Financial Statements of
CITY OF LAURINBURG
Laurinburg, North Carolina
June 30, 2024

City of Laurinburg, North Carolina
Table of Contents
For the Year Ended
June 30, 2024

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

II. Financial Section (Continued):

	Required Supplementary Financial Data	
A-1	Schedule of Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System	53
A-2	Schedule of Contributions - Local Government Employees' Retirement System	54
A-3	Schedule of Changes in Total Pension Liability - Law Enforcement Officers Special Separation Allowance	55
A-4	Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll - Law Enforcement Officers Special Separation Allowance	56
A-5	Schedule of Changes in the Total OPEB Liabilities and Related Ratios	57
	Individual Fund Statements and Schedules:	
B-1	Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund	58-62
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - American Rescue Plan Act Fund	63
B-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - North Fire Station	64
C-1	Combining Balance Sheet for Nonmajor Governmental Funds	65
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance for Nonmajor Governmental Funds	66
C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Downtown Revitalization	67
C-4	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Brownsfield Capital Project Fund	68
C-5	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Capital Project Fund	69
	Statements of Revenues and Expenditures - Budget and Actual (Non-GAAP)	
D-1	Electric Fund	70-72
D-2	Water and Sewer Fund	73-75
D-3	Solid Waste Fund	76-77
D-4	Water Sewer Capital Project - Phase 1 & 2	78
	Other Schedules:	
E-1	Schedule of Ad Valorem Taxes Receivable	79
E-2	Analysis of Current Tax Levy - City-Wide Levy	80

III. Compliance Section:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	81-82
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance with OMB Uniform Guidance and the State Single Audit Implementation Act	83-85
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance; In Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	86-88
Schedule of Findings and Questioned Costs	89-93
Corrective Action Plan	94
Summary Schedule of Prior Year's Findings	95
Schedule of Expenditures of Federal and State Awards	96

FINANCIAL SECTION

Roche, Head & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Report on the Audit of Financial Statements
Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laurinburg, North Carolina (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laurinburg, North Carolina as of June 30, 2024, 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.

103 MCRAE STREET
PO BOX 1309
LAURINBURG, NC 28353

P. (910) 276-3985
F. (910) 550-2198
WWW.RHA-CPAS.COM

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 13, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 53 through 54, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll on pages 55 and 56 be, and the Changes in Total OPEB Liability and Related Ratios page 57, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, and is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of the City of Laurinburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Laurinburg's internal control over financial reporting and compliance.

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina
November 26, 2024

Management's Discussion and Analysis

As management of the City of Laurinburg, we offer readers of the City of Laurinburg's (the "City") financial statements this narrative overview and analysis of the financial activities of the City of Laurinburg for the fiscal year ended June 30, 2024. 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 $69,555,732 (net position).

The government's total net position increased by $4,215,363 during the current year, primarily due to increases in the governmental-type activities and net income from business-type activities.

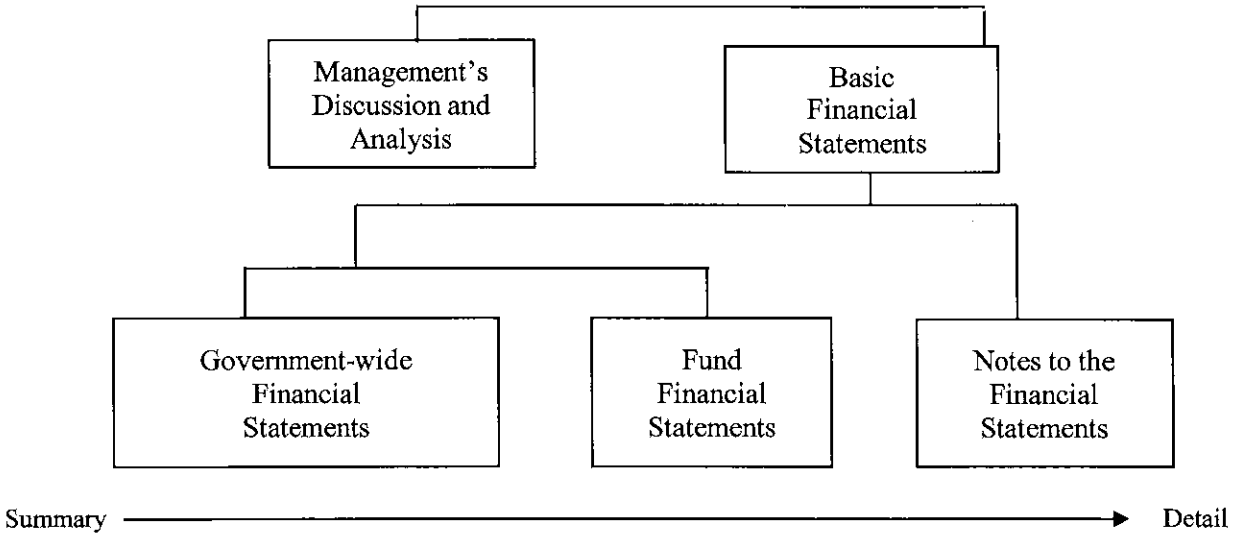
As of the close of the current fiscal year, the City of Laurinburg's governmental funds reported combined ending fund balances of $8,306,480. Approximately 39% percent of this total amount, or $3,188,471, is available for spending at the government's discretion, known as unassigned fund balance. Available fund balance in the general fund totals $4,647,634 which is 45% of total general fund expenditures for the fiscal year.

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

Overview of the Financial Statements

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

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25-52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Laurinburg's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

Interdependence with Other Entities

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

City of Laurinburg's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 9,615,260	$ 10,641,956	$ 10,245,216	$ 9,765,277	$ 19,860,476	$ 20,407,233
Leases receivable non-current	186,540	175,600	-	-	186,540	175,600
Capital assets	17,227,359	15,002,996	63,199,760	54,258,139	80,427,119	69,261,135
Deferred outflows of resources	2,798,186	2,835,394	1,758,429	1,704,256	4,556,615	4,539,650
Total assets and deferred outflows of resources	29,827,345	28,655,946	75,203,405	65,727,672	105,030,750	94,383,618
Long-term liabilities	10,415,373	10,373,006	18,149,219	9,704,536	28,564,592	20,077,542
Other liabilities	1,821,451	3,373,324	3,982,548	4,458,969	5,803,999	7,832,293
Deferred inflows of resources	823,920	914,231	282,507	219,183	1,106,427	1,133,414
Total liabilities and deferred inflows of resources	13,060,744	14,660,561	22,414,274	14,382,688	35,475,018	29,043,249
Net position:						
Net investment, capital assets	12,920,314	10,444,814	48,204,004	46,687,745	61,124,318	57,132,559
Restricted	1,872,488	2,199,739	-	-	1,872,488	2,199,739
Unrestricted	1,973,799	1,350,832	4,585,127	4,657,239	6,558,926	6,008,071
Total net position	$ 16,766,601	$ 13,995,385	$ 52,789,131	$ 51,344,984	$ 69,555,732	$ 65,340,369

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 $69,555,732 as of June 30, 2024. The City's net position increased by $4,215,363 for the fiscal year ended June 30, 2024. However, the largest portion 87.88% 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 2.69% represents resources that are subject to external restrictions on how they may be used. The remaining balance of $6,558,926, 9.43% is unrestricted.

Governmental activities

City of Laurinburg's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	$ 496,227	$ 445,016	$ 25,890,561	$ 23,219,890	$ 26,386,788	$ 23,664,906
Operating grants and contributions	2,531,716	3,306,044	-	258,412	2,531,716	3,564,456
Capital grants and contributions	1,589,032	920,000	812,568	607,842	2,401,600	1,527,842
General revenues:						
Property taxes	3,590,262	3,538,199	-	-	3,590,262	3,538,199
Other taxes and licenses	3,401,068	3,247,670	-	-	3,401,068	3,247,670
Other	383,817	1,057,038	510,821	408,601	894,638	1,465,639
Total revenues	11,992,122	12,513,967	27,213,950	24,494,745	39,206,072	37,008,712
Expenses						
General government	846,420	813,696	-	-	846,420	813,696
Public safety	5,610,285	5,210,290	-	-	5,610,285	5,210,290
Public works	579,997	559,551	-	-	579,997	559,551
Transportation	798,072	773,488	-	-	798,072	773,488
Animal control	92,685	72,085	-	-	92,685	72,085
Cemetery	253,175	184,397	-	-	253,175	184,397
Community development	1,091,614	1,334,008	-	-	1,091,614	1,334,008
Electric	-	-	14,986,199	14,281,929	14,986,199	14,281,929
Water and sewer	-	-	7,575,421	7,525,740	7,575,421	7,525,740
Solid waste	-	-	2,958,129	2,886,388	2,958,129	2,886,388
Interest on long-term debt	109,542	113,678	89,170	107,313	198,712	220,991
Total expenses	9,381,790	9,061,193	25,608,919	24,801,370	34,990,709	33,862,563
Increase (decrease) in net position before transfers	2,610,332	3,452,774	1,605,031	(306,625)	4,215,363	3,146,149
Transfers	160,884	1,257,263	(160,884)	(1,257,263)	-	-
Increase (decrease) in net position	2,771,216	4,710,037	1,444,147	(1,563,888)	4,215,363	3,146,149
Net Position						
Beginning of year - July 1	13,995,385	9,285,348	51,344,984	52,908,872	65,340,369	62,194,220
End of year - June 30	$ 16,766,601	$ 13,995,385	$ 52,789,131	$ 51,344,984	$ 69,555,732	$ 65,340,369

The City of Laurinburg's overall net position increased $4,215,363 from the prior year. The reasons for this overall increase are as discussed in the following sections for governmental activities and business-type activities.

Governmental Activities
Governmental activities increased the City's governmental net position by $2,771,216. The increase in net position was the result of controlled expenditures in the general fund as well as diligent tax collection efforts by the City. In addition, an increase in sales tax revenues as well as intergovernmental revenues increased the net position. Management believes increased investments in the City by new businesses will continue to increase the tax base and allow the City to invest in capital spending for the overall development of the City.

Business-Type Activities
Business-type activities increased the City of Laurinburg's net position by $1,444,147. The key element of this increase is as follows:

Fee increases 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 $3,188,471 while total fund balance reached $6,160,421. 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 45% of general fund expenditures, while total fund balance represents 60% of the same amount.

At June 30, 2024, the governmental funds of the City of Laurinburg reported a combined fund balance of $8,306,480 with a net increase in fund balance of $876,266. Included in this change in fund balance are increases in fund balance in the General Fund of $371,395, an increase in fund balance of the North Fire Station Fund of $12,504, and a net increase in the non-major governmental funds of $492,368.

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

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

Proprietary Funds
The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to $2,721,159 and those for the Water and Sewer Fund amounted to $1,646,313 and those for the Solid Waste Fund amounted to $217,655. 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, 2024, is summarized below. These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 340,185	$ 340,185	$ 561,661	$ 561,661	$ 901,846	$ 901,846
Construction in progress	2,888,937	1,651,471	14,394,652	4,875,352	17,283,589	6,526,823
Buildings and systems	8,450,751	8,656,413	42,662,554	43,810,480	51,113,305	52,466,893
Improvements	1,829,336	1,809,873	-	-	1,829,336	1,809,873
Machinery & equipment	160,417	252,416	1,919,090	2,049,612	2,079,507	2,302,028
Infrastructure	317,204	317,204	-	-	317,204	317,204
Vehicle & motorized equipment	2,678,077	1,666,994	3,661,803	2,961,036	6,339,880	4,628,030
Right to use assets:						
Leases	489,558	241,545	-	-	489,558	241,545
IT Subscriptions	72,893	66,895	-	-	72,893	66,895
Total	$ 17,227,359	$ 15,002,996	$ 63,199,760	$ 54,258,141	$ 80,427,118	$ 69,261,137

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

Governmental Activities

* A fire truck and street sweeper costing $1,025,025 as well as five other vehicles related to general operations at a cost of $233,969.

*Construction on the North Fire Station Capital Project at a cost of $1,566,985.

Business-type Activities

* Eight vehicles to service the water fund at a cost of $166,057. Water Sewer Capital Projects incurred $9,639,896 in construction and engineering costs mostly funded by revolving loans.

*The Electric Fund purchased three utility vehicles at a cost of $131,233 and built a truck washing station at a cost of $220,384.

*The Solid Waste Fund purchased five heavy vehicles a cost of $918,487.

