-	-
Laurinburg's covered-employee payroll	7,360,981	6,295,300	6,244,611
Contributions as a percentage of covered-employee payroll	7.75%	7.75%	7.50%

City of Laurinburg, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	2019	2018
Beginning balance	1,028,878	961,796
Service cost	56,108	48,244
Interest on the total pension liability	31,516	35,772
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)	-
Benefits payments	(63,103)	65,402
Other changes	-	(70,134)
Ending balance of the total pension liability	1,101,967	1,028,878

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

Exhibit A-4

City of Laurinburg, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	2019	2018
Total pension liability	1,101,967	1,028,878
Covered payroll	1,961,580	1,936,174
Total pension liability as a percentage of covered payroll	56.18%	53.14%

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

City of Laurinburg, North Carolina
Schedule of Changes in Total OPEB Liabilities and Related Ratios
June 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	77,470	83,635
Interest	70,455	61,751
Changes of benefit terms	-	-
Differences between expected and actual experience	5,969	(685)
Changes of assumptions	(58,014)	(99,907)
Benefit payments	(124,834)	(109,993)
Net change in total OPEB liability	(28,954)	(65,199)
Total OPEB liability-beginning	2,040,934	2,106,133
TOTAL OPEB LIABILITY-ENDING	2,011,980	2,040,934
Covered payroll	5,846,417	5,846,417
Total OPEB liability as a percentage of covered payroll	34.41%	34.91%

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

Fiscal Year	Rate
2018	3.56%
2019	3.89%

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		$ 3,368,210	
Penalties and interest		49,514	
Total	3,424,190	3,417,725	(6,465)
Other taxes and licenses:			
Local option sales tax		1,183,101	
Animal taxes		1,765	
Privilege licenses		585	
Total	1,435,900	1,185,451	(250,449)
Unrestricted intergovernmental:			
Utility franchise tax		1,109,480	
Beer and wine tax		67,461	
Cable franchise		374,238	
Tax refunds - sales and gasoline		1,880	
Total	1,565,000	1,553,059	(11,941)
Restricted intergovernmental:			
Local grants		5,302	
Powell Bill allocation		451,610	
Total	485,000	456,912	(28,088)
Permits and fees:			
Court fees		3,174	
Inspection fees		15,686	
Total	9,100	18,860	9,760

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Fire protection		104,910	
Cemetery lots		73,551	
Total	168,500	178,461	9,961
Investment earnings	5,700	22,760	17,060
Miscellaneous:			
Sale of materials and other assets		6,084	
Concessions and rentals		6,725	
Hurricane recovery reimbursement		239,334	
Other		142,317	
Total	485,885	394,461	(91,424)
Total revenues	7,579,275	7,227,687	(351,588)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		235,990	
Membership dues and subscriptions		24,230	
Other operating expenditures		53,367	
Reimbursement-proprietary funds		(168,280)	
Total	161,870	145,308	16,562
Administration:			
Salaries and employee benefits		232,505	
Other operating expenditures		1,288	
Capital outlay		48,000	
Reimbursement-proprietary funds		(232,201)	
Total	63,986	49,592	14,394

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Personnel/safety:			
Salaries and employee benefits		158,896	
Other operating expenditures		50,895	
Capital outlay		25,000	
Reimbursement-proprietary funds		(193,685)	
Total	53,354	41,107	12,247
Finance:			
Salaries and employee benefits		262,087	
Other operating expenditures		29,732	
Capital outlay		25,000	
Reimbursement-proprietary funds		(260,938)	
Total	71,142	55,881	15,261
Taxes:			
Salaries and employee benefits		66,441	
Collection fees		103	
Other operating expenditures		21,264	
Total	118,632	87,808	30,824
Public buildings:			
Salaries and employee benefits		25,102	
Other operating expenditures		24,047	
Total	53,644	49,148	4,496
Information technology:			
Other operating expenditures		151,385	
Capital outlay		6,673	
Reimbursement-proprietary funds		(136,199)	
Total	22,181	21,859	322
Total general government	544,809	450,704	94,105

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Community development:			
Administration:			
Salaries and employee benefits		206,178	
Other operating expenditures		10,215	
Contributions to local organizations		391,500	
Capital outlay		8,332	
Total	616,932	616,225	707
Planning:			
Salaries and employee benefits		71,434	
Other operating expenditures		38,472	
Total	123,454	109,906	13,548
Engineering:			
Salaries and employee benefits		90,323	
Other operating expenditures		21,030	
Capital outlay		9,700	
Reimbursement-proprietary funds		(109,004)	
Total	17,679	12,050	5,629
Beautification:			
Salaries and employee benefits		229,220	
Other operating expenditures		178,065	
Total	422,282	407,285	14,997
Total community development	1,180,347	1,145,467	34,881

