Financial Statements of
City of Laurinburg

Laurinburg, North Carolina
June 30, 2022

City of Laurinburg, North Carolina
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For the Year Ended
June 30, 2022

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FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Major Governmental Funds

Non-Major Governmental Funds

Enterprise Funds

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Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
City of 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 (the "City"), as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information City of Laurinburg, North Carolina as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Laurinburg and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditors' Responsibilities for the Audit of Financial Statements

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

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

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosure in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Laurinburg's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Laurinburg's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identify during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 52 through 53, 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 54 through 55, and the Changes in Total OPEB Liabililty and Related Ratios page 56, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023 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 grants agreements, and other matters. The purpose of the 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.

Whiteville, NC
February 15, 2023

Management's Discussion and Analysis

As management of the City of Laurinburg, we offer readers of the City of Laurinburg's (the "City") financial statements this narrative overview and analysis of the financial activities of the City of Laurinburg for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

The assets and deferred outflows of resources of the City of Laurinburg exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $62,194,220 (net position).

The government's total net position increased by $923,641 during the current year, primarily due to increases in the governmental-type activities and net income from business-type activities. There were also prior period adjustments which increased net position from the prior year reported net position by $1,846,486.

As of the close of the current fiscal year, the City of Laurinburg's governmental funds reported combined ending fund balances of $5,071,588. Approximately 40.12% percent of this total amount, or $2,034,628, is available for spending at the government's discretion, known as unassigned fund balance. Available fund balance totals $2,555,756 which is 30.76% of total general fund expenditures for the fiscal year.

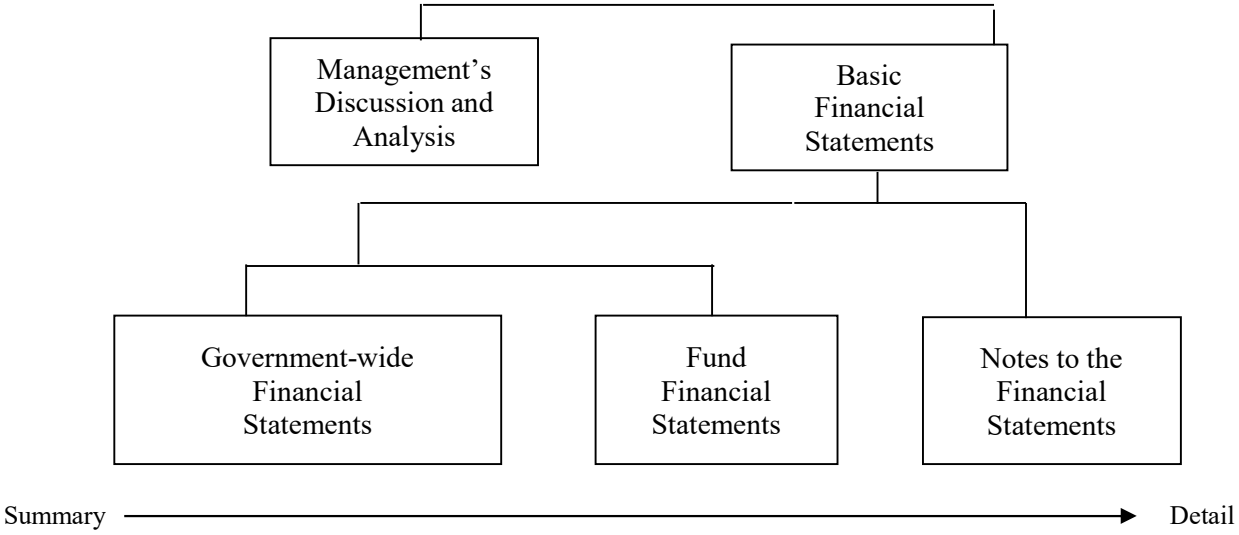
The City of Laurinburg's legal debt limit is $67,725,300, which is 8.00% of the City's assessed property tax valuation of $846,566,250. The total legal indebtedness of the City is $62,792,631, which represents 7.42% of assessed property valuation.

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

Overview of the Financial Statements

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

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 24-51 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 52 of this report.

Interdependence with Other Entities

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

City of Laurinburg's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Current and other assets	$ 9,069,936	$ 4,769,291	$ 10,816,874	$ 12,137,464	$ 19,886,810	$ 16,906,755
Right to use assets, net	345,816	-	-	-	345,816	-
Capital assets	12,297,717	12,429,569	51,022,887	48,805,772	63,320,604	61,235,341
Deferred outflows of resources	2,437,899	2,099,693	1,165,160	941,456	3,603,059	3,041,149
Total assets and deferred outflows of resources	24,151,368	19,298,553	63,004,921	61,884,692	87,156,289	81,183,245
Long-term liabilities	9,073,264	10,158,742	5,268,698	6,488,918	14,341,962	16,647,660
Other liabilities	3,901,246	773,783	3,881,745	3,994,856	7,782,991	4,768,639
Deferred inflows of resources	1,891,510	245,026	945,606	87,825	2,837,116	332,851
Total liabilities and deferred inflows of resources	14,866,020	11,177,551	10,096,049	10,571,599	24,962,069	21,749,150
Net position:						
Net investment, capital assets	7,816,954	7,499,298	48,681,795	46,183,504	56,498,749	53,682,802
Restricted	1,630,980	487,982	-	-	1,630,980	487,982
Unrestricted	(162,586)	133,722	4,227,077	5,119,589	4,064,491	5,253,311
Total net position	$ 9,285,348	$ 8,121,002	$ 52,908,872	$ 51,303,093	$ 62,194,220	$ 59,424,095

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 $62,194,220 as of June 30, 2022. The City's net position increased by $2,770,125, including prior period adjustments of $1,846,486, for the fiscal year ended June 30, 2022. However, the largest portion (90.84%) 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 (2.62%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $4,064,491 (6.54%) is unrestricted.

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

Continued diligence in the collection of property taxes.

Continued increases in operating income from enterprise funds improved cash flows from operations and operating income.

Governmental activities

City of Laurinburg's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Revenues						
Program revenues:						
Charges for services	$ 315,246	$ 327,287	$ 23,891,451	$ 23,388,677	$ 24,206,697	$ 23,715,964
Operating grants and contributions	956,717	798,707	-	-	956,717	798,707
Capital grants and contributions	-	-	280,841	1,881,878	280,841	1,881,878
General revenues:						
Property taxes	3,408,116	3,356,040	-	-	3,408,116	3,356,040
Other taxes and licenses	3,385,542	3,059,045	-	-	3,385,542	3,059,045
Other	497,786	355,417	57,035	362,502	554,821	717,919
Total revenues	8,563,407	7,896,496	24,229,327	25,633,057	32,792,734	33,529,553
Expenses						
General government	640,165	611,941	-	-	640,165	611,941
Public safety	1,358,363	5,000,158	-	-	1,358,363	5,000,158
Public works	4,751,967	435,887	-	-	4,751,967	435,887
Transportation	262,992	686,699	-	-	262,992	686,699
Animal control	940,150	80,038	-	-	940,150	80,038
Cemetery	78,796	204,755	-	-	78,796	204,755
Community development	135,416	958,144	-	-	135,416	958,144
Electric	-	-	13,960,287	13,301,049	13,960,287	13,301,049
Water and sewer	-	-	6,948,175	6,424,720	6,948,175	6,424,720
Interest on long-term debt	77,632	134,206	108,566	134,608	186,198	268,814
Solid waste	-	-	2,606,584	2,419,422	2,606,584	2,419,422
Total expenses	8,245,481	8,111,828	23,623,612	22,279,799	31,869,093	30,391,627
Increase (decrease) in net position before transfers	317,926	(215,332)	605,715	3,353,258	923,641	3,137,926
Transfers	446,572	367,957	(446,572)	(367,957)	-	-
Extraordinary item	-	-	-	548,900	-	548,900
Increase (decrease) in net position	764,498	152,625	159,143	3,534,201	-	548,900
Net Position						
Beginning of year - July 1	8,121,002	7,968,377	51,303,091	47,768,890	59,424,093	55,737,267
Prior Period Adjustments	399,848	-	1,446,638	-	1,846,486	-
Beginning of year, as restated	8,520,850	7,968,377	52,749,729	47,768,890	61,270,579	55,737,267
End of year - June 30	$ 9,285,348	$ 8,121,002	$ 52,908,872	$ 51,303,091	$ 62,194,220	$ 59,424,093

Governmental Activities

Governmental activities increased the City's governmental net position by $1,164,346. The increase in net position was the result of controlled expenditures in the general fund, as well as prior period adjustments increasing net position by $399,848. The prior period adjustments are described further in Note 8.

Business-Type Activities

Business-type activities increased the City of Laurinburg's net position by $1,605,781. The key element of this increase is as follows:

Prior period adjustments increasing opening net position (described further in Note 8).

Continued efficiency in the Enterprise Funds.

Financial Analysis of the City of Laurinburg's Funds

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

Governmental Funds

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

The general fund is the chief operating fund of the City of Laurinburg. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,034,628 while total fund balance reached $4,195,878. The governing body of the City of Laurinburg strives to keep the available fund balance at a level of 23% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an available fund balance of 30.76% of general fund expenditures, while total fund balance represents 43.77% of the same amount.

At June 30, 2022, the governmental funds of the City of Laurinburg reported a combined fund balance of $5,071,588 with a net increase in fund balance of $564,739. Included in this change in fund balance are increases in fund balance in the General Fund of $418,233, North Fire Station Fund of $112,862, and non-major governmental funds of $33,644. In addition to this change, there was an increase of $431,620, resulting from prior period adjustments to the General fund, which are discussed further in Note 8.

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's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to $2,239,472 and those for the Water and Sewer Fund amounted to $1,729,286 and those for the Solid Waste Fund amounted to $258,319. 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, 2022, is summarized below. These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

Capital Asset and Debt Administration (continued)

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

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Land	$ 340,185	$ 340,185	$ 561,661	$ 561,661	$ 901,846	$ 901,846
Construction in progress	152,741	65,603	6,582,917	7,711,986	6,735,658	7,777,589
Buildings and systems	8,715,903	8,919,737	39,810,821	37,352,824	48,526,724	46,272,561
Improvements	1,944,320	2,095,614	-	-	1,944,320	2,095,614
Machinery & equipment	53,757	11,052	2,067,892	1,547,865	2,121,649	1,558,917
Infrastructure	317,204	317,204	-	-	317,204	317,204
Vehicle & Motorized equipment	773,607	680,174	1,999,596	1,631,436	2,773,203	2,311,610
Total	$ 12,297,717	$ 12,429,569	$ 51,022,887	$ 48,805,772	$ 63,320,604	$ 61,235,341

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

Construction in progress	$ 2,679,709
Buildings and systems	4,145,763
Improvements	107,645
Machinery & equipment	1,038,374
Vehicle & motorized equipment	1,024,191
Total	$ 8,995,682

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

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

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Financing Agreement	$ 4,480,666	$ 4,930,270	$ 4,581,426	$ 5,066,271	$ 9,062,092	$ 9,996,541
Lease Liability	345,913	-	-	-	345,913	-
Total OPEB Liability	1,699,808	1,469,827	1,086,763	939,724	2,786,571	2,409,551
Pension liability (LGERS)	926,513	2,258,262	592,360	1,443,807	1,518,873	3,702,069
Pension related debt (LEOSSA	1,939,078	1,786,134	-	-	1,939,078	1,786,134
Compensated absences	423,455	364,117	268,893	219,909	692,348	584,026
Total	$ 9,815,433	$ 10,808,610	$ 6,529,442	$ 7,669,711	$ 16,344,875	$ 18,478,321

The City of Laurinburg's total debt decreased by $2,133,446 during the past fiscal year. Primarily due to payments on notes payable, and to changes in pension and post-employment benefit liabilities.