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	
	2024	2023	2024	2023	2024	2023
Financing agreement	$ 3,797,564	$ 4,246,220	$ 3,118,207	$ 4,322,076	$ 6,915,771	$ 8,568,296
Lease liability	440,220	245,171	-	-	440,220	245,171
Revolving loans	-	-	11,877,549	3,248,319	11,877,549	3,248,319
IT subscription liability	69,261	66,791	-	-	69,261	66,791
Total OPEB liability	1,350,270	1,440,964	-	1,043,457	1,350,270	2,484,421
Pension liability (LGERS)	3,432,897	3,057,383	2,485,891	2,213,967	5,918,788	5,271,350
Pension related debt (LEOSSA)	1,776,208	1,713,363	977,781	-	2,753,989	1,713,363
Compensated absences	414,596	369,061	263,786	259,796	678,382	628,857
Total	$ 11,281,016	$ 11,138,953	$ 18,723,214	$ 11,087,615	$ 30,004,230	$ 22,226,568

The City of Laurinburg's total debt increased by $7,777,662 during the past fiscal year. Primarily due to increases in revolving loans and an increase in the Pension Liability (LGERS) and LEOSSA.

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Laurinburg is $68,876,900. Additional information pertaining to the City of Laurinburg's long-term debt can be found beginning on Page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Laurinburg continues to show a strong commitment to economic development by continuing to fund in FY 25 the County for the Scotland County Economic Development Corporation and the Laurinburg/Scotland County Area Chamber of Commerce.

Our community has experienced an unprecedented amount of retail growth over the last five years which has greatly increased our tax base. Laurinburg has seen 25+ new retail developments, totaling in $51 million in investments come to town during this period.

The City is currently working on twelve major capital projects in the Water & Sewer Department. Total costs for these projects exceeds $60,000,000 and is funded from a combination of City funds, State loan funds, and State funds.

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 five years.

The City recently finished construction of our 2nd delivery point (substation) for our Electric Department. This allows the City's systems to offer completely redundant electricity to our users. The entire project totaled close to $5,000,000 and was funded from City Electric funds.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities

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

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

Business-Type Activities

The operations of the Enterprise funds continue to improve. For fiscal 23-24, water rates were increased again to help pay for infrastructure improvements and continued price increases. There was also an electric rate study completed and recommendations were approved and implemented in FY24 resulting in a 13.9% revenue increase.

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

Requests for Information

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

Basic Financial Statements

City of Laurinburg, North Carolina
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,926,198	$ 1,915,654	$ 8,841,852
Receivables (net)	303,397	2,651,559	2,954,956
Other receivables	103,263	-	103,263
Unbilled receivables	-	1,886,441	1,886,441
Leases receivable	18,088	-	18,088
Due from other governments	1,462,018	1,348,759	2,810,777
Inventories	47,074	1,387,816	1,434,890
Prepaid items	17,832	25,654	43,486
Restricted cash	737,390	1,029,333	1,766,723
Total current assets	9,615,260	10,245,216	19,860,476
Non-current assets:			
Leases receivable, non-current	186,540	-	186,540
Capital assets:			
Land, non-depreciable improvements, and construction in progress	3,229,122	14,956,313	18,185,435
Other capital assets, net of depreciation	13,435,786	48,243,447	61,679,233
Right to use assets, net of amortization	562,451	-	562,451
Total capital assets	17,227,359	63,199,760	80,427,119
Total noncurrent assets	17,413,899	63,199,760	80,613,659
Total assets	27,029,159	73,444,976	100,474,135
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGERS	2,093,169	1,515,743	3,608,912
Pension deferrals - LEOSSA	369,880	-	369,880
OPEB deferrals	335,137	242,686	577,823
Total deferred outflows of resources	2,798,186	1,758,429	4,556,615
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	625,155	2,351,113	2,976,268
Accrued interest payable	30,653	28,107	58,760
Unearned grant proceeds	300,000	-	300,000
Current portion of long-term liabilities	865,643	573,995	1,439,638
Customer deposits	-	1,029,333	1,029,333
Total current liabilities	1,821,451	3,982,548	5,803,999
Long-term liabilities:			
Due in more than one year	10,415,373	18,149,219	28,564,592
Total long-term liabilities	10,415,373	18,149,219	28,564,592
Total liabilities	12,236,824	22,131,767	34,368,591
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	3,915	-	3,915
Leases	186,216	-	186,216
Pension deferrals	359,510	83,892	443,402
OPEB deferrals	274,279	198,615	472,894
Total deferred inflows of resources	823,920	282,507	1,106,427
NET POSITION			
Net investment in capital assets	12,920,314	48,204,004	61,124,318
Restricted for:			
North Fire Station	12,909	-	12,909
Downtown revitalization	64,777	-	64,777
Streets - Powell Bill	365,333	-	365,333
Stabilization by state statute	1,429,469	-	1,429,469
Unrestricted	1,973,799	4,585,127	6,558,926
Total net position	$ 16,766,601	$ 52,789,131	$ 69,555,732

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, 2024

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue & Changes in Net Position: Primary Governmental Activities	Net (Expense) Revenue & Changes in Net Position: Business-type Activities	Net (Expense) Revenue & Changes in Net Position: Total
Primary government:							
Governmental activities:							
General government	$ 846,420	$ 198,077	$ 32,196	$ -	$ (616,147)	$ -	$ (616,147)
Public safety	5,610,285	169,089	19,780	1,494,489	(3,926,927)	-	(3,926,927)
Public works	579,997	29,994	1,952,575	-	1,402,572	-	1,402,572
Transportation	798,072	-	527,165	-	(270,907)	-	(270,907)
Animal control	92,685	-	-	-	(92,685)	-	(92,685)
Cemetery	253,175	99,067	-	-	(154,108)	-	(154,108)
Community development	1,091,614	-	-	94,543	(997,071)	-	(997,071)
Interest on long-term debt	109,542	-	-	-	(109,542)	-	(109,542)
Total governmental activities	9,381,790	496,227	2,531,716	1,589,032	(4,764,815)	-	(4,764,815)
Business-type activities:							
Electric	14,918,018	15,213,733	-	-	-	295,715	295,715
Water and sewer	7,604,234	7,616,467	-	812,568	-	824,801	824,801
Solid waste	2,993,333	3,060,361	-	-	-	67,028	67,028
Total business-type activities	25,515,585	25,890,561	-	812,568	-	1,187,544	1,187,544
Total primary government	$ 34,897,375	$ 26,386,788	$ 2,531,716	$ 2,401,600	$ (4,764,815)	$ 1,187,544	$ (3,577,271)
General revenues							
Taxes:							
Property taxes, levied for general purposes					3,590,262	-	3,590,262
Other taxes					3,401,068	-	3,401,068
Unrestricted investment earnings					31,107	474,521	505,628
Payments in lieu of taxes					93,334	(93,334)	-
Contributions from County					60,920	-	60,920
Miscellaneous					191,439	-	191,439
Gain on disposal of assets					7,017	36,300	43,317
Total general revenues not including transfers					7,375,147	417,487	7,792,634
Transfers					160,884	(160,884)	-
Total general revenues and transfers					7,536,031	256,603	7,792,634
Change in net position					2,771,216	1,444,147	4,215,363
Net position beginning					13,995,385	51,344,984	130,680,738
Net position, ending					$ 16,766,601	$ 52,789,131	$ 69,555,732

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

City of Laurinburg, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	American Rescue Plan Act Fund	North Fire Station		
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4,531,059	$ -	$ 333,678	$ 2,061,461	$ 6,926,198
Restricted cash	365,333	-	-	372,057	737,390
Taxes receivable (net)	303,397	-	-	-	303,397
Accounts receivable	93,615	-	-	-	93,615
Leases receivable	204,628	-	-	-	204,628
Prepaid expenses	17,832	-	-	-	17,832
Due from other governments	1,405,788	-	33,975	22,255	1,462,018
Inventories	47,074	-	-	-	47,074
Total assets	6,968,726	-	367,653	2,455,773	9,792,152
LIABILITIES					
Accounts payable and accrued liabilities	244,842	-	354,744	22,622	622,208
Unearned grant proceeds	-	-	-	300,000	300,000
Total liabilities	244,842	-	354,744	322,622	922,208
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	303,397	-	-	-	303,397
Deferred revenues	69,934	-	-	-	69,934
Prepaid taxes	3,916	-	-	-	3,916
Leases receivable	186,216	-	-	-	186,216
Total deferred inflows of resources	563,463	-	-	-	563,463
FUND BALANCES					
Non spendable:					
Inventories	47,074	-	-	-	47,074
Leases	18,412	-	-	-	18,412
Prepaid expenses	17,832	-	-	-	17,832
Perpetual maintenance	-	-	-	631,991	631,991
Restricted:					
Stabilization by state statute	1,429,469	-	-	-	1,429,469
North fire station	-	-	-	-	-
Streets - Powell Bill	365,333	-	-	-	365,333
Downtown revitalization	-	-	-	64,777	64,777
Assigned:					
Future bond debt	499,841	-	-	-	499,841
North fire station	-	-	12,909	-	12,909
Downtown revitalization	-	-	-	72,057	72,057
Water distribution	-	-	-	1,364,326	1,364,326
Subsequent years' expenditures	593,989	-	-	-	593,989
Unassigned	3,188,471	-	-	-	3,188,471
Total fund balances	6,160,421	-	12,909	2,133,151	8,306,480
Total liabilities, deferred inflows of resources and fund balances	$ 6,968,726	$ -	$ 367,653	$ 2,455,773	$ 9,792,152

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

(continued)

City of Laurinburg, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds		$ 8,306,480
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		
Gross capital assets at historical cost	26,820,728	
Accumulated depreciation	(10,155,818)	16,664,910
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Right to use assets at historical cost-leases	609,464	
Accumulated amortization	(119,906)	489,558
Right to use assets at historical cost-subscriptions	92,279	
Accumulated amortization	(19,386)	72,893
Deferred outflows of resources:		
OPEB	335,137	
LGERS	2,093,169	
LEOSSA	369,880	2,798,186
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		9,648
Some receivables are not available to pay for current period expenditures, and, therefore, are reported as unavailable revenue in the funds.		
Ad valorem taxes		370,383
Deferred inflows of resources:		
OPEB	(274,279)	
LGERS	(115,850)	
LEOSSA	(243,661)	(633,790)
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	(3,797,564)	
Lease liabilities	(440,220)	
Subscription liabilities	(69,261)	
Accrued interest payable	(30,653)	
Other retirement liabilities for LEOSSA	(1,776,208)	
Other post employment benefits	(1,350,270)	
Net pension liability - LGERS	(3,432,897)	
Compensated absences	(414,595)	(11,311,668)
Net position of governmental activities		$ 16,766,601

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

City of Laurinburg, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Act Fund	North Fire Station		
REVENUES					
Ad valorem taxes	$ 3,753,636	$ -	$ -	$ 20,993	$ 3,774,629
Other taxes and licenses	1,594,123	-	-	-	1,594,123
Unrestricted intergovernmental	1,867,865	-	-	-	1,867,865
Restricted intergovernmental	579,140	1,952,575	33,975	94,543	2,660,233
Other grants	-	-	1,460,514	-	1,460,514
Permits and fees	136,221	-	-	-	136,221
Sales and services	312,685	-	-	17,325	330,010
Interest income	6,501	-	-	24,606	31,107
Miscellaneous	162,175	-	-	-	162,175
Total revenues	8,412,346	1,952,575	1,494,489	157,467	12,016,877
EXPENDITURES					
Current:					
General government	775,737	-	-	-	775,737
Community development	1,060,086	-	-	156,020	1,216,106
Public safety	5,826,299	-	1,566,985	-	7,393,284
Transportation	1,157,129	-	-	-	1,157,129
Public works	394,193	-	-	-	394,193
Animal control	87,689	-	-	-	87,689
Cemetery	239,711	-	-	-	239,711
Debt service:					
Principal payments	651,006	-	-	-	651,006
Interest and other charges	112,206	-	-	-	112,206
Total expenditures	10,304,056	-	1,566,985	156,020	12,027,061
Excess of revenues over (under) expenditures	(1,891,710)	1,952,575	(72,496)	1,447	(10,184)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	2,451,531	-	85,000	828,993	3,365,524
Transfers to other funds	(913,993)	(1,952,575)	-	(338,072)	(3,204,640)
Payment in lieu of taxes	93,334	-	-	-	93,334
Leases	609,463	-	-	-	609,463
IT subscriptions issued	22,769	-	-	-	22,769
Financing notes issued	-	-	-	-	-
Total other financing sources (uses)	2,263,104	(1,952,575)	85,000	490,921	886,450
Net change in fund balance	371,395	-	12,504	492,368	876,266
Fund balances-beginning	5,789,026	-	405	1,640,783	7,430,214
Fund balances-ending	$ 6,160,421	$ -	$ 12,909	$ 2,133,151	$ 8,306,480