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		2,683,995	
Vehicle maintenance		158,710	
Other operating expenditures		276,938	
Capital outlay		222,203	
Total	3,564,457	3,341,846	222,612
Fire:			
Salaries and employee benefits		484,201	
Vehicle maintenance		64,849	
Other operating expenditures		297,782	
Capital outlay		83,645	
Total	1,072,848	930,477	142,371
Rescue units:			
Operating expenditures		49,844	
Total	56,769	49,844	6,925
Total public safety	4,694,074	4,322,167	371,907
Transportation:			
Streets and highways:			
Salaries and employee benefits		386,857	
Other operating expenditures		198,929	
Capital outlay		219,514	
Total	836,582	805,300	31,282

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Public works:			
Administration:			
Salaries and employee benefits		218,992	
Other operating expenditures		17,417	
Reimbursement proprietary funds		(210,747)	
Total	31,976	25,662	6,314
Storm drainage:			
Salaries and employee benefits		164,092	
Other operating expenditures		44,343	
Total	219,213	208,434	10,779
Garage:			
Salaries and employee benefits		106,912	
Other operating expenditures		96,532	
Total	209,366	203,444	5,922
Total public works	460,555	437,540	23,015
Animal control:			
Salaries and employee benefits		68,878	
Other operating expenditures		6,928	
Total	82,112	75,806	6,306

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Cemetery:			
Salaries and employee benefits		137,462	
Other operating expenditures		47,523	
Capital outlay		5,448	
Total	201,276	190,434	10,842
Debt service:			
Principal retirement		446,956	
Interest and other charges		157,134	
Total	604,090	604,090	-
Total expenditures	8,603,845	8,031,507	572,338
Revenues over (under) expenditures	(1,024,570)	(803,819)	220,751
Other financing sources (uses):			
Transfers from other funds:			
Enterprise funds:			
Electric fund	87,000	63,332	
Transfers to other funds:			
To special revenue fund	(20,000)	(20,000)	
Total other financing sources (uses)	$ 67,000	$ 43,332	$ (23,668)
Fund balance appropriated	$ 957,570		$ (957,570)
Net change in fund balance	$ -	(760,488)	$ (760,488)
Fund balances:			
Beginning of year, July 1		3,699,497	
End of year, June 30		$ 2,939,009	

City of Laurinburg, North Carolina
Capital Projects Fund - City Hall
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Year	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues					
City Hall Project:					
Investment earnings	$ -	$ 553	$ 239	$ 792	$ 792
Total revenues	-	553	239	792	792
Expenditures					
City Hall Project:					
Capital outlay:					
City hall construction	9,055,665	4,526,637	4,112,888	8,639,525	416,140
Total expenditures	9,055,665	4,526,637	4,112,888	8,639,525	416,140
Revenues (under) expenditures	(9,055,665)	(4,526,084)	(4,112,649)	(8,638,733)	416,932
Transfers from other funds:					
General fund	6,110,000	6,110,000	-	6,110,000	-
Electric fund	1,527,500	1,527,500	-	1,527,500	-
Water sewer fund	1,527,500	1,527,500	-	1,527,500	-
Total other financing sources	9,165,000	9,165,000	-	9,165,000	-
Transfers to other funds-general fund	(109,335)	(109,335)	-	(109,335)	-
Total other financing uses	(109,335)	(109,335)	-	(109,335)	-
Net change in fund balance	$ -	$ 4,529,581	(4,112,649)	$ 416,932	$ 416,932
Fund balance, beginning			4,529,581		
Fund balance, ending			$ 416,932		

City of Laurinburg, North Carolina
Combining Balance Sheet
Nonmajor Governmental Fund
For the Fiscal Year Ended June 30, 2019

	Special Revenue Fund	Special Revenue Funds		
	Downtown Revitalization	Total Nonmajor Special Revenue Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Cash	$ 107,517	$ 107,517	$ 450,843	$ 558,360
Total assets	$ 107,517	$ 107,517	$ 450,843	$ 558,360
Liabilities and Fund Balances				
Liabilities	-	-	-	-
Total liabilities	-	-	-	-
Fund balance:				
Restricted:				
Downtown revitalization	36,621	36,621	-	36,621
Assigned:				
Downtown revitalization	70,896	70,896	-	70,896
Non spendable - perpetual maintenance	-	-	450,843	450,843
Total fund balances	107,517	107,517	450,843	558,360
Total liabilities and fund balances	$ 107,517	$ 107,517	$ 450,843	$ 558,360