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Laurinburg is $62,792,631. Additional information pertaining to the City of Laurinburg's long-term debt can be found beginning on Page 48 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 23 the County for the Scotland County Economic Development Corporation and the Laurinburg/Scotland County Area Chamber of Commerce.

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 and electric infrastructure to the Incubator/Industrial Park in 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 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 project will be completed this year.

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

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2023

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

Business-Type Activities

The 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 constructions on our 2nd substation, while maintaining the financial condition of the fund and continuing to make needed equipment replacements and infrastructure improvements.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Office of the Finance Director, City of Laurinburg, 303 West Church Street, P.O. Box 249, Laurinburg, NC 28353-0249.

BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE FINANCIAL STATEMENTS

City of Laurinburg, North Carolina
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 3,674,705	$ 4,663,450	$ 8,338,155
Receivables (net)	542,410	2,179,266	2,721,676
Other receivables	63,907	84,476	148,383
Unbilled receivables	-	1,637,970	1,637,970
Leases receivable	274,446	-	274,446
Due from other governments	1,426,785	310,947	1,737,732
Inventories	32,983	1,010,476	1,043,459
Prepaid items	3,906	60,000	63,906
Restricted Cash	3,050,794	870,289	3,921,083
Total current assets	9,069,936	10,816,874	19,886,810
Right to use asset, net	345,816	-	345,816
Capital assets:			
Land, non-depreciable improvements, and constructio	492,926	7,144,578	7,637,504
Other capital assets, net of depreciation	11,804,791	43,878,309	55,683,100
Total capital assets	12,297,717	51,022,887	63,320,604
Total noncurrent assets	12,643,533	51,022,887	63,666,420
Total assets	21,713,469	61,839,761	83,553,230
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGERS	1,395,492	892,199	2,287,691
Pension deferrals - LEOSSA	615,468	-	615,468
OPEB deferrals	426,939	272,961	699,900
Total Deferred Outflows of Resources	2,437,899	1,165,160	3,603,059
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	244,403	1,750,712	1,995,115
Unearned grant proceeds	2,885,550	-	2,885,550
Accrued Interest Payable	29,124	-	29,124
Current portion of long-term liabilities	742,169	1,260,744	2,002,913
Customer deposits	-	870,289	870,289
Total current liabilities	3,901,246	3,881,745	7,782,991
Long-term liabilities:			
Due in more than one year	9,073,264	5,268,698	14,341,962
Total long-term liabilities	9,073,264	5,268,698	14,341,962
Total liabilities	12,974,510	9,150,443	22,124,953
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	2,936	-	2,936
Deferred revenues	31,015	-	31,015
Prepaid FEMA funds	24,741	-	24,741
Leases	267,293	-	267,293
Pension deferrals	131,651	916,738	1,048,389
OPEB deferrals	1,433,874	28,868	1,462,742
Total Deferred Inflows of Resources	1,891,510	945,606	2,837,116
NET POSITION			
Net investment in capital assets	7,816,954	48,681,795	56,498,749
Restricted for:			
Downtown revitalization	34,900	-	34,900
Streets - Powell Bill	105,603	-	105,603
Stabilization by state statue	1,490,477	-	1,490,477
Unrestricted	(162,586)	4,227,077	4,064,491
Total net position	$ 9,285,348	$ 52,908,872	$ 62,194,220

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, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government:							
Governmental Activities:							
General government	$ 640,165	$ 110	$ 431,909	$ -	$ (208,146)	$ -	$ (208,146)
Public safety	1,358,363	140,915	42,437	-	(1,175,011)	-	(1,175,011)
Public works	4,751,967	29,535	-	-	(4,722,432)	-	(4,722,432)
Transportation	262,992	-	482,371	-	219,379	-	219,379
Animal control	940,150	-	-	-	(940,150)	-	(940,150)
Cemetery	78,796	144,686	-	-	65,890	-	65,890
Community development	135,416	-	-	-	(135,416)	-	(135,416)
Interest on long-term debt	77,632	-	-	-	(77,632)	-	(77,632)
Total governmental activities	8,245,481	315,246	956,717	-	(6,973,518)	-	(6,973,518)
Business-type activities:							
Electric	13,993,002	14,783,934	-	-	-	790,932	790,932
Water and sewer	7,016,864	6,519,623	-	280,841	-	(216,400)	(216,400)
Solid Waste	2,613,746	2,587,894	-	-	-	(25,852)	(25,852)
Total business-type activities	23,623,612	23,891,451	-	280,841	-	548,680	548,680
Total primary government	$ 31,869,093	$ 24,206,697	$ 956,717	$ 280,841	(6,973,518)	548,680	(6,424,838)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					3,408,116	-	3,408,116
Other taxes					3,385,542	-	3,385,542
Unrestricted investment earnings					9,386	19,129	28,515
Payments in leiu of taxes					114,454	-	114,454
Miscellaneous					356,724	-	356,724
Gain (Loss) on disposal of assets					17,222	37,906	55,128
Total general revenues not including transfers					7,291,444	57,035	7,348,479
Transfers					446,572	(446,572)	-
Total general revenues and transfers					7,738,016	(389,537)	7,348,479
Change in net position					764,498	159,143	923,641
Net position beginning					8,121,002	51,303,091	59,424,093
Prior Period Adjustment					399,848	1,446,638	1,846,486
Net position, beginning (restated)					8,520,850	52,749,729	61,270,579
Net position, ending					$ 9,285,348	$ 52,908,872	$ 62,194,220

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

City of Laurinburg, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			Non-major	Total
	General Fund	American Rescue Plan Act Fund	North Fire Station	Governmental Funds	Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,784,006	$ -	$ 241,866	$ 648,833	$ 3,674,705
Restricted cash	130,344	1,965,550	920,000	34,900	3,050,794
Taxes receivable (net)	525,302	-	-	-	525,302
Accounts receivable	63,692	-	-	215	63,907
Leases receivable	274,446	-	-	-	274,446
Prepaid expenses	3,906	-	-	-	3,906
Due from other governments	1,426,785	-	-	-	1,426,785
Inventories	32,983	-	-	-	32,983
Total assets	5,241,464	1,965,550	1,161,866	683,948	9,052,828
LIABILITIES					
Accounts payable & accrued liabilities	194,299	-	50,084	20	244,403
Unearned grant proceeds	-	1,965,550	920,000	-	2,885,550
Total liabilities	194,299	1,965,550	970,084	20	3,129,953
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	525,302	-	-	-	525,302
Deferred revenues	31,015	-	-	-	31,015
Prepaid FEMA funds	24,741	-	-	-	24,741
Prepaid taxes	2,936	-	-	-	2,936
Leases receivable	267,293	-	-	-	267,293
Total deferred inflows of resources	851,287	-	-	-	851,287
FUND BALANCES					
Nonspendable:					
Inventories	32,983	-	-	-	32,983
Leases	7,153	-	-	-	7,153
Prepaid expenses	3,906	-	-	-	3,906
Perpetual maintenance	-	-	-	548,270	548,270
Restricted:					
Stabilization by state statute	1,490,477	-	-	-	1,490,477
Streets - Powell Bill	105,603	-	-	-	105,603
Downtown revitalization	-	-	-	34,900	34,900
Assigned:					
Future bond debt - City Hall	521,128	-	-	-	521,128
North Fire station	-	-	191,782	-	191,782
Downtown revitalization	-	-	-	100,758	100,758
Unassigned	2,034,628	-	-	-	2,034,628
Total fund balances	4,195,878	-	191,782	683,928	5,071,588
Total liabilities, deferred inflows of resources and fund balances	$ 5,241,464	$ 1,965,550	$ 1,161,866	$ 683,948	$ 9,052,828

(continued)

City of Laurinburg, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds		$ 5,071,588
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	21,099,864	
Accumulated depreciation	(8,802,147)	12,297,717
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Right to use assets at historical cost	450,087	
Accumulated amortization	(104,271)	345,816
Deferred outflows of resources:		
OPEB	426,939	
LGERS	1,395,492	
LEOSSA	615,468	2,437,899
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred:		
Accrued interest - taxes		17,108
Some receivables are not available to pay for current period expenditures, and, therefore, are reported as unavailable revenue in the funds.		
Ad valorem taxes		525,302
Deferred inflows of resources:		
OPEB	(1,433,874)	
LGERS	(86,498)	
LEOSSA	(45,153)	(1,565,525)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt-financing agreements	(4,480,666)	
Lease liabilities	(345,913)	
Accrued interest payable	(29,124)	
Other retirement liabilities for LEOSSA	(1,939,078)	
Other post employment benefits	(1,699,808)	
Compensated absences	(423,455)	
Net pension liability - LGERS	(926,513)	(9,844,557)
Net position of governmental activities		$ 9,285,348

City of Laurinburg, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds			Non-major	Total
	General Fund	American Rescue Plan Act Fund	North Fire Station	Governmental Funds	Governmental Funds
REVENUES					
Ad valorem taxes	$ 3,385,643	$ -	$ -	$ 20,229	$ 3,405,872
Other taxes and licenses	1,479,522	-	-	-	1,479,522
Unrestricted intergovernmental	1,797,321	-	-	-	1,797,321
Restricted intergovernmental	539,288	425,000	-	-	964,288
Permits and fees	26,833	-	-	-	26,833
Sales and services	245,064	-	-	32,320	277,384
Investment earnings	8,716	-	-	670	9,386
Miscellaneous	486,103	-	-	-	486,103
Total revenues:	7,968,490	425,000	-	53,219	8,446,709
EXPENDITURES					
Current:					
General government	643,127	-	-	-	643,127
Community development	1,381,352	-	87,138	39,575	1,508,065
Public safety	4,743,265	-	-	-	4,743,265
Transportation	257,087	-	-	-	257,087
Public works	874,467	-	-	-	874,467
Animal control	80,370	-	-	-	80,370
Cemetery	152,644	-	-	-	152,644
Debt service:					
Principal payments	553,778	-	-	-	553,778
Interest and other charges	80,280	-	-	-	80,280
Total expenditures:	8,766,370	-	87,138	39,575	8,893,083
Excess (deficiency) of revenues over expenditures	(797,880)	425,000	(87,138)	13,644	(446,374)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	1,021,571	-	200,000	20,000	1,241,571
Transfers to other funds	(369,999)	(425,000)	-	-	(794,999)
Payment in lieu of taxes	114,454	-	-	-	114,454
Lease proceeds	450,087	-	-	-	450,087
Total other financing sources (uses):	1,216,113	(425,000)	200,000	20,000	1,011,113
Net Change in fund balance	418,233	-	112,862	33,644	564,739
Fund balances, beginning	3,346,025	-	78,920	650,284	4,075,229
Prior Period Adjustment (see Note 8)	431,620	-	-	-	431,620
Fund balances, ending	$ 4,195,878	$ -	$ 191,782	$ 683,928	$ 5,071,588