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

(continued)

City of Laurinburg, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ 876,266
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	2,921,190	
Depreciation expense for governmental assets	(950,839)	
Difference in gain or loss on sale of assets	-	1,970,351
Right to use assets which were capitalized:		
-Leased assets	609,463	
-Subscription assets	24,269	633,732
Amortization expense - leased assets	(132,329)	
Amortization expense - subscription assets	(18,271)	
Gain or loss on right to use asset modifications	3,243	(147,357)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		635,972
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		45,731
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		109,969
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	(184,367)	
Change in interest earned on ad valorem taxes	(3,956)	
Current year collections and adjustments for assessments and fees recorded as revenue in the fund statements but recorded as revenues in the government-wide statements in the year they were assessed	66,989	(121,334)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Financing notes issued	-	
Leases issued	(609,463)	
Subscription liabilities issued	(22,769)	
Principal payments on long-term debt	651,006	
(Increase) decrease in accrued interest payable	(4,143)	14,631
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	(45,534)	
Pension expense (LGERS)	(917,733)	
Pension expense (LEOSSA)	(157,809)	
OPEB plan expense	(125,669)	(1,246,745)
Total changes in net position of governmental activities		$ 2,771,216

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

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	General Fund			
	Budget		Actual	Variance with Final Budget- Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Ad valorem taxes	$ 3,440,000	$ 3,440,000	$ 3,753,636	$ 313,636
Other taxes and licenses	1,508,900	1,508,900	1,594,123	85,223
Unrestricted intergovernmental	1,719,215	1,719,215	1,867,865	148,650
Restricted intergovernmental	576,300	629,720	579,140	(50,580)
Permits and fees	133,500	133,500	136,221	2,721
Sales and services	327,675	327,675	312,685	(14,990)
Interest income	5,000	5,000	6,501	1,501
Miscellaneous	259,751	259,750	162,175	(97,575)
Total revenues	7,970,341	8,023,760	8,412,346	388,586
EXPENDITURES				
Current:				
General government	415,544	868,946	775,737	93,209
Community development	1,264,680	1,174,512	1,060,086	114,426
Public safety	5,213,429	5,703,016	5,826,299	(123,283)
Transportation	1,488,316	1,394,332	1,157,129	237,203
Public works	672,954	643,731	394,193	249,538
Animal control	97,846	93,597	87,689	5,908
Cemetery	328,446	314,183	239,711	74,472
Debt service:				
Principal retirement	427,954	651,006	651,006	-
Interest and other charges	105,705	112,206	112,206	-
Total expenditures	10,014,874	10,955,529	10,304,056	651,473
Revenues over (under) expenditures	(2,044,533)	(2,931,769)	(1,891,710)	1,040,059
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,038,519	2,351,531	2,451,531	100,000
Transfers (to) other funds	(1,135,000)	(1,135,000)	(913,993)	221,007
Payments in lieu of taxes	125,000	125,000	93,334	(31,666)
New leases-proceeds	-	-	609,463	609,463
IT subscriptions issued	-	-	22,769	22,769
Financing- note issued	-	-	-	-
Total other financing sources (uses)	1,028,519	1,341,531	2,263,104	921,573
Appropriated fund balance	1,016,014	1,590,238	-	(1,590,238)
Net change in fund balance	$ -	$ -	371,395	$ 371,395
Fund balances, beginning			5,789,026	
Fund balances, ending			$ 6,160,421	

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

City of Laurinburg, North Carolina
Proprietary Funds
Statement of Fund Net Position
June 30, 2024

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	June 30, 2024
Assets				
Current assets:				
Cash and cash equivalents	$ 832,857	$ 747,574	$ 335,223	$ 1,915,654
Accounts receivable (net)	1,533,722	798,594	319,243	2,651,559
Due from other governments	-	1,310,867	37,892	1,348,759
Unbilled receivables	1,157,054	556,536	172,851	1,886,441
Inventories	1,169,746	191,290	26,780	1,387,816
Prepaid items	25,654	-	-	25,654
Restricted cash	807,331	222,002	-	1,029,333
Total current assets	5,526,364	3,826,863	891,989	10,245,216
Land and construction in progress	307,751	14,648,562	-	14,956,313
Other capital assets, net of depreciation	10,440,922	35,216,598	2,585,927	48,243,447
Total capital assets	10,748,673	49,865,160	2,585,927	63,199,760
Total assets	16,275,037	53,692,023	3,477,916	73,444,976
Deferred Outflows of Resources				
Pension deferrals	577,426	505,248	433,069	1,515,743
OPEB	92,452	80,895	69,339	242,686
Total deferred outflows of resources	669,878	586,143	502,408	1,758,429
Liabilities and fund equities				
Current liabilities:				
Accounts payable and accrued liabilities	1,146,954	1,192,920	39,346	2,379,220
Compensated absences-current	55,272	56,675	36,882	148,829
Installment financing notes payable	101,833	141,833	181,500	425,166
Liabilities payable from restricted assets:				
Customer deposits	807,331	222,002	-	1,029,333
Total current liabilities	2,111,390	1,613,430	257,728	3,982,548
Non-current liabilities:				
Compensated absences payable	38,410	46,370	30,177	114,957
Net pension liability	947,006	828,630	710,255	2,485,891
Total OPEB liability	372,488	325,927	279,366	977,781
Installment financing notes payable	814,666	12,652,215	1,103,709	14,570,590
Total non-current liabilities	2,172,570	13,853,142	2,123,507	18,149,219
Total liabilities	4,283,960	15,466,572	2,381,235	22,131,767
Deferred Inflows of Resources				
Pension deferrals	31,959	27,964	23,969	83,892
OPEB deferrals	75,663	66,205	56,747	198,615
Total inflows of resources	107,622	94,169	80,716	282,507
Net position				
Net investment in capital assets	9,832,174	37,071,112	1,300,718	48,204,004
Unrestricted	2,721,159	1,646,313	217,655	4,585,127
Total net position	$ 12,553,333	$ 38,717,425	$ 1,518,373	$ 52,789,131

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

City of Laurinburg, North Carolina
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2024

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	June 30, 2024
Operating revenues:				
Charges for services	$ 14,645,351	$ 7,008,913	$ 3,046,090	$ 24,700,354
Water and sewer taps	-	208,424	-	208,424
Fiber optic rental	249,096	-	-	249,096
Other operating revenues	319,286	399,130	14,271	732,687
Total operating revenues	15,213,733	7,616,467	3,060,361	25,890,561
Operating expenses:				
Administration	641,814	1,710,196	-	2,352,010
Solid waste operations	-	-	2,566,791	2,566,791
Finance	508,640	-	-	508,640
Electric operations	2,360,722	-	-	2,360,722
Electric power purchases	10,740,953	-	-	10,740,953
Water and sewer treatment and distribution	-	2,173,132	-	2,173,132
Waste collection and treatment	-	1,869,338	-	1,869,338
Depreciation	640,736	1,822,756	391,338	2,854,830
Total operating expenses	14,892,865	7,575,421	2,958,129	25,426,415
Operating income	320,868	41,046	102,232	464,146
Nonoperating revenues (expenses):				
Investment earnings	474,509	-	12	474,521
Gain on sale of fixed assets	900	23,400	12,000	36,300
Interest and fees	(25,153)	(28,813)	(35,204)	(89,170)
Total nonoperating revenues (expenses)	450,256	(5,413)	(23,192)	421,651
Income before contributions and transfers	771,124	35,633	79,040	885,797
Capital contributions	-	812,568	-	812,568
Payment in lieu of taxes	(93,334)	-	-	(93,334)
Transfers (to) from other funds	(462,884)	-	302,000	(160,884)
Change in net position	214,906	848,201	381,040	1,444,147
Total net position, beginning	12,338,427	37,869,224	1,137,333	51,344,984
Total net position, ending	$ 12,553,333	$ 38,717,425	$ 1,518,373	$ 52,789,131

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, 2024

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 14,257,503	$ 6,929,771	$ 3,008,368	$ 24,195,642
Cash paid for goods and services	(12,410,299)	(3,720,223)	(1,207,631)	(17,338,153)
Cash paid to or on behalf of employees for services	(1,595,863)	(2,045,317)	(1,404,140)	(5,045,320)
Customer deposits	21,771	9,096	-	30,867
Other operating revenues	319,286	535,688	14,271	869,245
Net cash provided by operating activities	592,398	1,709,015	410,868	2,712,281
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (to) other funds	(791,853)	-	-	(791,853)
Transfers from other funds	235,635	-	302,000	537,635
Net cash flows provided by (used in) noncapital financing activities	(556,218)	-	302,000	(254,218)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(641,815)	(10,182,119)	(978,135)	(11,802,069)
Proceeds from issuance of installment debt	-	8,629,230	-	8,629,230
Interest paid on bond and installment financing contracts	(25,153)	(28,813)	(35,204)	(89,170)
Principal paid on bond and installment financing contracts	(159,941)	(873,725)	(170,203)	(1,203,869)
Proceeds (loss) from sale of assets	900	23,400	12,000	36,300
Capital contributions-State grant	-	812,568	-	812,568
Net cash (used in) capital and related financing activities	(826,009)	(1,619,459)	(1,171,542)	(3,617,010)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	474,509	-	12	474,521
Net cash provided by investing activities	474,509	-	12	474,521
Net increase (decrease) in cash and cash equivalents	(315,320)	89,556	(458,662)	(684,426)
Balances, beginning	1,955,508	880,020	793,885	3,629,413
Balances, ending	$ 1,640,188	$ 969,576	$ 335,223	$ 2,944,987

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

(continued)

City of Laurinburg, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 320,868	$ 41,046	$ 102,232	$ 464,146
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	640,736	1,822,756	391,338	2,854,830
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) in accounts receivable	(636,944)	(287,566)	(37,722)	(962,232)
(Increase) decrease in due to from other governments	62,525	(132,164)	750	(68,889)
(Increase) decrease in inventory	(140,381)	(19,019)	990	(158,410)
Decrease in prepaid items	25,166	-	-	25,166
(Increase) decrease in deferred outflows of resources-pensions	(95,724)	(23,546)	48,634	(70,636)
(Increase) decrease in deferred outflows of resources-OPEB	(6,069)	5,488	17,044	16,463
Increase (decrease) in net pension liability	209,017	90,642	(27,734)	271,925
Increase (decrease) in OPEB liability	24,669	(21,892)	(68,453)	(65,676)
Increase (decrease) in deferred inflows of resources-pensions	4,910	915	(3,080)	2,745
Increase in deferred inflows of resources-OPEB	29,651	20,193	10,735	60,579
Increase (decrease) in accounts payable and accrued liabilities	119,009	193,042	(4,638)	307,413
Increase in customer deposits	21,771	9,096	-	30,867
Increase (decrease) in accrued vacation pay	13,194	10,024	(19,228)	3,990
Total adjustment	271,530	1,667,969	308,636	2,248,135
Net cash provided by operating activities	$ 592,398	$ 1,709,015	$ 410,868	$ 2,712,281

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

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, 2024.

B. Basis of Presentation

1. Government-wide Statements

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

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

2. Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following non-major governmental funds:
Downtown Revitalization Special Revenue Fund - This fund is used to account for special revenue that is used for downtown revitalization.

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

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

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

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

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

Collections of Water Fees

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

2. *Governmental Fund Financial Statements*

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

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

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

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

D. Budgetary Data

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

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

The Cemetery Permanent Fund is not required to be budgeted.

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

1. Deposits and Investments

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The City's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which approximates fair value, and is the NCCMT's share price. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

City of Laurinburg Restricted Cash		
Governmental Activities		
General Fund - Powell Bill	$	365,333
Downtown revitalization		72,057
Fire training station - unspent grant proceeds		300,000
Total - Governmental Activities		737,390
Business-type Activities		
Electric Fund - customer deposits		807,331
Water and Sewer Fund - customer deposits		222,002
Total - Business-Type Activities		1,029,333
Total Restricted Cash	$	1,766,723

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, 2023. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Leases Receivable

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

6. Allowances for Doubtful Accounts

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

7. Inventory and Prepaid Items

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

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

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

8. Capital Assets

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

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

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

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

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

10. Deferred Outflows/Inflows of Revenues

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criteria, which is pension deferrals and OPEB deferrals for the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), leases, and pension and OPEB deferrals.