City of Laurinburg, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Special Revenue Fund	Special Revenue Funds		
	Downtown Revitalization	Total Nonmajor Special Revenue Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Ad valorem tax	$ 20,902	$ 20,902	$ -	$ 20,902
Sales and services	-	-	20,685	20,685
Interest	175	175	12,895	13,070
Total revenues	21,077	21,077	33,580	54,657
Expenditures:				
Current:				
Downtown revitalization	39,371	39,371	-	39,371
Total expenditures	39,371	39,371	-	39,371
Revenues over (under) expenditures	(18,294)	(18,294)	33,580	15,286
Other financing (uses)				
Transfers from General fund	20,000	20,000	-	20,000
Net change in fund balance	1,706	1,706	33,580	35,286
Fund balances:				
Fund balance beginning of year	105,811	105,811	417,263	523,074
Fund balance end of year-June 30	$ 107,517	$ 107,517	$ 450,843	$ 558,360

Exhibit C-3

City of Laurinburg, North Carolina
Downtown Revitalization
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Current Year	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	$ 20,902	$ 20,902	$ -
Total revenues	20,902	20,902	-
Expenditures:			
Downtown revitalization	39,196	39,196	-
Total expenditures	39,196	39,196	-
Revenues (under) expenditures	(18,294)	(18,294)	-
Other Financing Sources			
Transfers from other funds:			
General fund	20,000	20,000	-
Total other financing sources	20,000	20,000	-
Net change in fund balance	$ 1,706	1,706	$ -
Fund balances - beginning		105,811	
Fund balances - ending		$ 107,517	

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Electricity sales		14,104,424	
Municipal usage		582,525	
Fiber optic rental		296,121	
Total	15,467,907	14,983,070	(484,837)
Other operating revenues			
Other hurricane recovery reimbursement		267,868	
Other operating revenues		276,641	
Total other operating revenues	486,301	544,509	58,208
Total operating revenues	15,954,208	15,527,579	(426,629)
Nonoperating revenues:			
Interest earnings		253,548	
Total nonoperating revenues	500	253,548	253,048
Total revenues	15,954,708	15,781,127	(173,581)
Expenditures:			
Administration:			
Salaries & employee benefits		113,681	
Supplies		1,569	
Utilities		330	
Management fees		253,083	
Other operating expenditures		219,987	
Total	749,202	588,650	160,552
Consumer billing and receiving:			
Salaries & employee benefits		258,445	
Maintenance		46,107	
Other operating expenditures		148,706	
Total	452,858	453,258	(400)
Electrical operations:			
Salaries & employee benefits		580,827	
Supplies		38,859	
Contracted maintenance		308,260	
Vehicle maintenance		44,831	
Utilities		68,645	
Other operating expenditures		384,412	
Total	1,981,371	1,425,835	555,536

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Electrical power purchases	11,219,120	11,122,894	96,226
Debt Service:			
Interest expense		45,551	
Principal retirement		159,945	
Total	205,496	205,496	-
Capital outlay:			
Electrical consumer billing		132,927	
Electrical operations		466,077	
Total	599,004	599,004	-
Total expenditures	15,207,051	14,395,137	811,914
Revenues over expenditures	747,657	1,385,991	638,334
Other financing sources (uses):			
Transfers to other funds:			
General fund - (payment in lieu of taxes)	(63,332)	(63,332)	-
Capital project fund	(1,725,000)	(1,725,000)	-
Total other financing sources (uses)	(1,788,332)	(1,788,332)	-
Fund balance appropriated	1,040,675		(1,040,675)
Revenues and other sources (under) expenditures and other financing sources (uses)	$ -	$ (402,341)	$ (402,341)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		159,945	
Capital outlay		599,004	
Bad debts		(2,878)	
(Increase) in accrued vacation		(9,801)	
Depreciation		(408,127)	
Loss on asset impairment		(54,527)	
Capital contribution		1,725,000	
Increase in deferred outflows of resources- pensions		73,310	
(Increase) in net pension liability		(83,106)	
(Increase) in deferred inflows of resources-pensions		(1,776)	
Increase in deferred outflows of resources - OPEB		8,688	
(Increase) in deferred inflows of resources - OPEB		(3,976)	
Decrease in net OPEB liability		2,895	
Total		2,004,650	
Change in net position		$ 1,602,309	