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 Balances
Governmental Funds
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		$ 564,739
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	648,086	
Depreciation expense for governmental assets	(779,938)	
Difference in gain or loss on sale of assets	-	(131,852)
Right to use assets - leased assets	450,087	
Amortization expense - leased assets	(104,271)	345,816
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		518,648
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		37,092
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		63,468
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues	(14,864)	
Change in interest earned on ad valorem taxes	17,108	2,244
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.		
Lease liabilities issued	(450,087)	
Principal payments on long-term debt	553,778	
(Increase) decrease in accrued interest payable	2,648	106,339
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	(59,338)	
Pension expense (LGERS)	(343,705)	
Pension expense (LEOSSA)	(226,189)	
OPEB plan expense	(112,764)	(741,996)
Total changes in net position of governmental activities		$ 764,498

City of Laurinburg, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Ad valorem taxes	$ 3,269,190	$ 3,269,190	$ 3,385,643	$ 116,453
Other taxes and licenses	1,348,410	1,348,410	1,479,522	131,112
Unrestricted intergovernmental	1,605,000	1,605,000	1,797,321	192,321
Restricted intergovernmental	569,561	629,812	539,288	(90,524)
Permits and fees	15,600	15,600	26,833	11,233
Sales and services	193,500	193,500	245,064	51,564
Investment earnings	15,000	15,000	8,716	(6,284)
Miscellaneous	413,112	453,374	486,103	32,729
Total revenues	7,429,373	7,529,886	7,968,490	438,604
Expenditures:				
Current:				
General government	423,697	710,121	643,127	(66,994)
Community development	1,605,558	1,431,581	1,381,352	(50,229)
Public Safety	4,647,537	4,757,491	4,743,265	(14,226)
Transportation	372,426	372,426	257,087	(115,339)
Public works	1,199,188	1,199,043	874,467	(324,576)
Animal Control	86,644	86,644	80,370	(6,274)
Cemetery	212,591	211,837	152,644	(59,193)
Debt service:				
Principal retirement	440,848	544,859	553,778	8,919
Interest and other charges	80,280	80,280	80,280	-
Total expenditures	9,068,769	9,394,282	8,766,370	(627,912)
Revenues over (under) expenditures	(1,639,396)	(1,864,396)	(797,880)	1,066,516
Other financing sources (uses):				
Transfer from other funds	596,571	1,021,571	1,021,571	-
Transfers (to) other funds	(20,000)	(220,000)	(369,999)	(149,999)
Payments in lieu of taxes	125,000	125,000	114,454	(10,546)
Lease proceeds	-	-	450,087	450,087
Total other financing sources (uses)	701,571	926,571	1,216,113	289,542
Appropriated fund balance	937,825	937,825	-	(937,825)
Net change in fund balances	$ -	$ -	418,233	$ 418,233
Fund balances, beginning			3,346,025	
Prior Period Adjustment (see Note 8)			431,620	
Fund balances, ending			$ 4,195,878	

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

City of Laurinburg, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2022

	Major Enterprise Funds			
	Electric Fund	Water & Sewer Fund	Solid Waste Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,772,411	$ 2,668,236	$ 222,803	$ 4,663,450
Accounts receivable (net)	1,220,634	697,764	260,868	2,179,266
Due from other governments	-	140,853	170,094	310,947
Other Receivables	22,779	61,616	81	84,476
Unbilled receivables	1,061,854	413,928	162,188	1,637,970
Inventories	816,613	172,168	21,695	1,010,476
Prepaid items	60,000	-	-	60,000
Restricted cash and equivalents	685,778	183,768	743	870,289
Total current assets	5,640,069	4,338,333	838,472	10,816,874
Land and construction in progress	4,779,814	2,342,264	22,500	7,144,578
Other capital assets net of depreciation	5,925,566	36,195,552	1,757,191	43,878,309
Total capital assets	10,705,380	38,537,816	1,779,691	51,022,887
Total assets	16,345,449	42,876,149	2,618,163	61,839,761
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	228,769	411,784	251,646	892,199
OPEB	69,990	125,982	76,989	272,961
Total Deferred Outflows of Resources	298,759	537,766	328,635	1,165,160
LIABILITIES AND FUND EQUITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,135,033	535,352	80,327	1,750,712
Compensated absences-current	46,954	52,862	48,076	147,891
Installment financing notes payable	261,778	771,888	79,187	1,112,853
Liabilities payable from restricted assets:				
Customer deposits	685,778	183,768	743	870,289
Total current liabilites	2,129,543	1,543,870	208,333	3,881,745
Noncurrent liabilities:				
Compensated absences payable	38,417	43,250	39,335	121,002
Net pension liability	151,887	273,397	167,076	592,360
Total OPEB liability	278,657	501,583	306,523	1,086,763
Installment financing notes payable	974,611	1,892,059	601,903	3,468,573
Total non-current liabilities	1,443,572	2,710,289	1,114,837	5,268,698
Total liabilities	3,573,115	4,254,159	1,323,169	9,150,443
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	235,061	423,110	258,567	916,738
OPEB deferrals	7,402	13,324	8,142	28,868
Total Deferred Inflows of Resources	242,463	436,434	266,709	945,606
NET POSITION				
Net investment in capital assets	10,589,158	36,994,036	1,098,601	48,681,795
Unrestricted	2,239,472	1,729,286	258,319	4,227,077
Total net position	$ 12,828,630	$ 38,723,322	$ 1,356,920	$ 52,908,872

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

City of Laurinburg, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Major Enterprise Funds			
	Electric Fund	Water & Sewer Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Charges for services	$ 14,088,822	$ 5,908,827	$ 2,545,505	$ 22,543,154
Water and sewer taps	-	154,015	-	154,015
Fiber optic rental	254,778	-	-	254,778
Other operating revenues	440,334	456,781	42,389	939,504
Total operating revenues	14,783,934	6,519,623	2,587,894	23,891,451
OPERATING EXPENSES				
Administration	487,636	1,657,920	-	2,145,556
Solid waste operations	-	-	2,365,196	2,365,196
Finance	452,535	-	-	452,535
Electric operations	1,830,695	-	-	1,830,695
Electric power purchases	10,592,540	-	-	10,592,540
Water and sewer treatment and distribution	-	2,042,213	-	2,042,213
Waste collection and treatment	-	1,612,842	-	1,612,842
Depreciation	509,867	1,635,201	241,388	2,386,456
Total operating expenses	13,873,273	6,948,176	2,606,584	23,428,033
Operating income (loss)	910,661	(428,553)	(18,690)	463,418
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	19,129	-	-	19,129
Gain (loss) on sale of fixed assets	-	16,887	21,019	37,906
Interest and fees	(32,715)	(68,689)	(7,162)	(108,566)
Total nonoperating revenues (expenses)	(13,586)	(51,802)	13,857	(51,531)
Income (loss) before contributions and transfers	897,075	(480,355)	(4,833)	411,887
Capital contributions	-	280,841	-	280,841
Payments in lieu of taxes	(87,015)	-	-	(87,015)
Transfers from other funds	-	100,000	149,999	249,999
Transfers to other funds	(596,571)	(100,000)	-	(696,571)
Change in net position	213,489	(199,514)	145,166	159,141
Total net postion, beginning	11,537,702	38,720,702	1,044,689	51,303,093
Prior Period Adjustment (See Note 8)	1,077,439	202,134	167,065	1,446,638
Total net postion, ending	$ 12,828,630	$ 38,723,322	$ 1,356,920	$ 52,908,872

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, 2022

	Major Enterprise Funds			
	Electric Fund	Water & Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 14,406,753	$ 5,556,406	$ 2,534,561	$ 22,497,720
Cash paid for goods and services	(11,997,332)	(3,602,037)	(1,257,052)	(16,856,421)
Cash paid to or on behalf of employees for services	(1,099,112)	(1,848,808)	(1,151,001)	(4,098,921)
Customer deposits received (returned)	(64,548)	1,446	743	(62,359)
Other operating revenues	440,335	456,781	42,390	939,506
Net cash provided (used) by operating activities	1,686,096	563,788	169,641	2,419,525
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Capital contribution	-	-	-	-
Transfers from (to) other funds	(683,586)	-	149,999	(533,587)
Net cash flows provided by (used in) noncapital financing activities	(683,586)	-	149,999	(533,587)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(754,726)	(2,831,762)	(1,039,468)	(4,625,956)
Proceeds from issuance of installment debt	-	-	575,000	575,000
Interest paid on bond and installment financing contracts	(41,634)	(89,600)	(8,092)	(139,326)
Principal paid on bond and installment financing contracts	(159,946)	(873,721)	(26,178)	(1,059,845)
Proceeds (loss) from sale of assets	-	37,714	22,577	60,291
Capital contributions-State grant	-	280,841	-	280,841
Net cash provided (used) by capital and related financing activities	(956,306)	(3,476,528)	(476,161)	(4,908,995)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	19,129	-	-	19,129
Net cash provided (used) by investing activities	19,129	-	-	19,129
Net increase (decrease) in cash and cash equivalents	65,333	(2,912,740)	(156,521)	(3,003,928)
Balances, beginning	2,392,856	5,764,744	380,067	8,537,667
Balances, ending	$ 2,458,189	$ 2,852,004	$ 223,546	$ 5,533,739

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, 2022

	Major Enterprise Funds			
	Electric Fund	Water & Sewer Fund	Solid Waste Fund	Total
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 910,661	$ (428,553)	$ (18,690)	$ 463,418
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	509,867	1,635,201	241,388	2,386,456
Changes in assets, deferred outflows of resources, and liabilities				
(Increase) decrease in accounts receivable and other receivables, net	72,269	(383,059)	(8,576)	(319,366)
(Increase) decrease in due to from other governments	766	(119,235)	(3,729)	(122,198)
(Increase) decrease in inventory	245,863	16,205	(14,520)	247,548
(Increase) decrease in prepaid items	(12,000)	76	-	(11,924)
(Increase) decrease in deferred outflows of resources - pensions	(29,565)	(53,216)	(32,521)	(115,302)
(Increase) decrease in deferred outflows of resources - OPEB	(27,795)	(50,032)	(30,575)	(108,402)
Increase (decrease) in net pension liability	(218,320)	(392,975)	(240,152)	(851,447)
Increase (decrease) in deferred inflows of resources - pensions	219,205	394,569	241,125	854,899
Increase (decrease) in deferred inflows of resources - OPEB	(1,825)	(3,285)	(2,008)	(7,118)
Increase (decrease) in accounts payable and accrued liabilities	19,260	(133,526)	(16,436)	(130,702)
Increase (decrease) in customer deposits	(64,548)	1,446	743	(62,359)
Increase (decrease) in accrued vacation pay	24,556	12,308	12,120	48,984
Increase (decrease) in OPEB liability	37,702	67,864	41,472	147,038
Total adjustments	265,568	(642,860)	(53,057)	1,956,107
Net cash provided by operating activities	$ 1,686,096	$ 563,788	$ 169,641	$ 2,419,525

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

The City of Laurinburg is a municipal corporation that is governed by an elected mayor and a five-member council. The City had no component units at June 30, 2022.

B. Basis of Presentation

1. Government-wide Statements

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

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

2. Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

American Recue Plan Act Fund - This fund is used to account for grant revenues received from the ARPA Act of 2021.

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

The City reports the following non-major governmental funds:

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

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

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

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

The City also reports the following fund types:

Collections of Water Fees

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

2. Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. 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 because the tax is levied by Scotland County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

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

The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The Cemetery Permanent Fund is not required to be budgeted.