11. Long-Term Obligations

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

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

12. Compensated Absences

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

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

13. Reimbursements for Pandemic-related Expenditures

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The City was allocated $4,781,100 of fiscal recovery funds to be paid in installments. The first installment of $2,390,550 was received in July 2021. The second installment was received in mid-2022. City staff and the Board elected to use $425,000 of the ARPA funds for premium pay in the prior fiscal year 2021. In fiscal 2023 the City received $2,408,741 and used the funds under the revenue replacement category in fiscal 2023. In addition, $388,816 was used for pump station renovations in fiscal 2023. In fiscal 2024 the City received $1,952,575 and used the funds for revenue replacement.

14. Net Position/Fund Balance

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. Defined Benefit Cost-Sharing Plans

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

Note 2 - Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

For the fiscal year ended June 30, 2024, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for the Police Department by $212,369. The overexpenditure was due to recognizing future lease payments for leased security equipment and presentation of GASB 87.

Note 3 - Detailed Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collaterization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-30 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the City's deposits had a carrying amount (including petty cash) of $661,423 and a bank balance of $1,202,600. Of the bank balance, $500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2024, the City's petty cash fund totaled $500.

2. *Investments*

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and reported at fair value. The City has no policy regarding credit risk.

Investment Type	Valuation Measurement Method	Book Value at 6/30/2024	Maturity	Rating
NCCMT - Gov Portfolio	Fair Value - Level 1	$ 9,947,152	N/A	AAAm

3. *Receivables*

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2024, are net of the following allowances for doubtful accounts:

Fund	6/30/2024
General Fund:	
Taxes receivable	$ 178,982
Enterprise Funds	150,147
Total	$ 329,129

In a previous year the City's General Fund entered into a 15 year lease as the lessor. The agreement is for the lease of land to a solar company. The solar company is required to make yearly payments with a 2.5% increase each year. The payment for fiscal year end June 30, 2024 was $18,519, and the payments will increase to $23,726 in the final year. The lease expires in fiscal June 30, 2035. The agreement does not contain a stated rate. Accordingly, the City's incremental borrowing rate of 2.5% was used to discount the minimum lease payments. In addition, in a previous year the City's General Fund entered into a four year lease as the lessor. The agreement is for the lease of a building to a local non profit organization. The non profit organization is required to make monthly payments of $2,000. The payments for fiscal year end June 30, 2024 were $24,000. The lease expires August of 2024. The agreement does not contain a stated rate. Accordingly, the City's incremental borrowing rate of 2.5% was used to discount the minimum lease payments.

4. Capital Assets

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

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 1,264,483	$ 1,624,454	$ -	$ 2,888,937
Land	340,185	-	-	340,185
Other assets not being depreciated	386,988	-	386,988	-
Total capital assets not being depreciated	1,991,656	1,624,454	386,988	3,229,122
Capital assets being depreciated:				
Buildings	10,593,362	-	-	10,593,362
Other improvements	3,053,327	281,377	-	3,334,704
Equipment	2,353,998	143,353	7,148	2,490,203
Vehicles and motorized equipment	4,992,679	1,258,994	126,998	6,124,675
Infrastructure	1,048,660	-	-	1,048,660
Total capital assets being depreciated	22,042,026	1,683,724	134,146	23,591,604
Less accumulated depreciation				
Buildings	1,936,949	205,662	-	2,142,611
Other improvements	1,243,454	261,914	-	1,505,368
Equipment	2,101,582	228,204	-	2,329,786
Vehicles and motorized equipment	3,325,685	255,059	134,146	3,446,598
Infrastructure	731,456	-	-	731,456
Total accumulated depreciation	9,339,126	950,839	134,146	10,155,818
Total capital assets being depreciated, net	12,702,900			13,435,786
Capital assets being amortized:				
Right to use assets:				
Leased computer equipment	450,087	609,463	450,086	609,464
IT subscriptions	68,010	24,269	-	92,279
Total capital assets being amortized	518,097	633,732	450,086	701,743
Less accumulated amortization for:				
Right to use assets:				
Leased equipment	208,542	132,329	220,965	119,906
IT subscriptions	1,115	18,271	-	19,386
Total accumulated amortization	209,657	150,600	220,965	139,292
Total capital assets being amortized, net	$ 308,440			$ 562,451
Governmental activities capital assets, net	$ 15,002,996			$ 17,227,359

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

General government	$ 95,252
Public safety	522,206
Transportation	142,878
Public works	161,928
Cemetery	28,575
Total depreciation expense	$ 950,839

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Electric Fund				
Capital assets not being depreciated:				
Land	$ 87,367	$ -	$ -	$ 87,367
Construction in progress	-	220,384	-	220,384
Total capital assets not being depreciated	87,367	220,384	-	307,751
Capital assets being depreciated:				
Substations, lines, and related equipment	19,560,037	160,700	-	19,720,737
Furniture and maintenance equipment	1,208,083	79,498	-	1,287,581
Vehicles	1,612,473	181,233	-	1,793,706
Total capital assets being depreciated	22,380,593	421,431	-	22,802,024
Less accumulated depreciation for:				
Substations, lines, and related equipment	9,974,690	417,808	-	10,392,498
Furniture and maintenance equipment	828,928	122,737	-	951,665
Vehicles	916,748	100,191	-	1,016,939
Total accumulated depreciation	11,720,366	640,736	-	12,361,102
Total capital assets being depreciated, net	10,660,227	$ (219,305)	$ -	10,440,922
Electric fund capital assets, net	$ 10,747,594			$ 10,748,673

	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	$ 474,294	$ -	$ -	$ 474,294
Construction in progress	4,852,852	9,639,896	318,480	14,174,268
Total capital assets not being depreciated	5,327,146	9,639,896	318,480	14,648,562
Capital assets being depreciated:				
Plant and distribution systems	62,333,999	562,617	-	62,896,616
Furniture and maintenance equipment	2,946,562	43,447	104,860	2,885,149
Vehicles	3,344,523	236,159	105,697	3,474,985
Total capital assets being depreciated	68,625,084	842,223	210,557	69,256,750
Less accumulated depreciation				
Plant and distribution systems	28,390,231	1,435,693	-	29,825,924
Furniture and maintenance equipment	2,408,695	114,002	117,436	2,405,261
Vehicles	1,629,027	273,061	93,121	1,808,967
Total accumulated depreciation	32,427,953	1,822,756	210,557	34,040,152
Total capital assets being depreciated, net	36,197,131	$ (980,533)	$ -	35,216,598
Water and sewer fund capital assets, net	$ 41,524,277			$ 49,865,160

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste Fund				
Capital assets not being depreciated:				
Construction in progress	$ 22,500	$ -	$ 22,500	$ -
Total capital assets not being depreciated	22,500	-	22,500	-
Capital assets being depreciated:				
Plant and distribution systems	513,455	22,500	-	535,955
Furniture and maintenance equipment	1,423,855	16,761	311,324	1,129,292
Vehicles	3,350,520	961,374	383,665	3,928,229
Total capital assets being depreciated	5,287,830	1,000,635	694,989	5,593,476
Less accumulated depreciation for:				
Plant and distribution systems	232,090	40,242	-	272,332
Furniture and maintenance equipment	278,405	58,925	311,324	26,006
Vehicles	2,800,705	292,171	383,665	2,709,211
Total accumulated depreciation	3,311,200	391,338	694,989	3,007,549
Total capital assets being depreciated, net	1,976,630	$ 609,297	$ -	2,585,927
Sanitation fund capital assets, net	$ 1,999,130			$ 2,585,927
Business type activities capital assets, net	$ 54,271,001			$ 63,199,760

5. Construction Commitments

The government has active construction projects as of June 30, 2024. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
North Fire Station	$ 2,788,868	$ 284,029
Fire Station Trainer	-	300,000
Water Sewer Project-Wastewater Phase 1 & 2	15,145,142	19,700,125
Brownsfield	94,543	405,457
Total	$ 18,028,553	$ 20,689,611

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, 2024, was 14.04% of compensation for law enforcement officers and 12.90% 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 $1,100,974 for the year ended June 30, 2024.

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, 2024, the City reported a liability of $5,918,788 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023.The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the City's proportion was .08937%, which was a decrease of .0040% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of $485,795. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 659,528	$ 14,198
Change of assumptions	251,514	-
Net difference between projected and actual earnings on pension plan investments	1,584,127	-
Changes in proportion and differences between City contributions and proportionate share of contributions	12,769	185,543
City contributions subsequent to measurement date	1,100,974	-
Total	$ 3,608,912	$ 199,741

$1,100,974 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2025	$ 816,947
2026	396,275
2027	1,027,990
2028	66,985
2029	-
Thereafter	-
Total	$ 2,308,197

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2024 long term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized. Source data provided in the 2023 Annual Comprehensive Financial Report published on the website of the NC Office of State Controller.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	$ 10,250,068	$ 5,918,788	$ 2,349,580

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

Law Enforcement Officers Special Separation Allowance

Plan Description. The City of Laurinburg administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2022, 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	36
Total	41

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, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.254% - 7.75%
Discount Rate	4.% 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 $101,624 as benefits came due for the reporting period.

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

At June 30, 2024, the City reported a total pension liability of $1,776,208 The total pension liability was measured as of December 31, 2023, based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of $112,078.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 99,381	$ 24,176
Change of assumptions	224,768	219,485
Benefit payments and admin expenses subsequent to measurement date	45,731	-
Total	$ 369,880	$ 243,661

$45,731 paid as benefits came due subsequent to the measurement date and have been reported as deferred outflows of resources. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2025	$ 69,922
2026	48,042
2027	(10,410)
2028	(28,882)
2029	1,816
Thereafter	-
	$ 80,488

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

	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
City's proportionate share of the net pension liability (asset)	$ 1,913,496	$ 1,776,208	$ 1,650,934

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

Beginning balance:	$ 1,713,363
Service cost	60,469
Interest on total pension liability	71,843
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	(14,067)
Changes of assumption of other inputs	37,553
Benefit payments	(92,953)
Other changes	-
Ending balance of the total pension liability	$ 1,776,208

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31 percent at December 31, 2022 (measurement date) to 4 percent at December 31, 2023 (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, 2022 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	$ 485,795	$ 112,078	$ 597,873
Pension liability	5,918,768	1,776,208	7,694,976
Proportionate share of the net pension liability	0.08937%	N/A	-
Deferred Outflows of Resources			
Difference between expected and actual experience	659,528	99,381	758,909
Changes of assumptions	251,514	224,768	476,282
Net difference between projected and actual earnings on plan investments	1,584,127	-	1,584,127
Changes in proportion and differences between contributions and proportionate share of contributions	12,769	-	12,769
Benefit payments and administrative costs paid subsequent to the measurement date	1,100,974	45,731	1,146,705
Deferred Inflows of Resources			
Differences between expected and actual experience	14,198	24,176	38,374
Changes of assumptions	-	219,485	219,485
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	185,543	-	185,543

Supplemental Retirement Income Plan for Law Enforcement Officers and General Employees

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, 2024 for general employees and law enforcement officers, respectively, were $405,685 and $152,294, which consisted of $284,163 from the City and $121,522 from the general employees and $103,717 from the City and $48,577 from the law enforcement officers. No amounts were forfeited.

Other Postemployment Benefits

Firefighters' and Rescue Squad Workers' Pension Fund

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

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

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

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

Healthcare Benefits

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

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

Membership of the FCC Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents of receiving benefits	8	5
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	100	40
Total	108	45

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

Total OPEB Liability

The City's total OPEB liability of $2,328,051 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	3.65 percent
Healthcare cost trend rates	Medical - 7.00%
	Prescription - 7.00%
	Admin Expenses - 4.50%

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

Changes in the total OPEB Liability

	Total OPEB liability
Balance at July 1, 2023	$ 2,484,420
Changes for the year:	
Service cost	77,551
Interest	88,182
Changes in benefit terms	-
Difference between expected and actual experience	(231,407)
Changes in assumptions or other inputs	52,449
Benefit payments	(143,144)
Net Changes	(156,369)
Balance at June 30, 2024	$ 2,328,051

Changes in assumptions and other inputs reflect a change in the discount rate from 2.65% to 4.65%.

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019, adopted by the LGERS Board.