City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		$ 4,686,285	
Sewer charges		2,606,797	
Water and sewer taps		61,407	
Total	6,609,166	7,354,489	745,323
Other operating revenues			
Other hurricane recovery reimbursement		512,771	
Other operating revenues		274,686	
State grants		101,304	
Total other operating revenues	806,478	888,761	82,283
Total operating revenues	7,415,644	8,243,250	827,606
Nonoperating revenues:			
Interest earnings	100	7,664	7,564
Total nonoperating revenues	100	7,664	7,564
Total revenues	7,415,744	8,250,914	835,170
Expenditures:			
Administration:			
Salaries & employee benefits		256,893	
Supplies		8,561	
Insurance		2,328	
Maintenance		50,476	
Utilities		2,375	
Management fees		1,005,655	
Other operating expenditures		104,107	
Total	1,480,167	1,430,394	49,773
Water treatment and distribution:			
Water production and treatment plant:			
Salaries & employee benefits		343,505	
Chemicals		151,496	
Supplies		18,339	
Utilities		214,590	
Management fees		146,792	
Other operating expenditures		86,487	
Total	1,541,215	961,209	580,006

City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Water distribution:			
Salaries and employee benefits		417,115	
Supplies		16,617	
Total	896,337	433,732	462,605
Total water treatment and distribution	2,437,552	1,394,940	1,042,612
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits		373,481	
Supplies		100,350	
Other operating expenditures		50,914	
Total	597,091	524,745	72,346
Primary waste treatment:			
Salaries and employee benefits		370,235	
Chemicals		41,343	
Supplies		37,112	
Utilities		397,736	
Maintenance		508,402	
Total	1,854,573	1,354,828	499,745
Total waste collection & treatment	2,451,664	1,879,573	572,091
Debt service:			
Interest and fees		133,488	
Principal retirement		873,720	
Total debt service	1,007,209	1,007,208	1

City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Capital outlay:			
Admin		52,494	
Waste distribution		617,587	
Waste collection and treatment		209,472	
Primary waste treatment		683,591	
Total capital outlay	1,600,914	1,563,144	37,770
Total expenditures	8,977,506	7,275,258	1,702,248
Revenues over (under) expenditures	(1,561,762)	975,656	2,537,418
Other financing sources (uses):			
Transfer to other fund:			
Capital project fund		(3,550,000)	
Total net transfers	(3,550,000)	(3,550,000)	-
Total other financing sources (uses)	(3,550,000)	(3,550,000)	-
Fund balance appropriated	5,111,763		(5,111,763)
Revenues and other sources over (under) expenditures and other financing sources (uses)	$ -	$ (2,574,344)	$ (2,574,344)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		873,720	
Bad debts		(136,874)	
Capital outlay		1,563,144	
Loss on asset impairment		(198,336)	
Capital contributions		4,186,866	
(Increase) in accrued vacation pay		(16,835)	
Depreciation		(1,535,376)	
Increase in deferred outflows of resources-pensions		131,957	
(Increase) in net pension liability		(149,591)	
(Increase) in deferred inflows of resources-pensions		(3,196)	
Increase in deferred outflows of resources-OPEB		15,638	
(Increase) in deferred inflows of resources-OPEB		(7,157)	
Decrease in OPEB liability		5,212	
Total reconciling items		4,729,172	
Net income		$ 2,154,827	

City of Laurinburg, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Sales:			
Residential		$ 1,575,669	
Commercial and industrial		775,587	
Total	2,323,360	2,351,255	27,895
Other operating revenues			
Other hurricane recovery reimbursement		486,961	
Other operating revenues		61,614	
Total other operating revenues	566,961	548,575	(18,386)
Total operating revenues	2,890,321	2,899,831	9,510
Nonoperating revenues:			
Interest earnings		929	
Gain on sale of assets		5,205	
Total nonoperating revenues	5,050	6,134	1,084
Total revenues	2,895,371	2,905,964	10,593
Expenditures:			
Solid waste operations:			
Salaries and employee benefits		1,290,529	
Contracted services		86,649	
Supplies		9,698	
Tipping fee		601,109	
Maintenance		250,255	
Utilities		3,941	
Management fees		52,316	
Other operating expenditures		120,536	
Total	2,598,264	2,415,033	183,231
Debt service:			
Interest expense		6,836	
Principal retirement		97,614	
	104,450	104,450	-