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

1. Deposits and Investments

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 guarnteed 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. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

City of Laurinburg Restricted Cash		
Governmental Activities		
General Fund - Advance FEMA	$	24,741
General Fund - Powell Bill		105,603
American Rescue Plan Act Fund - unspent grant proceeds		1,965,550
Downtown revitalization		34,900
North Fire Station - unspent grant proceeds		920,000
Total - Governmental Activities		3,050,794
Business-type Activities		
Electric fund - Customer deposits		685,778
Water and Sewer Fund - Customer deposits		183,768
Solid Waste Fund - Customer deposits		743
Total - Business-Type Activities		870,289
Total Restricted Cash	$	3,921,083

4. Ad Valorem Taxes Receivable

In accordance with State laws [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Leases Receivable

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

6. Allowances for Doubtful Accounts

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

7. Inventory and Prepaid Items

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are 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.

8. Capital Assets

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

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

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

9. Right to Use Assets

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

10. 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 two items that meet this criteria, which is pension deferrals and OPEB deferrals for the 2022 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, deferred revenues, leases, and pension and OPEB deferrals.

11. Long-Term Obligations

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

12. Compensated Absences

The vacation policies of the City provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

13. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was allocated $4,781,100 of fiscal recovery funds to be paid in two equal installments. The first installment of $2,390,550 was received in July 2021. The second installment will be received in mid-2022. City staff and the Board have elected to use $425,000 of the ARPA funds for premium pay. The City plans on using the rest of the funds for general governmental services and capital outlay in Fiscal Year 2023. The $425,000 used for premium pay was transferred to the General Fund from the ARPA Fund.

14. Net Position/Fund Balances

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. Defined Benefit Cost-Sharing Plans

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

Note 2 - Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

For the fiscal year ended June 30, 2022, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for the Fire Department by $15,827, and the Finance Department by $2,842. The overexpenditure in the fire department and finance department was due to recognizing future lease payments for the implementation of GASB 87. The City expense also exceeded the authorized appropriations for the Solid Waste fund operations by $95,160.

Note 3 - Detailed Notes on All Funds

A. Assets

1. Deposits

All the deposists 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 usind 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 exixts 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 monito 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, 2022, the City's deposits had a carrying amount (including petty cash) of $381,488 and a bank balance of $492,145. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the City's petty cash fund totaled $2,075.

2. Investments

At June 30, 2022, the City of Laurinburg had $11,877,750 invested with the North Carolina Capital Management Trust's cash portfolio which carried a credit rating of AAAm by Standard and Poors. The City has no policy regarding credit risk.

Investment Type	Valuation Measurement Method	Book Value at 6/30/2022	Maturity	Rating
NCCMT - Gov Portfolio	Fair Value - Level 1	$ 11,877,750	N/A	AAAm

3. Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022, are net of the following allowances for doubtful accounts:

Fund	6/30/2022
General Fund:	
Taxes receivable	$ 250,000
Enterprise Fund	73,511
Total	$ 323,511

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2022 was as follows:

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
General Fund				
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 65,603	$ 87,138	$ -	$ 152,741
Land	340,185	-	-	340,185
Total capital assets not being depreciated	405,788	87,138	-	492,926
Capital assets being depreciated:				
Buildings	10,447,992	-	-	10,447,992
Other improvements	2,816,073	107,645	-	2,923,718
Equipment	1,925,778	220,106	(17,000)	2,128,884
Vehicles and motorized equipment	3,860,195	233,197	(35,708)	4,057,684
Infrastructure	1,048,660	-	-	1,048,660
Total capital assets being depreciated	20,098,698	560,948	(52,708)	20,606,938
Less accumulated depreciation				
Buildings	1,528,255	203,834	-	1,732,089
Other improvements	720,459	258,939	-	979,398
Equipment	1,914,726	177,401	(17,000)	2,075,127
Vehicles and motorized equipment	3,180,021	139,764	(35,708)	3,284,077
Infrastructure	731,456	-	-	731,456
Total accumulated depreciation	8,074,917	$ 779,938	$ (52,708)	8,802,147
Total capital assets being depreciated, net	12,023,781			11,804,791
Governmental activity capital assets, net	$ 12,429,569			$ 12,297,717

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

General government	$ 77,994
Public safety	428,965
Transportation	120,791
Public works	128,790
Cemetery	23,398
Total depreciation expense	$ 779,938

Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Electric Fund				
Capital assets not being depreciated:				
Land	$ 87,367	$ -	$ -	$ 87,367
Construction in progress	4,343,708	348,739	-	4,692,447
Total capital assets not being depreciated	4,431,075	348,739	-	4,779,814
Capital assets being depreciated:				
Substations, lines, and related equipment	14,846,088	-	-	14,846,088
Furniture and maintenance equipment	788,286	172,264	-	960,550
Vehicles	1,020,600	233,723	-	1,254,323
Total capital assets being depreciated	16,654,974	405,987	-	17,060,961
Less accumulated depreciation for:				
Substations, lines, and related equipment	9,404,752	313,306	-	9,718,058
Furniture and maintenance equipment	477,155	118,239	-	595,394
Vehicles	743,621	78,322	-	821,943
Total accumulated depreciation	10,625,528	509,867	-	11,135,395
Total capital assets being depreciated, net	6,029,446	$ (103,880)	$ -	5,925,566
Electric fund capital assets, net	$ 10,460,521			$ 10,705,380

	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	$ 474,294	$ -	$ -	$ 474,294
Construction in progress	3,345,778	2,243,832	(3,721,640)	1,867,970
Total capital assets not being depreciated	3,820,072	2,243,832	(3,721,640)	2,342,264
Capital assets being depreciated:				
Plant and distribution systems	57,443,016	3,872,098	(20,828)	61,294,286
Furniture and maintenance equipment	2,979,826	74,745	(84,407)	2,970,164
Vehicles	2,551,206	362,727	(109,855)	2,804,078
Total capital assets being depreciated	62,974,048	4,309,570	(215,090)	67,068,528
Less accumulated depreciation				
Plant and distribution systems	25,607,167	1,325,933	-	26,933,100
Furniture and maintenance equipment	2,415,083	143,757	(84,407)	2,474,433
Vehicles	1,409,788	165,510	(109,855)	1,465,443
Total accumulated depreciation	29,432,038	1,635,200	(194,262)	30,872,976
Total capital assets being depreciated, net	33,542,010	$ 2,674,370	$ (20,828)	36,195,552
Water and Sewer Fund capital assets, net	$ 37,362,082			$ 38,537,816

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste Fund				
Capital assets not being depreciated:				
Construction in progress	$ 22,500	$ -	$ -	$ 22,500
Total capital assets not being depreciated	22,500	-	-	22,500
Capital assets being depreciated:				
Plant and distribution systems	239,790	273,665	-	513,455
Furniture and maintenance equipment	852,596	571,259	-	1,423,855
Vehicles	2,658,599	194,544	(8,500)	2,844,643
Total capital assets being depreciated	3,750,985	1,039,468	(8,500)	4,781,953
Less accumulated depreciation for:				
Plant and distribution systems	164,151	27,699	-	191,850
Furniture and maintenance equipment	180,605	36,245	-	216,850
Vehicles	2,445,560	177,444	(6,942)	2,616,062
Total accumulated depreciation	2,790,316	241,388	(6,942)	3,024,762
Total capital assets being depreciated, net	960,669	$ 798,080	$ (1,558)	1,757,191
Sanitation Fund capital assets, net	$ 983,169			$ 1,779,691
Business type activities capital assets, net	$ 48,805,772			$ 51,022,887

5. Construction Commitments

The government has active construction projects as of June 30, 2022. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
North Fire Station	$ 57,637	$ 2,823,260
Water Sewer Project-CDBG	1,778,074	-
Water Sewer Project-Wastewater Phase 1	4,689,798	7,291,000
Water Sewer Project - Phase II	595,905	12,351,000
Substation Fund Project	4,948,900	-
Total	$ 12,070,314	$ 22,465,260

6. Right to Use Leased Asset

The City has recorded five right to use leased assets. The assets are right to use assets for leased copier and printing equipment and leased software. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
General Fund:				
Right to use assets:				
Leased computer software/equipment	$ -	$ 450,087	$ -	$ 450,087
Total right to use assets	-	450,087	-	450,087
Less accumulated amortization for:				
Leased computer software/equipment	-	104,271	-	104,271
Total accumulated amortization	-	$ 104,271	$ -	104,271
Right to use assets, net	$ -			$ 345,816

B. Liabilities

1. Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

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

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

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

Contributions . Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2022, was 12.040% of compensation for law enforcement officers and 11.400% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City were $850,243 for the year ended June 30, 2022.

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, 2022, the City reported a liability of $1,518,873 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset 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, 2021 (measurement date), the City's proportion was 0.0990%, which was a decrease of 0.0046% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of $563,450. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 483,208	$ -
Change of assumptions	954,240	-
Net difference between projected and actual earnings on pension plan investments	-	2,170,014
Changes in proportion and differences between City contributions and proportionate share of contributions	-	180,599
City contributions subsequent to measurement date	850,243	-
Total	$ 2,287,691	$ 2,350,613

$850,243 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2023	$ 55,681
2024	(110,227)
2025	(194,581)
2026	(664,038)
2027	-
Thereafter	-
Total	$ (913,165)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore no included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	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 2020 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	$ 5,896,140	$ 1,518,873	$ (2,083,363)

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

Law Enforcement Officers Special Separation Allowance

Plan Description. The City of Laurinburg administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or mor 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 law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Inactive Members Currently Receiving Benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	40
Total	45

Summary of Significant Accounting Policies

Basis of Accounting . The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.254% per annum.
Discount Rate	6.50% per annum, compounded annually

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

Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid $70,394 as benefits came due for the reporting period.

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

At June 30, 2022, the City reported a total pension liability of $1,939,078. The total pension liability was measured as of June 30, 2021, based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of $375,583.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 192,473	$ 26,371
Change of assumptions	385,903	60,127
Benefit payments and admin expenses subsequent to measurement date	37,092	-
Total	$ 615,468	$ 86,498

$37,092 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2023	$ 127,872
2024	122,922
2025	114,433
2026	92,553
2027	34,098
Thereafter	-
	$ 491,878

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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
City's proportionate share of the net pension liability (asset)	$ 2,105,503	$ 1,939,078	$ 1,786,583

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

Beginning balance:	$ 1,786,134
Service cost	102,017
Interest on total pension liability	33,793
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	139,233
Changes of assumption of other inputs	(51,705)
Benefit payments	(70,394)
Other changes	-
Ending balance of the total pension liability	$ 1,939,078

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at June 30, 2020 (measurement date) to 2.25 percent at June 30, 2021 (measurement date).

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

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

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

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

	LGERS	LEOSSA	Total
Pension expenses	$ 850,243	$ 375,583	$ 1,225,826
Pension liability	1,518,873	1,939,078	3,457,951
Proportionate share of the net pension liability	0.0990%	n/a	
Deferred of Outflows of Resources			
Difference between expected and actual experience	483,208	192,473	675,681
Changes of assumptions	954,240	385,903	1,340,143
Net difference between projected and actual earnings on plan investments	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	850,243	37,092	887,335

Deferred Inflows of Resources	LGERS	LEOSSA	Total
Differences between expected and actual experience	-	26,371	26,371
Changes of assumptions	-	60,127	60,127
Net difference between projected and actual earnings on plan investments	2,170,014	-	2,170,014
Changes in proportion and differences between contributions and proportionate share of contributions	180,599	-	180,599

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each general employee and five percent of each officer's salary, and all amounts are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 for general employees and law enforcement officers, respectively, were $333,068 and $149,191. which consisted of $244,414 from the City and $88,654 from the general employees and $99,224 from the City and $49,968 from the law enforcement officers. No amounts were forfeited.