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

Discount Rate Sensitivity:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	$ 2,517,735	$ 2,328,051	$ 2,154,855

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	$ 2,126,408	$ 2,328,051	$ 2,558,789

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

For the year ended June 30, 2024, the City recognized OPEB expense of $126,110. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 45,407	$ 209,322
Change of assumptions	422,447	263,573
Benefit payments and administrative costs made subsequent to the measurement date	109,969	-
Total	$ 577,823	$ 472,895

$109,969 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, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2025	$ 6,386
2026	9,978
2027	19,818
2028	23,951
2029	11,551
Thereafter	(76,725)
Total	$ (5,041)

Other Employment Benefits

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

The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year - LGERS	$ 1,100,974
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	45,731
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	109,969
Differences between expected and actual experience	804,316
Change of assumptions	898,729
Net difference between projected and actual	1,584,127
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,769
Total deferred outflows	$ 4,556,615

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

Source	Statement Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	$ 3,916	$ 3,916
Deferred revenues	-	69,934
Taxes receivable, less penalties (General Fund)	-	303,397
Leases receivable	186,216	186,216
Changes in assumptions	483,058	-
Differences between expected and actual experience	247,696	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	185,541	-
Total deferred inflows	$ 1,106,427	$ 563,463

2. Risk Management

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

In accordance with G.S. 159-29, the City's employees that have access to $100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for $1,000,000 and $100,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond of $250,000.

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

Claims, Judgments and Contingent Liabilities
At the date of this report, there are no lawsuits.

3. *Long-Term Obligations*

Leases

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

On September 27, 2023, the City entered into a 60 month lease as Lessee for the use of Printers and Copiers. An initial lease liability was recorded in the amount of $221,870 for the General Fund. As of June 30, 2024, the value of the lease liability for the General Fund is $186,644. The City is required to make monthly fixed payments of $3,965. The lease has an interest rate of 2.876%. The value of the right to use leased asset of the General Fund as of June 30, 2024 of $221,870 with accumulated amortization of $33,774 is included with Equipment on the Right to Use Asset Schedule.

On November 01, 2023, the City entered into a 36 month lease as Lessee for the use of Tsunami surveillance equipment. An initial lease liability was recorded in the amount of $387,593 to the General Fund. As of June 30, 2024, the value of the lease liability for the General Fund is $253,594. The City is required to make annual fixed payments of $134,000. The lease has an interest rate of 3.76%. The value of the right to use leased asset of the General Fund as of June 30, 2024 of $387,593 with accumulated amortization of $86,132 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, 2024, were as follows:

	Governmental Activities	
Year Ending June 30	Principal Payments	Interest Payments
2025	$ 167,228	$ 14,351
2026	173,160	8,421
2027	45,303	2,277
2028	46,623	957
2029	7,924	28
Total Lease Obligations	$ 440,238	$ 26,034

Subscriptions

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

In fiscal 2023, the City entered into a new subscription license agreement related to bulk software. The term of the agreement is 60 months. The subscription does not have a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 3% was used to discount the subscription payments. The initial liability for the subscription was $68,010. The liability balance remaining at June 30, 2024 was $53,992. Payments are $1,219 per month. The asset and liability are serviced by the general fund.

During the current year, the City entered into a new subscription license agreement related to Debt-Keeping Software. The term of the agreement is 36 months. The subscription does not have a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 3.76% was used to discount the subscription payments. The initial liability for the subscription was $24,269. The liability balance remaining at June 30, 2024 was $15,270. Payments are $7,500 for the first year and $7,875 for the second year and $8,269 for the final year. The asset and liability are serviced by the general fund.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2024, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	20,490	2,013	22,503
2026	21,559	1,338	22,897
2027	14,003	624	14,627
2028	13,210	199	13,409
2029	-	-	-
	69,262	4,174	73,436

Equipment Financing Purchase

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, 2024 is $55,795. The loan is serviced by the Solid Waste Fund.

In fiscal 2018, the City entered into a $9,165,000 installment-direct placement agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. $6,110,000 of the total debt is serviced by the General Fund and the principal balance owed at June 30, 2024 is $3,666,002. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal 2018, the City entered into a $9,165,000 installment-direct placement agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. $1,527,500 of the total debt is serviced by the Electric Fund and the principal balance owed at June 30, 2024 is $916,499. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal 2018, the City entered into a $9,165,000 installment-direct placement agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. $1,527,500 of the total debt is serviced by the Water Sewer Fund and the principal balance owed at June 30, 2024 is $916,499. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal year 2022, the City entered into a $575,000 installment agreement to purchase recycling bins and a yard waste incinerator at a fixed rate of 1.610 percent. No payments were made in the fiscal year 2022 with interest and principal payments to begin in fiscal year 2023. $575,000 of the total debt is serviced by the Solid Waste Fund and the principal balance owed at June 30, 2024 is $468,121. This note is secured by the underlying asset.

In fiscal year 2023, the City entered into a $850,000 installment agreement with Truist to purchase sanitation vehicles at a fixed rate of 3.22 percent. No payments were made in the fiscal year 2023 with interest and principal payments to begin in fiscal year 2024. $850,000 of the total debt is serviced by the Solid Waste Fund and the principal balance owed at June 30, 2024 is $761,293. This note is secured by the underlying assets.

In fiscal year 2023, the City entered into a $103,247 installment agreement for the purchase of body cameras. The term of the agreement is five years. The agreement does not have a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 3% was used to discount the note payable balance and payments. The liability balance remaining at June 30, 2024 was $61,913. The liability is serviced by the general fund.

In fiscal year 2023, the City entered into a $116,149 installment agreement for the purchase of tasers. The term of the agreement is five years. The agreement does not have a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 3% was used to discount the note payable balance and payments. The liability balance remaining at June 30, 2024 was $69,649. The asset and liability are serviced by the general fund.

Annual debt service payments of the installment purchases as of June 30, 2024, including interest, are as follows:

	Installment Agreements Governmental Activities		Installment Agreements Business-Type Activities	
2025	$ 449,897	$ 93,968	$ 385,166	$ 79,691
2026	451,174	82,100	389,780	69,782
2027	452,490	70,194	365,854	59,877
2028	407,333	58,249	370,202	50,234
2029	407,333	47,658	374,675	40,465
2030-2034	1,629,335	84,725	1,232,527	57,153
2035-2039	-	-	-	-
Total Annual Debt	$ 3,797,564	$ 436,893	$ 3,118,204	$ 357,202

At June 30, 2024, the City of Laurinburg had a legal debt margin of $68,876,900.

Revolving Loans

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

In October of 2022, the City entered into a revolving loan agreement to finance the Leith Creek WWTP Influent Pump Station. The total approved loan is $10,315,000, the interest rate is 1.02%. The City expends its own funds and then draws down the loan funds equal to the project expenditures. The loan payable increases each year by the amount of the expenditures to be drawn up to the approved loan amount. The amount of the expenditures in fiscal 2024 was $4,752,024. The loan is for 20 years and payments start when the project is completed. The balance owed at June 30, 2024 is $7,614,246 and is serviced by the water fund. The loan amount is subject to change upon completion of the project.

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

In October of 2022, the City entered into a revolving loan agreement to finance the Water Distribution System Phase 2 Project. The total loan is $7,150,000, the interest rate is 1.13%. The City expends its own funds and then draws down the loan funds equal to the project expenditures. The loan payable increases each year by the amount of the expenditures to be drawn up to the approved loan amount. The amount of expenditures in fiscal 2024 was $3,674,684. The loan is for 20 years and payments start when the project is completed. The balance owed at June 30, 2024 is $4,060,781 and is serviced by the water fund. The loan amount is subject to change upon completion of the project.

$200,000 NC Dept. of Environmental Quality Division of Water Infrastructure -Revolving Loan

In June of 2024, the City entered into a revolving loan agreement to finance the Lead Service Line Project. The total loan is $500,000 with $300,000 principal forgiveness, the interest rate is 0% for five years. The City expends its own funds and then draws down the loan funds equal to the project expenditures. The loan payable increases each year by the amount of the expenditures to be drawn up to the approved loan amount. The loan is for 5 years. The balance owed at June 30, 2024 is $200,000 and is serviced by the water fund. The first payment on this loan is due May 1, 2025.

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

In November of 2022, the City entered into a revolving loan agreement to finance the Sanitation Sewer Rehab Phase 2 Project. The total loan is $8,951,000, the interest rate is .13%. The City expends its own funds and then draws down the loan funds equal to the project expenditures. The loan payable increases each year by the amount of the expenditures to be drawn up to the approved loan amount. The amount of expenditures in fiscal 2024 was $194,741. The loan is for 20 years and payments will start when the project is completed. The balance owed at June 30, 2024 is $194,741 and is serviced by the water fund. The loan amount is subject to change upon completion of the project.

	Business-Type Accounts Revolving Loans	
Year Ending June 30	Principal	Interest
2025	40,000	-
2026	623,877	-
2027	623,877	-
2028	623,877	-
2029	623,877	
Thereafter	9,342,040	-
Total	$ 11,877,548	$ -

Changes in long term liabilities at June 30, 2024, consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities					
Installment agreement	$ 4,246,220	$ -	$ 448,656	$ 3,797,564	$ 449,897
Lease liability	245,171	609,463	414,414	440,220	167,228
IT subscription liabilities	66,791	22,769	20,299	69,261	20,490
Net pension liability-LGERS	3,057,383	375,514	-	3,432,897	-
Net pension obligation (LEOSSA)	1,713,363	62,845	-	1,776,208	-
Total OPEB liability	1,440,964	-	90,694	1,350,270	-
Compensated absences	369,061	228,247	182,712	414,596	228,028
Governmental activities long-term liabilities	$ 11,138,953	$ 1,298,838	$ 1,156,775	$ 11,281,016	$ 865,643
Business-type activities					
Electric Fund					
Installment agreement	$ 1,076,440	$ -	$ 159,941	$ 916,499	$ 101,833
Net pension liability-LGERS	737,989	209,017	-	947,006	-
Total OPEB liability	347,819	24,669	-	372,488	-
Compensated absences	80,488	68,869	55,675	93,682	55,272
	$ 2,242,736	$ 302,555	$ 215,616	$ 2,329,675	$ 157,105
Water and Sewer Fund					
Installment agreement	$ 1,790,224	$ -	$ 873,725	$ 916,499	$ 101,833
Revolving loans	3,248,319	8,629,230	-	11,877,549	40,000
Net pension liability-LGERS	737,988	90,642	-	828,630	-
Total OPEB liability	347,819	-	21,892	325,927	-
Compensated absences	93,021	63,132	53,108	103,045	56,675
	$ 6,217,371	$ 8,783,004	$ 948,725	$ 14,051,650	$ 198,508
Solid Waste Fund					
Installment agreement	$ 1,455,412	$ -	$ 170,203	$ 1,285,209	$ 181,500
Net pension liability-LGERS	737,988	-	27,733	710,255	-
Total OPEB liability	347,819	-	68,453	279,366	-
Compensated absences	86,287	46,838	66,066	67,059	36,882
	$ 2,627,506	$ 46,838	$ 332,455	$ 2,341,889	$ 218,382
Business type activities long-term liabilities	$ 11,087,613	$ 9,132,397	$ 1,496,796	$ 18,723,214	$ 573,995

Compensated absences typically have been liquidated in the General Fund.

D. On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of $20,400 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, 2024. Under State law the local board of trustees for the Fund received an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

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

	Governmental Activities	Business Type Activities	Total
Assets			
Net tangible capital assets	$ 16,664,908	$ 63,199,760	$ 79,864,668
Right-to-use leased assets, net of amortization	562,451	-	562,451
Less: Long-term debt	(4,307,045)	(14,995,756)	(19,302,801)
Net investment in capital assets	$ 12,920,314	$ 48,204,004	$ 61,124,318

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	6,160,421
Less:	
Non-spendable - Prepaid expenses	17,832
Non-spendable - Leases	18,412
Non-spendable - Inventories	47,074
Stabilization by State Statute - Restricted	1,429,469
Streets - Powell Bill - Restricted	365,333
Future bond debt - City hall - Assigned	499,841
Subsequent years expenditures	593,989
Remaining fund balance (unassigned)	3,188,471

Interfund Balances and Activity

Transfer to/from other funds at June 30, 2024, consists of the following:

From the Electric Fund to the General Fund for payment in lieu of taxes	$	93,334
From the Electric Fund to the General Fund in accordance with ~ 159B-39		698,519
From the General Fund to the Downtown Revitalization Fund for revitalization of downtown		20,993
From the American Rescue Plan Act Fund to the General Fund for premium payments		1,440,000
From the American Rescue Plan Act Fund to the Electric Fund for premium payments		210,575
From the American Rescue Plan Act Fund to the Solid Waste Fund for premium payments		302,000
From the General Fund to the Capital Reserve Fund for future infrastructure		808,000
From the General Fund to the Fire Station Capital project for project expenditures		85,000
From the Capital Reserve Fund to the Electric Fund for capital outlay		25,060
From the Capital Reserve Fund to the General Fund for capital outlay		313,012
Total	$	3,996,493

Note 4 – Jointly Governed Organization

The City, in conjunction with thirty-one other local governments, is a member of the North Carolina Eastern Municipal Power Agency (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The thirty-two members, which receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2024 were $14,068,228.