City of Laurinburg, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Capital outlay:			
Equipment	534,549	534,549	-
Total expenditures	3,237,263	3,054,032	183,231
Revenues (under) expenditures	(341,892)	(148,068)	193,824
Other financing uses:			
Fund balance appropriated	341,892	-	341,892
Revenues and other sources (under) expenditures and other uses	-	(148,068)	(148,068)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources (under) expenditures and other uses		$ (148,068)	
Reconciling items:			
Principal retirement		97,614	
(Increase) in accrued vacation pay		(15,273)	
Depreciation		(246,674)	
Capital outlay		534,539	
Increase in deferred outflows of resources - pensions		120,946	
(Increase) in net pension liability		(143,286)	
(Increase) in deferred inflows of resources - pensions		(1,953)	
Increase in deferred outflows of resources-OPEB		11,294	
(Increase) in deferred inflows of resources - OPEB		(6,949)	
(Increase) in accrued OPEB liability		(37,055)	
Total		313,203	
Net income		$ 165,136	

City of Laurinburg, North Carolina
Water-Sewer Capital Project Fund - IDF Capital Project
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues-water-sewer project:					
Restricted intergovernmental:					
IDF Grant-Sewer	$ 708,000	$ 444,324	$ 119,835	$ 564,159	$ (143,841)
IDF Grant-Water	1,500,000	46,861	374,303	421,164	(1,078,836)
Total revenues	2,208,000	491,185	494,138	985,323	(1,222,677)
Expenditures-water-sewer project:					
Construction-Sewer	657,700	368,530	100,971	469,501	188,199
Engineering/design-Sewer	50,300	75,794	18,864	94,658	(44,358)
Construction-Water	1,320,000	-	380,182	380,182	939,818
Engineering/design-Water	96,600	46,861	-	46,861	49,739
Administration-Water	83,400	-	-	-	83,400
Total expenditures	2,208,000	491,185	500,017	991,202	1,216,798
Revenues (under) expenditures	$ -	$ -	$ (5,879)	$ (5,879)	$ (5,879)

City of Laurinburg, North Carolina
Water-Sewer Capital Project Fund - CDBG Produce Market Wastewater
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues-water-sewer project:				
Restricted intergovernmental:				
CDBG Grant-Sewer	$ 2,000,000	$ 136,849	$ 136,849	$(1,863,151)
Total revenues	2,000,000	136,849	136,849	(1,863,151)
Expenditures-water-sewer project:				
Construction-Sewer	1,688,000	-	-	1,688,000
Engineering/design-Sewer	162,000	136,849	136,849	25,151
Administration-Sewer	150,000	-	-	-
Total expenditures	2,000,000	136,849	136,849	1,863,151
Revenues over expenditures	$ -	$ -	$ -	$ -

City of Laurinburg, North Carolina
Water Sewer Capital Project-Phase 1
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Expenditures-water-sewer project:				
Construction	$ 2,950,000	$ -	$ -	$ 2,950,000
Engineering/design	600,000	-	-	600,000
Total expenditures	3,550,000	-	-	3,550,000
Other financing sources:				
Transfers from other funds				
From Water Sewer Fund	3,550,000	3,550,000	3,550,000	-
Total other sources	3,550,000	3,550,000	3,550,000	-
Revenues and other sources over expenditures	$ -	$ 3,550,000	$ 3,550,000	$ 3,550,000

Exhibit D-7

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 Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Expenditures-substation project:				
Construction	$ 480,000	$ 30,861	$ 30,861	$ 449,139
Engineering/design	3,220,000	36,249	36,249	3,183,751
Total expenditures	3,700,000	67,110	67,110	3,632,890
Other financing sources:				
Transfers from other funds				
From Electric Fund	3,700,000	1,725,000	1,725,000	(1,975,000)
Total other sources	3,700,000	1,725,000	1,725,000	(1,975,000)
Revenues and other sources over expenditures	$ -	$ 1,657,890	$ 1,657,890	$ 1,657,890

City of Laurinburg, North Carolina
Agency Fund
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Scotland County-Water Districts				
Assets:				
Cash	$ 110,308	$1,327,476	$1,331,353	$ 106,431
Liabilities:				
Intergovernmental	$ 110,308	$1,327,476	$1,331,353	$ 106,431