Other Postemployment Benefits

Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Laurinburg, to the Firefighers' and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the state House of Representatives and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighters' and Rescue Workers' Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

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

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

Healthcare Benefits

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

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

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

Funding Policy. The City Council established the contribution requirments 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 $2,786,571 measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary Increases	3.25 percent, average, including inflation
Discount Rate	2.16 percent
Healthcare cost trend rates	Medical - 7.00% Presciption - 7.00% 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, 2020	$ 2,409,552
Changes for the year:	
Service cost	108,517
Interest	53,952
Changes in benefit terms	-
Difference between expected and actual experience	21,643
Changes in assumptions or other inputs	347,380
Benefit payments	(154,473)
Net Changes	377,019
Balance at June 30, 2021	$ 2,786,571

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

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

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

Sensitivity of the total OPEB liability to changes in the discount rate. The following present the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage point higher (3.16%) than the current discount rate:

Discount Rate Sensitivity:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	$ 3,032,192	$ 2,786,571	$ 2,562,150

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

Healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	$ 2,510,979	$ 2,786,571	$ 3,106,370

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

For the year ended June 30, 2021, the City recognized OPEB expense of $184,859. At June 30, 2022, 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	$ 65,597	$ 290
Change of assumptions	530,258	73,732
Benefit payments and administrative costs made subsequent to the measurement date	104,046	-
Total	$ 699,901	$ 74,022

$104,046 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognizedin pension expense as follows:

Year ended June 30		
2023	$	68,645
2024		68,645
2025		68,645
2026		72,237
2027		82,077
Thereafter		161,584
Total	$	521,833

Other Employment Benefits

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

The City has no liability beyond the payment of monthly contributions. 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.

Deferred Outflows and Inflows of Resources

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

Source	Amount	
Contributions to pension plan in current fiscal year - LGERS	$	850,243
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date		37,092
Benefit payments and administrative expenses for OPEB made subsequent to measurement date		104,046
Differences between expected and actual experience		741,278
Change of assumptions		1,870,401
Net difference between projected and actual		-
Changes in proportion and differences between employer contributions and proportionate share of contributions		-
Total deferred outflows	$	3,603,059

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

Source	Statement Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	$ 2,936	$ 2,936
Prepaid FEMA	24,741	24,741
Deferred revenues	31,015	31,015
Taxes receivable, less penalties (General Fund)	-	525,302
Leases receivable	267,293	267,293
Changes in assumptions	133,859	-
Differences between expected and actual experience	26,661	-
Net difference between projected and actual earnings on plan investments	2,170,014	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	180,599	-
Total deferred inflows	$ 2,837,116	$ 851,287

2. Risk Management

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

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

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

Claims, Judgments and Contingent Liabilities

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

3. *Long-Term Obligations*

Leases

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

On July 1, 2021, the City entered into a 41 month lease as Lessee for the use of a postage machine. An initial lease liability was recorded in the amount of $5,440 for the General Fund (which was 84.61% of the total lease). As of June 30, 2022, the value of the lease liability for the General Fund is $3,901. The City is required to make quarterly fixed payments of $471, which includes 15.39% that is funded by the Enterprise Funds. The lease has an interest rate of 1.6%.The value of the right to use asset allocation of the General Fund portion as of June 30, 2022 of $5,440 with accumulated amortization of $1,554 is included with Equipment on the Right to Use Asset Schedule.

On July 1, 2021, the City entered into a 45 month lease as Lessee for the use of a copy machine and printer. An initial lease liability was recorded in the amount of $21,862 for the General Fund (which was 100% of the total lease). As of June 30, 2022, the value of the lease liability for the General Fund is $16,139. The City is required to make monthly fixed payments of $500. The lease has an interest rate of 1.6%.The value of the right to use asset allocation of the General Fund portion as of June 30, 2022 of $21,862 with accumulated amortization of $5,830 is included with Equipment on the Right to Use Asset Schedule.

On June 30, 2022, the City entered into a 21 month lease as Lessee for the use of a printer. An initial lease liability was recorded in the amount of $1,953 for the General Fund (which was 100% of the total lease). As of June 30, 2022, the value of the lease liability for the General Fund is $1,953. The City is required to make monthly fixed payments of $94. The lease has an interest rate of 1.6%. The value of the right to use asset allocation of the General Fund portion as of June 30, 2022 of $1,953 with accumulated amortization of $0.00 is included with Equipment on the Right to Use Asset Schedule.

On June 30, 2022, the City entered into a 33 month lease as Lessee for the use of printers and copy machines. An initial lease liability was recorded in the amount of $68,186 for the General Fund (which was 75.98% of the total lease). As of June 30, 2022, the value of the lease liability for the General Fund is $43,681. The City is required to make monthly fixed payments of $2778, which includes 24.02% that is funded by the enterprise funds. The lease has an interest rate of 1.6%.The value of the right to use asset allocation of the General Fund portion as of June 30, 2022 of $68,186 with accumulated amortization of $24,795 is included with Equipment on the Right to Use Asset Schedule.

On June 30, 2022, the City entered into a 62 month lease as Lessee for the use of tsunami and software. An initial lease liability was recorded in the amount of $352,646 to the General Fund (which was 100% of the total lease). As of June 30, 2022, the value of the lease liability for the General Fund is $279,846. The City is required to make annual fixed payments of $72,800. The lease has an interest rate of 1.6%.The value of the right to use asset allocation of the General Fund portion as of June 30, 2022 of $352,646 with accumulated amortization of $70,529 is included with Equipment on the Right to Use Asset Schedule.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

	Governmental Activities	
Year Ending June 30	Principal Payments	Interest Payments
2023	$ 101,936	$ 5,319
2024	96,554	3,690
2025	75,777	2,324
2026	71,646	1,154
2027	-	-
Total Lease Obligations	$ 345,913	$ 12,487

Equipment Financing Purchase

In October of 2013, the City entered into a $7,718,880 installment contract with PNC Bank to finance construction of a water tower infrastructure. The financing contract requires principal payments beginning in the fiscal year 2014-2015 with an interest rate of 2.24%. The loan requires interest only payments as well as principal and interest payments. The remaining principal balance owed at June 30, 2022 is $1,543,780. 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 remining principal balance owed at June 30, 2022 is $116,220. The loan is serviced by the Electric Fund.

In November of 2015, the City entered into a $258,980 installment contract with First Bank to finance the purchase of a side loader. The financing contract requires principal payments beginning in the fiscal year 2016-2017 with an interest rate of 1.80%. The loan is secured by the side loader as collateral. The remaining principal balance owed at June 30, 2022 is $106,091. 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 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, 2022 is $4,480,667. 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 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, 2022 is $1,120,167. This note is secured by a deed of trust and security interest in the in the new City Hall.

In fiscal 2018, the City entered into a $9,165,000 non-general obligation bond financing agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. $1,527,500 of the total debt is serviced by the Electric Fund and the principal balance owed at June 30, 2022 is $1,222,000. This note is secured by a deed of trust and security interest in the in the new City Hall.

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

Annual debt service payments of the installment purchases as of June 30, 2022, including interest, are as follows:

	Governmental Activities		Business-type Activities	
Year ending June 30	Principal	Interest	Principal	Interest
2023	$ 407,333	$ 111,202	$ 1,112,853	$ 95,494
2024	407,333	100,611	1,115,161	69,296
2025	407,333	90,021	286,550	53,317
2026	407,333	79,430	284,455	46,355
2027	407,333	68,839	260,732	40,009
2028-2032	2,444,001	190,631	1,521,675	108,922
2033-2037	-	-	-	-
Total Annual Debt	$ 4,480,666	$ 640,734	$ 4,581,426	$ 413,393

At June 30, 2022, the City of Laurinburg had a legal debt margin of $62,792,631.

Changes in long term liabilities at June 30, 2022, consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities					
Financing agreement	$ 4,930,270	$ -	$ 449,604	$ 4,480,666	$ 407,333
Lease Liability	-	450,087	104,174	345,913	101,936
Net pension liability (LGERS)	2,258,262	-	1,331,749	926,513	-
Net pension obligation (LEOSSA)	1,786,134	152,944	-	1,939,078	-
Total OPEB Liability	1,469,827	229,981	-	1,699,808	-
Compensated absences	364,117	59,338	-	423,455	232,900
Governmental activities long-term liabilities	$ 10,808,610	$ 892,350	$ 1,885,527	$ 9,815,433	$ 742,169
Business-type activities					
Electric Fund					
Financing agreement	$ 1,396,335	$ -	$ 159,946	$ 1,236,389	$ 261,778
Net pension liability (LGERS)	370,207	-	218,320	151,887	-
Total OPEB Liability	240,955	37,702	-	278,657	-
Compensated absences	60,815	24,556	-	85,371	46,954
	$ 2,068,312	$ 62,258	$ 378,266	$ 1,752,304	$ 308,732
Water and Sewer Fund					
Financing agreement	$ 3,537,668	$ -	$ 873,721	$ 2,663,947	$ 771,888
Net pension liability (LGERS)	666,372	-	392,975	273,397	
Total OPEB liability	433,719	67,864	-	501,583	
Compensated absences	83,804	12,308	-	96,112	52,862
	4,721,563	80,172	1,266,696	3,535,039	824,750
Solid Waste Fund					
Financing agreement	$ 132,268	$ 575,000	$ 26,178	$ 681,090	$ 79,187
Net pension lliability (LGERS)	407,228	-	240,152	167,076	-
Total OPEB Liability	265,050	41,473	-	306,523	-
Compensated absences	75,290	12,120	-	87,410	48,076
	$ 879,836	$ 628,593	$ 266,330	$ 1,242,099	$ 127,263
Business type activities long-term liabilities	$ 7,669,711	$ 771,023	$ 1,911,292	$ 6,529,442	$ 1,260,744

Compensated absences typically have been liquidated in the General Fund.

D. On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as a revenue and an expenditure, on-behalf payments for finge benefits and salaries of $10,629 or the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2022. Under State law the local board of trustees for the Fund received an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

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

	Governmental Activities	Business Type Activities	Total
Assets			
Capital Assets	$ 12,297,717	$ 51,022,887	$ 63,320,604
Right-to-use Leased Assets, Net of Amortization	345,816	-	345,816
Less: Long-term debt	(4,826,579)	(2,341,092)	(7,167,671)
Net investment in capital assets:	7,816,954	48,681,795	56,498,749

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.

F. Fund Balance

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

Total fund balance - General Fund	4,195,878
Less:	
Non-spendable - Prepaid expenses	3,906
Non-spendable - Leases	7,153
Non-spendable - Inventories	32,983
Stabilization by State Statute	1,490,477
Streets - Powell Bill	105,603
Future bond debt - City hall	521,128
Remining fund balance (unassigned)	2,034,628

Interfund Balances and Activity

Transfer to/from other funds at June 30, 2022, consists of the following:

From the Electric Fund to the General Fund for payment in lieu of taxes	$ 114,454
From the Electric Fund to the General Fund in accordance with ~ 159B-39	596,571
From the General Fund to the Downtown Revitalization Fund for revitalization of downtown	20,000
From the American Rescue Plan Act Fund to the General Fund for premium payments	425,000
From the General Fund to fund the North Fire Station Capital Project Fund	200,000
From the General Fund to the Solid Waste Fund for the closure of LCID site	149,999
Total	$ 1,506,024

Note 4 – Jointly Governed Organization

The City, in conjunction with thirty-one other local governments, is a member of the North Carolina Eastern Municipal Power Agency (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The thirty-two members, which receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electic 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, 2022 were $10,592,540.