The City, in conjunction with the Town of Maxton, participates in a regional airport. Each participating government appoints three members to the six-member board. The Airport is a jointly governed organization established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport has been in existence for many years and is self-sustaining. The City has no financial responsibility for the Airport. The participating governments do not have any equity interest in the organization, so no equity interest has been reflected in the financial statements at June 30, 2024. 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, 2024 in the amount of $7,339.

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 November 26, 2024, the date which the financial statements were available to be issued.

Note 8 - Rounding

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

Required
Supplementary Financial Data

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

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

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

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020
Laurinburg's proportion of the net pension liability (asset) (%)	0.08937%	0.09344%	0.09904%	0.10360%	0.11074%
Laurinburg's proportion of the net pension liability (asset) ($)	5,918,788	5,271,350	1,518,873	3,702,069	3,024,223
Laurinburg's covered-payroll	7,636,627	7,343,830	7,009,505	7,202,313	7,360,981
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	77.50%	69.03%	21.67%	51.40%	41.08%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	84.14%	95.51%	91.63%	94.18%

	2019	2018	2017	2016	2015
Laurinburg's proportion of the net pension liability (asset) (%)	0.10932%	0.11536%	0.11442%	0.11703%	-0.11291%
Laurinburg's proportion of the net pension liability (asset) ($)	2,593,444	1,762,381	2,428,375	525,268	(665,882)
Laurinburg's covered-payroll	6,295,300	6,244,611	6,202,795	5,896,860	5,774,114
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	41.20%	28.22%	39.15%	8.91%	-11.53%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	98.07%	102.64%	94.35%

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

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

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

Local Government Employee's Retirement System

	2024	2023	2022	2021	2020
Contractually required contribution	1,100,974	945,396	850,243	728,062	644,607
Contributions in relation to the contractually required contribution	1,100,974	945,396	850,243	728,062	644,607
Contribution deficiency (excess)	-	-	-	-	-
Laurinburg's covered-payroll	8,278,540	7,636,627	7,343,830	7,009,505	7,202,313
Contributions as a percentage of covered-payroll	13.30%	12.37%	11.58%	10.39%	8.95%

	2019	2018	2017	2016	2015
Contractually required contribution	570,476	487,905	468,631	420,613	422,356
Contributions in relation to the contractually required contribution	570,476	487,905	468,631	420,613	422,356
Contribution deficiency (excess)	-	-	-	-	-
Laurinburg's covered-payroll	7,360,981	6,295,300	6,244,611	6,202,795	5,896,860
Contributions as a percentage of covered-payroll	7.75%	7.75%	7.50%	6.78%	7.16%

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

	2024	2023	2022	2021
Beginning balance	1,713,363	1,939,078	$ 1,786,134	$ 1,268,194
Service cost	60,469	92,700	102,017	60,992
Interest on the total pension liability	71,843	42,688	33,793	40,235
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(14,067)	19,777	139,233	(35,184)
Changes of assumptions or other inputs	37,553	(297,218)	(51,705)	519,856
Benefit payments	(92,953)	(83,662)	(70,394)	(67,959)
Other changes	-	-	-	-
Ending balance of the total pension liability	$1,776,208	$ 1,713,363	$ 1,939,078	$ 1,786,134

	2020	2019	2018
Beginning balance	$ 1,101,967	$ 1,028,878	$ 961,796
Service Cost	55,680	56,108	48,244
Interest on the total pension liability	39,123	31,516	35,772
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	87,573	92,736	(12,202)
Changes of assumptions or other inputs	38,149	(44,168)	-
Benefit payments	(54,298)	(63,103)	65,402
Other changes	-	-	(70,134)
Ending balance of the total pension liability	$ 1,268,194	$ 1,101,967	$ 1,028,878

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

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

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

	2024	2023	2022
Total pension liability	$ 1,776,208	$ 1,713,363	$ 1,913,078
Covered-employee payroll	2,115,855	2,068,207	2,147,756
Total pension liability as a percentage of covered-employee payroll	33.95%	82.84%	89.07%

	2021	2020	2019	2018
Total pension liability	$ 1,786,134	$ 1,268,194	$ 1,101,967	$ 1,028,878
Covered-employee payroll	2,098,788	2,119,510	1,961,580	1,936,174
Total pension liability as a percentage of covered-employee payroll	85.10%	59.83%	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 Five Fiscal Years

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	$ 77,551	$ 100,694	$ 108,517	$ 80,108	$ 74,985
Interest	88,182	60,741	53,952	74,301	75,888
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(231,407)	(9,573)	21,643	28,370	31,972
Changes of assumptions	52,449	(302,861)	347,380	255,470	41,641
Benefit payments	(143,144)	(151,152)	(154,473)	(141,733)	(123,430)
Net change in total OPEB liability	(156,369)	(302,151)	377,019	296,516	101,056
Total OPEB liability - beginning	2,484,420	2,786,571	2,409,552	2,113,036	2,011,980
Total OPEB liability - ending	$ 2,328,051	$ 2,484,420	$ 2,786,571	$ 2,409,552	$ 2,113,036
Covered payroll	$ 6,977,666	$ 6,728,975	$ 6,728,975	$ 6,756,937	$ 6,756,937
Total OPEB liability as a percentage of covered payroll	33.36%	36.92%	41.41%	35.66%	31.27%

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
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%

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

City of Laurinburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive Negative
Revenues:			
Ad valorem taxes:			
Taxes		$ 3,609,531	
Penalties and interest		144,105	
Total	3,440,000	3,753,636	313,636
Other taxes and licenses:			
Local option sales tax		1,593,248	
Animal taxes		420	
Privilege licenses		455	
Total	1,508,900	1,594,123	85,223
Unrestricted intergovernmental:			
Utility franchise tax		1,002,192	
Beer and wine tax		73,106	
Cable franchise		463,333	
Contributions from local county		60,920	
Tax refunds - sales and gasoline		268,315	
Total	1,719,215	1,867,865	148,650
Restricted intergovernmental:			
Federal government grants		25,330	
State government grants		6,866	
Powell Bill allocation		527,165	
Seized asset revenue		19,780	
Total	629,720	579,140	(50,580)
Permits and fees:			
Court fees		1,168	
Municipal vehicle fee		101,850	
Inspection fees		33,204	
Total	133,500	136,221	2,721
Sales and services:			
Fire protection		167,921	
Cemetery lots		81,742	
Lease revenue		63,023	
Total	327,675	312,685	(14,990)
Investment earnings	5,000	6,501	1,501
Miscellaneous:			
Sale of materials and other assets		7,017	
Concessions		29,994	
Other		125,164	
Total	259,750	162,175	(97,575)
Total revenues	8,023,760	8,412,347	388,587

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, 2024

	Budget	Actual	Variance Positive Negative
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		144,467	
Membership dues and subscriptions		26,736	
Other operating expenditures		55,839	
Capital outlay		8,230	
Reimbursement - proprietary funds		(149,628)	
Total	87,544	85,644	1,900
Administration:			
Salaries and employee benefits		404,011	
Other operating expenditures		38,875	
Capital outlay		68,130	
Reimbursement - proprietary funds		(398,564)	
Total	113,416	112,452	964
Personnel/safety:			
Salaries and employee benefits		204,787	
Other operating expenditures		392,900	
Reimbursement - proprietary funds		(225,953)	
Total	425,494	371,734	53,760
Finance:			
Salaries and employee benefits		310,846	
Other operating expenditures		35,121	
Reimbursement - proprietary funds		(307,595)	
Total	56,623	38,372	18,251
Taxes:			
Salaries and employee benefits		85,732	
Collection fees		478	
Other operating expenditures		29,161	
Total	127,140	115,370	11,770
Public buildings:			
Salaries and employee benefits		30,891	
Other operating expenditures		36,708	
Capital outlay		25,833	
Total	99,886	93,432	6,454
Information technology:			
Other operating expenditures		321,847	
Reimbursement - proprietary funds		(363,114)	
Total	(41,157)	(41,267)	110
Total general government	868,946	775,737	93,209

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, 2024

	Budget	Actual	Variance Positive Negative
Expenditures - Continued:			
Community development:			
Administration:			
Salaries and employee benefits		162,619	
Other operating expenditures		130,807	
Contributions to local organizations		145,060	
Total	505,482	438,486	66,996
Planning:			
Salaries and employee benefits		91,600	
Other operating expenditures		34,376	
Total	130,312	125,976	4,336
Engineering:			
Salaries and employee benefits		54,384	
Other operating expenditures		61,131	
Reimbursement - proprietary funds		(91,396)	
Total	24,825	24,119	706
Beautification:			
Salaries and employee benefits		297,629	
Other operating expenditures		123,681	
Capital outlay		50,195	
Total	513,893	471,505	42,388
Total community development	1,174,512	1,060,086	114,426
Public safety:			
Police:			
Salaries and employee benefits		2,668,568	
Vehicle maintenance		188,449	
Other operating expenditures		877,560	
Capital outlay		174,171	
Total	3,696,379	3,908,748	(212,369)
Fire:			
Salaries and employee benefits		921,033	
Vehicle maintenance		69,957	
Other operating expenditures		406,710	
Capital outlay		422,226	
Total	1,884,158	1,819,926	64,232
Rescue units:			
Operating expenditures		97,623	
Total	122,479	97,623	24,856
Total public safety	5,703,016	5,826,298	(123,282)

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, 2024

	Budget	Actual	Variance Positive Negative
Expenditures - Continued:			
Transportation:			
Streets and highways:			
Salaries and employee benefits		461,029	
Other operating expenditures		169,925	
Capital outlay		526,175	
Total	1,394,332	1,157,129	237,203
Public works:			
Administration:			
Salaries and employee benefits		151,113	
Other operating expenditures		10,715	
Reimbursement - proprietary funds		(147,131)	
Total	27,084	14,697	12,387
Storm drainage:			
Salaries and employee benefits		137,620	
Other operating expenditures		46,314	
Total	399,042	183,934	215,108
Garage:			
Salaries and employee benefits		140,095	
Other operating expenditures		55,466	
Total	217,605	195,562	22,043
Total public works	643,731	394,193	249,538
Animal control:			
Salaries and employee benefits		81,272	
Other operating expenditures		6,417	
Total	93,597	87,689	5,908
Cemetery:			
Salaries and employee benefits		176,674	
Other operating expenditures		41,261	
Capital outlay		21,776	
Total	314,183	239,711	74,472
Debt service			
Principal retirement		651,006	
Interest and other charges		112,206	
Total	763,212	763,212	-
Total expenditures	10,955,529	10,304,056	651,473
Revenues over (under) expenditures carried forward	(2,931,769)	(1,891,708)	1,040,061

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, 2024

	Budget	Actual	Variance Positive Negative
Revenues over (under) expenditures brought forward	(2,931,769)	(1,891,708)	1,040,061
Other financing sources (uses):			
Transfers from other funds:			
Governmental funds:			
American Rescue Plan Act Fund		1,440,000	
Enterprise funds:			
Electric fund - pilot		93,334	
Electric fund - GS ~ 159b-39		698,519	
Capital reserve fund		313,012	
Transfers to other funds:			
To special revenue and capital project funds		(913,993)	
Other financing uses - financing note issued		632,232	
Total other financing sources (uses)	1,341,531	2,263,103	921,572
Fund balance appropriated	1,590,238	-	(1,590,238)
Net change in fund balance	$ -	371,395	$ 371,395
Fund balance, beginning			
Beginning of year, July 1		5,789,026	
End of year, June 30		$ 6,160,421	

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, 2024

	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	$2,833,741	$1,952,575	$ 4,786,316	$ 5,216
Total revenues	4,781,100	2,833,741	1,952,575	4,786,316	5,216
Expenditures:					
American Rescue Plan:					
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Revenues over expenditures	4,781,100	2,833,741	1,952,575	4,786,316	5,216
Other Financing Sources (Uses):					
Transfers to other funds:					
General fund	(4,781,100)	(2,833,741)	(1,952,575)	(4,786,316)	(5,216)
Total other financing uses	(4,781,100)	(2,833,741)	(1,952,575)	(4,786,316)	(5,216)
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, 2024