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, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Addition	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	-	3,423,017	3,236,692	186,325
2017-2018	197,540	-	65,121	132,419
2016-2017	121,350	5,492	14,736	112,106
2015-2016	95,768	-	14,966	80,802
2014-2015	75,180	-	10,523	64,657
2013-2014	58,239	-	8,714	49,525
2012-2013	48,275	-	6,762	41,513
2011-2012	34,612	-	5,269	29,343
2010-2011	26,133	-	3,216	22,917
2009-2010	23,520	-	2,211	21,309
	680,617	3,428,509	3,368,210	740,916

Less: allowance for uncollectible accounts	
General Fund	174,088
Ad valorem taxes receivable - net	$ 566,828
Reconcilement with revenues:	
Ad valorem taxes - General Fund	3,368,210
Reconciling items:	
Penalties and interest collected	(49,514)
Discounts allowed	16,898
Taxes written off	16,100
Subtotal	(16,516)
Total collections and credits	$ 3,351,694

City of Laurinburg, North Carolina
Analysis of Current Tax Levy
City-Wide Levy
For the Fiscal Year Ended June 30, 2019

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	$ 862,686,700	.4	$ 3,450,747	$ 3,068,129	$ 382,618
Discoveries	16,537,043		66,148	66,148	-
Abatements	(23,469,458)		(93,878)	(93,878)	-
Total property valuation	$ 855,754,285				
Net levy			3,423,016	3,040,399	382,618
Unpaid (by taxpayer) taxes at June 30, 2019			186,325	186,275	-
Current year's taxes collected			$ 3,236,692	$ 2,854,124	$ 382,618
Current levy collection percentage			94.56%	93.87%	100.00%

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the City of Laurinburg's basic financial statements, and have issued our report thereon dated December 4, 2019.

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) to determine the 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.

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 corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Roche, Head & Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina
December 4, 2019

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Laurinburg, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Laurinburg's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Laurinburg's major federal programs based on our audit of the types of compliance requirements referred to above. 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Laurinburg's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Laurinburg's compliance.

Opinion on Each Major Federal Program

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, 2019.

Report on Internal Control Over Compliance

Management of the City of Laurinburg is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Laurinburg's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Roche, Head & Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina
December 4, 2019

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 the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Laurinburg, North Carolina, compliance with the types of compliance requirements described in 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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Laurinburg's major state programs based on our audit of the types of compliance requirements referred to above. 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 applicable sections of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Laurinburg's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of Laurinburg's compliance.

Opinion on Each Major State Program

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, 2019.

Report on Internal Control Over Compliance

Management of the City of Laurinburg is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Laurinburg's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina
December 4, 2019

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

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 __X__ no
- Significant deficiency(s) identified? ____ yes __X__ none reported

Noncompliance material to financial statements noted ____ yes __X__ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency(s) identified? ____ yes __X__ none reported

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

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

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
97.036	Department of Homeland Security-Disaster Grants - FEMA

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

Auditee qualified as low-risk auditee? __X__ yes ____ no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ____ yes __X__ none reported

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

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

Identification of major State programs:

Program Name
Powell Bill
FEMA

City of Laurinburg, North Carolina
Summary of Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2019

Financial Statement Findings

Finding 2018-001

Status: Client has made improvements to a level where this is considered corrected.

CITY OF LAURINBURG, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
Federal Grants:				
Cash Programs:				
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	1,075,706	358,568
U. S. Department of Housing and Urban Development				
Passed-through N.C. Department of Environmental Quality				
Community Development Block Grant	14.228	17-I-2966	136,849	
Total assistance - federal programs			1,212,555	358,568
State Grants:				
Cash Assistance:				
N.C. Department of Transportation				
Powell Bill		38570	-	600,445
N.C. Department of Commerce				
Rural Economic Development Division				
Industrial Development		U464	-	119,835
Industrial Development		U478	-	380,181
Industrial Development - Total			-	500,016
N.C Department of Environmental Quality				
Division of Water Infrastructure/State Water Infrastructure Authority				
Drinking Water Project		H-AIA-D-17-0098	-	24,790
Wastewater Project		E-AIA-W-17-0095	-	80,089
N.C Department of Environmental Quality				
Community Waste Reduction and Recycling Grant Program		7585	-	20,000
Total assistance-State programs			-	1,225,340
Total assistance			$ 1,212,555	$ 1,583,908

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 (SEFSA) includes the federal and State grant activity of the City of Laurinburg under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Laurinburg, it is not intended 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 of Laurinburg has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.