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 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, 2022. 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, 2022 in the amount of $5,267.

Note 5 – Related Organization

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

Note 6 – Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Note 7 - Significant Effects of Subsequent Events

Management has evaluated subsequent events through February 15, 2023, the date which the financial statements were available to be issued.

Note 8 - Prior Period Adjustment(s)

Adjustments were recorded that increased fund balance for the General Fund by $431,620, increased fund balance in the Electric Fund by $1,077,439, increased fund balance in the Water & Sewer Fund by $202,134, and increased fund balance in the Solid Waste Fund by $167,065. On the General Fund, the adjustments were to adjust sales tax and franchise tax received to consider the receivable from September 2021 (increase of $174,969), to record June 2021 revenue in the 2020-21 fiscal year (increase of $236,492), and to adjust allowance for doubtful accounts to a reasonable estimation, and subsequently adjust miscellaneous receivables and deferrals to recognize this change (increase of $20,159). For the business type activities, the adjustments were to accrue interest payable as of June 30, 2021 on long-term debt instruments (decrease to net position of $8,919 for the Electric Fund, decrease of $20,911 for the Water & Sewer Fund, and decrease of $930 for the Solid Waste Fund); and to record unbilled revenue as of June 30, 2021 (increase to net position of $1,086,358 for the Electric Fund, increase of $223,045 for the Water & Sewer Fund, and increase of $167,995 for the Solid Waste fund). On the government-wide statement, an adjustment was made in addition to General Fund adjustments to accrue unrecorded interest payable as of June 30, 2021, resulting in a decrease to government-wide net position of $31,772 in addition to the General Fund adjustment, with total government-wide adjustment netting to $399,848.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of the Local Government Commission in North Carolina.

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Local Government Employee's Retirement System

Schedule of Contributions - Local Government Employees' Retirement System

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance

Schedule of Changes in the Total OPEB Liability and Related Ratios

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

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018
Laurinburg's proportion of the net pension liability (asset) (%)	0.09904%	0.10360%	0.11740%	0.10932%	0.11536%
Laurinburg's proportion of the net pension liability (asset) ($)	$ 1,518,873	$ 3,702,069	$ 3,024,223	$ 2,593,444	$ 1,762,381
Laurinburg's covered-employee payroll	$ 7,009,505	$ 7,202,313	$ 7,360,981	$ 6,295,300	$ 6,244,611
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	21.67%	51.40%	41.08%	41.20%	28.22%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	91.63%	94.18%	91.47%	98.09%

	2017	2016	2015	2014
Laurinburg's proportion of the net pension liability (asset) (%)	0.11442%	0.11703%	-0.11291%	0.10479%
Laurinburg's proportion of the net pension liability (asset) ($)	$ 2,428,375	$ 525,268	$ (665,882)	$ 1,263,242
Laurinburg's covered-employee payroll	$ 6,202,795	$ 5,896,860	$ 5,774,114	$ 5,615,223
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.15%	8.91%	-11.53%	22.50%
Plan fiduciary net position as a percentage of the total pension liability**	98.07%	102.64%	94.35%	96.45%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
** This will be the same percentage for all participant employers in the LGERS plan.

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

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018
Contractually required contribution	$ 850,243	$ 728,062	$ 644,607	$ 570,476	$ 487,905
Contributions in relation to the contractually required contribution	850,243	728,062	644,607	570,476	487,905
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Laurinburg's covered-employee payroll	$ 7,343,830	$ 7,009,505	$ 7,202,313	$ 7,360,981	$ 6,295,300
Contributions as a percentage of covered payroll	11.58%	10.39%	8.95%	7.75%	7.75%

	2017	2016	2015	2014
Contractually required contribution	$ 468,631	$ 420,613	$ 422,356	$ 410,782
Contributions in relation to the contractually required contribution	468,631	420,613	422,356	410,782
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Laurinburg's covered-employee payroll	$ 6,244,611	$ 6,202,795	$ 5,896,860	$ 5,774,114
Contributions as a percentage of covered payroll	7.50%	6.78%	7.16%	7.11%

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

	2022	2021	2020
Beginning balance	$ 1,786,134	$ 1,268,194	$ 1,101,967
Service Cost	102,017	60,992	55,680
Interest on the total pension liability	33,793	40,235	39,123
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	139,233	(35,184)	87,573
Changes of assumptions or other inputs	(51,705)	519,856	38,149
Benefit payments	(70,394)	(67,959)	(54,298)
Other changes	-	-	-
Ending balance of the total pension liability	$ 1,939,078	$ 1,786,134	$ 1,268,194

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

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

City of Laurinburg, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

	2022	2021	2020
Total pension liability	$ 1,913,078	$ 1,786,134	$ 1,268,194
Covered Payroll	2,147,756	2,098,788	2,119,510
Total pension liability as a percentage of covered payroll	89.07%	85.10%	59.83%

	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%

Notes to the Schedule:
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
Last Four Fiscal Years

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

Notes to the Schedule:

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

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

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive Negative
Revenues:			
Ad valorem taxes:			
Taxes		$ 3,332,967	
Penalties and interest		52,676	
Total	3,269,190	3,385,643	116,453
Other taxes and licenses:			
Local option sales tax		1,478,512	
Animal taxes		537	
Privilege licenses		473	
Total	1,348,410	1,479,522	131,112
Unrestricted intergovernmental:			
Utility franchise tax		993,685	
Beer and wine tax		59,199	
Cable franchise		457,018	
Tax refunds - sales and gasoline		287,419	
Total	1,605,000	1,797,321	192,321
Restricted intergovernmental:			
Federal government grants		56,917	
Powell Bill allocation		482,371	
Total	629,812	539,288	(90,524)
Permits and fees:			
Court fees		2,042	
Inspection fees		24,791	
Total	15,600	26,833	11,233
Sales and services:			
Fire protection		132,698	
Cemetery lots		112,366	
Total	193,500	245,064	51,564
Investment earnings	15,000	8,716	(6,284)
Miscellaneous:			
Sale of materials and other assets		30,721	
Concessions and rentals		3,534	
Other		451,848	
Total	453,374	486,103	32,729
Total revenues	7,529,886	7,968,490	438,604

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive Negative
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		105,904	
Membership dues and subscriptions		24,303	
Other operating expenditures		18,791	
Capital outlay		8,761	
Reimbursement - proprietary funds		(156,960)	
Total	27,657	799	26,858
Administration:			
Salaries and employee benefits		261,464	
Other operating expenditures		57,591	
Capital outlay		8,761	
Reimbursement - proprietary funds		(247,077)	
Total	82,535	80,739	1,796
Personnel/safety:			
Salaries and employee benefits		175,830	
Collection fees		310,552	
Capital outlay		10,200	
Reimbursement - proprietary funds		(201,618)	
Total	305,103	294,964	10,139
Finance:			
Salaries and employee benefits		273,641	
Other operating expenditures		26,401	
Capital outlay		17,955	
Reimbursement - proprietary funds		(268,896)	
Total	46,259	49,101	(2,842)
Taxes:			
Salaries and employee benefits		81,337	
Collection fees		25	
Other operating expenditures		14,837	
Capital outlay		8,376	
Total	105,141	104,575	566
Public buildings:			
Salaries and employee benefits		26,090	
Other operating expenditures		45,970	
Total	84,847	72,060	12,787
Information technology:			
Other operating expenditures		301,672	
Capital outlay		37,034	
Reimbursement - proprietary funds		(297,817)	
Total	58,579	40,889	17,690
Total general government	710,121	643,127	66,994

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive Negative
Community development:			
Administration:			
Salaries and employee benefits		225,900	
Other operating expenditures		275,758	
Contributions to local organizations		141,750	
Capital outlay		100,983	
Total	760,720	744,391	16,329
Planning:			
Salaries and employee benefits		77,222	
Other operating expenditures		42,259	
Capital outlay		2,138	
Total	124,251	121,619	2,632
Engineering:			
Salaries and employee benefits		68,738	
Other operating expenditures		32,393	
Capital outlay		27,852	
Reimbursement - proprietary funds		(110,687)	
Total	21,160	18,296	2,864
Beautification:			
Salaries and employee benefits		307,525	
Other operating expenditures		134,468	
Capital outlay		55,053	
Total	525,450	497,046	28,404
Total community devlopment	1,431,581	1,381,352	50,229
Public safety:			
Police:			
Salaries and employee benefits		2,639,445	
Vehicle maintenance		189,657	
Other operating expenditures		127,416	
Capital outlay		576,047	
Total	3,545,059	3,532,565	12,494
Fire:			
Salaries and employee benefits		344,180	
Vehicle maintenance		102,887	
Other operating expenditures		595,156	
Capital outlay		131,821	
Total	1,158,217	1,174,044	(15,827)
Rescue units:			
Operating expenditures		30,399	
Capital outlay		6,257	
Total	54,215	36,656	17,559
Total public safety	4,757,491	4,743,265	14,226

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive Negative
Transportation:			
Streets and highways:			
Other operating expenditures		148,703	
Capital outlay		108,384	
Total	372,426	257,087	115,339
Public works:			
Administration:			
Salaries and employee benefits		245,239	
Other operating expenditures		19,337	
Capital outlay		495	
Reimbursement proprietary funds		(225,166)	
Total	48,144	39,905	8,239
Storm drainage:			
Salaries and employee benefits		153,490	
Other operating expenditures		101,392	
Total	551,285	254,882	296,403
Garage:			
Salaries and employee benefits		546,492	
Other operating expenditures		3,955	
Capital outlay		29,100	
Total	599,464	579,547	19,917
Building Maintenance			
Salaries and employee benefits	150	133	17
Total public works	1,199,043	874,467	324,576
Animal control:			
Salaries and employee benefits		73,949	
Other operating expenditures		6,421	
Total	86,644	80,370	6,274
Cemetery:			
Salaries and employee benefits		117,204	
Other operating expenditures		13,753	
Capital outlay		21,687	
Total	211,837	152,644	59,193
Debt service			
Principal retirement		553,778	
Interest and other charges		80,280	
Total	625,139	634,058	(8,919)
Total expenditures	9,394,282	8,766,370	627,912
Revenues over (under) expenditures	(1,864,396)	(797,880)	1,066,516

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive Negative
Other financing sources (uses):			
Transfers from other funds:			
Governmental funds:			
American Rescue Plan Act Fund		425,000	
Enterprise funds:			
Electric fund - pilot		114,454	
Electric fund - GS ~ 159b-39		596,571	
Transfers to other funds:			
To special revenue and capital project funds		(369,999)	
Lease Proceeds		450,087	
Total other financing sources (uses)	926,571	1,216,113	289,542
Fund balance appropriated	937,825	-	(937,825)
Net change in fund balance	$ -	418,233	$ 418,233
Fund balance, beginning		3,346,025	
Prior Period Adjustment (see Note 8)		431,620	
Fund balance, ending		$ 4,195,878	

City of Laurinburg, North Carolina
American Rescue Plan Act Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total Project to Date	Variance Positive (Negative)
Revenues:					
American Rescue Plan:					
State Government Grants	$ 4,781,100	$ -	$ 425,000	$ 425,000	$ (4,356,100)
Total revenues	4,781,100	-	425,000	425,000	(4,356,100)
Expenditures:					
American Rescue Plan:					
Capital Outlay	4,356,100	-	-	-	4,356,100
Total expenditures	4,356,100	-	-	-	4,356,100
Revenues over (under) expenditures	425,000	-	425,000	425,000	-
Other Financing Sources (Uses):					
Transfers to other funds:					
General fund	(425,000)	-	(425,000)	(425,000)	-
Total other financing uses	(425,000)	-	(425,000)	(425,000)	-
Net change in fund balance	$ -	$ -	-	$ -	$ -
Fund balance, beginning			-		
Fund balance, ending			$ -		