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Grant revenues					
Golden Leaf	$ 1,625,000	$ -	$ 1,460,514	$ 1,460,514	$ (164,486)
NCSCIF	920,000	920,000	33,975	953,975	33,975
FEMA	135,897	-	-	-	(135,897)
Investment revenue	-	365	-	365	365
Total revenue	2,680,897	920,365	1,494,489	2,414,854	(266,043)
Expenditures:					
Construction	2,902,897	1,174,792	1,544,091	2,718,883	184,014
Contracted services	95,000	47,091	22,894	69,985	25,015
Equipment	75,000	-	-	-	75,000
Total expenditures	3,072,897	1,221,883	1,566,985	2,788,868	284,029
Revenues (under) expenditures	(392,000)	(301,518)	(72,496)	(374,014)	17,986
Other financing sources:					
Transfers from other funds:					
General fund	392,000	301,923	85,000	386,923	(5,077)
Total other financing sources	392,000	301,923	85,000	386,923	(5,077)
Net change in fund balance	$ -	$ 405	12,504	$ 12,909	$ 12,909
Fund balances, beginning			405		
Fund balances, ending			$ 12,909		

City of Laurinburg, North Carolina
Combining Balance Sheet
Nonmajor Governmental Fund
June 30, 2024

	Special Revenue Fund	Capital Project Funds				Total Nonmajor Governmental Funds
	Downtown Revitalization	Brownsfield Project	Fire Training Facility	Capital Reserve	Cemetery Perpetual	
Assets:						
Cash	$ 65,144	$ -	$ -	$ 1,364,326	$ 631,991	$ 2,061,461
Restricted cash	72,057	-	300,000	-	-	372,057
Due from other governments	-	22,255	-	-	-	22,255
Total assets	137,201	22,255	300,000	1,364,326	631,991	2,455,773
Liabilities and Fund Balances						
Payables	367	22,255	-	-	-	22,622
Unspent grant proceeds	-	-	300,000	-	-	300,000
Total liabilities	367	22,255	300,000	-	-	322,622
Fund balance:						
Restricted:						
Downtown revitalization	64,777	-	-	-	-	64,777
Assigned:						
Downtown revitalization	72,057	-	-	-	-	72,057
General Fund	-	-	-	808,000	-	808,000
Electric Fund	-	-	-	556,326	-	556,326
Non spendable-perpetual maintenance	-	-	-	-	631,991	631,991
Unassigned	-	-	-	-	-	-
Total fund balances	136,834	-	-	1,364,326	631,991	2,133,151
Total liabilities and fund balances	$ 137,201	$ 22,255	$ 300,000	$ 1,364,326	$ 631,991	$ 2,455,773

City of Laurinburg, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Downtown Revitalization	Brownsfield Project Funds	Capital Reserve	Cemetery Perpetual Fund	
Revenues:					
Ad valorem tax	$ 20,993	$ -	$ -	$ -	$ 20,993
Sales and services	-	-	-	17,325	17,325
Government grants	-	94,543	-	-	94,543
Interest	-	-	-	24,606	24,606
Total revenues	20,993	94,543	-	41,931	157,467
Expenditures:					
Current:					
Downtown revitalization	73,656	-	-	-	73,656
Contracted services	-	82,364	-	-	82,364
Total expenditures	73,656	82,364	-	-	156,020
Revenues over (under) expenditures	(52,663)	12,179	-	41,931	1,447
Other financing sources:					
Transfers from General Fund	20,993	-	808,000	-	828,993
Transfers from Electric Fund	-	-	-	-	-
Transfers (to) General Fund	-	-	(313,012)	-	(313,012)
Transfers (to) Electric Fund	-	-	(25,060)	-	(25,060)
Total financing sources	20,993	-	469,928	-	490,921
Net change in fund balance	(31,670)	12,179	469,928	41,931	492,368
Fund balance, beginning of year	168,504	(12,179)	894,398	590,060	1,640,783
Fund balance, end of year	$ 136,834	$ -	$ 1,364,326	$ 631,991	$ 2,133,151

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, 2024

	Budget	Current Year	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	$ -	$ 20,993	$ 20,993
Total revenue	-	20,993	20,993
Expenditures:			
Downtown revitalization	100,000	73,656	26,344
Total expenditures	100,000	73,656	26,344
Revenues over (under) expenditures	(100,000)	(52,663)	47,337
Other financing sources:			
Transfers from other funds:			
General fund	-	20,993	20,993
Total other financing sources	-	20,993	20,993
Fund balance appropriated	100,000	-	(100,000)
Net change in fund balance	$ -	(31,670)	$ (31,670)
Fund balances - beginning		168,504	
Fund balances, ending		$ 136,834	

City of Laurinburg, North Carolina
Brownsfield Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Positive (Negative)
Revenues:					
Grant revenues					
Federal Government Grants	$ 500,000	$ -	$ 94,543	$ 94,543	$ (405,457)
Total revenue	500,000	-	94,543	94,543	(405,457)
Expenditures:					
Construction	500,000	12,179	82,364	94,543	405,457
Total expenditures	500,000	12,179	82,364	94,543	405,457
Revenues over (under) expenditures	-	(12,179)	12,179	-	-
Other financing sources (uses):					
None	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	$ -	$ (12,179)	12,179	$ -	$ -
Fund balances, beginning			(12,179)		
Fund balances, ending			$ -		

City of Laurinburg, North Carolina
Capital Reserve Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Positive (Negative)
Revenues:					
Grant revenues					
Federal Government Grants	$ -	$ -	$ -	$ -	$ -
Total revenue	-	-	-	-	-
Expenditures:					
Equipment replacement					
Total expenditures	1,364,326	-	-	-	1,364,326
Revenues over expenditures	(1,364,326)	-	-	-	1,364,326
Other financing sources:					
Transfers from other funds:					
General fund	851,199	313,012	808,000	1,121,012	269,813
Electric fund	851,199	581,386	-	581,386	(269,813)
Transfers (to) other funds					
General fund	(313,012)	-	(313,012)	(313,012)	-
Electric fund	(25,060)	-	(25,060)	(25,060)	-
Total other financing sources (uses)	1,364,326	894,398	469,928	1,364,326	-
Net change in fund balance	$ -	$ 894,398	$ 469,928	$ 1,364,326	$ 1,364,326
Fund balances, beginning			894,398		
Fund balances, ending			$ 1,364,326		

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Electricity sales		$ 14,043,033	
Municipal sales		602,318	
Fiber optic rental		249,096	
Total	14,964,543	14,894,447	(70,096)
Other operating revenues			
Other operating revenues		319,286	
Total other operating revenues	264,500	319,286	54,786
Total operating revenues	15,229,043	15,213,733	(15,310)
Nonoperating revenues			
Interest earnings		474,509	
Gain on sale of fixed assets		900	
Total nonoperating revenue	26,879	475,409	448,530
Total revenues	15,255,922	15,689,142	433,220
Expenditures:			
Administration:			
Salaries and employee benefits		156,289	
Supplies		1,359	
Utilities		324	
Management fees		396,147	
Other operating expenditures		56,464	
Total	697,710	610,583	87,127
Consumer billing and receiving:			
Salaries and employee benefits		305,907	
Maintenance		58,570	
Other operating expenditures		144,163	
Total	552,273	508,640	43,633

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Electrical operations:			
Salaries and employee benefits		1,155,034	
Supplies		90,189	
Contracted maintenance		208,294	
Vehicle maintenance		56,292	
Utilities		75,116	
Other operating expenditures		747,165	
Total	2,881,297	2,332,091	549,206
Electrical power purchases	10,776,118	10,740,954	35,164
Debt service:			
Interest expense		25,153	
Principal retirement		159,941	
Total debt service	185,094	185,094	-
Capital outlay:			
Administrative		50,465	
Electrical operations		591,349	
Total capital outlay	641,814	641,814	-
Total expenditures	15,734,306	15,019,176	715,130
Revenues over (under) expenditures	(478,384)	669,966	1,148,350
Other financing sources (uses):			
Transfers to other funds:			
General fund - GS ~ 159B-39	(698,519)	(698,519)	
General fund - (payment in lieu of taxes)	(93,334)	(93,334)	
American Rescue Plan Act Fund	210,575	210,575	
Capital reserve fund	25,060	25,060	
Total other financing sources (uses)	(556,218)	(556,218)	-
Fund balance appropriated	1,034,602	-	(1,034,602)
Revenues and other financing sources over expenditures and other financing (uses) carried forward	$ -	113,748	$ 113,748

City of Laurinburg, North Carolina
Electric Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues and other financing sources over expenditures and other financing (uses) brought forward	$ -	113,748	$ 113,748

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

Reconciling items:	
Principal retirement	159,941
Inventory change	140,381
Capital outlay	641,814
Bad debts	(20,594)
(Increase) in accrued vacation pay	(13,194)
Depreciation	(640,736)
Increase in deferred outflows of resources - pensions	95,724
(Increase) in net pension liability	(209,017)
(Increase) in deferred inflows of resources - pensions	(4,910)
Increase in deferred outflows of resources - OPEB	6,069
(Increase) in deferred inflows of resources - OPEB	(29,651)
(Increase) in net OPEB liability	(24,669)
Total reconciling items	101,158
Change in net position	$ 214,906

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		$ 3,988,243	
Sewer charges		3,020,670	
Water and sewer taps		208,424	
Total	7,763,623	7,217,337	(546,286)
Other operating revenues			
Other operating revenues		399,130	
Total other operating revenues	333,555	399,130	65,575
Total operating revenues	8,097,178	7,616,467	(480,711)
Nonoperating revenues			
Interest earnings		-	
Gain on sale of fixed assets		23,400	
Total nonoperating revenues	100	23,400	23,300
Total revenues	8,097,278	7,639,867	(457,411)
Expenditures:			
Administration:			
Salaries and employee benefits		300,207	
Supplies		9,764	
Insurance		2,120	
Maintenance		65,044	
Utilities		3,148	
Management fees		1,205,491	
Other operating expenditures		103,390	
Total	1,756,406	1,689,164	67,242
Water treatment and distribution:			
Water production and treatment plant:			
Salaries and employee benefits		295,496	
Chemicals		165,528	
Supplies		53,296	
Utilities		223,679	
Management fees		313,534	
Other operating expenditures		187,194	
Total	1,915,819	1,238,727	677,092

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, 2024

	Budget	Actual	Variance Positive (Negative)
Water distribution:			
Salaries and employee benefits		520,299	
Supplies		239,861	
Other operating expenditures		147,519	
Total	1,034,526	907,679	126,847
Total water treatment and distribution	2,950,345	2,146,407	803,938
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits		409,915	
Supplies		158,161	
Other operating expenditures		37,934	
Total	788,689	606,010	182,679
Primary waste treatment:			
Salaries and employee benefits		535,072	
Chemicals		73,301	
Supplies		66,306	
Utilities		349,971	
Maintenance		130,224	
Other operating expenditures		85,465	
Total	1,583,088	1,240,339	342,749
Total waste collection and treatment:	2,371,777	1,846,349	525,428
Debt service:			
Interest and fees		28,813	
Principal retirement		873,725	
Total debt service	906,254	902,538	3,716
Capital outlay:			
Administration		99,358	
Waste production and treatment		60,982	
Waste distribution		68,338	
Primary waste treatment		313,545	
Total capital outlay	542,223	542,223	-
Total expenditures	8,527,005	7,126,680	1,400,325
Revenues over (under) expenditures carried forward	(429,727)	513,186	942,913

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures brought forward	(429,727)	513,186	942,913
Other financing sources (uses):			
None	-	-	-
Fund balance appropriated	429,727	-	(429,727)
Revenues and other sources over expenditures and other financing (uses)	$ -	513,186	$ 513,186

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

Reconciling items:	
Principal retirement	873,725
Inventory change	19,019
Bad debts	(7,939)
Capital outlay	542,222
Capital contributions	812,568
(Increase) in accrued vacation pay	(10,024)
Depreciation	(1,822,756)
Increase in deferred outflows of resources - pensions	23,546
(Increase) in net pension liability	(90,642)
(Increase) in deferred inflows of resources - pensions	(915)
(Decrease) in deferred outflows of resources - OPEB	(5,488)
(Increase) in deferred inflows of resources - OPEB	(20,193)
Decrease in OPEB liability	21,892
Total reconciling items	335,015
Change in net position	$ 848,201

City of Laurinburg, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Sales:			
Residential		$ 1,957,172	
Commercial and industrial		1,088,918	
Total	3,107,259	3,046,090	(61,169)
Other operating revenues:			
Other operating income		14,271	
Total other operating revenues	20,000	14,271	(5,729)
Total operating revenues	3,127,259	3,060,361	(66,898)
Nonoperating revenues:			
Interest earnings		12	
Gain on sale of assets		12,000	
Total nonoperating revenues	5,050	12,012	6,962
Total revenues	3,132,309	3,072,372	(59,937)
Expenditures			
Solid waste operations			
Salaries and employee benefits		1,387,979	
Contracted services		7,016	
Supplies		13,590	
Tipping fee		612,213	
Maintenance		354,467	
Utilities		7,703	
Management fees		81,743	
Other operating expenditures		145,480	
Total	2,772,304	2,610,190	162,114
Debt service:			
Interest expense		35,204	
Principal retirement		170,203	
Total	205,407	205,407	-

City of Laurinburg, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Capital outlay:			
Equipment	978,135	978,135	-
Total expenditures	3,955,846	3,793,733	162,113
Revenues over (under) expenditures	(823,537)	(721,360)	102,177
Other financing sources:			
Proceeds from installment loans	346,000	-	
ARPA	302,000	302,000	
Total other financing sources	648,000	302,000	(346,000)
Fund balance appropriated	175,537	-	(175,537)
Revenues and other financing sources (under) expenditures and other financing sources	$ -	(419,360)	$ (419,360)

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

Reconciling items:	
Principal retirement	170,203
Inventory change	(991)
Bad debts	2,308
Decrease in accrued vacation pay	19,228
Depreciation	(391,338)
Capital outlay	978,135
(Decrease) in deferred outflows of resources - pensions	(48,633)
Decrease in net pension liability	27,734
Decrease in deferred inflows of resources - pensions	3,080
(Decrease) in deferred outflows of resources - OPEB	(17,044)
(Increase) in deferred inflows of resources - OPEB	(10,735)
Decrease in OPEB liability	68,453
Total reconciling items	800,400
Change in net position	$ 381,040

City of Laurinburg, North Carolina
Water Sewer Capital Project - Phase 1 and 2
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2024

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
State grants	$ 7,360,000	$ 512,842	$ 568,479	$ 1,081,321	$ (6,278,679)
Other grants	475,000	95,000	244,089	339,089	(135,911)
Total revenues	7,835,000	607,842	812,568	1,420,410	(6,414,590)
Expenditures - water sewer project:					
Administration	339,267	301,742	36,575	338,317	950
Construction	31,576,000	3,197,490	8,699,479	11,896,969	19,679,031
Engineering/design	2,930,000	2,006,013	903,843	2,909,856	20,144
Total expenditures	34,845,267	5,505,245	9,639,897	15,145,142	19,700,125
Other financing sources (uses):					
Loan proceeds-state revolving loan fund-draws	22,167,781	3,248,319	8,629,229	11,877,548	(10,290,233)
Transfers from other funds					
From Water Sewer Fund	4,842,486	1,421,117	-	1,421,117	(3,421,369)
Total other financing sources (uses)	27,010,267	4,669,436	8,629,229	13,298,665	(13,711,602)
Revenues and other sources (under) expenditures (uses)	$ -	$ (227,967)	$ (198,100)	$ (426,067)	$ (426,067)

OTHER SCHEDULES

This section includes additional information on property taxes.

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

City of Laurinburg, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2024

Fiscal Year	Uncollected Balance July 1, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	$ -	$ 3,443,845	$ 3,293,533	$ 150,312
2022-2023	172,555	-	101,819	70,736
2021-2022	105,151	-	62,556	42,595
2020-2021	78,591	-	40,060	38,531
2019-2020	69,377	-	32,290	37,087
2018-2019	67,872	-	27,984	39,888
2017-2018	48,830	-	20,767	28,063
2016-2017	45,245	-	17,084	28,161
2015-2016	39,036	-	12,372	26,664
2014-2015	30,533	-	10,191	20,342
2013-2014	22,987	-	22,987	-
	$ 680,178	$ 3,443,845	$ 3,641,643	$ 482,379

Less: Allowance for uncollectible accounts - General Fund	(178,982)
Ad valorem taxes receivable - net	$ 303,397

Reconciliation with revenues:

Ad valorem taxes - General Fund	$ 3,753,636
Reconciling items:	
Penalties and interest collected	(144,105)
Tax releases, written off & adjustments	31,417
Subtotal	(112,688)
Total collections and credits	$ 3,640,948

City of Laurinburg, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Year Ended June 30, 2024

	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	$ 842,680,250	0.40	$ 3,370,721	$ 2,934,812	$ 435,909
Discoveries	22,483,500	0.40	89,934	89,934	-
Abatements	(4,202,500)	0.40	(16,810)	(16,810)	-
Total property valuation	$ 860,961,250	0.40		3,007,936	435,909
Net levy			3,443,845	3,007,936	435,909
Unpaid (by taxpayer) taxes at June 30, 2024			150,312	150,312	-
Current year's taxes collected			$ 3,293,533	$ 2,857,624	$ 435,909
Current levy collection percentage			95.64%	95.01%	100.00%

COMPLIANCE SECTION

Roche, Head & Associates, PLLC
• CERTIFIED PUBLIC ACCOUNTANTS •

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

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, 2024, 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 November 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

103 MCRAE STREET
PO BOX 1309
LAURINBURG, NC 28353

P. (910) 276-3985
F. (910) 550-2198
WWW.RHA-CPAS.COM

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses /schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Laurinburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-002.

City of Laurinburg Response to Findings

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

Purpose of this Report

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

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
LAURINBURG, NC
Date

Roche, Head & Associates, PLLC
• CERTIFIED PUBLIC ACCOUNTANTS •

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

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

Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program

We have audited City of Laurinburg, North Carolina's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Laurinburg's major federal programs for the year ended June 30, 2024. 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, 2024.

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

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

103 MCRAE STREET
PO BOX 1309
LAURINBURG, NC 28353

P. (910) 276-3985
F. (910) 550-2198
WWW.RHA-CPAS.COM

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 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.

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
LAURINBURG, NC
November 26, 2024

Roche, Head & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

Basis for Opinion on Each Major State Program

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

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

103 MCRAE STREET
PO BOX 1309
LAURINBURG, NC 28353

P. (910) 276-3985
F. (910) 550-2198
WWW.RHA-CPAS.COM

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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 State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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.

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
LAURINBURG, NORTH CAROLINA
November 26, 2024

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

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ____ yes __X__ no

Federal Awards

Internal control over major federal programs:

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

Type of 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 program:

ALG No.	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Fund
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

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

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

Section I. Summary of Auditor's Results

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

Program Name

North Carolina Department of Transportation-Powell Bill

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

Auditee qualified as State low-risk auditee? ___ yes _X_ no

Section II - FINANCIAL STATEMENT FINDINGS

Finding: 2024-001 **Accounts Payable**
SIGNIFICANT DEFICIENCY/INTERNAL CONTROL

Criteria:	Management should have a system in place to ensure that accounts payable is accurate on the financial statements as well as the supporting schedules and that all related journal entries are accurately posted.
Condition:	For fiscal year end June 30, 2024, the accounts related to accounts payable required extended audit procedures and journal entries to bring to correct balances.
Effect:	Accounts payable on the books required journal entries extended procedures to bring to correct balances.
Cause:	Errors in recording accounts payable during year end audit preparation.
Recommendation:	Control activities should be strengthened to review accounts payable as well as related schedules and journal entries to ensure accuracy before start of the independent audit.
View of Responsible Officials and Planned Corrective Actions:	The City agrees with this finding. Please refer to corrective action plan for details.

Section II - FINANCIAL STATEMENT FINDINGS

Finding: 2024-002 **Over-Expenditures in the General Fund**
SIGNIFICANT DEFICIENCY/INTERNAL CONTROL

Criteria:	Expenditures exceeded the authorized budget in the General Fund. 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.
Condition:	For the current fiscal year, the expenditures made in the police department were in excess of budgeted amounts. The over-expenditures relate to leases that were renewed for camera equipment and the related GASB 87 accounting entries.
Effect:	The general fund shows expenditures that were incurred in excess of budgeted amounts.
Cause:	The City did not record budget amendments to cover the expenditures related to lease renewals in the General Fund.
Recommendation:	The budget should be reviewed before incurring expenses that would cause over-expenditures.
View of Responsible Officials and Planned Corrective Actions:	The City agrees with this finding. Please refer to corrective action plan for details.

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were noted.

Section IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None were noted.

City Manager

303 West Church Street | P.O. Box 249 | Laurinburg, NC 28353
T: 910.276.8324 | F: 910.276.0354 | www.laurinburg.org

LAURINBURG
North Carolina • Deeply Rooted

Corrective Action Plan
For the Year Ended June 30, 2024

Section II - FINANCIAL STATEMENT FINDINGS

Finding: 2024-001

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

Corrective Action: Control activities have been strengthened and a new accounting assistant has been hired to assist in accounting activities and audit preparation.

Proposed Completion Date: This has been implemented.

Finding: 2024-002

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

Corrective Action: Before renewals of leases and subscriptions, the budget will be reviewed to ensure enough funds are available to absorb the impact of the transactions.

Proposed Completion Date: This has been implemented.

City of Laurinburg, North Carolina
Summary Schedule of Prior Year's Findings
For the Fiscal Year Ended June 30, 2024

Finding 2023-001

Status: See 2024-001

Finding 2023-002

Status: Corrected

Finding 2023-003

Status: Corrected

Finding 2023-004

Status: Corrected

Finding 2023-005

Status: Corrected

Finding 2023-006

Status: Corrected

City of Laurinburg, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
Federal Awards:				
B-5003 Commonwealth Bridge No. 81	**20.205**	**BRSTP-0821(5)**	**6,866**	-
U.S. Dept. of Treasury				
Covid 19-Coronavirus State and Local Fiscal Recovery Fund	**21.027**	**QKFNNWL82XK2**	**1,952,574**	-
Passed through the N.C. Department of Environmental Quality				
Covid 19-Pump Station Renovations	**21.027**	**SRP-W-ARP-0169**	**173,254**	-
Covid 19-Elevated Storage Tank		**SRP-D-ARP-0168**	**179,530**	-
Covid 19-McColl Road Water Line Replacement		**SRP-D-134-0027**	**7,500**	-
Covid 19-Raw Water Expansion		**SRP-D-134-0028**	**111,338**	-
Passed through the N.C. Department of Justice				
Equitable Sharing	**21.016**	**16.922**	**46,146**	-
Total U.S. Dept. of Treasury			**2,470,341**	-
Environmental Protection Agency				
Passed-through N.C. Department of Environmental Quality				
Brownfields Multipurpose, Assessment, Revolving Funds, and Cleanup	**66.818**	**02D31322**	**82,364**	-
Passed-through N.C. Department of Environmental Quality				
Division of Water Resources				
Capitalization Grants for Drinking Water Fund				
Distribution System Phase 2	**66.468**	**WIF--2024**	**3,674,684**	-
Leith Creek WWTP Influent Pump Station	**66.458**	**CS370924-01**	**4,752,024**	-
Sanitation Sewer Rehab Phase 2	**66.458**	**CS370924-02**	**194,741**	-
Lead Service Line Inventory	**66.468**	**SRF-D-LSL-0073**	**7,780**	-
Total Environmental Protection Agency			**8,629,230**	-
Total Federal Awards			**$ 11,188,801**	**$ -**
State Awards:				
Division of Water Infrastructure				
Wastewater System AIA Update with Rate Study		**AIA-W-ARP-0136**	-	**95,275**
Water System AIA Update with Rate Study		**AIA-W-ARP-0137**	-	**120,421**
Golden Leaf Project Granite		**FY2022-070**	-	**14,859**
Golden Leaf Project Granite		**FY2022-070**	-	**271,915**
North Carolina Department of Transportation				
Powell Bill		**38570**	-	**420,790**
NC Department of Insurance				
OSFM Volunteer Rescue/EMS Grant			-	**19,865**
NC Office of State Budget and Management				
NC Regional Economic Development Reserve Grant		**Contract #10223**	-	-
Total State Awards			-	**943,124**
Total Federal and State Awards			**$ 11,188,801**	**$ 943,124**

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, 2024. The information in this Schedule of Expenditures of Federal and State Awards is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Laurinburg, it is not to and does not present the financial position, changes in net position, or cash flows of the City of Laurinburg.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Loans Outstanding

The City had the following loan balances outstanding at June 30, 2024 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans are incurred once the City spends its own money and then draws the funds down from the grantor, The money spent up front is considered grant funds expended. The balance of loans outstanding at June 30, 2024 consist of:

Program Title	CFDA No.	Pass-through Grantor's Number	Amount Outstanding
Capitalization grants for Clean Water State Revolving Funds	66.458 and		$ 7,808,987
	66.468		$ 4,068,561