City of Laurinburg, North Carolina
North Fire Station Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Current Year	Variance Positve (Negative)
Revenues:			
Grant revenues			
Golden Leaf	$ 1,625,000	$ -	$ (1,625,000)
NCSCIF	920,000	-	(920,000)
FEMA	135,897	-	(135,897)
Total revenue	2,680,897	-	(2,680,897)
Expenditures:			
Construction	2,880,897	48,421	2,832,476
Contracted services	-	38,717	(38,717)
Total expenditures	2,880,897	87,138	2,793,759
Revenues over (under) expenditures	(200,000)	(87,138)	112,862
Other financing sources (uses):			
Transfers from other funds:			
General fund	200,000	200,000	-
Total other financing sources (uses)	200,000	200,000	-
Net change in fund balance	$ -	112,862	$ 112,862
Fund balances, beginning		78,920	
Fund balances, ending		$ 191,782	

City of Laurinburg, North Carolina
Combining Balance Sheet
Nonmajor Governmental Fund
June 30, 2022

	Special Revenue Fund Downtown Revitalization	Cemetery Perpetual Fund	Total Nonmajor Governmental Funds
Assets:			
Cash	$ 100,778	$ 548,055	$ 648,833
Restricted cash	34,900	-	34,900
Accounts receivable	-	215	215
Total assets	135,678	548,270	683,948
Liabilities and Fund Balances			
Payables	20	-	20
Total liabilities	20	-	20
Fund balance:			
Restricted:			
Downtown revitalization	34,900	-	34,900
Assigned:			
Downtown revitalization	100,758	-	100,758
Non spendable - perpetual maintenance	-	548,270	548,270
Total fund balances	135,658	548,270	683,928
Total liabilities and fund balances	$ 135,678	$ 548,270	$ 683,948

City of Laurinburg, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Fund Downtown Revitalization	Cemetery Perpetual Fund	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem tax	$ 20,229	$ -	$ 20,229
Sales and services	-	32,320	32,320
Interest	-	670	670
Total revenues	20,229	32,990	53,219
Expenditures:			
Current:			
Downtown revitalization	39,575	-	39,575
Total expenditures	39,575	-	39,575
Revenues over (under) expenditures	(19,346)	32,990	13,644
Other financing sources (uses)			
Transfers from General Fund	20,000	-	20,000
Net change in fund balance	654	32,990	33,644
Fund balance, beginning of year	135,004	515,280	650,284
Fund balance, end of year	$ 135,658	$ 548,270	$ 683,928

City of Laurinburg, North Carolina
Downtown Revitalization
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Current Year	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	$ -	$ 20,229	$ 20,229
Total revenue	-	20,229	20,229
Expenditures:			
Downtown revitalization	90,000	39,575	50,425
Total expenditures	90,000	39,575	50,425
Revenues over (under) expenditures	(90,000)	(19,346)	70,654
Other financing sources (uses):			
Transfers from other funds:			
General fund	-	20,000	20,000
Total other financing sources (uses)	-	20,000	20,000
Fund balance appropriated	90,000	-	(90,000)
Net change in fund balance	$ -	654	$ 654
Fund balances - beginning		135,004	
Net position, ending		$ 135,658	

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Electricity sales	$ 14,003,856	$ 13,499,025	$ (504,831)
Municpal sales	679,865	589,797	(90,068)
Fiber optic rental	279,332	254,778	(24,554)
Total	14,963,053	14,343,600	(619,453)
Other operating revenues			
Other operating revenues	266,276	440,334	174,058
Total	266,276	440,334	174,058
Total operating revenues	15,229,329	14,783,934	(445,395)
Nonoperating revenue			
Investment earnings	46,878	19,129	(27,749)
Total non-operating revenue	46,878	19,129	(27,749)
Total revenues	15,276,207	14,803,063	(473,144)
Expenditures:			
Administration:			
Salaries and employee benefits		90,460	
Supplies		1,813	
Utilities		329	
Management fees		363,294	
Other operating expenditures		27,783	
Total	667,691	483,679	184,012
Consumer billing and receiving:			
Salaries and employee benefits		291,004	
Maintenance		52,913	
Other operating expenditures		108,618	
Total	483,106	452,535	30,571
Electrical operations:			
Salaries and employee benefits		717,648	
Contracted maintenance		186,571	
Vehicle maintenance		38,576	
Utilities		116,519	
Other operating expenditures		527,636	
Total	2,502,058	1,586,950	915,108

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Electrical power purchases	10,593,519	10,592,540	979
Debt service:			
Interest and fees		32,715	
Principal retirement		159,946	
Total debt service	192,661	192,661	-
Capital outlay:			
Electrical operations		405,987	
Total capital outlay	405,987	405,987	-
Total expenditures	14,845,022	13,714,352	1,130,670
Revenues over expenditures	431,185	1,088,711	657,526
Other financing sources (uses):			
Transfers to other funds:			
General fund - GS ~ 159B-39	(596,571)	(596,571)	-
General fund - (payment in lieu of taxes)	(90,000)	(87,015)	2,985
Total other financing sources (uses)	(686,571)	(683,586)	2,985
Fund Balance Appropriated	255,386	-	(255,386)
Revenues and other financing sources over (under) expenditures and other financing (uses)	$ -	405,125	$ 405,125

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

Reconciling items:	
Principal retirement	159,946
Inventory change	(245,863)
Capital outlay	405,987
Bad debts	2,118
Depreciation	(509,867)
(Increase) decrease in accrued vacation pay	(24,556)
Increase (decrease) in deferred outflows of resources - pensions	29,565
(Increase) decrease in deferred inflows of resources - pensions	(219,205)
(Increase) decrease in net pension liability	218,320
Increase (decrease) in deferred outflows of resources - OPEB	27,795
(Increase) decrease in deferred inflows of resources - OPEB	1,825
(Increase) decrease in net OPEB liability	(37,702)
Total reconciling items	(191,637)
Change in net position	$ 213,488

City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	$ 3,477,881	$ 3,273,361	$ (204,520)
Sewer charges	3,090,888	2,635,466	(455,422)
Water and sewer taps	70,000	154,015	84,015
Total	6,638,769	6,062,842	(575,927)
Other operating revenues			
Other operating revenues	257,792	456,781	198,989
Total	257,792	456,781	198,989
Total operating revenues	6,896,561	6,519,623	(376,938)
Nonoperating revenue			
Investment earnings	100	-	(100)
Gain (Loss) on sale of fixed assets	-	16,887	16,887
Total nonoperating revenues	100	16,887	16,787
Total revenues	6,896,661	6,536,510	(360,151)
Expenditures:			
Administration:			
Salaries and employee benefits		416,013	
Supplies		7,355	
Maintenance		72,250	
Utilities		4,312	
Management fees		1,080,233	
Other operating expenditures		102,523	
Total	1,773,018	1,682,686	90,332
Water treatement and distribution:			
Water production and treatment plant:			
Salaries and employee benefits		307,583	
Chemicals		166,703	
Supplies		40,083	
Utilities		233,680	
Management fees		369,660	
Other operating expenditures		179,359	
Total	1,425,205	1,297,068	128,137

City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Water distribution:			
Salaries and employee benefits		395,081	
Supplies		108,082	
Other operating expenditures		221,559	
Total	776,724	724,722	52,002
Total water treatement and distribution	2,201,929	2,021,790	180,139
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits		378,502	
Supplies		37,616	
Other operating expenditures		45,253	
Total	805,113	461,371	343,742
Primary waste treatment:			
Salaries and employee benefits		351,629	
Chemicals		24,817	
Supplies		60,843	
Uitilities		324,197	
Maintenance		151,178	
Other operating expenditures		238,807	
Total	1,149,551	1,151,471	(1,920)
Total waste collection and treatment:	1,954,664	1,612,842	341,822
Debt service:			
Interest and fees		68,689	
Principal retirement		873,721	
Total debt service	943,451	942,410	1,041
Capital outlay:			
Waste production and treatment		134,822	
Waste distribution		96,639	
Primary waste treatment		357,117	
Total capital outlay	588,578	588,578	-
Total expenditures	7,461,640	6,848,306	613,334
Revenues over (under) expenditures	(564,979)	(311,796)	253,183

City of Laurinburg, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers to other fund:			
Capital project fund	(100,000)	(100,000)	-
Total other financing sources (uses)	(100,000)	(100,000)	-
Fund balance appropriated	664,979	-	(664,979)
Revenues and other financing sources over (under) expenditures and other financing (uses)	$ -	(411,796)	$ (411,796)

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

Reconciling items:	
Principal retirement	873,721
Inventory change	(16,205)
Bad debts	(4,218)
Capital outlay	588,578
Capital contributions	280,841
Transfer to Water Sewer Capital Project Fund - Phase 1 (Ex. D-5)	100,000
Depreciation	(1,635,201)
(Increase) decrease in accrued vacation pay	(12,309)
Increase (decrease) in deferred outflows of resources - pensions	53,216
(Increase) decrease in deferred inflows of resources - pensions	(394,569)
(Increase) decrease in net pension liability	392,975
Increase (decrease) in deferred outflows of resoruces - OPEB	50,032
(Increase) decrease in deferred inflows of resources - OPEB	3,285
(Increase) decrease in OPEB liability	(67,864)
Total reconciling items	212,282
Change in net position	$ (199,514)

City of Laurinburg, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Sales:			
Residential	$ 1,749,662	$ 1,618,236	$ (131,426)
Commercial and industrial	753,250	927,269	174,019
Total	2,502,912	2,545,505	42,593
Other operating revenues:			
Other operating income	24,000	42,389	18,389
Total	24,000	42,389	18,389
Total operating revenues	2,526,912	2,587,894	60,982
Nonoperating revenues:			
Investment Income	50	-	(50)
Gain on sale of assets	36,000	21,019	(14,981)
Total nonoperating revenues	36,050	21,019	(15,031)
Total revenues	2,562,962	2,608,913	45,951
Expenditures			
Solid waste operations			
Salaries and employee benefits		1,151,001	
Contracted services		30,945	
Supplies		8,078	
Tipping fee		673,063	
Maintenance		361,985	
Utilities		5,352	
Management fees		64,694	
Other operating expenditures		96,500	
Total	2,296,305	2,391,618	(95,313)
Debt service:			
Interest expense		7,162	
Principal retirement		26,178	
Total	33,340	33,340	-
Capital outlay:			
Equipment		1,039,468	
Total	1,039,468	1,039,468	-
Total expenditures	3,369,113	3,464,426	(95,313)
Revenues over (under) expenditures	(806,151)	(855,513)	(49,362)

City of Laurinburg, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers In (Out)			
General Fund	-	149,999	149,999
Proceeds from issuance of installment debt	575,000	575,000	-
Fund balance appropriated	231,151	-	(231,151)
Total other financing sources (uses)	806,151	724,999	(81,152)
Revenues and other financing sources over (under) expenditures and other financing (uses)	$ -	(130,514)	$ (130,514)

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

Reconciling items:	
Principal retirement	26,178
Inventory change	14,520
Bad debts	1,360
Depreciation	(241,388)
Capital outlay	1,039,468
Proceeds from issuance of installment debt	(575,000)
(Increase) decrease in accrued vacation pay	(12,118)
Increase (decrease) in deferred outflows of resources - pensions	32,521
(Increase) decrease in deferred inflows of resources - pensions	(241,125)
(Increase) decrease in net pension liability	240,152
Increase (decrease) in deferred outflows of resources - OPEB	30,575
(Increase) decrease in deferred inflows of resources - OPEB	2,008
(Increase) decrease in accrued OPEB liability	(41,472)
Total reconciling items	275,679
Change in net position	$ 145,165

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 Year Ended June 30, 2022

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Completed Project	Actual Total to Date	Variance Positive (Negative)
Revenues- water sewer project:						
Restricted intergovernmental:						
CDBG Grant-Sewer	$ 2,000,000	$ 1,497,232	$ 280,841	$ (1,778,073)	$ -	$ (221,927)
Total revenues	2,000,000	1,497,232	280,841	(1,778,073)	-	(221,927)
Expenditures - water sewer project:						
Construction-Sewer	1,688,000	1,063,317	230,351	(1,293,668)	-	394,332
Engineering/design-Sewer	162,000	433,915	50,490	(484,405)	-	(322,405)
Administration-Sewer	150,000	-	-	-	-	150,000
Total expenditures	2,000,000	1,497,232	280,841	(1,778,073)	-	221,927
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 Year Ended June 30, 2022

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Completed Project	Actual Total to Date	Variance Positive (Negative)
Revenues:						
Restricted intergovernmental:						
State Grants	$ 50,000	$ -	$ -	$ -	$ -	$ (50,000)
Other Grants	475,000	-	-	-	-	(475,000)
Total revenues	525,000	-	-	-	-	(525,000)
Expenditures - water sewer project:						
Construction	23,261,144	2,262,649	1,095,841	(2,766,471)	592,019	19,902,654
Engineering/design	3,338,342	1,063,698	867,150	(654,898)	1,275,950	1,407,494
Total expenditures	26,599,486	3,326,347	1,962,991	(3,421,369)	1,867,969	21,310,148
Other financing sources (uses):						
Installment Debt Proceeds	21,232,000	-	-	-	-	(21,232,000)
Transfers from other funds						
From Water Sewer Fund	4,842,486	4,742,486	100,000	(3,421,369)	1,421,117	(3,421,369)
Total other financing sources (uses)	26,074,486	4,742,486	100,000	(3,421,369)	1,421,117	(24,653,369)
Revenues and other sources over (under) expenditures (uses)	$ -	$ 1,416,139	$ (1,862,991)	$ -	$ (446,852)	$ (3,868,221)

City of Laurinburg, North Carolina
Electric Capital Project - Electric Substation
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2022

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Expenditures - substation project:					
Construction	$ 2,320,000	$ 3,875,889	$ 141,056	$ 4,016,945	$ (1,696,945)
Engineering/design	480,000	241,253	41,934	283,187	196,813
Equipment	750,000	70,451	164,099	234,550	515,450
Other improvements	748,900	156,113	1,650	157,763	591,137
Total expenditures	4,298,900	4,343,706	348,739	4,692,445	(393,545)
Other financing sources (uses):					
Transfers from other funds					
From Electric Fund	3,700,000	4,400,000	-	4,400,000	700,000
Insurance recovery	598,900	548,900	-	548,900	(50,000)
Total other financing sources (uses)	4,298,900	4,948,900	-	4,948,900	650,000
Revenues and other sources over (under) expenditures (uses)	$ -	$ 605,194	$ (348,739)	$ 256,455	$ 256,455

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable

- Analysis of Current Tax Levy - City-Wide

City of Laurinburg, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	$ -	$ 3,386,265	$ 3,224,303	$ 161,962
2020-2021	153,003	-	38,960	114,043
2019-2020	123,469	-	19,002	104,467
2018-2019	104,825	-	10,346	94,479
2017-2018	80,861	-	7,704	73,157
2016-2017	71,606	-	5,698	65,908
2015-2016	61,014	-	6,845	54,169
2014-2015	48,083	-	4,682	43,401
2013-2014	37,828	-	3,543	34,285
2012-2013	32,296	-	2,865	29,431
2011-2012	24,288	-	24,288	-
	$ 737,273	$ 3,386,265	$ 3,348,236	$ 775,302
	Less: Allowance for uncollectible accounts - General Fund			250,000
	Ad valorem taxes receivable - net			$ 525,302

Reconciliation with revenues:	
Ad valorem taxes - General Fund	$ 3,385,643
Reconciling items:	
Penalties and interest collected	(52,676)
Tax releases, written off & adjustments	15,269
Subtotal	(37,407)
Total collections and credits	$ 3,348,236

City of Laurinburg, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Year Ended June 30, 2022

	City-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	$ 828,524,250	0.40	$ 3,314,097	$ 2,873,637	$ 440,460
Discoveries	21,773,000		87,092	87,092	-
Abatements	(3,731,000)		(14,924)	(14,924)	-
Total Property Valuation	$ 846,566,250				
Net levy			3,386,265	2,945,805	440,460
Unpaid (by taxpayer) taxes at June 30, 2022			161,962	161,962	-
Current year's taxes collected			$ 3,224,303	$ 2,783,843	$ 440,460
Current levy collection percentage			95.22%	94.50%	100.00%

COMPLIANCE SECTION

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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 Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laurinburg, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises City of Laurinburg's basic financial statements, and have issued our report thereon dated February 15, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as [2022-002] to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item [2022-001] to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Laurinburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item [2022-001].

City of Laurinburg Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
February 15, 2023

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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND TAX ADVISORS

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Laurinburg, North Carolina, 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, 2022. The City of Laurinburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Laurinburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
February 15, 2023

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2022

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:	Unmodified	
Internal control over financial reporting:		
• Material Weakness(es) identified?	X yes	____ no
• Significant Deficiency(s) identified?	X yes	____ none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal control over major federal program:		
• 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	
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 No(s).	Names of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000	
Auditee qualified as low-risk auditee?	X yes	____ no

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding: 2022-001 Budget Violation
SIGNIFICANT DEFICIENCY / NONCOMPLIANCE

Criteria:	In accordance with North Carolina General Statutes § 143C, Budget revisions must be requested and approved prior to any commitment and/or expenditure that would exceed the amount budgeted. Entities should not overspend the authorized budget.
Condition:	For the fiscal year ended June 30, 2022, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for the Fire Department by $15,827 and the Finance Department by $2,842. The over expenditure in the fire department and finance department was due to recognizing future lease payments for the implementation of GASB 87. The City expense also exceeded the authorized appropriations for the Solid Waste fund operations by $95,160.
Effect:	Monies were spent that had not been appropriated.
Cause:	The City did not properly adopt and record budget amendments to cover expenditures. The majority of the over-expenditures resulted after posting the entries required for the implementation of GASB 87.
Recommendation:	The budget should be reviewed and appropriate amendments made during the year.
Views of responsible officials and planned corrective actions:	The City agrees with this finding. Please refer to the corrective action plan for details.

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding: 2022-002 **Prior Period Adjustments**
MATERIAL WEAKNESS

Criteria:	Management should have a system in place to verify that transactions are recorded in the correct period, thereby reducing the likelihood of errors in financial reporting.
Condition:	Adjustments were recorded that increased fund balance for the General Fund by $431,620, increased fund balance in the Electric Fund by $1,077,439, increased fund balance in the Water & Sewer Fund by $202,134, and increased fund balance in the Solid Waste Fund by $167,065. On the General Fund, the adjustments were to adjust sales tax and franchise tax received to consider the receivable from September 2021 (increase of $174,969), to record June 2021 revenue in the 2020-21 fiscal year (increase of $236,492), and to adjust allowance for doubtful accounts to a reasonable estimation, and subsequently adjust miscellaneous receivables and deferrals to recognize this change (increase of $20,159). For the business type activities, the adjustments were to accrue interest payable as of June 30, 2021 on long-term debt instruments (decrease to net position of $8,919 for the Electric Fund, decrease of $20,911 for the Water & Sewer Fund, and decrease of $930 for the Solid Waste Fund); and to record unbilled revenue as of June 30, 2021 (increase to net position of $1,086,358 for the Electric Fund, increase of $223,045 for the Water & Sewer Fund, and increase of $167,995 for the Solid Waste fund). On the government-wide statement, an adjustment was made in addition to General Fund adjustments to accrue unrecorded interest payable as of June 30, 2021, resulting in a decrease to government-wide net position of $31,772 in addition to the General Fund adjustment, with total government-wide adjustment netting to $399,848.
Effect:	The City's management and other users of the financial statements may not have accurate information for decision-making and monitoring of the City's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.
Cause:	Entries that should be part of the year-end close were not posted. Amounts that should have been accrued in prior years were not recorded to properly record revenues earned but not yet collected, thereby understating receivables.
Recommendation:	The City should review the ledger and financial documents regularly to ensure that necessary adjustments are made timely during the year.
Views of responsible officials and planned corrective actions:	The City agrees with this finding. Please refer to the corrective action plan for details.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

City Council Member

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LAURINBURG
North Carolina • Deeply Rooted

Corrective Action Plan
For the Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding: 2022-001

Name of Contact Person:	Carrie H. Neal, Director of Finance
Corrective Action:	GASB 87 will impact budgets going forward and will be considered as apart of budget process, to minimize budget violation as a result of over expenditures. The omission of the budget transfer from the General Fund to the Solid Waste Fund, to properly pay for and record an asset in the Solid Waste Fund, was an oversight. All other transfers for fiscal year ended June 30, 2022, were recorded in a complete, accurate and timely manner.
Proposed Completion Date:	This has been completed.

Finding: 2022-002

Name of Contact Person:	Carrie H. Neal, Director of Finance
Corrective Action:	The year-end accrual procedures have been updated for both the governmental and business-type acvitity funds to ensure proper accrual of receivables and billings. Allowance for doubtful accounts will be formulaically determined going forward (this figure, being an estimate, will always be subject to some conjecture). Accrued interest will be tracked and adjusted at year-end in the future.
Proposed Completion Date:	This has been completed.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

City of Laurinburg, North Carolina
Summary Schedule of Prior Year's Findings
For the Year Ended June 30, 2022

None Reported.

City of Laurinburg, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Grantor/Pass-through/Grantor-Program Title	Federal Assistance Listing No.	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
FEDERAL GRANTS:				
Cash Programs:				
U.S. Department of Agriculture				
Passed-through Natural Resources Conservation Service				
Emergency Watershed Protection Program	10.923	NRCS-ADS-093	$ 45,000	$ -
U.S. Department of Housing and Urban Development				
Passed-through N.C. Department of Environmental Quality				
CDBG	14.228	17-I-2966	280,841	-
U.S. Dept. of Treasury				
Coronavirus State and Local Fiscal Recovery Fund	21.027	QKFNNWL82XK2	419,783	-
U.S. Dept of Homeland Security				
Passed -through N.C. Department of Public Safety				
Disaster Grants - Public Assistance Program	97.036		65,353	21,785
Total assistance - federal programs			$ 810,977	$ 21,785
STATE GRANTS				
N.C Department of Transportation				
Powell Bill		38570	$ -	$ 376,768
Total assistance - State programs			$ -	$ 376,768
Total assistance			$ 810,977	$ 398,553

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

Note 1: Basis of Presentation
The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the City of Laurinburg under the programs of Federal government and the State of North Carolina for the year ended June 30, 2022. The information in this Schedule of Expenditures of Federal and State Awards is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Laurinburg, it is not to and does not present the financial position, changes in net position, or cash flows of the City of Laurinburg.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate
The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.